SUPPLEMENTAL BOARD BOOK
OF
June 16, 2021

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
GOVERNING BOARD MEETING

A G E N D A
10:00 AM
June 16, 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.***

Resolution Recognizing June as Homeownership Month

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 May 12, 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

21289	Snowden Apartments	San Antonio
19409	Grim Hotel Apartments	Texarkana

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

20167	Laurel Flats	Tyler
93057/95081	Parks at Wynnewood	Dallas

d) Presentation, discussion, and possible action on a return and reallocation of funds to New Hope Housing

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.

HOUSING RESOURCE CENTER

e) Presentation, discussion, and possible action on the draft 2023 Regional Allocation Formula Methodology

Elizabeth Yevich
Director of Housing Resource Center

SINGLE FAMILY & HOMELESS PROGRAMS

f) Presentation, discussion and possible action on the appointment of Colonia Resident Advisory Committee members for Nueces County

Abigail Versyp
Director of Single Family & Homeless Programs

g) Presentation, discussion, and possible action to authorize the issuance of the 2022 Emergency Solutions Grants Program Notice of Funding Availability and publication in the Texas Register

RULES

h) Presentation, discussion, and possible action on an order adopting an emergency amendment to 10 TAC Chapter 1, Subchapter D, Uniform Guidance for Recipients of Federal and State Funds, §1.407 Inventory Report directing its publication in the Texas Register; and an order proposing an amendment to 10 TAC Chapter 1, Subchapter D, Uniform Guidance for Recipients of Federal and State Funds, §1.407 Inventory Report directing its publication for public comment in the Texas Register

Brooke Boston
Deputy Director of Programs

i) Presentation, discussion, and possible action on the statutory four-year rule review and order of readoption for 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.16, Ethics and Disclosure Requirements for Outside Financial Advisors and Service Providers, and directing its publication for adoption in the Texas Register

j) Presentation, discussion, and possible action on an order adopting the repeal and new rule, for 10 TAC §7.1, §7.2, §7.3, §7.7, and §7.12; 10 TAC Chapter 7, Subchapter C, Emergency Solutions Grants; and 10 TAC Chapter 7, Subchapter D, Ending Homelessness Fund, and an order directing their publication in the Texas Register

Abigail Versyp
Director of Single Family & Homeless Programs

MULTIFAMILY BOND FINANCE

k) Presentation, discussion, and possible action regarding the Issuance of a Multifamily Housing Governmental Note (Champions Crossing) Series 2022 Resolution No. 22-025, and a Determination Notice of Housing Tax Credits

Teresa Morales
Director of Multifamily Bond

l) Presentation, discussion, and possible action regarding the Issuance of a Multifamily Housing Governmental Note (Marine Park) Series 2022 Resolution No. 22-026, and a Determination Notice of Housing Tax Credits

m) Presentation, discussion, and possible action regarding the Issuance of Multifamily Housing Revenue Bonds (Palladium East Berry Street) Series 2022 Resolution No. 22-027, an award of Direct Loan funds, and a Determination Notice of Housing Tax Credits

MULTIFAMILY FINANCE

n) 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 Applications awarded in the 2021 competitive 9% tax credit round

Cody Campbell
Director of Multifamily Programs

CONSENT AGENDA REPORT ITEMS

ITEM 2: THE BOARD ACCEPTS THE FOLLOWING REPORTS:

a) Media Analysis and Outreach Report (April 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

c) 2023 QAP Development Plan Update to Board for June 16, 2022

d) Update and Report on the Homeowner Assistance Fund (HAF) Subrecipient Activities

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

a) Presentation, discussion, and possible action on the election of an assistant presiding officer (or "Vice Chair") to fill a vacancy, pursuant to Tex. Gov't Code §2306.030 — **Leo Vasquez**, Board Chair, TDHCA

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

ITEM 4: INTERNAL AUDIT

Report on the meeting of the Internal Audit and Finance Committee — **Ajay Thomas,** Chair, Audit and Finance Committee

ITEM 5: FINANCIAL ADMINISTRATION

a) Approval of the Department 's Operating Budget for Fiscal Year 2023 — **Joe Guevara**, Director of Financial Administration

b) Approval of the Housing Finance Division Budget for Fiscal Year 2023

ITEM 6: ASSET MANAGEMENT

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

21003	Tomball Senior Village	Tomball

ITEM 7: MULTIFAMILY BOND FINANCE

Quarterly report relating to staff-issued Determination Notices for 2021 and 2022 Non-competitive 4% Housing Tax Credit applications — **Teresa Morales**, Director of Multifamily Bond

ITEM 8: MULTIFAMILY FINANCE

a) Presentation, discussion, and possible action on timely filed appeal of the underwriting report published under the Department's Multifamily Program Rules for Clear Lake Crossing (#22089) — **Cody Campbell**, Director of Multifamily Programs

b) Presentation, discussion, and possible action on timely filed appeal of termination under the Department's Multifamily Program Rules for Celebration Paris (#22219)

c) Presentation, discussion, and possible action on timely filed scoring appeal under the Department's Multifamily Program Rules for Landmark 301 (#22254)

d) Presentation, discussion, and possible action on timely filed scoring appeal under the Department's Multifamily Program Rules for Butler Park Apartments (#22288)

e) Report of Third Party Request for Administrative Deficiency under 10 TAC §11.10 of the 2022 Qualified Allocation Plan

f) Presentation, discussion, and possible action to issue a list of approved Applications for 2022 Housing Tax Credits (HTC) in accordance with Tex. Gov't Code §2306.6724(e)

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

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

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.

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BOARD ACTION REQUEST
HOME AND HOMELESSNESS PROGRAM DIVISION
JUNE 16, 2022

Presentation, discussion, and possible action on an order adopting the repeal and new rule, for 10 TAC §7.1, §7.2, §7.3, §7.7, and §7.12; 10 TAC Chapter 7, Subchapter C, Emergency Solutions Grants; and 10 TAC Chapter 7, Subchapter D, Ending Homelessness Fund, and an order directing their publication in the *Texas Register*

RECOMMENDED ACTION

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

WHEREAS, staff recommends adoption of the repeal and new sections at §7.1, Purpose and Goals; §7.2, Definitions; §7.3, Construction Activities; §7.7, Subrecipient Contact Information, and §7.12, Waiver of Rule;

WHEREAS, staff recommends adoption of the repeal and new rules at Subchapter C, Emergency Solutions Grants, and Subchapter D, Ending Homelessness Fund, to incorporate updates in the administration of the Emergency Solutions Grants Program and Ending Homelessness Fund Program;

WHEREAS, staff recommends to the Board that there is a need for these rule sections to be updated to assist Applicants in planning and preparation of requests for funds, and to assist Subrecipients in administration of their grants; and

WHEREAS, the above sections for repeal and replacement in this action were published in the *Texas Register* for comment from March 25, 2022, to April 25, 2022, and public comment was received, staff has considered the comment, and is now proposing two non-substantive changes to the rules for the Board to adopt;

NOW, therefore, it is hereby

RESOLVED, that the repeal and new §7.1, Purpose and Goals; §7.2, Definitions; §7.3, Construction Activities; §7.7, Subrecipient Contact Information, and §7.12, Waiver of Rule; Subchapter C, Emergency Solutions Grants, and Subchapter D, Ending Homelessness Fund, with the preamble presented to this meeting, are hereby adopted and approved for publication in the *Texas Register*; and

FURTHER RESOLVED, that the Executive Director and his designees be and each of them hereby are authorized, empowered, and directed, for and on behalf of the Department, to cause the actions to publish the adopted rules in the *Texas Register*, and in connection therewith, make such non-substantive technical corrections as they may deem necessary to effectuate the foregoing, including the preparation of the subchapter specific preambles.

BACKGROUND

In the Fall of 2018, 10 TAC Chapter 7 went through a substantial update and minor technical updates were made in the spring of 2020. Staff subsequently identified rule changes necessary to further streamline administration of the Homeless Programs, and to provide a process for ensuring consistency in awards of ESG to high performing subrecipients. Staff conducted outreach to stakeholders for the ESG and EH Fund programs through three virtual roundtables held on February 16-17, 2022, which were attended by 187 individual stakeholders. Recommendations from the stakeholders were considered carefully.

The proposed rules were approved for publication for public comment by the Board at the March 10, 2022 meeting. Staff received seven comments from: (1) Advocacy Outreach, (2) City of Denton, (3) Coalition for the Homeless, (4) Concho Valley Community Action Agency, (5) South Alamo Regional Alliance for the Homeless, (6) Texas Homeless Network, and (7) Tracy Andrus Foundation (4 individual letters were received from this organization). Staff has summarized their comments, and the summary as well as staff's response are provided in the preambles. Staff is recommending two changes to the rule as a result of the public comment. The letters with the public comment are in Attachment G of this Board Action Request.

One comment from Family Promise of Lubbock was submitted after the Public Comment Period. Their comment, which is not included in the comments or reasoned response as it was received after the deadline, includes information about the challenges facing homeless service providers and families experiencing homelessness in Lubbock. Family Promise of Lubbock is not in favor of offers of Continuing Awards as they state that this will reduce funds available to address existing gaps in service. Lubbock is in the Balance of State CoC, and the City of Lubbock receives its own allocation of ESG as a HUD grantee; additionally, the City of Lubbock will be receiving a direct allocation of HOME-ARP from HUD which may also be used to address gaps in services. They are also eligible to apply for the competitive Application cycle.

Staff has also replaced the reference to a Data Universal Numbering System (DUNS) to the Unique Entity Identifier (UEI) in 10 TAC §7.36(a)(9). This is because as of April 4, 2022, the federal government has switched from issuing DUNS to UEIs.

Requests for the clarification of certain rules and their applicability were submitted by the following: (2) Megan Ball of City of Denton, (3) Mark Smith of Coalition for the Homeless, and (6) Texas Homeless Network and summarized herein.

§7.34 General. No specific part of the proposed rule referenced in comment.

COMMENT SUMMARY: Commenter (2) requests clarification on how a CoC region is determined and confirmation they are part of the Texas Balance of State, which includes over 200 counties.

STAFF RESPONSE: CoC Region designation is not determined by the Department. The Texas Balance of State is Commenter's (2) CoC region. Staff does not recommend any changes based on these comments.

§7.34(f) Continuing Awards

COMMENT SUMMARY: Commenter (6) requests clarification of the circumstances that would result in a reduced continuing award, and whether the additional funds would be provided as an increase to the qualifying continuing awards or transferred to the pool of funds for competition.

STAFF RESPONSE: There may be a reduction in the amount offered for Continuing Awards if an offer of a continuing award is declined by an eligible Subrecipient. Under this circumstance those funds would first be made available to increase continuing awards to other eligible Subrecipients within its respective CoC region, not to exceed 115% of their prior year awards as adjusted for increases in the total allocation. Any funds in excess of 115% of the award amount under the allocation formula will then progress to the Competition for funds within the respective CoC.

§7.36 (a)(7) General Threshold Criteria

COMMENT SUMMARY**:** Commenter (3) requests clarification on whether applications not aligned with the CoC's priorities can be terminated from consideration.

STAFF RESPONSE: The threshold criteria requires each Applicant to consult and obtain evidence from the CoC Lead Agency in the region indicating that the Applicant consulted with the CoC and that the CoC Lead Agency agrees that the Application meets CoC priorities. If an Applicant does not submit evidence of consultation and agreement, the Applicant would not meet the required criteria for funding. Staff does not recommend any changes based on this comment.

Attachment A: Preamble, including required analysis, for adopting the repeal of 10 TAC §7.1, Purpose and Goals; 10 TAC §7.2, Definitions; 10 TAC §7.3, Construction Activities; 10 TAC §7.7, Subrecipient Contact Information; and 10 TAC §7.12, Waiver of Rule

The Texas Department of Housing and Community Affairs (the Department) adopts the repeal of 10 TAC §7.1, Purpose and Goals; 10 TAC §7.2, Definitions; 10 TAC §7.3, Construction Activities; 10 TAC §7.7, Subrecipient Contact Information; and 10 TAC §7.12, Waiver of Rule. The purpose of the repeal is to eliminate an outdated rule while adopting a new updated rule under separate action.

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

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

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

1. The repeal does not create or eliminate a government program, but relates to the repeal, and simultaneous readoption making changes to an existing activity, the overarching policies and procedures of the Emergency Solutions Grants, Emergency Solutions Grants CARES, Homeless Housing and Services, and Ending Homelessness Fund programs.

2. The repeal does not require a change in work that would require the creation of new employee positions, nor is the repeal significant enough to reduce work load to a degree that any existing employee positions are eliminated.

3. The repeal does not require additional future legislative appropriations.

4. The repeal does not result in an increase in fees paid to the Department or in a decrease in fees paid to the Department.

5. The repeal is not creating a new regulation, except that it is being replaced by a new rule simultaneously to provide for revisions.

6. The action will repeal an existing regulation, but is associated with a simultaneous readoption making changes to an existing activity: the administration of homeless programs.

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

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

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

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

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

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

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

e. PUBLIC BENEFIT/COST NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(5). Mr. Wilkinson has determined that, for each year of the first five years the repeal is in effect, the public benefit anticipated as a result of the repealed section would be more clarity on the administration of homeless programs. There will not be economic costs to individuals required to comply with the repealed section.

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

SUMMARY OF PUBLIC COMMENT AND STAFF REASONED RESPONSE. The Department accepted public comment between March 25, 2022, and April 25, 2022, Comments regarding the proposed repeal were accepted in writing and by e-mail with no comments received.

The Board adopted the final order adopting the repeal on June 16, 2022.

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

10 TAC Chapter 7, Subchapter A, General Policies and Procedures
10 TAC §7.1, Purpose and Goals
10 TAC §7.2, Definitions
10 TAC §7.3, Construction Activities
10 TAC §7.7, Subrecipient Contact Information
10 TAC §7.12, Waiver of Rule

Attachment B: Preamble for adopting new 10 TAC §7.1, Purpose and Goals; 10 TAC §7.2, Definitions; 10 TAC §7.3, Construction Activities; 10 TAC §7.7, Subrecipient Contact Information; and 10 TAC §7.12, Waiver of Rule

The Texas Department of Housing and Community Affairs (the Department) adopts new 10 TAC §7.1, Purpose and Goals; 10 TAC §7.2, Definitions; 10 TAC §7.3, Construction Activities; 10 TAC §7.7, Subrecipient Contact Information; and 10 TAC §7.12, Waiver of Rule without changes to the proposed text as published in the March 25, 2022, issue of the Texas Register. The purpose of the new sections is to update the rules to clarify definitions and eligible activities, and to better align with the administrative rules for the Department at 10 TAC §1.5 related to rule waivers.

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

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

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

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

1. The rules do not create or eliminate a government program, but relates to the readoption of this rule which makes changes to an existing activity, the overarching policies and procedures of the Emergency Solutions Grants, Emergency Solutions Grants CARES, Homeless Housing and Services, and Ending Homelessness Fund programs (homeless programs).

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

3. The new rules do not require additional future legislative appropriations.

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

5. The new rules are not creating a new regulation, except that it is replacing a rule being repealed simultaneously to provide for revisions.

6. The new rules will not expand, limit, or repeal an existing regulation.

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

8. The new rule will not negatively or positively affect the state's economy.

b. ADVERSE ECONOMIC IMPACT ON SMALL OR MICRO-BUSINESSES OR RURAL COMMUNITIES AND REGULATORY FLEXIBILITY REQUIRED BY TEX. GOV'T CODE §2006.002. The Department, in drafting these rules, has attempted to reduce any adverse economic effect on small or micro-business or rural communities while remaining consistent with the statutory requirements of Tex. Gov't Code, Ch. 2306.

1. The Department has evaluated these rules and determined that none of the adverse effect strategies outlined in Tex. Gov't Code §2006.002(b) are applicable.
2. There are approximately no small or micro-businesses subject to the rules because these funds are limited to private nonprofit organizations and units of local governments per 24 CFR §576.202 for Emergency Solutions Grants funds; limited to counties and municipalities in Tex. Transportation Code §502.415 for the Ending Homeless Fund; and limited to municipalities or designated nonprofits per 10 TAC §7.22 for the Homeless Housing and Services Program.
3. The Department has determined that based on the considerations in item two, above, there will be no economic effect on small or micro-businesses or rural communities.
c. TAKINGS IMPACT ASSESSMENT REQUIRED BY TEX. GOV'T CODE §2007.043. The rules do not contemplate or authorize a taking by the Department; therefore, no Takings Impact Assessment is required.
d. LOCAL EMPLOYMENT IMPACT STATEMENTS REQUIRED BY TEX. GOV'T CODE §2001.024(a)(6).
The Department has evaluated the rules as to their possible effects on local economies and has determined that for the first five years the rules will be in effect the new rules have no economic effect on local employment because these rules will channel funds, which may be limited, only to nonprofits, private nonprofits, local governments, and counties and municipalities; it is not anticipated that the amount of funds would be enough to support additional employment opportunities, but would add to the services provided. Alternatively, the rules would also not cause any negative impact on employment. Therefore no local employment impact statement is required to be prepared for the rules.
Tex. Gov't Code §2001.022(a) states that this "impact statement must describe in detail the probable effect of the rule on employment in each geographic region affected by this rule…" Considering that no impact is expected, there are no "probable" effects of the new rules on particular geographic regions.
e. PUBLIC BENEFIT/COST NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(5). Mr. Wilkinson has determined that, for each year of the first five years the new sections are in effect, the public benefit anticipated as a result of the new sections will be a rule that has greater clarity into the processes and definitions of the administration of homeless programs. There will not be any economic cost to any individuals required to comply with the new sections because the processes described by the rule have already been in place through the rules found at these sections being repealed.
f. FISCAL NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(4). Mr. Wilkinson also has determined that for each year of the first five years the new sections are in effect, enforcing or administering the new sections does not have any foreseeable implications related to costs or revenues of the state or local governments because the costs for administering the program in included in eligible activities.
SUMMARY OF PUBLIC COMMENT AND STAFF REASONED RESPONSE. The Department accepted public comment between March 25, 2022, and April 25, 2022. Comments regarding the proposed rule were accepted in writing and by e-mail with comments received from: (4) Sarah Eckel of Concho Valley Community Action Agency, (6) Eric Samuels of Texas Homeless Network, and (7) Sylvia Frank, Lesslie Naj, Anitras Robinson, and Sharon Ventimiglia of Tracy Andrus Foundation.

§7.3 HHSP and EH Construction Activities

COMMENT SUMMARY: Commenter (4) stated that the proposed rule will hamper the ability for new shelters to be created, which is a significant capital expense. Commenter (6) asserted that the proposed rule is directly at odds with the expectations set by HUD, citing HUD's ESG Program Basics as support. Additionally, they state that since its inception ESG funds have been a reliable source of funds for the creation of new shelters and that historically these funds have been used for shelter rehabilitation, renovation, and conversion. Commenter (6) asserted that the proposed alternative funding streams such as HOME-ARP and HHSP present significant challenges to the Balance of State (BoS). Most Subrecipients began planning for the use of HOME ARP funds prior to publication of the draft rule, therefore these funds may not be available for new shelters and it is unlikely that communities within the BoS would ever be recipients of HHSP funds. Commenter (6) stated the Department is presenting conflicting information by allowing for a multiyear NOFA while indicating a one year contract creates an impediment to use ESG funds for new shelters. Commenter (7) stated that funds are needed to expand and renovate shelters within their community.

STAFF RESPONSE: While HUD determines the allowable activities for ESG, the State has the ability to determine the allowable activities for its Subrecipients. HUD provides ESG funding for an array of activities and it does not require specific use of funds (such as the use of ESG funds for shelter rehabilitation, renovation, and conversion). Recipients of ESG funding, through the submittal of the Action Plan, provide a list of activities and method of distribution for each Fiscal Year for HUD review and approval.

An analysis of financial reporting from 2018 ESG Contracts to present indicates that no Subrecipients reported having used any funds in renovations or conversion of shelters; only one Subrecipient reported having used funds for rehabilitation in the amount of $124,602. Historically, this fund source has not often been used for renovation, construction, or conversion of shelters. Additionally, due to the size of the program, ESG Contract maximums are not likely to provide significant funding to contribute to a large capital expense. For clarification purposes, Commenters (4) and (6) referenced various unidentified historical uses of ESG funds for new shelter creation, however property acquisition and new construction are not eligible ESG activities under 24 CFR §576.102 and 10 TAC §7.3.

The Department understands that HOME ARP and HHSP funds may not be available in all communities. Funds for non-congregate shelter development will be available through the HOME-ARP in the balance of state and other CoC regions to address this need and ESG funds may be used to provide essential services and shelter operations. Additionally, maintenance (including minor or routine repairs) is an eligible expense under the emergency shelter operations category.

Using ESG funds for shelter rehabilitation, renovation, and/or conversion is unlikely to be completed within the original 12 month Contract Term. In addition to requirements that must be met prior to the start of the renovation, any unit renovated, rehabilitated, or converted with ESG funds must continue to be operated as an ESG shelter, but there is no guarantee of continued ESG funding. This creates an undue monitoring and potential repayment burden to the Department in the event that the Subrecipient is not able to continue to operate the shelter as an ESG shelter.

The issuance of a NOFA in either an annual or multiyear basis does not affect the Contract Term that will be provided to the Subrecipients. ESG funding will be provided with an original Contract Term of 12 months. A multiyear NOFA does not guarantee funding for longer than the original Contract Term. Even in the case of a continuing award, funding is not guaranteed, requirements for a continuing award must be met every year in order to continue to receive funding. Therefore, the potential of offering a multiyear

NOFA would not provide a Subrecipient with the ability or guarantee that costs for the renovation, construction, and/or conversion of emergency shelters would be covered past the original 12 month Contract Term. Staff has carefully reviewed the comments, staff does not recommend any changes based on these comments.

The Board adopted the final order adopting the new rule on June 16, 2022.

STATUTORY AUTHORITY. The new sections are proposed pursuant to Tex. Gov't Code §2306.053, which authorizes the Department to adopt rules. Except as described herein the proposed new sections affect no other code, article, or statute. The rule has been reviewed by legal counsel and found to be a valid exercise of the agency's legal authority.

CHAPTER 7 HOMELESSNESS PROGRAMS
SUBCHAPTER A GENERAL POLICIES AND PROCEDURES

§7.1 Purpose and Goals

(a) The rules established in this Chapter relate to Homeless Programs, for which the General Provisions provided in this subchapter apply to all of the Homeless Programs, unless otherwise noted. Additional program specific requirements are contained within each program subchapter.

(b) The Homeless Programs administered by the Texas Department of Housing and Community Affairs (the "Department") support the Department's statutorily assigned mission to address homelessness among Texans.

(c) The Department accomplishes this mission by acting as a conduit for state and federal funds directed for homelessness programs. Ensuring program compliance with the state and federal laws that govern these programs is another important part of the Department's mission. Oversight and program mandates ensure state and federal resources are expended in an efficient and effective manner.

(d) Unless otherwise noted herein or required by federal law or regulation, or state statute, all provisions of this chapter apply to any Application received for federal funds and any Contract of state funds on or after the effective date of this rule.

§7.2. Definitions.

The words and terms in this chapter shall have the meanings described in this subsection unless the context clearly indicates otherwise. Other definitions may be found in Chapters 1, concerning Administration, Chapter 2, concerning Enforcement, of this title, or in federal or state law including, but not limited to, 24 CFR Parts 91, 200, 576, 582, and 583, and UGMS or TXGMS, as applicable.

(1) Affiliate--An entity related to an Applicant that controls by contract or by operation of law the Applicant or has the power to control the Applicant or a third entity that controls, or has the power to control both the Applicant and the entity. Examples include but are not limited to entities submitting under a common application, or instrumentalities of a unit of government. This term also includes any

entity that is required to be reported as a component entity under Generally Accepted Accounting Standards, is required to be part of the same Single Audit as the Applicant, is reported on the same IRS Form 990, or is using the same federally approved indirect cost rate.

(2) Allocation Formula--Mathematical relationship among factors, authorized by the Board, that determines, when applicable, how much funding is available in an area or region in Subchapters B, C, and D of this chapter, relating to Homelessness Programs.

(3) Applicant--A unit of local government, nonprofit corporation or other entity, as applicable, who has submitted to the Department ~~or to an ESG Coordinator~~ an Application for Department funds or other assistance.

(4) Application--A request for a Contract award submitted by an Applicant to the Department ~~or to an ESG Coordinator~~, in a form prescribed by the Department, including any exhibits or other supporting material.

(5) At-risk of Homelessness--Defined by 24 CFR §576.2, except as otherwise defined by Contract, the income limits for Program Participants are determined by the Subrecipient but, at a minimum, do not exceed the moderate income level pursuant to Tex. Gov't Code §2306.152.

(6) Code of Federal Regulations (CFR)--The codification of the general and permanent rules and regulations of the federal government as adopted and published in the Federal Register.

(7) Continuum of Care (CoC)--The group composed of representatives of relevant organizations, which generally includes nonprofit homeless providers; victim service providers; faith-based organizations; governments; businesses; advocates; public housing agencies; school districts; social service providers; mental health agencies; hospitals; universities; affordable housing developers; law enforcement; organizations that serve homeless and formerly homeless veterans, and homeless and formerly homeless persons that are organized to plan for and provide, as necessary, a system of outreach, engagement, and assessment; emergency shelter; rapid re-housing; transitional housing; permanent housing; and prevention strategies to address the various needs of homeless persons and persons at risk of homelessness for a specific geographic area. HUD funds a CoC Program designed to assist sheltered and unsheltered homeless people by providing the housing and/or services needed to help individuals move into transitional and permanent housing, with the goal of long-term stability.

(8) CoC Lead Agency--CoC collaborative applicant in the HUD CoC Program per 24 CFR §578.3.

(9) Contract--The executed written agreement between the Department and a Subrecipient performing a program activity that describes performance requirements and responsibilities assigned by the document.

(10) Contract System--The electronic recordkeeping system established by the Department, as required by the program.

(11) Contract Term--Period of time identified in the Contract during which program activities may be conducted.

(12) Cost Reimbursement--A Contract sanction whereby reimbursement of costs incurred by the Subrecipient occurs only after the Department has reviewed all relevant documentation provided by the

Subrecipient to support Expenditures. Reimbursement will only be approved by the Department where the documentation clearly supports the eligible use of funds.

(13) Declaration of Income Statement (DIS)--A Department-approved form used only when it is not possible for a Subrecipient to obtain third-party or firsthand verification of income, per 24 CFR §576.500(e)(4).

(14) Dwelling Unit--A residence that meets Habitability Standards that is not an emergency shelter, hotel, jail, institution, or similar temporary lodging. Transitional Housing is included in this definition unless the context clearly states otherwise. Common areas supporting the Dwelling Unit are also included in this definition.

(15) Elderly Person--

(A) For state funds, a person who is 60 years of age or older; and

(B) For ESG, a person who is 62 years of age or older.

(16) Ending Homelessness (EH) Fund--The voluntary-contribution state program established in Texas Transportation Code §502.415.

(17) Emergency Solutions Grants (ESG)--A HUD-funded program which provides funds for services necessary to help persons that are at risk of homelessness or homeless quickly regain stability in permanent housing.

(18) Emergency Solutions Grants CARES (ESG CARES)--A HUD-funded program which provides funds for services necessary to help persons that are risk of homelessness or homeless quickly regain stability in permanent housing authorized by the Coronavirus Aid, Relief, and Economic Security Act (CARES).

(19) ESG Interim Rule--The regulations with amendments promulgated at 24 CFR Part 576 as published by HUD for the ESG Program.

(20) Expenditure--An amount of money accounted for by a Subrecipient as spent.

(21) Finding--A Subrecipient's material failure to comply with rules, regulations, the terms of the Contract or to provide services under each program to meet appropriate standards, goals, and other requirements established by the Department or funding source (including performance objectives). A Finding impacts the organization's ability to achieve the goals of the program and jeopardizes continued operations of the Subrecipient. Findings include the identification of an action or failure to act that results in disallowed costs.

(22) Head of Household--As defined in the most recent Homeless Management Information System (HMIS) Data Dictionary issued by HUD.

(23) HMIS-Comparable Database--Database established and operated by a victim service provider or legal service provider that is comparable to HMIS and collects Program Participant-level data over time.

(24) HMIS Data Dictionary--The Dictionary published by HUD which defines terms for the use of HMIS and comparable databases.

(25) HMIS Data Standards Manual--Manual published by HUD which documents the requirements for the programming and use of all HMIS and comparable databases.

(26) HMIS Lead Agency--The entity designated by the CoC to operate the CoC's HMIS on its behalf.

(27) Homeless or Homeless Individual--An individual as defined by 42 U.S.C. §§11371 - 11378 and 24 CFR §576.2. For state-funded programs, a homeless individual may have right of occupancy because of a signed lease, but still qualify as homeless if his or her primary nighttime residence is an emergency shelter or place not meant for human habitation.

(28) Homeless Housing and Services Program (HHSP)--The state-funded program established under Tex. Gov't Code §2306.2585.

(29) Homeless Management Information System (HMIS)--Information system designated by the CoC to comply with the HUD's data collection, management, and reporting standards and used to collect Program Participant-level data and data on the provision of housing and services to homeless individuals and families and persons at-risk of homelessness.

(30) Homeless Programs--Reference to programs that have the specific purpose of addressing homelessness administered by the Department, including ESG Program, ESG CARES, HHSP, and EH Fund.

(31) Homeless Subpopulations--Persons experiencing Homelessness who are part of the special population categories as defined by the most recent Point In Time Data Collection guidance issued by HUD.

(32) Household--A Household is a single individual or a group of persons who apply together for assistance and who live together in one Dwelling Unit, or, for persons who are not housed or in a shelter, who would live together in one Dwelling Unit if they were housed, or as defined in the most recent HMIS Data Dictionary issued by HUD.

(33) Households Served--A single individual or a group of persons who apply for Homeless Program assistance, meets a Homeless Program's eligibility requirements, receives a Homeless Program's services, and whose data is entered into an HMIS or comparable database.

(34) Land Use Restriction Agreement (LURA)--An agreement, regardless of its title, between the Department and a property owner, including an emergency shelter, which is a binding covenant upon the property owner and successors in interest, that, when recorded, encumbers the property with respect to the requirements of the programs for which it receives funds.

(35) Match--A contribution to the ESG Program from a non-ESG source governed by 24 CFR §576.201.

(36) Monthly Expenditure Report--Information on Expenditures from Subrecipient to the Department.

(37) Monthly Performance Report--Information on Program Participants and program activities from Subrecipient to the Department.

(38) Notice of Funding Availability (NOFA)--Notice of Funding Availability or announcement of funding published by the Department notifying the public of available funds for a Program with certain requirements.

(39) Outcome--A benefit or change achieved by a Program Participant served by the Department's Homeless Programs.

(40) Performance Target--Number of persons/Households to be served, outcomes to be reached, or construction/rehabilitation/conversion to be performed that the Subrecipient commits to accomplish during the Contract Term.

(41) Private Nonprofit Organization--An organization described in §501(c) of the Internal Revenue Code (the "Code") of 1986 and which is exempt from taxation under subtitle A of the Code, has an accounting system and a voluntary board, and practices nondiscrimination in the provision of assistance. This does not include a governmental organization such as a public housing authority or a housing finance agency.

(42) Project--A group of eligible activities identified in an Application or Contract to the Department, and designated in HMIS or HMIS-comparable database.

(43) Program Participant--An individual or Household that is assisted by a Homeless Program.

(44) Program Year--Contracts with funds from a specific federal allocation (ESG and ESG CARES) or year of a state biennium (HHSP).

(45) Recertification--Required review of a Program Participant's eligibility determination for continuation of assistance.

(46) Service Area--The city(ies), county(ies) and/or place(s) identified in the Application (as applicable), and Contract that the Subrecipient will serve.

(47) State--The State of Texas or the Department, as indicated by context.

(48) Subcontract--A contract made between the Subrecipient and a purveyor of goods or services through a procurement relationship.

(49) Subcontractor--A person or an organization with whom the Subrecipient contracts to provide services.

(50) Subgrant--An award of financial assistance in the form of money made under a grant by a Subrecipient to an eligible Subgrantee. The term includes financial assistance when provided by contractual legal agreement, but does not include procurement purchases.

(51) Subgrantee--The legal entity to which a Subgrant is awarded and which is accountable to the Subrecipient for the use of the funds provided.

(52) Subrecipient--An organization that receives federal or states funds passed through the Department to operate ESG and/or state funded Homeless Programs.

(53) Texas Administrative Code (TAC)--A compilation of all state agency rules in Texas.

(54) United States Department of Housing and Urban Development (HUD)--Federal department that provides funding for ESG.

(55) Unit of General Purpose Local Government--A unit of government which has, among other responsibilities, the authority to assess and collect local taxes and to provide general governmental services.

(56) United States Code (U.S.C.)--A consolidation and codification by subject matter of the general and permanent laws of the United States.

(57) Youth Headed Household--Household that includes unaccompanied youth 24 years of age and younger, parenting youth 24 years of age and younger and children of parenting youth 24 years of age and younger.

§7.3. HHSP and EH Construction Activities.

(a) A Subrecipient of Homeless Program funds that constructs or rehabilitates a building or Dwelling Unit, or converts a building(s) for use as a shelter may be required to enter into a LURA. No new construction, renovation (other than repairs), rehabilitation, or conversion of a shelter, or construction or rehabilitation of a Dwelling Unit may be performed using ESG funds.

(b) Tex. Gov't Code §2306.185 requires certain multifamily rental developments to have, among other provisions, a 30-year LURA.

(c) A Subrecipient that intends to expend funds for new construction, rehabilitation, or conversion must submit a copy of the activity budget inclusive of all sources and uses of funding, documents for a construction plan review, and identification of the entity and signature authorization of the individual (name and title) that will execute the LURA. These documents must be submitted no less than 90 calendar days prior to the end of the Contract Term under which funds for the activity are provided. The Department may elect to reconsider award amounts if financial resources other than those presented in the Application are subsequently committed to an activity.

(d) A Subrecipient must request a final construction inspection within 30 calendar days of construction completion. The inspection will cover the Shelter and Housing Standards, Uniform Physical Construction Standards, 2000 International Residential Code (or municipality adopted later version), Minimum Energy Efficiency Requirements for Single Family Construction Activities, and the Accessibility Standards in Chapter 1, Subchapter B, as applicable for the Homeless Program and activity.

§7.7. Subrecipient Contact Information.

(a) In accordance with §1.22 of this title (relating to Providing Contact Information to the Department), Subrecipient will notify the Department and provide contact information for staff that approve the Contract and submit/approve reports in the Contract System. A primary and secondary contact are required to be provided to the Department for submission and approval of reports. The notification will be sent to the Department by updating its Contract System access request information.

(b) If the organization is a nonprofit organization, contact information for the chair and vice-chair of the organization's governing board must be provided to the Department and shall include the:

(1) Board Member's name;

(2) Beginning and end dates of the member’s term;

(3) Member’s mailing address (which must be different from the organization’s mailing address);

(4) Member’s phone number (different from the organization’s phone number); and

(5) Member’s direct email address.

(c) Subrecipient will notify the Department and provide contact information for Subcontractors and Subgrantee within 30 calendar days of the effective date of the Subcontract or Subgrant. Contact information for the entities with which the Subrecipients' Subcontract or Subgrant must be provided to the Department, including the organization name, name and title of authorized person who entered into the Subgrant or Subcontract, phone number, e-mail address, and type of services provided.

(d) At the start of the Contract and within 30 calendar days of contact information changes, including entering into Subcontracts or Subgrants, Subrecipient will notify the Department of contact information used for the public to receive assistance through Homeless Programs. The contact information for the public should include, but is not limited to, organization name, phone number to receive assistance, email to receive assistance, type of assistance offered, and Service Area in which the assistance is offered.

(e) The Department will rely solely on the contact information supplied by the Subrecipient as indicated in the Department's web-based Contract System. It is the Subrecipient's sole responsibility to ensure such information is current, accurate, and complete. Correspondence sent to the email or physical address shown in the Contract System will be deemed delivered to the Subrecipient. The Department is not required to send a paper copy and if it does so it does as a voluntary and non-precedential courtesy only.

§7.12. Waivers.

(a) The Department's Governing Board (the "Board") may waive rules in this chapter for good cause to meet the purpose of the Homeless Programs described further in §7.1 (relating to Purpose and Goals) of this title. However, any waiver cannot conflict with the federal statutes or regulations, the Department’s Action Plan, or state statutes governing any of the Homeless Programs.

(b) A provision of a closed NOFA may not be waived except in the case of a disaster as described in §1.5 of this title or a change in federal law that makes adherence to the requirements of the NOFA impossible or impracticable as determined by the Board.

Attachment C: Preamble, including required analysis, for adopting the repeal of 10 TAC Chapter 7, Subchapter C, Emergency Solutions Grants (ESG)

The Texas Department of Housing and Community Affairs (the Department) adopts the repeal of 10 TAC Chapter 7, Homelessness Programs, Subchapter C, Emergency Solutions Grants (ESG). The purpose of the repeal is to eliminate an outdated rule while adopting a new updated rule under separate action.
The Department has analyzed this rulemaking and the analysis is described below for each category of analysis performed.
a. GOVERNMENT GROWTH IMPACT STATEMENT REQUIRED BY TEX. GOV'T CODE §2001.0221.

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

1. The repeal does not create or eliminate a government program, but relates to the repeal, and simultaneous readoption making changes to an existing activity, the administration of the Emergency Solutions Grants (ESG) Program.

2. The repeal does not require a change in work that would require the creation of new employee positions, nor is the repeal significant enough to reduce work load to a degree that any existing employee positions are eliminated.

3. The repeal does not require additional future legislative appropriations.

4. The repeal does not result in an increase in fees paid to the Department or in a decrease in fees paid to the Department.

5. The repeal is not creating a new regulation, except that it is being replaced by a new rule simultaneously to provide for revisions.

6. The action will repeal an existing regulation, but is associated with a simultaneous readoption making changes to an existing activity, the administration of homeless programs.

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

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

b. ADVERSE ECONOMIC IMPACT ON SMALL OR MICRO-BUSINESSES OR RURAL COMMUNITIES AND REGULATORY FLEXIBILITY REQUIRED BY TEX. GOV'T CODE §2006.002.
The Department has evaluated this repeal and determined that the repeal will not create an economic effect on small or micro-businesses or rural communities.
c. TAKINGS IMPACT ASSESSMENT REQUIRED BY TEX. GOV'T CODE §2007.043. The repeal does not contemplate or authorize a taking by the Department; therefore, no Takings Impact Assessment is required.
d. LOCAL EMPLOYMENT IMPACT STATEMENTS REQUIRED BY TEX. GOV'T CODE §2001.024(a)(6).
The Department has evaluated the repeal as to its possible effects on local economies and has determined that for the first five years the repeal would be in effect there would be no economic effect on local employment; therefore, no local employment impact statement is required to be prepared for the rule.
e. PUBLIC BENEFIT/COST NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(5). Mr. Wilkinson has determined that, for each year of the first five years the repeal is in effect, the public benefit anticipated

as a result of the repealed section would be more clarity on the administration of the Emergency Solutions Grants Program. There will not be economic costs to individuals required to comply with the repealed section.

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

SUMMARY OF PUBLIC COMMENT AND STAFF REASONED RESPONSE. The Department accepted public comment between March 25, 2022, and April 25, 2022, Comments regarding the proposed rule were accepted in writing and by e-mail with comments received from: (1) Mark Smith of Coalition for the Homeless, (2) Sarah Eckel of Concho Valley Community Action Agency, (3) Sylvia Frank, Lesslie Naj, Anitras Robinson, and Sharon Ventimiglia of Tracy Andrus Foundation.

§7.34 Local Competition for Funds

COMMENT SUMMARY: Commenters (1) and (2) noted concern that having the Department directly administer local funding competitions. It will remove the incentive for collaboration with Continuums of Care and may result in Applications not fully aligned with the goals and priorities of each CoC. They recommend that the Department continue to allow for the CoCs to conduct local competition for funds. Commenter (3) noted that ceasing local competition is an unfair tactic; it leaves no room for any new programs; could lead to an ineffective program; it will decrease the number of clients served and services provide as it will cause programs to cease to exist or reduce the number of clients served.

STAFF RESPONSE: Under the proposed rule to recommend for adoption in the same action as this recommendation for repeal, CoC Lead Agencies continue to have an opportunity to provide input in the determination of which Applicants receive ESG funding. The threshold criteria (10 TAC 7.36a(7)) requires each Applicant to consult and obtain evidence from the CoC Lead Agency in the region indicating that the Applicant consulted with the CoC and that the CoC Lead Agency agrees that the Application meets CoC priorities. Staff has carefully reviewed the comments, staff does not recommend any changes based on these comments.

The Board adopted the final order adopting the repeal on June 16, 2022.

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

10 TAC Chapter 7, Subchapter C, Emergency Solutions Grants (ESG)

§7.31 Purpose

§7.32 Use of ESG Funds

§7.33 Apportionment of ESG Funds

§7.34 Local Competition for Funds

§7.35 Eligible Applicants

§7.36 General Threshold Criteria under a Department NOFA

§7.37 Application Review and Administrative Deficiency Process for Department NOFAs

Attachment D: Preamble for the adoption of the new 10 TAC Chapter 7, Subchapter C, Emergency Solutions Grants (ESG) Program and the Emergency Solutions Grant CARES (ESG CARES)

The Texas Department of Housing and Community Affairs (the Department) adopts new 10 TAC Chapter 7, Subchapter C, Emergency Solutions Grants (ESG) Program and the Emergency Solutions Grant CARES (ESG CARES). The purpose of the new subchapter is to adopt a new rule that updates requirements related to the requirements of and the award process for the ESG and ESG CARES Programs, including updating eligible program expenses, establishing a process for continuity of awards to some Subrecipients, and updating scoring processes and award procedures for competitive award cycles.

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

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

a. GOVERNMENT GROWTH IMPACT STATEMENT REQUIRED BY TEX. GOV'T CODE §2001.0221.
Mr. Bobby Wilkinson, Executive Director, has determined that, for the first five years the new rule would be in effect:
1. The rule does not create or eliminate a government program, but relates to the readoption of this rule which makes changes to an existing activity, administration of the Emergency Solutions Grants or Emergency Solutions Grants CARES programs.
2. The new rule does not require a change in work that would require the creation of new employee positions, nor are the rule changes significant enough to reduce work load to a degree that eliminates any existing employee positions.
3. The rule does not require additional future legislative appropriations.
4. The rule will not result in an increase in fees paid to the Department, nor in a decrease in fees paid to the Department.
5. The rule is not creating a new regulation, except that it is replacing a rule being repealed simultaneously to provide for revisions.
6. The rule will not expand, limit, or repeal an existing regulation.
7. The rule will not increase or decrease the number of individuals subject to the rule's applicability.
8. The rule will not negatively or positively affect the state's economy.
b. ADVERSE ECONOMIC IMPACT ON SMALL OR MICRO-BUSINESSES OR RURAL COMMUNITIES AND REGULATORY FLEXIBILITY REQUIRED BY TEX. GOV'T CODE §2006.002. The Department, in drafting this rule, has attempted to reduce any adverse economic effect on small or micro-business or rural communities while remaining consistent with the statutory requirements of Tex. Gov't Code, Ch. 2306.
1. The Department has evaluated this rule and determined that none of the adverse effect strategies outlined in Tex. Gov't Code §2006.002(b) are applicable.
2. There are no small or micro-businesses subject to the rule because these funds are limited to units of local government or designated nonprofits per 10 TAC §7.35 for the programs.
3. The Department has determined that based on the considerations in item two, above, there will be no economic effect on small or micro-businesses or rural communities.

c. TAKINGS IMPACT ASSESSMENT REQUIRED BY TEX. GOV'T CODE §2007.043. The rule does not contemplate or authorize a taking by the Department; therefore, no Takings Impact Assessment is required.
d. LOCAL EMPLOYMENT IMPACT STATEMENTS REQUIRED BY TEX. GOV'T CODE §2001.024(a)(6).
The Department has evaluated the rule as to its possible effects on local economies and has determined that for the first five years the rule will be in effect the new rule has no economic effect on local employment because this rule will channel funds, which may be limited, only to municipalities and nonprofits; it is not anticipated that the amount of funds would be enough to support additional employment opportunities, but would add to the services provided. Alternatively, the rule would also not cause any negative impact on employment. Therefore no local employment impact statement is required to be prepared for the rule.
Tex. Gov't Code §2001.022(a) states that this "impact statement must describe in detail the probable effect of the rule on employment in each geographic region affected by this rule…" Considering that no impact is expected, there are no "probable" effects of the new rule on particular geographic regions.
e. PUBLIC BENEFIT/COST NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(5). Mr. Wilkinson has determined that, for each year of the first five years the new subchapter is in effect, the public benefit anticipated as a result of the new subchapter will be a rule that has greater clarity into the processes and definitions of the administration of homeless programs. There will not be any economic cost to any individuals required to comply with the new subchapter because the processes described by the rule have already been in place through the rule found at this subchapter being repealed.
f. FISCAL NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(4). Mr. Wilkinson also has determined that for each year of the first five years the new subchapter is in effect, enforcing or administering the new subchapter does not have any foreseeable implications related to costs or revenues of the state or local governments because the costs for administering the program is included in eligible activities.
SUMMARY OF PUBLIC COMMENT AND STAFF REASONED RESPONSE. The Department accepted public comment between March 25, 2022, and April 25, 2022, Comments regarding the proposed rule were accepted in writing and by e-mail with comments received from: (1) Beth Rolingson of Advocacy Outreach, (2) Megan Ball of City of Denton, (3) Mark Smith of Coalition for the Homeless, (4) Sarah Eckel of Concho Valley Community Action Agency, (5) Chelsey Viger of South Alamo Regional Alliance for the Homeless, (6) Eric Samuels of Texas Homeless Network, (7) Sylvia Frank, Lesslie Naj, Anitras Robinson, and Sharon Ventimiglia of Tracy Andrus Foundation.

§7.32 (f)(2) Use of ESG Funds

COMMENT SUMMARY: Commenter (4) stated that the proposed rule will hamper the ability for new shelters to be created, which is a significant capital expense. Commenter (6) asserted that the proposed rule is directly at odds with the expectations set by HUD, citing HUD's ESG Program Basics as support. Additionally, they state that since inception ESG funds have been a reliable source of funds for the creation of new shelters and that historically these funds have been used for shelter rehabilitation, renovation, and conversion. Commenter (6) asserted that the proposed alternative funding streams such as HOME-ARP and HHSP, present significant challenges to the Balance of State (BoS). Most Subrecipients began planning for the use of HOME ARP funds prior to publication of the draft rule, therefore these funds may not be available for new shelter and it is unlikely that communities within the BoS would ever be recipients of HHSP funds. Commenter (6) stated the Department is presenting conflicting information by allowing for a multiyear NOFA while indicating a one year contract creates an impediment to use ESG funds for new shelters. Commenter (7) stated that funds are needed to expand and renovate shelters within their community.

STAFF RESPONSE: This change is a conforming change to 10 TAC §7.3, HHSP Construction Activities. The comments have been considered and response was provided; staff does not recommend any changes in response to these comments.

§7.32 (e)(5) Use of ESG Funds

COMMENT SUMMARY: Commenter (6) noted a purchase or lease of a vehicle is important in the rural parts of the state where public transit is nonexistent and community services are geographically distant. Commenter (7) noted that not allowing vehicle purchase or lease will damage the progress for their organization. The lack of transportation is a disadvantage for their community, it makes it difficult for caseworkers to coordinate transportation access to employment, education, healthcare, and social services.

STAFF RESPONSE: The Department is conscientious of the lack of reliable public transportation throughout the more rural parts of Texas. Providing transportation to the communities we serve is important; ESG funds will remain available in the proposed rule for use in the reimbursement of mileage for any employee transporting Program Participants, costs for the use of public transportation for Program Participants, and for the Subrecipient's employee should they need to accompany the Program Participant. If a Subrecipient has an agency vehicle purchased with other funds, ESG funds may be used for maintenance, insurance costs, and for the reimbursement of mileage to the program used to fund the purchase of the vehicle (while using the vehicle for an ESG activity).

General procurement standards (2 CFR §200.318(d)) require that Subrecipients perform an analysis of leasing versus purchasing a vehicle to determine the most economical approach. If the analysis results indicate that the purchase of a vehicle is the most economical approach, allowing for the lease of the vehicle would be in violation of Federal Cost Principles.

An additional impediment to allowing for the purchase of vehicles with ESG funds is that there is no guarantee of ongoing funding. If ESG funding is not awarded to the same Subrecipient in a subsequent year, the vehicle remains under the responsibility of the Department until it reaches a unit fair market value of $5,000 or less. If the vehicle remains with the Subrecipient past the period of performance, all requirements for Use, Management, and Disposition will remain without the guarantee of funding.

10 TAC §1.404(f) requires that all vehicles considered for purchase with state or federal fund must be pre-approved by the Department. Staff reviewed Subrecipient reporting from prior ESG Contracts and did not find an instance where ESG funds were requested for the purchase of a vehicle, although ESG CARES funds have been used for the lease of vehicles. Staff has carefully reviewed the comments, staff does not recommend any changes based on these comments.

§7.33 (e) Apportionment of ESG Funds

COMMENT SUMMARY: Commenter (2) noted concern that the proposed rule change will decrease the number of Subrecipients eligible for a Continuing Award and stated that creation of new programs to address gaps in services as well as funding for such programs are critical. Commenter (4) noted the proposed changes would significantly hamper the ability for new entities to provide services, and recommends for the reduction of the 70% set aside for continuing awards in order to allow for new projects to be competitive. Commenter (6) requested the data used to determine the 70% allocation amount for Continuing Awards, the number of Subrecipients that would qualify, and the percentage of ESG funds those projects would account for. Commenter (6) requested clarification of what would happen if the total of eligible continuing award amount exceeded 70% of the funds available within a specific region and under which circumstance(s) the set-aside amount will exceed 70%. In addition, they remarked that the rule language and the explanation within the Board materials seemed to be contradictory; the rule notes a minimum of 70% of funds will be held for continuing awards while the explanation implies that continuing awards and competitive awards will always have a 70%/30% split.

STAFF RESPONSE: The proposed rules give the Applicant the option to determine which program activity would best suit their communities' needs. A Subrecipient that is eligible for a Continuing Award may decide not to accept the award and instead participate in the Competition for Funds, if that is what would best serve their community. If, due to performance requirements, there are insufficient entities eligible to receive a Continuing Award even after the allowable increase to 115% of the prior award, adjusted for allocation increases, the formula allocation amount for the CoC Region will remain in the CoC region and made available through the Competition for Funds.

The set-aside amount was presented for discussion and feedback during the roundtables. The feedback received indicated that if we were to use a percentage amount to, at a minimum, consider the percentage amount be sufficiently high enough to meet the prior award. The Department conducted a preliminary analysis, and it appears that 27 of 51 2021 ESG Subrecipents may currently be eligible for an offer of a Continuing Award, pending full review of all eligibility factors, and their total Contract awards were slightly greater than 50% of the total ESG allocation to Subrecipient awards. It is expected that year over year, more Subrecipients will become eligible for an offer of a Continuing Award; therefore, the flexibility to increase the percentage set-aside will provide Subrecipients eligible for a Continuing Award as close to the original amount of their prior Contract Award, while at the same time leaving a meaningful amount of funds available to conduct Competitive Awards. A 70% set aside is a minimum and not a maximum funding level, the actual percentage withheld for Continuing Awards will be published in the NOFA and may fluctuate year to year, with primary focus on funding the Continuing Awards as fully as possible, given any changed in the allocation from HUD.

The rule indicates that the minimum percentage amount to be withheld for continuing awards to be 70%. The Board Action Request is a summary to be presented to the board, the oral presentation and published proposed rule included the minimum percentage rate at least 70% in both cases. For clarification, not less than 70% of ESG funding allocated to the CoC regions shall be initially withheld from competition for use by Subrecipients eligible for Continuing Awards, the remaining percentage will be made available for Competitive Awards. Staff has carefully reviewed the comments, there was no request for a change by Commenter (6), and staff does not recommend any changes based on these comments.

§7.33 (f) Apportionment of ESG Funds

COMMENT SUMMARY: Commenters (2) and (3) are in support of the proposed rule. Commenter (4) notes this would reduce the incentive for entities to begin a process of building a holistic program, as they would be required to resubmit a new Application if new components were added. They noted that this is cumbersome and does not provide an incentive for entities to fill in service gaps in their communities. Commenter (4) requests the Department return to biennial programs. Commenter (6) is generally supportive of the reduction in administrative burden on Subrecipients through the introduction of Continuing Awards; however, they noted concerns regarding the specifics of the proposal: namely, that the vagueness of the language governing when a NOFA could be released left the possibility of it being released anywhere from once a year to "once a century, . . . obfuscat[ing] straightforward guidance." They further state that although a multiyear funding cycle would reduce some of the administrative burden on Subrecipients, for underserved communities it means they will have to wait longer to have an opportunity to apply for the funds they need to build out their programs.

STAFF RESPONSE: Staff has carefully reviewed the comments and while there are other opportunities to comment on the distribution method utilized by TDHCA, including the One Year Action Plan, staff recommends a change to the proposed rule to reflect a NOFA will be released on an annual basis.

§7.34 (c) Continuing Awards

COMMENT SUMMARY: Commenter (1) is in favor of the updated rule. Commenter (7) stated that providing 70% of ESG funds to support nonprofits that have been in business/funded for the last four years is an unfair tactic; could lead to an ineffective program; it will decrease the number of clients served and services provide as it will cause programs to cease to exist or reduce the number of clients served. Commenters (4) and (7) stated the proposed changes would significantly hamper the ability for new entities to provide services; and Commenter (6) noted a concern that such awards will place smaller communities that lack an established homeless response system at a disadvantage. Commenter (4) stated that eligibility for a continuing award excludes ESG recipients who were awarded funds under ESG CARES and entities who have newer programs under annual ESG. They request that the Department allow for ESG CARES Subrecipients and newer ESG Annual recipients be considered for the continuing award funds

STAFF RESPONSE: The proposed rules do not prohibit any nonprofit or unit of local government from applying for ESG funds. All funds, as with the current rule, will be first made available within each CoC region. One eligibility requirement unique to Continuing Awards is that Subrecipients who were awarded at least three of the last four ESG allocations and have an established partnership with TDHCA that evidences high performance are prioritized for award. However, Subrecipients which do not meet the eligibility requirements to receive an offer of a Continuing Award may submit an Application in the Competitive Awards cycle.

If funds allocated to a CoC region remain available after Continuing Awards and Competition for Funds has been completed, those funds will then be available statewide. If any funds remain after recommendations for all eligible Applications in the regional funding competition, such funds shall collapse and be made available in the statewide competition.

The inclusion of ESG CARES contracts in the determination of Continuing Awards may penalize the annual ESG awards, as they are not comparable to an annual ESG Contract. The available funds and waivers do not allow for an equitable comparison between annual and CARES Subrecipients. Subrecipients and prospective Applicants who do not meet the eligibility requirements to receive an offer of a Continuing Award are may submit an Application in the Competitive Awards cycle. Staff has carefully reviewed the comments, and does not recommend any changes based on these comments.

§7.34(c) (6) Continuing Awards

COMMENT SUMMARY: Commenter (2) is in favor of the rule update. Commenter (6) noted the proposed threshold requirements for continuing awards could disincentive growth by placing a Subrecipient in the position to choose whether to accept a continuing award or expand to a different service and participate in a competition for funds.

STAFF RESPONSE: Staff has evaluated the public comment and is recommending to amend the language to allow for a Subrecipient of a Continuing Award to participate in the Competitive application process so long as it is not for the same Program Participant service(s) in which they are funded for under a Continuing Award.

§7.34 (c)(7) Continuing Awards

COMMENT SUMMARY: Commenter (1) noted the unusual barrier providers of Homeless Prevention services faced in expending those funds due to the Eviction Moratorium, availability of other resources such as Texas Rent Relief, making them ineligible to receive ESG assistance. They recommend that an average expenditure rate from the prior 3 or 4 years be used to determine whether the Applicant met a 95% expenditure rate.

STAFF RESPONSE: Staff is empathetic to the challenges Homeless Prevention providers faced with the protections that were in place during the COVID-19 pandemic. However, the goal of a Continuing Award is to fund the Subrecipients for the Program Participant services in which they performed with a high rate of success. Staff has carefully reviewed the comments; staff does not recommend any changes based on these comments.

§7.34 (e) Continuing Awards

COMMENT SUMMARY: Commenter (3) is in favor of the update to the rule.

STAFF RESPONSE: Staff appreciates the comment in support of the rule update, no change to the rule was requested.

§7.34 (g) Continuing Awards

COMMENT SUMMARY: Commenter (2) is in favor of the update to the rule.

STAFF RESPONSE: Staff appreciates the comment in support of the rule update, no change to the rule was requested.

§7.39(1)(B), (2) Uniform Selection Criteria
COMMENT SUMMARY: Commenter (3) is in favor of the update to the rule.

STAFF RESPONSE: Staff appreciates the comment in support of the rule update, no change to the rule was requested.

§7.40 Competitive Program Participant Services Selection Criteria
COMMENT SUMMARY: Commenter (3) noted that the removal of additional points for Applications that receive support from the local CoC could result in awards to Applications that are not fully aligned with the goals and priorities of the local CoC. Commenter (6) stated that the proposed rules run counter to HUD's expectations that ESG Recipients and Subrecipients collaborate with the CoCs. Commenter (5) and (6) noted that this collaboration is imperative for maintaining high performance standards and facilitating positive outcomes for Program Participants. They propose requiring ESG Applicants obtain a letter of support from their local CoC as a threshold requirement. Commenter (6) proposed the use of a form similar to HUD's requirement for Applicants of CoC funding, "Certification of Consistency with Consolidated Plan."

STAFF RESPONSE: CoC Lead Agencies continue to have an opportunity to provide input in the determination of what Applicants receive ESG funding. It is a threshold criteria (10 TAC §7.36(a)(7)) that each Applicant consult and obtain evidence from the CoC Lead Agency in the region indicating that the Applicant consulted with the CoC and that the CoC Lead Agency agrees that the Application meets CoC priorities. Staff has carefully reviewed the comments; staff does not recommend any changes based on these comments.

§7.40 (b)(3),(c)(3),(d)(3),(e)(3) Competitive Program Participant Services Selection Criteria
COMMENT SUMMARY: Commenter (3) is in favor of the update to the rule.

STAFF RESPONSE: Staff appreciates the comment in support of the rule update, no change to the rule was requested.

§7.40 (b)(4),(c)(4),(d)(4),(e)(4) Competitive Program Participant Services Selection Criteria
COMMENT SUMMARY: Commenter (2) noted that nonprofits that are not mental health focused agencies may not have additional funding that would be needed to offer competitive salary for individuals who are licensed mental health professionals.

STAFF RESPONSE: Though the Department understands the budgetary constraints nonprofits operate under, the rule update would not prohibit an Applicant from applying for funds as the proposed scoring criterion for staff qualifications regarding a licensed mental health provider is not a threshold requirement. Staff has carefully reviewed the comments, and does not recommend any changes based on these comments.

The Board adopted the final order adopting the new rule on June 16, 2022.

STATUTORY AUTHORITY. The new subchapter is proposed pursuant to Tex. Gov't Code §2306.053, which authorizes the Department to adopt rules. Except as described herein the proposed new sections affect no other code, article, or statute. The rule has been reviewed by legal counsel and found to be a valid exercise of the agency's legal authority.

CHAPTER 7 HOMELESSNESS PROGRAMS
SUBCHAPTER C EMERGENCY SOLUTIONS GRANTS (ESG) AND EMERGENCY SOLUTIONS GRANTS CARES (ESG CARES)

§7.31. Purpose.
(a) The purpose of this rule is to provide guidance and procedures for the Emergency Solutions Grants (ESG) and the Emergency Solutions Grant CARES (ESG CARES) programs as authorized by Tex. Gov't Code §2306.053. ESG and ESG CARES funds are federal funds awarded to the State of Texas by HUD and administered by the Department.

(b) The regulations in this subchapter, relating to ESG and ESG CARES, govern the administration of funds and establish policies and procedures for use of ESG funds to meet the purposes contained in Title IV of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. §§11371 - 11378) (the Act), as amended by the Homeless Emergency Assistance and Rapid Transition to Housing Act (HEARTH Act).

(c) In addition to this subchapter, a Subrecipient shall comply with the regulations applicable to the ESG and ESG CARES programs as set forth in Chapters 1 and 2 of this title (relating to Administration and Enforcement, respectively), Subchapter A of Chapter 7 of this title (relating to General Policies and Procedures) and as set forth in 24 CFR Parts 5, 91, and 576 (the Federal Regulations). A Subrecipient must also follow all other applicable federal and state statutes and the regulations established in this chapter, relating to Homelessness Programs, as amended or supplemented.

(d) In the event that Congress, the Texas Legislature, or HUD add or change any statutory or regulatory requirements, special conditions, or waivers, concerning the use or administration of these funds, a Subrecipient shall comply with such requirements at the time they become effective.

§7.32. Use of ESG Funds.
(a) ESG Applications for provision of Program Participant services under emergency shelter, street outreach, homeless prevention and/or rapid re-housing may include a request for funds for Homeless Management Information Systems (HMIS) activities. Applications proposing to provide only HMIS activities are not eligible for an award of funds.

(b) Subrecipient may not Subgrant funds, but may Subcontract for the provision of services. Such Subcontracts are subject to applicable procurement requirements.

(c) The Department's Governing Board of Directors, Executive Director, or his/her designee may limit activities in a NOFA, or by Contract.

(d) Program Participant services may be provided under street outreach, emergency shelter, homeless prevention or rapid re-housing, as described in this subsection or otherwise permitted in Federal Regulations.

(e) The street outreach component may be provided to unsheltered Homeless persons as defined in 24 CFR §576.101(a). Eligible costs for Program Participants of street outreach include the following services:

(1) Engagement costs to locate, identify, and build relationships with unsheltered Homeless persons, including assessment of needs, crisis counseling, addressing urgent physical needs, provision of information and referrals;

(2) Case management costs to assess housing and service needs and coordinate delivery of services;

(3) Emergency health services to the extent that other health services are inaccessible or unavailable in the area;

(4) Emergency mental health services to the extent that other mental health services are inaccessible or unavailable in the area; and

(5) Transportation for outreach workers and Program Participants, not including the purchase or lease of vehicles.

(f) The emergency shelter component may be provided to Homeless persons per 24 CFR §576.102. Eligible emergency shelter costs are for Program Participant services and costs related to the shelter building, relocation, and operation.

(1) Eligible costs for Program Participants of emergency shelter services include:

(A) Case management to coordinate individualized services;

(B) Child care for children under the age of 13, and for disabled children under the age of 18;

(C) Education services providing instruction or training to enhance their ability to obtain and maintain housing, including but not limited to literacy, English literacy, General Educational Requirement (GED) preparation, consumer education, health education, and substance abuse prevention;

(D) Employment assistance and job training services;

(E) Outpatient health services to the extent that other health services are inaccessible or unavailable in the area;

(F) Legal services, to the extent that legal services are unavailable or inaccessible within the community, to assist with housing needs, excluding immigration and citizenship matters, matters related to mortgages, legal retainers and contingency fees;

(G) Life skills training including budgeting resources, managing money, managing a household, resolving conflict, shopping for food and need items, improving nutrition, using public transportation, and parenting;

(H) Outpatient mental health services to the extent that other mental health services are inaccessible or unavailable in the area;

(I) Outpatient substance abuse treatment services up to 30 days, excluding inpatient treatment; and

(J) Transportation for staff and Program Participants related to the provision of essential services, not including the purchase or lease of vehicles.

(2) Eligible emergency shelter costs related to the shelter building, relocation, and operation include:

(A) Certain costs for operation of emergency shelters, including provision of hotel or motel vouchers to Program Participants when no appropriate emergency shelter is available and minor or routine repairs to the shelter facility; and

(B) Assistance required under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970.

(g) The homelessness prevention component may be provided to Homeless persons and persons At-risk of Homelessness per 24 CFR §576.103, and the rapid re-housing component may be provided to Homeless persons per 24 CFR §576.104. Homelessness prevention and rapid re-housing may be provided for up to 24 months of assistance in a 36-month period. Eligible costs for homelessness prevention and rapid re-housing include housing relocation and stabilization for financial assistance, housing relocation and stabilization services, and rental assistance.

(1) Housing relocation and stabilization for financial assistance include:

(A) Rental application fees;

(B) Security deposits (equal to not more than two month's rent) and last month's rent;

(C) Utility deposits and/or utility payments;

(D) Moving costs, such as truck rental or hiring a moving company. Payment of arrearages for temporary storage is not an eligible cost; and

(E) Costs to break a lease to effect an emergency transfer per 24 CFR §5.2005(e), if Program Participant is receiving rental assistance under ESG.

(2) Housing relocation and stabilization services include:

(A) Housing search and placement costs to assist in locating, obtaining, and retaining suitable permanent housing;

(B) Housing stability case management for assessing, arranging, coordinating and monitoring the delivery of individual services to facilitate housing stability;

(C) Mediation between the Program Participant and the landlord/owner to prevent loss of current housing;

(D) Legal services for housing needs excluding immigration and citizenship matters, matters related to mortgages, legal retainers and contingency fees; and

(E) Credit repair and resolution, excluding payment or modification of debts.

(3) Non-duplicative rental assistance may be provided for up to 24 months within any 36-month period. Late payment penalties during the term of assistance are not eligible ESG expenses. Rental assistance includes:

(A) Short-term rental assistance which is up to three months of rent, inclusive of arrearages, late fees accrued prior to the term of assistance, and last month's rent; and

(B) Medium-term rental assistance which is more than three months of rent but not more than 24 months of rent, inclusive of up to six months of arrearages, late fees accrued prior to the term of assistance, and last month's rent.

(h) Costs to participate in HMIS are eligible ESG costs. Eligible costs related to HMIS include:

(1) Hardware, software, equipment, office space, utility costs;

(2) Salary and staff costs for operation of HMIS, including technical support;

(3) HMIS training and overhead costs, including travel to HUD sponsored and approved HMIS training programs and travel costs for staff to conduct intake;

(4) HMIS participation fees charged by the HMIS lead agency; and

(5) HMIS-comparable databases for victim services providers or legal services providers.

(i) Eligible administrative costs for ESG are:

(1) General management and oversight of the ESG award, excluding cost to purchase office space;

(2) Provision of ESG training and costs to attend HUD-sponsored ESG training; and

(3) Costs to carry out required environmental reviews.

§7.33. Apportionment of ESG Funds.

(a) The Department will retain funds for Administrative activities. Funds for Administrative or Program Participant services may be retained by TDHCA to ~~subgrant~~ Subgrant specific ESG activities, such as legal services or as operating costs for non-congregate emergency shelters funded by the Department's allocation of funds from the HOME American Rescue Plan Act.

(b) If the Department receives ESG funding from HUD that has additional activity or geographic restrictions, the Department may elect not to use the Allocation Formula. Funds retained under subsection (a) of this section are not subject to the Allocation Formula.

(c) ESG funds not retained for the purposes outlined in subsections (a) and (b) of this section will be made available by CoC region based on an Allocation Formula. Allocation Formula factors noted in paragraphs (1) - (4) of this subsection will be used to calculate distribution percentages for each CoC region as follows:

(1) Fifty percent weight will be apportioned to renter cost burden for Households with incomes less than 30% Area Median Family Income (AMFI), as calculated in the U.S. Department of Housing and Urban Development's (HUD) Comprehensive Housing Affordability Strategy;

(2) Fifty percent weight will be apportioned for the number of persons in poverty from the most recent five-year estimate of the American Community Survey released by the U.S. Census Bureau;

(3) Fifty percent weight will be apportioned to point-in-time counts, which are annual counts of sheltered and unsheltered persons experiencing homelessness on one day during the last two weeks of January as required by HUD for CoCs. If a CoC did not conduct a point-in-time count or only completed a partial point-in-time count, the results of the most recent point-in-time count conducted that covered both the sheltered and unsheltered persons experiencing homelessness will be utilized for the purposes of the Allocation Formula; and

(4) Negative 50% weight will be apportioned based on a total of all ESG funding allocated by HUD to local jurisdictions within the CoC region, and ESG funding awarded by the Department within the region from the previous fiscal year.

(d) Each CoC region is allocated a minimum amount of $100,000. This is accomplished by taking the amounts of all regions with over $100,000 during the initial allocation and redistributing a proportional share to the regions with less than $100,000. If the Department distributes by Allocation Formula less than the amount required to provide all regions with $100,000, then the funds will be split evenly among the CoC regions.

(e) Not less than 70% of ESG funding allocated to the CoC regions shall be initially withheld from competition for use by Subrecipients eligible for continuing awards as described under §7.34 of this subchapter.

(f) Those ESG funds allocated based on the formula in subsection (c) of this section will be made available for the provision of Program Participant services; they will be made available through a NOFA for both continuing awards described in subsection (e) of this section and for competitive Applications which ~~may~~ will be released on an annual ~~or multiyear~~ basis.

(1) Not more than 60% of total ESG funds under direct ~~subgrants~~Subgrants, continuing, and competitive awards may be awarded for the provision of street outreach and emergency shelter activities. Funds will first be made available to direct Subgrants~~subgrants~~, then continuing awards. Remaining funds made available for competitive awards.

(2) Contract funding limits include the funding request for all Program Participant services proposed in the Application, HMIS, and Administrative funds.

(A) Funding request minimums and maximums will be noted in the NOFA.

(B) Funds awarded for HMIS are limited to 12% of the amount of funds awarded for Program Participant services.

(C) Administrative activities are limited to three percent of the amount of funds awarded for Program Participant services.

(g) ESG funds that have been deobligated by the Department or that have been voluntarily returned from an ESG Contract may be reprogrammed at the discretion of the Department, and are not included in the Allocation Formula or award process detailed in subsections (c) - (f) or (h) - (j) of this section.

(h) An ESG Applicant may have the right to appeal funding decisions per 10 TAC §1.7 of this chapter (relating to Appeals Process).

(i) The Department reserves the right to negotiate the final Contract amount and local Match requirement with an Applicant.

(j) Percentages described in this subchapter will not be rounded up to the nearest whole number.

§7.34. Continuing Awards.

(a) TDHCA will withhold a portion of funds from the competition for funds to be used for continuing awards to prior Subrecipients of its ESG allocation, not including ESG CARES or Contracts for reallocated funds from prior years only, in accordance with §7.33 of this subchapter (related to Apportionment of ESG Funds).

(b) ESG funds withheld for continuing awards by the Department will be allocated in accordance with the Allocation Formula, and are not subject to the award process and requirements outlined in §7.38 of this subchapter (relating to Award and Funding Process for Allocated Funds).

(c) The subsequent years of allocation of ESG funds received by the Department will be offered to eligible Subrecipients of ESG funds (not including ESG CARES) that were awarded funds from at least three of the prior four allocations of ESG. An ESG Subrecipient is eligible for an offer of a continuing award of funds if the Subrecipient meets the following requirements:

(1) Submits an abbreviated Application for funding within 21 days of the request from the Department as promulgated by the Department;

(2) Resolves administrative deficiencies within the timeframe and in the manner outlined in §7.37 of this subchapter (relating to Application Review and Administrative Deficiency Process for Department NOFAs);

(3) Submitted four or fewer delinquent monthly reports for each of their active ESG Contracts (not including ESG CARES) for reports due in the six month period preceding the application submission deadline;

(4) Satisfies the requirements of the Previous Participation Review as provided for in §1.302 of this Title, (relating to Previous Participation Reviews for Department Program Awards Not Covered by §1.301 of this Subchapter);

(5) Does not have unresolved monitoring findings in any TDHCA funded program after the corrective action period;

(6) Does not apply for funds within the same COC Region under the competitive Application process for Program Participant service(s) in which they are already funded for a Continuing -Award~~within the same COC Region under the competitive application process~~;

(7) Expended a minimum of 95% of their contracted award amount, as amended in their most recently closed ESG Contract (not including ESG CARES);

(8) Did not voluntarily deobligate an amount that exceeds 5% of their contracted award amount, as amended for increases due to reallocated funds, on their most recently closed ESG Contract (not including ESG CARES); and

(9) Is approved by the Department's Governing Board.

(d) Any offer of ESG funds made under this section is contingent on retaining similar terms and conditions or agreeing to adjustments reflective of funding amount, including but not limited to performance and match requirements, in the active ESG annual Contract issued under a NOFA.

(e) Offers of funding will be based on the prior year's award, excluding Contracts comprised exclusively of reallocated funds, before amendments, and will be proportionally increased or decreased in proportion to the total amount of ESG funds available subject to the allocation formula.

(f) If additional funds are made available due to reduced continuing awards in the region, awards may be increased proportionate to the increased withheld funds. In any event, an increased award from funds made available from reduced awards may not exceed 115% of the award amount under the allocation or the maximum award amount established in the NOFA.

(g) Funds that remain available after all eligible continuing awards have been accepted will be transferred to the competition for funds for the regional competition in accordance with §7.38 of this subchapter.

§7.35. Eligible Applicants.

(a) An eligible Subrecipient is a Unit of Local Government as defined by HUD in CPD Notice 17-10, or a Private Nonprofit Organization.

(b) The Department reserves the option to limit eligible Subrecipient entities in a given NOFA.

§7.36. General Threshold Criteria.

(a) Applications submitted to the Department are subject to general threshold criteria. Applications which do not meet the general threshold criteria or which cannot resolve an administrative deficiency related to general threshold criteria are subject to termination. Applicants applying directly to the Department to administer the ESG Program must submit an Application on or before the deadlines specified in the NOFA, notification of a direct ~~subgrant~~Subgrant, or notification of availability of a continuing award, and must include items in paragraphs (1) - (13) of this subsection:

(1) Application materials as published by the Department including, but not limited to, program description, budget, and performance statement.

(2) An ESG budget that does not exceed the total amount available within the CoC region, other geographic limitation, ~~subgrant~~Subgrant, or offer of continuing award, as applicable.

(3) A copy of the Applicant's written standards that comply with the requirements of 24 CFR §576.400 and certification of compliance with these standards. Any occupancy standard set by the Subrecipient must not conflict with local regulations or Texas Property Code §92.010.

(4) A copy of the Applicant's policy for termination of assistance that complies with the requirements of 24 CFR §576.402 and certification of compliance with these standards.

(5) A Service Area which consists of at least the entirety of one county or multiple counties within the CoC region under which Application is made, unless a CoC region does not include an entire county. When the CoC region does not encompass at least the entirety of one county, the Service Area must encompass the entire CoC region. The Service Area selected within an Application must be fully contained within one CoC region.

(6) Commitment in the budget to the provision of 100% Match, or request for a Match waiver, as applicable. Match waivers will be considered by the Department based on the rank of the Application. Applicants requesting an award of funds in excess of the minimum award amount as described in the NOFA for Program Participant services are not eligible to request or receive a Match waiver. In the event that the Match waivers requested exceed $100,000, the waivers will be considered only for the highest scoring eligible Applications, subject to availability of excess Match provided by ESG Applicants. Applicants that do not receive the waiver and are unable to provide a source of Match will be ineligible for an ESG award.

(7) Evidence from the CoC Lead Agency in the region that the Applicant consulted with the CoC in the preparation of their ESG ~~application~~ Application and that the CoC Lead Agency agrees that the Application meets CoC priorities for serving persons experiencing homelessness and/or persons At-risk of Homelessness.

(8) Applicant certification of compliance with State and federal laws, rules and guidance governing the ESG Program as provided in the Application.

(9) Evidence of ~~Data Universal Numbering System~~a Unique Entity Identifier (~~DUNS~~UEI) number for Applicant.

(10) Documentation of existing Section 501(c) tax-exempt status, as applicable.

(11) Completed previous participation review materials, as outlined in 10 TAC Chapter 1, Subchapter C of this title (relating to Previous Participation) for Applicant.

(12) Local government approval per 24 CFR §576.202(a)(2) for an Applicant that will be providing shelter activities with ESG or as ESG Match, as applicable. This documentation must be submitted not later than 30 calendar days after the Application submission deadline as specified in the NOFA, or prior to execution of a Contract for Subrecipients subject to a direct ~~subgrant~~Subgrant, or continuing award. Receipt of the local government approval is a condition prior to the Department obligating ESG funding.

(13) A resolution or other governing body action from the Applicant's direct governing body which includes:

(A) Authorization of the submission of the Application;

(B) Title of the person authorized to represent the entity and who also has signature authority to execute a Contract; and

(C) Date that the resolution was passed by the governing body, which must be not older than 12 months preceding the date the Application is submitted.

(b) An Application must be substantially complete when received by the Department. An Application may be terminated if the Application is so unclear or incomplete that a thorough review cannot reasonably be performed, as determined by the Department. Such Application will be terminated without being processed as an administrative deficiency. Specific reasons for a Department termination will be included in the notification sent to the Applicant but, because the termination may occur prior to completion of the full review, will not necessarily include a comprehensive list of all deficiencies in the Application. Termination of an Application may be subject to §1.7 of this title, relating to the Appeals Process.

§7.37. Application Review and Administrative Deficiency Process.

(a) The Department will accept Applications on an ongoing basis during the Application acceptance period as specified in the NOFA or notification of an offer of a continuing award, as applicable. Applications will be reviewed for threshold criteria and selection criteria, if applicable, administrative deficiencies, and competitive ~~applications~~ Applications will be ranked based upon the score of the Application as determined by the Department upon completion of the review.

(b) The administrative deficiency process allows the Applicant to provide additional information with regard to an Application after the Application acceptance period has ended, but only if it is requested in writing by Department staff. Staff may request that an Applicant provide clarification, correction, or non-material missing information to resolve inconsistencies in the original Application or to assist staff in evaluating the Application. Staff will request such information via a deficiency notice. Staff will send the deficiency notice via email and responses must be in kind unless otherwise defined in the notice. A review of the Applicant's response may reveal that additional administrative deficiencies are exposed or that issues initially identified as an administrative deficiency are actually determined to be beyond the scope of an administrative deficiency process, meaning that they are in fact matters of a material nature not susceptible to be resolved. For example, a response to an administrative deficiency that causes a new inconsistency which cannot be resolved without reversing or eliminating the need for the first deficiency response would be an example of an issue that is beyond the scope of an administrative deficiency. Department staff will make a good faith effort to provide an Applicant confirmation that an administrative deficiency response has been received and/or that such response is satisfactory. Communication from staff that the response was satisfactory does not establish any entitlement to points, eligibility status, or to any presumption of a final determination that the Applicant has fulfilled any other requirements as such is the sole determination of the Department's Board.

(c) An Applicant may not change or supplement any part of an Application in any manner after submission to the Department, except in response to a direct written request from the Department to remedy an administrative deficiency or by amendment of an Application after the Board approval of an ESG award. An administrative deficiency may not be cured if it would, in the Department's determination, substantially change an Application including score, or if the Applicant provides any new unrequested information to cure the deficiency.

(d) The time period for responding to a deficiency notice commences on the first day following the deficiency notice date. If an administrative deficiency is not resolved to the satisfaction of the Department by 5:00 p.m. on the seventh calendar day following the date of the deficiency notice, then one point shall be deducted from the selection criteria score for each additional day the deficiency remains unresolved. If administrative deficiencies are not resolved by 5:00 p.m., Austin local time on the fourteenth calendar day following the date of the deficiency notice, then the Application shall be terminated.

§7.38. Competitive Award and Funding Process.

(a) An Application may by submitted requesting funds for Program Participant services under street outreach, emergency shelter, homeless prevention, and/or rapid re-housing. Each Application submission will include one uniform Application with information applicable across all Program Participant service types, and then information on each Program Participant service requested. Each Program Participant service reflected in an Application will be treated as a separate Application, assigned a separate Application number per service type, and will be scored and ranked separately for each service type selected. Applicants may be awarded funds for one or more Program Participant services in accordance with this section. Because each Program Participant service is reviewed separately and competes separately, an award of funds for provision of one Program Participant service does not affect an award of funds in any other Program Participant service reflected in that same Application submission.

(b) Applications submitted directly to the Department for under this section will receive points based on experience, program design, budget, previous performance, and performance measures. Applications will be scored and ranked based on selection criteria described in this subchapter.

(c) Applicants for a competitive award will be required to submit a self-score within the Application. In no event will the points awarded to the Applicant exceed the point value of the self-score in any selection criterion.

(d) Tie breakers. Each Application submitted to the Department for a competitive award shall be assigned a number between one and the total number of applications. The number assignment will be determined in a random selection process to occur immediately following the close of the application acceptance period, and Applicants will be notified of said number assignment as soon as possible thereafter. The randomly assigned numbers will be used to resolve ties, with the highest assigned number having the highest priority.

(e) Partial awards. In order to maintain funding within the Allocation Formula amounts designated for each CoC region as determined in this subchapter, an Applicant for a competitive award may be offered a partial award of their requested funds. An Applicant offered a partial award of funds must confirm their acceptance of a partial award, and submit updated information related to the reduction within seven calendar days following the date of notification. Scoring criteria may be updated based on the reduced funding request, but any changes to the scoring criteria must allow the Application to maintain its rank.

(f) Regional Funding Competition. Funding will be recommended first for Applicants within the CoC region up to the Allocation Formula amount designated for the CoC region as determined in this subchapter.

(1) Eligible Applications will be ranked in descending order by score within the CoC region which the Application proposes to serve. Paragraph (e) of this section will be used to determine the priority of tied scores.

(2) ESG funds allocated to each CoC region will be awarded starting with the highest ranking Application and continue until the funds allocated for that CoC region are fully utilized, but not exceeded, or until the Applicant for the last ~~application~~ Application to be recommended in the region declines an offer of a partial award.

(3) Applications proposing street outreach or emergency shelter will be ranked alongside all Applications in the region, however, a recommendation for a full award of an Application for street outreach or emergency shelter will not be made through the first level of funding if funding recommendations in the CoC region for street outreach and emergency shelter will exceed 60% of the funding remaining in the CoC region after direct ~~subgrants~~ Subgrants and acceptance of continuing awards. Applications proposing street outreach and emergency shelter services but causing awards for such services in the region to exceed 60% of the available funding in the region, will be offered a partial award of up to the amount remaining to reach 60% for the region. If no funds remain available that would not exceed 60% at the regional level for a partial award, or if they decline such partial award, the Application will be passed over and recommendation of funding would proceed to the next highest scoring ~~application~~Application(s) in the region in order to fully fund the Formula Allocation amount for the region. Applications that were passed over for funding may be eligible to compete in the statewide funding competition, if no more than 60% of funds have been awarded for street outreach and emergency shelter in the total allocated funds.

(4) A partial award may be offered to the last highest ranking Application which is otherwise eligible for funding within the regional competition to ensure that the amount of funds recommended for a region does not initially exceed the amount identified in the Formula Allocation. Partial awards will be offered under the regional competition only if the funding remaining in the CoC region is more than $30,000.

(A) The Applicant or Applicants that accept an offer of a partial award may be required to amend the Application if the reduction in funds is expected to impact scored items and to adjust performance deliverables based on the reduced amount of funding. The revised score based on the partial award must still ensure the Application ranking would not be affected. If a partial award or the Applicant's subsequent adjustments results in a reduced score that alters their scoring rank within the regional competition, the opportunity to be funded from the first level of funding recommendations will not be offered to the Application.

(B) The Applicant may decline the partial award of funds and instead request to be included for consideration in the statewide competition.

(g) Statewide Funding Competition. If any funds remain after recommendations for all eligible Applications in the regional funding competition, such funds shall collapse and be made available in the statewide competition.

(1) All eligible Applications not recommended to be awarded under the regional funding competition will be ranked in descending order of score with the highest scoring unfunded Application, regardless of region, having the highest priority rank. Subsection (e) of this section will be used to determine the outcome of tied scores.

(2) Funds will be awarded in the statewide funding competition starting with the highest ranked Application and continuing until no funds remain available to award or until there are no eligible Applications left to be recommended for funding.

(3) Applications proposing street outreach or emergency shelter will be ranked alongside all Applications. If the 60% of the allocated funds has been awarded to Applications proposing street outreach and emergency shelter, Applications proposing these activities will not be recommended and will be passed over to fund Applications proposing homeless prevention or rapid re-housing.

(4) The final award in the statewide funding competition and the 60% capped street outreach and emergency shelter funding may be a partial award if an Application cannot be fully funded.

(A) An Applicant that accepts an offer of a partial award may be required to amend the Application if the reduction in funds is expected to impact scored items and to adjust performance deliverables based on the reduced amount of funding. The revised score based on the partial award must still ensure the Application's ranking would not be affected. Partial awards may only be offered if the remaining funding exceeds the minimum award amount as stated in the NOFA.

(B) The Applicant may decline a partial award of funds. Applicants that decline a partial award of funding within the statewide competition will be withdrawn from competition, as there are not sufficient remaining funds to award the Application.

(C) If a partial award or the Applicant's subsequent adjustments result in a reduced score that alters the scoring rank or an Applicant declines a partial award, the next highest ranked Application will be presented with the opportunity to be funded.

(h) If there are still funds available after the statewide funding competition, the Department may offer and recommend award amounts in excess of the funds requested and in excess of the award amount limits identified in §7.33(c) of this subchapter (relating to Apportionment of ESG Funds), starting with the highest scoring Applications already identified to be recommended for an award, not to exceed an award more than 50% greater than their original request. The Department will provide notice of the proposed increase to the impacted Applicants. The budget and Performance targets would increase proportionally to the additional funding received. An Applicant will have the opportunity to accept or reject the recommendation for increased funding prior to final award by the Department.

(i) The Department reserves the right to negotiate the final Contract amount and local Match with a Subrecipient.

§7.39. Uniform Selection Criteria.

An Application for funding allocated in accordance with §7.33(b) of this section (relating to Apportionment of ESG Funds) and made to the Department may be awarded points under the following uniform selection criteria. The total of the score under this part will be the uniform Application score. The uniform Application score will be comprised of points awarded under each of the following criteria:

(1) Homeless participation. An Application may receive a maximum of three points for the participation of persons who are Homeless in the Applicant's program design. Points may be earned under subparagraphs (A) and (B) of this paragraph for a total of up to three points.

(A) An Application may receive a maximum of two points when at least one person who is Homeless or formerly Homeless is a member of or consults with the Applicant's policy-making entity for facilities, services, or assistance under ESG; and

(B) An Application may receive a maximum of one point when at least one person who is Homeless or formerly Homeless is employed in a paid position with duties that include constructing, renovating, maintaining, or operating the Applicant's ESG facilities, or providing services for occupants of its ESG facilities.

(2) Organizational or management experience. An Application may receive a maximum of eight points for an Applicant or its management staff's experience administering federal or State homeless programs.

(A) An Application may receive a maximum of three points for an Applicant or its management staff with at least two but less than four years of experience;

(B) An Application may receive a maximum of five points for an Applicant or its management staff with at least four but less than six years of experience; or

(C) An Application may receive a maximum of eight points for an Applicant or its management staff with six or more years of experience.

(3) Percentage of prior ESG awarded funds expended. An Application may receive a maximum of six points for the Applicant's past expenditure performance of ESG funds proportionate to the award of funds from TDHCA to the Applicant. This will apply to any and all ESG Contract(s), exclusive of ESG CARES Contracts,

administered by the Applicant that were closed within 12 months prior to the date of the Application deadline established in the by the Department. Contract Expenditures will be averaged among all ESG Contracts that were closed within 12 months of the Application deadline, without requiring an amendment if the Applicant was awarded multiple Contracts. The percentage of ESG funds expended will be calculated utilizing the amount of the Contract as of its closing as stated in the Contract prior to amendments, except where the Applicant voluntarily return funds in accordance with this subchapter. Expenditure will be defined as the Applicant having reported the funds as expended. Applications may receive:

(A) Two points if the Applicant expended 91-94% of its prior ESG Contract funds as of its closing as stated in the Contract prior to amendments;

(B) Three points if the Applicant expended 95% to less than 100% of its prior ESG Contract funds as of its closing as stated in the Contract prior to amendments; or

(C) Six points if the Applicant expended 100% of its prior ESG Contract funds as of its closing as stated in the Contract prior to amendments.

(4) Contract History on Reporting and percentage of Outcomes. An Applicant may receive a maximum of twelve points for its prior timeliness of reports and performance achieved for previously awarded ESG Contract(s), exclusive of ESG CARES Contracts, that closed within 12 months prior to the date of the Application deadline established by the Department. Points may be requested under all of the subparagraphs (A) to (E) of this paragraph not to exceed a total of ten points. The Outcome percentages will be averaged among all prior ESG Contracts, exclusive of ESG CARES Contracts, that closed within 12 months prior to the date of the Application deadline to determine the final percentage amount for this scoring criterion. Applications may receive points as follows:

(A) Two points if the Applicant submitted the last three reports on or before the Contract end date within the reports' respective reporting deadlines;

(B) Two points if the Applicant met 100% or more of their street outreach target of persons exiting to temporary or transitional or permanent housing destination;

(C) Two points if the Applicant met 100% or more of their emergency shelter exits to permanent housing;

(D) Two points if the Applicant met 100% or more of their Homeless prevention target for maintaining housing for three months or more;

(E) Two points if the Applicant met 100% or more of their rapid re-housing target for maintaining housing for three months or more; and

(F) Two points if the Applicant met 100% or more of their Match obligation.

(G) Twelve points if the Applicant has not previously been awarded an ESG Contract closed within 12 months prior to the date of the Application deadline.

(5) Monitoring history. Applications may receive a maximum of five points for the Applicant's previous ESG and ESG CARES monitoring history. The Department will consider the monitoring history for three years before the date that Applications are first accepted under the NOFA when determining the points awarded under this criterion. Findings that were subsequently rescinded will not be considered Findings for the purposes of this scoring criterion. Applications may be limited to a maximum of:

(A) Five points if the Applicant has not received any monitoring Findings, including Applicants with no previous monitoring history;

(B) Not more than three points if the monitoring history has a close-out letter that included Findings, but the Findings were not related to Household eligibility or violations of procurement requirements;

(C) Not more than two points if the monitoring history has a close-out letter that included Findings related to Household eligibility;

(D) Not more than one point if the monitoring history has a monitoring close-out letter that included Findings related to violations of procurement requirements; or

(E) Zero points may be requested under this criterion if the Applicant received a Finding resulting in disallowed costs in excess of $5,000 which required repayment to the Department.

(6) Priority for certain communities. Applications may receive two points if at least one Colonia, as defined in Tex. Gov't Code §2306.083, is included in the Service Area identified in the Application. Applicants awarded points under this criterion will be contractually required to maintain a Service Area that includes at least one Colonia as identified on the Office of Attorney General's website.

(7) Previously unserved areas. Applications may receive a maximum of 10 points for provision of ESG services if at least one county in the Service Area included in the Application has not received ESG funds from the Department or directly from HUD within the previous federal funding year for services. Applications may receive a maximum (of ten points if at least one county within the Service Area as stated in the Application did not receive an award of ESG annual funds from the Department within the previous federal funding year.

§7.40. Competitive Program Participant Services Selection Criteria.

(a) An Application for competitive funding allocated under §7.33(b) of this subchapter (relating to Apportionment of ESG Funds), and made to the Department, may be awarded points for Program Participant services under each category. Points awarded for Program Participant services will be separately tabulated and added to the uniform Application score to determine a score for each of the Program Participant services Applications submitted. All scoring criteria that are based upon measurable future performance expectations will be measured and expected to be fulfilled by being included as a performance requirement in the Contract should the Application be awarded funds.

(b) Street outreach. An Application proposing street outreach may receive points under the following criteria:

(1) Matching funds for street outreach. An Application may receive a maximum of three points if the Applicant commits Matching funds equal to or greater than 110% of the total ESG funds requested for street outreach.

(2) Street outreach serving Homeless Subpopulations. An Application may receive a maximum of five points by proposing to serve persons who are in a Homeless Subpopulation, as defined in §7.2(b)(34) of this chapter (relating to Definitions). An Applicant providing street outreach may receive a maximum of:

(A) One point based on a minimum target of 70% of persons served who are in one or more Homeless Subpopulation;

(B) Two points based on a minimum target of 80% of persons served who are in one or more Homeless Subpopulation;

(C) Three points based on a minimum target of 90% of persons served who are in one or more Homeless Subpopulation;

(D) Four points based on a minimum target of 95% of persons served who are in one or more Homeless Subpopulation; or

(E) Five points based on a minimum target of 100% of persons served who are in one or more Homeless Subpopulation.

(3) Street outreach exit to a positive housing destination. An Application may receive a maximum of five points based on the percentage of persons served within the 12 months prior to the ~~application~~ Application due date who exited homelessness to a positive housing destination per HMIS data standards:

(A) Two points based on 25% of persons served with street outreach who exited to positive housing destinations;

(B) Three points based on 35% of persons served with street outreach who exited to positive housing destinations;

(C) Four points based on 45% of persons served with street outreach who exited to positive housing destinations; or

(D) Five points based on 55% of persons served with street outreach who exited to positive housing destinations.

(4) Street outreach staff qualifications. An Applicant may receive a maximum of six points if a member of the staff interacting with Program Participants in the street outreach component has one or more of the following qualifications:

(A) Two points if a member is a licensed mental health provider through the Texas Behavioral Executive Health Council;

(B) Two points if a member of staff is fluent in more than one language identified in the Language Access Plan; and

(C) Two points if program includes a paid staff member who has formerly experienced homelessness.

(5) Street outreach temporary/transitional/permanent housing target. An Application may receive a maximum of three points based on the percentage of persons targeted to be served with street outreach who will be placed in temporary, transitional or permanent housing. An Application may receive a maximum of:

(A) One point based on a minimum target of 35% of persons served with street outreach who will be placed in temporary housing;

(B) Two points based on a minimum target of 45% of persons served with street outreach who will be placed in temporary housing; or

(C) Three points based on a minimum target of 55% of persons served with street outreach who will be placed in temporary housing.

(6) Street outreach services. An Application may receive a maximum of five points based on the number of street outreach services provided through ESG or other funds including engagement, case management, emergency health services, emergency mental health services, and transportation services. Emergency health services and emergency mental services may only be provided by ESG funds if these services are inaccessible or unavailable within the area. An Application may receive a maximum of:

(A) Two points if the Applicant provides street outreach engagement and case management;

(B) Three points if the Applicant provides street outreach engagement and case management, and one other service;

(C) Four points if the Applicant provides street outreach engagement and case management, and two other services; or

(D) Five points if the Applicant provides street outreach engagement and case management, and three other services.

(7) Experience providing street outreach. An Application may receive a maximum of 10 points based on the Applicant's experience providing street outreach services.

(A) Two points if the Applicant has provided street outreach for up to two years;

(B) Four points if the Applicant has provided street outreach for up to four years;

(C) Six points if the Applicant has provided street outreach for up to six years;

(D) Eight points if the Applicant has provided street outreach for up to eight years; or

(E) Ten points if the Applicant has provided street outreach for 10 or more years.

(c) Emergency shelter. An Application proposing emergency shelter may receive points under the following criteria:

(1) Matching funds for emergency shelter. An Application may receive a maximum of three points if the Applicant commits Matching funds equal to or greater than 110% of the total ESG funds requested for emergency shelter.

(2) Emergency shelter serving Homeless Subpopulations. An Application may receive a maximum of five points by proposing to serve persons who are in a Homeless Subpopulation, as defined in §7.2(b)(34) of this chapter (relating to Definitions). An Applicant providing emergency shelter may receive a maximum of:

(A) One point based on a minimum target of 70% of persons served who are in one or more Homeless Subpopulation;

(B) Two points based on a minimum target of 80% of persons served who are in one or more Homeless Subpopulation;

(C) Three points based on a minimum target of 90% of persons served who are in one or more Homeless Subpopulation;

(D) Four points based on a minimum target of 95% of persons served who are in one or more Homeless Subpopulation; or

(E) Five points based on a minimum target of 100% of persons served who are in one or more Homeless Subpopulation.

(3) Emergency shelter exit to a positive housing destination. An Application may receive a maximum of five points based on the percentage of persons served within the 12 months prior to the ~~application~~ Application due date exited homelessness to a positive housing destination per HMIS data standards:

(A) Two points based on 25% of persons served with emergency shelter who exited to positive housing destinations;

(B) Three points based on 35% of persons served with emergency shelter who exited to positive housing destinations;

(C) Four points based on 45% of persons served with emergency shelter who exited to positive housing destinations; or

(D) Five points based on 55% of persons served with emergency shelter who exited to positive housing destinations.

(4) Emergency shelter staff qualifications. An Applicant may receive a maximum of six points if a member of the staff interacting with Program Participants in the street outreach component has one or more of the following qualifications:

(A) Two points if a member is a licensed mental health provider through the Texas Behavioral Executive Health Council;

(B) Two points if a member of staff is fluent in more than one language identified in the Language Access Plan; and

(C) Two points if program includes a paid staff member who has formerly experienced homelessness.

(5) Emergency shelter permanent housing. An Applicant may receive a maximum of three points based on the percentage of persons served with emergency shelter targeted to be placed in permanent housing. An Application may receive a maximum of:

(A) One point based on a minimum target of 35% of persons served with emergency shelter who will be placed in permanent housing;

(B) Two points based on a minimum target of 45% of persons served with emergency shelter who will be placed in permanent housing; or

(C) Three points based on a minimum target of 55% of persons served with emergency shelter who will be placed in permanent housing.

(6) Emergency shelter services. An Applicant may receive a maximum of five points based on the number of emergency shelter services provided through ESG or other funds, as listed in 24 CFR §576.102. Emergency shelter services include case management, child care, education services, employment assistance and job training, outpatient health services, legal services, life skills training, outpatient mental health services, outpatient substance abuse treatment services, and transportation. Outpatient health services, mental services, and substance abuse treatment services should only be provided by ESG funds if these services are otherwise inaccessible or unavailable within the Service Area. This selection criterion will become a contractual requirement if the Applicant is awarded a Contract. An Application may receive a maximum of:

(A) Two points if the Applicant provides case management and two of the other services;

(B) Three points if the Applicant provides case management and three of the other services;

(C) Four points if the Applicant provides case management and four of the other services; or

(D) Five points if the Applicant provides case management and five of the other services.

(7) Experience providing emergency shelter. An Application may receive a maximum of 10 points based on the Applicant's experience providing emergency shelter services.

(A) Two points if the Applicant has provided emergency shelter for up to two years;

(B) Four points if the Applicant has provided emergency shelter for up to four years;

(C) Six points if the Applicant has provided emergency shelter for up to six years;

(D) Eight points if the Applicant has provided emergency shelter for up to eight years; or

(E) Ten points if the Applicant has provided emergency shelter for 10 or more years.

(d) Homeless prevention. An Application proposing homeless prevention may receive points under the following criteria:

(1) Matching funds for homeless prevention. An Application may receive a maximum of three points if the Applicant commits Matching funds equal to or greater than 110% of the total ESG funds requested for homelessness prevention.

(2) Homelessness prevention serving Homeless Subpopulations. An Application may receive a maximum of five points by proposing to serve persons who are in a Homeless Subpopulation, as defined in §7.2(b)(34) of this chapter (relating to Definitions). An Applicant providing homelessness prevention may receive a maximum of:

(A) One point based on a minimum target of 70% of persons served who have one or more special needs;

(B) Two points based on a minimum target of 80% of persons served who have one or more special needs;

(C) Three points based on a minimum target of 90% of persons served who have one or more special needs;

(D) Four points based on a minimum target of 95% of persons served who have one or more special needs; or

(E) Five points based on a minimum target of 100% of persons served who have one or more special needs.

(3) Homelessness prevention exit to a positive housing destination. An Application may receive a maximum of five points based on the percentage of persons served within the 12 months prior to the ~~application~~ Application due date exited homelessness to a positive housing destination per HMIS data standards:

(A) Two points based on 25% of persons served with homelessness prevention who exited to positive housing destinations;

(B) Three points based on 35% of persons served with homelessness prevention who exited to positive housing destinations;

(C) Four points based on 45% of persons served with homelessness prevention who exited to positive housing destinations; or

(D) Five points based on 55% of persons served with homelessness prevention who exited to positive housing destinations.

(4) Homeless prevention staff qualifications. An Applicant may receive a maximum of six points if a member of the staff interacting with Program Participants in the homeless prevention component has one or more of the following qualifications:

(A) Two points if a member is a licensed mental health provider through the Texas Behavioral Executive Health Council;

(B) Two points if a member of staff is fluent in more than one language identified in the Language Access Plan; and

(C) Two points if program includes a paid staff member who has formerly experienced homelessness.

(5) Homeless prevention maintaining housing. An Application may receive a maximum of three points based on the percentage of persons served with Homelessness prevention who are targeted to maintain their housing for three months or more after program exit. Applications may receive a maximum of:

(A) One point based on a minimum target of 50% of persons served with homelessness prevention maintaining housing for three months;

(B) Two points based on a minimum target of (60% of persons served with homelessness prevention maintaining housing for three months; or

(C) Three points based on a minimum target of 70% of persons served with homelessness prevention maintaining housing for three months.

(6) Homeless prevention services and rental assistance. An Application may receive a maximum of five points based on the number of homeless prevention services and type of rental assistance provided through ESG or other funds. Homeless prevention services and rental assistance include rental application fees, security deposits and last month's rent, utility payments/deposits, moving costs, housing search and placement, housing stability case management, mediation, legal services, credit repair, short-term rental assistance, and medium-term rental assistance. An Application may receive a maximum of:

(A) Two points if the Applicant provides housing stability case management and three of the other services or rental assistance;

(B) Three points if the Applicant provides housing stability case management and four of the other services or rental assistance;

(C) Four points if the Applicant provides housing stability case management and five of the other services or rental assistance; or

(D) Five points if the Applicant provides housing stability case management and six of the other services or rental assistance.

(7) Experience providing homeless prevention or rental assistance services. An Application may receive a maximum of 10 points based on the Applicant's experience providing homeless prevention or tenant-based rental assistance services.

(A) Two points if the Applicant has provided homeless prevention or tenant-based rental assistance services for up to two years;

(B) Four points if the Applicant has provided homeless prevention or tenant-based rental assistance services for up to four years;

(C) Six points if the Applicant has provided homeless prevention or tenant-based rental assistance services for up to six years;

(D) Eight points if the Applicant has provided homeless prevention or tenant-based rental assistance services for up to eight years; or

(E) Ten points if the Applicant has provided homeless prevention or tenant-based rental assistance services for 10 or more years.

(e) Rapid re-housing. An Application proposing rapid re-housing may receive points under the following criteria:

(1) Matching funds for rapid re-housing. Applications may receive a maximum of three points if the Applicant commits Matching funds equal to or greater than 110% of the total ESG funds requested for rapid re-housing.

(2) Rapid re-housing serving Homeless Subpopulations. An Application may receive a maximum of five points by proposing to serve persons who are in a Homeless Subpopulation, as defined in 10 TAC §7.2(b)(34) (relating to Definitions). Applicants providing rapid re-housing may receive a maximum of:

(A) One point based on a minimum target of 70% of persons served who are in one or more Homeless Subpopulation;

(B) Two points based on a minimum target of 80% of persons served who are in one or more Homeless Subpopulation;

(C) Three points based on a minimum target of 90% of persons served who are in one or more Homeless Subpopulation;

(D) Four points based on a minimum target of 95% of persons served who are in one or more Homeless Subpopulation; or

(E) Five points based on a minimum target of 100% of persons served who are in one or more Homeless Subpopulation.

(3) Rapid re-housing exit to a positive housing destination. An Application may receive a maximum of five points based on the percentage of persons served within the 12 months prior to the ~~application~~ Application due date exited homelessness to a positive housing destination per HMIS data standards:

(A) Two points based on 25% of persons served with rapid re-housing exited to positive housing destinations;

(B) Three points based on 35% of persons served with rapid re-housing who exited to positive housing destinations;

(C) Four points based on 45% of persons served with rapid re-housing who exited to positive housing destinations; or

(D) Five points based on 55% of persons served with rapid re-housing who exited to positive housing destinations.

(4) Rapid re-housing staff qualifications. An Applicant may receive a maximum of six points if a member of the staff interacting with Program Participants in the rapid re-housing component has one or more of the following qualifications:

(A) Two points if a member is a licensed mental health provider through the Texas Behavioral Executive Health Council;

(B) Two points if a member of staff is fluent in more than one language identified in the Language Access Plan; and

(C) Two points if program includes a paid staff member who has formerly experienced homelessness.

(5) Rapid re-housing maintaining housing. Applicants may receive a maximum of three points based on the percentage of persons served with rapid re-housing targeted to maintain their housing for three months or more after program exit. Applications may receive a maximum of:

(A) One point based on a minimum target of 50% of persons served with rapid re-housing maintaining housing for three months;

(B) Two points based on a minimum target of 60% of persons served with rapid re-housing maintaining housing for three months; or

(C) Three points based on a minimum target of 70% of persons served with rapid re-housing maintaining housing for three months.

(6) Rapid re-housing services and rental assistance. Applicants may receive a maximum of five points based on the number of rapid re-housing services and type of rental assistance provided through ESG or other funds. Rapid re-housing services and rental assistance include rental application fees, security deposits/last month's rent, utility payments/deposits, moving costs, housing search and placement, housing stability case management, mediation, legal services, credit repair, short-term rental assistance, medium-term rental assistance. Applications may receive a maximum of:

(A) Two points if the Applicant provides housing stability case management and three of the other services or rental assistance;

(B) Three points if the Applicant provides housing stability case management and four of the other components;

(C) Four points if the Applicant provides housing stability case management and five of the other components; or

(D) Five points if the Applicant provides housing stability case management and six of the other components.

(7) Experience providing rapid re-housing or tenant-based rental assistance services. Applications may receive a maximum of 10 points based on the Applicant's experience providing homeless prevention or tenant-based rental assistance services.

(A) Two points if the Applicant has provided rapid re-housing or tenant-based rental assistance services for up to two years;

(B) Four points if the Applicant has provided rapid re-housing or tenant-based rental assistance services for up to four years;

(C) Six points if the Applicant has provided rapid re-housing or tenant-based rental assistance services for up to six years;

(D) Eight points if the Applicant has provided rapid re-housing or tenant-based rental assistance services for up to eight years; or

(E) Ten points if the Applicant has provided rapid re-housing or tenant-based rental assistance services for 10 or more years.

§7.41. Contract Term, Expenditure Benchmark, Return of Funds, and Performance Targets.

(a) The Contract Term for ESG funds may not exceed 12 months. All funds awarded under the Contract must be expended by the Subrecipient on or before the expiration of the Contract, unless an extension has been granted in accordance with this section. A request to extend the Contract Term must show evidence that the extension is necessary to provide services required under the Contract, and provide good cause for failure to timely expend the funds. Extensions of Contract Terms are considered on a case-by-case basis, but are subject to Section 7.4(e) of this Title, concerning Amendments and Extensions of Contracts.

(1) The Executive Director or his or her designee may approve an extension to the ESG Contract Term of up to six months from the original Contract Term; and may approve an extension to the Expenditure deadline for ESG CARES.

(2) Board approval is required if the Subrecipient requests to extend an ESG Contract Term for more than six months from the original Contract Term.

(3) Amendments of Expenditure requirements will not be granted by the Executive Director or the Board when such action would cause the Department to miss a federal Expenditure deadline.

(b) Subrecipient is required to have reported Expenditures in its Monthly Expenditure Reports reflecting at least 50% of the Contracted funds by month nine of the original Contract Term. A Subrecipient that has not met this Expenditure benchmark must submit a plan to the Department evidencing the ability of the Subrecipient to expend the remaining funds by month 12 of the original Contract Term. This Expenditure benchmark may not be extended though amendment.

(c) Not later than 60 days prior to the end of the Contract Term, a Subrecipient may submit a written request to voluntarily return some or all of its funds to the Department. Voluntary return of funds prior to the Expenditure benchmark constitutes a reduction in the awarded amount, and returned funds at or prior to the Expenditure benchmark will not be considered deobligated funds for the purpose of future funding recommendations. Subrecipient must return any funds that would result in a violation of the administrative and HMIS expenditure limits of the Contract, as outlined in §7.33(f) of this subchapter prior to approval of a request to voluntarily deobligate funds for any Program Participant services.

(d) Funds remaining at the end of Contract which are not reflected in the last Monthly Expenditure Report will be automatically deobligated. Deobligation of funds may affect future funding recommendations.

(e) The Department may request information regarding the performance or status of a Contract prior to the Expenditure benchmark, at various times during the Contract, or during the record retention period. Subrecipient must respond within the time limit stated in the request. Prolonged or repeated failure to respond may result in suspension of funds, termination of the Contract by the Department, and could impact future funding recommendations.

(f) If additional funds become available through returned or deobligated amounts from an award made under the allocation formula or program income generated from an award made under the allocation formula, the funds may be offered to ESG Subrecipients with active Contracts that have not been amended to extend the Contract Term. Returned or deobligated funds will be offered with priority given to ESG Subrecipients with the highest Expenditure rate as of the most recent Monthly Expenditure Report. However, funds may not be offered to any Subrecipient that returned funds, or from whom funds were deobligated. The Executive Director or designee may increase the Contract of an ESG Subrecipient or authorize a new Contract with a Subrecipient by up to 25% of the original Contract amount.

(g) Funds that have been returned more than once or returned less than three months before the federal Expenditure deadline may be retained by the Department.

(h) The Contract will reflect the Performance Targets that were utilized as selection criteria for the award of funds. Requests to amend Performance Targets may not be submitted less than 60 days prior to the end of the Contract Term. Requests to amend Performance Targets will not be granted if such an amendment would have precluded the award to the Subrecipient.

§7.42. General Administrative Requirements.

(a) Subrecipient must have written policies and procedures to ensure that sufficient records are established and maintained to enable a determination that applicable federal and state requirements are met. The written standards must be applied consistently for all Program Participants. Written policies must include, but not be limited to Inclusive Marketing outlined in §7.10 of this chapter.

(b) Subrecipient must obtain the correct level of environmental clearance prior to expenditure of funds. Activities for which the Subrecipient does not properly complete the Department's environmental review process are ineligible, and funds will not be reimbursed or will be required to be repaid.

(c) Subrecipient is prohibited from charging occupancy fees for emergency shelter activities supported by funds covered by this subchapter.

(d) If a Private Nonprofit Organization Subrecipient wishes to expand the geographic scope of its emergency shelter activities after Contract execution, an updated certification of approval from the Unit of General Purpose Local Government with jurisdiction over the updated Service Area must be submitted to the Department before funds are spent on emergency shelter in those areas.

(e) Subrecipient must document compliance with the shelter and housing standards per 24 CFR §576.500(j) and (k), including but not limited to, maintaining sufficient construction and shelter inspection reports.

(f) Rental developments must comply with all construction or operational requirements governing the development or program to which funds are comingled, and must comply with local health and safety codes.

(g) Subrecipient may be required to complete Contract orientation training prior to submission of the first Monthly Expenditure Report. Subrecipient must also complete training as requested by the Department in response to Findings or other issues identified while managing the Contract.

(h) Subrecipient must develop and establish written procurement procedures that comply with federal, State, and local procurement requirements. A conflict of interest related to procurement is prohibited by 2 CFR §200.317-318 or Chapter 171 of the Local Government Code, as applicable.

(i) In instances where a potential conflict of interest exists related to a assistance to a Program Participant, Subrecipient must submit a request to the Department to grant an exception to any conflicts prohibited using the procedures at 24 CFR §576.404. The request submitted to the Department must include a disclosure of the nature of the conflict, accompanied by an assurance that there has been public disclosure of the conflict, a description of how the public disclosure was made, and an attorney's opinion that the conflict does not violate State or local law. No funds will be committed to assist a Household until HUD has granted an exception.

(j) Subrecipient will comply with the requirements under 24 CFR §576.409, "Protection for victims of domestic violence, dating violence, sexual assault, or stalking."

(1) Compliance with 24 CFR §576.409 includes, but is not limited to, providing two Departmental forms called "Notice of Occupancy Rights under the Violence Against Women Act" based on HUD form 5380 and "Certification of Domestic Violence, Dating Violence, Sexual Assault, or Stalking," HUD form 5382, to each of the following:

(A) All applicants for short- and medium-term rental assistance at the time of admittance or denial;

(B) Program Participants of short- and medium-term rental assistance prior to execution of a Rental Assistance Agreement;

(C) Program Participants of short- and medium-term rental assistance with any notification of eviction or notification of termination of assistance; and

(D) Program Participants of short- and medium-term rental assistance either during an annual Recertification or lease renewal process, whichever is applicable.

(2) Subrecipient will adopt and follow an Emergency Transfer Plan based on HUD's model Emergency Transfer Plan, pursuant to 24 CFR §5.2005(e). Within three calendar days after Program Participants request transfers, Subrecipient will inform Program Participants of their eligibility under their Emergency Transfer Plan and keep records of all outcomes.

§7.43. Program Income.

(a) Program income is gross income received by the Subrecipient or its Affiliates directly generated by a grant supported activity, or earned only as a result of the grant agreement during the grant period.

(b) Program income received and expended during the Contract Term will count toward meeting the Subrecipient's Matching requirements, per 24 CFR §576.201(f), provided the costs are eligible costs that supplement the program.

(c) Security and utility deposits paid on behalf of a Program Participant should be treated as a grant to the Program Participant. The deposit must remain with the Program Participant, and if returned, is to be returned only to the Program Participant. If the landlord or the utility service provider requires that the deposit be returned to the Subrecipient, Affiliate, Subcontractor, or Subgrantee, the deposit is program income, and must be treated as described in this subsection.

(d) In accounting for program income, the Subrecipient must accurately reflect the receipt of such funds separate from the receipt of federal funds and Subrecipient funds.

(e) Program income that is received after the end of the Contract Term, or not expended within the Contract Term, along with program income received two years following the end of the Contract Term must be returned to the Department within 10 calendar days of receipt. Income directly generated by a grant-supported activity after the two year period is no longer program income and may be retained by the Subrecipient.

§7.44. Program Participant Eligibility and Program Participant Files.

(a) Program participants must meet the applicable definitions of Homeless or At-risk of Homelessness. Proof of the eligibility or ineligibility for Program Participants must be maintained in accordance with 24 CFR §576.500, Recordkeeping and reporting requirements. The Applicant must retain income documentation for Program Participants receiving homelessness prevention and Program Participants receiving rapid re-housing that require annual Recertification. Program Participant income eligibility must be calculated and documented in accordance with the Requirements of HUD Handbook 4350, except that the Department's DIS form may be utilized if income cannot be documented in accordance with 24 CFR §576.500(e)(4). A DIS must be completed and signed by Program Participants whom are subject to income eligibility determination.

(b) The Subrecipient must document eligibility before providing services after a break-in-service. A break-in-service occurs when a previously assisted Household has exited the program and is no longer receiving services through Homeless Programs. Upon reentry, the Household is required to complete a new intake application and provide updated source documentation, if applicable.

(c) The Subrecipient must utilize the rental assistance agreement promulgated by the Department if providing rental assistance. The rental assistance agreement does not take the place of the lease agreement between the landlord/property manager and the tenant.

(d) The Subrecipient must retain a copy of the signed Disclosure Information on Lead Based Paint and/or Lead-Based Hazards for housing built before 1978 in the Program Participant's file in accordance with 24 CFR §576.403(a).

Attachment E: Preamble, including required analysis, for adopting the repeal of 10 TAC Chapter 7 Homelessness Programs, Subchapter D, Ending Homelessness Fund

The Texas Department of Housing and Community Affairs (the Department) adopts the repeal of 10 TAC Chapter 7 Homelessness Programs, Subchapter D, Ending Homelessness Fund, §§7.61 – 7.65. The purpose of the repeal is to eliminate an outdated rule while adopting a new updated rule under separate action.

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

a. GOVERNMENT GROWTH IMPACT STATEMENT REQUIRED BY TEX. GOV'T CODE §2001.0221. Mr. Bobby Wilkinson, Executive Director, has determined that, for the first five years the repeal would be in effect:

1. The repeal does not create or eliminate a government program, but relates to the repeal, and simultaneous readoption making changes to an existing activity, the administration of the Ending Homelessness Fund.

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

3. The repeal does not require additional future legislative appropriations.

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

5. The repeal is not creating a new regulation, except that it is being replaced by a new rule simultaneously to provide for revisions.

6. The action will repeal an existing regulation, but is associated with a simultaneous readoption making changes to an existing activity, the administration of homeless programs.

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

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

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

c. TAKINGS IMPACT ASSESSMENT REQUIRED BY TEX. GOV’T CODE §2007.043. The repeal does not contemplate nor authorize a taking by the Department; therefore, no Takings Impact Assessment is required.

d. LOCAL EMPLOYMENT IMPACT STATEMENTS REQUIRED BY TEX. GOV’T CODE §2001.024(a)(6). The Department has evaluated the repeal as to its possible effects on local economies and has determined that for the first five years the repeal would be in effect there would be no economic effect on local employment; therefore, no local employment impact statement is required to be prepared for the rule.

e. PUBLIC BENEFIT/COST NOTE REQUIRED BY TEX. GOV’T CODE §2001.024(a)(5). Mr. Wilkinson has determined that, for each year of the first five years the repeal is in effect, the public benefit anticipated as a result of the repealed section would be more clarity on the administration of the Ending Homelessness Fund. There will not be economic costs to individuals required to comply with the repealed section.

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

SUMMARY OF PUBLIC COMMENT AND STAFF REASONED RESPONSE. The Department accepted public comment between March 25, 2022, and April 25, 2022, Comments regarding the proposed repeal were accepted in writing and by e-mail with no comments received.

The Board adopted the final order adopting the repeal on June 16, 2022.

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

CHAPTER 7 HOMELESSNESS PROGRAMS

SUBCHAPTER D ENDING HOMELESSNESS FUND

§7.61. Purpose and Use of Funds.

§7.62. EH Fund Subrecipient Application and Selection.

§7.63. Availability of Funds.

§7.64. Application Review Process.

§7.65. Contract Term and Limitations.

Attachment F: Preamble for adoption of the new 10 TAC Chapter 7 Homelessness Programs, Subchapter D, Ending Homelessness Fund

The Texas Department of Housing and Community Affairs (the Department) adopts new 10 TAC Chapter 7 Homelessness Programs, Subchapter D, Ending Homelessness Fund, §§7.61 – 7.65. The purpose of the new subchapter is to update the rule to reflect new definitions, provide greater flexibility for Subrecipients, and to update the minimum amount of unobligated funds that require a competitive process.

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

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

a. GOVERNMENT GROWTH IMPACT STATEMENT REQUIRED BY TEX. GOV'T CODE §2001.0221. Mr. Bobby Wilkinson, Executive Director, has determined that, for the first five years the new subchapter would be in effect:

1. The rules do not create or eliminate a government program, but relates to the readoption of these rules which makes changes to an existing activity, administration of the Ending Homelessness Fund.

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

3. The rules do not require additional future legislative appropriations.

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

5. The rules are not creating a new regulation, except that they are replacing a rule being repealed simultaneously to provide for revisions.

6. The rules will not expand, limit, or repeal an existing regulation.

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

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

b. ADVERSE ECONOMIC IMPACT ON SMALL OR MICRO-BUSINESSES OR RURAL COMMUNITIES AND REGULATORY FLEXIBILITY REQUIRED BY TEX. GOV'T CODE §2006.002. The Department, in drafting this rules, has attempted to reduce any adverse economic effect on small or micro-business or rural communities while remaining consistent with the statutory requirements of Tex. Gov't Code, Ch. 2306.

1. The Department has evaluated these rules and determined that none of the adverse effect strategies outlined in Tex. Gov't Code §2006.002(b) are applicable.

2. There are approximately no small or micro-businesses subject to the rule because these funds are limited to counties and municipalities in Tex. Transportation Code §502.415 for the Ending Homeless Fund.

3. The Department has determined that based on the considerations in item two above, there will be no economic effect on small or micro-businesses or rural communities.

c. TAKINGS IMPACT ASSESSMENT REQUIRED BY TEX. GOV'T CODE §2007.043. The rules do not contemplate nor authorize a taking by the Department; therefore, no Takings Impact Assessment is required.

d. LOCAL EMPLOYMENT IMPACT STATEMENTS REQUIRED BY TEX. GOV'T CODE §2001.024(a)(6).
The Department has evaluated the rules as to their possible effects on local economies and has determined that for the first five years the rules will be in effect the new rules have no economic effect on local employment because these rules will channel funds, which may be limited, only to municipalities and nonprofits; it is not anticipated that the amount of funds would be enough to support additional employment opportunities, but would add to the services provided. Alternatively, the rules would also not cause any negative impact on employment. Therefore no local employment impact statement is required to be prepared for the rules.

Tex. Gov't Code §2001.022(a) states that this "impact statement must describe in detail the probable effect of the rule on employment in each geographic region affected by this rule…" Considering that no impact is expected, there are no "probable" effects of the new rule on particular geographic regions.

e. PUBLIC BENEFIT/COST NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(5). Mr. Wilkinson has determined that, for each year of the first five years the new sections are in effect, the public benefit anticipated as a result of the new subchapter will be a rule that has greater clarity into the processes and definitions of the administration of homeless programs. There will not be any economic cost to any individuals required to comply with the new sections because the processes described by the rule have already been in place through the rule found at this section being repealed.

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

SUMMARY OF PUBLIC COMMENT AND STAFF REASONED RESPONSE. The Department accepted public comment between March 25, 2022, and April 25, 2022, Comments regarding the proposed repeal were accepted in writing and by e-mail with no comments received.

The Board adopted the final order adopting the repeal on June 16, 2022.

STATUTORY AUTHORITY. The new sections are proposed pursuant to Tex. Gov't Code §2306.053, which authorizes the Department to adopt rules. Except as described herein the proposed new sections affect no other code, article, or statute. The rule has been reviewed by legal counsel and found to be a valid exercise of the agency's legal authority.

CHAPTER 7 HOMELESSNESS PROGRAMS
SUBCHAPTER D ENDING HOMELESSNESS FUND

§7.61. Purpose and Use of Funds.

(a) As authorized by Tex. Transp. Code §502.415, the Ending Homelessness Fund (EH Fund) provides grant funding only to counties and municipalities for the purpose of combating homelessness.

(b) Permitted EH Fund eligible activities include any activity determined to be eligible under Subchapter B of this Chapter, Homeless Housing and Services Program (HHSP), and as otherwise described in this subchapter and Subchapter A of this chapter.

(c) Capitalized terms used in this subchapter shall follow the meanings defined in Subchapter A of this chapter unless the context clearly indicates otherwise. Additionally, any words and terms not defined in this section but defined or given specific meaning in 24 CFR Part 576, or used in that Part and defined elsewhere in state or federal law or regulation, when used in this chapter, shall have the meanings defined therein, unless the context herein clearly indicates otherwise.

(d) Funds awarded under the EH Fund are not subject to any Match requirements, but may be used as Match for other programs that do require Match.

§7.62. EH Fund Subrecipient Application and Selection.

(a) The Department will produce an Application which, if properly completed by an eligible Applicant and approved by the Department, may satisfy the Department's requirements to receive an award of funds under the EH Fund. Applicants that have an existing ESG or HHSP Contract or who have been awarded ESG or HHSP funds may be eligible to submit an abbreviated EH Fund Application if such Application is made available by the Department.

(b) Funds will be available to Applicants determined to be eligible for the EH Fund under §7.63(b)(1) of this subchapter, or as specified in a NOFA as defined in and under §7.63(b)(2) of this subchapter (relating to Availability of Funds), as applicable.

(c) Application for funds. Applicants for an award from the EH Fund must submit the following items:

(1) A complete Application including an Applicant certification of compliance with state rules, federal laws, rules and guidance governing the EH Fund as provided in the Application;

(2) All information required under Subchapter B of this chapter (related to Homeless Housing and Services Program) to conduct a Previous Participation and Executive Award Review and Advisory Committee review;

(3) A proposed budget in the format required by the Department;

(4) Proposed performance targets in the format required by the Department; and

(5) Activity descriptions, including selection of administration under Subchapter B of this chapter (related to Homeless Housing and Services Program (HHSP)).

(d) Applications submitted by existing ESG or HHSP Subrecipients or awarded Applicants for ESG or HHSP, eligible activities are limited to those activities in HHSP.

(e) The Department must receive all Applications within 30 calendar days of notification of eligibility to Applicants per §7.63(b)(1) of this subchapter, or as specified in the NOFA, as applicable.

§7.63. Availability of Funds.

(a) Funds available under the EH Fund will be made available at least once per state fiscal year to eligible Applicants dependent on the amount of funding made available.

(b) The balance of the EH Fund will determine the distribution method.

(1) For an annual, uncommitted balance that does not exceed $1,000,000 as of the end of the state fiscal year, the total of available EH funds will be distributed equally, up to the amount requested, among the total number of entities satisfying all of the following requirements:

(A) Are Subrecipients or awarded Applicants of ESG or HHSP;

(B) Are counties or municipalities;

(C) Have indicated that they wish to participate in the EH Fund; and

(D) Have identified the minimum amount of funds they would accept and the maximum amount of funds they would be able to expend during the Contract Term.

(2) For an annual, uncommitted fund balance that exceeds $1,000,000 as of the end of the state fiscal year, the total of available EH Funds may be made available through a NOFA, which may include being made available to counties and municipalities that are not existing ESG or HHSP Subrecipients or awarded Applicants. If the amount of uncommitted funds in the EH Fund is greater than $1,000,000, an award

made available through a NOFA shall not exceed $250,000 per Applicant per state fiscal year, unless there are no other eligible Applicants.

§7.64. Application Review Process.

(a) Review of Applications. When not using a NOFA, an Application received in response to solicitation by the Department will be assigned a "Received Date" and processed as noted below. An Application will be prioritized for review based on its "Received Date." All Applications received by the deadline described in §7.62(e) of this subchapter will be reviewed by the Department for completeness and administrative deficiencies to prepare for Board action and potential funding.

(b) The administrative deficiency process allows staff to request that an Applicant provide clarification, correction, or non-material missing information to resolve inconsistencies in the original Application or to assist staff in evaluating the Application. Staff will request such information via a deficiency notice. Staff will send the deficiency notice via email. Responses to the Department's deficiency notice must be submitted electronically to the Department. A review of the Applicant's response may reveal that additional administrative deficiencies are exposed or that issues initially identified as an administrative deficiency are actually determined to be beyond the scope of an administrative deficiency process, meaning that they are in fact matters of a material nature not susceptible to be resolved. For example, a response to an administrative deficiency that causes a new inconsistency which cannot be resolved without reversing the first deficiency response would be an example of an issue that is beyond the scope of an administrative deficiency. Department staff will make a good faith effort to provide an Applicant confirmation that an administrative deficiency response has been received and/or that such response is satisfactory. Communication from staff that the response was satisfactory does not establish any entitlement to points, eligibility status, or to any presumption of a final determination that the Applicant has fulfilled any other requirements.

(1) An Application with outstanding administrative deficiencies may be suspended from further review until all administrative deficiencies have been cured or addressed to the Department's satisfaction. The administrative deficiency process allows staff to request that an Applicant provide clarification, correction, or missing information to resolve inconsistencies in the original Application or to assist staff in evaluating the Application.

(2) Applications that have completed the review process may be presented to the Board for approval with priority over Applications that continue to have administrative deficiencies at the time Board materials are prepared, regardless of "Received Date."

(3) If all funds available under a solicitation from the Department are awarded, all remaining Applicants will be notified and the remaining Applications will not be processed.

(c) Responses to administrative deficiencies. The time period for responding to a deficiency notice commences on the first calendar day following the deficiency notice date. If an administrative deficiency is not resolved to the satisfaction of the Department by 5:00 p.m., Austin local time, on the seventh calendar day following the date of the deficiency notice, the Application shall be terminated. Applicants that have been terminated may reapply unless the Application period has closed.

(d) An Application must be substantially complete when received by the Department. An Application may be terminated if the Application is so unclear or incomplete that a thorough review cannot reasonably be performed, as determined by the Department. Such Application will be terminated without being processed as an administrative deficiency. Specific reasons for a Department termination will be included in the notification sent to the Applicant but, because the termination may occur prior to completion of the full review, will not necessarily include a comprehensive list of all deficiencies in the Application. Termination of an Application may be subject to §1.7 of this part, (relating to Appeals Process).

§7.65. Contract Term and Limitations.

(a) For EH Fund Applicants that do not have a current ESG or HHSP Contract, and have not been awarded ESG or HHSP funds, the Department requires evidence in the form of a certification or resolution adopted by the governing body of the Applicant specifying who is authorized to enter into a Contract on behalf of the Applicant. This certification or resolution is due to the Department no later than 90 calendar days after the award has been approved by the Board, must be received prior to execution of any Contract for EH funds, and must include:

(1) Authorization to enter into a Contract for EH Fund;

(2) Title of the person authorized to represent the organization and who also has signature authority to execute a Contract; and

(3) Date that the certification or resolution was adopted by the governing body, which must be within 12 months of Application submission.

(b) EH Fund Contracts will generally have an initial period of 12 months for fund Expenditure. A request to extend the Contract Term must evidence that the extension is necessary to provide activities required under the Contract, and provide good cause for failure to timely expend the funds. Extensions of a Contract Term are considered on a case-by-case basis and are subject to §7.4(e) of this title (relating to Amendments and Extensions of Contracts).

(1) The Executive Director or his or her designee may approve an extension to the Contract Term that for up to six months from the original Contract Term.

(2) Board approval is required if the Subrecipient requests to extend the Contract Term for more than six months from the original Contract Term. Extensions for greater than 12 months may not be granted.

Attachment G: Public Comment

April 19, 2022

Re: Homeless Program Rules Comment, addressing
TDHCA Governing Board Approved Draft of 10 TAC Chapter 7, Subchapter C, Emergency Solutions Grants Rule; and 10 TAC Ch apter 7, Subchapter D Ending Homelessness Fund Rule

Attn: Rosie Falcon

I am Beth Rolingson, Executor Director of Advocacy Outreach. I have served in this role for 30 years and during this time my organization has provided uninterrupted ESG programming to alleviate homelessness in Bastrop County through the annual competitive process. I believe that continuation funding will be a help to programs as they plan annual fiscal budgets and commit their time to funding searches and the development of funding applications, leaving them more time to address program oversight and improvement.

I would like you to consider amending the proposed rule change which does not extend the option of continuation funding to organizations that did not expend 95% of allocated funds from the 2021 budget: "(7) Expended a minimum of 95% of their contracted award amount, as amended in their most recently closed ESG Contract (not including ESG CARES)" (page 23 of 56). ESG programs that provided Homelessness Prevention in the past program year faced an unusual barrier—the Eviction Moratorium. For many months of that program year, Homelessness Prevention funds could only be expended in very limited circumstances per ESG guidance. After the Eviction Moratorium was lifted, ESG guidance required that other resources be exhausted before ESG funds could be spent—many households had enrolled in the Texas Rent Relief system by that time and it was not until after the fiscal year had ended that some families became eligible for ESG funding.

As an organization that has provided Emergency Shelter or Emergency Solutions grants for the past 30 years, without ever dropping below a 95% expenditure rate before 2021, we experienced this singular barrier. I expect that many of our peers in the field also experienced this anomaly. I would like the Department to consider amending the rules to "look back" at the previous 3 of 4 years mentioned earlier in the application: "the subsequent years of allocation of ESG funds received by the Department will be offered to eligible Subrecipients of ESG funds (not including ESG CARES) that were awarded funds from at least three of the prior four allocation of ESG Applicant" (p 23 of 56) and average expenditure rates from those prior 3 or 4 years to determine whether the applicant met a 95% expenditure rate. In my opinion, this would provide the Department a better picture of whether an applicant has the ability going forward to spend funds within the appropriate period of time. Otherwise, programs that were awarded Homelessness Prevention funds face barriers to continuation not experienced by programs conducting only Street Outreach, Emergency Shelter or Rapid Rehousing.

Thank you for considering this feedback from an administrator who has had 30 years of experience utilizing ESG funds to prevent or overcome homelessness in my community.

Sincerely,

Beth Rolingson

From: Beth Rolingson
To: Rosy Falcon
Subject: public comment on state ESG rules changes
Date: Tuesday, April 19, 2022 3:02:19 PM
Attachments: Rules Change ESG.docx

Dear Ms. Falcon,
please find attached my letter of public comment to address proposed rules changes for future Emergency Solutions Programs application processes. Will you please forward my letter to the Board for their consideration?
Thank you very much for providing this opportunity to provide feedback on changes the Department is considering.
Stay safe,
Beth Rolingson, Executive Director
Advocacy Outreach

From:	Ball, Megan
To:	Rosy Falcon
Cc:	Shaw, Danielle; Douangdara, Courtney
Subject:	Homeless Programs Rule Comments
Date:	Friday, April 22, 2022 8:57:29 AM
Attachments:	image001.png

Texas Department of Housing and Community Affairs
Attn: Rosy Falcon
Homeless Programs Rule Comments
P.O. Box 13941
Austin, Texas 78711-3941

Rosy Falcon,

Thank you for the opportunity to comment on the Proposed State ESG rules changes. My name is Megan Ball and I am the Homeless Programs Coordinator for the City of Denton, TX.

The City of Denton would like to submit the below comments regarding the following proposed changes:

1. Subchapter 7.33 Apportionment of ESG Funds (e)- allocating 70% of funds to continuing awards.
    a. Since the proposed changes to eligibility requirements for continuing awards target high performing programs, then it is likely there will be a decrease in the number of programs that are eligible for continuing awards. Communities are still seeing the impacts from COVID 19, and the number of people experiencing and at risk of homelessness is increasing. New gaps in services are being identified as the number of households that are being evicted or lacking gainful employment are increasing, which makes additional funding for creating new programs critical.
2. Subchapter 7.40 Competitive Program Participant Services Selection Criteria (b.4.A)- Points for staff qualifications as licensed mental health provider.
    a. Non-profits that are not mental health focused agencies may not have additional funding that would be needed to offer competitive salary for individuals who are licensed mental health professionals.

The City of Denton would like to ask for clarification on the following proposed changes:

3. Replacing local funding competitions with regional and statewide competitions. Can you please clarify how the CoC region is determined? Denton County is part of the Texas Balance of State, which includes over 200 counties. Would that be considered a CoC region?

The City of Denton is in favor of the following proposed changes:

4. Subchapter 7.33 Apportionment of ESG Funds
    a. (f) NOFA may be released on an annual and multiyear basis.
5. Subchapter 7.34 Continuing Awards
    a. (c.6) Eligibility requirement- Does not apply for funds within the same CoC Region under the competitive application process.
    b. (g) Funds that remain available after all eligible continuing awards have been accepted will be transferred to the competition for funds for regional competition.

Thank you,

Megan Ball
Homeless Programs Coordinator
Community Services
940-349-7234 direct line
www.cityofdenton.com

CITY OF DENTON

From:	Mark Smith
To:	Rosy Falcon
Cc:	Catherine B. Villarreal; Jessica Preheim; Michael Nichols; Ana Rausch
Subject:	CFTH Public Comments on 10 TAC Chapter 7, Subchapter C, Emergency Solutions Grants and 10 TAC Chapter 7, Subchapter D, Ending Homelessness Fund Rule
Date:	Monday, April 25, 2022 3:53:23 PM
Attachments:	image001.png Public Comment - TDHCA ESG Proposed Rule Changes - 4.25.2022.pdf

Good Afternoon Rosy,

Please see the attached public comment from the Coalition for the Homeless of Houston/Harris County in regards to the rule changes included in the draft of 10 TAC Chapter 7, Subchapter C, Emergency Solutions Grants and 10 TAC Chapter 7,
Subchapter D, Ending Homelessness Fund that was approved by the TDHCA Governing Board on March 10, 2022. We appreciate the opportunity to provide feedback on these rule changes and the potential impact to the work of The Way Home CoC and CFTH, as the Lead Agency, and our ability to effectively to serve people experiencing homelessness in our area.

We would be happy to speak with you or any interested stakeholders about these comments and we look forward to continuing to work with TDHCA.

Sincerely,

Mark

Mark Smith
He/Him/His
Director of Strategic Planning (CoC & Advocacy)
Coalition for the Homeless, Lead Agency to The Way Home Continuum of Care

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40 YEARS COALITION FOR THE HOMELESS
Leading our community home since 1982

COALITION FOR THE HOMELESS

April 25, 2022

Texas Department of Housing and Community Affairs
Attn: Rosy Falcon
Homeless Programs Rule Comments
P.O. Box 13941
Austin, Texas 78711-3941
Email: rosy.falcon@tdhca.state.tx.us

The Way Home (TX-700) Continuum of Care (CoC) is the homeless response system in Harris, Fort Bend, and Montgomery Counties, Texas. Comprised of more than 100 stakeholder partners from all sectors of the community, The Way Home has reduced overall homelessness in our region by 64 percent since 2011. The Coalition for the Homeless of Houston/Harris County serves as both the lead agency and the Homeless Management Information System (HMIS) lead agency to The Way Home CoC. As the lead agency to the TX-700 Continuum of Care for the Houston area, we appreciate the opportunity to provide comments on the proposed changes to 10 TAC Chapter 7, Subchapter C, Emergency Solutions Grants Rule; and 10 TAC Chapter 7, Subchapter D Ending Homelessness Fund Rule.

We here at CFTH applaud alterations to the scoring criteria for applications that will increase the importance of fiscal responsibility, program management, inclusion of persons who have formerly experienced homelessness as paid staff, and providing additional points to applicants with a strong history of moving clients served by various programs into a positive housing destination per HMIS data standards. This prioritization aligns with The Way Home's focus on Housing First as the solution to serving people experiencing homelessness in our community that we have seen be so effective over the last 10 years.

We also appreciate the introduction of continuing awards based on previous award allocations. This approach, paired with the change to allow multi-year funding cycles, will provide greater certainty and sustainability to grant recipients and will remove the burden of annual applications in order to maintain effective programs. We are concerned, however, that under the proposed rule changes, TDCHA will directly administer regional funding competitions. This paired with the removal of additional points for applications that receive support from the local CoC could result in awards to applications that are not fully aligned with the goals and priorities of the local CoC. We recommend that TDHCA should allow local CoC's to conduct the funding competitions for their defined geography. This will relieve the administrative burden of overseeing these funding competitions on TDHCA and will ensure that applicants work closely with the CoC Lead Agency to ensure applications are aligned with the priorities of the CoC.

As mentioned above, we are concerned that the proposed rule changes have the potential to de-emphasize the importance of alignment of applications with the local CoC and its Lead Agency. The proposed rule changes remove points previously allocated to applications that received varying degrees of support from the local CoC. Item 7 under *§7.36 General Threshold Criteria* seems to attempt to mitigate this change by requiring applications to provide evidence from the CoC Lead Agency for the region that the applicant consulted with the CoC in preparation of their application and that the CoC Lead Agency agrees that the application meets the CoC's priorities. This seems to indicate that applications not aligned with the CoC's priorities can be terminated from consideration. This section should be further explained to ensure that applications are fully aligned with the goals and priorities of the CoC and to ensure that there is a consistent use of resources that aligns with Housing First as the approach to serving people experiencing homelessness in our state. We believe that pairing this General Threshold requirement, upon further clarification, with a local funding competition conducted by the CoC and its Lead Agency would sufficiently address these concerns and ensure that applications remain aligned with the goals of the local CoC.

Thank you for your time and consideration of our recommendations on the proposed rules changes. We are happy to speak further with any staff at TDHCA, or any other interested stakeholders, to discuss these points in further detail.

Sincerely,

Mark Smith
Director of Strategic Planning
The Coalition for the Homeless of Houston/Harris County

From:	Sarah Eckel
To:	Rosy Falcon
Cc:	"Mark Bethune"
Subject:	Homeless Program Rule Changes
Date:	Monday, April 25, 2022 4:15:35 PM
Attachments:	ESGRuleChanges_04252022.pdf

You don't often get email from seckel@cvcaa.org. Learn why this is important

Please find attached CVCAA's comments on the proposed rule changes.

Thank you,

Sarah Eckel
Housing & Development Director
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EQUAL HOUSING OPPORTUNITY

April 25, 2022

Texas Department of Housing and Community Affairs
Attn: Rosy Falcon
Homeless Programs Rule Comments
P.O. Box 13941
Austin, TX 78711-3941

To Whom it May Concern:

Thank you for the opportunity to submit public comments on the proposed changes to ESG funding process and eligible expenses. Concho Valley Community Action Agency (CVCAA) supports low-income households in eleven counties throughout the Concho Valley.

CVCAA has concerns regarding the following proposed changes to the ESG funding process and eligible expenses.

1. Allocating 70% of ESG funds for continuing awards – The proposed changes would significantly hamper the ability for new entities to provide services to homeless neighbors. This proposed change also excludes ESG recipients who were awarded funds under ESG CARES and entities who have newer programs under annual ESG. *CVCAA requests that TDHCA allow for ESG CARES subrecipients and newer ESG Annual recipients be allowed to compete for the continuing award funds or reduce the 70% allocation to allow for new projects to be competitive.*

2. TDHCA will administer all funding competitions – This change in conjunction with the proposed change to remove points for applicants who collaborate with their CoCs will alter the ESG program in a way that will remove the incentive for entities to provide cooperative continuums of care for homeless neighbors. *CVCAA requests that TDHCA continues to incentivize the cooperation in the CoC process and allow for local funding competitions to continue giving weight to those projects that serve the needs of local communities.*

3. Amending applications to “multiyear” instead of “biennial.” – This amendment would reduce the incentive for entities to begin a process of building a holistic program that builds on components. Entities would be required to resubmit as a new application if they were adding in components. This is cumbersome and does

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EQUAL HOUSING OPPORTUNITY

not provide an incentive for entities to fill in service gaps and seek to create programs that better serve their communities. *CVCAA requests that TDHCA go back to biennial programs, which allow for entities to support the creation of new programs and provide an opportunity for expanding their programs. Biennial programs also provide greater oversight and ensure that entities are not simply awarded funds because they have a program.*

4. Eligible expenses – TDHCA has proposed to remove shelter renovations, rehabilitations, and conversions from eligible program activities. This removal will hamper the ability for shelters to be created in areas without a shelter, which is a significant capital expense. *CVCAA encourages TDHCA to continue to allow all shelter capital expenditures to remain eligible expenses.*

Thank you for your time and response to these concerns. CVCAA looks forward to reviewing the Department's response.

Sincerely,

Sarah Eckel
Housing & Development Director
Concho Valley Community Action Agency

From:	Chelsey Viger
To:	Rosy Falcon
Subject:	Public Comment - Proposed State ESG Rule Changes
Date:	Thursday, April 21, 2022 4:06:10 PM
Attachments:	image001.png image002.png image003.png image004.png image005.png image006.png

Hello Rosy,

The San Antonio/Bexar County CoC (TX-500) would like to submit the following public comment regarding the proposed changes to 10 TAC Chapter 7. Thank you!

- *7.40 – We would like to request a requirement that applicants submit a signed letter from their CoC that confirms the CoC believes there is a need for the project in the community and that they would approve the submission. We feel that there should be a requirement to collaborate with their local CoC so that communities can influence which projects are needed to fill local service gaps.*

Chelsey Viger
Director of Policy and Planning
South Alamo Regional Alliance for the Homeless
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210.876.0720 x105

sarah

www.sarahomeless.org

From:	Axton Nichols
To:	Rosy Falcon
Cc:	Jim Ward; Eric Samuels
Subject:	Homeless Programs Rule Comments
Date:	Monday, April 25, 2022 3:40:32 PM
Attachments:	image001.png THN ESG rules change comments - FINAL.pdf THN ESG rules change comments - FINAL.docx

Hello,

Please see the attached public comment on the proposed changes to the state ESG regulations (10 TAC Chapter 7, Subchapter C, Emergency Solutions Grants and 10 TAC Chapter 7, Subchapter D, Ending Homelessness Fund Rule). The public comment has been provided in Word (.docx) and PDF formats. Both document formats contain the same public comment.

Feel free to reach out if any additional information is required for us. Thank you for your work on this.

TEXAS HOMELESS NETWORK

Axton Nichols
Emergency Solutions Coordinator
Pronouns: he/him (what's this?)
512-596-3320 | Texas Homeless Network

April 25, 2022

Texas Department of Housing and Community Affairs
Attn: Rosy Falcon
Homeless Programs Rule Comments
P.O. Box 13941
Austin, Texas 78711-3941

Re: Public comment on proposed changes to 10 TAC Chapter 7, Subchapter C, Emergency Solutions Grants and 10 TAC Chapter 7, Subchapter D, Ending Homelessness Fund Rule

Dear Rosy Falcon,

The following public comment is submitted by the Texas Homeless Network (THN). THN is the Collaborative Applicants/Lead Agency for the Texas Balance of State Continuum of Care.

Reduced role of collaboration between ESG subrecipients and local CoCs

TDHCA's proposed changes to the state ESG regulations run counter to HUD's expectations that ESG recipients and subrecipients work with the Continuum(s) of Care in their area to help ensure high quality homeless services are available within their community. Guidance from HUD states "All [ESG] recipients must consult with the Continuums of Care operating within the jurisdiction in determining how to allocate ESG funds" [ESG Program Basics https://files.hudexchange.info/resources/documents/Homelessness-Programs-Toolkits-for-State-ESG-Recipients-Basics.pdf].

The existing state regulations [10 TAC Chapter 7, subchapter C §7.40] encourage state ESG applicants to collaborate with their local CoC(s) by assigning up to 10 points in the funding competition for "support from the CoC…" The proposed changes remove all those points. Collaboration between ESG subrecipients and their CoC(s) is imperative for maintaining high performance standards and facilitating positive outcomes for project participants. While such collaboration should be occurring throughout a project's existence, consultations related to project planning and funding decisions are especially important. ESG applicants need to work with their local CoC(s) to help identify service gaps and to avoid service duplication. To be effective, this collaboration must occur early in the planning stages of developing a new project.

By requiring ESG applicants to receive approval for their application from their local CoC(s) in order to receive crucial points during the funding competition, TDHCA has historically encouraged applicants to collaborate with their CoC(s). Elsewhere in the proposed changes, §7.36(a)(7), language is *retained* that supports the idea of collaboration between ESG applicants and their local CoC(s). **If TDHCA believes it is important for ESG applicants to consult with their local CoC(s), then why is TDHCA proposing to remove the only mechanism that currently exists for verifying and incentivizing such collaboration?**

If all the points in the funding competition currently awarded for collaborating with the local CoC(s) are removed, some other mechanism should be introduced to make sure that ESG project applications are compatible with the broader community's needs and goals. One option we support is to require ESG applicants to obtain a letter of support from their local CoC(s) as an unscored, threshold requirement. HUD currently requires applicants for Continuum of Care funding to submit documentation verifying that collaboration between providers and jurisdictions is occurring (see: the "Certificate of Consistency with Consolidated Plan" form, https://www.tdhca.state.tx.us/housing-center/docs/CertConsist.pdf). We believe Texas communities would be well served by requiring something similar when applying for state ESG funds.

Changes to eligible expenses

Proposed changes under §7.3 Construction Activities would disallow the use of state ESG funds to convert or renovate an emergency shelter. We oppose this proposed change due to concerns over how it will impact the quality and availability of emergency shelters in the Balance of State CoC region.

Guidance from HUD states the ESG program is meant to provide funding to "Improve the **number** and quality of emergency shelters…" (emphasis added) [ESG Program Basics https://files.hudexchange.info/resources/documents/Homelessness-Programs-Toolkits-for-State-ESG-Recipients-Basics.pdf]. Since the inception of the ESG program, ESG has been a reliable source of funds to help communities develop new emergency shelters. **Forbidding the use of state ESG funds for the renovation, rehabilitation, and/or conversion of emergency shelters is directly at odds with the expectations set by HUD**.

In their supporting documentation [page 14/99 from TDCHA's Supplemental Board Book for the March 10, 2022 board meeting, https://www.tdhca.state.tx.us/board/docs/books/220310-supplement-220307.pdf] TDHCA explains their reasoning for proposing this particular change. TDHCA states that a one-year contract term creates an impediment, due in part to administrative requirements, to using ESG funds for the creation of new emergency shelters. Elsewhere in the rule changes [§7.33(f)], TDHCA proposes allowing multiyear funding cycles. Regarding the §7.3 changes, TDHCA reasons that multiyear contract terms would be too administrative burdensome, however, in section §7.33 TDHCA proposes a change to specifically allow multiyear funding cycles. **We request that TDHCA explain why they believe releasing the ESG NOFA on a multiyear basis will benefit subrecipients, while simultaneously asserting that a subrecipient's multiyear project to create a new emergency shelter would be too administratively burdensome and should be disallowed.**

To make up for the resulting reduction in funds available for the development of emergency shelters, TDHCA highlights alternative funding sources. However, both of these alternative funding streams present significant challenges that TDCHA appears to have overlooked.

The first proposed alternative funding stream is HUD HOME-ARP funds. HOME-ARP is a one-time source of funding, so it is unclear how it could realistically replace an annual funding stream like ESG. It should be noted that HOME-ARP funds were made available to communities well before these proposed rules changes were announced. Many communities we work with have already begun planning how to use their HOME-ARP allocations. As a hypothetical example, consider a community that is currently planning to fill a shelter gap by developing a new emergency shelter with ESG funds. This community believes they have the funding already lined up for their shelter, so they allocate their HOME-ARP dollars elsewhere. If these proposed changes go into effect later this year, the community's plans for a new shelter could be abandoned entirely because their HOME-ARP funds were already allocated based on the assumption that ESG funds would continue to be available to stand up a shelter (as has been the case for the <u>entirety</u> of the ESG program).

The second proposed alternative funding stream is state Homeless Housing and Services Program (HHSP) funds. As the Lead Agency for the Texas Balance of State CoC, the shortcomings of the HHSP funding stream are immediately and painfully apparent to us. Per 10 TAC Chapter 7 Subchapter B, §7.21 (a), HHSP funds are only available to "municipalities with population of 285,500 or greater…" This population threshold immediately excludes all but the largest cities in Texas from receiving HHSP funds. **The Balance of State CoC serves the less populated areas of our state, and, as such, it's reasonable to conclude that very few of the communities in our CoC would ever meet the population requirements to qualify for HHSP funds**.

We have ample evidence of the need for emergency shelters in the communities our CoC serves, so we are deeply concerned at the prospect of losing a primary source of funding for new emergency shelters. Based on the most recent Housing Inventory County, there are over 100 emergency shelters currently operating within the BoS CoC's geography. The CoC has heard directly from our service providers about their ongoing needs for additional shelter space. The suggestion by TDHCA that ESG funds – historically used for shelter rehabilitation/renovation/conversion – could be replaced by HHSP funds suggests an unfamiliarity with the ongoing emergency shelter needs in the more rural areas of our state that are ineligible for HHSP.

Finally, TDHCA cites concerns related to the administrative burden of utilizing ESG funds to create new emergency shelters. We believe it is more appropriate to let providers decide for themselves (in consultation with their local CoC(s)) whether or not administrative processes are too burdensome, rather than TDCHA deciding on behalf of the entire state that such activities are too complicated.

We have similar concerns regarding the proposed rules change to disallow the purchasing/leasing of vehicles with state ESG funds [§7.32(e)(5)]. **If a provider in our CoC decides they need to purchase a vehicle with ESG funds, and they are willing to accept the administrative requirements that come with such an expense, we believe they should be allowed to do so**. In more rural parts of our state where public transit is nonexistent and important community services are geographically distant, agency-owned vehicles are often essential to carrying out allowable ESG activities. Street Outreach remains an allowable ESG project type, and many outreach activities (especially in rural areas) necessitate the use of a vehicle to complete. It is plainly evident why an ESG-funded project may need a vehicle to carry out eligible program activities, so it is concerning that purchasing/leasing a vehicle with ESG funds would be disallowed if the proposed rules changes are adopted as is.

Changes to funding competition and continuing awards

While we are generally supportive of steps to reduce the administrative burden on subrecipients via the introduction of continuing awards of ESG funding, we have concerns about the specifics of this proposal.

TDHCA is proposing to set aside not less than 70% of state ESG funds allocated to CoC regions to be distributed to subrecipients via continuing awards [§7.33(e)]. The specific percentage TDHCA proposes to set aside appears arbitrary and chosen without regard for what such a proposal would look like in practice. **If TDHCA based this specific proposal on existing or projected data, we would request that the data be made available publicly prior to the adoption of the proposed rules changes**. If the proposed changes went into effect today, could TDHCA tell us how many subrecipients would qualify for continuing awards and what percentage of ESG funds those projects would account for?

It is also unclear from TDHCA's proposal what would happen if all or most of the subrecipients in a region qualified for continuing awards. For example, if over 70% of the funds available in a region for the previous year went to projects that qualify for continuing awards this year, who would get continuing awards and who would have to compete to keep their funding? It's possible this is an unlikely scenario, but we cannot know for sure in the absence of relevant data. Additionally, the proposed changes state that the continuing awards set-aside amount shall be "not less than" 70% of ESG funding allocated to a CoC region. **We request that TDHCA clarify under what circumstances the continuing awards set-aside could increase above 70%**. The language as currently written does not appear to put a cap on the maximum set-aside amount. Is it possible the continuing awards set-aside could end up accounting for 100% of ESG funding in the CoC region?

Materials put out by TDHCA appear to offer contradictory guidance related to the continuing awards set-aside amount. In the TDHCA Board Meeting materials from the meeting on March 10, 2022 [https://www.tdhca.state.tx.us/board/docs/books/220310-supplement-220307.pdf], TDHCA summarizes the proposed rules changes as well explaining why TDHCA believes the proposed changes are necessary. Under section 5, on the page labeled "3 of 60" (page 15 of 99 in the document), referring to changes to §7.33, TDHCA explains, "A change to this section also creates a set-aside of funds (**70% of funds that are allocated through the allocation formula**) that will be allocated regionally and awarded to existing ESG Subrecipients, but will not be subject to the competition for funds" [emphasis added]. Later on, in the same paragraph, TDHCA mentions "The remaining 30% of ESG funds allocated to each reason…" The actual text of the proposed changes seemingly allows for more than 70% of allocated ESG funds to go to continuing awards, yet the explanation provided by TDHCA implies that the split of funds between continuing and competitive awards will always be 70%/30% (respectively).

Furthermore, we have concerns about the proposed threshold requirements an applicant would need to meet to be eligible for continuing awards [§7.34(c)]. As stated in the proposed rules changes "ESG funds received by the Department will be offered to eligible Subrecipients of ESG funds… that were awarded funds from the last three of the prior four allocations of ESG…" We believe that making continuing awards exclusively available to projects that have operated for at least 3 years will disadvantage smaller communities that lack an established homeless response system. As the lead agency for the Texas Balance of State CoC, we work with many communities that are served by a single, relatively new provider. Other communities do not have any active providers. **TDHCA's proposal to restrict not less than 70% of available ESG funds to more experienced providers via continuing awards will greatly reduce the amount of funding available to the kinds of communities we just described.**

In the section on Continuing Awards [§7.34(f)], the proposed changes states, "If additional funds are made available due to **reduced continuing awards** in the region, awards may be increased proportionate to the increased withheld funds" [emphasis added]. **We request that TDHCA explain what circumstances could result in "reduced continuing awards" in a region**. Consider, as an example, a hypothetical CoC region that only has 2 ESG projects that qualify for continuing awards, and those projects only account for 60% of the ESG allocation for the region. Is that "leftover" 10% (from the initial 70% continuing renewal set-aside) what TDHCA refers to as "reduced continuing award"? Does the language in §7.34(f) mean that the remaining 10% from the continuing awards set-aside will be divided between the two qualifying ESG projects, or would that 10% be added to the 30% set-aside for competitive awards in the region?

We believe the continuing awards threshold requirement that a subrecipient "not apply for funds within the same COC Region under the competitive application process" [§7.34(c)(6)] will detrimentally impact communities we work with. Many communities in the BoS geography are underserved, so an existing service provider may want to expand and/or establish new projects in their area. **The proposed threshold requirements for continuing awards could disincentivize such growth by presenting a subrecipient with the unenviable choice: try to expand at the risk of losing existing funding (via the competitive application process) or stick with the status quo to guarantee funding.** We should be encouraging the growth of homeless response systems throughout our state, yet this proposed requirement rewards stagnation.

TDHCA is proposing to modify the existing state ESG NOFA release schedule to allow for "multiyear" funding cycles [§7.33(f)]. The current regulations require TDHCA to release an ESG NOFA every year or every other year. We are deeply concerned by the vague language of this particular proposed change as "multiyear" could mean a NOFA is released anywhere from once a year to once a century. While "once a century" is hopefully hyperbolic, we know that subrecipients rely on regular and predictable funding cycles to properly plan for the future. This proposed change unnecessarily obfuscates previously straightforward guidance.

Additionally, extended multiyear funding cycles could easily hurt many of the communities within the BoS geography. For a community already well served by ESG projects, a multiyear funding cycle may reduce some of the administrative burden on subrecipients. However, for underserved communities, a multiyear funding cycle means they will have to wait that much longer to even have the opportunity to apply for the funds needed to build out their homeless response system.

We request that TDHCA clarify how they plan to implement a multiyear ESG NOFA release schedule. Would TDHCA announce in the current year's ESG NOFA that the next NOFA will not be released for another 3 years (for example)? That is to say, would applicants responding to a particular ESG NOFA know prior to submitting their application when the next NOFA will be released? The ESG NOFA released by TDHCA in 2020 [https://www.tdhca.state.tx.us/home-division/esgp/docs/20-ESG-NOFA.pdf] stated the contract term for funds would be 12 months. Then, in June of 2021, TDHCA announced [https://www.tdhca.state.tx.us/home-division/esgp/docs/21-ESG-AppGuide.pdf] that "2021 ESG Annual awards will be through possible renewals of awards for qualifying 2020 ESG Subrecipients." We have this recent example of applicants applying for 12-month ESG contracts, then TDHCA changing the funding process months later to allow those 12-month contracts to be renewed (without competing). While the offer of renewals undoubtedly helped those subrecipients who qualified, potential ESG applicants looking to establish new projects were unable to seek annual state ESG funds that year. We acknowledge that the decision to offer contract renewals in 2021, rather than having a standard ESG funding competition, was primarily influenced by conditions unique to the ongoing COVID-19 pandemic. However, TDCHA has now established a precedent for how they might extend the ESG funding cycle, and it is unclear if TDHCA plans to utilize the same process in the future to implement a multiyear NOFA release schedule. **Combined with the imprecise language in §7.33(f) that allows for "multiyear" funding cycles, we are concerned about the apparent ability of TDHCA to use this "backdoor" approach to renew existing ESG contracts in perpetuity (rather than releasing a new NOFA), thus precluding the possibility of establishing new ESG projects for an indeterminant amount of time.**

Sincerely,

Eric Samuels
President/CEO
Texas Homeless Network

From:	Sylvia Fank
To:	Rosy Falcon
Subject:	Homeless Program Rule Comments
Date:	Monday, April 11, 2022 1:38:22 PM
Attachments:	Homeless Program Rules Comment.pdf

Good afternoon,

Attachment: Homeless Program Rule Comments

Sylvia Frank, Ed.S
Case Manager

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Tracy Andrus Foundation
A Hand Up! Not A Hand-out!

TRACY ANDRUS FOUNDATION
303 W. Burleson Street
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Office: 903-471-8674
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April 14, 2022

Rosy Falcon
Homeless Program Rule Comments
P.O. Box 13941
Austin, Texas 78711-3941

The purpose of the Emergency Solutions Grants (ESG) program is to assist individuals and families quickly regain stability in permanent housing after experiencing a housing crisis or homelessness. As a case manager with the Tracy Andrus Foundation, I see individuals that are unable to social distance and without adequate hygiene resource such as people experiencing homelessness remain at increased risk from rapidly spreading outbreaks. More and more families with children are requesting assistance and there is not adequate space to serve families. Currently, the TAF Homeless Shelter is at capacity and maintains a waiting list. To address this issue, I believed that as a case manager and a social worker within the community that ESG money is needed to renovate and expand Emergency Shelters to include families with children and for clients living in high-risk settings with a path to speed their transition into safe and sustainable housing.

As a Case Manager the lack of transportation is seen as a disadvantage. While working as a Case Manager it is very difficult in coordinating transportation for individuals at the shelter to access transportation to access employment and educational opportunities, healthcare, and social services. Cost of transportation has been found to prevent individuals' upward mobility out of homelessness. Without the means of transportation interferes the effectiveness and productivity of the program.

No program can run effectively without funds. The day-to-day operation of the ESG and COC funds allows TAF to receive ESG and COC to provide the needed essentials services to homeless families and individuals in the homeless shelter. A continued lack of funding will cause program to cease to exist and or cut down on the number of clients served which they will eventually put them back on the streets where they are exposed to various harms and elements.

Ceasing local ESG grant competition and providing 70% of ESG funds to be used to support nonprofits that have been in business/funded for the last four years. As a Case Manager it is believed this action is an unfair tactic. First, this leaves no room for any new programs to be funded at the 70% level who could have more clients and more services to offer than a program that is four years. What happens when a four year program is not as effective or productive as a newly funded program? Second, this decrease will limit the number of clients served and services provided as stated before which will return homeless individuals to the streets.

Overall, these budget reductions, will hinder the TAF abilities to provide shelter, transitional housing, counseling, and other assistance to some of the city's most vulnerable people.

Sincerely,

Sylvia Frank, Ed.S
Academic Program Coordinator
303 W Burleson St
Marshall, TX 75670
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Email: sfrank.taf@gmail.com

Rosy Falcon

From: Lesslie Naj <lnajtaf@gmail.com>
Sent: Monday, April 11, 2022 11:18 AM
To: Rosy Falcon
Subject: TDHCA Policy Changes.
Attachments: LNLetter.pdf

Good morning Ms. Falcon:
Attached my comments for policy changes.

Best Regards.

--

Lesslie Naj
Case Manager
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Tracy Andrus Foundation

A Hand Up! Not A Hand-out!

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April 08th, 2022

Texas Department of Housing & Community Affairs
TDHCA

I am writing this letter to bring your attention regarding some policy changes proposed to make:

- Not allowing certain ESG money to be used to renovate Emergency Shelters or purchase vehicles.
- Not allowing agencies to receive ESG and COC funding.
- Ceasing local ESG grant competition and providing 70% of ESG funds to be used to support nonprofits that have been in business for the last 4 years.

In my experience, I see homeless people daily needing assistance not only for an emergency shelter, but also for help to go to places where they do not have access because they do not have transportation. We are in a difficult moment in our society where day by day we see people becoming homeless, without work and without transportation, and they look to us for support that would be ruined if these changes to policies are made. All these changes negatively impact our community and limit us as a foundation to be able to help people who need it in these difficult times. The foundations that are less than 4 years old have been created because it has been seen the need that exists for the communities; I am not talking only about the Tracy Andrus Foundation but about all those small foundations that like us would be affected by this new policy.

Sincerely,

Lesslie Naj
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www.tracyandrusfoundation.com

From:	Anitras Robinson
To:	Rosy Falcon
Subject:	Homeless Program Rule Comments
Date:	Tuesday, April 12, 2022 9:55:06 AM
Attachments:	Letter.pdf

You don't often get email from anitrasrob52@gmail.com. Learn why this is important

Good morning Ms. Rosy,
I have attached a letter of my comments on TDHCA proposed ESG rules changes.
Thank you

--

Anitras Robinson
Tracy Andrus Foundation
Housing Navigator/Inspector
303 W. Burleson Street
Marshall, TX. 75670
(903) 471-8674 Office
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From:	Sharon Ventimiglia
To:	Rosy Falcon
Subject:	Comments Regarding Policy Changes
Date:	Tuesday, April 12, 2022 11:08:55 AM
Attachments:	doc04480720220412105901.pdf

You don't often get email from sharonventimiglia38@gmail.com. Learn why this is important

Good morning Rosy,

Attached are my comments in regards to the proposed policy changes.

Thank you

--

Sharon Ventimiglia
Program Director
Tracy Andrus Foundation
303 W. Burleson Street
Marshall, TX 75670
Office: (903) 471-8674
Fax: (903) 471-8675
sharonventimiglia38@gmail.com
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From:	Kristopher Michaels
To:	Rosy Falcon
Subject:	Public Comment to Proposed State ESG Rules Changes
Date:	Tuesday, April 26, 2022 5:21:15 PM
Attachments:	Comments in Response to Proposes in State ESG Rule Changes.pdf

To whom it may concern:,

Please consider the information provided in the attached document before making any final rule changes.

Best regards,

Kristopher Michaels | Development Coordinator

Family Promise of Lubbock | Sondra's Song

PO Box 1258

Lubbock, Texas 79408

O: 806.744.5035 Ext. 204

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Texas Department of Housing and
Community Affairs
Attn: Rosy Falcon
Homeless Programs Rule Comments
P.O. Box 13941
Austin, Texas 78711-3941
Email: rosy.falcon@tdhca.state.tx.us

Re: Comments in Response to Proposes in State ESG Rule Changes

Dear Sir/Madam:

On behalf of Family Promise of Lubbock, Inc. (Family Promise), we are submitting comments in response to the Texas Department of Housing and Community Affairs (TDHCA) notice of proposed changes to the regulations (10 TAC Chapter 7) governing how State Emergency Solutions Grant (ESG) funds will be distributed to express our strong opposition to the changes regarding the proposed set aside for *Continuing Awards*. Family Promise has serious concerns regarding the immense harm the proposed changes will have on the homeless population and those at risk of homelessness.

Family Promise's mission is to empower homeless families with children to achieve long-term independence by providing temporary shelter, case management, support, and growth opportunities. Our services are not limited to a specific geographic area; we accept families based on available space and a commitment to fully engage in our program.

Our services are not limited to those families residing in our temporary shelter. We provide preventive services before families become homeless, shelter when they become homeless, support services during their transition to secure housing, and stabilization programs once they attain housing to help ensure they remain independent. We have provided shelter, meals, case management, homelessness prevention and stabilization services to 519 family members since we opened our doors in the fall of 1998. More than 93% of families in our shelter program secure housing because of our intensive case management and community support.

During 2019 (pre-COVID) Family Promise provided shelter through its communal housing program to 16 families (20 adults and 26 children), with an average stay of 69 days. In light of the COVID pandemic, health officials and housing authorities declared safety recommendations for shelters, which impacted the number of individuals we could house in our shelter. In 2020, the Family Promise shelter provided a place of safety for 8 families (9 adults and 18 children), with an average stay of 60 days during 2020. But the need was, and continues to be, more than what Lubbock's limited family shelter facilities can provide.

Despite the ongoing safety protocols and COVID safety concerns, the number of families receiving shelter in our communal housing program during 2021 increased to 9 families (11 adults and 26 children), with an average stay of 47 days. The long-terms effects began to become more pronounced during 2021. Fortunately, during late 2020 and through 2021, Family Promise was able to secure COVID recovery and prevention grants, including an ESG CARES award, which allowed us to provide preventive services to more than 125 additional families with children in the Lubbock area.

When the moratorium on housing evictions was lifted in the last quarter of the year and rental assistant funds were depleted, the requests for shelter increased tremendously. Lack of preventive funds and limited shelter facilities required us to referral homeless and imminently at-risk families to other providers – often the same providers who had already referred them to us. Without adequate preventive funding, families will continue to fall through the large gaps caused by inflated housing costs and income levels that simply do not meet the actual cost of living in Lubbock.

Family Promise projected we would provide shelter to 45 individuals in our communal facility in 2022. Although we are not yet through April, 7 families (8 adults and 12 children) have found a safe place in our temporary shelter. However, one thing has become noticeably clear. Expecting homeless families to become financially stable in 30 – 90 days is unrealistic, especially post-COVID.

The nation's economic crisis has deeply affected the lives of millions of Americans. Skyrocketing foreclosures, job layoffs, COVID related health cost and its impact on sustainable employment opportunities have pulled the rug out from under many families, particularly those living in low-income communities. Deepening poverty is inextricably linked with rising levels of homelessness and food insecurity/hunger for Americans, and children are particularly affected by these conditions.

Data and graphics obtained from the Community Commons Needs Assessment tool, provided by the 2015-2019 U.S. Census Bureau, American Community Survey, show that 8.9% of the residents in Lubbock County live in households with incomes below the 100% Federal Poverty Level (FPL). The same data indicates that 32.6% of Lubbock County residents live in cost-burdened households, where more than 30% of the total household income is spent on housing expenses. Both of these percentages are higher than the State () and National averages. Given the economic conditions, overall inflation, and cost of living increases post COVID-19, these percentages increased significantly in 2020 and 2021.

Lubbock is the 11th largest city in Lubbock, with a projected growth through 2022, and a projected population of 331,839 by 2025. The median age of Lubbock residents is 30.49, in comparison to 35.22 in Texas and 38.65 in the U.S. Despite an average 3% unemployment rate (pre-COVID), the youthful statistics and high cost of living in Lubbock contribute to the 42% of families struggling to afford housing and basic needs in Lubbock County.[1]

Lubbock County residents' experience housing costs that are 30% or more of the total household income; 32.26% live in cost burdened households, which is higher than the State (29.51%) and National (30.85%) average. Survey reports indicate 18.9% of these residents are living in households with an income level below the 100% Federal Poverty Level, which

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[1] Lubbock Area United Way. Community Status report. Available at: https://www.liveunitedlubbock.org/csrpopulation

is above the State (14.73%) and National average (13.42%).[2] Aside from high housing costs, the Lubbock area wages are 23% lower than the U.S. national rates across all occupations.[3]

The Lubbock 2020 Point-in-Time Survey results showed that while there was a decrease in the homeless population for a 3rd year in a row, the number of homeless children was significantly greater than 2019. The number of homeless families increased 32 percent and the number of homeless children under the age of 18 increased 43 percent. There were 60 children counted in the 2020 homeless count, compared to 42 in 2019 and 26 the year prior. These are children in families, not unaccompanied children.[4] However, it must be pointed out that these numbers are based on a specific point-in-time count, not annual numbers reported by organizations that serve these homeless populations. Therefore, it is likely that the actual numbers are higher than what one count on one night could show.

Lack of affordable housing, high energy costs, increased food costs, wages not keeping pace with the rising cost of living, inability to meet basic needs, lack of transportation to living-wage jobs, and number of single-parent households are all factors in Lubbock County's prevalent poverty rate. However, the impacts of the COVID-19 pandemic continue to cause ripples through this community, contributing to rising numbers of at-risk and homeless families. According to information obtained from Texas 211 for Lubbock County, between April 2020 and April 2021, data indicates that the highest requests for assistance are for Housing, Food, Utilities and Healthcare.[5]

The proposed changes to the regulations (10 TAC Chapter 7) governing how State Emergency Solutions Grant (ESG) funds will be distributed represent an extreme change in current policy and will further harm families and children and their ability to transition from homelessness to safe and secure housing. Income and housing are the foundation from which we begin to support individuals as part of the community. People must be supported in their physical, mental, and social well-being to maintain stability and achieve belonging, both as recovery from the trauma of homelessness and prevention against a constant cycle of new people.

Families in our area are experiencing homelessness at rates above the National or State average and are attempting to create normalcy for their children and recover from their own trauma and personal hurdles, all while being tasked with a challenge to become self-sufficient in an area with wages significantly lower than the National average. This kind of challenge that is not overcome overnight within two-three months. It requires a continuum of care and temporary individual housing to support healing and progress. Family Promise relies on ESG funding to provide the necessary shelter and preventive services that enable families with children to achieve and maintain self-sufficiency.

The proposed rule change greatly expands the continued funding to previously awarded subrecipients, but that does not those funds will reach those currently underserved. In fact, it is almost certain that in places like Lubbock, the gaps in services for homeless families

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[2] City of Lubbock Texas. City of Lubbock, Department of Community Development. 2021 Community Needs Assessment, Lubbock County, TX. Available at: https://ci.lubbock.tx.us/storage/images/s2eqdtTos0HsIKXm2Seb4CZwBmR2UEwPU5ZW7N8A.pdf

[3] U.S. Bureau of Labor Statistics. Occupational Employment and Wage Statistics. May 2021. Available at: https://www.bls.gov/oes/current/oes_nat.htm#00-0000

[4] Texas Homeless Network. Point-In-Time (PIT) Reports. Available at https://www.thn.org/texas-balance-state-continuum-care/data/pit-count-and-hic/

[5] Id. At 2

with children will become a gulf. The longer an individual is homeless, the harder it is to rise out of their situation. For individuals with children, the battle is heightened by childcare expenses, reliable transportation, and often single-parent incomes.

The COVID-19 pandemic wreaked havoc on families, businesses, communities, and the general economy. Businesses closed, people lost jobs at an unbelievable rate, and many lost their homes. These people, families, and communities are still working to get rebuild and find a sense of stability in this “new norm. But to set aside “not less than 70% of ESG funding allocated to the CoC regions for use by prior ESG Subrecipients, not including ESG CARES recipients, with the remaining 30% to be allocated through regional and statewide funding competitions would harm the efforts of our organization to help address the needs of the Lubbock community.

Homeless parents who lost their job to COVID or fled domestic violence need time and assistance to find sustainable employment, reliable transportation, and affordable childcare. Those who receive assistance through our shelter typically suffer from intense trauma and need counseling and life skills education to prepare them for employment, single parenthood, and coping with everyday life. These needs cannot be addresses in a 30-, 60-, 90-day window. We ask that you please reconsider the proposed rule change in light of the information provided.

Sincerely,

Family Promise of Lubbock, TX
Kristopher Michaels
Development Coordinator
kris@familypromiselubbock.org

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BOARD ACTION REQUEST
FINANCIAL ADMINISTRATION DIVISION
JUNE 16, 2022

Presentation, discussion, and possible action on the SFY 2023 Operating Budget

RECOMMENDED ACTION

WHEREAS, the Governing Board of the Texas Department of Housing and Community Affairs (the Department or TDHCA) is required to approve a SFY 2023 Operating Budget; and

WHEREAS, the Department is required to submit the budget to the Office of the Governor (OOG) and the Legislative Budget Board (LBB);

NOW, therefore, it is hereby

RESOLVED, that the SFY 2023 Operating Budget, in the form presented to this meeting, is hereby approved; and

FURTHER RESOLVED, that upon approval by the TDHCA Governing Board, the Department will submit the budget to the OOG and the LBB.

BACKGROUND

In accordance with Tex. Gov't Code §2306.112 *et seq.*, TDHCA is charged with preparing an operating budget for Board adoption on or before September 1 of each fiscal year. The budget includes operational expenses distributed among the Department's divisions. It does not include federal or state program funds that pass through to subrecipients except for administrative funds used by the Department associated with those federal or state funds that are retained and reflected in the budget. This budget anticipates maximizing all federal administrative resources. In addition, in accordance with internal auditing standards and the Board's internal audit charter, the budget includes the Internal Audit Division's annual operating budget.

This SFY 2023 Internal Operating Budget, which the Board is being asked to approve, corresponds to the second year of the biennial General Appropriations Act (GAA) passed by the 87th Texas Legislature which appropriated $374,206,167. In total, this budget provides for administrative expenditures and associated revenues of $115,683,862 or a $9,655,937 (9.1%) increase from the prior year's budget. Of that total increase $9,213,973 is associated with temporary federal funding, $141,967 is an increase in Capital Budget projects, and a $299,997 increase associated with the Department's core programs.

The budget reflects 404 Full Time Equivalents (FTEs). Of the total FTEs, 249 FTEs are TDHCA CAP FTEs, 64 are related to the Manufactured Housing Division, and 91 are Article IX (Temporary) FTEs associated with COVID-19 stimulus federal funds.

Additionally, the Housing Finance Division budget, which is funded with fees generated from the Department's Bond, Housing Tax Credit, and Asset Management, Compliance, and Migrant Labor activities, increased by $601,525 or 3.4%. This increase is primarily attributed to an increase in the Capital Budget and a supplement to General Revenue due to the mandated 5% Biennial (2020-2021 biennium) reduction issued by state government leadership.

For a complete explanation of the aforementioned budget categories and details, please see the accompanying Comparison Report.

TEXAS DEPT. OF HOUSING AND COMMUNITY AFFAIRS
SFY 2023 Operating Budget
Comparison Report
June 16, 2022

This Comparison Report provides an explanation of some of the changes to cost categories.

In total, this SFY 2023 Operating Budget is $115,683,862 or a $9,655,935 (9.1 %) increase over the prior year budget.

Additional COVID-19 stimulus federal funding and other initiatives associated with the CARES Act, Emergency Rental Assistance (ERA), the American Rescue Plan Act (ARPA) and the Bipartisan Infrastructure Law – Weatherization Assistance Program (BIL WAP), account for $9,213,972 of the increase.

The remaining $299,997 variance, net of the Capital Budget which increased $141,966, resulted in only a 1.08% increase. Below are the highlights of the SFY 2023 Budget describing this change. Please refer to the Comparison by Expense Object schedule on Page 3.

1. **Salaries/Wages and Payroll Related Costs.** These two line items represent 29.3% of the total operating budget.

   The budget reflects 404 FTEs, an increase of 38 FTEs over the previous year. Of the total FTEs, 249 CAP FTEs are associated with the Department and 64 CAP FTEs are associated with the Manufactured Housing portion of the agency, and 91 are associated with temporary federal funding.

   The Salaries and Wages line item increased by $4,207,285 or 18.2%. An increase of 38 Article IX (Temporary) FTEs related to the CARES Act, ERA, ARPA, and BIL WAP account for $3,973,346 of this increase. The remaining $233,939 variance is primarily due to the funding of 2 repurposed vacant FTEs within our CAP to support the increasing demand on multifamily and single family bond activities, in addition to our normal 1% growth rate.

   Payroll related costs increased $1,009,748. The increase in payroll related costs is proportional to the increase in salaries.

2. **In State Travel.** In state travel increased $89,865 or 16.1% primarily due to greater travel needs agency wide related to in person site visits and staff training.

3. **Out of State Travel.** Out of State Travel increased by $62,874 or 39.5%. $43,100 of this increase is associated with travel for temporary federal programs including CDBG CARES, Homeowner Assistance Fund, HOME ARPA and BIL WAP. The remaining $19,774 is related to an agency wide increase in travel to address training needs.

4. ***Professional Fees.** Professional Fees increased by $3,862,904 primarily related to four outsourcing contracts to assist in the administration and oversight of the TRR program, HAF, BIL WAP, Low Income Household Water Assistance Program (LIHWAP ARPA) and the Comprehensive Energy Assistance Program (CEAP ARPA) for approximately $74M in sum.

5. ***Repairs/Maintenance.** Repairs and Maintenance increased by $277,755 primarily due to the Capital Budget for projects associated with the maintenance of the Departments CAPPS Financials (Accounting System) and Office 365 to improve the agency's technological resources.

6. **Rentals and Leases.** Rentals and leases decreased by $25,058 primarily due to the discontinuation of a lease for office space at the Twin Tower location. Staff will be relocated back to headquarters.

7. **Advertising**. Agency advertising costs increased $498,850 or 855.7%. The increase in advertising costs is primarily due to the anticipation of an advertising and outreach campaign associated with BIL WAP.

8. **Temporary Help.** Temporary Help decreased $352,176 or 23.5%. This variance is due to a decrease in need of temporary help related to the CDBG and TRR programs.

9. ***Furniture and Equipment.** Included in this category is the Legislature's approval of the Department's Hardware and Software Replacements project for SFY22 and SFY23 as it relates to non-capital expenses such as update and replacement of end-user computers and operational software upgrades, including the replacement of desktop computers and laptops that will be six years old or older and software updates. The benefits of these planned purchases include increased security, better performance for end-user computers, and the ability to provide continued support for TDHCA's enterprise systems, such as the Central Database, CAPPS Financials, MITAS Accounting/Loan Servicing, and the Manufactured Housing System.

   This line item decreased $203,649 or 64.0%, due to an anticipated decrease in capital expenditures for items such as computers and printers, the majority of which occur in the first year of the biennium.

10. ***Capital Outlay.** This category is also included in the Department's Hardware and Software Replacement project as it relates to direct capital expenses such as server hardware upgrades and network equipment enhancements, to ensure systems remain supported by vendors and security and reliability remain at high levels. This line item increased $127,749 due to anticipated Capital Budget items purchases. These types of expenditures normally occur in the second year of the biennium which is planned to occur in fiscal year 2023 and is offset by the decrease in furniture and equipment discussed above.

    **The Department's Capital Projects are included in Professional Fees, Repairs/Maintenance, Furniture and Equipment and Capital Outlay. These projects include hardware and software replacements, ongoing CAPPS financials license fees, CMTS, Office 365, and the Disaster recovery services through the data center services performed by the Department of Information Resources.*

Comparison by Expense Object

	2022 Budget (a)	2023 Budget (b)	Variance (b-a)	Percentage Change
Salaries and Wages	$ 23,100,288	$ 27,307,574	$ 4,207,285	18.2%
Payroll Related Costs	5,544,069	6,553,818	1,009,748	18.2%
Travel In-State	558,738	648,603	89,865	16.1%
Travel Out-of-State	159,056	221,930	62,874	39.5%
*Professional Fees	71,977,877	75,840,780	3,862,904	5.4%
Material and Supplies	316,303	334,224	17,921	5.7%
*Repairs/Maintenance	820,660	1,065,415	244,755	29.8%
Printing and Reproduction	21,122	45,422	24,300	115.0%
Rentals and Leases	151,477	126,419	(25,058)	-16.5%
Membership Fees	90,490	141,349	50,859	56.2%
Staff Development	216,854	231,654	14,800	6.8%
Insurance/Employee Bonds	508,368	572,766	64,397	12.7%
Employee Tuition	4,000	4,500	500	12.5%
Advertising	58,300	557,150	498,850	855.7%
Freight/Delivery	25,450	33,000	7,550	29.7%
Temporary Help	1,497,850	1,145,674	(352,176)	-23.5%
*Furniture and Equipment	318,200	114,551	(203,649)	-64.0%
Communication and Utilities	629,942	581,830	(48,112)	-7.6%
*Capital Outlay	-	127,749	127,749	n/a
State Office of Risk Management	28,880	29,455	576	2.0%
Total Department	106,027,925	$ 115,683,862	$ 9,655,935	9.1%
FTE's	366	404	38.00	10.4%

Comparison by Expense Object

	2022 Budget	2022 Capital	2022 Temporary Funds	2022 Base Budget (a)	2023 Budget	2023 Capital	2023 Temporary Funds	2023 Base Budget (b)	Base Variance (b)-(a)	Percentage change
Salaries and Wages	$ 23,100,288		$ 4,391,536	$ 18,708,753	27,307,574		$ 8,364,882	$ 18,942,692	233,939	1.25%
Payroll Related Costs	$ 5,544,069		$ 1,053,969	$ 4,490,101	6,553,818		$ 2,007,572	$ 4,546,246	56,145	1.25%
Travel In-State	$ 558,738		$ 23,000	$ 535,738	648,603		$ 120,580	$ 528,023	(7,715)	-1.44%
Travel Out-of-State	$ 159,056		$ 21,000	$ 138,056	221,930		$ 64,100	$ 157,830	19,774	14.32%
*Professional Fees	$ 71,977,877	497,368	$ 70,186,967	$ 1,293,542	75,840,780	444,198	$ 74,021,750	$ 1,374,832	81,290	6.28%
Material and Supplies	$ 316,303		$ 61,669	$ 254,634	334,224		$ 94,301	$ 239,923	(14,711)	-5.78%
*Repairs/Maintenance	$ 820,660	129,053	$ 80,747	$ 610,860	1,065,415	357,390	$ 157,898	$ 550,127	(60,733)	-9.94%
Printing and Reproduction	$ 21,122		$ 600	$ 20,522	45,422		$ 20,090	$ 25,332	4,810	23.44%
Rentals and Leases	$ 151,477		$ 12,693	$ 138,784	126,419		$ 38,104	$ 88,314	(50,470)	-36.37%
Membership Fees	$ 90,490		$ -	$ 90,490	141,349		$ 38,044	$ 103,305	12,815	14.16%
Staff Development	$ 216,854		$ 68,000	$ 148,854	231,654		$ 51,700	$ 179,954	31,100	20.89%
Insurance/Employee Bonds	$ 508,368		$ 84,344	$ 424,025	572,766		$ 122,543	$ 450,223	26,198	6.18%
Employee Tuition	$ 4,000		$ -	$ 4,000	4,500		$ -	$ 4,500	500	12.50%
Advertising	$ 58,300		$ 5,000	$ 53,300	557,150		$ 529,350	$ 27,800	(25,500)	-47.84%
Freight/Delivery	$ 25,450		$ 2,200	$ 23,250	33,000		$ 8,500	$ 24,500	1,250	5.38%
Temporary Help	$ 1,497,850		$ 1,295,444	$ 202,406	1,145,674		$ 868,703	$ 276,971	74,565	36.84%
*Furniture and Equipment	$ 318,200	185,200	$ 87,000	$ 46,000	114,551	24,251	$ 50,622	$ 39,678	(6,322)	-13.74%
Communication and Utilities	$ 629,942	-	$ 50,243	$ 579,699	581,830		$ 79,499	$ 502,331	(77,368)	-13.35%
*Capital Outlay	$ -	-	$ -	$ -	127,749	127,749	$ -	$ 0	0	-
State Office of Risk Management	$ 28,880		$ -	$ 28,880	29,455		$ 146	$ 29,309	429	1.49%
Total Department	$ 106,027,925	$ 811,621	$ 77,424,411	$ 27,791,894	$ 115,683,862	$ 953,588	$ 86,638,384	$ 28,091,890	$ 299,997	1.08%

Method of Finance:

General Revenue:	2022 Budget	2022 Capital	2022 Temporary Funding	2022 Base Budget (a)	2023 Budget	2023 Capital	2023 Temporary Funding	2023 Base Budget (b)	Base Variance (b)-(a)	Percentage change
GR-General Revenue	$ 720,461		$ -	$ 720,461	$ 480,137			$ 480,137	$ (240,324)	-33.4%
GR-Earned Federal Funds	$ 3,016,614		$ 874,094	$ 2,142,520	$ 3,088,986		965,800	$ 2,123,186	(19,334)	-0.9%
Federal Funds-Non-HERA	$ 7,245,981	247,330	$ -	$ 6,998,651	$ 7,275,659	311,507		$ 6,964,152	(34,499)	-0.5%
Federal Funds-Neighborhood Stabilization Program (HEF	$ 110,990		$ -	$ 110,990	$ 128,842			$ 128,842	17,852	16.1%
Federal Funds-CARES Act	$ 2,588,214		$ 2,588,214	$ -	$ 1,967,274		1,967,274	$ -	-	n/a
Federal Funds-CRBRA	$ 72,671,902		$ 72,671,902	$ -	$ 23,039,069		23,039,069	$ -	-	n/a
Federal Funds-ARPA	$ 1,290,201		$ 1,290,201	$ -	$ 55,578,235		55,578,235	$ -	-	n/a
Federal Funds-DOE BIL	$ -	-	$ -	$ -	$ 5,088,005	-	5,088,005	$ -	-	n/a
Appropriated Receipts - Housing Finance	$ 17,533,371	564,291	$ -	$ 16,969,080	$ 18,134,896	642,081		$ 17,492,815	523,735	3.1%
Appropriated Receipts - Migrant Labor Housing	$ 35,702		$ -	$ 35,702	$ 51,957			$ 51,957	16,256	45.5%
Appropriated Receipts - Manufact. Housing	$ 511,546		$ -	$ 511,546	$ 511,554			$ 511,554	7	0.0%
Interagency Contracts	$ 302,944		$ -	$ 302,944	$ 339,247			$ 339,247	36,303	12.0%
Total, Method of Finance	$ 106,027,925	$ 811,621	$ 77,424,411	$ 27,791,894	$ 115,683,862	$ 953,588	$ 86,638,384	$ 28,091,890	$ 299,997	1.08%

Methods of Finance

The SFY 2023 Budget includes the following sources:

General Revenue

State appropriated funds including Housing Trust Fund, Housing and Health Services Coordinating Council, and Homeless Housing and Services Program.

Earned Federal Funds - Federal funds appropriated for indirect costs associated with administering federal funds.

Federal Funds

Federal Funds-(Non-Housing and Economic Recovery Act (HERA)) - Core federal programs such as Community Services Block Grant (CSBG), Emergency Solutions Grant (ESG), HOME, U.S. Dept. of Energy (DOE), Section 8 Housing, Section 811 PRA Program, Low Income Home Energy Assistance Program (LIHEAP), and National Housing Trust Fund.

Neighborhood Stabilization Program - Federally appropriated funds specifically designated for HERA-NSP.

Federal Funds – (CARES Act, CRBRA, & ARPA) - Supplemental stimulus funding in response to the Coronavirus pandemic for core federal programs such as CSBG, ESG, Section 8, LIHEAP. In addition, it reflects new funding for the Community Development Block Grant (CDBG), ERA, HAF, BIL WAP, and the Low Income Household Water Assistance Program (LIHWAP).

Appropriated Receipts - Housing Finance (HF):

Bond Admin Fees - Appropriated receipts associated with our Single Family and Multifamily bond programs such as application fees, issuance fees, and administration fees.

Low Income Housing Tax Credit Fees - Appropriated receipts associated with our housing tax credit program such as application fees and commitment fees.

Compliance Fees **-** Fees assessed to multifamily developers for the purpose of ensuring long-term compliance.

Asset Oversight Fees - Fees assessed to Tax Credit Assistance Program (TCAP) and Exchange property owners for the purpose of safeguarding the Department's financial interest in their properties.

Migrant Labor Housing Fees – Fees assessed for the purpose of inspections of migrant housing facilities.

Appropriated Receipts (MH) - Manufactured Housing Division fees generated through inspecting, licensing, and titling activities.

Interagency Contracts - Contract with the Texas Department of Agriculture for the Office of Colonia Initiatives (OCI) Self-Help Center's operation and administration; and a contract with the Texas Health and Human Services Commission (HHSC) for the Money Follows the Person program.

FISCAL YEAR 2023
OPERATING BUDGET

(September 1, 2022 through August 31, 2023)

June 16, 2022

Prepared by the Financial Administration Division

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
SFY-2023 OPERATING BUDGET

T A B L E O F C O N T E N T S

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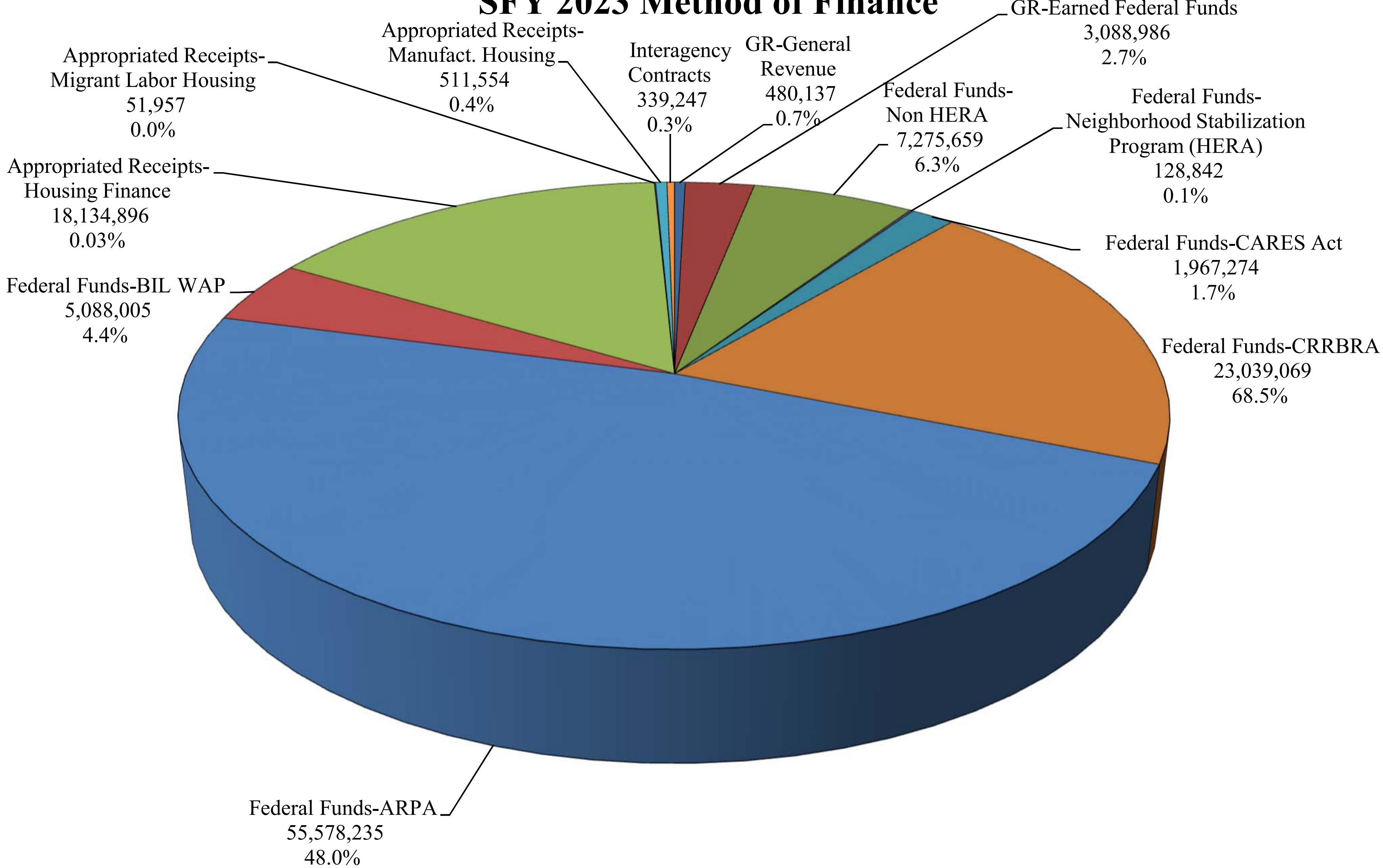
Texas Department of Housing and Community Affairs
SFY 2023 Method of Finance



Total Budget: $115,683,862

Agency Wide - By Method of Finance

September 1, 2022 thru August 31, 2023

Budget Categories	General Revenue	Federal Funds	CARES Act	CRBRA	ARPA	DOE - BIL	Appropriated Receipts	Interagency Contract	MH Appropriated Receipts	Total
Salaries	2,302,503	4,774,844	1,210,617	2,416,226	3,035,635	1,088,457	11,855,328	219,052	404,911	27,307,574
Payroll Related Costs	552,601	1,145,963	290,548	579,894	728,552	261,230	2,845,279	52,573	97,179	6,553,818
Travel In-State	21,801	177,066	20,000	7,148	52,396	41,036	321,923	7,233	-	648,603
Travel Out-of-State	3,028	58,683	14,750	2,353	32,412	14,584	96,119	-	-	221,930
Professional Fees	272,666	573,515	50,000	19,930,012	51,521,001	2,510,836	926,847	55,903	-	75,840,780
Materials/Supplies	78,928	35,210	12,706	7,522	21,704	7,164	169,991	1,000	-	334,224
Repairs/Maintenance	173,112	180,707	3,600	8,119	25,809	25,836	648,233	-	-	1,065,415
Printing and Reproduction	3,036	3,440	1,500	-	11,048	7,542	18,856	-	-	45,422
Rental/Lease	22,895	11,541	882	1,604	7,203	16,039	66,255	-	-	126,419
Membership Dues	1,331	41,266	5,500	-	1,677	30,867	60,708	-	-	141,349
Staff Development	14,744	40,465	15,000	9,343	14,190	12,167	125,745	-	-	231,654
Insurance/Employee Bonds	83,588	93,179	18,176	26,893	30,862	25,389	281,758	3,458	9,464	572,766
Employee Tuition	1,045	2,000	-	-	-	-	1,455	-	-	4,500
Advertising	38	23,650	5,000	-	16,223	508,127	4,113	-	-	557,150
Freight/Delivery	1,304	2,938	500	500	2,500	5,000	20,259	-	-	33,000
Temporary Help	22,288	96,521	300,000	28,715	27,140	501,084	169,927	-	-	1,145,674
Furniture/Equipment	5,781	21,587	2,500	561	25,748	15,813	42,561	-	-	114,551
Communications/Utilities	53,660	81,419	15,882	20,170	24,110	16,836	369,752	-	-	581,830
Capital Outlay	-	39,805	-	-	-	-	87,944	-	-	127,749
State Office of Risk Management	6,734	702	112	9	25	-	21,844	29	-	29,455
Total	**3,621,080**	**7,404,500**	**1,967,274**	**23,039,070**	**55,578,237**	**5,088,005**	**18,134,896**	**339,247**	**511,554**	**115,683,862**
Budget by Method of Finance, 2022	3,737,075	7,356,971	2,588,214	72,671,902	1,290,201	-	17,533,371	302,944	511,546	105,992,224
Variance from 2022	(115,995)	47,529	(620,940)	(49,632,832)	54,288,036	5,088,005	601,525	36,303	6	9,691,638

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BOARD ACTION REQUEST

FINANCIAL ADMINISTRATION DIVISION

JUNE 16, 2022

Presentation, discussion, and possible action on the SFY 2023 Housing Finance Division Budget

RECOMMENDED ACTION

WHEREAS, the Governing Board of the Texas Department of Housing and Community Affairs (the Department or TDHCA) is required to approve a SFY 2023 Housing Finance Division Budget; and

WHEREAS, the Department is required to submit the budget to the Office of the Governor (OOG) and the Legislative Budget Board (LBB);

NOW, therefore, it is hereby

RESOLVED, that the SFY 2023 Housing Finance Division Budget, in the form presented to this meeting, is hereby approved; and

FURTHER RESOLVED, that upon approval by the TDHCA Governing Board, the Department will submit the budget to the OOG and the LBB.

BACKGROUND

In accordance with Tex. Gov't Code §2306.113, the Department shall create a separate annual budget for the Housing Finance Division to certify the housing program fee revenue that supports the Department. While at the time the statute was created such a division existed, the duties associated with the Housing Finance Division have been spread among multiple divisions in the agency as reorganizations to improve efficiency have occurred. This budget is a subset of the whole operating budget and shows the Housing Finance revenues also known as Appropriated Receipts that support the operating budget.

This SFY 2023 Housing Finance Division Budget, which the Board is being asked to approve, is $18,134,896. The Housing Finance Budget complies with the provisions of the General Appropriations Act (GAA).

In addition, in accordance with Tex. Gov't Code §§2306.117 and 2306.118, the Department incurs operational and nonoperational expenses in carrying out the functions of the Housing Finance Division. These types of expenses may be paid only from revenues or funds provided under this Chapter. The revenue and funds of the Department received by or payable through the programs and functions of the Housing Finance Division, other than funds necessary for the operation of the Housing Finance Division and appropriated funds, shall be administered outside the treasury with the Texas Treasury Safekeeping Trust Company.

Housing Finance Budget Appropriated Receipts

September 1, 2022 thru August 31, 2023

Budget Categories	Executive Administration	Agency Administration	Program Controls and Oversight	Bond Finance	Programs	Capital Budget	Payroll Related Costs	Total
Salaries	1,809,394	3,016,436	5,823,594	513,061	692,841			11,855,328
Payroll Related Costs	-	-	-	-	-		2,845,279	2,845,279
Travel In-State	48,635	7,539	254,929	3,000	7,820			321,923
Travel Out-of-State	26,030	6,222	50,130	10,000	3,737			96,119
Professional Fees	152,476	13,235	462,395	619	6,713	291,410		926,847
Materials/Supplies	19,178	62,074	75,345	4,044	9,350			169,991
Repairs/Maintenance	26,132	120,035	207,512	36,777	11,744	246,032		648,233
Printing and Reproduction	3,739	4,448	10,120	-	550			18,856
Rental/Lease	5,594	24,708	32,580	774	2,599			66,255
Membership Dues	50,535	2,784	7,389	-	-			60,708
Staff Development	12,836	38,997	62,438	6,000	5,474			125,745
Insurance/Employee Bonds	38,183	89,744	130,770	9,885	13,176			281,758
Employee Tuition	-	1,455	-	-	-			1,455
Advertising	1,500	2,613	-	-	-			4,113
Freight/Delivery	1,867	4,555	12,888	700	250			20,259
Temporary Help	56,592	11,793	93,577	735	7,230			169,927
Furniture/Equipment	6,500	2,480	13,935	600	2,351	16,695		42,561
Communications/Utilities	40,113	77,781	223,304	4,044	24,510			369,752
Capital Outlay	-	-	-	-	-	87,944		87,944
State Office of Risk Management	1,733	11,449	7,312	433	916			21,844
Total	**2,301,037**	**3,498,346**	**7,468,218**	**590,672**	**789,264**	**642,081**	**2,845,279**	**18,134,896**

Method of Finance:

Single Family Bond Administration Fees	1,915,195
Multifamily Bond Administration Fees	707,087
Compliance Fees	3,627,255
Housing Tax Credit Fees	3,018,531
Asset Management Fees	657,872
Subtotal:	**9,925,939**
Central Support Single Family Bond Administration Fees	1,358,825
Central Support Multifamily Bond Administration Fees	1,292,942
Central Support Compliance Fees	2,808,197
Central Support Housing Tax Credit Fees	2,183,604
Central Support Asset Management Fees	565,389
Subtotal:	**8,208,957**
Total, Method of Finance	**18,134,896**

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BOARD ACTION REQUEST

MULTIFAMILY FINANCE DIVISION

JUNE 16, 2022

Presentation, discussion, and possible action on timely filed appeal of the underwriting report published under the Department's Multifamily Program Rules for Clear Lake Crossing (#22089)

RECOMMENDED ACTION

WHEREAS, competitive Housing Tax Credit Application #22089 for Clear Lake Crossing was timely submitted to the Department to compete in the 2022 Application round, proposing the new construction of 90 Units in Houston, Harris County;

WHEREAS, the Application does not meet financial feasibility requirements established in 10 TAC §11.302, relating to Underwriting Rules and Guidelines, and as a result, the Department published an underwriting report, which does not recommend the Application for award;

WHEREAS, the Applicant timely appealed the underwriting report on June 8, 2022, and the appeal was denied by the Executive Director; and

WHEREAS, the Applicant has requested that the appeal be heard by the Department's Governing Board in accordance with Tex. Gov't Code §2306.6715;

NOW, therefore, it is hereby

RESOLVED, that the appeal of the underwriting report for Clear Lake Crossing (#22089) be denied.

BACKGROUND

Clear Lake Crossing (#22089) is a 2022 competitive housing tax credit Application that proposes the new construction of 90 Units in Houston, Harris County. The Application includes a $15,156,875 construction loan, which has an interest rate of 3.75% that is substantiated by both the Legacy Bank and Trust term sheet and the Sources and Uses Exhibit of the Application. 10 TAC §11.302(e)(8) establishes that the interest included in eligible basis is limited to the lesser of actual eligible construction period interest, or the interest on one year's fully draw construction period loan funds at the construction period interest rate indicated in the term sheet(s).

The Application overstates the eligible construction interest by $257,466. Reducing the eligible basis of the Application by this amount results in a $38,580 cut to eligible developer fee. The result of the combined decrease in eligible basis generates a $284,977 cut in the credit allocation; the project cannot support a larger deferred developer fee to make up this difference, while still being able to repay the deferred developer fee in 15 years as required for feasibility in 10 TAC §11.302(i)(2):

> Deferred Developer Fee. Applicants requesting an allocation of tax credits where the estimated Deferred Developer Fee, based on the underwritten capitalization structure, is not repayable from Cash Flow within the first 15 years of the long term pro forma as described in subsection (d)(5) of this section.

Because the Application does not meet financial feasibility requirements, an underwriting report was published on the Department's website on June 6, 2022, which does not recommend the Application for an award of housing tax credits. The Application timely appealed on June 8, 2022. In the appeal, the Applicant states that the interest rate present throughout the Application is an "inconsistency" that should be curable via an Administrative Deficiency. The appeal includes a lender letter and a new loan terms sheet, both dated June 7, 2022, which include an assumed underwritten fixed interest rate of 5.75%. This correspondence was dated after the submission of the Application. In accordance with 10 TAC §11.1(d)(79):

> Inability to provide documentation that existed prior to submission of an Application to substantiate claimed points or meet threshold requirements is material and may result in denial of the requested points or a termination in the case of threshold items.

The appeal cites another 2022 Application (#22110 – Cypress Creek Apartment Homes), and suggests that items within that Application that were allowed to be cured through the Administrative Deficiency process are similar enough to this issue to warrant similar treatment. For Cypress Creek, the amount of the permanent loan listed on lender letter was $22,400,000, and the amount listed on the Application's Sources and Uses Exhibit was $22,000,000. Because there was an inconsistency in the Application, staff issued an Administrative Deficiency, and a new lender letter listing a permanent loan amount of $22,000,000 was submitted. Because this did not represent a material change to the Application, staff considered the Deficiency to be cured.

Staff does not find an inconsistency in the Application for Clear Lake Crossing that would warrant an Administrative Deficiency, as the interest rate listed on the Application is consistent between the loan term sheet and the Sources and Uses Exhibit. Accordingly, the appeal was denied by the Executive Director on June 13, 2022.

If the Board grants the appeal, the Department will issue an Administrative Deficiency and allow the Applicant to update the Application and to submit a new loan term sheet. The underwriting analysis will be adjusted to reflect the updated information. If the Board denies the appeal, then the Department's initial underwriting report will remain unchanged, and the Application will not be recommended for an award. Staff recommends that the Board deny the appeal.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

Greg Abbott
GOVERNOR

June 13, 2022

*Writer's direct dial: (512) 475-3296_*
Email: bobby.wilkinson@tdhca.state.tx.us

Ms. Eleanor M.C. Fanning
CEO & Founder
GroundStone, LLC
25 Highland Park Village Suite 100-313
Dallas, TX 75205

RE: APPEAL OF HOUSING TAX CREDIT UNDERWRITING REPORT 22089 CLEAR LAKE CROSSING (THE DEVELOPMENT)

Dear Ms. Fanning:

The Texas Department of Housing and Community Affairs received your letter dated June 8, 2022, appealing the underwriting report issued for the above Development on June 3, 2022, which does not recommend the Application for an award of funding on the basis that it does not meet financial feasibility requirements. The Application includes eligible construction interest greater than the amount allowed by 10 TAC §11.302(e)(8):

> Financing Costs. All fees required by the construction lender, permanent lender and equity partner must be indicated in the term sheets. Eligible construction period interest is limited to the lesser of actual eligible construction period interest, or the interest on one year's fully drawn construction period loan funds at the construction period interest rate indicated in the term sheet(s)… Any excess over this amount will not be included in Eligible Basis.

Based upon the Legacy Bank and Trust term sheet dated February 24, 2022, the interest rate on the $15,156,875 construction loan is 3.75%, which is also reflected on the Sources and Uses Exhibit of the Application. In accordance with 10 TAC §11.302(e)(8), one year's eligible construction interest at 3.75% on the $15,156,875 construction loan was calculated at $568,383 and included in eligible basis. The Application submitted included $825,849 in eligible construction interest, which is $257,466 over the eligible amount allow by §11.302(e)(8). Reducing the eligible basis of the Application by this amount results in a $38,580 cut to eligible developer fee. The result of the combined decrease in eligible basis generates a $284,977 cut in the credit allocation; the project cannot support a larger deferred developer fee to make up this difference while still being able to repay the deferred developer fee in 15 years as required for feasibility in §11.302(i)(2):

> Deferred Developer Fee. Applicants requesting an allocation of tax credits where the estimated Deferred Developer Fee, based on the underwritten capitalization structure, is not repayable from Cash Flow within the first 15 years of the long term pro forma as described in subsection (d)(5) of this section.

The appeal states that the 3.75% construction interest rate stated in the Legacy Bank and Trust term sheet dated February 24, 2022 is, “an inconsistency as it did not reflect the underwritten interest rate used by the Applicant to determine the actual construction period interest,” and that, “The Lender will add 200 [Basis Points] to determine the underwritten interest rate at closing resulting in an actual underwritten interest rate of 5.75%.” To substantiate this, the appeal includes revised documentation from the proposed lender dated June 7, 2022. This correspondence was dated after the submission of the Application. In accordance with 10 TAC §11.1(d)(79):

> Inability to provide documentation that existed prior to submission of an Application to substantiate claimed points or meet threshold requirements is material and may result in denial of the requested points or a termination in the case of threshold items.

As stated in 10 TAC §11.302(e)(8), “All fees required by the construction lender, permanent lender and equity partner must be indicated in the term sheets.” The construction interest rate stated in the term sheet submitted with the Application indicates a 3.75% construction interest rate. This rate was used to calculate the one-year eligible construction interest.

The appeal cites another Application in this round, Cypress Creek Apartment Homes (#22110) as an example of an Application which was allowed to address an issue related to financing through the Administrative Deficiency process. For this Application, the amount of the permanent loan listed on lender letter was $22,400,000, and the amount listed on the Application’s Sources and Uses Exhibit was $22,000,000. Because there was an inconsistency in the Application, staff issued an Administrative Deficiency, and a new lender letter listing a permanent loan amount of $22,000,000 was submitted. Because this did not represent a material change to the Application, staff considered the Deficiency to be cured.

The appeal requests that this matter be treated as an administrative deficiency, and that the Department accept a new Loan Term Sheet to use in the underwriting analysis; however, there is no inconsistency in the Application materials to trigger an administrative deficiency because the construction interest rate of 3.75% is stated in the term sheet and on the Sources and Uses exhibit in the Application. The Application was underwritten in accordance with the 2022 QAP and determined to be financially infeasible. Accordingly, the appeal is denied.

If you are not satisfied with this decision, you may file a further appeal with the Board of Directors of the Texas Department of Housing and Community Affairs. Please review §11.902 of the 2022 QAP for full instruction on the appeals process. Please note that §11.902(g) of the 2022 QAP and Tex. Gov’t Code §2306.6715(d) limit Board review of an Application on appeal to the original Application and those documents contained within the Application.

Sincerely,

Bobby Wilkinson
Executive Director
Texas Department of Housing and Community Affairs

CSH CLEAR LAKE CROSSING, LTD.

25 Highland Park Village, Ste 100-313
Dallas, Texas 75205

June 8, 2022

Via Email

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

Re: Clear Lake Crossing, TDHCA No. 22089 / Appeal of Underwriting Report ("UR") Infeasibility Determination

Dear Bobby:

On behalf of CSH Clear Lake Crossing, Ltd. (the "Applicant"), please accept this timely letter as it appeals a determination of application infeasibility issued by the Real Estate Analysis Division ("REA") on June 6, 2022. For your convenience, please see attached, **Exhibit A - Underwriting Report**.

ISSUE

At issue is §11.302(e)(8) Financing Costs, which underscores an underwriting process for determining eligible construction period interest based on the lesser of 1) the actual construction period interest or 2) a calculation of one year of construction period interest based on the interest rate as indicated on the Applicant's submitted term sheet. The interest rate of 3.75% as indicated on the term sheet submitted at full application was an inconsistency as it did not reflect the underwritten interest rate used by the Applicant to determine the actual construction period interest. The interest rate of 3.75% was only meant to be an indication of the current interest. The Lender will add 200bps to determine the underwritten interest rate at closing resulting in an actual underwritten interest rate of 5.75%. To that end, only the submitted interest rate of 3.75% was relied upon by REA underwriting to calculate one year of construction period interest and lower the eligible construction period interest from $825,849 as applied to eligible basis by the Applicant on the cost schedule to $568,383 as used by the REA in the underwriting report. The net result following a trickle down or series of other adjustments was a reduction in the eligible basis, a reduction in the credits, and an increase in the deferred developer fee. More specifically, the interest rate on the term sheet being inconsistent with the Applicant's underwritten interest rate caused a trickle down of REA underwriting adjustments including changes to construction period interest, developer fee, contractor fees, eligible basis and credits. The adjustments increased the deferred developer fee, which ultimately caused the Application to be deemed infeasible due to an inability to pay back deferred developer fee within 15 years. See attached, **Exhibit B – Inconsistency**.

GROUNDS FOR APPEAL

We believe that the Application should be held feasible due to this inconsistency in the current interest rate and the underwritten interest, which is grounds for an issuance of an administrative deficiency to clarify. Therefore, our request is that this inconsistency be treated as an administrative deficiency, and we are allowed to cure with a new term sheet and schedule of sources that confirms the underwritten interest rate and will result in no adjustments to eligible basis for underwriting purposes. By allowing this to help clarify the inconsistency, the result would be that the agency follows precedent, and for good measure, there would still be no wholesale changes or material impacts to the Applicant's full application as already submitted (i.e., offsite costs, site work costs, building costs, contingencies, fees, reserves, softs costs, operations, DCR, expense ratio, etc, all of which remain unchanged and consistent with the feasibility standards in §11.302(e) Total Housing Development Costs and (i) Feasibility Conclusion).

RULE & APPLICATION

An administrative deficiency is new information that staff requests of the Applicant to clarify or explain one or more inconsistencies. This rule is defined in the Qualified Allocation Plan, and moreover, it is upheld by precedents on other TDHCA 9% competitive applications such as the examples below:

> #20116 – inconsistencies that led to an initial determination of infeasibility was deemed to be an administrative deficiency and cured with supplemental information. Also, highlights that an administrative deficiency can be issued and cured at any time during the review process, even after an underwriting report issues an application infeasible; and
>
> #22110 – revisions allowed to the term sheet, schedule of sources, and other financing tabs as responses to an administrative deficiency. See attached, **Exhibit C – Similar 2022 Administrative Deficiency Cure.**

In the instance of Clear Lake Crossing, the inconsistency of applying the interest of 3.75%, which is not the underwritten interest rate, to the total construction loan, resulted in one year's construction period interest being less than the $825,849 the Applicant applied to eligible construction period interest on its cost schedule. The actual interest rate for underwriting purposes, as confirmed by the Lender and used by the Applicant, is 5.75%. Applying the actual underwritten interest rate results in a one year construction period interest of $871,520 which more accurately describes the Applicant's intention on its submitted cost schedule and clarifies the inconsistency. See attached, **Exhibit D – Lender Letter**.

If the Applicant is granted an administrative deficiency to clarify the inconsistency, then there are only two items needing to be evidenced, which is the new term sheet from the Lender correcting the 3.75% to 5.75% and an updated sources and uses page that corrects the 3.75% to 5.75%. See attached, **Exhibit E – New Term Sheet & Sources and Uses.**

As previously mentioned, new term sheets and sources and uses pages are swapped out routinely during underwriting and staff's review processes in response to deficiencies. The Applicant is requesting that the same opportunity be provided for this Application to cure, so it can proceed with underwriting as a competitive application in the current round.

SUMMARY & CONCLUSION

In sum, the Applicant is kindly requesting that the Executive Director accepts the inconsistency related to the underwritten interest rate as an administrative deficiency and directs REA to formally issue a Request for Information ("RFI") from the Applicant to clarify the inconsistency. We believe that the documentation attached will effectively resolve this issue, and Application #22089 would be determined as feasible and issued a new underwriting report.

Clear Lake Crossing's full application has already undergone a program review for compliance and received one of the highest scores in its region to remain extremely competitive for an award of tax credits. Importantly, the application has met all the threshold and eligibility requirements with no conditions to date. Again, our ultimate hope is that we are granted an opportunity to cure this administrative deficiency item.

As always, please do not hesitate to contact us with any questions or concerns. Thank you for your consideration to this matter, and we look forward to hearing from you soon.

Kind Regards,

CSH Clear Lake Crossing, Ltd., a Texas limited partnership

By: CSH Clear Lake Crossing GP, LLC, its general partner

By: GroundStone, LLC, its sole member

By: Eleanor M.C. Fanning

Eleanor M.C. Fanning, its CEO & Founder
efanning@groundstonedev.com
714-205-4024

Exhibit A - Underwriting Report

Real Estate Analysis Division
Underwriting Report
June 6, 2022

DEVELOPMENT IDENTIFICATION

TDHCA Application #: **22089** Program(s): **9% HTC**

Clear Lake Crossing

Address/Location: 17300 Saturn Lane

City: Houston County: Harris Zip: 77058

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

Activity: New Construction Building Type: Elevator Served Region: 6

Analysis Purpose: New Application - Initial Underwriting

ALLOCATION

	REQUEST				RECOMMENDATION				
TDHCA Program	**Amount**	**Interest Rate**	**Amort**	**Term**	**Amount**	**Interest Rate**	**Amort**	**Term**	**Lien**
LIHTC (9% Credit)	$1,751,374				**$0**				

NOT RECOMMENDED DUE TO THE FOLLOWING

§11.302(d)(8): Eligible construction period interest is limited to the lesser of actual eligible construction period interest, or the interest on one year's fully drawn construction period loan funds at the construction period interest rate indicated in the term sheet.

The Legacy Bank and Trust term sheet is for a construction loan of $15,156,875 at 3.75%. Per §11.302(d)(8), this generates eligible construction interest of $568,383; the Applicant included $825,849 of eligible construction interest, an overstatement of $257,466 of eligible basis.

The reduction in eligible construction period interest and trickle down adjustments to eligible contigency, contractor fees, and developer fee as shown on the S&U, generates a $284,977 cut to equity proceeds, requiring an increase in deferred developer fee that cannot be paid back within the required 15 years per §11.302(i)(2). Increased debt cannot be supported. Therefore, the application is infeasible and not recommended for a tax credit allocation.

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

UNIT MIX/RENT SCHEDULE

Clear Lake Crossing, Houston, 9% HTC #22089

LOCATION DATA	
CITY:	Houston
COUNTY:	Harris
Area Median Income	$79,200
PROGRAM REGION:	6
PROGRAM RENT YEAR:	2021

UNIT DISTRIBUTION				
# Beds	# Units	% Total	Assisted	MDL
Eff	-	0.0%	0	0
1	63	70.0%	0	0
2	27	30.0%	0	0
3	-	0.0%	0	0
4	-	0.0%	0	0
5	-	0.0%	0	0
TOTAL	90	100.0%	-	-

Pro Forma ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	95.31%
APP % Acquisition	4.00%
APP % Construction	9.00%
Average Unit Size	710 sf

53% Average Income	Income	20%	30%	40%	50%	60%	70%	80%	EO / MR	TOTAL
	# Units	-	9	-	35	42	-	-	4	90
	% Total	0.0%	10.0%	0.0%	38.9%	46.7%	0.0%	0.0%	4.4%	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
TC 30%	$445	6	1	1	650	$445	$53	$392	$0	$0.60	$392	$2,352	$2,352	$392	$0.60	$0	$891	$1.37	$1,275
TC 50%	$743	25	1	1	650	$743	$53	$690	$0	$1.06	$690	$17,250	$17,250	$690	$1.06	$0	$891	$1.37	$1,275
TC 60%	$891	30	1	1	650	$891	$53	$838	$0	$1.29	$838	$25,140	$25,140	$838	$1.29	$0	$891	$1.37	$1,275
MR		2	1	1	650	$0	$53		NA	$1.37	$891	$1,782	$1,782	$891	$1.37	NA	$891	$1.37	$1,275
TC 30%	$534	3	2	2	850	$534	$69	$465	$0	$0.55	$465	$1,395	$1,395	$465	$0.55	$0	$1,069	$1.26	$1,500
TC 50%	$891	10	2	2	850	$891	$69	$822	$0	$0.97	$822	$8,220	$8,220	$822	$0.97	$0	$1,069	$1.26	$1,500
TC 60%	$1,069	12	2	2	850	$1,069	$69	$1,000	$0	$1.18	$1,000	$12,000	$12,000	$1,000	$1.18	$0	$1,069	$1.26	$1,500
MR		2	2	2	850	$0	$69		NA	$1.26	$1,069	$2,138	$2,138	$1,069	$1.26	NA	$1,069	$1.26	$1,500
TOTALS/AVERAGES:		90			63,900				$0	$1.10	$781	$70,277	$70,277	$781	$1.10	$0	$944	$1.33	$1,343
ANNUAL POTENTIAL GROSS RENT:												$843,324	$843,324						

STABILIZED PRO FORMA

Clear Lake Crossing, Houston, 9% HTC #22089

	STABILIZED FIRST YEAR PRO FORMA													
	COMPARABLES				APPLICANT				TDHCA				VARIANCE	
	Database		Other		% EGI	Per SF	Per Unit	Amount	Amount	Per Unit	Per SF	% EGI	%	$
POTENTIAL GROSS RENT						$1.10	$781	$843,324	$843,324	$781	$1.10		0.0%	$0
Cleaning Fees, Late Fees, NSF, Interest							$20.00	$21,600						
Total Secondary Income							$20.00		$21,600	$20.00			0.0%	$0
POTENTIAL GROSS INCOME								$864,924	$864,924				0.0%	$0
Vacancy & Collection Loss							7.5% PGI	(64,869)	(64,869)	7.5% PGI			0.0%	-
EFFECTIVE GROSS INCOME								$800,055	$800,055				0.0%	$0
General & Administrative	$36,571	$406/Unit	$48,120	$535	4.81%	$0.60	$428	$38,520	$36,571	$406	$0.57	4.57%	5.3%	1,949
Management	$36,777	4.2% EGI	$39,684	$441	5.00%	$0.63	$444	$40,003	$40,003	$444	$0.63	5.00%	0.0%	0
Payroll & Payroll Tax	$120,326	$1,337/Unit	$133,126	$1,479	15.74%	$1.97	$1,399	$125,939	$120,326	$1,337	$1.88	15.04%	4.7%	5,613
Repairs & Maintenance	$64,937	$722/Unit	$38,788	$431	8.00%	$1.00	$711	$64,020	$58,500	$650	$0.92	7.31%	9.4%	5,520
Electric/Gas	$20,130	$224/Unit	$19,057	$212	2.47%	$0.31	$220	$19,800	$20,130	$224	$0.32	2.52%	-1.6%	(330)
Water, Sewer, & Trash	$64,317	$715/Unit	$30,427	$338	8.10%	$1.01	$720	$64,800	$64,317	$715	$1.01	8.04%	0.8%	483
Property Insurance	$50,104	$0.78 /sf	$51,872	$576	5.62%	$0.70	$500	$45,000	$50,104	$557	$0.78	6.26%	-10.2%	(5,104)
Property Tax (@ 100%) 2.5769	$72,922	$810/Unit			10.55%	$1.32	$938	$84,424	$78,711	$875	$1.23	9.84%	7.3%	5,713
Reserve for Replacements					2.81%	$0.35	$250	$22,500	$22,500	$250	$0.35	2.81%	0.0%	-
Supportive Services					0.00%	$0.00	$0	$0	$0	$0	$0.00	0.00%	0.0%	-
TDHCA Compliance fees ($40/HTC unit)					0.43%	$0.05	$38	$3,440	$3,440	$38	$0.05	0.43%	0.0%	-
TOTAL EXPENSES					63.55%	$7.96	$5,649	$508,446	$494,602	$5,496	$7.74	61.82%	2.8%	$ 13,844
NET OPERATING INCOME ("NOI")					36.45%	$4.56	$3,240	$291,609	$305,452	$3,394	$4.78	38.18%	-4.5%	$ (13,844)
CONTROLLABLE EXPENSES							$3,479/Unit			$3,332/Unit				

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Clear Lake Crossing, Houston, 9% HTC #22089

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
Legacy Bank and Trust		1.22	1.16	251,342	4.75%	40	17	$4,497,000	$4,497,000	17	40	4.75%	$251,342	1.16	21.2%
CASH FLOW DEBT / GRANTS															
City of Houston		1.22	1.16		0.00%	0	0	$500	$500	0	0	0.00%		1.16	0.0%
Items Funded after Const Period		1.22	1.16		0.00%	0	0	$0	$0	0	0	0.00%		1.16	0.0%
				$251,342	TOTAL DEBT / GRANT SOURCES			$4,497,500	$4,497,500		TOTAL DEBT SERVICE		$251,342	1.16	21.2%
NET CASH FLOW		$54,110	$40,267						APPLICANT	NET OPERATING INCOME		$291,609	$40,267	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	
Regions Bank	LIHTC Equity	76.0%	$1,751,374	$0.92	$16,109,418	$15,824,441	$0.9198	$1,720,392	74.6%	$19,115	Eligible Basis	
CSH Clear Lake Crossing, Ltd.	Deferred Developer Fees	2.8%	(29% Deferred)		$595,068	$879,956	(43% Deferred)		4.2%	Total Developer Fee:		$2,051,000
Additional (Excess) Funds Req'd		0.0%				$0			0.0%			
TOTAL EQUITY SOURCES		78.8%			$16,704,486	$16,704,397			78.8%			
TOTAL CAPITALIZATION					$21,201,986	$21,201,897			15-Yr Cash Flow after Deferred Fee:			($218,719)

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				$30,000 / Unit	$2,700,000	$2,700,000	$30,000 / Unit				0.0%	$0
Off-Sites				$ / Unit	$0	$0	$ / Unit				0.0%	$0
Site Work		$1,633,000		$18,944 / Unit	$1,705,000	$1,705,000	$18,944 / Unit		$1,633,000		0.0%	$0
Site Amenities		$775,000		$8,611 / Unit	$775,000	$775,000	$8,611 / Unit		$775,000		0.0%	$0
Building Cost		$5,659,623	$113.50 /sf	$80,585/Unit	$7,252,850	$7,806,219	$86,736/Unit	$122.16 /sf	$5,659,623		-7.1%	($553,569)
Contingency		$565,000	7.00%	7.00%	$681,000	$681,000	6.62%	7.00%	$564,734		0.0%	$0
Contractor Fees		$1,209,000	14.01%	14.00%	$1,458,000	$1,458,000	13.29%	14.00%	$1,208,530		0.0%	$0
Soft Costs	$0	$2,261,059		$25,956 / Unit	$2,336,059	$2,336,059	$25,956 / Unit		$2,261,059	$0	0.0%	$0
Financing	$0	$1,571,652		$20,704 / Unit	$1,863,383	$1,863,383	$20,704 / Unit		$1,314,186	$0	0.0%	$0
Developer Fee	$0	$2,051,000	15.00%	13.27%	$2,051,000	$2,051,000	13.02%	15.00%	$2,012,420	$0	0.0%	$0
Reserves				6 Months	$379,894	$379,894	6 Months				0.0%	$0
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)	$0	$15,725,334		$235,578 / Unit	$21,201,986	$21,755,555	$241,728 / Unit		$15,428,551	$0	-2.5%	($553,569)
Acquisition Cost	$0				$0							
Contingency		($266)			$0							
Contractor's Fee		($470)			($89)							
Financing Cost		($257,466)										
Developer Fee	$0	($38,580)	15.00%		$0							
Reserves					$0							
ADJUSTED BASIS / COST	$0	$15,428,551		$235,577/unit	$21,201,897	$21,755,555	$241,728/unit		$15,428,551	$0	-2.5%	($553,658)
TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate):					$21,201,897							

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Clear Lake Crossing, Houston, 9% HTC #22089

	CREDIT CALCULATION ON QUALIFIED BASIS			
	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction
ADJUSTED BASIS	$0	$15,428,551	$0	$15,428,551
Deduction of Federal Grants	$0	$0	$0	$0
TOTAL ELIGIBLE BASIS	$0	$15,428,551	$0	$15,428,551
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	$0	$20,057,116	$0	$20,057,116
Applicable Fraction	95.31%	95.31%	95%	95%
TOTAL QUALIFIED BASIS	$0	$19,115,468	$0	$19,115,468
Applicable Percentage	4.00%	9.00%	4.00%	9.00%
ANNUAL CREDIT ON BASIS	$0	$1,720,392	$0	$1,720,392
CREDITS ON QUALIFIED BASIS	$1,720,392		$1,720,392	

	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS	
Method	Annual Credits	Proceeds
Eligible Basis	$1,720,392	$15,824,441
Needed to Fill Gap	$1,816,059	$16,704,397
Applicant Request	$1,751,374	$16,109,418

BUILDING COST ESTIMATE				
CATEGORY	FACTOR	UNITS/SF	PER SF	
Base Cost: Elevator Served		63,900 SF	$101.79	6,504,189
Adjustments				
Exterior Wall Finish	2.40%		2.44	$156,101
Elderly	3.00%		3.05	195,126
9-Ft. Ceilings	3.30%		3.36	214,638
Roof Adjustment(s)			0.00	0
Subfloor			0.22	14,218
Floor Cover			2.82	180,198
Breezeways	$30.47	12,629	6.02	384,820
Balconies	$27.47	127	0.05	3,489
Plumbing Fixtures	$1,090	81	1.38	88,290
Rough-ins	$535	180	1.51	96,300
Built-In Appliances	$1,880	90	2.65	169,200
Exterior Stairs	$2,460	16	0.62	39,360
Heating/Cooling			2.37	151,443
Storage Space	$30.47	0	0.00	0
Carports	$13.00	0	0.00	0
Garages		0	0.00	0
Common/Support Area	$91.87	6,605	9.50	606,832
Elevators	$118,600	1	1.86	118,600
Other:			0.00	0
Fire Sprinklers	$2.88	83,134	3.75	239,426
SUBTOTAL			143.38	9,162,229
Current Cost Multiplier	1.00		0.00	0
Local Multiplier	1.00		0.00	0
Reserved				0
TOTAL BUILDING COSTS			143.38	$9,162,229
Plans, specs, survey, bldg permits	3.30%		(4.73)	($302,354)
Contractor's OH & Profit	11.50%		(16.49)	(1,053,656)
NET BUILDING COSTS		$86,736/unit	$122.18/sf	$7,806,219

Long-Term Pro Forma

Clear Lake Crossing, Houston, 9% HTC #22089

	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%	$800,055	$816,056	$832,377	$849,024	$866,005	$956,139	$1,055,655	$1,165,529	$1,286,838	$1,420,773	$1,568,648	$1,731,914
TOTAL EXPENSES	3.00%	$508,446	$523,299	$538,590	$554,332	$570,537	$659,019	$761,345	$879,694	$1,016,590	$1,174,956	$1,358,175	$1,570,168
NET OPERATING INCOME ("NOI")		**$291,609**	**$292,756**	**$293,787**	**$294,693**	**$295,468**	**$297,120**	**$294,310**	**$285,834**	**$270,247**	**$245,817**	**$210,473**	**$161,746**
EXPENSE/INCOME RATIO		63.6%	64.1%	64.7%	65.3%	65.9%	68.9%	72.1%	75.5%	79.0%	82.7%	86.6%	90.7%
MUST -PAY DEBT SERVICE													
Legacy Bank and Trust		$251,342	$251,342	$251,342	$251,342	$251,342	$251,342	$251,342	$251,342	$251,342	$251,342	$251,342	$251,342
TOTAL DEBT SERVICE		$251,342	$251,342	$251,342	$251,342	$251,342	$251,342	$251,342	$251,342	$251,342	$251,342	$251,342	$251,342
DEBT COVERAGE RATIO		1.16	1.16	1.17	1.17	1.18	1.18	1.17	1.14	1.08	0.98	0.84	0.64
ANNUAL CASH FLOW		**$40,267**	**$41,415**	**$42,445**	**$43,351**	**$44,126**	**$45,779**	**$42,968**	**$34,493**	**$18,906**	**($5,524)**	**($40,868)**	**($89,595)**
Deferred Developer Fee Balance		$839,688	$798,274	$755,828	$712,477	$668,351	$441,191	$218,719	$26,769	$0	$0	$0	$0
CUMULATIVE NET CASH FLOW		$0	$0	$0	$0	$0	$0	$0	$0	$102,102	$127,265	($1,562)	($346,181)

Exhibit B – Inconsistency

Schedule of Sources of Funds and Financing Narrative

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

Bond Financing for Tax Exempt Bond Developments (Include amount of bonds actually used, not bond reservation amount. Bonds do not add into total sources)

Bond Issuer	**Funding Description**	**Construction Period Bonds**		**Permanent Period Bonds**				
		Bond Amount		Bond Amount				
	Tax Exempt Bonds							
	Taxable Bonds							

current interest rate is not the interest rate used by Lender and Applicant for underwriting purposes to calculate construction period interest.
The entry constitutes an inconsistency in the application

Financing Participants	**Funding Description**	**Construction Period** Loan/Equity Amount	**Construction Period** Interest Rate (%)	**Lien Position**	**Permanent Period** Loan/Equity Amount	**Permanent Period** Interest Rate (%)	**Permanent Period** Amort - ization	**Permanent Period** Term (Yrs)	**Permanent Period** Syndication Rate	**Lien Position**
Debt										
Legacy Bank and Trust	Construction Loan	$15,156,875	3.75%	1						
Legacy Bank and Trust	Permanent Loan				$ 4,497,000	4.75%	40	17		1
Third Party Equity										
Regions Bank	HTC $ 1,751,374	$ 3,221,884			$ 16,109,418				0.92	
Grant										
City of Houston	§11.9(d)(2)LPS Contribution	$ 500			$ 500					
Deferred Developer Fee										
CSH Clear Lake Crossing, Ltd.		$ 1,262,390			$ 595,068					
Other										
	Direct Loan Match									
Items Funded after Const Period		$ 1,560,337								
	Total Sources of Funds	$ 21,201,986			$ 21,201,986					
	Total Uses of Funds				$ 21,201,986					

This value exceed one year of construction period interest when 3.75% is used as the interest rate. 3.75% is not the interest rate used by Lender and the Applicant for underwriting purposes. The underwritten interest rate is 5.75%.
When 5.75% is used to calculate one year of construction period interest the value $871,520 and exceeds $825,849.

FINANCING:						
CONSTRUCTION LOAN(S)[3]						
Interest		966,127		825,849		
Loan origination fees		193,750		193,750		
Title & recording fees		158,949		158,949		
Closing costs & legal fees		75,000		75,000		
Inspection fees		53,365		53,365		
Credit Report						
Discount Points						
Other (specify) - see footnote 1						
Other (specify) - see footnote 1						
PERMANENT LOAN(S)						
Loan origination fees		44,970				
Title & recording fees		33,728				
Closing costs & legal						
Bond premium						
Credit report						
Discount points						
Credit enhancement fees						
Prepaid MIP						
Other (specify) - see footnote 1						
Other (specify) - see footnote 1						
BRIDGE LOAN(S)						
Interest						
Loan origination fees						
Title & recording fees						
Closing costs & legal fees						
Other (specify) - see footnote 1						
Other (specify) - see footnote 1						
OTHER FINANCING COSTS[3]						
Tax credit fees		72,755				
Tax and/or bond counsel		125,000		125,000		
Payment bonds						
Performance bonds		139,739		139,739		
Credit enhancement fees						
Mortgage insurance premiums						
Cost of underwriting & issuance						BREAKDOWN MUST BE PROVIDED
Syndication organizational cost						
Tax opinion						
Refinance (existing loan payoff amt)						
Other (specify) - see footnote 1						
Other (specify) - see footnote 1						
Subtotal Financing Cost		$1,863,383	$0	$1,571,652		
DEVELOPER FEES[3]						
Housing consultant fees[4]						
General & administrative						
Profit or fee		2,051,000		2,051,000		
Subtotal Developer Fees	13.27%	$2,051,000	$0	$2,051,000	15.00%	
RESERVES						
Rent-up - new funds						
Rent-up - existing reserves*						
Operating - new funds		379,894				
Operating - existing reserves*						
Replacement - new funds						
Replacement - existing reserves*						
Escrows - new funds						
Escrows - existing reserves*						
Subtotal Reserves		$379,894	$0	$0		
***Any existing reserve amounts should be listed on the Schedule of Sources.**						
TOTAL HOUSING DEVELOPMENT COSTS[5]		$21,201,986	$0	$15,725,334		

Exhibit C – Similar 2022 Administrative Deficiency Cure

#22110

Legacy Bank
AND TRUST

February 23, 2022

Cypress Creek Montfort, LP
Jessica Krochtengel
17014 Preston Bend Drive
Dallas, Texas 75248

Dear Jessica,

This letter will serve to confirm Legacy Bank and Trust's ("Bank") interest in providing construction and permanent financing for the 200 units in Dallas, Texas named Cypress Creek Apartment Homes at Montfort Drive ("Project"). The Project will utilize the Low-Income Housing Tax Credits program and require construction financing of $37,157,533 with a permanent mortgage of $22,400,000. The terms presented below are for discussion purposes and are indicative of a loan structure we would propose and are based on the information provided by you and our underwriting assumptions. Loan approval will be subject to final underwriting and standard due diligence by the Bank.

Terms:

Borrowers:	Cypress Creek Montfort, LP
Credit Facility:	Loan A. Construction Loan of $37,157,533 (Thirty-Seven Million One Hundred Fifty-Seven Thousand Five Hundred Thirty-Three Dollars). Loan B. Permanent Loan of $22,400,000 (Twenty-Two Million Four Hundred Thousand Dollars).
Use of Proceeds:	Loan proceeds will be used exclusively for the construction of the Project in Dallas, Texas.
Anticipated Closing Date:	Loan A. On or before June 1st, 2023 Loan B. On or before June 1st, 2023, with funding to occur at Conversion on or before June 1st, 2025 (December 1st, 2025, if available extension is utilized)
Term:	Loan A. 24-month construction period with an available 6-month extension, interest only due monthly. Loan B. 17 years (including 24-month construction period). Principal and interest due monthly following Conversion and funding based on a 40-year amortization.
Interest Rate:	Loan A. Prime Rate plus .50% floating (currently 3.75%). Loan B. The fixed rate will be calculated at Project closing determined by a Rate Conversion Agreement utilizing a 30-month forward starting swap. The underlying loan will accrue interest at 2.5% over 1-month SOFR. The estimated fixed rate used for underwriting is 5.15%.
Collateral:	Loan A. Assignment of capital contributions, syndication payments, and other tax credit related collateral as needed to be properly secured as well as a 1st Mortgage and Assignment of Rents on the Project. Loan B. 1st Mortgage and assignment of rents on the Project.

MF-5/23/2022-3:25pm-sr

Legacy Bank

AND TRUST

May 20, 2022

Cypress Creek Montfort, LP
Jessica Krochtengel
17014 Preston Bend Drive
Dallas, Texas 75248

Dear Jessica,

This letter will serve to confirm Legacy Bank and Trust's ("Bank") interest in providing construction and permanent financing for the 168 units in Dallas, Texas named Cypress Creek Apartment Homes at Montfort Drive ("Project"). The Project will utilize the Low-Income Housing Tax Credits program and require construction financing of $37,157,533 with a permanent mortgage of $22,000,000. The terms presented below are for discussion purposes and are indicative of a loan structure we would propose and are based on the information provided by you and our underwriting assumptions. Loan approval will be subject to final underwriting and standard due diligence by the Bank. Legacy Bank acknowledges that this project utilizes income averaging.

Terms:

changed debt letter via admin deficiency

Borrowers:	Cypress Creek Montfort, LP
Credit Facility:	Loan A. Construction Loan of $37,157,533 (Thirty-Seven Million One Hundred Fifty-Seven Thousand Five Hundred Thirty-Three Dollars). Loan B. Permanent Loan of $22,000,000 (Twenty-Two Million Dollars).
Use of Proceeds:	Loan proceeds will be used exclusively for the construction of the Project in Dallas, Texas.
Anticipated Closing Date:	Loan A. On or before June 1st, 2023 Loan B. On or before June 1st, 2023, with funding to occur at Conversion on or before June 1st, 2025 (December 1st, 2025, if available extension is utilized)
Term:	Loan A. 24-month construction period with an available 6-month extension, interest only due monthly. Loan B. 17 years (including 24-month construction period). Principal and interest due monthly following Conversion and funding based on a 40-year amortization.
Interest Rate:	Loan A. Prime Rate plus .50% floating (currently 3.75%). Loan B. The fixed rate will be calculated at Project closing determined by a Rate Conversion Agreement utilizing a 30-month forward starting swap. The underlying loan will accrue interest at 2.5% over 1-month SOFR. The estimated fixed rate used for underwriting is 5.15%.
Collateral:	Loan A. Assignment of capital contributions, syndication payments, and other tax credit related collateral as needed to be properly secured as well as a 1st Mortgage and Assignment of Rents on the Project. Loan B. 1st Mortgage and assignment of rents on the Project.

Schedule of Sources of Funds and Financing Narrative

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

Bond Financing for Tax Exempt Bond Developments (Include amount of bonds actually used, not bond reservation amount. Bonds do not add into total sources)

Bond Issuer	Funding Description	Construction Period Bonds		Permanent Period Bonds				
		Bond Amount		Bond Amount				
	Tax Exempt Bonds							
	Taxable Bonds							

Financing Participants	Funding Description	Construction Period Loan/Equity Amount	Construction Period Interest Rate (%)	Lien Position	Permanent Period Loan/Equity Amount	Permanent Period Interest Rate (%)	Amort - ization	Term (Yrs)	Syndication Rate	Lien Position
Debt										
TDHCA	Multifamily Direct Loan	$0	0.00%		$ -	0.00%	0	0		
Legacy Bank	Construction to Perm	$37,157,533	3.75%		$ 22,000,000	5.15%	40	20		1
City of Dallas	Soft Debt				$ 4,100,000	1.00%		40		
Third Party Equity										
RBC Tax Credit Equity	HTC $ 2,000,000	$ 3,399,660			$ 16,998,300				0.85	
Grant										
City of Dallas	§11.9(d)(2)LPS Contribution				$ 500	0.00%	0	0		
Deferred Developer Fee										
Cypress Creek Montford Drive, LP		$ 4,347,783			$ 1,806,176					
Other										
	Direct Loan Match									
	Total Sources of Funds	$ 44,904,976			$ 44,904,976					
	Total Uses of Funds				$ 44,904,976					

Schedule of Sources of Funds and Financing Narrative

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

Bond Financing for Tax Exempt Bond Developments (Include amount of bonds actually used, not bond reservation amount. Bonds do not add into total sources)

Bond Issuer	Funding Description	Construction Period Bonds		Permanent Period Bonds				
		Bond Amount		Bond Amount				
	Tax Exempt Bonds							
	Taxable Bonds							

changed sources & uses page via admin deficiency

Debt

Financing Participants	Funding Description	Construction Period Loan/Equity Amount	Construction Period Interest Rate (%)	Lien Position	Permanent Period Loan/Equity Amount	Permanent Period Interest Rate (%)	Amort - ization	Term (Yrs)	Syndication Rate	Lien Position
TDHCA	Multifamily Direct Loan	$0	0.00%		$ -	0.00%	0	0		
Legacy Bank	Construction to Perm	$37,157,533	3.75%		$ 22,000,000	5.15%	40	17		1
City of Dallas	Soft Debt				$ 4,100,000	1.00%		40		
Third Party Equity										
RBC Tax Credit Equity	HTC $ 2,000,000	$ 3,399,660			$ 16,998,300				0.85	
Grant										
City of Dallas	§11.9(d)(2)LPS Contribution				$ 500	0.00%	0	0		
Deferred Developer Fee										
Cypress Creek Montford Drive, LP		$ 4,347,783			$ 1,806,176					
Other										
	Direct Loan Match									
	Total Sources of Funds	$ 44,904,976			$ 44,904,976					
	Total Uses of Funds				$ 44,904,976					

15 Year Rental Housing Operating Pro Forma (All Programs)

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

INCOME	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15
INCOME	$2,859,672	$2,916,865	$2,975,203	$3,034,707	$3,095,401	$3,417,573	$3,773,276
Secondary Income	$ 30,000	$ 30,600	$ 31,212	$ 31,836	$ 32,473	$ 35,853	$ 39,584
POTENTIAL GROSS ANNUAL INCOME	$2,889,672	$2,947,465	$3,006,415	$3,066,543	$3,127,874	$3,453,426	$3,812,861
Provision for Vacancy & Collection Loss	($216,725)	($221,060)	($225,481)	($229,991)	($234,591)	($259,007)	($285,965)
Rental Concessions	$0						
EFFECTIVE GROSS ANNUAL INCOME	$2,672,947	$2,726,406	$2,780,934	$2,836,552	$2,893,283	$3,194,419	$3,526,896
EXPENSES							
General & Administrative Expenses	$41,328	$42,568	$43,845	$45,160	$46,515	$53,924	$62,512
Management Fee	$ 133,647	$ 136,320	$ 139,046	$ 141,827	$ 144,664	$ 159,721	$ 176,344
Payroll, Payroll Tax & Employee Benefits	$ 227,328	$ 234,148	$ 241,172	$ 248,407	$ 255,860	$ 296,611	$ 343,854
Repairs & Maintenance	$ 94,416	$ 97,248	$ 100,166	$ 103,171	$ 106,266	$ 123,191	$ 142,813
Electric & Gas Utilities	$ -	$ -	$ -	$ -	$ -	$ -	$
Water, Sewer & Trash Utilities	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Annual Property Insurance Premiums	$ 145,530	$ 149,896	$ 154,393	$ 159,025	$ 163,795	$ 189,884	$ 220,127
Property Tax	$ 152,334	$ 156,904	$ 161,611	$ 166,459	$ 171,453	$ 198,761	$ 230,419
Reserve for Replacements	$ 50,400	$ 51,912	$ 53,469	$ 55,073	$ 56,726	$ 65,761	$ 76,235
Other Expenses	$ 194,560	$ 200,397	$ 206,409	$ 212,601	$ 218,979	$ 253,857	$ 294,289
TOTAL ANNUAL EXPENSES	$1,039,543	$1,069,393	$1,100,111	$1,131,724	$1,164,258	$1,341,709	$1,546,593
NET OPERATING INCOME	$1,633,404	$1,657,013	$1,680,822	$1,704,828	$1,729,026	$1,852,709	$1,980,303
DEBT SERVICE							
First Deed of Trust Annual Loan Payment	$1,301,931	$1,301,931	$1,301,931	$1,301,931	$1,301,931	$1,301,931	$1,301,931
Second Deed of Trust Annual Loan Payment							
Third Deed of Trust Annual Loan Payment							
Other Annual Required Payment							
Other Annual Required Payment							
ANNUAL NET CASH FLOW	$331,473	$355,082	$378,891	$402,897	$427,095	$550,778	$678,372
CUMULATIVE NET CASH FLOW	$331,473	$686,554	$1,065,446	$1,468,343	$1,895,437	$4,340,119	$7,412,995
Debt Coverage Ratio	1.25	1.27	1.29	1.31	1.33	1.42	1.52
City of Dallas Soft Debt	$41,000	$41,000	$41,000	$41,000	$41,000	$41,000	$41,000
Other (Describe)							

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

[signature] ERIC LEONARD Phone: 417-207-4051

Signature, Authorized Representative, Construction or Permanent Lender | **Printed Name** | Email: eleonard@legacybankandtrust.com

2/23/22

Date

Signature, Authorized Representative, | **Printed Name** | **Date**

If a revised form is submitted, date of submission:
2/22/2022

3:50 AM

15 Year Rental Housing Operating Pro Forma (All Programs)

MF-5/23/2022-3:25pm-sr

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

INCOME	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15
INCOME	$2,859,672	$2,916,865	$2,975,203	$3,034,707	$3,095,401	$3,417,573	$3,773,276
Secondary Income	$ 30,000	$ 30,600	$ 31,212	$ 31,836	$ 32,473	$ 35	changed further financial
POTENTIAL GROSS ANNUAL INCOME	$2,889,672	$2,947,465	$3,006,415	$3,066,543	$3,127,874	$3,453	document pages and was
Provision for Vacancy & Collection Loss	($216,725)	($221,060)	($225,481)	($229,991)	($234,591)	($259	allowed via administrative
Rental Concessions	$0						deficiency process
EFFECTIVE GROSS ANNUAL INCOME	$2,672,947	$2,726,406	$2,780,934	$2,836,552	$2,893,283	$3,194,419	$3,526,896
EXPENSES							
General & Administrative Expenses	$41,328	$42,568	$43,845	$45,160	$46,515	$53,924	$62,512
Management Fee	$ 133,647	$ 136,320	$ 139,046	$ 141,827	$ 144,664	$ 159,721	$ 176,344
Payroll, Payroll Tax & Employee Benefits	$ 227,328	$ 234,148	$ 241,172	$ 248,407	$ 255,860	$ 296,611	$ 343,854
Repairs & Maintenance	$ 94,416	$ 97,248	$ 100,166	$ 103,171	$ 106,266	$ 123,191	$ 142,813
Electric & Gas Utilities	$ 34,500	$ 35,535	$ 36,601	$ 37,699	$ 38,830	$ 45,015	$ 52,184
Water, Sewer & Trash Utilities	$ 152,500	$ 157,075	$ 161,787	$ 166,641	$ 171,640	$ 198,978	$ 230,670
Annual Property Insurance Premiums	$ 145,530	$ 149,896	$ 154,393	$ 159,025	$ 163,795	$ 189,884	$ 220,127
Property Tax	$ 152,334	$ 156,904	$ 161,611	$ 166,459	$ 171,453	$ 198,761	$ 230,419
Reserve for Replacements	$ 50,400	$ 51,912	$ 53,469	$ 55,073	$ 56,726	$ 65,761	$ 76,235
Other Expenses	$ 7,560	$ 7,787	$ 8,020	$ 8,261	$ 8,509	$ 9,864	$ 11,435
TOTAL ANNUAL EXPENSES	$1,039,543	$1,069,393	$1,100,111	$1,131,724	$1,164,258	$1,341,709	$1,546,593
NET OPERATING INCOME	$1,633,404	$1,657,013	$1,680,822	$1,704,828	$1,729,026	$1,852,709	$1,980,303
DEBT SERVICE							
First Deed of Trust Annual Loan Payment	$1,301,931	$1,301,931	$1,301,931	$1,301,931	$1,301,931	$1,301,931	$1,301,931
Second Deed of Trust Annual Loan Payment							
Third Deed of Trust Annual Loan Payment							
Other Annual Required Payment							
Other Annual Required Payment							
ANNUAL NET CASH FLOW	$331,473	$355,082	$378,891	$402,897	$427,095	$550,778	$678,372
CUMULATIVE NET CASH FLOW	$331,473	$686,554	$1,065,446	$1,468,343	$1,895,437	$4,340,119	$7,412,995
Debt Coverage Ratio	1.25	1.27	1.29	1.31	1.33	1.42	1.52
City of Dallas Soft Debt	$41,000	$41,000	$41,000	$41,000	$41,000	$41,000	$41,000
Other (Describe)							

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

Signature, Authorized Representative, Construction or Permanent Lender	Eric Leonard Printed Name	Phone:	417-753-4343
	5/20/2022 Date	Email:	eleonard@legacybankandtrust.com
Signature, Authorized Representative,	Printed Name		Date

If a revised form is submitted, date of submission: NO CHANGE FROM ORIGNAL SUBMISSION

5/20/2022 12:58 PM

Exhibit D – Lender Letter

Legacy Bank
AND TRUST

June 7, 2022

CSH Clear Lake Crossing, Ltd.
c/o Elleanor M.C. Fanning
GroundStone, LLC
25 Highland Park Village, Ste 100-313
Dallas, Texas 75205

Re: Clear Lake Crossing (TDHCA #22089) – Construction Period Interest

Dear Ellie,

As the construction lender, Legacy Bank is further confirming that in-lieu of requiring a construction period interest reserve, Legacy Bank will apply an additional spread and will utilize an underwritten interest rate fixed at closing that's 200 bps above today's interest rate for the purposes of calculating construction period interest. The underwritten interest rate to be used for purposes of determining construction period interest in-lieu of requiring an additional construction interest reserve shall be 5.75%.

Legacy is aware the Applicant budgeted $966,127 for construction period interest and $825,849 as the portion of the construction period interest that would be applicable to the Eligible Basis. The budget is consistent with Legacy Bank's initial underwriting and estimate of construction period interest based on the underwritten interest rate.

Legacy estimates the construction period interest on one year's fully drawn construction period loan funds to be up to $871,520 based on the underwritten interest rate of 5.75%.

Sincerely,

Eric Leonard
Executive Vice President

Exhibit E – New Term Sheet & Sources and Uses

June 7, 2022

CSH Clear Lake Crossing, Ltd.
c/o Elleanor M.C. Fanning
GroundStone, LLC
25 Highland Park Village, Ste 100-313
Dallas, Texas 75205

Dear Ellie,

This letter will serve to confirm Legacy Bank and Trust's ("Bank") interest in providing construction and permanent financing for the proposed project in Houston, Texas named Clear Lake Crossing ("Project"). The Project will utilize the Low-Income Housing Tax Credits program and require construction financing of $15,156,875 with a permanent mortgage of $4,497,000. The terms presented below are for discussion purposes and are indicative of a loan structure we would propose and are based on the information provided by you and our underwriting assumptions. Loan approval will be subject to final underwriting and standard due diligence by the Bank.

Terms:

Borrowers:	CSH Clear Lake Crossing, Ltd.
Credit Facility:	Loan A. Construction Loan of $15,156,875 (Fifteen Million One Hundred Fifty-Six Thousand Eight Hundred Seventy-Five Dollars). Loan B. Permanent Loan of $4,497,000 (Four Million Four Hundred Ninety-Seven Thousand Dollars).
Use of Proceeds:	Loan proceeds will be used exclusively for the construction of the Project in Houston, Texas.
Anticipated Closing Date:	Loan A. On or before June 1st, 2023 Loan B. On or before June 1st, 2023, with funding to occur at Conversion on or before June 1st, 2025 (December 1st, 2025, if available extension is utilized)
Term:	Loan A. 24-month construction period with an available 6-month extension, interest only due monthly. Loan B. 17 years (including 24-month construction period). Principal and interest due monthly following Conversion and funding based on a 40-year amortization.
Interest Rate:	Loan A. Prime Rate plus .50% fixed at Project closing (currently 3.75% plus 200 bps for an assumed underwriting fixed rate of 5.75%). Loan B. 10 Year UST plus 3.0% fixed at Project closing (assumed underwriting fixed rate of 4.75%).
Collateral:	Loan A. Assignment of capital contributions, syndication payments, and other tax credit related collateral as needed to be properly secured as well as a 1st Mortgage and Assignment of Rents on the Project. Loan B. 1st Mortgage and assignment of rents on the Project.

Origination Fee:	Loan A. 1.25% origination fee will be payable at closing plus .25% extension fee payable only if 6-month construction extension is required. Loan B. 1.0% origination fee will be payable at closing.
Guarantor(s):	Loan A. The Developer(s) and/or affiliates and owner(s) will provide unlimited guarantees of payment, completion, environmental and other indemnities until conversion. Loan B. non-recourse
Other Funding:	The Bank acknowledges other anticipated project financing to include the following: • Total tax credit equity of $16,109,418 • The City will provide an estimated $500 contribution in the form of a loan, grant, or reduced fee.
Expenses:	Borrower will pay all expenses associated with the Loan including, but not limited to; attorney's fee, lender's title insurance policy, appraisal, environmental report and survey.
Deposit Accounts:	The related deposit accounts for this project will be maintained at the Bank including: • Construction Account • Lease up Reserve • Replacement Reserve • Operating Reserve • Tax and Insurance Reserve

Conditions Precedent to Lending:

1) Award of federal Low-Income Housing Tax Credits by TDHCA
2) Approval of self-contained appraisal report stating Market Value of the project. The loan amount will be subject to a maximum 85% LTV based on a stabilized-restricted value plus the value of the credits (Loan A.) and maximum 85% LTV based on a stabilized-restricted value (Loan B.)
3) Approval of Phase I environmental report.
4) Approval of final plans and specifications
5) Satisfactory results of all legal due diligence, including lien, judgement and tax search, and other matters the Bank may request.
6) The Bank shall receive a valid and perfected priority lien and security interest in the Collateral and the Bank shall have received satisfactory evidence that there are no liens on the Collateral except as expressly permitted herein.
7) Loan B. A Debt Coverage Ratio that exceeds 1.15x

The attached 15-year pro-forma was prepared by CSH Clear Lake Crossing, Ltd. (Applicant) for Clear Lake Crossing to be located in Houston, Texas. The pro-forma is consistent with the unit rental rate assumptions, total operating expenses, net operating Income, and debt service coverage based on Legacy Bank and Trust's current underwriting parameters and consistent with the loan terms indicated in the term sheet and is preliminarily considered feasible, pending further diligence review. The debt service for each year maintains no less than a 1.15 debt coverage ratio.

Legacy Bank
AND TRUST

Additionally, we have preformed a preliminary review of the credit worthiness of CSH Clear Lake Crossing, Ltd. and its Principals. At this time, Legacy Bank and Trust has no reservations with the Development Owner or any of the principals. We anticipate no additional guarantor or financial strength will be needed to facilitate a loan to this borrower, other than those requirements disclosed herein.

Borrower agrees to indemnify and to hold harmless the Bank, and its officers, directors, and employees against all claims, expenses, damages, liabilities and expenses which may be incurred by or asserted against any such person in connection with or arising out of this letter and the transactions contemplated hereby, other than claims, damages, liability, and expenses resulting from such person's gross negligence or willful misconduct.

This letter is delivered to you with the understanding that neither it nor its substance shall be disclosed publicly or privately to any third person except those who are in a confidential relationship to you (such as your legal counsel and accountant), or where the same is required by law (including all applicable federal and state securities laws), which conditions Borrower and its agents agree to be bound by upon acceptance of this letter.

This Letter of Interest is intended to be a summary of the most important elements of the agreement to enter into a loan transaction with Borrower, and it is subject to all requirements and conditions contained in loan documentation proposed by the Bank in the course of closing the credit facility described herein. Not every provision that imposes duties, obligations, burdens or limitations on Borrower is contained herein, but shall be contained in the final Loan documentation satisfactory to the Bank.

This proposal supersedes all prior agreements and commitments, conversations and understandings relating to the subject matter hereof. Oral agreements or commitments to loan money, extend credit, or forbear from enforcing repayment of a debt, are not enforceable. The proposal contained herein is the complete and exclusive agreement between the borrower and the Bank. Any change in terms or conditions subsequent to this proposal must be in writing, signed by an officer of the Bank and acknowledged in writing by the borrower. Legacy Bank and Trust reserves the right to withdraw this availability if any of the terms and conditions stated herein is not fulfilled. Any loan originated by Legacy Bank would also be subject to the terms and conditions of Legacy Banks underwriting, review, due diligence and approval of transaction by Legacy Bank and its management.

Legacy Bank and Trust is a full-service community bank that is also a Certified Development Financial Institution (CDFI) which is a U.S. Treasury Department designation for community oriented financial institutions. Any further action from the Bank will require the award of the applied for project and tax credits by the necessary government agencies, as well as adherence to normal underwriting and due diligence procedures as determined by Legacy Bank and Trust. This letter and the proposed credit facility shall be governed by and constructed in accordance with Missouri law without regard to its conflict of law provisions.

If you should have any questions, please do not hesitate to contact me at (417) 753-4343.

Sincerely,

Eric Leonard
Executive Vice President

Accepted By:

Eleanor McFannie 6/7/22
Date

Schedule of Sources of Funds and Financing Narrative

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

Bond Financing for Tax Exempt Bond Developments (Include amount of bonds actually used, not bond reservation amount. Bonds do not add into total sources)

Bond Issuer	Funding Description	Construction Period Bonds		Permanent Period Bonds				
		Bond Amount		Bond Amount				
	Tax Exempt Bonds							
	Taxable Bonds							

the underwritten interest rate used by Lender and Applicant for underwriting purposes and calculating construction period interest

Financing Participants	Funding Description	Construction Period Loan/Equity Amount	Construction Period Interest Rate (%)	Lien Position	Permanent Period Loan/Equity Amount	Permanent Period Interest Rate (%)	Amort - ization	Term (Yrs)	Syndication Rate	Lien Position
Debt										
Legacy Bank and Trust	Construction Loan	$15,156,875	5.75%	1						
Legacy Bank and Trust	Permanent Loan				$ 4,497,000	4.75%	40	17		1
Third Party Equity										
Regions Bank	HTC $ 1,751,374	$ 3,221,884			$ 16,109,418				0.92	
Grant										
City of Houston	§11.9(d)(2)LPS Contribution	$ 500			$ 500					
Deferred Developer Fee										
CSH Clear Lake Crossing, Ltd.		$ 1,262,390								
Other										
	Direct Loan Match									
Items Funded after Const Period		$ 1,560,337			$ 595,068					
	Total Sources of Funds	$ 21,201,986			$ 21,201,986					
	Total Uses of Funds				$ 21,201,986					

INSTRUCTIONS: Describe the sources of funds that will finance Development. The description must include construction, permanent, and bridge loans, and all other types of funds to be used for development. The information must be consistent with all other documentation in this section. Provide sufficient detail to identify the source and explain the use (in terms of the timing and any specific uses) of each type of funds to be contributed. In addition, describe/explain replacement reserves. Finally, describe/explain operating items. If cash from operations, interest income, etc is being used as a source, provide a description of how those amounts are calculated. The narrative must include rents, operating subsidies, project based assistance, and all other sources of funds for operations. In the foregoing discussion of both development and operating funds, specify the status (dates and deadlines) for applications, approvals and closings, etc., associated with the commitments.

Describe the sources and uses of funds (specify the status (dates and deadlines) for applications, approvals and closings, etc., associated with the commitments). For Direct Loan or Tax-Exempt Bond Applications that contemplate an FHA-insured loan, this includes the anticipated date that FHA application will be submitted to HUD (if not already submitted).

Sources of funds: A Legacy Bank and Trust construction loan converting to permanent loan, equity from sale of LIHTC credits, and City of Houston providing $500 local contribution. Legacy Bank and Trust will provide a construction and permanent loan in the amounts and terms identified in the above table above. The applicant will submit the application for both perm and construction loans with an expected final approval and closing by June 2023. The equity will be provided by Regions Affordable Housing, LLC in the amount and price identified in the above table. There will also be a deferred developer fee in the amount identified in the above table which will be paid from operational cash flow once the project has placed in service. The Deferred Developer Fee is expected to be fully repayed within the 15 years from the placed in service date. A nonrepayable contribution from the City of Houston in an amount of $500 is included in the construction sources above.

No Change to the Financing Narrative

Describe the replacement reserves. Are there any existing reserve accounts that will transfer with the property? If so, describe what will be done with these funds.

The project is new construction and there are no existing reserves in place. The amount of required replacement reserves will be $250 per unit annually.

Describe the operating items (rents, operating subsidies, project based assistance, etc., and specify the status (dates and deadlines) for applications, approvals and closings, etc., associated with the commitments.

The project will not have any operating subsidies or project based rental assistance.

By signing below I acknowledge that the amounts and terms of all anticipated sources of funds as stated above are consistent with the assumptions of my institution as one of the providers of funds.

Signature, Authorized Representative, Construction or Permanent Lender	Printed Name	Date
	Eric Leonard	6/7/22

Telephone: 417-207-4051

Email address: eleonard@legacybankandtrust.com

If a revised form is submitted, date of submission:

8b

Pulled From the Agenda

8c

Pulled From the Agenda

8d

BOARD ACTION ITEM

MULTIFAMILY FINANCE DIVISION

JUNE 16, 2022

Presentation, discussion, and possible action on timely filed scoring appeal under the Department's Multifamily Program Rules for Butler Park Apartments (#22288)

RECOMMENDED ACTION

WHEREAS, the appeal relates to Competitive Housing Tax Credit (HTC) Application Butler Park Apartments, which was submitted to the Department by the Full Application Delivery Date;

WHEREAS, a scoring notice was issued for this Application after business hours on May 25, 2022, which included a reduction of one point related to the Cost of Development per Square Foot scoring item established in 10 TAC §11.9(e)(2);

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 Butler Park Apartments (22288) is hereby granted.

BACKGROUND

Butler Park Apartments (#22288) is a 2022 competitive 9% housing tax credit Application which proposes the new construction of 48 units in Andrews, Andrews County, which is competing in the Rural 12 subregion.

On May 25, 2022, after business hours, Department staff sent out a scoring notice for the Application, which noted a one point reduction from the score initially requested, because the voluntary Eligible Building Cost per square foot included in the application is not less than $82.67 per square foot in as required by 10 TAC §11.9(e)(2).

The Department received a timely filed appeal of the scoring reduction on June 2, 2022. The appeal contends that the issue results from a rounding error in the architectural drawings, and suggests that, when the three-bedroom units are rounded from 1,290.69 square feet to 1,291 square feet, the Application qualifies for this point. The Application initially listed these units at 1,290 square feet.

In accordance with 10 TAC §11.9(a), "There is no rounding of numbers in this section for any of the calculations in order to achieve the desired requirement or limitation, unless rounding is explicitly stated as allowed for that particular calculation or criteria." The Cost per Square Foot scoring item is calculated using the Application's Net Rentable Area. Neither this scoring item nor the definition of "Net Rentable Area" located at 10 TAC §11.1(d)(83) allow for rounding of these figures. Accordingly, the appeal was denied by the Executive Director.

Upon receipt of the denial, the Applicant further explained the matter to Department staff, and clarified that 1,290.69 is the exact square footage for the three-bedroom units that is reflected in the plans submitted with the Application, and was rounded to a whole number on the Application. However, when this precise square footage is used, the voluntary Eligible Building Cost per square foot is $82.65, which is sufficient to qualify for the requested points. The information necessary to arrive at this conclusion is present in the initial Application and the appeal.

If the Board grants the appeal, then the point will be reinstated to the Application. If the Board denies this appeal, then the Application will continue to be ineligible for the point in question. Because the Application is the highest scoring proposed development within the Rural 12 subregion by a comfortable margin, staff does not expect the Board's decision on this matter to affect the final outcome of the round.

Because the Application qualifies for the points in question when using the accurate square footage for the three-bedroom units, staff recommends the Board grant the appeal.

June 7, 2022

Writer's direct dial: 512-475-1676
Email: cody.campbell@tdhca.state.tx.us

Justin Zimmerman
jmzlandco@wilhoitproperties.com
Springfield, MO 65804

RE: APPEAL TO EXECUTIVE DIRECTOR FOR 2022 9% HOUSING TAX CREDIT APPLICATION #22288 BUTLER PARK APARTMENTS (DEVELOPMENT)

Mr. Zimmerman:

The Texas Department of Housing and Community Affairs (Department) received an Application for the development listed above to compete in the 2022 9% competitive Housing Tax Credit funding round. A scoring notice for the Application was issued after business hours on May 25, 2022, which noted a one point reduction from the score initially requested, because the voluntary Eligible Building Cost per square foot included in the application is not less than \$82.67 per square foot in accordance with 10 TAC §11.9(e)(2).

The Department received a timely filed appeal of the scoring reduction on June 2, 2022. The appeal contends that the issue results from a rounding error in the architectural drawings, and suggests that, when the three-bedroom units are rounded from 1,290.69 square feet to 1,291 square feet, the Application qualifies for this point.

Rounding is addressed in the Qualified Allocation Plan. In accordance with 10 TAC §11.9(a), "There is no rounding of numbers in this section for any of the calculations in order to achieve the desired requirement or limitation, unless rounding is explicitly stated as allowed for that particular calculation or criteria." The Cost per Square Foot scoring item is calculated using the Application's Net Rentable Area. Neither this scoring item nor the definition of "Net Rentable Area" located at 10 TAC §11.1(d)(83) allow for rounding of these figures. Accordingly, the appeal is denied.

The appeal requests that this matter be heard by the Department's Governing Board. This item will be presented to the Board for presentation, discussion, and possible action at the meeting to be held on June 16, 2022.

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

MULTIFAMILY FINANCE DIVISION
Housing Tax Credit Program - 2022 Application Round
Scoring Notice - Competitive Housing Tax Credit Application

Appeal Election Form

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

I am in receipt of my 2022 scoring notice and am filing a formal appeal to the Executive Director on or before not later than the seventh calendar day after the date of the scoring notice.

If my appeal is denied by the Executive Director:

- [x] I do wish to appeal to the Board of Directors and request that my application be added to the Department Board of Directors meeting agenda. My appeal documentation, which identifies my specific grounds for appeal, is attached. If no additional documentation is submitted, the appeal documention to the Executive Director will be utilized.
- [ ] I do not wish to appeal to the Board of Directors.

Application Number: 22288

Development Name: Butler Park Apartments

Signed ____________

Title Managing Member

Date 6/2/2022

Please email to Colin Nickells:
mailto:colin.nickells@tdhca.state.tx.us

Butler Park Apartments, LP
1329 East Lark Street
Springfield, MO 65804

June 2, 2022

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

RE: #22288 – Butler Park Apartments: Appeal of Scoring Notice

Dear Mr. Wilkinson:

We appreciate the opportunity to appeal staff's scoring notice sent last week in which a point was deducted for application #22288 (Butler Park Apartments). In accordance with 10 TAC §11.902, please let this letter serve as the Applicant's appeal. As previously indicated in our deficiency response on May 17, 2022, the architect had indicated to us square footages for the units that satisfied scoring criteria in 10 TAC §11.9(e)(2) (cost of development per square foot) of the Qualified Allocation Plan as we completed the Development Cost Schedule tab, which is where the point at issue exists. However, the architect mistakenly forgot to round up the one square foot for the 3-bedroom units in the drawings provided at the time of application submission. The 3-bedroom units, at 1,290.69 square feet each, should have been rounded up to 1,291 square feet each in the drawings.

We appreciate the limitations of the Deficiency Process as governed by 10 TAC §11.201(6) and would like to point out that the drawings that were provided through the deficiency process are the same drawings that existed at the time of application submission; the only difference being the accuracy of the measurements. Therefore, the drawings submitted through the deficiency process meet the requirements of 10 TAC §11.201(6)(A), which states that "A Deficiency response may not contain documentation that did not exist prior to submission of the pre- application or Full Application, as applicable." The deficiency response provided was merely a clarification and not the submission of new material. Similarly, nothing prohibited in 10 TAC §11.201(6)(B) is being requested by the Applicant through the submission of the deficiency response.

We respect the conclusion that staff came to last week in providing the Scoring Notice, but we believe that the clarifying documentation – provided in accordance with the limits of the Deficiency Process as governed by 10 TAC §11.201(6) – did not warrant a point reduction.

If you have any questions or would like further information, please do not hesitate to contact me at mforster@wilhoitproperties.com or by phone at 417-883-1632

Sincerely,

Melissa Forster

Melissa Forster
Representative of Butler Park Apartments, LP

8f

BOARD ACTION REQUEST

MULTIFAMILY FINANCE DIVISION

JUNE 16, 2022

Presentation, discussion, and possible action to issue a list of approved Applications for 2022 Housing Tax Credits (HTC) in accordance with Tex. Gov’t Code §2306.6724(e)

RECOMMENDED ACTION

WHEREAS, in accordance with Tex. Gov’t Code §2306.6724(e), the Board shall review the recommendations of Department staff regarding applications and shall issue a list of approved applications each year in accordance with the Qualified Allocation Plan (QAP) not later than June 30;

WHEREAS, not all applications on the approved list have completed the review process in accordance with the QAP, not all applicants’ appeal rights have concluded, and not all applications will ultimately receive an award of housing tax credits;

WHEREAS, the list, as orally revised to reflect the determinations by the Board of any appeals or other actions taken at this Board meeting of June 16, 2022, constitutes the complete list of approved applications that may therefore be eligible for commitments of allocations of housing tax credits in this competitive cycle; and

WHEREAS, a list reflecting such Board determinations at the meeting of June 16, 2022, will be issued not later than June 17, 2022;

NOW, therefore, it is hereby

RESOLVED, the attached list of active applications for the 2022 Competitive HTC application round, as orally modified to reflect actions taken at this Board meeting, is approved in accordance with Tex. Gov't Code §2306.6724(e), subject to meeting the requirements of the Qualified Allocation Plan (QAP) and associated applicable rules.

BACKGROUND

The Department’s Board is required by Tex. Gov't Code §2306.6724(e) to “review the recommendations of department staff regarding applications and shall issue a list of approved applications each year in accordance with the qualified allocation plan not later than June 30.” Moreover, as required by Tex. Gov't Code §2306.6724(f), the Board “shall issue final commitments for allocations of housing tax credits each year in accordance with the qualified allocation plan not later than July 31." At the Board meeting of July 28, 2022, the list presented to the Board will clearly identify those applications being recommended for a Commitment. One-hundred twenty-seven competitive (9%) HTC applications were submitted prior to the application deadline of March 31, 2022. Thirteen applications have been withdrawn, terminated, or not recommended for award by the Real Estate Analysis division as of June 8, 2022.

This is the "list of approved applications" required by Tex. Gov't Code §2306.6724(e). They are approved in the sense that they have not yet been identified as having any material deficiency or other defect that would cause them to be ineligible, or if such matters have been identified they are still within the period where such matters may be appealed. As provided by 10 TAC §11.6(3) of the QAP, Award Recommendation Methodology, the Department will not perform a detailed review of all applications; it reviews priority applications that are most likely to be competitive. Priority applications are identified based on self-score, a limited preliminary review, and other relevant factors, such as outcome of awards based on collapses. As staff continues the review process, applications remain subject to the identification of material and/or administrative deficiencies, revised scoring, and/or applications may be found to be ineligible or to involve ineligible applicants**.**

At this time, applications may remain subject to underwriting, completion of any remaining program review, and a previous participation review, including the opportunity to pursue the appeal process, where applicable. Further, the credit amount reflected on this list is the requested credit amount and may change to reflect a recommended credit amount and/or may have conditions placed on the award in July, if recommended for an award. Information about completed underwriting reviews may be found at the Real Estate Analysis webpage http://www.tdhca.state.tx.us/rea/reports-9-percent.htm. In addition to applications that may be removed from the list for issues of financial feasibility, applications may also be removed from the list of approved applications as determinations are made on appeals, as applications make determinations regarding the credit award limit of $3 million (in accordance with §11.4 of the QAP), or as the Board determines under operation of rule or law.

Staff recommends the Board approve the attached list of active applications for the 2022 competitive HTC application round, as orally modified to reflect Board determinations on any related actions taken at this meeting.

Texas Department of Housing and Community Affairs
2022 Competitive (9%) Housing Tax Credit (HTC) Program
Application Log

The application log is organized by region and subregion, except for the At-Risk and USDA Set-Asides. Applicants selecting the At-Risk/USDA Set-Asides are listed first and are organized by score rather than by region. Where scores indicate a tie between more than one application in a subregion or set-aside, no representation is made regarding how the applications would be ranked after applying the tie breaker factors in the Qualified Allocation Plan. Please note, the log includes the best possible score for each application as represented by the respective applicants. The following data was compiled using information submitted by each applicant and has not been reviewed by staff. **Additionally, the log is inclusive of requests for allocations of 2022 9% Supplemental Credits and Forward Commitments made in 2021**. The application log is presented for informational use only, and does not represent a conclusion or judgment by TDHCA, its staff or Board. Those reviewing the log are advised to use caution in reaching any definitive conclusions based on this information alone. Applicants are encouraged to review 10 TAC §11.1(b) concerning Due Diligence and Applicant Responsibility. Please note, the available credit amounts included in this log will be reduced based on awards of Supplemental Credits. Applicants that identify an error in the log should contact Colin Nickells at colin.nickells@tdhca.state.tx.us.

Construction Types:
NC=New Construction
Recon=Reconstruction
Rehab=Rehabilitation
AcR=Acquisition/Rehabilitation
Secondary Types:
AR=Adaptive Reuse
SS=Scattered Site
AdPh=Additional Phase

NOTE:
The following scoring categories are NOT included in the "Self Score Total" column:

§11.9(d)(1) - Local Government Support
§11.9(d)(4) - Quantifiable Community Participation (QCP)
§11.9(d)(5) - Community Support from State Representative
§11.9(d)(6) - Input from Community Organizations
§11.9(d)(7) - Community Revitalization Plan (CRP)

Version Date: June 8, 2022

Application Number	Development Name	Development Address	City	ZIP Code	County	Region	Urban/Rural	At-Risk	USDA	Nonprofit	Construction Type	Low-Income Units	Market Rate Units	Total Units	Target Population (SH = Supp. Hsg.)	HTC Request	Direct Loan	Applicant Contact Name	Second Contact Name	Census Tract(s)	Self Score Total	§11.9(d)(1)	§11.9(d)(4)	§11.9(d)(5)	§11.9(d)(6)	§11.9(d)(7)	Best Possible Score	Tie Breaker Rank	Notes
At-Risk Set-Aside																													
22311	Saw Grass Apartments	7075 Lamar Rd	Reno	75462	Lamar	4	Rural	X			AcR	24	0	24	General	$306,851		Josefina Garcia	Alyssa Carpenter	48277000402	132	17	4	8	4	0	165		Scoring Notice Sent 5/25
22078	Cobblestone Court	2101 Davis Lane	Austin	78745	Travis	7	urban	X			AcR	68	1	69	Elderly	$750,000		Tracey Fine	Eric Walker	48453001747	132	17	4	8	4	0	165		Scoring Notice Sent 5/25
22223	Harmony Oaks Villas	204 Schertz Parkway	Schertz	78154	Guadalupe	9	Urban	X		X	Recon	71	1	72	General	$1,643,709		Cristi LaJeunesse	Traci Williams	48187210705	132	17	4	8	4	0	165		
22315	Fox Run Apartments I and II	200 Tom Brown Parkway/125 Elders Dr	Hallsville/Tatum	75650/75(	Harrison/Rusk	4	Rural		X		AcR/SS	56	0	56	Elderly	$669,544		Josefina Garcia	Alyssa Carpenter	48203020605, 48	132	17	4	8	4	0	165		Scoring Notice Sent 5/25
22019	East Texas Apartments	757 Francis Loop	Garrison	75946	Nacogdoches	5	Rural		X		AcR	31	1	32	General	$360,946		Murray Calhoun	Jason Rabalais	48347950100	132	17	8	8	0	0	165		Scoring Notice Sent 5/25
22141	Twin Oak Village Apartments	1407 W Main St	Little River-Academ	76554	Bell	8	Rural		X		AcR	32	0	32	General	$387,707		Dennis Hoover	Joel Cortez	48027021400	132	17	4	8	4	0	165		Scoring Notice Sent 5/25
22313	Pinewood Valley Apartments	330 W Avenue A	Belton	76513	Bell	8	Urban		X		AcR	32	0	32	Elderly	$381,695		Josefina Garcia	Alyssa Carpenter	48027021601	132	17	4	8	4	0	165		
22314	Red Oak Grove Apartments I and II (I	511 N Robinson St	Big Sandy	75755	Upshur	4	Rural	X			AcR	24	0	24	Elderly	$270,453		Josefina Garcia	Alyssa Carpenter	48459950500	125	17	4	8	4	7	165		Scoring Notice Sent 5/25
22094	Tejas Cove Apartments	1900 Palm Village Blvd	Bay City	77414	Matagorda	6	rural	X			AcR	60	1	61	Elderly	$672,057		Tracey Fine	Eric Walker	48321730302	125	17	4	8	4	7	165		Scoring Notice Sent 5/25
22100	Oak Bluff Village	1513 Montezuma St	Columbus	78934	Colorado	6	Rural	X			AcR	38	1	39	Elderly	$479,298		Tracey Fine	Eric Walker	48089750500	125	17	4	8	4	7	165		Scoring Notice Sent 5/25
22060	Evening Star	11800 S. Glen Drive	Houston	77099	Harris	6	urban	X			AcR	61	1	62	Elderly	$660,000		Tracey Fine	Eric Walker	48201453403	125	17	8	8	0	7	165		Scoring Notice Sent 5/26
22273	Coral Hills	6363 Beverly Hill St.	Houston	77057	Harris	6	Urban	X			AcR	172	0	172	General	$1,642,427		Forrest Yarbrough	Alyssa Carpenter	48201432701	125	17	4	8	4	7	165		Scoring Notice Sent 5/26
22312	Azalea Trails	1300 Courtland Rd	Atlanta	75551	Cass	4	Rural		X		AcR	72	0	72	General	$901,132		Josefina Garcia	Alyssa Carpenter	48067950400	125	17	4	8	4	7	165		Scoring Notice Sent 5/25
22316	Dogwood Trails Apartments I and II	504 San Antonio St./402 Nutt Dr.	Marlin/Valley Mills	76661/76(	Falls/Bosque	8	Rural		X		AcR/SS	41	0	41	General	$520,375		Josefina Garcia	Alyssa Carpenter	48145000400, 48(	125	17	4	8	4	7	165		Scoring Notice Sent 5/25
22002	Thomas Square Apartments	551 SW Thomas Street	Burleson	76028	Johnson	3	Urban	X			AcR	39	1	40	Elderly	$512,000		Kimberly Black King	Deborah Welchel	48251130204	131	17	4	8	4	0	164		Scoring Notice Sent 5/25
22231	Woodcrest Apartments	2550 W 8th Street	Odessa	79763	Ector	12	urban	X			Recon	80	0	80	General	$1,644,969		Melissa Fisher	Bill Fisher	48135001100	131	17	4	8	4	0	164		
22120	Pecan Grove Apartments	905 Pecan Lane	Winona	75792	Smith	4	Rural		X		AcR	20	0	20	General	$220,058		Murray Calhoun	Jason Rabalais	48423001500	131	17	8	8	0	0	164		
22121	Ozona Seniors Apartments	1304 Old Hwy 290	Ozona	76943	Crockett	12	Rural		X		AcR	23	1	24	Elderly	$270,252		Murray Calhoun	Jason Rabalais	48105950100	124	17	8	8	0	7	164		
22322	SavannahPark of Crosbyton	1204 E. Hwy US-82	Crosbyton	79322	Crosby	1	Rural		X		AcR	24	0	24	General	$275,000		Shawn Smith	Corey Farmer	48107950100	126	17	4	8	4	0	159		
22270	The Ridge Apartments	901 Forest Hollow	Livingston	77351	Polk	5	Rural		X		Rehab	50	0	50	General	$753,667	X	Emanuel H. Glockzin	Betsy Brown	48373210500	123	17	4	8	2	0	154		
22950	Pathways at Chalmers Courts West	NWC of Chalmers Ave. and East 3rd St.	Austin	78702	Travis	7	Urban	X		X	Recon	140	16	156	General	$300,000		Suzanne Schwertner		48453000902	FKA 20202 Supp. Credits								
22951	Telephone Road Elderly	6000 Telephone Road	Houston	77087	Harris	6	Urban	X		X	AcR	39	1	40	Elderly	$291,150		James Williams		48201332600	FKA 21704/19077 Supp. Credits								
22050	Candlewood Village	101 Candlewood Drive	Frankston	75763	Anderson	4	Rural		X		AcR	24	0	24	Elderly	$295,366		Dennis Hoover	Kim Youngquist	48001950100	131	17	8	8	0	0	164		Terminated
22062	Country Villa Apartments	1015 Eli Garza	Freer	78357	Duval	10	Rural		X		AcR	32	0	32	General	$410,811		Dennis Hoover	Kim Youngquist	48131950200	131	17	8	8	0	0	164		Terminated

Estimated At-Risk Available ***$11,515,897*** ***Applications*** ***22*** ***Total HTCs Requested*** ***$14,619,467***

Application Number	Development Name	Development Address	City	ZIP Code	County	Region	Urban/Rural	At-Risk	USDA	Nonprofit	Construction Type	Low-Income Units	Market Rate Units	Total Units	Target Population (SH = Supp. Hsg.)	HTC Request	Direct Loan	Applicant Contact Name	Second Contact Name	Census Tract(s)	Self Score Total	§11.9(d)(1)	§11.9(d)(4)	§11.9(d)(5)	§11.9(d)(6)	§11.9(d)(7)	Best Possible Score	Tie Breaker Rank	Notes
	USDA Set-Aside	***$3,838,632***																											
Region 1/Rural																													
22172	Legacy Trails of Plainview	~1201 Andy Taylor Rd	Plainview	79072	Hale	1	Rural				NC	40	0	40	Elderly	$763,000	X	Kelly Garrett	Chaz Garrett	48189950600	134	17	4	8	4	0	167		
22162	Summer Village	Northwest corner of N Sumner St & W Som	Pampa	79065	Gray	1	Rural				NC	32	0	32	Elderly	$885,000		Brian Kimes	Jim Markel	48179950400	130	17	4	8	4	0	163		
22952	Westwind of Dumas	331 W. 16th Street	Dumas	79029	Moore	1	Rural				NC	56	8	64	General	$49,230		Kelly Garrett		48341950200	FKA 21717/20272 Supp. Credits								
Estimated Amount Available to Allocate		***$688,285***	***Applications***	***2***								***Total HTCs Requested***				***$1,697,230***													
Region 1/Urban																													
22153	Estacado Estates	Northwest corner of SW 58th Ave & S Wasl	Amarillo	79110	Randall	1	Urban				NC	46	0	46	Elderly	$913,000		Brian Kimes	Jim Markel	48381020800	139	17	4	8	4	0	172	1	Scoring Notice Sent 5/25
22160	Frontage Estates	2549 S Loop 289	Lubbock	79423	Lubbock	1	Urban				NC	68	0	68	Elderly	$1,221,884		Stacy Hastie	Theresa Frerker	48303002102	139	17	4	8	4	0	172	2	
22044	The Wheldon	NEQ of Avenue U and 86th Street	Lubbock	79423	Lubbock	1	Urban				NC	50	0	50	General	$1,340,350		CJ Lintner	Karla Burck	48303010506	136	17	4	8	4	0	169		
22069	Lantana Villas	SWC of Amarillo Blvd and Plum Creek Dr.	Amarillo	79124	Potter	1	Urban				NC	80	0	80	Elderly	$1,210,000		Clifton E. Phillips	Robert Colvard	48375013300	136	17	4	8	4	0	169		
22953	Metro Tower Lofts	1220 Broadway Street	Lubbock	79401	Lubbock	1	Urban				NC/AR	75	14	89	General	$159,954		Daniel Sailler		48303000700	FKA 19088 Supp. Credits								
Estimated Amount Available to Allocate		***$1,229,111***	***Applications***	***4***								***Total HTCs Requested***				***$4,845,188***													
Region 2/Rural																													
22220	Burkburnett Royal Gardens	~350 DW Taylor (South of 109 W Williams I	Burkburnett	76354	Wichita	2	Rural				NC	68	12	80	General	$900,000	X	Noor Jooma	Lora Myrick	48485013501	128	17	4	8	4	0	161		Scoring Notice Sent 6/1
22327	Abbington at Gordon Lake	1225 N. Pacific Ave	Iowa Park	76367	Wichita	2	Rural				NC	48	0	48	Elderly	$900,000		Breck Kean	Eric Buffenbarger	48485013600	122	17	0	8	4	0	151		
22954	Vernon Pioneer Crossing	1916 Stadium Drive	Vernon	76384	Wilbarger	2	Rural				NC	58	6	64	Elderly	$44,369		Noor Jooma		48487950600	FKA 21716/20212 Supp. Credits								
Estimated Amount Available to Allocate		***$600,000***	***Applications***	***2***								***Total HTCs Requested***				***$1,844,369***													
Region 2/Urban																													
22025	Wichita Falls Lofts	3014 Seymour Road	Wichita Falls	76309	Wichita	2	Urban				NC	43	3	46	General	$900,000		Daniel Sailler	Sallie Burchett	48485010900	124	17	4	8	4	0	157		Scoring Notice Sent 6/1
22282	Pioneer Crossing	~3110 Central Freeway	Wichita Falls	76306	Wichita	2	Urban				NC	68	12	80	General	$900,000		Noor Jooma	Bivek Dahal	48485013100	121	0	4	0	4	0	129		
22955	The Trails of Abilene	733 ES 27th St.	Abilene	79602	Taylor	2	Urban				NC	40	8	48	General	$57,640		Adrian Iglesias		48441012000	FKA 20306 Supp. Credits								
22956	Heritage Heights at Abilene	2401 S. 25th Street	Abilene	79605	Taylor	2	Urban				NC	42	6	48	Elderly	$42,000		Adrian Iglesias		48441012300	FKA 19216 Supp. Credits								
Estimated Amount Available to Allocate		***$600,000***	***Applications***	***2***								***Total HTCs Requested***				***$1,899,640***													
Region 3/Rural																													
22269	Retirement Living for Seniors	W Lingleville Road	Stephenville	76401	Erath	3	Rural				NC	42	6	48	Elderly	$900,000	X	Emanuel H. Glockzin	Betsy Brown	48143950202	133	17	4	8	4	0	166		Scoring Notice Sent 6/6
22957	Ennis Trails	SEQ Dolfie Lane and Sonoma Trails	Ennis	75119	Ellis	3	Rural				NC	48	24	72	General	$40,000		Michael Fogel		48139061700	FKA 20211 Supp. Credits								
22958	Lakeridge Villas	2500 W. Ennis Ave.	Ennis	75119	Ellis	3	Rural				NC	40	8	48	Elderly	$43,054		Ryan Hudspeth		48139061400	FKA 19214 Supp. Credits								
22959	Lakewood Crossing	300 S Park	Granbury	76048	Hood	3	Rural				NC	34	14	48	General	$43,050		Justin Zimmerman		48221160100	FKA 19189 Supp. Credits								
Estimated Amount Available to Allocate		***$600,000***	***Applications***	***1***								***Total HTCs Requested***				***$1,026,104***													
Region 3/Urban																													
22285	Jaipur Lofts	Lots around Annex Avenue and Cabell Driv	Dallas	75204	Dallas	3	Urban				NC	71	0	71	General	$1,690,200		Megan Lasch	Alyssa Carpenter	48113000800	139	17	4	8	4	0	172	1	Scoring Notice Sent 6/2
22218	Heritage Estates at Edmonds	1727 S. Edmonds Ln.	Lewisville	75067	Denton	3	Urban				NC	48	0	48	Elderly	$1,234,562		Charles Heritage	Adrian Iglesias	48121021740	139	17	4	8	4	0	172	2	Scoring Notice Sent 5/25
22110	Cypress Creek Apartment Homes at	3.499 +/- Acres Near the NWC of Spring Val	Dallas	75254	Dallas	3	Urban				NC	116	52	168	General	$2,000,000		Jessica Krochtengel	Donald Sampley	48113013624	139	17	4	8	4	0	172	3	Scoring Notice Sent 6/1
22302	Gray Park Villas	2205 Pecandale Drive	Arlington	76013	Tarrant	3	Urban				NC	103	29	132	General	$2,000,000		Tekevwe Okobiah	Amara Oji	48439122500	139	17	4	8	4	0	172	4	
22106	Mariposa Apartment Homes at Planc	7+/- Acres at the Northwest Corner of Plan	Plano	75093	Collin	3	Urban				NC	125	75	200	Elderly	$2,000,000		Stuart Shaw	Casey Bump	48085031649	139	17	4	8	4	0	172	5	
22278	Lydle Ridge	SEC W Arkansas Ln and Little Rd	Arlington	76016	Tarrant	3	Urban				NC	52	7	59	Elderly	$1,212,300		Megan Lasch	Alyssa Carpenter	48439111529	139	17	4	8	4	0	172	6	
22297	Lapiz Flats	NEC IH 30 and Duncan Perry Rd	Grand Prairie	75050	Tarrant	3	Urban				NC	63	6	69	Elderly	$1,366,000		Lisa Stephens	Alyssa Carpenter	48439113001	139	17	4	8	4	0	172	7	

Application Number	Development Name	Development Address	City	ZIP Code	County	Region	Urban/Rural	At-Risk	USDA	Nonprofit	Construction Type	Low-Income Units	Market Rate Units	Total Units	Target Population (SH = Supp. Hsg.)	HTC Request	Direct Loan	Applicant Contact Name	Second Contact Name	Census Tract(s)	Self Score Total	§11.9(d)(1)	§11.9(d)(4)	§11.9(d)(5)	§11.9(d)(6)	§11.9(d)(7)	Best Possible Score	Tie Breaker Rank	Notes
22250	Juniper Apartments	Appox. 6512 Jupiter Rd	Plano	75074	Collin	3	Urban				NC	64	16	80	General	$1,500,000		Manish Verma	Janice Degollado	48085031409	139	17	4	8	4	0	172	8	
22257	The Reserves at Magnolia	NWQ Willowwood St and Bernard St	Denton	76205	Denton	3	Urban				NC	54	6	60	General	$1,313,203	X	Matthew Gillam	Alyssa Carpenter	48121021000	132	17	4	8	4	7	172	9	Scoring Notice Sent 5/26
22251	Gala at Ridgmar	NEC Plaza Pkwy and Lands End Blvd	Fort Worth	76116	Tarrant	3	Urban				NC	77	14	91	Elderly	$1,597,937		Jordan Snyder	Alyssa Carpenter	48439123000	138	17	4	8	4	0	171	1	
22234	Westview Heights at Denton	NWC IH 35 and FM 1173	Denton	76207	Denton	3	Urban				NC	110	22	132	General	$2,000,000		Adrian Iglesias	Chris Applequist	48121020401	138	17	4	8	4	0	171	2	
22199	Torrington Fallmeadow	NEQ of Fallmeadow Street and Gardenview	Denton	76207	Denton	3	Urban				NC	125	45	170	General	$2,000,000		Payton Mayes	Ryan Combs	48121020401	138	17	4	8	4	0	171	3	
22175	Patriot Pointe at Markville	9222 Markville Dr.	Dallas	75243	Dallas	3	Urban				NC	103	28	131	General	$2,000,000		Robert Long	Daniel Winters	48113007810	138	17	4	8	4	0	171	4	Scoring Notice Sent 5/25
22059	McKinney Virginia Parkway	NEQ of Virginia Parkway W and Carlisle Stre	McKinney	75071	Collin	3	Urban				NC	102	18	120	General	$1,874,036		Tom Huth	Sara Reidy	48085030603	138	17	4	8	4	0	171	5	
22263	The Legacy in Denton Apartments	4298 E McKinney Avenue	Denton	76208	Denton	3	Urban				NC	120	0	120	General	$2,000,000		Melissa Fisher	Jack Traeger	48121021405	138	17	4	8	4	0	171	6	
22015	Rodeo Lofts	901 East US 80	Mesquite	75149	Dallas	3	Urban				NC	96	0	96	General	$1,750,000		Brian McGeady	Justin Gregory	48113017814	138	17	4	8	4	0	171	7	
22306	Sherry Apartments (aka Sherry Point	NEQ E Arkansas Ln and Sherry St	Arlington	76010	Tarrant	3	Urban				NC	86	10	96	General	$1,850,000		Deepak P. Sulakhe	Jeannie Brasic	48439121905	131	17	4	8	4	7	171	8	
22291	The Zeisel	NWC Lindsey St. and Bernard St.	Denton	76201	Denton	3	Urban				NC	64	14	78	General	$1,536,500		Lisa Stephens	Alyssa Carpenter	48121021000	132	17	4	8	4	0	165		
22258	The Reserves at Monarch	1400 Teasley Ln.	Denton	76205	Denton	3	Urban				NC	61	7	68	General	$1,328,731	X	Matthew Gillam	Alyssa Carpenter	48121021301	132	17	4	8	4	0	165		Scoring Notice Sent 6/1
22960	The Park Tower	1209 Jacksboro Highway	Fort Worth	76114	Tarrant	3	Urban				NC	78	12	90	General	$204,796		Val DeLeon		48439100800	FKA 21705/20018 Supp. Credits								
22961	Kestrel on Cooper	2017-2025 S. Cooper St.	Arlington	76010	Tarrant	3	Urban				NC	76	14	90	General	$65,000		Megan Lasch		48439122801	FKA 20147 Supp. Credits								
22962	Hammack Creek Apts	NEQ Kennedale Sublett Rd. and Kennedale	Kennedale	76060	Tarrant	3	Urban				NC	86	21	107	General	$156,500		Deepak P. Sulakhe		48439111404	FKA 19315 Supp. Credits								
22047	Residences at Parkview	NEC Sanders Rd & Country Club Rd (FM 183	Denton	76210	Denton	3	Urban				NC	60	0	60	General	$1,500,000		Robby Block	Christian Garcia	48121021304	128	17	4	8	4	0	161		Withdrawn
22021	Malcolm's Point Scholar House Apts	3015 Al Lipscomb Way	Dallas	75215	Dallas	3	Urban			X	NC	68	12	80	Supportive H	$1,659,792		Scott Puffer	Richard Sciortino	48113020300	133	17	4	8	4	7	173		Withdrawn

Estimated Amount Available to Allocate ***$15,203,437*** ***Applications*** ***21*** ***Total HTCs Requested*** ***$35,839,557***

Elderly Max ***$6,323,109***

Region 4/Rural

Application Number	Development Name	Development Address	City	ZIP Code	County	Region	Urban/Rural	At-Risk	USDA	Nonprofit	Construction Type	Low-Income Units	Market Rate Units	Total Units	Target Population (SH = Supp. Hsg.)	HTC Request	Direct Loan	Applicant Contact Name	Second Contact Name	Census Tract(s)	Self Score Total	§11.9(d)(1)	§11.9(d)(4)	§11.9(d)(5)	§11.9(d)(6)	§11.9(d)(7)	Best Possible Score	Tie Breaker Rank	Notes
22222	Paris View Apartments	4330 Pine Mill Rd	Paris	75462	Lamar	4	Rural				NC	56	0	56	General	$1,102,823	X	Justin Zimmerman	Melissa Forster	48277000402	137	17	4	8	4	0	170		
22017	Reserve at Choctaw Street	1317 E Ferguson Road	Mount Pleasant	75455	Titus	4	Rural				NC	72	0	72	General	$1,358,557		Brian McGeady	Justin Gregory	48449950800	136	17	4	8	4	0	169		
22268	Mt. Pleasant Senior	Tennison Road	Mount Pleasant	75455	Titus	4	Rural				NC	48	0	48	Elderly	$966,427	X	Emanuel H. Glockzin	Betsy Brown	48449950800	136	17	4	8	4	0	169		
22963	Abbington Park	321 S. Standish Street	Henderson	75654	Rusk	4	Rural				NC	58	6	64	Elderly	$63,307		Breck Kean		48401950800	FKA 20262 Supp. Credits								
22964	Reserve at Sulphur Springs	NWC of League Street and Bell Street	Sulphur Springs	75482	Hopkins	4	Rural				NC	72	0	72	Elderly	$93,000		Brian McGeady		48223950402	FKA 20016 Supp. Credits								
22965	Tool Cedar Trails	NEQ N Tool Dr. and Oak Cir.	Tool	75143	Henderson	4	Rural				NC	48	0	48	Elderly	$66,657		Michael Fogel		48213950800	FKA 19236 Supp. Credits								
22219	Celebration Paris	4415 Lamar Ave.	Paris	75462	Lamar	4	Rural				NC	76	0	76	Elderly	$1,358,557		Alan Naul	Kevin Eden	48277000402	137	17	4	8	4	0	170		Termination Pending

Estimated Amount Available to Allocate ***$1,366,643*** ***Applications*** ***4*** ***Total HTCs Requested*** ***$5,009,328***

Application Number	Development Name	Development Address	City	ZIP Code	County	Region	Urban/Rural	At-Risk	USDA	Nonprofit	Construction Type	Low-Income Units	Market Rate Units	Total Units	Target Population (SH = Supp. Hsg.)	HTC Request	Direct Loan	Applicant Contact Name	Second Contact Name	Census Tract(s)	Self Score Total	§11.9(d)(1)	§11.9(d)(4)	§11.9(d)(5)	§11.9(d)(6)	§11.9(d)(7)	Best Possible Score	Tie Breaker Rank	Notes
Region 4/Urban																													
22228	Celebration Tyler	NE corner of County Road 164 and Cumber	Tyler	75703	Smith	4	Urban				NC	74	0	74	Elderly	$1,575,000		Brian Kimes	Jim Markel	48423001905	134	17	4	8	4	0	167		Scoring Notice Sent 5/25
22014	Reserve at Grande	1223 Grande Boulevard	Tyler	75703	Smith	4	Urban				NC	72	0	72	Elderly	$1,320,562		Brian McGeady	Justin Gregory	48423002006	138	0	4	8	4	0	154		
22966	Rosewood Senior Villas	2929 Calloway Road	Tyler	75707	Smith	4	Urban				NC	86	6	92	Elderly	$86,428		Kent Hance		48423001803	FKA 19225 Supp. Credits								
	Estimated Amount Available to Allocate	***$1,328,409***	***Applications***	***2***								***Total HTCs Requested***				***$2,981,990***													
Region 5/Rural																													
22967	The Villas at Pine Grove	2602 S John Redditt Drive	Lufkin	75904	Angelina	5	Rural				NC	60	8	68	Elderly	$153,500		Rick J. Deyoe		48005000902	FKA 19364 Supp. Credits								
	Estimated Amount Available to Allocate	***$1,024,013***	***Applications***	***0***								***Total HTCs Requested***				***$153,500***													
Region 5/Urban																													
22331	Pinehurst Villas	4066 W Park Ave	Pinehurst	77630	Orange	5	Urban				NC	60	0	60	Elderly	$1,048,571	X	Vaughn C. Zimmerm	Jeff Beckler	48361020800	128	17	4	8	4	0	161		
22329	Abiding Grace	Northeast Quadrant of Cardinal Dr. and Far	Beaumont	77705	Jefferson	5	Urban				NC	84	0	84	General	$1,375,126		Miranda Sprague	Tamea Dula	48245002200	83	17	4	8	4	7	123		
	Estimated Amount Available to Allocate	***$922,063***	***Applications***	***2***								***Total HTCs Requested***				***$2,423,697***													
Region 6/Rural																													
22208	FishPond at Walker	approx. 935 Hwy 190 E	Huntsville	77340	Walker	6	Rural				NC	48	0	48	Elderly	$900,000		David Fournier	Lisa Vecchietti	48471790103	135	17	4	8	4	0	168		Scoring Notice Sent 5/25
22116	Amber Ridge Apartments	Woodway Dr. and Hwy 288	Angleton	77515	Brazoria	6	Rural				NC	48	0	48	General	$853,293		Justin Zimmerman	Melissa Forster	48039662100	133	17	4	8	4	0	166		
	Estimated Amount Available to Allocate	***$600,000***	***Applications***	***2***								***Total HTCs Requested***				***$1,753,293***													
Region 6/Urban																													
22139	Hartwood at Clarblak	4014-4015 Clarblak	Houston	77080	Harris	6	Urban				NC	112	13	125	General	$2,000,000		Nathan Kelley	Jela Paul	48201522000	139	17	4	8	4	0	172		Scoring Notice Sent 6/6
22193	Oak Avenue Lofts	810 Oak Avenue	Houston	77018	Harris	6	Urban				NC	81	0	81	General	$2,000,000		Donna Rickenbacker	James Goodwille	48201530900	139	17	4	8	4	0	172		Scoring Notice Sent 5/25
22295	The Warehouse Lofts at 707 (fka We	707-717 Walnut Street	Houston	77002	Harris	6	Urban				NC	84	0	84	General	$1,114,918		Patricia Murchison	Craig Taylor	48201210100	139	17	4	8	4	0	172		Scoring Notice Sent 5/25
22023	Kirkwood Crossing Apartments	12000 Bissonnet Street	Houston	77099	Harris	6	Urban				NC	114	24	138	General	$2,000,000		Jessica Mullins	Alex Waterbury	48201453601	132	17	4	8	4	7	172		Scoring Notice Sent 5/25
22090	Lofts at Hartsook	10426 Hartsook Street	Houston	77034	Harris	6	Urban			X	NC	96	0	96	General	$2,000,000		Russ Michaels	Matt Higgins	48201321000	138	17	4	8	4	0	171	1	Scoring Notice Sent 6/1
22012	The Cypress Senior Homes	2823 Barker Cypress Rd	Houston	77084	Harris	6	Urban				NC	100	12	112	Elderly	$2,000,000		Jacob Monty	Shiree Sanchez	48201541900	138	17	4	8	4	0	171	2	
22091	Oak Lofts Crossing	SWC of S. Kirkwood and Techniplex Drive	Stafford	77477	Fort Bend	6	Urban			X	NC	60	0	60	Elderly	$1,346,456		JOT Couch	Matt Higgins	48157671800	138	17	4	8	4	0	171	3	
22018	Cole Creek Estates	Approx 6850 Gessner Road	Houston	77040	Harris	6	Urban				NC	102	6	108	General	$1,915,121		Ryan Hettig	Barry Kahn	48201534203	138	17	4	8	4	0	171	4	
22254	Landmark 301	301 1st St.	Conroe	77301	Montgomery	6	Urban				NC	48	0	48	Elderly	$1,062,082		Matthew Gillam	Alyssa Carpenter	48339693101	131	17	4	8	4	7	171	5	Scoring Notice Sent 6/1
22053	Houston at Ella Boulevard	SEQ Rushcreek Drive and Ella Boulevard	Houston	77067	Harris	6	Urban				NC	115	31	146	General	$2,000,000		Cody J. Hunt	Sara Reidy	48201550200	131	17	4	8	4	7	171	6	
22244	Fairways at Westwood	9745 Bissonnet Street	Houston	77036	Harris	6	Urban				NC	108	0	108	General	$2,000,000		Laolu Yemitan	Zach Cavender	48201433600	131	17	4	8	4	7	171	7	
22056	New Hope Housing Hansen	9150 Gulf Freeway	Houston	77017	Harris	6	Urban			X	NC	160	0	160	General	$2,000,000		Emily Abeln	Ron Lastimosa	48201333202	131	17	4	8	4	7	171	8	
22114	Las Brisas Redevelopment	4500 and 4428 N. Main Street	Houston	77009	Harris	6	Urban			X	NC	107	88	195	General	$2,000,000		Aaron Campbell	Laura Grace	48201511600	137	17	8	8	0	0	170		Scoring Notice Sent 6/6
22221	West Fork Place	West side of Kingwood Place Drive, extensi	Houston	77339	Montgomery	6	Urban				NC	112	6	118	Elderly	$2,000,000		Zachary Cavender	Taylor Pate	48339692300	137	17	4	8	4	0	170		
22185	Casa de Magnolia	7501 Harrisburg Blvd	Houston	77012	Harris	6	Urban				NC	98	30	128	Elderly	$1,826,269		Gary Lacey	Juana Granados	48201311100	128	17	0	8	4	7	164		
22968	New Hope Housing Savoy	6315 Savoy Drive	Houston	77036	Harris	6	Urban			X	NC	120	0	120	Supp Hsg	$103,030		Emily Abeln		48201432801	FKA 21707/20075 Supp. Credits								
22969	Canal Lofts	5601 Canal Street	Houston	77011	Harris	6	Urban				NC	100	50	150	General	$105,000		Nathan Kelley		48201310500	FKA 20011 Supp. Credits								
22970	Heritage Senior Residences	1120 Moy Street	Houston	77007	Harris	6	Urban				NC	94	41	135	Elderly	$100,612		Carine Yhap		48201510600	FKA 21714/20204 Supp. Credits								
22971	Ella Grand	2077 S Gessner Rd.	Houston	77063	Harris	6	Urban				NC	115	30	145	Elderly	$225,000		Janine Sisak		48201431101	FKA 21715/20205 Supp. Credits								
22972	900 Winston	900 Winston	Houston	77009	Harris	6	Urban				NC	102	12	114	Elderly	$105,000		Amay Inamdar		48201511400	FKA 19074 Supp. Credits								
22973	Gala at MacGregor	Approx 102 Carson Ct.	Houston	77004	Harris	6	Urban				NC	75	10	85	Elderly	$218,964		Amy Dosen		48201312600	FKA 19085 Supp. Credits								
22089	Clear Lake Crossing	17300 Saturn Lane	Houston	77058	Harris	6	Urban				NC	86	4	90	Elderly	$1,751,374		Eleanor M.C. Fanning	Matt Higgins	48201341302	139	17	4	8	4	0	172		UW - Do Not Recommend
22182	Providence at Tamina Road	9058 Tamina Rd	Shenandoah	77385	Montgomery	6	Urban				NC	75	26	101	Elderly	$1,624,873		Miranda Sprague	Tamea Dula	48339691800	138	8.5	4	8	4	0	162.5		Withdrawn

Application Number	Development Name	Development Address	City	ZIP Code	County	Region	Urban/Rural	At-Risk	USDA	Nonprofit	Construction Type	Low-Income Units	Market Rate Units	Total Units	Target Population (SH = Supp. Hsg.)	HTC Request	Direct Loan	Applicant Contact Name	Second Contact Name	Census Tract(s)	Self Score Total	§11.9(d)(1)	§11.9(d)(4)	§11.9(d)(5)	§11.9(d)(6)	§11.9(d)(7)	Best Possible Score	Tie Breaker Rank	Notes
Estimated Amount Available to Allocate		***$16,025,144***	***Applications***	***17***								***Total HTCs Requested***				***$31,498,699***													
	Elderly Max	***$6,234,192***																											
Region 7/Rural																													
22224	Serene Falls	approx. 1346 US 281	Marble Falls	78654	Burnet	7	Rural				NC	73	5	78	Elderly	$900,000	X	Derek DeHay	Mark Mayfield	48053960800	133	17	4	8	4	0	166		Scoring Notice Sent 6/1
22325	Washington Park	1500 Farm Street	Bastrop	78602	Bastrop	7	Rural				NC	36	0	36	General	$900,000		Jacob Mooney	Sarah Andre	48021950400	102	17	4	8	4	0	135		
22974	La Grange Springs	NEC of Hwy 77 and CR 2145	La Grange	78945	Fayette	7	Rural				NC	120	27	147	General	$79,482		Butch Richardson		48149970200	FKA 20273 Supp. Credits								
Estimated Amount Available to Allocate		***$600,000***	***Applications***	***2***								***Total HTCs Requested***				***$1,879,482***													
Region 7/Urban																													
22274	Cady Lofts	NWQ E 39th St and N IH 35	Austin	78751	Travis	7	Urban			X	NC	100	0	100	Supportive H	$1,647,957		Sally Gaskin	Alyssa Carpenter	48453000302	134	17	4	8	4	7	174		Scoring Notice Sent 5/25
22000	The Lancaster	5111-5115 Lancaster Court	Austin	78723	Travis	7	Urban			X	NC	60	0	60	Supportive H	$1,123,728	X	Julia Spann	Conor Kenny	48453002105	133	17	4	8	4	7	173		
22135	Red Oaks	1100 Block of Ranch Road 620 and El Salido	Austin	78750	Williamson	7	Urban				NC	70	0	70	General	$1,600,000		Matthew Rieger	Valentin DeLeon	48491020404	138	17	4	8	4	0	171		
22007	Anderson Creek	Approx. 1701 East Anderson Lane	Austin	78752	Travis	7	Urban				NC	89	0	89	General	$1,878,093		Christopher Shear	Ana Padilla	48453001811	131	17	4	8	4	7	171		
22975	Arbor Park	6306 McNeil Drive	Austin	78729	Travis	7	Urban				NC	120	27	147	Elderly	$225,000		Janine Sisak		48453001785	FKA 21713/20192 Supp. Credits								
21063	Parker Apartments	2105 Parker Lane	Austin	78741	Travis	7	Urban			X	NC	135	0	135	General	$1,500,000		Walter Moreau		48453002315	2022 Fwd. Commitment								
Estimated Amount Available to Allocate		***$4,110,268***	***Applications***	***4***								***Total HTCs Requested***				***$7,974,778***													
	Elderly Max	***$1,568,067***																											
Region 8/Rural																													
22976	Franklin Trails	S side of W. Decherd St., W of Hearne St.	Franklin	77859	Robertson	8	Rural				NC	38	0	38	Elderly	$40,550		Michael Fogel		48395960300	FKA 19238 Supp. Credits								
22330	Piedmont Apartments	1512 Piedmont	Navasota	77868	Grimes	8	Rural				NC	42	6	48	General	$977,537	X	Emanuel H. Glockzin	Betsy Brown	48185180200	116	0	0	0	0	0	116		Terminated
Estimated Amount Available to Allocate		***$662,476***	***Applications***	***1***								***Total HTCs Requested***				***$1,018,087***													
Region 8/Urban																													
22038	Avanti Legacy Parkview	SWC of N. WS Young Dr and Atkinson Ave	Killeen	76541	Bell	8	Urban				NC	100	8	108	Elderly	$2,000,000		Enrique Flores	Michael Tamez	48027022200	132	17	4	8	4	7	172	1	
22037	Avanti Legacy North Oaks	1001 & 1003 Medical Drive	Killeen	76543	Bell	8	Urban				NC	66	0	66	Elderly	$1,585,443		Enrique Flores	Michael Tamez	48027022101	139	17	4	8	4	0	172	2	
22287	Hueco Residences	Approx. 2600 Lake Shore Drive	Waco	76708	McLennan	8	Urban				NC	75	13	88	General	$1,739,000		Tim Lang	Cliff Snyder	48309003000	139	17	4	8	4	0	172	3	
22087	Ridge Lofts at Skylark	W of Dogwood Blvd and S of Beechwood La	Killeen	76543	Bell	8	Urban				NC	93	4	97	Elderly	$1,900,000		Jervon Harris	Matt Higgins	48027022300	132	17	4	8	4	7	172	3	
22057	Waco South New Road	3200 South New Road	Waco	76706	McLennan	8	Urban				NC	106	28	134	General	$1,918,194		Cody J. Hunt	Sara Reidy	48309002100	138	17	4	8	4	0	171		
22082	East Avenue Crossing	3318 East Rancier Avenue	Killeen	76543	Bell	8	Urban				NC	96	0	96	General	$2,000,000		Jervon Harris	Matt Higgins	48027022200	132	17	4	0	4	7	164		Scoring Notice Sent 6/1
22276	The Venetian Villas	NWC Old Florence Road at Elms Road	Killeen	76542	Bell	8	Urban				NC	92	4	96	Elderly	$1,810,609		Rick J. Deyoe	Alma Cobb	48027023107	126	17	4	8	4	0	159		Terminated
Estimated Amount Available to Allocate		***$2,308,007***	***Applications***	***7***								***Total HTCs Requested***				***$12,953,246***													
Region 9/Rural																													
22159	Riverview Manor	1600 Junction Highway	Kerrville	78028	Kerr	9	Rural				NC	36	0	36	Elderly	$900,000		Stacy Hastie	Theresa Frerker	48265960200	115	17	4	8	4	0	148		Scoring Notice Sent 6/1
22977	Residence at Ridgehill	160-170 Lehmann Dr	Kerrville	78020	Kerr	9	Rural				NC	43	17	60	Elderly	$62,809		April Engstrom		48265960402	FKA 20186 Supp. Credits								
Estimated Amount Available to Allocate		***$600,000***	***Applications***	***1***								***Total HTCs Requested***				***$962,809***													
Region 9/Urban																													
22195	Vista at Silver Oaks	SWC of Silver Oaks and Brazil Dr and SEC of	San Antonio	78213	Bexar	9	Urban				NC	76	0	76	General	$2,000,000		Dan Wilson	Carine Yhap	48029191409	132	17	4	8	4	7	172	1	
22008	Cloudhaven Apartments	127 Rainbow Drive	San Antonio	78209	Bexar	9	Urban			X	NC	65	0	65	General	$2,000,000		Jason Arechiga	Max Whipple	48029120600	139	17	4	8	4	0	172	2	Scoring Notice Sent 6/1

Application Number	Development Name	Development Address	City	ZIP Code	County	Region	Urban/Rural	At-Risk	USDA	Nonprofit	Construction Type	Low-Income Units	Market Rate Units	Total Units	Target Population (SH = Supp. Hsg.)	HTC Request	Direct Loan	Applicant Contact Name	Second Contact Name	Census Tract(s)	Self Score Total	§11.9(d)(1)	§11.9(d)(4)	§11.9(d)(5)	§11.9(d)(6)	§11.9(d)(7)	Best Possible Score	Tie Breaker Rank	Notes
22063	Vista at Thousand Oaks	NWQ of Thousand Oaks Dr. and El Sendero	San Antonio	78233	Bexar	9	Urban				NC	78	0	78	Elderly	$1,885,000		Dan Wilson	Carine Yhap	48029121206	132	17	4	8	4	7	172	3	
22066	Vista at Henderson Pass	SEC of Henderson Pass and Turkey Point St	San Antonio	78232	Bexar	9	Urban				NC	76	0	76	General	$1,882,000		Dan Wilson	Carine Yhap	48029121117	139	17	4	8	4	0	172	4	
22075	Quarry Park Village	4611 Thousand Oaks Drive	San Antonio	78233	Bexar County	9	Urban				NC	96	0	96	Elderly	$2,000,000		Jervon Harris	Matt Higgins	48029121206	132	17	4	8	4	7	172		
22048	Live Oak 35	999 North IH35	Live Oak	78233	Bexar	9	Urban				NC	109	32	141	General	$1,990,271		Tom Huth	Sara Reidy	48029121802	138	17	4	8	4	0	171		
22200	Village at Boyer	1510 Hoefgen Ave	San Antonio	78210	Bexar	9	Urban			X	NC	86	0	86	General	$1,738,514		Brad McMurray	Cindy Marquez	48029140200	131	17	8	8	0	7	171		
22043	Avanti Silver Heights	NWQ of Silver Oaks Dr. & West Ave.	San Antonio	78213	Bexar	9	Urban				NC	86	4	90	General	$2,000,000		Judith Flores	Toby Williams	48029191409	139	17	4	0	4	0	164		
Estimated Amount Available to Allocate		***$5,320,075***	***Applications***	***8***								***Total HTCs Requested***				***$15,495,785***													
	Elderly Max	***$2,417,974***																											
Region 10/Rural																													
22211	MillPond at Robstown	approx. NW intersection of US-77 & CR 44	Robstown	78380	Nueces	10	Rural				NC	66	6	72	General	$942,729	X	David Fournier	Lisa Vecchietti	48355005802	134	17	4	8	4	0	167		
22320	Lavaca Bay Apartments	SW Corner of Tiney Browning Blvd. and Bro	Port Lavaca	77979	Calhoun	10	Rural				NC	48	0	48	General	$942,729	X	Vaughn C. Zimmerm	Jeff Beckler	48057000100	133	17	4	8	4	0	166		
22978	Gulf Shore Villas	1400 FM 3036	Rockport	78382	Aransas	10	Rural				NC	48	8	56		$40,000		Rick J. Deyoe		48007950300	FKA 20054 Supp. Credits								
22171	The Ponderosa	106 Cecilia Street	Alice	78332	Jim Wells	10	Rural				NC	31	17	48	General	$628,486	X	Rick J. Deyoe	Alma Cobb	48249950200	136	17	4	8	4	0	169		Termination Pending
Estimated Amount Available to Allocate		***$631,983***	***Applications***	***3***								***Total HTCs Requested***				***$2,553,944***													
Region 10/Urban																													
22249	Weber Lofts	SWB of Weber Rd and Capitol Dr	Corpus Christi	78413	Nueces	10	Urban				NC	58	0	58	General	$1,252,405		Jose Gonzalez	Jennifer Gonzalez	48355002304	138	17	4	8	4	0	171	1	
22212	FishPond at Victoria	2513 N Navarro St.	Victoria	77901	Victoria	10	Urban				NC	75	0	75	Elderly	$1,157,271		David Fournier	Lisa Vecchietti	48469000601	138	17	4	8	4	0	171	2	
22174	The Victorian	901 John Stockbauer	Victoria	77901	Victoria	10	Urban				NC	65	15	80	Elderly	$1,243,435		Rick J. Deyoe	Alma Cobb	48469001605	138	17	4	8	4	0	171		Termination Pending
Estimated Amount Available to Allocate		***$1,250,797***	***Applications***	***3***								***Total HTCs Requested***				***$3,653,111***													
Region 11/Rural																													
22204	Rio Manor Apartments	600 W. Cantu Road	Del Rio	78840	Val Verde	11	Rural			X	Recon	60	0	60	General	$1,450,000	X	Bradford McMurray	Cindy Marquez	48465950301	125	17	0	8	4	7	161		
22979	Avanti Valley View	1000 N. Jackson Rd	Hidalgo	78557	Hidalgo	11	Rural				NC	68	12	80	General	$63,325		Enrique Flores		48215021305	FKA 20181 Supp. Credits								
Estimated Amount Available to Allocate		***$972,805***	***Applications***	***1***								***Total HTCs Requested***				***$1,513,325***													
Region 11/Urban																													
22054	Hillside Crossing	1019 Hillside Rd	Laredo	78041	Webb	11	Urban				NC	120	0	120	General	$2,000,000		Doak Brown	Kathryn Saar	48479001706	139	17	4	8	4	0	172	1	
22039	Avanti Legacy Rosewood	SWQ of International Blvd. & Springfield Av	Laredo	78045	Webb	11	Urban				NC	96	3	99	Elderly	$2,000,000		Enrique Flores, IV	Michael Tamez	48479001720	139	17	4	8	4	0	172	2	
22227	Lalita Senior Living	NEQ of Minnesota Ave and Southmost Blvc	Brownsville	78521	Cameron	11	Urban				NC	86	16	102	Elderly	$1,500,000		Manish Verma	Janice Degollado	48061013305	139	17	4	8	4	0	172	3	
22112	Calle del Norte Apartments, LLC	210 Calle del Norte	Laredo	78041	Webb	11	Urban				NC	55	0	55	General	$1,157,440		Vaughn Zimmerman	Jeff Beckler	48479001718	139	17	4	8	4	0	172	4	
22028	San Dario Lofts	SEQ San Dario Avenue and International Bo	Laredo	78045	Webb	11	Urban				NC	100	0	100	Elderly	$1,820,200		Jacob Mooney	Rebecca Broadbe	48479001720	139	17	4	0	4	0	164		
22186	Amador Lofts	NEC of Springfield Avenue and Amador Sali	Laredo	78045	Webb	11	Urban				NC	103	0	103	Elderly	$1,816,004		Steve Lollis	Ryan Lollis	48479001720	139	17	4	0	4	0	164		
22980	Avanti Legacy at Emerald Point	3300 N K Center	McAllen	78501	Hidalgo	11	Urban				NC	84	6	90	Elderly	$74,990		Henry Flores		48215020904	FKA 19330 Supp. Credits								
22981	Avanti at Emerald Point	3301 N Jackson Rd	McAllen	78501	Hidalgo	11	Urban				NC	65	7	72	General	$74,990		Henry Flores		48215020904	FKA 19331 Supp. Credits								
22321	Autumn Pointe Apartments	5002 & 5004 San Francisco Ave and 5005 Y	Laredo	78041	Webb	11	Urban				NC	64	0	64	General	$1,377,891	X	Justin Zimmerman	Melissa Forster	48479001706	139	17	4	-8	4	0	156		Withdrawn
22236	Casitas Acacia	5031 Southmost Rear	Brownsville	78521	Cameron	11	Urban			X	NC	49	0	49	General	$950,000	X	Mark Moseley	Leo Barrera	48061013305	141	17	4	8	4	0	174		Withdrawn
Estimated Amount Available to Allocate		***$5,817,504***	***Applications***	***8***								***Total HTCs Requested***				***$12,771,515***													
Region 12/Rural																													
22288	Butler Park Apartments	1325 NW County Road	Andrews	79714	Andrews	12	Rural				NC	42	6	48	General	$866,092		Justin Zimmerman	Melissa Forster	48003950100	132	17	4	8	4	0	164		Scoring Notice Sent 5/25
22034	Sagebrush Apartments	218 Lynn Gavit	Brady	76825	McCulloch	12	Rural				AcR	60	0	60	General	$599,999		Mark Mayfield	Victoria W. Spicer	48307950300	117	17	0	8	4	6	152		

Application Number	Development Name	Development Address	City	ZIP Code	County	Region	Urban/Rural	At-Risk	USDA	Nonprofit	Construction Type	Low-Income Units	Market Rate Units	Total Units	Target Population (SH = Supp. Hsg.)	HTC Request	Direct Loan	Applicant Contact Name	Second Contact Name	Census Tract(s)	Self Score Total	§11.9(d)(1)	§11.9(d)(4)	§11.9(d)(5)	§11.9(d)(6)	§11.9(d)(7)	Best Possible Score	Tie Breaker Rank	Notes
22982	Heritage Heights at Big Spring	120 Airbase Rd	Big Spring	79720	Howard	12	Rural				NC	66	0	66	Elderly	$63,000		Adrian Iglesias		48227950802	FKA 19202 Supp. Credits								
Estimated Amount Available to Allocate		***$600,000***	***Applications***	***2***								***Total HTCs Requested***				***$1,529,091***													
Region 12/Urban																													
21317	San Angelo Terrace	W side of Appaloosa Trail, S of Hwy 67	San Angelo	76904	Tom Green	12	Urban				NC	58	14	72	General	$1,328,167		Michael Fogel		48451001707	2022 Fwd. Commitment								
Estimated Amount Available to Allocate		***$2,164,525***	***Applications***	***0***								***Total HTCs Requested***				***$1,328,167***													
Region 13/Rural																													
22198	Kinship Community (aka Clint Comm	E. Side of Alameda Ave at Alamito Creek Av	Clint	79836	El Paso	13	Rural			X	NC	44	0	44	General	$900,000		Satish Bhaskar	Alyssa Carpenter	48141010501	123	8.5	4	4	0	0	139.5		Scoring Notice Sent 5/26
22983	Inkwood Estates	107 S. San Elizario Rd	Clint	79836	El Paso	13	Rural				NC	40	0	40	General	$51,750		Roy Lopez		48141010404	FKA 20268 Supp. Credits								
Estimated Amount Available to Allocate		***$600,000***	***Applications***	***1***								***Total HTCs Requested***				***$951,750***													
Region 13/Urban																													
22191	Fiesta Palms	1080 Horizon Blvd.	Socorro	79927	El Paso	13	Urban				NC	60	20	80	General	$1,100,000		R.L. Bowling, IV	Demetrio Jimene	48141010347	120	17	4	8	4	0	153		Scoring Notice Sent 5/25
22124	Sunset Vista Seniors	1333 Pullman Drive	El Paso	79936	El Paso	13	Urban				NC	40	4	44	Elderly	$934,000		Roy Lopez	Ike Monty	48141010338	110	0	4	8	4	0	126		
22140	Ridgestone Seniors	11040 Montana Avenue	El Paso	79936	El Paso	13	Urban				NC	30	3	33	Elderly	$730,250		Roy Lopez	Ike Monty	48141010311	105	0	4	8	4	0	121		
22123	Villas at Augusta	SWC of Augusta Drive and N. Zaragosa Roa	El Paso	79938	El Paso	13	Urban				NC	60	0	60	General	$1,415,500		Roy Lopez	Ike Monty	48141010341	104	0	4	8	4	0	120		
22147	Nevarez Palms II	220 N. Nevarez Rd.	Socorro	79927	El Paso	13	Urban				NC	28	20	48	General	$537,000		R.L. Bowling, IV	Demetrio Jimene	48141004002	85	17	4	8	4	0	118		
22984	Nuestra Senora	415 Montana Avenue	El Paso	79902	El Paso	13	Urban			X	NC	80	0	80	General	$184,917		Tom Deloye		48141001600	FKA 21712/20190 Supp. Credits								
22985	Artcraft Palms	6137 Will Jordan Place	El Paso	79932	El Paso	13	Urban				NC	100	24	124	General	$184,916		Bobby Bowling, IV		48141010219	FKA 20297 Supp. Credits								
Estimated Amount Available to Allocate		***$2,232,696***	***Applications***	***5***								***Total HTCs Requested***				***$5,086,583***													

TOTAL ESTIMATED AMOUNT AVAILABLE:	**$79,574,139**	**TOTAL APPLICATIONS:**	**127**	**TOTAL AMOUNT REQUESTED:**	**$175,263,735**