



2014 Competitive Housing Tax Credit (HTC) Challenges

The following tables constitute the staff determinations for 2014 Competitive Housing Tax Credit (“HTC”) challenges received the deadline of May 7, 2014, and all determinations made as of **June 26, 2014**. All challenges referenced herein were received and reviewed in accordance with §11.10 of the 2014 Qualified Allocation Plan (“QAP”). Representatives for each of the challenged applications was provided the opportunity to respond to the submitted challenge, and staff has reviewed both the challenge and response in making a determination in each instance.

Each entry identifies the HTC development/application identification number (TDHCA ID#), the name of the development, city, region, and fee status, and the name and organization of the challenger. A brief summary of each challenge has been included, followed by Department staff’s analysis of the challenge, and finally the staff resolution to the challenge. The Department has posted each challenge and supporting documentation received to its website, which can be found at the following link: <http://www.tdhca.state.tx.us/multifamily/htc/index.htm>.

Where a scoring adjustment or other staff action was required based on staff’s determinations, the applicants have already been notified of such actions and have been given opportunity to appeal staff determinations. The Department’s Governing Board has final decision making authority on any of the issues reflected herein, and thus these determinations are subject to change. However, a challenger may not formally appeal any staff determination.

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TDHCA ID#	14006	Development Name:	Oak Grove Village		
City:	Marble Falls	Region:	7	Fee Received:	Yes
Challenger:	Kenneth G. Blankenship, Prestwick Companies				

Nature and Basis of the Challenge: The challenger asserts that the development should not qualify for one point elected under §11.9(e)(7) of the QAP, Funding Request Amount. This point is reserved for Applications that reflect an original Funding Request of no more than 100% of the amount available within the sub-region or set-aside. The challenger claims that the original Funding Request for Oak Grove Village exceeds the 100% threshold and therefore the Applicant does not qualify for this point.

The challenger also asserts that the Applicant should not qualify for the 18 points claimed under §11.9(e)(1) of the QAP related to Financial Feasibility due to the fact that the lender who provided a financial feasibility letter is not contemplated to be involved in the transaction.

The challenger further asserts that the Applicant should not qualify for the additional one (1) point claimed under §11.9(d)(2)(D) of the QAP related to Commitment of Development Funding by a Local Political Subdivision (“LPS”). The additional one point is reserved for Applicants that receive financing in the form of a grant or in-kind contribution or a qualifying loan with a minimum term of fifteen (15) years. The challenger points out that the LPS funding is made up of two pieces and asserts that neither qualifies for the additional point.

Along with challenges to the specific point items listed above, the challenger points out several errors and administrative deficiencies.

Analysis and Resolution: Staff has reviewed the challenge and the response provided by the applicant. Staff agrees with the challenger that the additional point, related to a loan term of 15 years or more, should not be awarded. Staff has issued a revised scoring notice awarding only 13 of the 14 requested points under this scoring item.

The concerns raised with regard to §11.9(e)(7), §11.9(e)(1) and the other application errors and discrepancies were all addressed through the Administrative Deficiency process.

TDHCA ID#	14035	Development Name:		La Esperanza de Brownsville	
City:	Brownsville	Region:	11	Fee Received:	Yes
Challenger:	Enrique Flores, GCM Housing Alton, Ltd				

Nature and Basis of Challenge: The challenger asserts that the Application is ineligible for points claimed under §§11.9(d)(2)(C), 11.9(e)(1), and 11.9(e)(4)(A)(ii) of the QAP. Subparagraph C of §11.9(d)(2), related to funding from a Local Political Subdivision, allows for the election of two additional points if a firm commitment is provided in the form of a resolution. The challenger asserts that the resolution provided does not provide a firm commitment of funds. The challenger further asserts that the Application is only eligible for two points under §11.9(e)(4)(A)(iii) related to Leveraging of Private, State and Federal funds, as opposed to the three points the applicant claimed §11.9(e)(4)(A)(ii) because the application shows the credit request to be 8% of the total housing development cost. The challenger also indicates the Application is ineligible for 18 points under §11.9(e)(1) related to financial feasibility because the 15 year *pro forma* does not meet the requirements to elect points. The challenger further points out several instances where it is believed the financing structure does not conform to the Department's Real Estate Analysis rules.

Analysis and Resolution: Staff has reviewed the challenge and the response provided by the applicant. With regard to the Local Political Subdivision points, staff agrees with the challenger, and the two points under §11.9(d)(2)(C) were not awarded in the scoring notice issued June 3, 2014. Staff disagrees with the assertion that the Application is ineligible for the three points under §11.9(e)(4)(A)(ii) related to Leveraging of Private, State and Federal funds. The form the challenger references showing 8% of total housing development cost is formatted to round to the nearest whole number. However, the credit request is less than 8% of the total housing development cost. As to the *pro forma* and the financial feasibility questions raised by the challenger, these were issues that were satisfactorily addressed during the deficiency process.

TDHCA ID#	14035	Development Name:	La Esperanza de Brownsville		
City:	Brownsville	Region:	11	Fee Received:	Yes
Challenger:	Manish Verma, Versa Development				

Nature and Basis of Challenge: The challenger asserts that the Application is ineligible for points claimed under §11.9(d)(2)(C) of the QAP, related to funding from a Local Political Subdivision. Subparagraph C allows for two additional points if a firm commitment is provided in the form of a resolution. Because the resolution provided at Application did not provide a firm commitment of funds, the challenger contends that the 2 points should be withheld.

Analysis and Resolution: Staff has reviewed the challenge and the response provided by the applicant. Staff agrees with the challenger that the Application is ineligible for the two points under §11.9(d)(2)(C). These points were not awarded in the scoring notice issued June 3, 2014.

TDHCA ID#	14036	Development Name:		La Esperanza de Alton	
City:	Alton	Region:	11	Fee Received:	Yes
Challenger:	Enrique Flores				

Nature and Basis of Challenge: The challenger raises questions about two different scoring items under which the Applicant elected points. First, the challenger asserts that the Application is ineligible for points under §11.9.(c)(6)(A) of the QAP related to Underserved Area, because the development site is not located in a Colonia. Second, the challenger points out that the Application is only eligible for two points under §11.9(e)(4)(A) related to Leveraging of Private, State and Federal funds, as opposed to the three points the applicant elected. The basis of this assertion is that the application shows the credit request to be exactly 8% of the total housing development cost as presented in Section 3 of the “Finance Scoring” form.

Analysis and Resolution: Staff has reviewed the challenge and the response provided by the applicant. With regard to the Underserved Area scoring item, staff issued an Administrative Deficiency in order to assess whether or not “the site has the physical and economic characteristics of the neighboring Colonia.” The Applicant provided information supporting the Colonia designation and staff awarded the points in the scoring notice dated May 7, 2014. The definition of Colonia is as follows:

A geographic area that is located in a county some part of which is within one-hundred fifty (150) miles of the international border of this state, that consist of eleven (11) or more dwellings that are located in proximity to each other in an area that may be described as a community or neighborhood, and that:

(A) has a majority population composed of individuals and families of low-income and very low-income based on the federal Office of management and Budget poverty index, and meets the qualifications of an economically distressed area under Texas Water Code, §17.921; or

(B) has the physical and economic characteristics of a colonia, as determined by the Department.

The challenger contends that the application should not be considered to be in a Colonia because the development site itself does not consist of eleven or more dwellings, and the challenger’s interpretation of the definition is that a vacant site could not possibly be considered a Colonia. The vacant development site is adjacent to the Stewart South Subdivision which is a Colonia designated by the Office of the Attorney General. Staff’s research also indicates that the vacant tract is substantially similar in character. Staff determined that it is reasonable to view the development site and Stewart South Subdivision as part of the same contiguous geographic area.

Staff determined that the Application should be awarded the points as elected. Further, due to the very nature of colonias the extremely narrow reading the challenger espouses would effectively render this point item meaningless, for development within such an area would be a virtual impossibility. Staff believes that the analysis it has undertaken leads to a commonsense result that will support development of affordable rental housing as a desirable feature of colonias.

Staff disagrees with the assertion that the Application is ineligible for the three points under §11.9(e)(4)(A) related to Leveraging of Private, State and Federal funds. The cell the challenger references showing 8% of total housing development cost is formatted to round to the nearest whole number. However, the credit request is less than 8% of the total housing development cost. A scoring notice was issued on May 7, 2014, awarding the full point request under both of these scoring items.

TDHCA ID#	14036	Development Name:	La Esperanza de Alton		
City:	Alton	Region:	11	Fee Received:	Yes
Challenger:	Cynthia Bast on behalf of Texas Grey Oaks				

Nature and Basis of Challenge: The challenger raises questions about two different scoring items under which the Applicant claimed points. First, the challenger asserts that the Application is ineligible for points under §11.9(c)(6)(A) of the QAP related to Underserved Area, because the development site is not located in a Colonia. Secondly, the challenger points out that the Application is only eligible for two points under §11.9(e)(4)(A) related to Leveraging of Private, State and Federal funds, as opposed to the three points the applicant claimed. The basis of this assertion is that the application shows the credit request to be exactly 8% of the total housing development cost as presented in Section 3 of the “Finance Scoring” form.

Analysis and Resolution: Staff has reviewed the challenge and the response provided by the applicant. With regard to the Underserved Area scoring item, staff issued an Administrative Deficiency in order to assess whether or not “the site has the physical and economic characteristics of the neighboring Colonia.” The Applicant provided information supporting the Colonia designation and staff awarded the points in the scoring notice dated May 7, 2014. The definition of Colonia is as follows:

A geographic area that is located in a county some part of which is within one-hundred fifty (150) miles of the international border of this state, that consist of eleven (11) or more dwellings that are located in proximity to each other in an area that may be described as a community or neighborhood, and that:

(A) has a majority population composed of individuals and families of low-income and very low-income based on the federal Office of management and Budget poverty index, and meets the qualifications of an economically distressed area under Texas Water Code, §17.921; or

(B) has the physical and economic characteristics of a colonia, as determined by the Department.

The challenger contends that the application should not be considered to be in a Colonia because the development site itself does not consist of eleven or more dwellings, and the challenger’s interpretation of the definition is that a vacant site could not possibly be considered a Colonia. The vacant development site is adjacent to the Stewart South Subdivision which is a Colonia designated by the Office of the Attorney General. Staff’s research also indicates that the vacant tract is substantially similar in character. Staff determined that it is reasonable to view the development site and Stewart South Subdivision as part of the same contiguous geographic area.

Staff determined that the Application should be awarded the points as elected. Further, due to the very nature of colonias the extremely narrow reading the challenger espouses would effectively render this point item meaningless, for development within such an area would be a virtual impossibility. Staff believes that the analysis it has undertaken leads to a commonsense result that will support development of affordable rental housing as a desirable feature of colonias.

Staff disagrees with the assertion that the Application is ineligible for the three points under §11.9(e)(4)(A) related to Leveraging of Private, State and Federal funds. The cell the challenger references showing 8% of total housing development cost is formatted to round to the nearest whole number. However, the credit request is less than 8% of the total housing development cost. A scoring notice was issued on May 7, 2014, awarding the full point request under both of these scoring items.

TDHCA ID#	14036	Development Name:		La Esperanza de Alton	
City:	Alton	Region:	11	Fee Received:	Yes
Challenger:	Manish Verma, Versa Development				

Nature and Basis of Challenge: The challenger asserts that the Application is ineligible for points under §11.9(c)(6)(A) of the QAP related to Underserved Area, because the development site is not located in a Colonia.

Analysis and Resolution: Staff has reviewed the challenge and the response provided by the applicant. With regard to the Underserved Area scoring item, staff issued an Administrative Deficiency in order to assess whether or not “the site has the physical and economic characteristics of the neighboring Colonia.” The Applicant provided information supporting the Colonia designation and staff awarded the points in the scoring notice dated May 7, 2014. The definition of Colonia is as follows:

A geographic area that is located in a county some part of which is within one-hundred fifty (150) miles of the international border of this state, that consist of eleven (11) or more dwellings that are located in proximity to each other in an area that may be described as a community or neighborhood, and that:

(A) has a majority population composed of individuals and families of low-income and very low-income based on the federal Office of management and Budget poverty index, and meets the qualifications of an economically distressed area under Texas Water Code, §17.921; or

(B) has the physical and economic characteristics of a colonia, as determined by the Department.

The challenger contends that the application should not be considered to be in a Colonia because the development site itself does not consist of eleven or more dwellings, and the challenger’s interpretation of the definition is that a vacant site could not possibly be considered a Colonia. The vacant development site is adjacent to the Stewart South Subdivision which is a Colonia designated by the Office of the Attorney General. Staff’s research also indicates that the vacant tract is substantially similar in character. Staff determined that it is reasonable to view the development site and Stewart South Subdivision as part of the same contiguous geographic area. Staff determined that the Application should be awarded the points as elected. Further, due to the very nature of colonias the extremely narrow reading the challenger espouses would effectively render this point item meaningless, for development within such an area would be a virtual impossibility. Staff believes that the analysis it has undertaken leads to a commonsense result that will support development of affordable rental housing as a desirable feature of colonias.

TDHCA ID#	14039	Development Name:	Stoneleaf at Hughes Springs		
City:	Hughes Springs	Region:	4	Fee Received:	Yes
Challenger:	Chris Applequist, Miller-Valentine Group				

The above referenced application is terminated.

TDHCA ID#	14040	Development Name:		Progress Senior Living	
City:	Odessa	Region:	12	Fee Received:	Yes
Challenger:	Jack Henks, Lone Star Housing Group				

The above referenced application was not deemed by staff to be competitive in the region based on the applicant's own self-score. As of the posting of this log, the application has not been reviewed by staff pursuant to §10.201(5) of the Uniform Multifamily Rules. Staff has noted the challenge and will review it along with any responses from the applicant in order to make a determination should the application itself be reviewed.

TDHCA ID#	14051	Development Name:	Churchill at Champion Circle Community		
City:	Fort Worth	Region:	3	Fee Received:	Yes
Challenger:	Thomas E. Huth, Palladium				

Nature and Basis of Challenge: The challenger asserts that the Application should be terminated due to lack of proper site control as of the February 28, 2014, Application delivery date. The challenger further contends that the Application is ineligible for the additional 1 point under §11.9(d)(4)(D) of the QAP related to Local Political Subdivision funding because the applicant failed to include the required certification that the debt would be maintained for the full term of funding. Additionally, the challenger asserts that the Application is ineligible for TDHCA HOME funds because the site is located in the City of Fort Worth which is a Participating Jurisdiction (“PJ”) and, therefore, the application should be terminated.

Analysis and Resolution: Staff has reviewed the challenge and the response provided by the applicant. Staff found no issues with the site control documentation, as the QAP allows for assignment of a purchase contract. The certification of intent to maintain the Local Political Subdivision funding was submitted by the applicant through the Administrative Deficiency process. Concerning the HOME request, staff notified the applicant that they were not eligible to apply for TDHCA administered HOME funds because the development site is located in a PJ; the Applicant subsequently withdrew the HOME portion of the application which resulted in minor clarifications in the application. Staff issued a scoring notice on June 11, 2014, without any point deductions.

TDHCA ID#	14051	Development Name:	Churchill at Champion Circle Community		
City:	Fort Worth	Region:	3	Fee Received:	Yes
Challenger:	Lisa Stephens, Saigebrook Development				

Nature and Basis of Challenge: The challenger asserts that the Applicant failed to notify all of the required neighborhood organizations and should therefore be terminated. The challenger claims that the development site is located within the boundaries of two such organizations, the Northwest Fort Worth Community Alliance and the North Fort Worth Alliance.

Analysis and Resolution: Staff has reviewed the challenge and the response provided by the applicant. First, staff has determined that the Northwest Fort Worth Community Alliance is not required to be notified because the organization is not on record with the county or state and, therefore, does not meet the statutory definition of a neighborhood organization.

In addition, staff has determined that based on the geographic scope of the organization as reflected in its own bylaws as in effect at the relevant time, the proposed development was not within the organization's defined area, and, therefore, notification was not required. Although it appears as though the development site is located within the boundaries of the North Fort Worth Alliance as of the date of this log, staff contends that erroneous information on the neighborhood organization's website would have led the applicant to believe that the site was not located within the organization's boundaries at the time of application submission. While the organization has recently changed its website and by-laws to reflect the correct boundaries, staff independently confirmed earlier in the application cycle that the boundaries listed in the organization's by-laws did not include the development site. Staff therefore took no action to terminate the application.

TDHCA ID#	14066	Development Name:	Lexington Manor		
City:	Corpus Christi	Region:	10	Fee Received:	Yes
Challenger:	Sarah Anderson, Sarah Anderson Consulting				

Nature and Basis of Challenge: Challenger asserts that the Applicant is ineligible for points under §11.9(e)(4) of the QAP related to Leveraging of Private, State and Federal Resources. In order to be eligible for points under this scoring item, “no more than 50 percent of the developer fee can be deferred.” The challenger contends that because the \$750,000 loan included as a source comes from the General Partner (“GP”), it should be included as deferred developer fee and as such, more than 50 of the developer fee is being deferred.

Analysis and Resolution: Staff has reviewed the challenge and response documentation. Staff has conferred with the Real Estate Analysis Division and determined that the GP, also acting as the seller, is providing seller financing in the form of a fully amortizing loan. This loan is not considered a capital contribution and as such will not be included in the developer fee calculation. Therefore, the amount of deferred fee does not exceed 50% of the total fee, and the Application is eligible for the points under this scoring item. A scoring notice awarding these points was issued on June 11, 2014.

TDHCA ID#	14066	Development Name:		Lexington Manor	
City:	Corpus Christi	Region:	10	Fee Received:	Yes
Challenger:	Bill Fisher, Sonoma Housing Advisors, LLC				

Nature and Basis of Challenge: Challenger asserts that the project, according to the proposed FEMA flood map, is located in Zone X and that this should be considered an undesirable site feature for which preclearance was not requested. The challenger further contends that the Application is ineligible for points under §11.9(d)(4) of the QAP related to Local Political Subdivision funding because the loan structure presented is not possible (per HUD MAP rules) and, therefore, funds per unit do not rise to the level to support the points claimed. The challenger also points out several potential issues with the financing structure of the transaction.

Analysis and Resolution: Staff has reviewed the challenge documentation and the response provided by the applicant. With regard to the flood map, the Applicant has provided a letter from Briones Consulting & Engineering, Ltd, which states that the site is located in flood Zone C, considered Minimal Risk. Staff found no evidence that the loan provided by the Local Political Subdivision could not be realized as presented in the application and, therefore, awarded the points requested under this scoring item. A scoring notice to that effect was issued on June 11, 2014. In order for the points to be retained, the Applicant would be required to submit additional evidence of the funding at Commitment, if awarded. As to the assertions regarding the transaction's financing structure, the QAP specifies that challenges to the financial feasibility are premature. The Real Estate Analysis Division is currently underwriting the transaction and will make a recommendation based on a full analysis in accordance with Subchapter D of the Uniform Multifamily Rules.

TDHCA ID#	14069	Development Name:	Southwest Trails Phase II		
City:	Austin	Region:	7	Fee Received:	Yes
Challenger:	Kecia Boulware, Amtex				

Nature and Basis of Challenge: Challenger asserts that although the Applicant selected Supportive Housing as the Target Population, the project does not meet the definition of Supportive Housing because it appears the entire development is not intended to serve the target population. Therefore, the application should either be ineligible for some requested points or be considered completely ineligible due to its having a Material Deficiency.

Analysis and Resolution: Staff has reviewed the challenge documentation and the response provided by the applicant. Staff disagrees with the assessment by the challenger and finds that the application as submitted clearly indicates that the target population of the development is Supportive Housing. In addition, staff determined that the entire development does serve this population but that only a portion of the units will be considered permanent supportive housing by the City of Austin. Staff has reviewed the Application as supportive housing and scored it as such.

TDHCA ID#	14073	Development Name:	Homestead Palms		
City:	Homestead Palms South	Region:	13	Fee Received:	Yes
Challenger:	Ike J. Monty, Investment Builders, Inc.				

Nature and Basis of the Challenge: The challenger asserts that the development should not qualify for twelve (12) points under §11.9(d)(2) of the QAP because the Applicant did not provide adequate evidence to support the award of such points and that the issue could not be cleared by Administrative Deficiency because the Applicant would not be providing “non-material missing information,” but material information. The challenger also asserts that the pre-application points should be denied pursuant to §11.9(e)(3) of the QAP.

Analysis and Resolution: During the initial review of this application, staff identified this issue with the Local Political Subdivision funding and the Applicant withdrew the request for the 12 points. Additionally, staff has reviewed the challenge as well as the Applicant’s response and disagrees with the challenger’s assertion that the Application should lose the pre-application points. The challenger made no argument to support the loss of pre-application points and there is no basis for staff to deny these points. Staff issued a scoring notice to the Applicant which reflects a loss of the 12 points under §11.9(d)(2). The pre-application points were awarded.

TDHCA ID#	14074	Development Name:		Dyer Palms	
City:	El Paso	Region:	13	Fee Received:	Yes
Challenger:	Ike J. Monty, Investment Builders, Inc.				

Nature and Basis of the Challenge: The challenger asserts that the development should not qualify for twelve (12) points under §11.9(d)(2) of the QAP because the Applicant did not provide adequate evidence to support the award of said points and that the issue could not be cleared by Administrative Deficiency because the Applicant would not be providing “non-material missing information,” but material information. The challenger also asserts that the pre-application points should be denied pursuant to §11.9(e)(3) of the QAP.

Analysis and Resolution: During the initial review of this application, staff identified this issue with the Local Political Subdivision funding and the Applicant withdrew its request for the 12 points. Additionally, staff has reviewed the challenge as well as the Applicant’s response and disagrees with the challenger’s assertion that the Application should lose the pre-application points. The challenger made no argument to support the loss of pre-application points and there is no basis for staff to deny these points. Staff issued a scoring notice to the Applicant which reflects a loss of the 12 points under §11.9(d)(2). The pre-application points were awarded.

TDHCA ID#	14075	Development Name:		Pellicano Palms	
City:	El Paso	Region:	13	Fee Received:	Yes
Challenger:	Ike J. Monty, Investment Builders, Inc.				

Nature and Basis of the Challenge: The challenger asserts that the development should not qualify for twelve (12) points under §11.9(d)(2) of the QAP because the Applicant did not provide adequate evidence to support the award of said points and that the issue could not be cleared by Administrative Deficiency because the Applicant would not be providing “non-material missing information,” but material information. The challenger also asserts that the pre-application points should be denied pursuant to §11.9(e)(3).

Analysis and Resolution: During the initial review of this application, staff identified this issue with the Local Political Subdivision funding and the Applicant withdrew its request for the 12 points. Additionally, staff has reviewed the challenge as well as the Applicant’s response and disagrees with the challenger’s assertion that the Application should lose the pre-application points. The challenger made no argument to support the loss of pre-application points and there is no basis for staff to deny these points. Staff issued a scoring notice to the Applicant which reflects a loss of the 12 points under §11.9(d)(2). The pre-application points were awarded.

TDHCA ID#	14087	Development Name:	Cypress Creek Apartment Homes at Joshua Station		
City:	Joshua	Region:	3	Fee Received:	Yes
Challenger:	Lisa Stephens, Saigebrook Development				

Nature and Basis of the Challenge: The challenger asserts that the development is not eligible for points under Educational Excellence or the Opportunity Index because the site straddles two attendance zones and one of the two zoned elementary schools does not meet the standards set forth in the QAP.

Analysis and Resolution: Staff has reviewed the challenge documentation and the response provided by the applicant. Staff agrees with the assessment that one of the two elementary schools to which the project site is zoned does not meet the required standard for Educational Excellence or the Opportunity Index. The Applicant confirmed that the local school district had not made a determination as to which school the site would be zoned, and as such the lower scoring school was used. Given this information, the Application is ineligible for points under Educational Excellence and only qualifies for 1 point under the Opportunity Index. Staff issued a scoring as such notice on June 11, 2014, which is subject to appeal.

TDHCA ID#	14088	Development Name:	Mariposa Apartment Homes at Spring Hollow		
City:	Spring Hollow	Region:	3	Fee Received:	Yes
Challenger:	Thomas E. Huth, Palladium				

Nature and Basis of the Challenge: The challenger asserts that the Application is ineligible and should therefore be terminated because the Applicant applied for TDHCA HOME funds even though the development site is located in a Participation Jurisdiction (“PJ”). The challenger also points out several issues with the financing structure related to the removal of the HOME funds.

Analysis and Resolution: Through Administrative Deficiency, staff notified the applicant that they were not eligible to apply for TDHCA administered HOME funds because the development site is located in a PJ; the Applicant subsequently withdrew the HOME request, which resulted in only minor clarifications in the application. As to the assertions regarding the transaction’s financing structure, the QAP specifies that challenges to the financial feasibility are premature. The Real Estate Analysis Division is currently underwriting the transaction and will make a recommendation based on a full analysis in accordance with Subchapter D of the Uniform Multifamily Rules.

TDHCA ID#	14088	Development Name:	Mariposa Apartment Homes at Spring Hollow		
City:	Spring Hollow	Region:	3	Fee Received:	Yes
Challenger:	Lisa Stevens, Saigebrooke Development				

Nature and Basis of the Challenge: The challenger asserts that the Application should be terminated because the development is located 145 feet from an active railroad and heavy industrial use for which pre-clearance was not requested.

Analysis and Resolution: Staff has reviewed the challenge documentation and the response provided by the applicant. The railroad that the challenger measured at 145 feet from the development site is actually part of a private facility that, according to the company's website, manufactures and distributes wood and wood-alternative products including lumber, fencing and decking, and packing materials such as pallets and shipping containers. Staff does not believe that a lumber yard would constitute heavy industrial use. Additionally, staff spoke to the company's plant manager and confirmed how much of the railroad track is actually used. The plant manager stated that railroad cars never travel past the loading dock, which staff measured as being 440 feet from the development site. Given this information, staff determined that pre-clearance was not needed for this site. A scoring notice was issued on June 2, 2014.

TDHCA ID#	14090	Development Name:		Stone Oaks Apartments	
City:	Laredo	Region:	11	Fee Received:	Yes
Challenger:	Bill Fisher, Sonoma Housing Advisors				

Nature and Basis of the Challenge: The challenger asserts that the Application fails some threshold requirements. Specifically, the challenger claims that the application cannot be considered eligible to compete in the At-Risk Set-Aside because it proposes new construction and subsequent demolition of an existing public housing development. In addition, the challenger asserts that the applicant did not submit adequate documentation with respect to a relocation plan. The challenger also points out issues with the financing structure, namely the lack of demolition costs and classification of certain fees.

Analysis and Resolution: Staff reviewed the challenge as well as the applicant's response. The application does qualify to compete in the At-Risk Set-Aside pursuant to the Rule, which allows for relocation of existing units and the transfer of affordability restrictions and At-Risk eligible subsidies to be transferred to a new site. As of the date of this log, the application is under review; however, staff has not has not determined that the exhibits submitted in the application with respect to demolition costs, fees, or any requirements with respect to a relocation plan are deficient to the point of not being able to be cured administratively. Staff has taken no specific action in response to this challenge and will continue to complete the review and issue a scoring notice for this application.

TDHCA ID#	14092	Development Name:		Madison Oaks Apartments	
City:	Winnsboro	Region:	4	Fee Received:	Yes
Challenger:	Chris Applequist, Miller-Valentine				

Nature and Basis of the Challenge: The challenger asserts that the applicant should not qualify for two points under §11.9(c)(4) of the QAP related to Opportunity Index because the day care cited in the Application is located more than one linear mile from the proposed development site. The challenger further asserts that the Application should be terminated due to two separate undesirable site features that the applicant failed to disclose: a junk yard and a die cast manufacturing facility.

Analysis and Resolution: Staff has reviewed the challenge as well as the Applicant’s response. With regards to the points under the Opportunity Index, the Applicant provided a survey showing that the child care facility is located less than one mile from the development site. Therefore, the Application qualifies for the two points, which were awarded in the scoring notice issued June 4, 2014. In reviewing the site for undesirable features, staff disagrees with the challenger’s assertion that a “junk yard” is present within 1,000 feet of the development site. The business in question is a tractor supply retail facility which is fully enclosed within a metal building. The Applicant provided documentation showing that the alleged die cast facility has been closed for more than a decade. Neither of these facilities would rise to the level of an undesirable site feature and therefore the site was not determined to be ineligible.

TDHCA ID#	14097	Development Name:		Residences at Rodd Field	
City:	Corpus Christi	Region:	10	Fee Received:	Yes
Challenger:	Enrique Flores, GCM Housing Alton, Ltd				

Nature and Basis of Challenge: The challenger asserts that the application is financially infeasible because the expense to income ratio reflected in year 1 of the stabilized pro forma exceeds the threshold of 65 percent.

Analysis and Resolution: This application has been terminated. However, should the application be reinstated upon appeal, the QAP specifies that challenges to the financial feasibility are premature. If and when the Real Estate Analysis Division underwrites the transaction a recommendation will be made based on a full analysis in accordance with Subchapter D of the Uniform Multifamily Rules.

TDHCA ID#	14112	Development Name:	San Angelo Townhomes		
City:	San Angelo	Region:	12	Fee Received:	Yes
Challenger:	Jack Jenks, Lone Star Housing Group				

The above referenced application was not deemed by staff to be competitive in the region based on the applicant's own self-score. As of the posting of this log, the application has not been reviewed by staff pursuant to §10.201(5) of the Uniform Multifamily Rules. Staff has noted the challenge and will review it along with any responses from the applicant in order to make a determination should the application itself be reviewed.

TDHCA ID#	14127	Development Name:		Haymon Krupp	
City:	El Paso	Region:	13	Fee Received:	Yes
Challenger:	Bill Fisher, Sonoma Housing Advisors, LLC				

Nature and Basis of Challenge: The challenger asserts that the Application is ineligible for points under §11.9(d)(4) of the QAP related to Local Political Subdivision funding because the Applicant did not provide a CPA’s certification that the funds being contributed to the development are available. The challenger also points out several potential issues with the financing structure of the transaction and with the relocation plan.

Analysis and Resolution: Staff has reviewed the challenge documentation and the response provided by the applicant. Staff determined that there is no requirement for a CPA certification in order to award points under this scoring item for this application. Therefore, after review of all of the required documentation regarding the Local Political Subdivision funding, staff awarded the points requested under this scoring item. A scoring notice to that effect was issued on June 11, 2014. As to the assertions regarding the transaction’s financing structure, the QAP specifies that challenges to the financial feasibility are premature. The Real Estate Analysis Division is currently underwriting the transaction and will make a recommendation based on a full analysis in accordance with Subchapter D of the Uniform Multifamily Rules. Staff reviewed the Relocation Plan and resolved any questions through the Administrative Deficiency process.

TDHCA ID#	14129	Development Name:	Westfall Baines		
City:	El Paso	Region:	13	Fee Received:	Yes
Challenger:	Bill Fisher, Sonoma Housing Advisors, LLC				

Nature and Basis of Challenge: The challenger asserts that the Application is ineligible for points under §11.9(d)(4) of the QAP related to Local Political Subdivision funding because the Applicant did not provide a CPA's certification that the funds are available. The challenger also points out several potential issues with the financing structure of the transaction and with the relocation plan.

Analysis and Resolution: Staff has reviewed the challenge documentation and the response provided by the applicant. Staff determined that there is no requirement for a CPA certification in order to award points under this scoring item for this application. Therefore, after review of all of the required documentation regarding the Local Political Subdivision funding, staff awarded the points requested under this scoring item. A scoring notice to that effect was issued on June 11, 2014. As to the assertions regarding the transaction's financing structure, the QAP specifies that challenges to the financial feasibility are premature. The Real Estate Analysis Division is currently underwriting the transaction and will make a recommendation based on a full analysis in accordance with Subchapter D of the Uniform Multifamily Rules. Staff reviewed the Relocation Plan and resolved any questions through the Administrative Deficiency process.

TDHCA ID#	14130	Development Name:		Tays	
City:	El Paso	Region:	13	Fee Received:	Yes
Challenger:	Bill Fisher, Sonoma Housing Advisors, LLC				

Nature and Basis of Challenge: The challenger asserts that there are a number of undesirable site features surrounding this development site and further claims that awarding the application could be a violation of the Department’s obligation to affirmatively further fair housing. The challenger also claims that the Application is ineligible for points under §11.9(d)(4) of the QAP related to Local Political Subdivision funding because the Applicant did not provide a CPA’s certification that the funds being contributed to the development are available. The challenger also points out several potential issues with the financing structure of the transaction and with the relocation plan.

Analysis and Resolution: Staff has reviewed the challenge documentation and the response provided by the applicant. Staff had similar concerns reading the undesirable features surrounding the site and terminated the application. As of the date of this log, that termination is subject to appeal to the Executive Director and subsequently to the Board.

Staff determined that there is no requirement for a CPA certification in order to award points under this scoring item for this application. Therefore, after review of all of the required documentation regarding the Local Political Subdivision funding, staff awarded the points requested under this scoring item. As to the assertions regarding the transaction’s financing structure, the QAP specifies that challenges to the financial feasibility are premature. The Real Estate Analysis Division is currently underwriting the transaction and will make a recommendation based on a full analysis in accordance with Subchapter D of the Uniform Multifamily Rules. Staff reviewed the Relocation Plan and resolved any questions through the Administrative Deficiency process.

TDHCA ID#	14133	Development Name:	Mission Village of Jacksonville		
City:	Jacksonville	Region:	4	Fee Received:	Yes
Challenger:	Chris Applequist				

Nature and Basis of the Challenge: The challenger asserts that the Application should be terminated because the development site is located within 300 feet of two undesirable site features, namely a large industrial manufacturing facility and a storage yard for temporary toilets, for which pre-clearance was not requested.

Analysis and Resolution: Staff reviewed the challenge as well as the response by the applicant and determined that there is no evidence of heavy industrial use or any other undesirable site feature within 300 feet of the site. Therefore, the site was determined to be eligible.

TDHCA ID#	14141	Development Name:	Hickory Village		
City:	Balch Springs	Region:	3	Fee Received:	Yes
Challenger:	Thomas E. Huth, Palladium				

The above referenced application was not deemed by staff to be competitive in the region based on the applicant's own self-score. As of the posting of this log, the application has not been reviewed by staff pursuant to §10.201(5) of the Uniform Multifamily Rules. Staff has noted the challenge and will save a memo into the application file should the application become competitive in the region.

TDHCA ID#	14154	Development Name:		The Grove	
City:	Odessa	Region:	12	Fee Received:	Yes
Challenger:	DDC Merritt Estates, Ltd				

Nature and Basis of the Challenge: The challenger asserts that the Application does not qualify for points related to a Community Revitalization Plan because the plan was not adopted by the municipality in which the Development site is located, was not in place as of the Full Application Final Delivery date, the target area encompasses the entire City of Odessa, and did not provide opportunity for public input. The challenger further contends that the Application is only eligible for 10 points under §11.9(d)(2)(B) of the QAP because the level of funding does not reach the necessary level to support the full 11 points. The challenger also points out issues with the financing structure as well as with the site being located in a flood plain.

Analysis: Staff reviewed the challenge as well as the response by the applicant. Staff found that the community revitalization plan and supporting documentation submitted with the application met all of the requirements of the rule. The target area also does not encompass the entire city. Staff did note in the review that the target area of the community revitalization plan was rather large, but the documentation provided by the applicant and the City of Odessa provided an explanation for the size of the target area. In addition, staff determined that a significant portion of the budget included in the plan was targeted in a much smaller area inclusive of the development site.

Regarding the funding from a Local Political Subdivision, staff reviewed the resolution from the City of Odessa included in the application, which indicates a commitment of a sufficient amount of funding in the form of an in-kind contribution to substantiate the points requested by the applicant.

Resolution: Staff awarded the points requested under both scoring items. However, while the resolution from the City of Odessa regarding a funding commitment does meet the requirements of the rule with respect to awarding points to the application, staff is requiring that, at the time of Commitment, that the applicant evidence that any costs of public improvements intended to be used as such contribution would have otherwise been borne by the developer and that the improvements themselves otherwise required by the city as part of the development.

TDHCA ID#	14154	Development Name:		The Grove	
City:	Odessa	Region:	12	Fee Received:	Yes
Challenger:	Lone Star Housing Group				

Nature and Basis of the Challenge: The challenger asserts that the Application does not qualify for points related to a Community Revitalization Plan because the target area encompasses the entire City of Odessa. The challenger further contends that the Application is ineligible for points under §11.9(d)(2)(B)(i) of the QAP because a portion of the funding being provided is for off-site cost located several streets away from the development site.

Analysis: Staff reviewed the challenge as well as the response by the applicant. Staff found that the community revitalization plan and supporting documentation submitted with the application met all of the requirements of the rule. The target area also does not encompass the entire city. Staff did note in the review that the target area of the community revitalization plan was rather large, but the documentation provided by the applicant and the City of Odessa provided an explanation for the size of the target area. In addition, staff determined that a significant portion of the budget included in the plan was targeted in a smaller area surrounding the development site.

Regarding the funding from a Local Political Subdivision, staff reviewed the resolution from the City of Odessa included in the application, which indicates a commitment of a sufficient amount of funding in the form of an in-kind contribution to substantiate the points requested by the applicant.

Resolution: Staff awarded the points requested under both scoring items. However, while the resolution from the City of Odessa regarding a funding commitment does meet the requirements of the rule with respect to awarding points to the application, staff is requiring that, at the time of Commitment, that the applicant evidence that any costs of public improvements intended to be used as such contribution would have otherwise been borne by the developer and that the improvements themselves otherwise required by the city as part of the development.

TDHCA ID#	14158	Development Name:	Bishop Gardens		
City:	Justin	Region:	3	Fee Received:	Yes
Challenger:	Thomas E Huth, Palladium				

Nature and Basis of the Challenge: The challenger asserts that the application should be terminated due to violations of Civil Rights and Nondiscrimination Requirements related to the configuration of the buildings. The challenger further contends that the Applicant should be ineligible for points under §11.9(d)(2) of the QAP related to Local Political Subdivision funding because the Applicant is also using this funding as HOME Match.

Analysis and Resolution: Staff reviewed the challenge as well as the response by the applicant. Regarding the issue of funds being used as both the funding commitment from a Local Political Subdivision and HOME Match, there is no provision in the rule against doing so. With respect to the alleged violations of the Civil Rights and Nondiscrimination Requirements, program staff consulted with the Department’s Legal Division and determined that the building configuration would not preclude the development from being constructed and operated in accordance with the applicable civil rights laws.

TDHCA ID#	14177	Development Name:		Orchard Estates	
City:	Alton	Region:	11	Fee Received:	Yes
Challenger:	Sara Reidy, Casa Linda Development Corporation				

Nature and Basis of the Challenge: The challenger asserts that the Application is only eligible for two points under §11.9(e)(4)(A) of the QAP related to Leveraging of Private, State and Federal funds, as opposed to the three points the applicant claimed. The basis of this assertion is that the application shows the credit request to be exactly 8% of the total housing development cost as presented in Section 3 of the “Finance Scoring” form.

Analysis and Resolution: Staff disagrees with the assertion that the Application is ineligible for the three points under §11.9(e)(4)(A) related to Leveraging of Private, State and Federal funds. The cell the challenger references showing 8% of total housing development cost is formatted to round to the nearest whole number. However, if carried out the figure is clearly less than 8% as required by the rule for applicants electing three (3) points. A scoring notice was issued May 7, 2014, awarding the 3 points.

TDHCA ID#	14177	Development Name:		Orchard Estates	
City:	Alton (ETJ)	Region:	11	Fee Received:	Yes
Challenger:	Enrique Flores, GCM Housing Alton, Ltd				

Nature and Basis of the Challenge: The challenger asserts that the Application is ineligible for points under §11.9.(c)(6)(A) of the QAP related to Underserved Area, because the development site is not located in a Colonia.

Analysis and Resolution: Staff has reviewed the challenge and the response provided by the applicant. With regard to the Underserved Area scoring item, staff issued an Administrative Deficiency in order to assess whether or not “the site has the physical and economic characteristics of the neighboring Colonia.” The Applicant provided information supporting the Colonia designation and staff awarded the points in the scoring notice dated May 7, 2014. The definition of Colonia is as follows:

A geographic area that is located in a county some part of which is within one-hundred fifty (150) miles of the international border of this state, that consist of eleven (11) or more dwellings that are located in proximity to each other in an area that may be described as a community or neighborhood, and that:

(A) has a majority population composed of individuals and families of low-income and very low-income based on the federal Office of management and Budget poverty index, and meets the qualifications of an economically distressed area under Texas Water Code, §17.921; or

(B) has the physical and economic characteristics of a colonia, as determined by the Department.

The challenger contends that the application should not be considered to be in a Colonia because the development site itself does not consist of eleven or more dwellings, and the challenger’s interpretation of the definition is that a vacant site could not possibly be considered a Colonia. The vacant development site is adjacent to the Stewart South Subdivision which is a Colonia designated by the Office of the Attorney General. Staff’s research also indicates that the vacant tract is substantially similar in character. Staff determined that it is reasonable to view the development site and Stewart South Subdivision as part of the same contiguous geographic area. Staff determined that the Application should be awarded the points as elected. Further, due to the very nature of colonias the extremely narrow reading the challenger espouses would effectively render this point item meaningless, for development within such an area would be a virtual impossibility. Staff believes that the analysis it has undertaken leads to a commonsense result that will support development of affordable rental housing as a desirable feature of colonias.

TDHCA ID#	14180	Development Name:	Serenity Place		
City:	Dallas	Region:	3	Fee Received:	Yes
Challenger:	Beau Busby				

Nature and Basis of Challenge: Challenger asserts that the Applicant does not meet the definition of Supportive Housing and should, therefore, be considered an ineligible Applicant.

Analysis and Resolution: Staff has reviewed the challenge documentation and the response provided by the applicant. Staff disagrees with the assessment by the challenger that the financing structure precludes the Applicant from the definition of supportive housing. Staff has reviewed the Application as supportive housing and scored it as such.

TDHCA ID#	14191	Development Name:		Wheatley Courts	
City:	San Antonio	Region:	9	Fee Received:	Yes
Challenger:	Bill Fisher, Sonoma housing				

Nature and Basis of the Challenge: The challenger asserts that the development site has many undesirable area features that the Applicant failed to include in its request for pre-clearance. The challenger also points out potential issues with the financing structure and with the relocation plan.

Analysis: Staff has reviewed the challenge as well as the applicant's response. Staff also conducted a site visit and met with the applicant, the City of San Antonio, and the San Antonio Housing Authority to discuss the plan to mitigate these features through the implementation of a community revitalization plan. As to the assertions regarding the transaction's financing structure, the QAP specifies that challenges to the financial feasibility are premature. The Real Estate Analysis Division is currently underwriting the transaction and will make a recommendation based on a full analysis in accordance with Subchapter D of the Uniform Multifamily Rules. Staff reviewed the Relocation Plan and resolved any questions through the Administrative Deficiency process.

Resolution: Staff agrees that there are characteristics surrounding the site that could potentially be undesirable area features and is presenting these issues to the Board for deliberation as to the eligibility of the site in the context of the larger revitalization plan.

TDHCA ID#	14205	Development Name:	Avondale Apt		
City:	Fort Worth	Region:	3	Fee Received:	Yes
Challenger:	Linda Stephens, Saigebrook Development				

Nature and Basis of Challenge: The challenger asserts that the Applicant failed to notify all of the required neighborhood organizations and should therefore be terminated.

Analysis and Resolution: Staff has reviewed the challenge and the response provided by the applicant. First, staff has determined that the Northwest Fort Worth Community Alliance is not required to be notified because the organization is not on record with the County or State. In addition, staff believes that this organization may not be a qualified neighborhood organization due to the nature of its membership.

TDHCA ID#	14209	Development Name:		Riverside Village	
City:	Rio Hondo	Region:	11	Fee Received:	Yes
Challenger:	Cynthia L. Bast, CDC Brownsville				

Nature and Basis of the Challenge: The challenger asserts that the Application is only eligible for 8.5 points related to Local Government Support because the development site is located in the ETJ of the City of Rio Hondo, but no letter of support was received from the County. The challenger also points out that the development site has not yet received the environmental clearance needed for the HOME funds. If the credits are awarded, but there are subsequently delays in receiving this clearance, the Credits could be lost to Region 11. The challenger also raises concerns about access to water.

Analysis and Resolution: Staff has reviewed the challenge and the response documentation provided by the applicant. Based on the documentation provided, staff agrees that the application is only eligible for 8.5 points under Local Government Support and issued a scoring notice accordingly on June 11, 2014. The other concerns raised by the challenger have no effect on score or the eligibility of the application.

TDHCA ID#	14226	Development Name:	Art at Bratton's Edge		
City:	Austin	Region:	7	Fee Received:	Yes
Challenger:	Kecia Boulware, Amtex				

Nature and Basis of Challenge: The challenger asserts that the Applicant failed to notify all of the required neighborhood organizations and should therefore be terminated.

Analysis and Resolution: Staff has reviewed the challenge and the response documentation provided by the applicant. Based on the documentation provided, staff has determined that the organizations referenced in the challenge was not on record with the County or State at the time the application was submitted and therefore the Applicant was not required to provide them notification. Staff took no action to terminate the application.

TDHCA ID#	14226	Development Name:	Art at Bratton's Edge		
City:	Austin	Region:	7	Fee Received:	Yes
Challenger:	Jennifer Hicks, Foundation Communities				

Nature and Basis of Challenge: The challenger asserts that the Applicant failed to notify all of the required neighborhood organizations and should therefore be terminated.

Analysis and Resolution: Staff has reviewed the challenge and the response documentation provided by the applicant. Based on the documentation provided, staff has determined that the organizations referenced in the challenge was not on record with the County or State at the time the application was submitted and therefore the Applicant was not required to provide them notification. Staff took no action to terminate the application.

TDHCA ID#	14244	Development Name:		Merritt Estates	
City:	Midland	Region:	12	Fee Received:	Yes
Challenger:	Jack Jenks, Lone Star Housing Group				

The above referenced application was not deemed by staff to be competitive in the region based on the applicant's own self-score. As of the posting of this log, the application has not been reviewed by staff pursuant to §10.201(5) of the Uniform Multifamily Rules. Staff has noted the challenge and will save a memo into the application file should the application become competitive in the region.

TDHCA ID#	14271	Development Name:	Abbington Walk of Emory		
City:	Emory	Region:	4	Fee Received:	Yes
Challenger:	Michael Ash, The Commonwealth Companies				

Nature and Basis of the Challenge: The challenger asserts that the Application is not eligible for the 14 points requested under §11.9(d)(2) of the QAP related to Development Funding from a Local Political Subdivision because the commitment from the City of Emory is neither a loan nor an in-kind contribution but rather a deferral of fees.

Analysis and Resolution: Staff has reviewed the challenge as well as the response documentation provided by the applicant. Staff, too had questions about whether or not this commitment could be considered a loan, but ultimately determined that the documentation provided supports the funding structure as a loan. As such, the scoring notice was issued on June 2, 2014, awarding the full 14 points.

TDHCA ID#	14283	Development Name:		Bella Vista	
City:	Alton (ETJ)	Region:	11	Fee Received:	Yes
Challenger:	Sara Reidy, Casa Linda Development Corporation				

Nature and Basis of the Challenge: The challenger asserts that the Application is only eligible for two points under §11.9(e)(4)(A) of the QAP related to Leveraging of Private, State and Federal funds, as opposed to the three points the applicant elected. The basis for this assertion is that the application indicates an acquisition cost that is \$50,000 more than the purchase contract for the land. The subtraction of this \$50,000 would cause the credit request to be over 8% of the total housing development cost.

Analysis and Resolution: Staff reviewed the challenge and the response by the applicant and determined that the cost reflected in the application was supported and eligible to be included in the calculation. A scoring notice was issued on May 7, 2014, awarding the full point request under both of these scoring items.

TDHCA ID#	14288	Development Name:	Villas at Boston Heights		
City:	Benbrook	Region:	3	Fee Received:	Yes
Challenger:	Thomas E. Huth				

The above referenced application was not deemed by staff to be competitive in the region based on the applicant's own self-score. As of the posting of this log, the application has not been reviewed by staff pursuant to §10.201(5) of the Uniform Multifamily Rules. Staff has noted the challenge and will save a memo into the application file should the application become competitive in the region.

TDHCA ID#	14292	Development Name:	Cypress Creek Apartment Homes at Parker Creek North		
City:	Royse City	Region:	3	Fee Received:	Yes
Challenger:	Saigebrook Development				

Nature and Basis of the Challenge: The challenger asserts that the developer is attempting to circumvent the \$3 million cap by claiming to be a 10% developer on this transaction.

Analysis and Resolution: Staff has reviewed the challenge and the response by the applicant. Staff determined that Mr. Stuart Shaw’s participation in Cypress Creek Apartment Homes at Parker North would not trigger application of the rule regarding the \$3 million limitation. Once staff completes the remaining reviews and determines which applications to recommend for awards at the late-July Board meeting, staff will perform a comprehensive analysis of any \$3 million cap issues.