TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

BOARD MEETING OF AUGUST 8, 2002

Michael Jones, Chair
C. Kent Conine, Vice-Chair

Beth Anderson, Member
Vidal Gonzalez, Member

Shadrick Bogany, Member
Norberto Salinas, Member

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
BOARD MEETING
AUGUST 8, 2002

ROLL CALL

	Present	Absent
Jones, Michael, Chair	___________	___________
Conine, C. Kent, Vice-Chair	___________	___________
Anderson, Beth, Member	___________	___________
Bogany, Shadrick, Member	___________	___________
Gonzalez, Vidal, Member	___________	___________
Salinas, Norberto, Member	___________	___________
Number Present	___________	
Number Absent		___________

______________________, Presiding Officer

BOARD MEETING
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Capitol Extension, Room E1.012, 1400 North Congress, Austin, Texas 78701
August 8, 2002 10:30 a.m.

AGENDA

CALL TO ORDER, ROLL CALL **CERTIFICATION OF QUORUM**	Michael Jones Chair of Board

PUBLIC COMMENT
The Board will solicit Public Comment at the beginning of the meeting and will also provide for Public Comment on each agenda item after the presentation made by department staff and motions made by the Board.

The Board of the Texas Department of Housing and Community Affairs will meet to consider and possibly act on the following:

Item 1	Presentation and Discussion of Report from Member Norberto Salinas on Visit to El Paso and Surrounding Colonias	Norberto Salinas
Item 2	Presentation and Discussion on Status of Central Database	Vidal Gonzalez
Item 3	Presentation, Discussion and Possible Approval of Report from Audit Committee on Status of Prior Audit Issues and Summary Status Of Internal/External Audits	Vidal Gonzalez
Item 4	Presentation, Discussion and Possible Approval of Low Income Housing Tax Credit Items: a) Issuance of Four (4) Percent Determination Notices to Tax Exempt Bond Transactions with TDHCA as the Issuer: 02-417 Clarkridge Village Apartments, Dallas 02-030 Wheatland Villas, Dallas, Texas b) Issuance of Four (4) Percent Determination Notices to Tax Exempt Bond Transactions with Other Issuers: 02-412 Shady Oaks Manor, Ft. Worth, Texas 02-413 Pleasant Valley Villas, Austin, Texas 02-414 Eagles Landing Hsg., Travis County, Texas c) Approval of Requests to Extend Deadline for Closing the Construction Loans for: 01-111 Village at Meadowbend, Temple, Texas 01-143 Laredo Vista, Laredo, Texas 01-144 Corinth Autumn Oaks, Denton County, Texas d) Approval of the Staff Recommendations for Issuance of Forward Commitments for FY2003 LIHTC Allocation Round e) Approval of Staff Recommendations for Issuance of Waiting List for FY2002 for the Low Income Housing Tax Credit Program	Michael Jones
Item 5	Presentation, Discussion and Possible Approval of Financial Items: a) Approval of Proposed Issuance of Multifamily Mortgage Revenue Bonds for the Clarkridge Villas, Dallas, Texas, in an Amount not to exceed $14,700,000 and other related matters b) Approval of Proposed Issuance of Multifamily Mortgage Revenue Bonds, for the Wheatland Villas, Dallas, Texas In amount not to exceed $14,900,000 and other related matters c) Approval of Recommended Firms to Provide Trustee Services for the Departments Single Family Mortgage Revenue Bond	C. Kent Conine

Issues and Other Related Matters

Item 6 Presentation, Discussion and Possible Approval of Programmatic Items: Shadrick Bogany

a) Approval of Recommendations for the Bootstrap Awards From the Office of Colonia Initiatives for:

CDC of Brownsville	$ 800,000
Pharr Housing Dev.	$ 312,000
LaGloria Dev. Corp.	$ 405,560
Community Action Social Services	$ 142,594
Community Serv. Of South Texas	$ 156,000
Lower Valley Housing	$1,080,000
Alianza Para El Desarrolo	$ 103,806

b) Approval of Washington County/Brazos Valley Consortium HOME Program Allocation

c) Approval of Resolution for Designation of Role and Signature Authority for the Texas Department of Housing and Community Affairs Environmental Responsibilities

d) Approval of Housing Trust Fund Awards for:

HTF Development/SECO Preliminary Recommendations

	HTF Development	HTF/SECO
Denton Affordable Housing Corp.	$604,000	$ 16,500
Augusta Hills, L.P.	$456,000	
Paris Retirement Village, Ltd.	$ 45,000	
The Greens on Turtle Creek, Ltd.	$350,000	$126,000
Houston Copperwood Apartments, L.P.	$350,000	$325,000
Fountains at Tidwell, Ltd.	$225,000	$ 75,000
Housing Authority of Travis County	$360,000	$120,000
Housing Associates of Kyle	$ 30,000	$ 10,000
Grove Place Partners, Ltd.	$100,000	
Habitat for Humanity of San Antonio	$1,050,000	
National Church Residences	$350,000	$ 84,000
Boerne Park Meadows Apartments, L.P.	$375,000	
Community Retirement/Aransas Pass	$ 58,900	$ 26,600
Affordable Housing of Kingsville II, Ltd.	$110,000	$ 30,000
DMA Community Partners II, Inc.	$175,000	$ 48,000

HTF Capacity Building Preliminary Recommendations

Avenue CDC	$35,000
Harmony House	$22,300
Azteca Complex	$34,690
CDC of South Texas	$35,000
Central Dallas Ministeries	$35,000
George Gervin Youth Center	$35,000
East Austin Economic Development Corp.	$35,500
Williamson/Burnet County Opp.	$25,000
Northeast CDO	$35,000
OPSE	$35,000
Statewide CDC, Inc.	$35,000
Habitat for Humanity of Wichita Falls	$31,158
Midland CDC	$35,000
Crossroads Housing Development	$21,716
Affordable Housing of Parker County	$35,000
Habitat for Humanity of San Antonio	$35,000
Webb County Comm. Action	$35,000

HTF Predevelopment Recommendations:

ARK-TEX Council of Gov. , FY2002 Funds	$558,642

Texas Community Capitol, FY 2003 Funds $530,068

e) Approval of Amendment to the 2002 State of Texas Consolidated Plan-One Year Action Plan Submitted to the U.S. Department of Housing and Urban Development (HUD) as it Relates to the HOME Investment Partnerships Program

REPORT ITEMS

Executive Directors Report — Edwina Carrington

Update on Sunset Requirement Market Study for Underserved Areas

EXECUTIVE SESSION — Michael Jones

Litigation and Anticipated Litigation (Potential or Threatened under Sec. 551.071 and 551.103, Texas Government Code Litigation Exception)

Consultation with Attorney Pursuant to Sec. 551.071(2), Texas Government Code

The Board may discuss any item listed on this agenda in Executive Session

OPEN SESSION — Michael Jones

Action in Open Session on Items Discussed in Executive Session

ADJOURN — Michael Jones
Chair of Board

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 the Board Secretary, Delores Groneck, TDHCA, 507 Sabine, Austin, Texas 78701, 512-475-3934 and request the information.

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

Agenda Item No. 1

Mayor Norberto Salinas visit to El Paso Agenda

RE: Meeting with elected officials and non-profits dealing with Colonia issues.

At the invitation of the City of Socorro and as a follow-up to TDHCA's February 21, 2002, Board Meeting in El Paso, Board Member Norberto Salinas traveled to El Paso, Texas on July 9, 2002 - July 11, 2002 and held meetings with various officials and non profits. His schedule was as follows:

<u>Tuesday July 9, 2002</u>

2:00 p.m.	Meet with Socorro City Officials
3:15 p.m	Alianza Para El Desarrollo Communitario (Colonia non-profit)
5:00 p.m.	Inocente Quintanilla, State Representative-elect District 75

<u>Wednesday July 10,2002</u>

10:00 a.m.	Tour City of Socorro
11:00 a.m.	A.Y.U.D.A (Colonia non-profit organization)
12:00 p.m.	Office of U.S Congressman Silvestre Reyes
1:00 p.m.	Tour El Paso Colonias
4:00 p.m.	El Paso County Judge Dolores Briones

<u>Thurday July 11, 2002</u>

9:00 a.m.	El Paso County Commissioner Miguel Teran
11:15 a.m.	Hudspeth County, Forth Hancock Colonia Community meeting/ tour
4:00 p.m.	Michael Wyatt, Texas Rural Legal Aid.

Mayor Salinas will give an oral report to the Board on the above events and items discussed.

CENTRAL DATABASE PROJECT PLAN

August 1, 2002

TDHCA
CENTRAL DATABASE PROJECT
(as of 4/30/02)

ID		Task Name	Duration	Start	Finish	Predecessors	% Complete	Resource Names
1		PROJECT START UP	476 hrs	Fri 12/21/01	Thu 3/14/02		100%	
2		DEVELOP PROJECT CHARTER	433 hrs	Fri 12/21/01	Thu 3/7/02		100%	
8		PERFORM PROJECT COORDINATION AND KICKOFF ACTIVITIES	4 hrs	Thu 3/14/02	Thu 3/14/02		100%	
11		ARCHITECTURE AND INFRASTRUCTURE PLANNING	605.4 hrs	Mon 12/3/01	Mon 3/18/02		100%	
46		DATA CONVERSION	1304 hrs	Mon 12/3/01	Wed 7/17/02		69%	
47		AOD DATA CONVERSION	145.6 hrs	Thu 3/28/02	Tue 4/23/02		97%	
62		HOME MULTIFAMILY DATA CONVERSION	88 hrs	Fri 5/17/02	Fri 5/31/02		8%	
76		BOND DATA CONVERSION	104 hrs	Wed 5/15/02	Fri 5/31/02		37%	
90		HUD LIMITS LOAD (Rent & Income - 1999-2002)	1120 hrs	Thu 1/3/02	Wed 7/17/02		100%	
95		HOME INVESTMENT PARTNERSHIP DATA CONVERSION	40 hrs	Mon 12/3/01	Fri 12/7/01		0%	
108		COMMUNITY AFFAIRS DATA CONVERSION	40 hrs	Mon 12/3/01	Fri 12/7/01		0%	
134		HOUSING SPONSOR REPORT	192 hrs	Mon 12/3/01	Fri 1/4/02		100%	
144		HOUSING SPONSOR REPORT - HISTORICAL INFORMATION	227.6 hrs	Tue 3/19/02	Fri 4/26/02		100%	
155		HRC - INFORMATION CLEARINGHOUSE	199.8 hrs	Fri 3/22/02	Thu 4/25/02		100%	
167		LIHTC CONTACT LOG	1020 hrs	Mon 12/3/01	Wed 5/29/02		32%	
188		Login Application Programmer Interface	40 hrs	Mon 12/3/01	Fri 12/7/01		88%	
192		CENTRAL DATABASE REPORTS	80 hrs	Mon 12/3/01	Fri 12/14/01		94%	
199		EXTERNAL PROPERTY OWNER TRANSACTION INTERFACE	1280 hrs	Thu 12/20/01	Wed 7/31/02		95%	Mario Lopez
200		PILOT PROJECT (See Pilot Project Plan for details)	296 hrs	Thu 7/11/02	Fri 8/30/02		45%	Mario Lopez,James Roper,Ryan Campbell,Edward Gonzales,Robert Flores,I
201		CDP USER ADMINISTRATION MODULE	60 hrs	Wed 9/4/02	Fri 9/13/02		0%	Ryan Campbell,Robert Flores,Russ Walch
202		FUND ALLOCATION/CONTRACT MODULE	1416.5 hrs	Fri 5/10/02	Tue 1/14/03		10%	
203		SYSTEM REQUIREMENTS ANALYSIS - Fund & Contract Allocatio	534 hrs	Fri 5/10/02	Mon 8/12/02		51%	
234		ANALYSIS AND SYSTEM DESIGN	100 hrs	Mon 8/12/02	Wed 8/28/02		33%	
266		TECHNICAL SYSTEM DESIGN - DATABASE	32 hrs	Tue 8/27/02	Mon 9/2/02		0%	
272		TECHNICAL SYSTEM DESIGN - APP	152 hrs	Tue 8/27/02	Mon 9/23/02		0%	
281		TECHNICAL PROCEDURE DEVELOPMENT	530 hrs	Thu 9/19/02	Fri 12/20/02		0%	
324		SYSTEM AND ACCEPTANCE TESTING	171.5 hrs	Fri 12/13/02	Tue 1/14/03		0%	
352		LIHTC MODULE	1291 hrs	Mon 9/2/02	Tue 4/15/03		0%	
484		PROGRAM MODULE	1301 hrs	Mon 10/7/02	Wed 5/21/03		0%	
616		APPLICATION MODULE	1040.5 hrs	Thu 1/16/03	Thu 7/17/03		0%	
695		CONSTRUCTION & PROGRAM MONITORING MODULE	1853 hrs	Mon 10/21/02	Tue 9/9/03		0%	
817		CREDIT UNIDERWRITING & COST CERTIFICATION MODULE	2171 hrs	Mon 11/11/02	Tue 11/25/03		0%	
936		BOND FINANCE MODULE	2219 hrs	Thu 12/5/02	Tue 12/30/03		0%	
1063		SECTION 8 MODULE	2307 hrs	Fri 1/3/03	Wed 2/11/04		0%	
1190		OCI MODULE	2357 hrs	Fri 2/7/03	Thu 3/25/04		0%	
1317		MITAS/CDP INTERFACE	375 hrs	Fri 3/28/03	Mon 6/2/03		0%	

CENTRAL DATABASE PROJECT STATUS REPORT

August 1, 2002

Central Database Project (CDP) Status Report
Prepared by ISD
August 1, 2002

This status report provides a summary of past and ongoing deliverables and milestones of the Central Database Project. For each deliverable/milestone, we include a description; begin and end dates; the number of consultant hours involved; capital budget costs for consultants, hardware, and/or software; and the percentage that has been completed.

Deliverable / Milestone	Begin Date	Completion Date	Consultant Hours	Capital Budget Costs	Percentage Complete
RFO for Compliance Monitoring and Tracking System (CMTS) AIMS, Inc. selected to build the Compliance Monitoring and Tracking System. Contract signed in February, 2001. TDHCA decides to use CMTS database as the foundation for agency Central Database Project.	Summer 2000	February 2001	None	None	100%
Network Infrastructure and Central Database Server Planning and Design Between September 2000 and February 2001, the agency planned, designed, acquired the necessary network and server hardware, and put together an infrastructure that would support the Central Database Project as well as the rest of the agency's IT requirements (i.e., PeopleSoft, Loan Servicing, legacy applications, etc.) and would scale to meet future needs. Sun and Cisco selected as hardware platforms. Oracle selected as database platform. Performance, capacity, recoverability, and security gains were realized without expenditures on consultants.	September 2000	February 2001	None	$225,000 for network and server hardware	100%
Compliance Monitoring and Tracking System (CMTS) CMTS was Phase I of the Central Database Project. The goal of Phase I was to develop a fully integrated system to address the compliance monitoring needs for all multifamily housing programs. The system was designed to provide full integration and reporting, provide automated compliance functions for the Home, HTF, and tax exempt bond programs during the affordability period, allow remote property managers to access and update tenant information through the Internet, and improve productivity through the use of a sound business process design, a graphical user interface, and improved access to data.	February 2001	January 2002	Consultant not paid by hourly on CMTS project; paid through AIMS contract	$309,038 for the AIMS contract. $262,955 paid in FY '01; $46,083 paid in FY '02.	100% (The deliverable was under User Acceptance Testing upon completion of the contract. Full data load and migration, deployment, rollout, technical support, and additional software development were beyond the scope of

Deliverable / Milestone	Begin Date	Completion Date	Consultant Hours	Capital Budget Costs	Percentage Complete
					the original contract.)
<u>Software Development Environment Infrastructure and Architecture Planning for the Central Database</u> The software development environment was restructured and a more refined process that accommodated both existing and new programming languages, databases and standards were put into place. This includes the development of a project charter, the creation of a detailed project plan, selection of a source code control tool, the addition of a modified QA process that involves more user participation, the creation of web and graphical user interface standards, Java coding standards, database naming convention standards, Java software development platform standard, and software change control, management and deployment process improvements.	November 2001	February 2002	MicHael Galkovsky – 75 hours Matt Stemen – 100 hours Russell Walch – 50 hours Work performed by TDHCA software developers.	$3,750 $4,700 $3,250	100%
<u>Central Database Main Menu and Login Process</u> The Central Database Main Menu for navigation through the system. The Login Process entailed developing the interface and preliminary security mechanisms for internal users. This also included development of a standardized interface stylesheet for use in the application.	December 2001	January 2002	MicHael Galkovsky – 280 hours	$14,000	100%
<u>Central Database External Property Owner's Interface</u> The interface is provided to property owners and property managers for updating property information that they own or manage under various programs. These programs include BOND, HOME and LIHTC.	December 2001	July 2002	MicHael Galkovsky – 70 hours (for initial design, architecture, tying frameworks together, etc.). Remainder of work being performed by TDHCA software developers. Russell Walch – 75 hours (for data mapping, modification of database design to accommodate necessary changes to the database and requirement per new information obtained from user)	$3,500 $4,875	95%
<u>Housing Sponsor Report</u> The Housing Sponsor Report is used by the property owners and property managers to report property and unit information into the Central Database. The Housing Sponsor Report is required to be submitted to TDHCA on an annual basis for any properties where program participation was involved.	December 2001	January 2002	Russell Walch – 10 hours (meetings to integrate it with the Central Database)	$650	100%
<u>LIHTC Microsoft Outlook Contact Log Solution</u> Provided an immediate Microsoft Outlook solution to a SB322 item where oral (phone) or written communication can be logged for the LIHTC program. This is the short-term solution to the SB322 item. The longer-term solution will be in the form of the LIHTC Contact Log.	December 2001	January 2002	None. Work performed by TDHCA software developers.	None	100%

Deliverable / Milestone	Begin Date	Completion Date	Consultant Hours	Capital Budget Costs	Percentage Complete
<u>Housing Resource Center Information Clearinghouse</u> The Housing Resource Center Information Clearinghouse provides the citizens of Texas easy access to information on homebuyer assistance, rental housing assistance, home repair, and other community services throughout the state. A brief description of several programs offered by TDHCA and other state and federal programs, including hyperlinks, is also available.	December 2001	June 2002	Matt Stemen – 900 hours (Included a total redesign to the user interface, screens, presentation, help and other documentation and testing scenarios)	$42,300	100%
			Matt Stemen – 172 hours (Meetings, Design Review Meetings, QA Review, R&D, Testing, Test Scripts, Review of Software Products and other tools)	$8,084	
			Russell Walch – 10 hours	$650	
<u>Central Database Data Migration and Population</u> This involves the migration of data from existing systems into the Central Database repository. Information such as organization, person, property, and tenant and unit information is now available as a direct result of the migration effort. This information also includes HUD Income and Rent Limits data. At present only 1999-2002 data is populated. Historical data prior to 1999 is scheduled to be entered at a later date. Other systems and data include: <u>Housing Resource Center Information Clearinghouse</u> – Migrated all organizations in the State of Texas that currently provide housing assistance. Services that they provide as well as address and contact information were also loaded. (100%) <u>Housing Sponsor Report</u> – Migrated all properties required to submit the Housing Sponsor Report, along with their corresponding address and contact information. (100%) <u>LIHTC Portfolio</u> – Migrated all LIHTC properties with their corresponding address and contact information; property ownership information (person & organizations) with their corresponding address and phone numbers; property development group information (persons & Organizations) with their corresponding address and phone numbers; property building information with the details of each of the 8609s; and the property's program requirements. 2300 properties, 14,000 buildings (100%) <u>Multi-Family BOND Portfolio</u> – Performed the data mapping between the existing Bond application and the CMTS. The data is currently ready to be migrated to CMTS as soon as the pilot is completed.	February 2002	August 2002 (but also ongoing due to the use of legacy systems)	Russell Walch – 275 hours Matt Stemen – 80 hours MicHael Galkovsky – 25 hours Work performed by TDHCA software developers.	$17,875 $3,760 $1,250	100% for those systems listed. Many others remain for legacy systems.
<u>LIHTC Contact Log</u> The LIHTC Contact Log is the long-term solution to a SB322 item. It will allow the logging and recording of communication of information that comes into the LIHTC program. It then will be adapted to being the Contact Log for the Agency.	February 2002	September 2002	Russell Walch – 10 hours MicHael Galkovsky – 4 hours	$650 $200	34%

Deliverable / Milestone	Begin Date	Completion Date	Consultant Hours	Capital Budget Costs	Percentage Complete
<u>Central Database Software Architecture</u> The software infrastructure required for current and future projects which included the design, technical design and software development of data access routines, object model development and user interface framework.	March 2002	June 2002	MicHael Galkovsky – 375 hours	$18,750	100%
<u>Housing Sponsor Report – Historical</u> The Housing Sponsor Report – Historical information is used to query for property and unit information that has been provided in prior Housing Sponsor Report reporting years. The Housing Sponsor Report is required to be submitted to TDHCA on an annual basis for any properties where program participation was involved. This portion of the system is specific to historical information as previously reported by prior Housing Sponsor Reports entered by property owners and property managers.	May 2002	June 2002	None. Work performed by TDHCA software developers.	None	100%
<u>Central Database - Fund Allocation/Contract Module</u> The Fund Allocation portion of this module will allow each of the program areas to distribute and track funds from the original source (HUD, General Revenue) to Program, Regions, Activities (SECO, Development, Owner Occupied etc.), Specific Setasides (CHDO, Special Needs etc.) Administration. The tracking of the funds includes source of the funds, expiration dates (Federal and State) for each of the source types to the contract level. Program Income, Deobligated Funds and Administration Funds will also be tracked at a detail level from source to final use. Balances will be automatically maintained in each of the funds. A history of all transactions against any of the funds will be maintained. The transaction history will contain the type of transaction, date, amount, by whom and comments. Contract and Draw portion of this module is inclusive of budgets and draws. This segment of the module will provide the ability for each of the program areas to set up a contract in the system, associate the contract to organizations and persons involved in the development and execution of the contract. Track the use of leveraging and matching funds for individual contracts. Provide the ability to create contract activities associated with the contract, create and maintain the budget including balances as funds get drawn, deobligated or refunded. Track the application of program income to contracts and automatically maintain the balances of deobligated funds to ensure deobligated funds are used immediately upon availability. Provide the ability to track the receipt of Program Income as well as tracking the program income proceeds at the contract level. Provide the ability for the subrecipients to create and manage their own detail budget online. Management of the budget by the sub recipient will include the transfer of funds between budget items but not changes to the overall budget, which requires a formal amendment. Balances will be maintained by the system as funds are drawn, refunded etc.	May 2002	January 2003	Russell Walch – 225 hours MicHael Galkovsky – 121 hours projected. (These hours are yet to be expended and will result in the balance of hours remaining to be exhausted on the existing contract from the original Java Developers RFO. An additional number of hours will be required for this and other modules.)	$14,625 $6,050	10%

Deliverable / Milestone	Begin Date	Completion Date	Consultant Hours	Capital Budget Costs	Percentage Complete
<u>CMTS Pilot Project</u> The deployment of the CMTS to external property owners and property managers including a beta test involving the use of the system with live data.	July 2002	August 2002	Russell Walch – 160 hours MicHael Galkovsky – 50 hours	$10,400 $2,500	45%
<u>Central Database - Application Module</u> Provide the ability to create and store application guidelines, threshold information, scoring criteria and templates to be used in the application scoring process. The system will allow the applicant to enter and submit the application online and submit any supporting documentation via hardcopy and electronic means. Where possible, automated scoring will be invoked but regardless, all scoring will be performed in the system and summarized automatically. As application flows through the process, updates to fund balances are automatically updated to reflect applications that have not met minimum thresholds.	August 2002	July 2003	Russell Walch – 36 hours	$2,275	0%
<u>Central Database – User Administration Module</u> This module will be an administration interface used to administer User IDs, permissions, roles and responsibilities.	September 2002	September 2002	None. Work performed by TDHCA software developers.	None	0%
<u>Central Database - Program Module</u> Provide the ability to store online program level information. The information to be stored includes: Program name, the type of program (multi family or single family), program activities with each activity's specific strategies, targets (income targets, geographic, special needs, non-profit participation etc.) and requirements. Provide the ability to map back to the original program targets the actual results as contract are awarded to provide a visual summary of the actual results as they occur.	October 2002	May 2003	Russell Walch – 100 hours	$6,500	0%
<u>Central Database - Construction and Program Monitoring Module</u> This module will coordinate and manage the monitoring activities performed at projects, subrecipients, etc. The system will provide the ability to capture pertinent information regarding the monitoring activity and consolidate the results of all monitoring activities at the entity in a common place. This module will coordinate and manage the monitoring activities performed at projects, sub recipients etc. The system will provide the ability to capture pertinent information regarding the monitoring activity and consolidate the results of all monitoring activities at the entity in a common place.	October 2002	September 2003	Russell Walch – 112 hours	$7,280	0%

Deliverable / Milestone	Begin Date	Completion Date	Consultant Hours	Capital Budget Costs	Percentage Complete
<u>Central Database - Credit Underwriting and Cost Certification Module</u> This module will provide the ability to capture and track underwriting and cost certification details and apply pre-established thresholds and tolerances to determine eligibility or compliance with established standards.	November 2002	November 2003	Russell Walch – 144 hours	$9,360	0%
<u>Central Database - Bond Finance Module</u> The Bond Finance module will capture all relevant commercial paper, single family and multifamily bond data and information for retrieval and reporting purposes. The Bond Finance module will provide this data and information in a readily accessible manner through user defined reports to provide information to other state agencies. Financial concerns, such as rating agencies, bond insurers, investors, investment banks, etc. also will use these reports. The Bond Finance module will consolidate current report preparation processes, thereby increasing Bond Finance's efficiency and productivity with the issuance of new bonds and the management of outstanding bonds.	December 2002	December 2003	Russell Walch – 112 hours	$7,280	0%
<u>Central Database – Section 8 Module</u> The Section 8 module will consist of 4 major components. They are Family Reports, Contracts, Payments and Contract Tracking. The Family Reporting System (i.e., application system) is modeled after HUD's automated Form 50058 application process which is used to collect, store and generate reports on families who participate in the Section 8 rental subsidy program. Once a family's application has been submitted and processed by HUD, it is ready to become a contract in TDHCA's Section 8 program. The Contract System is almost an exact mirror of the Family Reporting System except that it abstracts the information to a higher level and presents it in a more summarized form to agency users. A contract then provides the Section 8 Payment System with the information it needs to process payments for local operators, landlords and tenants. This system then feeds the information to Accounting's CSAS System which, in turn, gives accounting the information they need to produce their monthly checks for the aforementioned groups. Lastly, the Section 8 Contract Tracking System is used to help the program area "keep track" of which contracts have received their payments and/or have reimbursed the agency for the services rendered.	January 2003	February 2004	Russell Walch – 171 hours	$11,115	0%
<u>Central Database - OCI Module</u> The OCI module will be able to track its programs (Texas Bootstrap Loan Program, Contract for Deed Conversion Loan Programs, Builder Incentive Partnership Program, Contract for Deed Conversion Loan Guarantee Program, Colonia Self-Help Center Program and Colonia Consumer Education Programs) through the Database. This will enable the creation of various reports regarding the colonias and these programs. There will also be a capability to search on the Database for other funding activities in the colonias by other programs within the Agency.	February 2003	March 2004	Russell Walch – 85 hours	$5,525	0%

Deliverable / Milestone	Begin Date	Completion Date	Consultant Hours	Capital Budget Costs	Percentage Complete
Central Database to MITAS Interface Develop an interface from the Central Database to the new Loan Servicing system (MITAS).	March 2003	June 2003	None. Interface record layout and feed work will be provided by the vendor (MITAS). Other work required will be performed by TDHCA staff.	$30,000	0%

CENTRAL DATABASE STATUS OF FUNDS
As of July 31, 2002

August 1, 2002

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Central Database Project
Status of Funds as of July 31, 2002

Date / Period	Description	Total
Available Funds:		
	Appropriated Funds:	
FY 2000 - 2001	• FY 2000/2001 - Phase I: To develop and implement a fully integrated compliance monitoring system to address the compliance monitoring needs for all multifamily housing programs. This new system will provide for full integration and reporting, provide automated compliance functions for the HOME, Housing Trust fund, and tax Exempt bond programs that do not currently exist, allow remote property managers to access and update tenant information through the Internet, and improve productivity through the use of sound business process design, a graphical user interface, and improved access to data. Original Expected Completion Date - August 31, 2001. ($200,000)	$200,000
	• FY 2001 Appropriation adjustment - To continue design and development of Compliance Monitoring System. ($62,955)	62,955
FY 2002 - 2003	• FY 2002 ($99,000)/FY 2003 ($399,000) - Phase II: To consolidate over 50 different Department databases from over 28 different program areas into one central database to provide for communications between program areas, allow for retention of historical data (currently written over in some of the Department's databases as fields of information are updated), to allow for a single hardware and software platform. The project is to provide for reporting across housing programs, automated compliance functions for the HOME, Housing Trust fund, and Tax Exempt Bond programs that do not currently exist, remote managers access and ability to update tenant information through the use of an industry-standard web browser and improved productivity through the use of sound business process design and improved access to data. Original Expected Completion Date - December 31, 2002. ($798,000 requested; $498,000 appropriated and, therefore, project plan and scope reduced accordingly - See Project Scope of Project Charter.)	498,000
	Subtotal Available for the FYs 2000 thru 2003	760,955
Jan 2002	Funds Transfer between Projects	0
	Adjusted Available for the FYs 2000 thru 2003	**760,955**

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Central Database Project
Status of Funds as of July 31, 2002

Date / Period	Description	Total
Less Expenditures thru 7/31/02:		
	Expenditures (including accrued expenditures of $4,512 as of 7/31/02):	
FY 2000 - 2001	• Computer Programming Services - Design and development of Compliance Monitoring and Tracking System. ($262,677)	262,677
FY 2002 - 7/31/02	• Employee Training - Advanced Java Programming training and Graphical User Interface and Presentation. ($7,640)	7,640
	• Computer Programmer Services - Finalization of Compliance Monitoring System. ($46,083)	46,083
	• Computer Programming Services - One Systems Analyst for gathering program information needs, functional and system requirements and specifications. Two Programmers for software development. ($165,294)	165,294
	• Computer Equipment – Sun Server Hardware, Disk Drives, Processors, Memory (RAM) and required upgrades. ($42,987)	42,987
	• Computer Software - Software database tools. ($4,270)	4,270
	• Miscellaneous - US Postal Service FIPS Database Annual Subscription. ($350)	350
	Total Expenditures as of 7/31/02	**529,301**
Less Lapsed Funds		**278**
Unexpended Balances as of 7/31/02		**231,376**
Less Obligations as of 7/31/02:		
	Obligations as of 7/31/02 (See Note 1. on following page):	
	• Systems Analyst – Business Data Architect for 524 hours remaining through 9/30/02 ($34,060)	34,060
	• Computer Programming Services – 2 Contract Java Software Developers:	
	• 0 hours remaining at $47/hr	0
	• 121 hours remaining at $50/hr ($6,050)	6,050
	Obligated Balances as of 7/31/02	**40,110**
Unexpended / Unobligated Balances as of 7/31/02		**$191,266**

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Central Database Project
Status of Funds as of July 31, 2002

Planned Use of Funds Unexpended / Unobligated Balances as of 7/31/02:

Date / Period		Description	Total
Unexpended / Unobligated Balances as of 7/31/02 (as above)			$191,266
Less:			
FY 02/03	•	Two additional Java software development programmers plus extension of contract agreement with one Java programmer. Estimated 3,000 hours @ "minimum" $50 / hr. ($150,000)	150,000
	•	Computer Software – Software Quality Assurance and database tools. ($5,000-$10,000)	10,000
	•	Computer Equipment – Additional disk capacity. This is difficult to estimate at this time, but additional disk capacity will be required.	
Subtotal			160,000
Balance of Unexpended / Unobligated Balances as of 7/31/02 - Usage not currently planned			$ 31,266

Note 1. - Deliverables expected from amounts Obligated as of 7/31/02:

The obligated funds as of July 31, 2002, are for the following purposes:

- Continuing development of system requirements including process models and data models. This may also include interfaces to legacy or other systems such as accounting and finance.
- Continuing development of system design specifications to address the functional requirements.
- Producing a working system for the review and approval of department.
- Delivering a working web-based software application that utilizes the Central Database schema.
- Coordinating acceptance testing of system modules and full integration testing across all modules.
- Developing and provide user manuals for Department users.
- Developing interfaces, where necessary, to existing/legacy systems that require data exchange(s) with the Central Database.

INFORMATION SYSTEMS DIVISION
STAFFING AND PROJECTS

August 1, 2002

Information Systems Division (ISD) Staffing and Projects
Prepared by ISD
August 1, 2002

ISD is comprised of 19 employees who provide software development and information resources support services to the agency. ISD consists of two sections, the Software Development (SD) section and the Network and Technical Support (NTS) section. Software Development designs new applications and maintains existing applications. The Network and Technical Support section maintains and enhances the agency's network and servers and provides end-user support for hardware and software.

The Central Database Project (CDP) is the most important and visible project in which ISD is involved, but most IT projects and functions supported by ISD are interdependent and are critical for some aspect of agency business. Because of this we have prepared for the board the following summary of ISD staffing and current and recently completed projects:

ISD Staff
Curtis Howe, Director of ISD

Software Development (SD) Section:
Walt Vega, Manager

Joe Burkhart, Senior Webmaster	Robert Flores, Database Administrator	Mario Lopez, Developer
Ryan Cambell, Developer	Edward Gonzales, Developer	Ricardo Medina, Senior Developer
Chris Claghorn, PeopleSoft Administrator	Adrian Guzman, Developer	Julie Simonite, Developer

Network and Technical Support (NTS) Section:
Ofelia Villela, Manager

Daniel Crandall, Unix Administrator	Edward Guerra, Systems Support Specialist	Roger Wilson, Systems Analyst
Chad Hartman, Network Specialist	Minda Jackson, Systems Analyst	
Karl Higgins, Unix Administrator	Larry Mercadel, Systems Analyst	

Major Current and Recently Completed Projects

Project	Begin Date	Completion Date	Project Budget	ISD Staff	Percentage Complete
1. Central Database Project (Phase I and II) Phase I Goal: To develop and implement a fully integrated compliance monitoring system to address the compliance monitoring needs for all multifamily programs. Phase II Goal: To consolidate over 50 different agency databases from different functional areas into one central database to provide for communications between functional areas, allow for better retention of historical data, and to allow for a single hardware and software platform. *The software deliverable has been met. It will be 100% upon	September 2000	December 2003	FY 00-01 $262,955 FY 02-03 $498,000	Primary: WV, RC, RF, EGo, JS Secondary: JB, AG, ML, RM, DC, KH	Phase I - 95%* Phase II - 10%**

Project	Begin Date	Completion Date	Project Budget	ISD Staff	Percentage Complete
the deployment to and use of the system by external property owners and property managers. This is scheduled to be at the very end of August 2002. ** Prior to the reorganization along functional lines the project was at 17% on Fund Allocation. This has changed because we have had to change the project plan to go along functional lines. As a result, the current Fund Allocation Module is now a Fund Allocation/Contract module and is currently at 10% because of the additional tasks that were added. In addition to the CMTS Pilot Project which will promote a substantial portion of the Central Database to the property owners and property managers, we are targeting having a Fund Allocation/Contract module by January 2003. This module will keep track of dollars from funding source from inception through the program lifecycle and back.					
<u>2. Easy Audit II to Easy Audit III Development Project</u> The Easy Audit II system for Texas is currently a stand-alone audit system used by each of TDHCA's 35 Weatherization Assistance Program sub-grantees to conduct 5000-6000 energy audits per year. The project will upgrade Easy Audit to a web based application that uses a single, central database at TDHCA HQs. The project will result in linking sub-grantees to a single database, allowing real time updates of energy audit data and tremendous reporting improvements and efficiencies.	July 2002	August 2003	FY 02-03 $240,000	Primary: WV, CHo Secondary: RF, RC, KH, DC	3%
<u>3. Loan Production and Servicing System</u> The new Loan Production and Servicing System Project (Mitas) is a replacement system for the current London Bridge Group system, which has proven to be inadequate for the TDHCA's loan administration business needs. The new system will consolidate four systems (TMO, LSAMS, TCL and TPLS) and collapse all systems into one. TDHCA is in the final testing phases of this project.	October 2001	August 2002	FY 02 $305,000	Primary: RW Secondary: CHo, CHa	97%
<u>4. Wide Area Network</u> The WAN project will upgrade OCI and Manufactured Housing field offices from slow (56 Kbps) dial-up lines to faster (384 Kbps), more reliable dedicated circuits. This project will result in significant increased productivity and ease of access from field offices to HQs servers and data, with no increase to monthly connection fees.	July 2002	November 2002	FY 02-03 $65,000	Primary: CHo, KH, CHa, DC Secondary: MJ, OV	10%

Project	Begin Date	Completion Date	Project Budget	ISD Staff	Percentage Complete
5. Daily Operations Daily Operations consists of the projects, tasks, and ongoing functions required to support the agency's Information Technology needs. ISD averages between 700 and 800 completed work orders per month. (Approximately one third of these are completed by software development staff; these work orders generally fall under the above Legacy Systems Support category). Daily Operations projects and functions include: - PC Deployment - Email Server Upgrades - Office XP Upgrades - Technical Support Work Orders - Web Site Updates - Database Maintenance - Server Maintenance - Planned TDHCA Reorganization: Application, Security, and Network Changes	Ongoing	Ongoing	Normal Growth/ Integrated Systems Budget: FY 02 $710,750 FY 03 $507,010	Primary: OV, RW, LM, MJ, EGu, CHa, KH, DC, JB, RF Secondary: Other ISD staff members	N/A
6. PeopleSoft PeopleSoft Financials is the financial and accounting system of record for TDHCA. Daily maintenance and support for PeopleSoft are provided by one ISD staff member, supplemented by consulting services. Because of the complexity of this system and required upgrades in FY 04-05 to a new, web based version, increasing dedicated technical staff for PeopleSoft is a goal of ISD and Finance.	Ongoing	Ongoing	FY 02-03 $180,000	Primary: CC Secondary: RF, WV, RW	N/A
7. Legacy Systems Software Development Projects and Support Roughly half of the time of TDHCA software development staff is spent in the support of legacy systems. At the board's request, TDHCA is working to minimize requests for legacy system maintenance to those that are critical to agency business. The follow is a list of major legacy system projects currently underway in addition to daily support tasks: - Manufactured Housing APPX Enhancements - Community Services Monitor Tracking System - System Benefit Fund Reporting - (LIHTC) Time Accounting Enhancements	Ongoing	Ongoing	No capital budget expenses. Work performed by TDHCA software developers.	Primary: WV, RM, AG, ML, JS Secondary: RC, EGo, RF, KH, DC	N/A

Project	Begin Date	Completion Date	Project Budget	ISD Staff	Percentage Complete
Recently Completed Projects:					
8. APPX Server Upgrade APPX is an application suite and programming language in which the majority of the agency's legacy applications are built. This project was accomplished to move APPX from an end of life IBM server with support issues to a new Sun server (the Central Database hardware platform).	September 2001	April 2002	FY 02 $10,000 for new server (from Normal Growth)	Primary: DC, KH Secondary: RM, AG, WV	100%
9. EVENTS Conversion to Java Events allows the public to search our web site for major TDHCA event listings providing date, time, location, and related publications. This project provided the following benefits: - written in Java/JSP - increased performance - moved all components off legacy servers - new web standards (appearance and accessibility) are employed - the new site updates its own date ranges each year (to reduce maintenance)	October 2001	January 2002	No capital budget expenses. Work performed by TDHCA web master.	Primary: JB	100%
10. MHWEB Conversion to Java MHWEB allows Manufactured Housing users and the public to query for and/or download lists of manufactured housing title data, tax and mortgage lien information, licensing data, and installation records. This project provided the following benefits: - allows users to filter for active titles, for titles cancelled to real estate, or both. - written in Java/JSP - increased performance - moved all components off legacy servers - new web standards (appearance and accessibility) are employed - the new site updates its own date ranges each year (to reduce maintenance)	August 2001	April 2002	No capital budget expenses. Work performed by TDHCA software developers.	Primary: JS Secondary: RC, RF, KH, JB	100%
11. ORCA Network Project This project was completed to separate CDBG network functions from TDHCA and combine it with the Center for Rural Health Initiatives, which became ORCA. Currently, ORCA is fully supported by its own IT staff, but some ORCA applications are housed on TDHCA servers and ORCA shares TDHCA's network backbone.	December 2001	February 2002	No capital budget expenses. Work performed by ORCA and TDHCA network and technical support staff.	Primary: CHo, CHa Secondary: KH, DC, OV, RW, LM, EGu, MJ	100%

Project	Begin Date	Completion Date	Project Budget	ISD Staff	Percentage Complete
12. Texas Interagency Council for the Homeless (TICH) Web Site Designed and produced TICH web site, hosted on TDHCA servers. Performed work at the request of the council; SB 322 requires that TDHCA provides technical support to TICH.	June 2002	July 2002	No capital budget expenses. Work performed by TDHCA web master.	Primary: JB	100%

CENTRAL DATABASE REQUIREMENTS GATHERING SCHEDULE

August 1, 2002

CENTRAL DATABASE PROJECT REQUIREMENTS SCHEDULE
As of 8/01/2002

(Based upon scheduling of meetings, agency reorganization and other items and issues, this schedule is subject to change.)

Agency Function	**IS Activity**	**Program Area Participation Required**	**Estimated Start Date & End Date**	**Estimated Duration**
Fund Allocation	JAD, Functional Requirements, Design Specs	HOME,(Done) HTF (done), CA (CS/EA), Accounting (done)	Already underway	4 weeks (from end to end)
Contract Allocation Contract Module (inclusive of Budgets & Draws), Application Module	JAD	HOME	7/23/2002 – 7/25/2002	3 days
Contract Allocation Contract Module (inclusive of Budgets & Draws), Application Module	JAD	CA (CS/EA)	7/30/2002 – 8/01/2002	3 days
Contract Allocation Contract Module (inclusive of Budgets & Draws), Application Module	Document Functional Requirements	CA (CS/EA)/HOME/HTF (done)	Completion Date 8/12/2002 (Monday)	7 Days
Contract Allocation	Design Spec	CA (CS/EA)/HOME/HTF (done)	Completion 8/15/2002	3 days
Contracts & Budget	Design Spec	CA (CS/EA)/HOME/HTF (done)	Completion 8/21/2002	3 days
Draw	Design Spec	CA (CS/EA)/HOME/HTF (done)	Completion 8/28/2002	4 days
All Areas	JAD	LIHTC	9/2/2002 – 9/6/2002	5 days
All Areas	Functional Requirements	LIHTC	9/9/2992 – 9/20/2002	10 days
All Areas	Design Specs	LIHTC	9/23/2002 – 10/4/2002	10 days
Program Module	JAD	HOME, HTF (done), CA (CS/EA), HRC	10/7/2002 – 10/08/2002	2 days
Program Module	Functional Requirements	HOME, HTF (done), CA (CS/EA), HRC	10/9 – 10/11	3 days
Program Module	Design Specs	HOME, HTF (done), CA (CS/EA), HRC	10/14 – 10/16	3 days
Construction & Program Monitoring Module	JAD	Compliance	10/21/2002-10/23/2002	3 days
Construction & Program Monitoring Module	Functional Requirements	Compliance	10/24/2002-10/30/2002	5 days
Construction & Program Monitoring Module	Design Specs	Compliance	11/4/2002-11/18/2002	5 days

Credit Underwriting & Cost Certification Module	JAD	Credit Underwriting, LIHTC, Accounting	11/11/2002-11/13/2002	3 days
Credit Underwriting & Cost Certification Module	Functional Requirements	Credit Underwriting, LIHTC, Accounting	11/14/2002-11/20/2002	5 days
Credit Underwriting & Cost Certification Module	Design Specs	Credit Underwriting, LIHTC, Accounting	11/21/2002-12/6/2002	10 days
Bond Finance Module	JAD	MFB, SFB, Accounting	12/9/2002-12/11/2002	3 days
Bond Finance Module	Functional Requirements	MFB, SFB, Accounting	12/12/2002-12/18/2002	5 days
Bond Finance Module	Design Specs	MFB, SFB, Accounting	12/19/2002-12/24/2002	5 days
Section 8	JAD, Functional Requirements, Design Specs	Section 8	1/3/2003-1/8/2003 1/9/2003-1/23/2003 1/24/2003-2/7/2003	4 days 11 days 2 weeks
OCI	JAD, Functional Requirements, Design Specs	OCI	2/10/2003-2/14/2003	5 days
MITAS/CDP Interface	JAD, Functional Requirements, Design Specs	IS, others as required	2/17/2003-2/28/2003	2 weeks

Central Database Project Timeline

Texas Department of Housing and Community Affairs

Central Database Project Timeline

SUMMER 2000

Started RFO for Compliance Monitoring and Tracking System (CMTS)

SEP. 2000

Started Network Infrastructure and Central Database Server Planning and Design

FEB. 2001

Started Compliance Monitoring and Tracking System (CMTS)

Completed Network Infrastructure and Central Database Server Planning and Design

NOV. 2001

Started Software Development Environment Infrastructure and Architecture Planning for the Central Database

Central Database Project Timeline

Started Central Database Main Menu and Login Process

Started Central Database External Property Owner's Interface

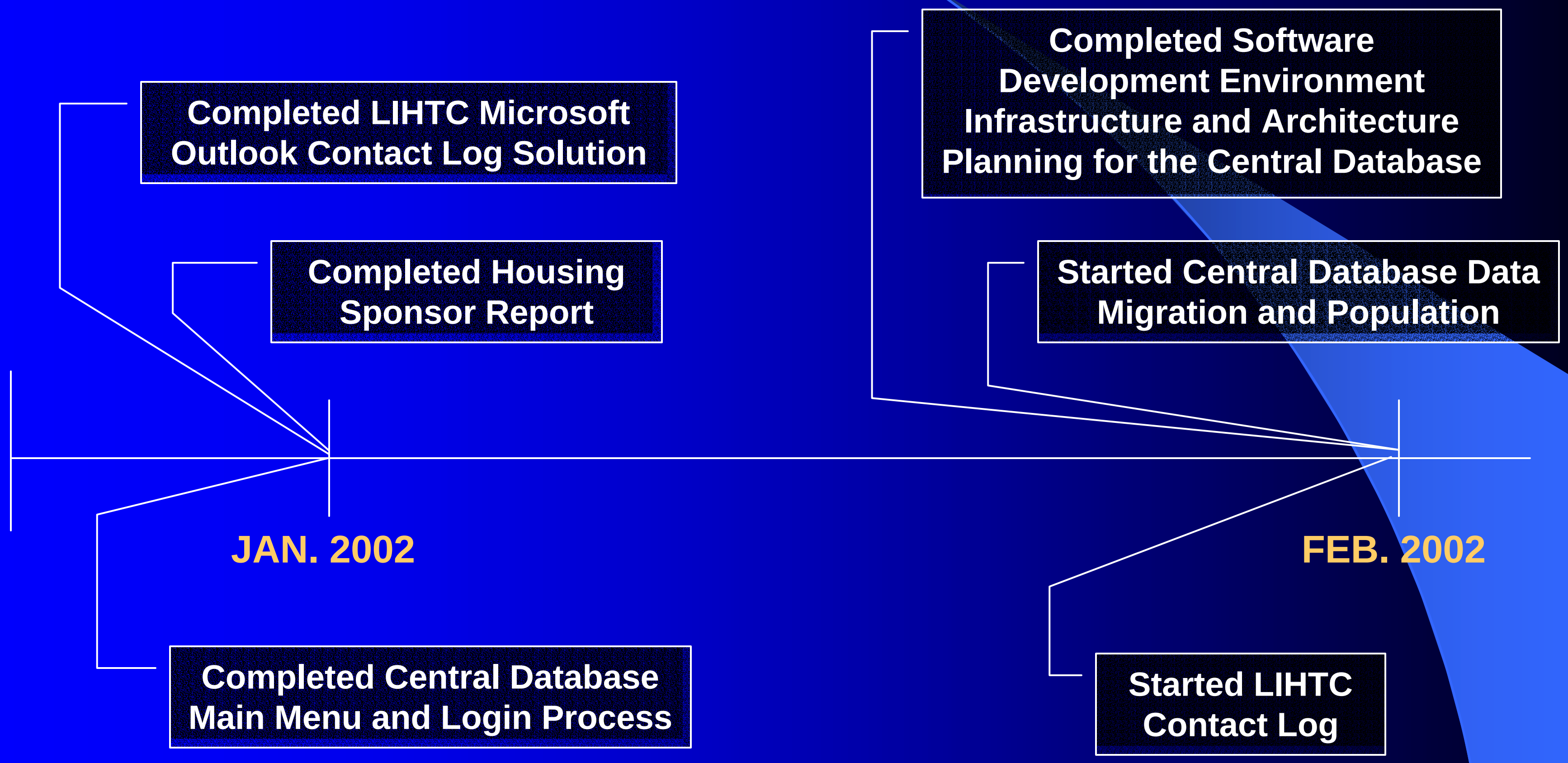
Started Housing Sponsor Report

DEC. 2001

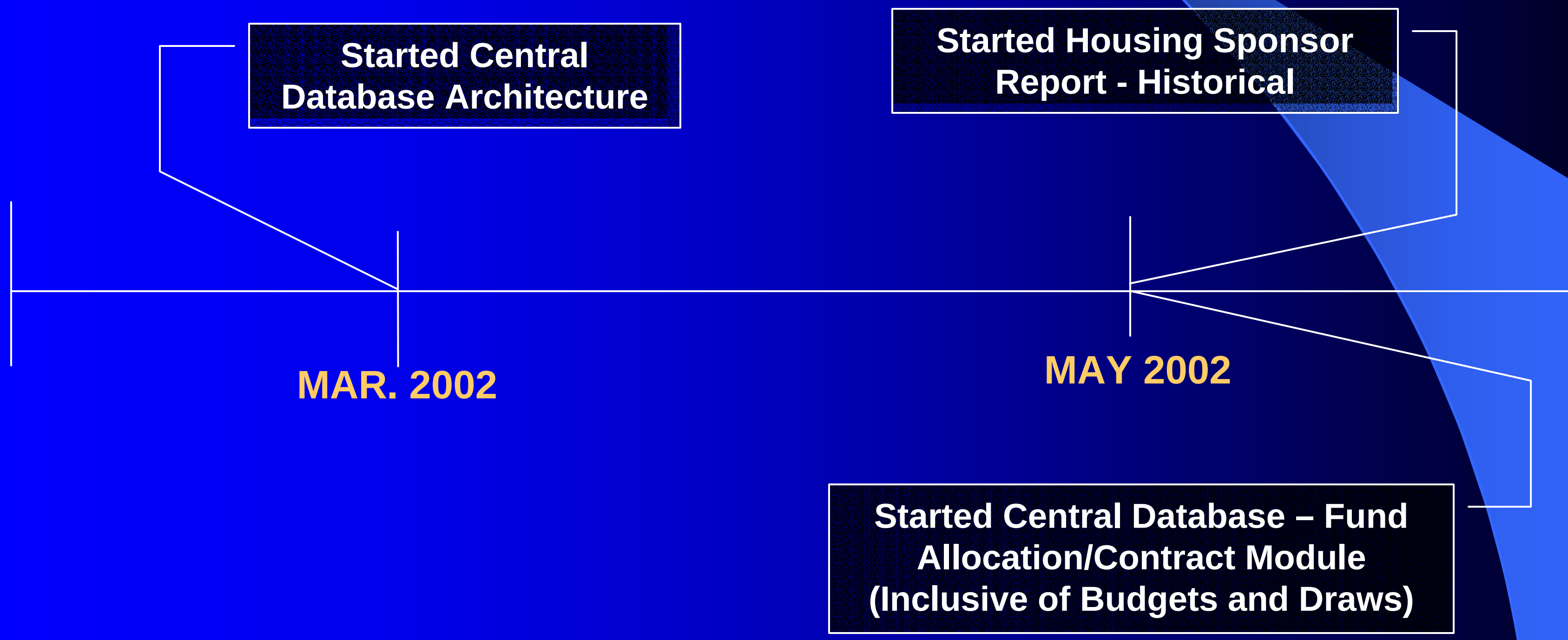
Started Housing Resource Center Information Clearinghouse

Started LIHTC Microsoft Outlook Contact Log Solution

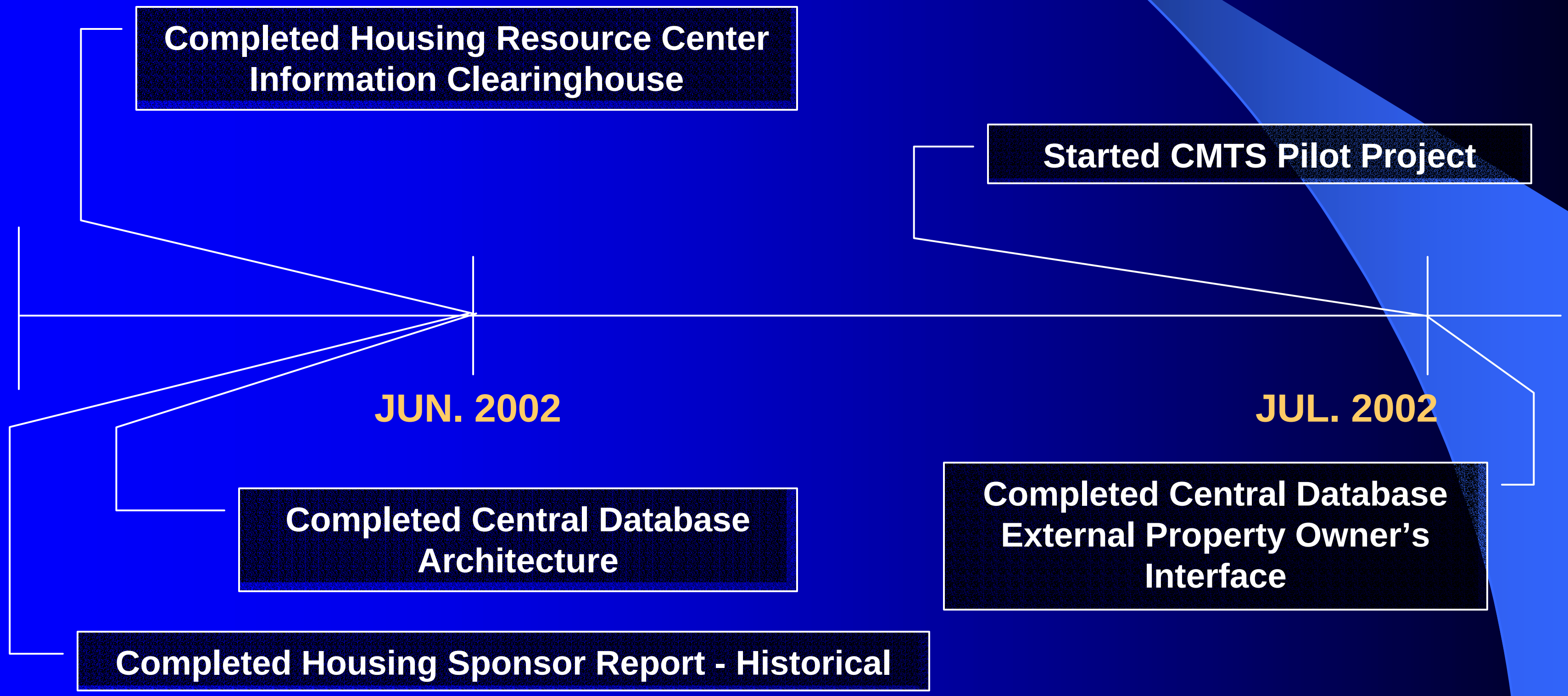
Central Database Project Timeline



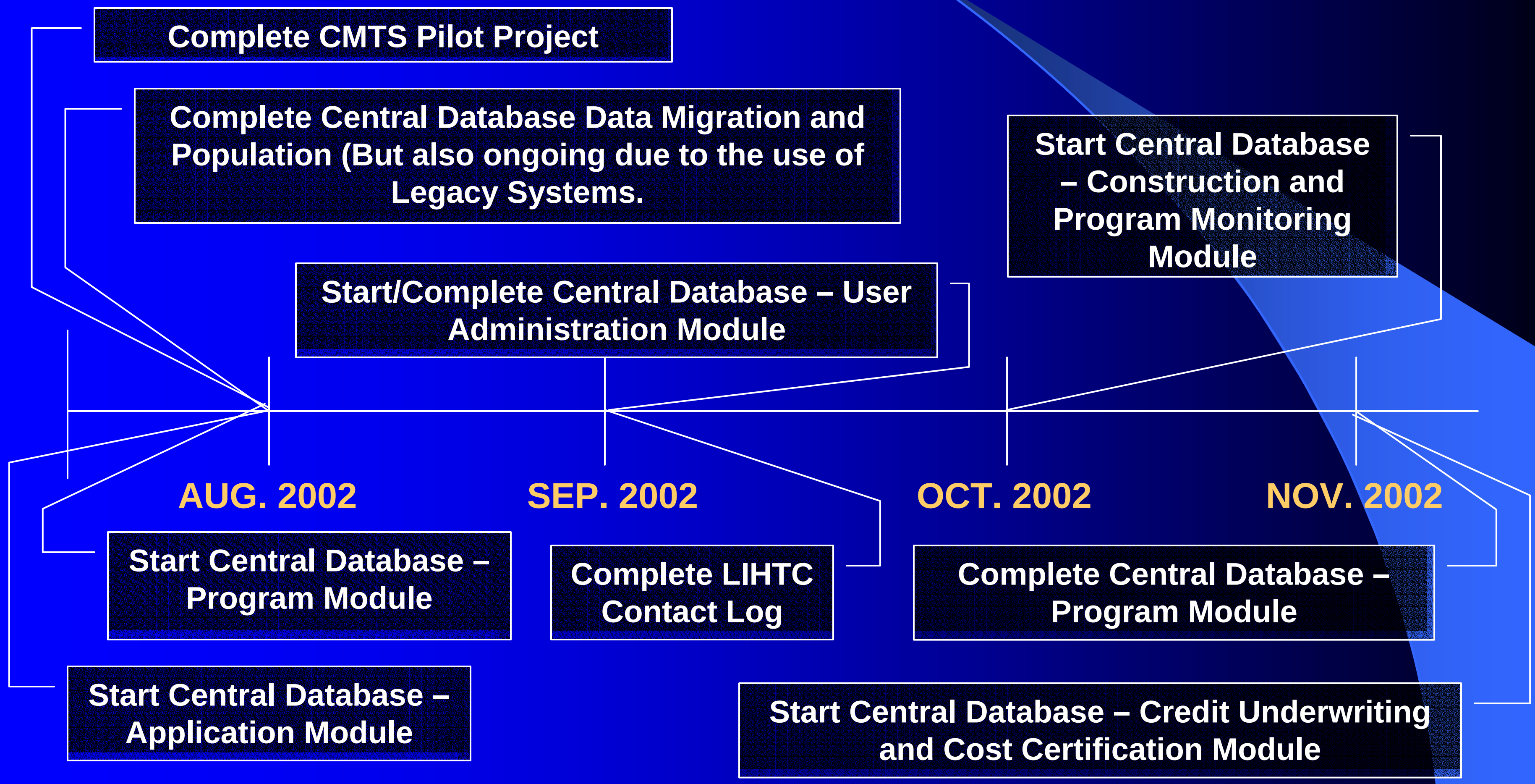
Central Database Project Timeline
(continued)



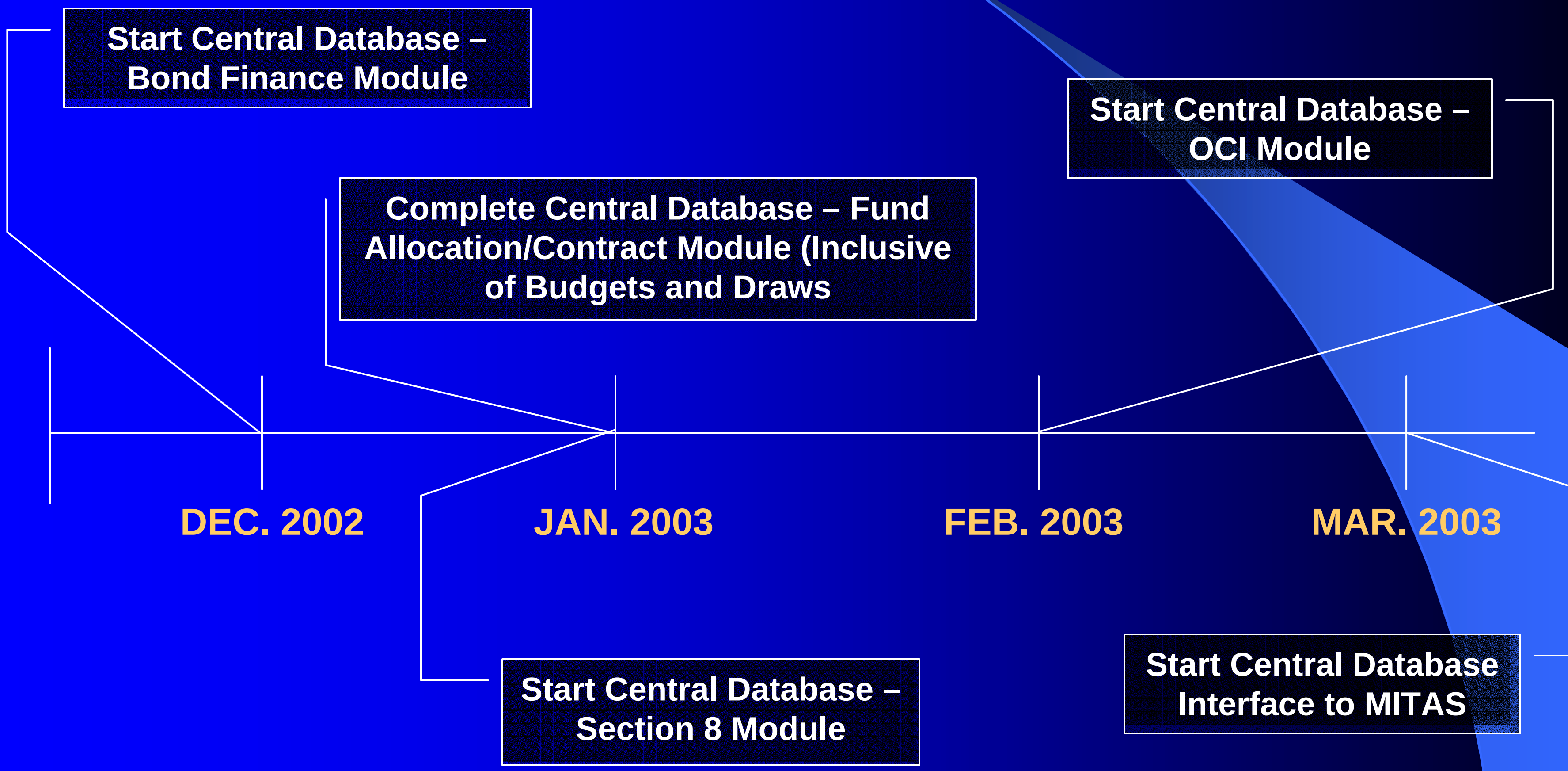
Central Database Project Timeline
(continued)



Central Database Project Timeline
(continued)



Central Database Project Timeline
(continued)



Central Database Project Timeline
(continued)

Complete Central Database Interface to MITAS

Complete Central Database – Construction and Program Monitoring Module

JUN. 2003

JUL. 2003

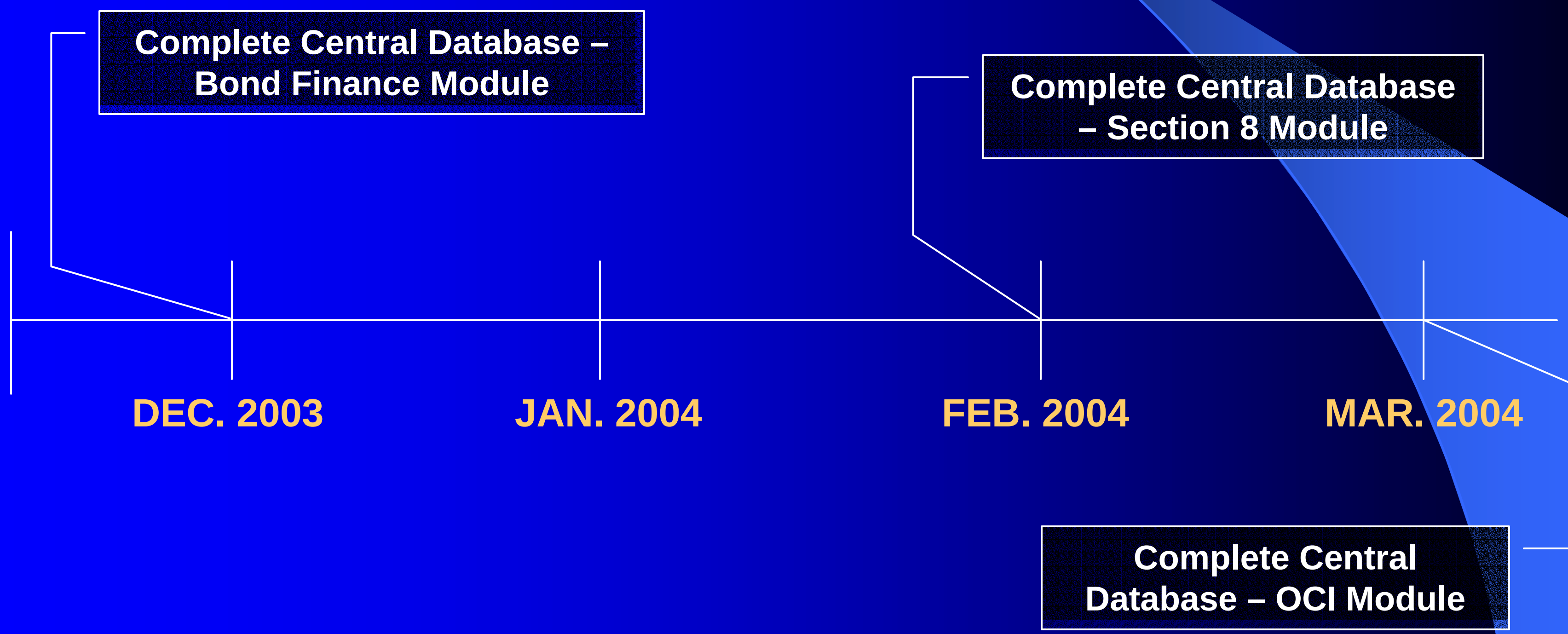
SEP. 2003

NOV. 2003

Complete Central Database – Application Module

Complete Central Database – Credit Underwriting and Cost Certification Module

Central Database Project Timeline
(continued)



Agenda Item No. 3

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

AUDIT COMMITTEE MEETING
AUGUST 8, 2002

C. Kent Conine, Chair
Beth Anderson, Member
Vidal Gonzalez, Member

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
AUDIT COMMITTEE MEETING

AUGUST 8, 2002

ROLL CALL

	Present	Absent
Gonzalez, Vidal, Chair	__________	__________
Anderson, Beth, Member	__________	__________
Bogany, Shadrick, Member	__________	__________
Number Present	__________	
Number Absent		__________

_____________________, Presiding Officer

AUDIT COMMITTEE MEETING
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Capitol Extension, Room E1.012, 1400 North Congress, Austin, Texas 78701
August 8, 2002 8:45 a.m.

AGENDA

CALL TO ORDER, ROLL CALL **CERTIFICATION OF QUORUM**	Vidal Gonzalez Chair

PUBLIC COMMENT
The Committee will solicit Public Comment at the beginning of the meeting and will also provide for Public Comment on each agenda item after the presentation made by department staff and motions made by the Committee.

The Audit Committee of the Board of the Texas Department of Housing and Community Affairs will meet to consider and possibly act on the following:

ACTION ITEMS

Tab 1	Presentation, Discussion and Possible Approval of Minutes of Audit Committee Meeting of June 13, 2002	Vidal Gonzalez

REPORT ITEMS:

Status of Prior Audit Issues	David Gaines
Summary Status of Internal/External Audits	David Gaines

EXECUTIVE SESSION — Vidal Gonzalez

The Committee may discuss any item listed on this agenda in Executive Session
Personnel Matters - Discussion and Possible Approval of Performance Evaluation for Internal Auditor Under Sec. 551.074, Texas Government Code

OPEN SESSION — Vidal Gonzalez

Action in Open Session on Items Discussed in Executive Session

ADJOURN — Vidal Gonzalez, Chair

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

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 the Board Secretary, Delores Groneck, TDHCA, 507 Sabine, Austin, Texas 78701, 512-475-3934 and request the information.

AUDIT COMMITTEE MEETING
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Capitol Extension, Room E1.012, 1400 North Congress, Austin, Texas 78701
June 13, 2002 8:45 a.m.

Summary of Minutes

CALL TO ORDER, ROLL CALL
CERTIFICATION OF QUORUM
The Audit Meeting of the Texas Department of Housing and Community Affairs of June 13, 2002 was called to order by Chair Vidal Gonzalez at 8:50 a.m. It was held at the Capitol Extension, Room E1.012, 1400 North Congress, Austin, Texas. Roll call certified a quorum was present.

Members present:
Vidal Gonzalez -- Chair
Elizabeth Anderson - Member
Shadrick Bogany -- Member

Staff of the Texas Department of Housing and Community Affairs was also present.

ACTION ITEMS
(1) Presentation, Discussion and Possible Approval of Minutes of the Audit Committee Meeting of January 17, 2002.
Motion made by Beth Anderson and seconded by Shadrick Bogany to approve the minutes of the Audit Committee Meeting of January 17, 2002.
Passed Unanimously

PUBLIC COMMENT
The Audit Committee will solicit Public Comment at the beginning of the meeting and will also provide for Public Comment on each agenda item after the presentation made by the department staff and motions made by the Board.

Mr. Gonzalez called for public comment and no one wished to give any comments at this time.

(2) Presentation, Discussion and Possible Approval of Amended Fiscal Year 2002 Audit Plan
Mr. David Gaines, Director of Internal Auditing stated there are two projects that are being proposed for deletion to the audit plan. The initially perceived risks associated with these projects that resulted in them being proposed do not appear valid based on preliminary procedures and further consideration and also the internal auditing division does not have the available hours to do this originally planned audit. There is also a budget overage on one of the projects that has cost more time than originally excepted. He also requested to reclassify the development of the central database project from an audit to an advisory services project. Mr. Gaines stated there is also a self-assessment portion to the audit plan.

Motion made by Shadrick Bogany and seconded by Beth Anderson to approve the Amended Fiscal Year 2002 Audit Plan and recommend approval by the full Board.

Amendment to the motion made by Beth Anderson and accepted by Shadrick Bogany that the controlled self-assessment portion of the plan not be initiated until sometime in calendar year 2003 so this assessment is not in the midst of moving functions at the department.
Passed Unanimously

REPORTS
External Audit Reports
Deloitte & Touche: Report to Management Year Ended August 31, 2001
Mr. George Scott with Deloitte & Touche stated as part of the audit of the financial statements of the department, they review and evaluate the internal control environment that is in operation during that period. In this report they identified no situation that they believe is a material weakness in the control

environment of the organization but have comments that could improve the financial reporting process of TDHCA.

These are:
Housing Trust Fund: Currently the process of originating loans is accounted for in two areas which makes it difficult to determine how this program works. The funding is in one fund and the actual loans are in another fund so it is difficult to follow the processes. They encouraged TDHCA to look at a way to bring these two funds together in one activity so a reviewer could see this in one area.

Down Payment Assistance Loan Program: There is a disconnect between the accounting function and the loan processing group and accounting does not get the information when the loans are completed. The two separate databases creates a problem in the efficiency and the timeliness of accounting processes so they recommend rectifying this problem with one database.

Accounts payable: The practice has been to account for those transactions that occur 30 days after year-end and they encouraged TDHCA to look at a process to look beyond the 30 days because there are liabilities that occur that pertain to the prior year.

Information reporting area: There are separate databases and this makes it difficult in the accounting processes as there are multiple manual transactions which are recorded because of the different and varying databases. They recommend combining these databases.

He agreed that if the department had a central database this would eliminate the inefficiency part of the stated problems.

KPMG/State Auditors Office: Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133
Mr. Gaines stated this audit was to determine compliance with the types of requirements described in this circular and stated there were several areas where the auditors stated they were not able to satisfy themselves that the department has fulfilled its subrecipient monitoring compliance requirements relating to the HOME Program. The auditors test identified $29,000 in questioned costs and since there was no documentation associated with this entire cost category, the estimated questioned costs relating to that circumstance is $2.3 million. The auditors recommend that the HOME Program management ensure that the required documentation is received and supports the related costs for draw-down purchases and that it is allowed and considered as an ongoing part of the subrecipient monitoring function. A related concern because of this finding, HUD issued a letter to TDHCA dated in April that states that the department must review all subrecipient draws for project related soft costs for 1999, 2000 and 2001 to ensure that all draws are adequately supported and if not, reimburse HUD from non-federal funds. He further stated that the response from the department to HUD is pending.

There was also a problem with the LIHEAP and Weatherization Assistance Program as one of the subrecipients had an employee with embezzlement problems and it included some of the energy assistance and weatherization funds. The amounts in question range from $171,000 to $212,000. KPMG recommends that TDHCA establish the amounts due to the department, issue a management decision and demand payment.

The department has issued a demand letter and the subrecipients legal counsel is in contact with our legal division on this matter. He further stated there are concerns on soft costs and TDHCA does not have adequate internal controls in place for monitoring subrecipient programs. He stated only 49 contracts were monitored of the open contracts during FY2001. There is also a lack of a fully operational risk assessment program and the auditors recommend that TDHCA strengthen controls over subrecipient monitoring during the contract period by developing and documenting a department wide monitoring program and accounting for each contract from inception through closeout. The department also needs to track on-site monitoring visits.

Status of Prior Audit Issues

Mr. Gaines stated there are 29 issues on this report that are outstanding; 19 related to recently released items. He stated the issues relating to the HUD report could have a significant impact on the resources of the department and on the HOME program. The overriding issue throughout this report is that the department is not providing adequate monitoring and oversight of properties acquired under several of the HOME program activities. Management has expressed concerns regarding the nature and scope of HUD's review and is in disagreement with some of the criteria used by HUD. The department has met with HUD officials to try to arrive at an acceptable action plan to move forward.

Mr. Bogany had questions on how close is TDHCA in clearing some of the HUD issues and was advised by Ms. Carrington that TDHCA is working on these items and these are items within the agency that has very high priority. She stated these are very serious for TDHCA to clear. She also stated processes have been put in place that improve what is happening in the HOME program but it will take time for TDHCA to see the results of the improved processes.

Ms. Anderson stated that as far back as June of 1999 the internal audit department presented early warning about these problems and not a lot of time was spent in trying to clear them up. She expects that the legislature takes these findings very seriously as does the members of the Audit Committee and is it her expectation that as TDHCA reorganizes and selects people to run important functional and programmatic elements of TDHCA, that people are selected who have a commitment to the Internal Auditor and to the auditors to work expeditiously to clear findings.

Summary Status of Internal / External Audits

Mr. Gaines stated the State Auditors Office has several projects in its plans to review. There is a review of the implementation of the Sunset recommendations. There will be a review of the funding and expenditure transactions of the Community Service Block Grant and Energy Assistance Program to ensure the funds are disbursed in alignment with the state outcome measures and available funds are maximized to support state service delivery. He also stated there is a project planned by the SAO for a performance measure certification audit to assess the accuracy of the FY2001 performance measurement data that is reported to the LBB.

ADJOURN

Motion made by Beth Anderson and Shadrick Bogany to adjourn the meeting.
Passed Unanimously

The meeting adjourned at 9:35 a.m.

Respectfully submitted,

Delores Groneck
Board Secretary

dg/p:auminju

Texas Department of Housing and Community Affairs

Status of Prior Audit Issues - HOME Program

August 1, 2002

Ref. #	Report Date / Auditors	Report Name / Audit Scope	Status Codes*	Status Date	Target Date
253	11/16/01 HUD	Monitoring Visit - HOME Program - M-00/01-SG-48-0100 On-site monitoring of the State of Texas' affordable housing programs on August 20-24, and September 6-7, 2001.	Px Dx	04/22/02 07/26/02	08/01/02

Issue: The state is not providing adequate monitoring and oversight of the processing and construction activities of its recipients, subrecipients, CHDOs, contractors and/or developers in accordance with the HOME regulations and applicable OMB circulars, to ensure that they are performing as required in the state's various affordable housing programs. Additionally, the properties assisted by the state's down payment and closing cost assistance program (HBA), the owner-occupied rehabilitation/reconstruction program (OCC) and the contract-for-deed conversion program (CFD) have insufficient or no documentation that they are in compliance with the state's housing rehabilitation (property) standards and code requirements and, as applicable, local code requirements.

Division: HOME

Status: 7/31/02 - Status is being presented as Action Delayed pending a further response from HUD.

The Department, pursuant to letter to HUD dated 7/26/02, respectfully disagrees with the conclusions reached and corrective actions recommended in HUD's report (reinspect all units assisted from 1998 through the present with HOME funds under agreements executed between the state and the subrecipient) . The Department reports that it does provide adequate monitoring and oversight of HOME program subrecipients and that the sample selected by HUD was not representative of the population of HOME awards.

Additionally, the Department reports that HUD did not consider documentation available at the subrecipient level. Based upon tests conducted by TDHCA staff of the 23 files originally reviewed by HUD, 100% were found to have adequate source documentation for all items HUD identified as deficient . Additionally, another 120 files were reviewed, 104 HBA and 16 OCC, that contained 100% all necessary supporting documentation.

The target date for completion is contingent upon HUD's response.

Ref. #	Report Date / Auditors	Report Name / Audit Scope	Status Codes*	Status Date	Target Date
254	11/16/01 HUD	Monitoring Visit - HOME Program - M-00/01-SG-48-0100 On-site monitoring of the State of Texas' affordable housing programs on August 20-24, and September 6-7, 2001.	Px Px	04/22/02 07/26/02	08/01/02 12/31/02

Issue: One of the Department's subrecipient's third-party lenders, (1) disbursed both HOME and FHA Title 1 Home Improvement Loan funds to pay a contractor, in full, to reconstruct a house that was never completed and, (2) issued checks against the FHA Title 1 Home Improvement Loan which subsequently were returned due to insufficient funds, as well as disbursing HOME funds to pay the same contractor for rehabilitation work on a second project, which was never completed.

Division: HOME

Status: 07/31/02 - Management reports that TDHCA has been working with it subrecipient to obtain the related files for review. The subrecipient has been able to contact the new loan administrator and they are working on identifying the loans and getting copies of the file information. Once the information is received, the Department will review and assess the files for further corrective action.

Ref. #	Report Date / Auditors	Report Name / Audit Scope	Status Codes*	Status Date	Target Date
255	11/16/01 HUD	Monitoring Visit - HOME Program - M-00/01-SG-48-0100 On-site monitoring of the State of Texas' affordable housing programs on August 20-24, and September 6-7, 2001.	Px Px	04/22/02 07/26/02	08/01/02 08/31/03

Issue: Data previously entered into IDIS that was incomplete and/or inaccurate have still not been corrected.

Division: HOME

Status: 07/31/02 - Staff has been working with TONYA, Inc. to review the IDIS reports and prepare a plan of action. Management reports that in connection with technical assistance provided by TONYA, Inc., HOME management and staff's have developed an extensive HOME Work Plan, standard operating procedures for program income and refunds, and preliminary standard operating procedure and forms to initiate the mass contract close-out process, which will include addressing IDIS corrections. Staff has identified 1,438 projects that were setup by TSAHC since January 1, 1998. Given the existing and continuing workload of staff, management estimates that it would take two staff member's full-time working hours over a 12 month period to perform a review of all of these Project Set-Up and Project Completion reports and carry out applicable corrections.

Ref. #	Report Date / Auditors	Report Name / Audit Scope	Status Codes*	Status Date	Target Date
256	11/16/01 HUD	Monitoring Visit - HOME Program - M-00/01-SG-48-0100 On-site monitoring of the State of Texas' affordable housing programs on August 20-24, and September 6-7, 2001.	Px Ix	04/22/02 07/26/02	08/01/02

Issue: Under the contract-for-deed conversion program (CFD), vacant lots were purchased for which the construction of housing units was not started within 12 months of the purchase of the land, contrary to HOME rules. Additionally, based on the state's monitoring checklist for one of the recipients of the CFD assistance, it could not be determined if the applicant was income eligible.

Division: HOME

Status: 07/31/02 - TDHCA Compliance Monitors conducted a review of all related project files and found that 3 of the lots purchased are currently vacant lots. Total Questioned Costs associated with these three lots are $45,352.79, which has been reimbursed from the subrecipient. The remaining 11 applicants reviewed were income eligible as evidenced by support documentation in the file.

Ref. #	Report Date / Auditors	Report Name / Audit Scope	Status Codes*	Status Date	Target Date
257	11/16/01 HUD	Monitoring Visit - HOME Program - M-00/01-SG-48-0100 On-site monitoring of the State of Texas' affordable housing programs on August 20-24, and September 6-7, 2001.	Px Px	04/22/02 07/26/02	08/01/02 08/15/02

Issue: It could not be determined based on a review of the information contained a subrecipient's files that all required lower-tier subcontracts were executed between the applicable parties. Additionally, there was no documentation in a subrecipient's files that it had executed a subcontract with another third party for provider fees of $500 per case. It could not be determined what specifically was covered by the fees or whether the fees were cost-reasonable based on the service(s) provided.

Division: HOME

Status: 7/31/02 - The Department plans to send the subrecipient a letter requesting the status of these projects and require the subrecipient to either notify the Department that these projects have been cancelled or provide a copy of the executed written agreements with any applicable lower-tier or third-party service providers for open activities.

With the implementation of the new HOME Policy and Procedure manual effective March 1, 2002, the Department requires HOME contract administrators to execute written agreements with applicable third-party service providers and that charges for services or provider fees are reasonable prior to releasing funds.

Ref. #	Report Date / Auditors	Report Name / Audit Scope	Status Codes*	Status Date	Target Date
258	11/16/01 HUD	Monitoring Visit - HOME Program - M-00/01-SG-48-0100 On-site monitoring of the State of Texas' affordable housing programs on August 20-24, and September 6-7, 2001.	Pxx Px	04/26/02 07/26/02	06/30/02

Issue: There is a prohibited clause in the Land Use Restriction Agreement (LURA) executed between one of the Department's subrecipients and a Texas limited partnership ("Owner") whereby occupancy requirements could be waived contrary to program regulations unless an exception is granted by HUD for specified reasons.

Division: HOME

Status: 7/31/02 - The subrecipient has informed the Department that they are scheduling a monitoring visit to the subject property and, based on the results, they will request an appropriate amendment to the existing LURA. TDHCA will ensure that the revised LURA includes the correct language, the required number of HOME Assisted units, and the correct number of special needs units.

The Department has determined that the prohibited language is contained in all HOME LURAs and is working with the legal staff to determine an appropriate remedy. Options include (1) whether the Department has the ability to compel all owners to execute LURA modifications and (2) whether a policy issuance executed by the Executive Director will be sufficient action in lieu of a LURA modification.

The target date for completion is contingent upon HUD's acceptance of the Department's proposed plan of resolution.

Ref. #	Report Date / Auditors	Report Name / Audit Scope	Status Codes*	Status Date	Target Date
259	11/16/01 HUD	Monitoring Visit - HOME Program - M-00/01-SG-48-0100 On-site monitoring of the State of Texas' affordable housing programs on August 20-24, and September 6-7, 2001.	Px Ixx	04/22/02 06/27/02	08/01/02

Issue: HOME funds were disbursed to a contractor in advance of need as an "initial draw, " contrary to program rules that require that no Federal funds be drawn and disbursed until such time as funds are needed for payment of eligible costs.

Division: HOME

Status: 07/31/02 - HUD cleared this finding pursuant to its letter dated June 27, 2002, which referred to the Department's response, dated 2/19/02, which stated "Program benchmarks, set-ups and draws will be well documented and reviewed prior to the release of funds."

Ref. #	Report Date / Auditors	Report Name / Audit Scope	Status Codes*	Status Date	Target Date
260	11/16/01 HUD	Monitoring Visit - HOME Program - M-00/01-SG-48-0100 On-site monitoring of the State of Texas' affordable housing programs on August 20-24, and September 6-7, 2001.	Px Px	04/22/02 06/27/02	08/01/02 01/31/03

Issue: Instances were noted where there was no documentation that newly-constructed units (single-family and multi-family) are in compliance with the current edition of the Model Energy Code (MEC) published by the Council of American Building Officials. Additionally, it was noted that a HOME funded apartment complex is not in compliance with Section 504 (handicapped accessibility) relative to units that are accessible for persons with visual and/or hearing impairments.

Division: HOME

Status: 7/31/02 - The Department plans on sending the subrecipient a letter requiring it to identify all related projects set up since 1/1/98 and to provide verification that these projects are in compliance with the Model Energy Code (MEC).

The subrecipient has informed us they are scheduling a monitoring visit to the subject property (noncompliance with accessibility requirements), and based on the results, they will request an appropriate amendment to the existing LURA. TDHCA will ensure that the revised LURA includes the correct language, the required number of HOME assisted units, and the correct number of special needs units.

TDHCA is currently in the process of issuing an Invitation to Bid for this issue to be addressed for all HOME-assisted properties . Outsourcing the inspections to a professional organization will not only determine compliance with Section 504, but also with Fair Housing compliance. The Department plans to attempt to begin the work in FY 2002, if budget authority allows; if not, the contract will begin in FY 2003. Once awarded and scheduled, TDHCA will forward a timeframe for completion to HUD.

Ref. #	Report Date / Auditors	Report Name / Audit Scope	Status Codes*	Status Date	Target Date
273	11/30/01 / Deloitte & Touche	Report to Management - Year ended August 31, 2001 / Annual independent audit of the Department's general purpose financial statements	Ix	07/11/02	

Issue: Implement policies to ensure that DPAP transactions are processed in their entirety. Procedures should be developed to ensure that relevant loan documentation is received from the administrators and that the HOME Program's, Loan Administration's, and Accounting's records are in agreement and reconciled on a regular basis.

Division: Accounting, HOME, Loan Administration

Status: 07/03/02 - The HOME staff reports that it is providing a weekly report to Loan Servicing for HBA draws, which started May 1, 2002, to ensure that each loan and their trailing documents can be properly tracked. The process will help ensure the program records are in agreement with the loan servicing records. Other processes provide reasonable assurance between the loan servicing records and the accounting records.

Ref. #	Report Date / Auditors	Report Name / Audit Scope	Status Codes*	Status Date	Target Date
275	11/30/01 / Deloitte & Touche	Report to Management - Year ended August 31, 2001 / Annual independent audit of the Department's general purpose financial statements	Px	07/11/02	08/31/03

Issue: TDHCA's existing financial information systems structure currently lacks an enterprise wide, integrated scope to support TDHCA's financial management needs. The structure includes the utilization of multiple databases which results in significant manual processing, reporting, and data interface by TDHCA personnel which may result in inefficient use of personnel resources and compromised data integrity.

Division: Accounting, HOME, Loan Administration

Status: 07/31/02 - Management reports that TDHCA considers CSAS to be its official system of record, which allows for elimination of duplicate systems and manual entry through the phasing out of its FOXPRO financial Management Database. As of July 2002, TDHCA has vastly improved PeopleSoft features related to procurement, purchase order, matching and reporting. Future plans include E-Procurement and interfaces with the Department's central database in the Fiscal Year 2003.

Ref. #	Report Date / Auditors	Report Name / Audit Scope	Status Codes*	Status Date	Target Date
276	11/30/01 / Deloitte & Touche	Report to Management - Year ended August 31, 2001 / Annual independent audit of the Department's general purpose financial statements	Px	07/10/02	12/31/02

Issue: Repeat Issue - In June 1999, Governmental Accounting Standards Board issued its Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments" that will require significant changes to the way that TDHCA collects, records and reports its financial information and may require significant research and preparation prior to implementation.

Division: Accounting, HOME, Loan Administration

Status: 07/31/02 - Management reports it has developed the FY 2001 Housing Finance funds in GASB 34 pro forma format and that FY 2002 funds are being prepared in GASB 34 format. The Dept. has worked with the SAO to properly report bond issues, is working toward properly accounting and reporting inventory, including the transfer to ORCA, and has attended the Comptroller's training for reporting requirements for the FY 2002 Annual Financial Report (AFR) and intends to meet the required deadlines and formats.

The Department will also work with the Deloitte & Touché auditors through interim and final fieldwork to incorporate their feedback regarding the audited financial statement to be issued in December 2002.

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*Status Codes: I - Implemented; T - Partially Implemented (no further action intended); P - In process of implementation; D - Action delayed; N - No action intended; NR - No response to status update request or Not Indicated
x - Management's representation; xx - Independent assessment by audit

Ref. #	Report Date / Auditors	Report Name / Audit Scope	Status Codes*	Status Date	Target Date
261	01/07/02 IA	Controls Over Single Family Loans; Report No. 1.05 Controls over single family loans serviced by the Department.	Px Ix	04/22/02 07/22/02	08/01/02

Issue: The Department does not have adequate control or proper accounting over HOME Homebuyer Assistance Program (HAP) loans to ensure that its financial interests in the loans are protected. HAP program loans need to be identified as they posted to Genesis and as loan proceeds are disbursed and the number and amount of loans posted to the Genesis system should be reconciled to the loan servicing system on a regular basis.

Division: HOME

Status: 7/31/02 - Management reports that beginning 5/1/02 the HOME staff provides a weekly report to Loan Servicing for HAP draws so that each loan and their trailing documents can be properly tracked in Mitas.

Ref. #	Report Date / Auditors	Report Name / Audit Scope	Status Codes*	Status Date	Target Date
264	01/07/02 IA	Controls Over Single Family Loans; Report No. 1.05 Controls over single family loans serviced by the Department.	Px Px	04/22/02 07/22/02	05/01/02 08/31/03

Issue: HOME program management should develop and implement processes to ensure that all required/necessary loan documentation is acquired to adequately support and protect the Department's interests in HAP loans.

Division: HOME

Status: 7/31/02 - Management has reported that the new HOME Program Policy and Procedure manual, implemented effective 3/1/2002, requires contract administrators to submit all necessary loan documents in connection with homebuyer assistance loans funded/reimbursed with HOME funds. In conjunction with the implementation of the new manual, a contract file documentation form and contract close-out checklist were developed and implemented for internal review and control procedures to ensure documentation and a control mechanism.

In addition, through the implementation of the new policy manual, effective 3/1/02, a contract close-out process has been implemented for designated staff review of all homebuyer assistance loans that have been funded by the HOME Program to ensure the receipt of proper documentation and to provide a control mechanism.

Ref. #	Report Date / Auditors	Report Name / Audit Scope	Status Codes*	Status Date	Target Date
268	02/12/02	Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.	Px Px	04/22/02 07/31/02	08/01/02
	KPMG	Statewide Federal Single Audit for FYE August 31, 2001 (SAO contract with KPMG).			

Issue: There is a lack of documentation to support soft costs incurred by subrecipients. Known questioned costs - $29,400. Estimated questioned costs - $2,314,574.

Division: HOME

Status: 7/31/02 - The target date for completion is contingent upon HUD's response to the following.

The Department plans to request that HUD reconsider its corrective action, pursuant to its letter dated April 22, 2002, that requires the Department to provide support for all project related soft costs for all draws for fiscal years 1999, 2000, and 2001. The Department believes that the correction action being prescribed is based on HUD's belief that KPMG, in their audit report, projected questioned soft costs at $2,314,574, or 100% of the total estimated soft costs for the program for FY 2001.

In discussing the issues with KPMG staff, a projection of total questioned costs based on its sample results was not possible since a statistical sample was not utilized. The reference to the $2,314,574 as an estimate in its audit report refers to an estimate of the total questioned costs assuming that there was no supporting documenting for any of the soft costs charges. However, KPMG, in their test of 40 sample items, located acceptable supporting documentation for 35 sample items, or 87.5% of the items tested.

Management also reports that it is in the process of reassessing its documentation standards to apply to soft costs incurred by subrecipients. The appropriate level of documentation is contingent upon the classification of the Department's and its administrators' business partners as vendors or subrecipients, as defined by Federal regulation.

Once the appropriate level of documentation is determined, the Department intends to determine whether it can provide HUD support for the five soft costs exceptions noted by KPMG in their test of 40 items.

Texas Department of Housing and Community Affairs

Status of Prior Audit Issues - All Programs

August 1, 2002

July 23, 2002

Members of the Texas Department of Housing and
Community Affairs Audit Committee:

Mr. Vidal Gonzalez, Chair
Ms. Elizabeth Anderson, Member
Mr. Shadrick Bogany, Member

Re: Payroll Audit; Report No. 2.07

Based on the successful results of our audit tests, the Department's payrolls are properly authorized, supported and calculated and the Department complies with payroll state and federal reporting requirements. However, we noted conditions that should be corrected to provide reasonable assurance that the control system over the Department's payroll related activities accomplishes the objectives of safeguarding resources and adherence to relevant laws, regulations, and management directives.

We noted that employee access controls to the Uniform Statewide Payroll/Personnel System (i.e., the Department's payroll system) combined with the payroll officers job duties puts the payroll officer and back-up employee in a position of being able to process and record payroll transactions without proper documentation or authorization and allows errors or irregularities to be posted to the payroll system and not be detected in a timely fashion during the normal course of business. While management relies on compensating controls to offset the potential adverse effect of these conditions, the control procedures are not sufficiently documented to determine or rely upon their effectiveness.

We also identified several issues regarding the Department's non-compliance with its Overtime Work and Compensatory Leave Policy regarding the accrual and payment of overtime hours for Fair Labor Standards Act (FLSA) employees and the need to document and formalize certain policies and procedures.

Management reports that they have taken corrective action on some of the issues identified by this report and are in the process of correcting the remaining issues.

Sincerely,

Assigned to this audit:

Sam J. Ramsey, CIA, CFE

David Gaines, CPA
Director of Internal Auditing

cc: Mr. Michael E. Jones, Chair TDHCA Governing Board
Ms. Edwina P. Carrington, Executive Director
Mr. William Dally, Chief Financial Officer
Mr. John Gonzales, Director of Administration

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Executive Summary

Based on the successful results of our audit tests, we found that the Department's payrolls are properly authorized, supported and calculated and the Department complies with payroll state and federal reporting requirements. However, we noted the following conditions that should be corrected to provide reasonable assurance that the control system over the Department's payroll related activities accomplishes the objectives of safeguarding resources and adherence to relevant laws, regulations and management directives:

- The payroll officer's and backup employee's access to the Uniform Statewide Payroll/Personnel System (USPS) is not adequately controlled in that employee access to the USPS is not limited to only those areas necessary to accomplish their job duties. Although management relies on compensating control procedures to offset the potential adverse effect of these access control weaknesses, the procedures are not sufficiently documented to determine or rely upon their effectiveness.

- The job duties of the payroll officer require that position to prepare and process payroll transactions, which results in the information used for recording salaries and payroll related costs. The position also is responsible for distributing payroll checks, accounting for and mailing employee payroll W-2 forms, and receiving and processing unclaimed payroll checks. These duties, combined with the access rights to the payroll system referred to above, puts the payroll officer and back-up employee in a position of being able to process and record payroll transactions without proper documentation or authorization and allow errors or irregularities to be posted to the payroll system and not be detected in a timely fashion during the normal course of business. While management relies on the same compensating control procedures referred to above to offset this "separation of duties" control weakness, the procedures are not sufficiently documented to determine or rely upon their effectiveness.

- The Department is not complying with established internal policies of having employees take time off for FLSA overtime hours accrued or to keep FLSA overtime hours under 80 hours per employee. As a result, excessive accrual of FLSA overtime hours (i.e., balances exceeding 240 hours) have resulted in the Department being required to pay employees for their overtime hours, in accordance with Federal law, that were not anticipated or budgeted for in operating plans.

- The human resources area lacks (1) written policies and procedures for several payroll related processes and (2) documentation to support quality assurance reviews.

Background

Salaries and payroll related expenditures accounted for $18,032,445 or over 60 percent of the Department's operating expenditures for Fiscal Year 2001. The Department's operating budget for Fiscal Year 2002 for salaries and payroll related expenditures amounted to $20,481,142 or over 65 percent of the budget. The dollar significance of salaries and payroll related expenditures underscores the necessity to have adequate internal controls in place and effectively operating to help assure that the resources of the Department are adequately safeguarded.

The Financial Services Division's Payroll section and the Human Resources Division work closely regarding the authorization and processing of the Department's payroll transactions and other payroll related activities. The Department employs the use the State of Texas Uniform Statewide Payroll/Personnel System (USPS) for its employee payroll processing. In addition, the Human Resources Division uses the Department's proprietary Genesis system to record and track employee timekeeping and other payroll related activities.

Findings and Recommendations

Section 1

Weak Access Controls Increase the Risk of Errors and Irregularities

A system of strong internal control provides reasonable assurance that management's objectives are met, including safeguarding resources against loss due to waste, abuse, mismanagement errors and irregularities (fraud) and adherence to relevant laws and management directives.

Effective access controls limit an employee's level of access to that appropriate or needed to fulfill their job responsibilities.

Improve Controls over Access to the Uniform Statewide Payroll/Personnel System (USPS)

- The payroll officer and the backup individual both have full (master) access to the USPS, which allows them to view, add, change, and delete both payroll and personnel data (e.g. the ability to enter new employee or updating current employee salary data). The payroll officer is also responsible for entering Personnel Action Form (PAF's) data into the USPS for employees with Leave Without Pay (LWOP) and employees that have been separated and/or terminated from the Department. A supervisory review of these PAFs entries into USPS is not performed.

  This level of access and responsibility puts a person in the position of being able to process and record payroll transactions without proper documentation or authorization and allows errors or irregularities to be posted to the payroll system and not be detected in a timely fashion during the normal course of business.

  Management reports it has compensating controls that overcome or mitigate the access control weaknesses noted. These controls include the following:

  - Monthly audits by the Human Resources Division that compare PAFs between the HR records and the payroll records. All differences are investigated and corrections, when necessary, are made to the appropriate system(s).

    While the monthly audits may provide an adequate compensating control, the audits have not been sufficiently documented to determine or rely upon their effectiveness.

  - Quarterly audits by the Human Resources Division that compare significant information (i.e. employee name, social security number, address, classification, group/step, salary, FLSA classification, etc.) between the USPS payroll master records and the HR master records (maintained on the Genesis system). All differences are investigated and corrections, when necessary, are made to the appropriate system(s).

While the quarterly audits may provide an adequate compensating control, the audits have not been sufficiently documented to determine or rely upon their effectiveness.

- The Payroll Department does not have written policies and procedures regarding granting and removing access privileges to USPS or monitoring and reviewing USPS activity. Establishing and monitoring compliance with written policies and procedures decreases the risk that errors or irregularities will occur and remain undetected.

Recommendation:

We recommend that management take appropriate action to strengthen USPS access controls that include the following:

- Restrict payroll staff USPS access to those areas needed to accomplish their assigned job duties.
- Develop written procedures to ensure adequate supervision of the payroll officer PAF data entry process.
- Develop and enforce written policies and procedures regarding USPS access rights.
- Document compensating controls that are relied upon to overcome or mitigate the access control weaknesses noted.

Management Responses:
Finance and Accounting - *Management proposes to strengthen access control by:*

- *The security profile for the payroll officer and backup employee has been changed to the payroll profile offered by USPS. This profile limits these employees to payroll specific areas.*
- *All payroll changes will be documented on a spreadsheet that will be verified and reviewed by the Manager before each payroll is released. This spreadsheet will be signed and kept for future review. This process will be fully implemented during the September 2002 payroll.*
- *The Payroll Officer and Manager are working to have written policies and procedures in place by October 2002. These policies and procedures will include information pertaining to the security profile of the payroll officer and backup position.*

Human Resources - *HR has begun to keep documentation of monthly and quarterly audits being performed. Copies of all PAFs processed for the month will be kept along with a copy of the monthly payroll master with any adjustments made and will be initialed by the HR Specialist conducting the audit. The quarterly audits of payroll and genesis is the same process with copies of the payroll master and genesis master being filed as documentation.*

Target Dates for Completion: *See management's responses above.*

Section 2

Improve Accounting Control Weaknesses Relating to Important Payroll Functions

Accounting controls comprises the plan of organization and the procedures and records that are concerned with the safeguarding of assets and the reliability of financial records.

Inherent in an adequate system of accounting controls is a separation of duties whereby the responsibilities associated with authorizing, processing, recording and reviewing transaction should be separated among individuals. However, it was noted that the extent of the payroll officer's duties and responsibilities preclude adequate control without the appropriate compensating controls. The payroll officer's duties and responsibilities include:

- excessive access to the USPS by the Payroll Officer, as discussed in Section 1 above,
- preparing the payroll,
- processing the payroll,
- distributing payroll checks,
- accounting for and mailing employee payroll W-2 forms, and
- receiving and processing unclaimed employee payroll checks.

Additionally, there are no payroll policies that require a rotation of staff payroll duties to ensure that another individual performs the Department's payroll responsibilities on a periodic basis, which could provide management some assurances that any re-occurring errors or irregularities be detected.

Without an appropriate separation of duties, the Department risks errors or irregularities being entered into the payroll process or records and not being detected in a timely basis in the normal course of business.

An overall lack of formal written procedures for payroll processing activities within the Payroll Department further increases the risk associated with the payroll officer's duties and responsibilities not being adequately separated. Formal procedures were generally lacking, including procedures for (1) preparing, approving and distributing the Department's monthly payroll, (2) processing unclaimed payroll checks, including a lack of procedures for the various divisions to follow in instances of returned payroll checks, (3) preparing State and Federal payroll related reports and (4) a lack of a supervisory review processes.

Without formally approved written policies and procedures that are enforced by management, job duties may not be conducted or responsibilities fulfilled as intended by management. Additionally, written procedures provide a basis for measuring employees' performance, assist in the event of an employee's illness or emergency and in training future employees.

Recommendation:

We recommend that management take appropriate action to strengthen its internal controls relating to the accounting control weaknesses noted above. Procedures should be revised so that responsibilities associated with authorizing, processing, recording and reviewing transactions be separated among employees whenever possible.

In instances of a critical job function or functions being performed by one person, such as the case with Department's payroll function, there may be limited options to segregate responsibility. In such circumstances, increased supervision and/or appropriate compensating controls should be put into place to reduce the risk of errors or irregularities occurring and not being detected in a timely basis in the normal course of business.

We also recommend management develop written payroll accounting policies and procedures, including processes for supervisory review, and monitor them to ensure compliance.

Management Response:
Finance and Accounting - *Management proposes to strengthen internal controls of payroll processing and supervisory review as follows:*

- *Maintain an Excel spreadsheet of all payroll changes posted from Personnel Action Forms (PAFs). On a monthly basis all changes posted to the spreadsheet are compared to corresponding changes on a USPS trial payroll run. Target date for implementation is September 2002.*
- *Maintain another Excel spreadsheet of the prior month's final payroll balance, add and/or subtract all changes during the month, establish an end of the month payroll balance that is compared to a USPS trial payroll. Target date for implementation is September 2002.*
- *After the foregoing is in agreement and reconciled, the information is submitted to the Manager for review and approval before the regular payroll is released. Target date for implementation is September 2002.*
- *The documentation is initialed for approval and filed, and then retained for future reviews. Target date for implementation is September 2002.*
- *The Payroll Officer and Manager are working to have written policies and procedures available in October 2002.*
- *Payroll processing will be rotated to backup personnel on at least an annual basis. The July 2002 payroll will be rotated to backup personnel for processing.*
- *Returned checks and earnings statements will be mailed to the employee by staff in the Division/Section in which the employee works, not returned to the payroll officer for handling. Target date for implementation is September 2002.*

Target Date for Completion: *See management's responses above.*

Section 3

Comply with the Department's Overtime Work Policy Regarding Fair Labor Standards Act (FLSA) Employees

The Department is not complying with established internal policies (see text box) of having employees take time off for FLSA overtime hours accrued. As a result of management's noncompliance with the Department's overtime work policy, the agency's employees have accumulated overtime balances that have created a FLSA liability for the Department. As of May 9, 2002, the Department's Human Resources timekeeping system disclosed that 153 of the Department's 312 employees have 6,158.70 FLSA overtime hours. Based on Human Resources Division estimates, the potential monetary liability to the Department amounts to approximately $134 thousand.

In addition, the Department is not complying with its policy to keep FLSA overtime hours under 80 hours per employee. As indicated by the table below, twenty-two (22) employees have exceeded the Department's 80 hour FLSA overtime limit. These employees have accrued 4,219.08 FLSA overtime hours.

Executive Personnel Policies and Procedures
Overtime Work and Compensatory Leave Policy

Section 4.39 (C) (a) (12) - FLSA employees

- (1) FLSA employees may accrue two different types of overtime as outlined below. Regardless of the type of overtime accrued, the Department has elected to compensate FLSA employees with time off instead of paying employees for overtime worked. The Department does not budget funds to pay employees for overtime worked.
- (3) The Department may, at its discretion, require employees to take time off to use the FLSA overtime hours.

Section 4.39 (C) (a) (12) - FLSA employees (5) (c)

- The policy of the Department is to keep FLSA overtime credits under 80 hours per employee. When FLSA employees have been properly authorized to accrue FLSA overtime, it is the supervisor's responsibility to arrange for the employees to take the compensating time off within 90 days following the work week in which it is earned. **Directors and supervisors are responsible for ensuring employee balances do not exceed 80 hours**. Any exemptions from the policy outlined in this paragraph must be justified by intermediate supervisors and approved in writing by the Executive Director.

FLSA Overtime Balance Ranges As of May 9, 2002	Number of Employees	Total FLSA Overtime Hours by Range
Less than 1 hour	52	14.53
1 to 10 hours	29	125.03
10.01 to 80 hours	50	1,800.06
Accruals in Compliance (80 hours or less)	**131**	**1,939.62**
80.01 to 240 hours	17	2,852.17
Greater than 240 hours	5	1,366.91
Accruals out of Compliance (more then 80 hours)	**22**	**4,219.08**
Totals	**153**	**6,158.70**

Excessive accrual of FLSA overtime hours (i.e., balances exceeding 240 hours) require the Department, under Federal law, to pay employees for their overtime hours in excess of 240 hours.

The accrual of FLSA overtime hours has resulted in ten (10) employees being paid FLSA overtime, totaling 1,078.98 hours, during Fiscal Year 2002 through May 10, 2002. Payments made to eight of the ten employees totaled $16,660.24 because their FLSA overtime balances exceeded 240 hours. One employee was paid FLSA overtime to zero out their balance after being transferred to another division within the Department. Although this transaction was in accordance to a waiver to the Department policy of not paying FLSA overtime, it resulted in the employee being (1) compensated at a higher rate of pay than the rate in effect at the time FLSA overtime was accrued and (2) the cost of the FLSA overtime paid was charged to a division that had not incurred or authorized the overtime or received the benefit. One other employee was required to be paid for FLSA overtime hours upon termination of employment.

Management reports that the reasons for the accumulation and payment of FLSA overtime relate primarily to the need for additional staff in areas such as the HOME program and the Low Income Housing Tax Credit Program that has not been satisfied. Additionally, the Department has been required to transfer employees to the Office of Rural Community Affairs and has been faced with additional responsibilities associated with Sunset Legislation passed during the last legislative session. While management has made attempts to minimize the payment of FLSA time, it has been difficult due to the additional workload.

Recommendation:

We recommend that management:

- comply with the Department's internal policy of having employees take time off for FLSA overtime hours accrued. Compliance with the policy precludes payments of unbudgeted FLSA overtime hours and employees possibly being compensated for overtime hours at a rate of pay higher than the rate in effect at the time of accrual.
- adopt a recently proposed policy by the Human Resources Division whereby an employee is required to take accumulated FLSA overtime hours prior to taking accumulated annual leave time.
- establish a policy whereby an employee is required to take time off for FLSA overtime hours accrued prior to being transferred to another division to preclude the a division from being burdened for FLSA overtime earned without receiving the associated benefit.

Management Response:
Human Resources **-** *We agree with the audit findings and the three recommendations as stated in the Section 3 Audit Summary***.** *On Tuesday, July 2, 2002, the Department's Director's were instructed by the Executive Director to comply and/or ensure compliance with the Department's internal policy of having employees take time off for FLSA overtime hours accrued .*

*Additionally, executive management has indicated, effective September 1, 2002, it will adopt the proposed policy by Human Resources Division whereby an employee is required to take accumulated FLSA overtime hours prior to taking accumulated annual leave time. We will also modify the agency's Genesis time and Leave System so that it would not accept taking annual leave until FLSA balances have been exhausted***.** *This applies to any employee who has FLSA leave balances.*

In addition, executive management has strongly encouraged Director's and Managers to have employees take time off for their FLSA overtime hours accrued prior to being transferred to another division. Effective September 1, 2002, a departmental policy will be developed and implemented to address the issue of employee accrued FLSA overtime hours prior to being transferred to another division.

Target Date for Completion: *See management's responses above.*

Section 4

Develop Written Human Resources Division Policies and Procedures

The Human Resources Division does not have written and approved policies and procedures regarding the following:

- Granting personnel access to the USPS.
- Processing personnel action forms (PAF's) for both new and regular employees.
- Verifying prior state service and longevity for new employees.
- Processing employee insurance data (both manual processing and processing into the Employee Retirement System that interfaces with the USPS).

Human Resources Time and Leave Standard Operating Procedures (SOP) are developed and written, but they have not been formally approved by management.

Without formally approved written policies and procedures that are enforced by management, job duties may not be conducted or responsibilities fulfilled as intended by management. Additionally, written procedures provide a basis for measuring employees' performance, assist in the event of an employee's illness or emergency and in training future employees.

Recommendation: We recommend management develop specific written procedures for all payroll processing activities within Human Resources, including those mentioned above. In addition, we recommend management formally approve the Time and Leave SOP's already developed.

Management Response:
Human Resources - SOP's have been developed as recommended for granting personnel access to USPS, processing PAFs for new and current employees and processing employee insurance data. The Time and Leave procedures are currently being updated to include the process for verifying state service and longevity for new employees. Once this SOP is finalized we will get Division management's approval.

Target Date for Completion:
The target completion date for approval of the Time and Leave SOP is July 10, 2002. The SOP for PAFs/Insurance/USPS access is completed and has been approved by Division management effective July 2, 2002.

PRIOR AUDIT ISSUES

The Department has taken corrective action on several previously reported audit issues; while additional action continues to be necessary on the remaining issues. The following table provides a status summary of prior audit issues that relate to the objectives of this audit.

Original Finding[1]	Corrective Action Adequate?	Comments
IA Report #7.08.1 - Written detailed operating policies and procedures have not been developed for most of the Department's human resource functions.	See Comments	Corrective action was incomplete for human resource activities relating to the payroll related objectives of this audit. See Section 4 of this report for issues regarding written detailed operating procedures.
IA Report #7.08.7 - Access to the Uniform Statewide Payroll System is not adequately controlled. Three accounting employees, including the payroll officer, have full USPS access which allows them to view, add, change, and delete both payroll and personnel data. The payroll officer is also responsible for processing and delivering the payroll.	See Comments	While most responsibilities associated with entering payroll related information into USPS has been transferred to the Human Resources Division, see Section 1 of this report for continued issues regarding employee access to the USPS.
IA Report #7.08.7 - Controls over the processing of Personnel Action Forms (PAFs) are lacking. Of 22 PAFs tested for adequate support and approval, the following conditions were noted: • Two PAFs were not properly approved. Manual changes were made to one of the PAFs that were not approved by the Division Director. The changes were not dated or initialed. • One of eleven PAFs tested, relating to promotions, was not adequately supported by a current evaluation. • Two PAFs for 2-step merit increases were not supported by current evaluations.	Yes	Audit testwork did not disclose any errors in the processing of Personnel Action Forms.
IA Report #7.08.7 - Corrections to the Leave and Time Accounting System (timekeeping system) by the Human Resources Division are not adequately controlled. The following conditions were noted: • Written policies and procedures relating to making correcting entries to the timekeeping system have not been developed. • Corrections and other posting entries to the timekeeping system can be made without notifying the employee or their supervisor.	Yes, see comments.	It was determined that correction action had been taken to notify the employee and their supervisor of corrections and other postings to the timekeeping system. In addition, follow-up testwork disclosed that written procedures had been developed, however they had not been formally approved.
IA Report #7.08.8 - Proper termination codes are not always entered into USPS when an employee terminates from the Department.	Yes	Audit testwork did not disclose any errors in the entering of employee termination codes in the USPS.
Comptroller of Public Accounts - The Department has	Yes	Audit testwork did not disclose any

Original Finding[1]	Corrective Action Adequate?	Comments
an internal policy/procedure, which states that any changes made to the original personnel action form (PAF) must be initialed. There were six PAF's that were changed without the proper initials.		instances of an original PAF not being initialed.
Comptroller of Public Accounts - Incomplete W-4 Form. The social security number on one employee's W-4 form was left blank. As a result, we could not verify the social security number.	Yes	Audit testwork did not disclose any instances of incomplete W-4's.
Comptroller of Public Accounts - Incorrect Payment Amount - One employee received a promotion effective June 1, 1999, but according to the payment information reviewed, the employee received an additional $144 during the month of August 1999. The Department was not able to determine the cause of the overpayment. We recommend that the Department seek a refund from the employee. Tex. Gov't Code Ann. 666.002 (Vernon Supp. 2001) allows for a payroll deduction to recoup excess compensation paid to a state officer or employee.	No	Corrective Action has not been taken. Management Comment: The overpayment is being researched and an appropriate course of action will be taken upon determining the cause of the overpayment.

OBJECTIVES, SCOPE, AND METHODOLOGY

Objective - To determine whether adequate policies, procedures and controls are in place to provide reasonable assurance that:

- access to the department's payroll system is properly restricted to those employees who need access to perform their job duties,
- payrolls are properly authorized and that payroll amounts are properly supported and calculated,
- the Department complies with applicable State and Federal reporting requirements, and
- that terminated/resigned employees are properly removed from the payroll system.

Scope - The scope of this audit was limited to payroll transactions for Fiscal Year 2002 to date (May 17, 2002) and the related payroll activities performed by the Department's Payroll and Human Resources Divisions.

Methodology - *The methodology on this project consisted of:*

- *Gaining an understanding of the processes employed and controls over payroll related transactions of the Department. An understanding was gained through interviewing management and staff and by reviewing policies and procedures and relevant laws and regulations.*

- Performing tests to determine that controls over payroll related transactions by the Department were processed as intended. Tests included making a determination that (1) access to the department's payroll system is properly restricted (2) payrolls are properly authorized and that payroll amounts are properly supported and calculated, (3) the Department complies with applicable State and Federal reporting requirements, and (4) terminated/resigned employees are properly removed from the payroll system.

Other Information - Fieldwork was conducted from April 22, 2002 through May 17, 2002. This report does not reflect events subsequent to the end of fieldwork. The audit was conducted in accordance with applicable professional standards, including *Government Auditing Standards* issued by the Comptroller of the United State and *Standards for the Professional Practice of Internal Auditing* issued by the Institute of Internal Auditors.

REPORT DISTRIBUTION

Pursuant to the Texas Internal Auditing Act (Texas Government Code, Chapter 2102), this report is being distributed to the following parties:

- the Department's Governing Board
- the Governor's Office of Budget and Planning
- the Legislative Budget Board
- the Office of the State Auditor

Assigned to this audit:	
	Report No. 2.07
Sam J. Ramsey, CIA, CFE, Audit Manager/Auditor	July 23, 2002
David Gaines, CPA , Director	

LOW INCOME HOUSING TAX CREDIT PROGRAM

2002 LIHTC/TAX EXEMPT BOND DEVELOPMENT PROFILE AND BOARD SUMMARY

Texas Department of Housing and Community Affairs

Development Name: **Shady Oaks Manor** TDHCA#: 02412

DEVELOPMENT AND OWNER INFORMATION

Development Location:	Fort Worth	QCT: NY	DDA: N	TTC: N
Development Owner:	PAB Shady Oaks, Ltd.			
General Partner(s):	PAB Shady Oaks Housing, LLC, 100%, Contact: Robert Kelly			
Construction Category:	Acq/Rehab			
Set-Aside Category:	Tax Exempt Bond Bond Issuer: Tarrant County HFC			
Development Type:	Family			

Annual Tax Credit Allocation Calculation

Applicant Request: $278,571 Eligible Basis Amt: $223,055 Equity/Gap Amt.: $285,376

Annual Tax Credit Allocation Recommendation: $223,055

Total Tax Credit Allocation Over Ten Years: 2,230,550

PROPERTY INFORMATION

Unit and Building Information

Total Units: 138 LIHTC Units: 138 % of LIHTC Units: 100%

Gross Square Footage: 94,826

Average Square Footage/Unit: 663

Number of Buildings: 27

Currently Occupied: Y

Development Cost

Total Cost: $ 6,356,995 Total Cost/Net Rentable Sq. Ft.: $69.44

Income and Expenses

Effective Gross Income:[1] $ 768,867 Ttl. Expenses: $438,896 Net Operating Inc.: $329,971

Estimated 1st Year DCR: 1.05

DEVELOPMENT TEAM

Consultant:	Not Utilized	Manager:	HBC Property Managers, LP
Attorney:	Locke Liddell & Sapp	Architect:	Dimensions Architects
Accountant:	Not Utilized	Engineer:	Not Utilized
Market Analyst:	The Gerald A. Teel Company	Lender:	MuniMae Midland, LLC
Contractor:	Hunt Building Corp.	Syndicator:	MuniMae Midland, LLC

PUBLIC COMMENT[2]

From Citizens:	From Legislators or Local Officials:
# in Support: 0 # in Opposition: 0	Sen. David Sibley, District 22 - NC Rep. Charlie Green, District 89 - NC Mayor Kenneth Barr - NC Ried Rector, Asst. City Manager, City of Fort Worth; Consistent with the local Consolidated Plan.

1. Gross Income less Vacancy
2. NC - No comment received, O - Opposition, S - Support

CONDITION(S) TO COMMITMENT

1. Per §49.7(i)(6) of the Qualified Allocation Plan and Rules, all Tax Exempt Bond Project Applications "must provide an executed agreement with a qualified service provider for the provision of special supportive services that would otherwise not be available for the tenants. The provision of such services will be included in the Declaration of Land Use Restrictive Covenants ("LURA")."
2. Receipt, review, and acceptance of a promissory note from the Applicant indicating the terms of the loan with the Seller agreeing to release its first lean position on the property.
3. Receipt, review, and acceptance of documentation verifying HUD acceptance of an increase in the HAP contract rents at least 3% above the contract rents as stated in the April 2002 rent roll.
4. Upon satisfaction of Conditions #2 and #3, this development should be re-evaluated by underwriting.

DEVELOPMENT'S SELECTION BY PROGRAM MANAGER & DIVISION DIRECTOR IS BASED ON:

☐ Score ☐ Utilization of Set-Aside ☐ Geographic Distrib. ☒ Tax Exempt Bond. ☐ Housing Type

Other Comments including discretionary factors (if applicable).

Charles E. Nwaneri, LIHTC Co-Manager Date David Burrell, Director of Housing Programs Date

DEVELOPMENT'S SELECTION BY EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

☐ Score ☐ Utilization of Set-Aside ☐ Geographic Distrib. ☒ Tax Exempt Bond ☐ Housing Type

Other Comments including discretionary factors (if applicable).

Edwina P. Carrington, Executive Director Date
Chairman of Executive Award and Review Advisory Committee

☐ **TDHCA Board of Director's Approval and description of discretionary factors (if applicable).**

Chairperson Signature:
Michael E. Jones, Chairman of the Board Date

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTI FAMILY CREDIT UNDERWRITING ANALYSIS

DATE: July 31, 2002 **PROGRAM:** 4% LIHTC **FILE NUMBER:** 02412

DEVELOPMENT NAME

Shady Oaks Manor Apartments

APPLICANT

Name: PAB Shady Oaks, Ltd. **Type:** ☒ For Profit ☐ Non-Profit ☐ Municipal ☐ Other

Address: 4401 North Mesa **City:** El Paso **State:** Texas

Zip: 79902 **Contact:** Robert Kelly **Phone:** (915) 533-1122 **Fax:** (915) 533-1172

PRINCIPALS of the APPLICANT

Name	(%)	Title
PAB Shady Oaks Housing, LLC	.01%	Managing General Partner
TWC Housing, LLC		100% owner of G.P.
MuniMae Midland	99.99	Limted Partner

GENERAL PARTNER

Name: PAB Shady Oaks Housing, LLC **Type:** ☒ For Profit ☐ Non-Profit ☐ Municipal ☐ Other

Address: 4401 North Mesa **City:** El Paso **State:** Texas

Zip: 79902 **Contact:** Robert Kelly **Phone:** (915) 533-1122 **Fax:** (915) 533-1172

PROPERTY LOCATION

Location: 6148 San Villa Drive ☒ **QCT** ☐ **DDA**

City: Fort Worth **County:** Tarrant **Zip:** 76135

REQUEST

Amount	Interest Rate	Amortization	Term
$278,571	n/a	n/a	n/a

Other Requested Terms: Annual ten-year allocation of low-income housing tax credits

Proposed Use of Funds: Acquisition/ Rehab

SITE DESCRIPTION

Size: 9.4285 acres 410,707 square feet **Zoning/ Permitted Uses:** C/Medium Density Multifamily

Flood Zone Designation: Zone X **Status of Off-Sites:** Fully Improved

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
CREDIT UNDERWRITING ANALYSIS

DESCRIPTION of IMPROVEMENTS

Total Units: 138 **# Rental Buildings** 27 **# Common Area Bldngs** 1 **# of Floors** ___ **Age:** 23 yrs **Vacant:** 0% at 4/ 30/ 2002

Number	Bedrooms	Bathroom	Size in SF
130	1	1	648
8	2	1	913

Net Rentable SF: 91,544 **Av Un SF:** 663 **Common Area SF:** 3,282 **Gross Bldng SF** 94,826

Property Type: ☒ Multifamily ☐ SFR Rental ☐ Elderly ☐ Mixed Income ☐ Special Use

CONSTRUCTION SPECIFICATIONS

STRUCTURAL MATERIALS

Wood frame on a reinforced concrete slab on grade, 95% Stucco, 5% wood siding exterior wall covering, drywall interior wall surfaces, composite shingle roofing

APPLIANCES AND INTERIOR FEATURES

Vinyl flooring, range & oven, hood & fan, refrigerator, fiberglass tub/shower, laminated counter tops, individual water heaters

ON-SITE AMENITIES

3,282 SF community building with activity room, management offices, laundry facilities, kitchen, restrooms, arts and crafts room equipped children's play area, recreation area and perimeter fencing

Uncovered Parking: 144 spaces **Carports:** n/a spaces **Garages:** n/a spaces

OTHER SOURCES of FUNDS

LONG TERM/PERMANENT FINANCING

Source: MuniMae Midland, LLC **Contact:** John Mullaney

Principal Amount: $4,032,600 **Interest Rate:** 6.79%

Additional Information: Series A tax exempt Bonds issued by the Tarrant County Housing Finance Corporation

Amortization: 30 yrs **Term:** 30 yrs **Commitment:** ☐ None ☐ Firm ☒ Conditional

Annual Payment: $391,566 **Lien Priority:** 1st **Commitment Date** 6/ 25/ 2002

LIHTC SYNDICATION

Source: MuniMae Midland, LLC **Contact:** Stacey Kulyk

Address: 33 North Garden Avenue, Suite 1200 **City:** Clearwater

State: Florida **Zip:** 33755 **Phone:** (727) 461-4801 **Fax:** (727) 443-6067

Net Proceeds: $2,068,940 **Net Syndication Rate (per $1.00 of 10-yr LIHTC)** 79.5¢

Commitment ☐ None ☐ Firm ☒ Conditional **Date:** 6/ 28/ 2002

Additional Information:

APPLICANT EQUITY

Amount: $695,377 **Source:** Deferred developer fee

VALUATION INFORMATION

APPRAISED VALUE

Land Only:	$574,990	**Date of Valuation:**	5/ 30/ 2002
Existing Building/Land: Cost Approach	$4,025,000	**Date of Valuation:**	5/ 30/ 2002
Existing Building/Land: Income Approach	$4,500,000	**Date of Valuation:**	5/ 30/ 2002
Existing Building/Land: Sales Approach	$4,500,000	**Date of Valuation:**	5/ 30/ 2002

Appraiser: Zacour and Associates **City:** El Paso **Phone:** (915) 581-1141

ASSESSED VALUE

Land:	$410,707	**Assessment for the Year of:**	2001
Building:	$1,429,028	**Valuation by:**	Tarrant County Appraisal District
Personal Property:	$28,389		
Total Assessed Value:	$1,868,124		

EVIDENCE of SITE or PROPERTY CONTROL

Type of Site Control: Earnest Money Contract

Contract Expiration Date: 11/ 16/ 2002 **Anticipated Closing Date:** 11/ 16/ 2002

Acquisition Cost: $ 4,866,390 **Other Terms/Conditions:**

Seller: Hunt Building Corporation **Related to Development Team Member:** Yes

REVIEW of PREVIOUS UNDERWRITING REPORTS

No previous reports.

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Description: Shady Oaks Manor Apartments is a proposed acquisition and rehabilitation development of 138 units of affordable housing located in northwest Fort Worth. The development was built in 1978 and is comprised of 27 residential buildings as follows:

- (10) Building Type/Style A with four one-bedroom units;
- (15) Building Type/Style B with six one- bedroom units; and
- (2) Building Type/Style C with four two- bedroom units;

Based on the site plan the apartment buildings are distributed evenly throughout the site arranged in four groups separated by parking lots, with the community building and mailboxes located near the entrance to the site. The community building plan includes the management office, a community room, an arts and crafts area, kitchen, restrooms, laundry facilities and maintenance room.

Existing Subsidies: The development has all 138 units enrolled in the HUD Section 8 program via a Housing Assistance Payments (HAP) contract. The agreement in October 2000 indicated the net rents to be $455 for the one bedroom and $565 for the two bedrooms. However, a rent roll dated April 19, 2002 indicates contract rents of $471 for one bedroom and $585 for two bedrooms. This suggests that the HAP contract rents may have increased since 2000.

Development Plan: The architect’s scope of work includes construction costs of $1,071,803 with $346,428 in site work and $725,375 in direct construction. Approximately $306,000 will be spent on painting and flooring, $204,000 on counter tops and kitchen cabinets, $77,000 on doors, windows and blinds, $19,000 on kitchen appliances and $19,000 on plumbing. Sitework will include approximately $92,000 in fencing and a security gate, $90,000 in irrigation and $80,000 in demolishing an existing structure. The renovation will be phased to minimize displacement of current residents, with the property 100% occupied. During initial renovation tenants will be moved off-site, tenants in existing units will move into renovated units as they are completed. This process will continue until the all the units are complete and the tenants that were originally displaced are in renovated units. The Applicant has budgeted $158,184 for relocation expenses.

Supportive Services: The Applicant has contracted with HBC Property Managers to provide various supportive services to tenants. Although the contract did not determine which services the tenants will receive the contract did list examples as follows: summer youth activity programs, after school youth programs, monthly support group meetings, community resources and adult quality of life education. The fee for the services is $1,000 per month for a period of five years.

Schedule: The Applicant anticipates construction to begin in September of 2002, to be completed in September of 2003, to be placed in service in August of 2003, and to be substantially leased-up in October of 2003.

POPULATIONS TARGETED

Income Set-Aside: As a Priority 1 private activity bond lottery project, 100% of the units must have rents restricted to be affordable to households at or below 50% of AMGI though all of the units may lease to residents earning up to 60% of the AMFI. However, because the Applicant elected to qualify for tax credits under the 20% at 50% rule under Section 42(g)(1)(A) & (B), all of the tenants must be qualified at or below the 50% of AMGI level.

Special Needs Set-Asides: None of the units are specifically designated to be handicapped-accessible or equipped for tenants with hearing or visual impairments.

Compliance Period Extension: The Applicant has not elected to extend the compliance period.

MARKET HIGHLIGHTS

A market feasibility study dated June 13, 2002 was prepared by Prior & Associates and highlighted the following findings:

Definition of Submarket: The primary market area covers about 10 square miles and includes Loop 820 NW to the north, White Settlement Road to the south, Angle and Ephriam Avenues to the northeast and the West Fork Trinity River to the southeast and Loop 820 West to the west. (p. IV-1)

ANNUAL INCOME-ELIGIBLE SUBMARKET DEMAND SUMMARY

	Market Analyst	
Type of Demand	**Units of Demand**	**% of Total Demand**
Household Growth	6	1%
Resident Turnover	627	99%
TOTAL ANNUAL DEMAND	**633**	**100%**

Ref: p. IX-2

Capture Rate: "21.7%" (p. IX-2) Because this property is an acquisition/rehabilitation and is 100% occupied, the Underwriter did not calculate the concentration capture rate.

Market Rent Comparables: The market analyst surveyed 11 comparable apartment projects totaling 1,243 units in the market area. (p. VII-16)

RENT ANALYSIS (net tenant-paid rents)

Unit Type (% AMI)	Proposed	Contract	Program	Differential	Market*	Differential
1-Bedroom (50%)	$516	$471	$512	+$45/+$4	$460	+$56
2-Bedroom (50%)	$606	$585	$614	+$21/-$8	$575	+$31

(NOTE: Differentials are amount of difference between proposed rents and program limits and average market rents, e.g., proposed rent =$500, program max =$600, differential = -$100)

* These figures represent the market analyst-derived rents for the subject property; the range of comparable rents is as follows: $400 to $624 with an average of $524 for one-bedroom/one bath units and $450 to $750 with an average of $620 for two-bedroom/two bath units.

Submarket Vacancy Rates: "In 2001, the apartment vacancy rate increased to 4.8% across the metropolitan area and fell to 6.1% in the northwest area" The vacancy rate in the 12 surveyed properties is 3.5% (p. VII-5 & 6)

Absorption Projections: "We expect the project to fill between 10 to 15 units per month…" (p. X-1)

Known Planned Development: Within the primary market area, there are 560 units under construction. Wildwood Branch, a 280 unit LIHTC/market rate property, 0.5 miles northeast and The Meridian, a 280 unit LIHTC/market rate property, 3.5 miles north. Also Ephriam Court is a proposed LIHTC renovation project with 60 units. (p. VII-2 & 3)

Effect on Existing Housing Stock: "Because the subject is an existing project that has been operating at 100% occupancy in a market area at 3.5% vacancy rate……its conversion to a LIHTC development will not have an adverse impact on competing rental property" (p. VII-9)

Other Relevant Information: "The proposed 50% threshold rents are 5% to 12% above their derived market values and do not offer a good value to potential tenants" (p. viii) The market study indicates that 104 units will be restricted to households who are 62 years of age or older. Also 34 units will be set-aside for handicapped or disabled. However, no where in the application does it indicate that the Applicant will be setting aside such units.

The Underwriter found the market study to be acceptable.

SITE and NEIGHBORHOOD CHARACTERISTICS

Location: Fort Worth is located in the northern part of the state in Tarrant County. The site is an irregularly-shaped parcel located in the northwest area of Fort Worth, approximately seven miles from the central business district. The site is situated on the south side of Shady Oaks Manor Drive.

Population: According to the market analyst, the estimated 2001 population of Fort Worth-Arlington MSA was 187,191 for households 62 and over and is expected to increase by 18% to approximately 221,520 by 2006. Within the primary market area there were estimated to be 4,732 individuals in 2001 and 4,937 by 2006, an increase of 4%.

Adjacent Land Uses: Land uses in the overall area in which the site is located are predominantly vacant land and apartment complexes. Adjacent land uses include vacant land to the north and south, vacant retail to the east and Wildwood Ranch, a 250-unit LIHTC/Market rate garden apartment to the west.

Site Access: Access to the property is achieved by going south on Quebec Street from Interstate Loop 820 then going east on Shady Oaks Manor Drive. The development has two main entries, one from Shady Oaks Manor and the other from Via Vista Lane. Access to Interstate Highway 820 is 0.02 miles north, which provides connections to all other major roads serving the Fort Worth area.

Public Transportation: Public transportation to the area is provided by the Fort Worth Transportation Authority, with the nearest bus stop 0.3 miles away.

Shopping & Services: The site is within 0.7 miles of major grocery/pharmacies, 4.4 miles from a major mall and a variety of other retail establishments and restaurants. Schools, churches, and hospitals and health care facilities are located within a short driving distance from the site.

Site Inspection Findings: The site has not been inspected by a TDHCA staff member, and receipt, review, and acceptance of an acceptable site inspection report is a condition of this report.

HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)

A Phase I Environmental Site Assessment report dated June 14, 2002 was prepared by Construction and Environmental Consultants, Inc. and contained the following findings and recommendations:

Findings: Based on the findings by the engineer, no recognized environmental conditions were identified at the subject site or surrounding properties.

Asbestos-Containing Materials (ACM): No test conducted.

Lead-Based Paint (LBP): No tests conducted.

Radon: Tarrant County is considered an area of low Radon potential.

Noise: No tests conducted.

Floodplain: The study did not indicate.

Recommendations: No further testing is warranted at this time.

OPERATING PROFORMA ANALYSIS

Income: As stated above, all of the units will be restricted under LIHTC program rules and the HUD Project-based Section 8 program via a Housing Assistance Payments (HAP) contract. These rents are less than the LIHTC 50% of AMGI rent limit selected by the Applicant. The HAP contract rents (October 2000) are listed in the contract as follows: $455 for one-bedroom units and $565 for two-bedroom units. However, the contract rents listed in the submitted rent roll (April 2002) are $471 for one bedroom and $585 for two bedrooms. This would imply that a HAP contract rents may have already increased. The Applicant has not indicated an intent to request a rent increase under the HAP Contract; however, the submitted rent schedule includes rents near the maximum 50% level. Therefore, the Underwriter has assumed that a HAP rent increase is a possibility. This analysis uses an average 3% increase in rents over the current HAP contract rent levels in order to allow for the feasibility of the development as proposed at a minimum 1.10 bonds-only DCR. Receipt, review and acceptance of documentation verifying HUD acceptance of an increase in the HAP contract rents at least 3% above the April 2002 contract rents is a condition of this report. Upon receipt of the revised rents, underwriting should perform a re-evaluation of the development. The Applicant is assuming $0.54 per unit per month for secondary income, while the Underwriter is assuming $10 per unit per month. This is more in line with the historical data provided by the Applicant.

Expenses: The Applicant's expense estimate is 9% lower than the Underwriter's estimate. The Applicant provided 2001 historical data for the property, showing expenses of $406,439, when including the current reserve amount. The Applicant is estimating operation of the property at $405,995, or slightly less than the historical figure. However, the Underwriter's expense estimates are $436,151, or $3,161 per unit. Several of the Applicant's line-item expense figures also vary significantly as compared to the Underwriter's estimates. These include: general and administrative ($13K lower), payroll ($35K lower), and repairs and maintenance ($36K lower). The Underwriter's estimates for both general and administrative and payroll expenses are in line with the operating history of the development. The repair and maintenance amount the Underwriter is assuming is higher than the Applicant's estimate, but is still lower than historical figures. Finally, it should be noted that the Applicant included only $4,200 annually in supportive services fees, while the submitted contract stipulates a fee of $12,000 annually. However, the supportive services fee will be treated as a forgivable fee and, therefore, not included in total operating expenses, but included in aggregate debt.

Conclusion: The Applicant's estimated net operating income (NOI) is 20% higher than the Underwriter's projection. As a result, the Underwriter's estimate will be used to compute the development's debt service capacity. Based on the NOI, calculated assuming HAP contract rents increased by at least 3%, the debt service plus compliance and supportive services fees would result in a debt coverage ratio of only 1.00. In order to obtain a bonds-only DCR at the Department's minimum guideline of 1.10, the bonds-only debt service should not exceed $299,986. This will be discussed in more detail in the financing structure analysis section of this report.

CONSTRUCTION COST ESTIMATE EVALUATION

Acquisition Value: The seller of the property is Hunt Building Corporation, who is related to the Applicant. According to the real estate contract submitted at application, the sales price for the land and improvements is $4,866,390; however, the Applicant's project cost schedule reflects a total acquisition cost of $4,118,458.

An appraisal performed by Zacour and Associates, Inc. indicated a value of $574,990 for the land and a range of $4,025,000 to $4,500,000 for the entire project, depending on the approach used. Although the appraised land value is acceptable, the lower tax assessed value of $410,707 will be used to determine the eligible portion of the acquisition cost. The Applicant has included a higher land value of $617,769 in their calculation of eligible basis attributable to acquisition of the property.

In addition, pursuant to Section 49.7(e)(10)(C), the Applicant provided documentation of holding costs to justify the proposed sales price. The Applicant-calculated holding costs totaled $3,635,770.70; however, $750,379.50 is attributable to property taxes and $44,738.94 to property insurance. These costs are operational expenses and cannot be viewed as holding costs because the Subject is an income producing property. Deducting these operational expenses provides holding costs of $2,840,652.26. This total was used as the identity of interest acquisition cost of the property in the underwriting analysis because it is the lower of the appraised value and documented holding costs. Deducting the tax assessed land value of $410,707 results in an acquisition cost for the buildings of $2,429,945.

Sitework Cost: The Applicant is estimating site work to be $346,428, or $2,510 per unit, $79,643 of which is for the demolition of an existing structure. Because this is an acquisition rehab project, it is not subject to the minimum $4,500 per unit standard for new product.

Direct Construction: The Applicant's construction amount is $725,374, or $5,256 per unit. The combined amount of $1,071,802, or $7,767 per unit, for site work and direct construction meets the Department's minimum rehabilitation guideline of $6,000 per unit.

Interim Financing Fees: The Underwriter reduced the Applicant's eligible interim financing fees by $23,936 to bring the eligible interest expense down to one year of fully drawn interest expense. This results in an equivalent adjustment to the Applicant's eligible basis estimate.

Fees: The Applicant's general requirements, contractor's general and administrative fees, and contractor's profit exceed the 6%, 2%, and 6% maximums allowed by LIHTC guidelines based on their own construction costs. Consequently the Applicant's eligible fees in these areas have been reduced with the overage effectively moved to ineligible costs.

Due to the Applicant's inclusion of a developer's fee for acquisition of a project currently owned by a related party, their total developer fees exceed 15% of their adjusted eligible basis. The due diligence work that would be required to justify a fee for the acquisition portion from a related party cannot be substantiated. Therefore, the eligible portion of the Applicant's developer fee must be reduced by $214,530.

Conclusion: Overall the Applicant's total costs are $1,423,776, or 22%, higher than the Underwriter's estimate. Because this difference is greater than 5%, the Underwriter's total development cost estimate will be used to determine eligible basis and need for permanent funds.

FINANCING STRUCTURE ANALYSIS

The Applicant intends to finance the development with six types of financing: a conventional interim to permanent loan, a private loan, syndicated LIHTC equity, deferred developer's fees, income during construction and interest during construction.

Bonds: The bonds are tax-exempt private activity mortgage revenue bonds to be issued by Tarrant County Housing Finance Corporation and placed privately with Midland Mortgage Investment Corporation. As of the date of this underwriting analysis, there will be $4,032,600 in tax-exempt Series A bonds. The bonds will be amortized over 30 years at a fixed interest rate underwritten at 6.79%.

Seller Financing: The Applicant indicated they will be receiving a loan in the amount of $250,000 for the purchase of the land. Although no documentation was provided, based on the comments in the submitted sources and uses, the Underwriter is assuming that the seller is providing the Applicant with a loan. For purposes of this analysis, it is also assumed that repayment will be from available cashflow. Receipt, review and acceptance of a promissory note in the amount of $250,000 with terms is a condition of the report. The Seller must also agree to relinquish their first lien rights. Upon receipt of this documentation, this development should be re-evaluated by underwriting.

Income from Operations: The Applicant forecast rental income of $632,035 from operation during rehabilitation of the project. Because a portion of the tenants will be relocated and it is not definite that all of the current tenants will remain with the project, this income is deemed to be speculative. Therefore, it has not been included as a source of funds in the underwriting analysis.

GIC Interest Income: The Applicant included $38,517 in GIC income; the Underwriter has removed this amount as a source of funds and removed an equivalent amount from interim financing interest cost to compensate.

LIHTC Syndication: MuniMae Midland, LLC has offered terms for syndication of the tax credits. The commitment letter shows net proceeds are anticipated to be $2,068,940 based on a syndication factor of 79.5%. The funds would be disbursed in a five-phased pay-in schedule:

1. 21.3% upon admission to the partnership;
2. 28.4% upon 25% completion of renovation;
3. 21.3% upon 50% completion of renovation;
4. 10.2% upon completion of renovation; and
5. 18.8% upon 8609's;

Deferred Developer's Fees: The Applicant's proposed deferred developer's fees of $695,377 amount to 120% of the total proposed developer fees. However, the general contractor is a related party. Therefore, the proposed deferred fees amount to only 95% of total deferrable fees.

Financing Conclusions: As stated above, the Underwriter's total development cost estimate was used to calculate the project's eligible basis and need for funding. The Underwriter's total acquisition and rehabilitation eligible basis calculation resulted in a basis that is $1,320,359 less than the Applicant's estimate. This difference is due to several factors:

1. Based on the information presented in the application, the Underwriter could not justify a total acquisition cost that exceeds the documented holding costs of $2,840,652. However, the land value utilized in the underwriting analysis is $207,062 less than the Applicant's assumption. The net result is an Applicant estimated acquisition basis of $3,500,689 versus the Underwriter's estimate of $2,429,945, a difference of $1,070,744.
2. The Applicant included a developer fee for acquisition of a project that is currently owned by a related party. The application did not include documentation of excess due diligence work related to the transfer of the property that would warrant a developer's fee. This amounted to a difference of $214,530.
3. The Applicant's contractor fees are overstated based on their own construction costs by a total of $11K.

The Underwriter's eligible basis calculation indicates a recommended tax credit allocation in the amount of $223,055 annually for ten years. This results in syndication proceeds that are $295,834 less than anticipated by the Applicant.

Also as stated above, the development's NOI, calculated assuming HAP contract rents increased by at least 3%, results in an aggregate debt coverage ratio of only 1.00. In order to obtain a bonds-only DCR at the Department's minimum guideline of 1.10, the bonds-only debt service should not exceed $299,986. Based on the proposed terms of the bond-financing, the bond amount should not exceed $3,838,543 at conversion to permanent. The reduced bond amount coupled with a reduction in the anticipated syndication proceeds result in a need for an additional $495,346 in funds. Deferred fees in this amount are equal to 98% of total eligible contractor and developer fees. As stated earlier, it is assumed that the seller will provide a cashflow note of $250,000. The combined total of $745,346 comprised of the seller note and deferred fees are not repayable within 10 years of stabilized operation, but appear to be repayable from cashflow within 15 years.

Alternatively, should the Board decide to accept the value of $4,118,458 for acquisition of the development, as stated in the application, the development would qualify for tax credits in the amount of $262,351 annually for ten years. However, the increase in the Underwriter's total development cost estimate would result in a need for the developer and general contractor to defer 100% of eligible fees and receipt of commitment for additional grant funds in the amount of $1,101,842.

REVIEW of ARCHITECTURAL DESIGN

The exterior elevations are functional with varied rooflines. All units are of average size for market rate and LIHTC units. Each unit has a semi-private exterior entry that is shared with another unit off an exterior patio. The units are in one-story walk-up four-plex and six-plex style structures with mixed stucco and wood trim exterior finish and pitched roofs.

IDENTITIES of INTEREST

The Applicant, developer, general contractor, property manager and supportive services are related entities. These are common identities of interest for LIHTC-funded projects. An entity related to a principle of the Applicant is also the seller of the property. This is an issue that has been dealt with extensively in the construction cost and financing structure analysis sections of this report.

APPLICANT'S/PRINCIPALS' FINANCIAL HIGHLIGHTS, BACKGROUND, and EXPERIENCE

Financial Highlights:

- The Applicant and General Partner are single-purpose entities created for the purpose of receiving assistance from TDHCA and therefore have no material financial statements.
- TWC Housing, LLC submitted an unaudited financial statement as of December 31, 2002 reporting total assets of $742,317.98 and consisting of $277,409.72 in receivables, $464,908.26 in partnership interests. Liabilities totaled $852,409.72, resulting in a net worth of ($110,091.74).
- Hunt Building Corporation submitted audited financial statements as of December 2001 reporting total assets of $546,805,918 and consisting of $62,685,624 in cash and receivables, $329,744,298 in real estate

investments, $12,176,992 in equipment and $142,199,004 in other assets. Liabilities totaled $347,662,790 resulting in a net worth of $199,143,128.

Background & Experience:

- TWC Housing, LLC has completed 13 LIHTC housing developments totaling 2,674 units since 1999.
- Hunt Building Corporation has completed 37 multifamily housing developments totaling 4,768 units since 1970.

SUMMARY OF SALIENT RISKS AND ISSUES

- The Applicant's estimated operating expenses and operating proforma are more than 5% outside of the Underwriter's verifiable ranges.
- The recommended amount of deferred developer fee plus seller's note cannot be repaid within ten years, and any amount unpaid past ten years would be removed from eligible basis.
- The seller of the property has an identity of interest with the Applicant.
- The significant financing structure changes being proposed have not been reviewed by the Applicant, lenders, and syndicators, and acceptable alternative structures may exist.

RECOMMENDATION

☑ RECOMMEND APPROVAL OF AN LIHTC ALLOCATION NOT TO EXCEED $223,055 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

CONDITIONS

1. Receipt, review, and acceptance of a satisfactory TDHCA site inspection report.
2. Receipt, review and acceptance of a promissory note from the Applicant indicating the terms of the loan with the Seller agreeing to release its first lien position on the property.
3. Receipt, review and acceptance of documentation verifying HUD acceptance of an increase in the HAP contract rents at least 3% above the contract rents as stated in the April 2002 rent roll.
4. Upon satisfaction of Conditions #2 and #3, this development should be re-evaluated by underwriting.

Underwriter:	*Mark Fugina*	**Date:**	July 31, 2002
Credit Underwriting Supervisor:	*Lisa Vecchietti*	**Date:**	July 31, 2002

MULTIFAMILY FINANCIAL ASSISTANCE REQUEST: Comparative Analysis

Shady Oaks Manor Apartments, Fort Worth, 4% LIHTC file 02412

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Net Rent per Unit	Rent per Month	Rent per SF	Tnt Pd Util	Wtr, Swr, Trsh
TC50%	130	1	1	648	$574	$485	$63,067	$0.75	$58.00	$20.00
TC50%	8	2	1	913	690	$603	4,820	0.66	84.00	22.00
TOTAL:	138		AVERAGE:	663	$581	$492	$67,887	$0.74	$59.51	$20.12

INCOME Total Net Rentable Sq Ft: 91,544

					TDHCA	APPLICANT			
POTENTIAL GROSS RENT					$814,648	$863,136			
Secondary Income			Per Unit Per Month:	$10.00	16,560	900	$0.54	Per Unit Per Month	
Other Support Income: (describe)					0				
POTENTIAL GROSS INCOME					$831,208	$864,036			
Vacancy & Collection Loss			% of Potential Gross Income:	-7.50%	(62,341)	(64,800)	-7.50%	of Potential Gross Rent	
Employee or Other Non-Rental Units or Concessions					0				
EFFECTIVE GROSS INCOME					$768,867	$799,236			
EXPENSES		% OF EGI	PER UNIT	PER SQ FT			PER SQ FT	PER UNIT	% OF EGI
General & Administrative		4.16%	$232	$0.35	$31,994	$19,229	$0.21	$139	2.41%
Management		5.00%	279	0.42	38,443	50,868	0.56	369	6.36%
Payroll & Payroll Tax		13.61%	758	1.14	104,622	70,163	0.77	508	8.78%
Repairs & Maintenance		7.18%	400	0.60	55,174	19,414	0.21	141	2.43%
Utilities		3.27%	182	0.27	25,129	31,752	0.35	230	3.97%
Water, Sewer, & Trash		4.33%	241	0.36	33,312	30,186	0.33	219	3.78%
Property Insurance		2.34%	131	0.20	18,019	18,190	0.20	132	2.28%
Property Tax	3.230265	11.60%	646	0.97	89,155	118,938	1.30	862	14.88%
Reserve for Replacements		5.38%	300	0.45	41,400	41,400	0.45	300	5.18%
Security		0.21%	12	0.02	1,647	1,647	0.02	12	0.21%
TOTAL EXPENSES		57.08%	$3,180	$4.79	$438,896	$401,787	$4.39	$2,912	50.27%
NET OPERATING INC		42.92%	$2,391	$3.60	$329,971	$397,449	$4.34	$2,880	49.73%
DEBT SERVICE									
First Lien Mortgage		40.99%	$2,284	$3.44	$315,152	$391,566	$4.28	$2,837	48.99%
Compliance		0.45%	$25	$0.04	3,450	8	$0.00	$0	0.00%
Supportive Service		1.56%	$87	$0.13	12,000	4,200	$0.05	$30	0.53%
NET CASH FLOW		-0.08%	($5)	($0.01)	($631)	$1,675	$0.02	$12	0.21%
AGGREGATE DEBT COVERAGE RATIO					1.00	1.00			
ALTERNATIVE BONDS-ONLY DEBT COVERAGE RATIO					1.10				

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		44.69%	$20,584	$31.03	$2,840,652	$4,118,458	$44.99	$29,844	52.93%
Off-Sites		0.00%	0	0.00	0		0.00	0	0.00%
Sitework		4.20%	1,933	2.91	266,785	266,785	2.91	1,933	3.43%
Direct Construction		11.41%	5,256	7.92	725,374	725,374	7.92	5,256	9.32%
Contingency	3.24%	0.51%	233	0.35	32,154	32,154	0.35	233	0.41%
General Reqts	6.00%	0.94%	431	0.65	59,530	64,308	0.70	466	0.83%
Contractor's G & A	2.00%	0.31%	144	0.22	19,843	21,436	0.23	155	0.28%
Contractor's Profit	6.00%	0.94%	431	0.65	59,530	64,308	0.70	466	0.83%
Indirect Construction		9.56%	4,406	6.64	607,988	607,988	6.64	4,406	7.81%
Ineligible Costs		9.38%	4,320	6.51	596,107	596,107	6.51	4,320	7.66%
Developer's G & A	2.00%	0.77%	354	0.53	48,800	0	0.00	0	0.00%
Developer's Profit	13.00%	4.99%	2,299	3.47	317,203	580,533	6.34	4,207	7.46%
Interim Financing		10.52%	4,847	7.31	668,820	668,820	7.31	4,847	8.60%
Reserves		1.80%	828	1.25	114,209	34,500	0.38	250	0.44%
TOTAL COST		100.00%	$46,065	$69.44	$6,356,995	$7,780,771	$84.99	$56,382	100.00%
Recap-Hard Construction Costs		*18.30%*	***$8,429***	***$12.71***	***$1,163,215***	***$1,174,365***	***$12.83***	***$8,510***	*15.09%*

SOURCES OF FUNDS

	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	RECOMMENDED
First Lien Mortgage	63.44%	$29,222	$44.05	$4,032,600	$4,032,600	$3,838,543
NOI during construction	10.94%	$5,039	$7.60	695,337	695,337	0
Private Loan or Grant	3.93%	$1,812	$2.73	250,000	250,000	250,000
Interest Income from Construction Es	0.61%	$279	$0.42	38,517	38,517	0
LIHTC Syndication Proceeds	32.55%	$14,992	$22.60	2,068,940	2,068,940	1,773,106
Deferred Developer Fees	10.94%	$5,039	$7.60	695,377	695,377	495,347
Additional (excess) Funds Required	-22.40%	($10,317)	($15.55)	(1,423,776)	0	0
TOTAL SOURCES				$6,356,995	$7,780,771	$6,356,995

Shady Oaks Manor Apartments, Fort Worth, 4% LIHTC file 02412

PAYMENT COMPUTATION

Primary	$4,032,600	Term	360
Int Rate	6.79%	DCR	1.05

Secondary	$250,000	Term	
Int Rate	0.00%	Subtotal DCR	1.04

Additional		Term	
Int Rate		Aggregate DCR	1.00

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	$299,986
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	$29,985

Primary	$3,838,543	Term	360
Int Rate	6.79%	DCR	1.10

Secondary	$250,000	Term	0
Int Rate	0.00%	Subtotal DCR	1.10

Additional	$0	Term	0
Int Rate	0.00%	Aggregate DCR	1.10

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$814,648	$839,087	$864,260	$890,187	$916,893	$1,062,930	$1,232,228	$1,428,489	$1,919,770
Secondary Income	16,560	17,057	17,569	18,096	18,638	21,607	25,048	29,038	39,025
Other Support Income: (describe	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	831,208	856,144	881,828	908,283	935,531	1,084,537	1,257,276	1,457,528	1,958,795
Vacancy & Collection Loss	(62,341)	(64,211)	(66,137)	(68,121)	(70,165)	(81,340)	(94,296)	(109,315)	(146,910)
Employee or Other Non-Rental Ur	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$768,867	$791,933	$815,691	$840,162	$865,367	$1,003,197	$1,162,980	$1,348,213	$1,811,886
EXPENSES at 4.00%									
General & Administrative	$31,994	$33,274	$34,605	$35,989	$37,428	$45,537	$55,403	$67,406	$99,778
Management	38,443	39,597	40,785	42,008	43,268	50,160	58,149	67,411	90,594
Payroll & Payroll Tax	104,622	108,807	113,159	117,686	122,393	148,910	181,172	220,423	326,280
Repairs & Maintenance	55,174	57,381	59,676	62,063	64,546	78,530	95,544	116,243	172,069
Utilities	25,129	26,134	27,179	28,266	29,397	35,766	43,515	52,942	78,368
Water, Sewer & Trash	33,312	34,644	36,030	37,471	38,970	47,413	57,686	70,183	103,889
Insurance	18,019	18,740	19,490	20,269	21,080	25,647	31,204	37,964	56,196
Property Tax	89,155	92,722	96,430	100,288	104,299	126,896	154,388	187,837	278,044
Reserve for Replacements	41,400	43,056	44,778	46,569	48,432	58,925	71,691	87,224	129,112
Other	1,647	1,713	1,781	1,853	1,927	2,344	2,852	3,470	5,136
TOTAL EXPENSES	$438,896	$456,067	$473,914	$492,463	$511,741	$620,129	$751,603	$911,104	$1,339,466
NET OPERATING INCOME	$329,971	$335,866	$341,777	$347,699	$353,626	$383,068	$411,377	$437,109	$472,420
DEBT SERVICE									
First Lien Financing	$299,986	$299,986	$299,986	$299,986	$299,986	$299,986	$299,986	$299,986	$299,986
Second Lien	3,450	3,450	3,450	3,450	3,450	3,450	3,450	3,450	3,450
Other Financing	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
NET CASH FLOW	$14,535	$20,429	$26,341	$32,263	$38,189	$67,632	$95,941	$121,673	$156,983
DEBT COVERAGE RATIO	1.05	1.06	1.08	1.10	1.12	1.21	1.30	1.39	1.50

LIHTC Allocation Calculation - Shady Oaks Manor Apartments, Fort Worth, 4% LIHTC file 02412

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S ACQUISITION ELIGIBLE BASIS	TDHCA ACQUISITION ELIGIBLE BASIS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
(1) Acquisition Cost						
Purchase of land	$617,769	$410,707				
Purchase of buildings	$3,500,689	$2,429,945	$3,500,689	$2,429,945		
(2) Rehabilitation/New Construction Cost						
On-site work	$266,785	$266,785			$266,785	$266,785
Off-site improvements						
(3) Construction Hard Costs						
New structures/rehabilitation ha	$725,374	$725,374			$725,374	$725,374
(4) Contractor Fees & General Requirements						
Contractor overhead	$21,436	$19,843			$19,843	$19,843
Contractor profit	$64,308	$59,530			$59,530	$59,530
General requirements	$64,308	$59,530			$59,530	$59,530
(5) Contingencies	$32,154	$32,154			$32,154	$32,154
(6) Eligible Indirect Fees	$607,988	$607,988			$607,988	$607,988
(7) Eligible Financing Fees	$668,820	$668,820			$668,820	$668,820
(8) All Ineligible Costs	$596,107	$596,107				
(9) Developer Fees					$366,003	
Developer overhead		$48,800				$48,800
Developer fee	$580,533	$317,203				$317,203
(10) Development Reserves	$34,500	$114,209				
TOTAL DEVELOPMENT COSTS	$7,780,771	$6,356,995	$3,500,689	$2,429,945	$2,806,027	$2,806,027

Deduct from Basis:						
All grant proceeds used to finance costs in eligible basis						
B.M.R. loans used to finance cost in eligible basis						
Non-qualified non-recourse financing						
Non-qualified portion of higher quality units [42(d)(3)]						
Historic Credits (on residential portion only)						
TOTAL ELIGIBLE BASIS			$3,500,689	$2,429,945	$2,806,027	$2,806,027
High Cost Area Adjustment					130%	130%
TOTAL ADJUSTED BASIS			$3,500,689	$2,429,945	$3,647,835	$3,647,835
Applicable Fraction			100%	100%	100%	100%
TOTAL QUALIFIED BASIS			$3,500,689	$2,429,945	$3,647,835	$3,647,835
Applicable Percentage			3.67%	3.67%	3.67%	3.67%
TOTAL AMOUNT OF TAX CREDITS			$128,475	$89,179	$133,876	$133,876
	Syndication Proceeds	**0.7949**	**$1,021,276**	**$708,902**	**$1,064,204**	**$1,064,204**

LOW INCOME HOUSING TAX CREDIT PROGRAM

2002 LIHTC/TAX EXEMPT BOND DEVELOPMENT PROFILE AND BOARD SUMMARY

Texas Department of Housing and Community Affairs

Development Name: **Pleasant Valley Villas** TDHCA#: 02413

DEVELOPMENT AND OWNER INFORMATION

Development Location:	Austin	QCT: N	DDA: N	TTC: N
Development Owner:	Pleasant Valley Villas Housing, L.P.			
General Partner(s):	Pleasant Valley Villas Development, LLC, 100%, Contact: Brian Potashnik			
Construction Category:	New			
Set-Aside Category:	Tax Exempt Bond Bond Issuer: Austin HFC			
Development Type:	Family			

Annual Tax Credit Allocation Calculation

Applicant Request: $882,512 Eligible Basis Amt: $874,826 Equity/Gap Amt.: $285,376

Annual Tax Credit Allocation Recommendation: $874,826

Total Tax Credit Allocation Over Ten Years: 8,748,260

PROPERTY INFORMATION

Unit and Building Information

Total Units: 280 LIHTC Units: 280 % of LIHTC Units: 100%

Gross Square Footage: 312,211

Average Square Footage/Unit: 1097

Number of Buildings: 55

Currently Occupied: N

Development Cost

Total Cost: $27,942,908 Total Cost/Net Rentable Sq. Ft.: $90.97

Income and Expenses

Effective Gross Income:[1] $2,535,151 Ttl. Expenses: $1,115,714 Net Operating Inc.: $1,419,437

Estimated 1st Year DCR: 1.10

DEVELOPMENT TEAM

Consultant:	Not Utilized	Manager:	Southwest Housing Management
Attorney:	True & Shackelford	Architect:	BGA Architects
Accountant:	Reznick, Fedder & Silverman	Engineer:	Pond Robinson
Market Analyst:	Butler Burgher	Lender:	Charter MAC Municipal Mortgage
Contractor:	Affordable Housing Construction	Syndicator:	Related Capital Company

PUBLIC COMMENT[2]

From Citizens:	From Legislators or Local Officials:
# in Support: 0 # in Opposition: 0	Sen. Gonzalo Barrientos, District 14 - NC Rep. Glen Maxey, District 51 - NC Mayor Gus Garcia - NC Paul Hilgers, Community Development Officer, Neighborhood Housing and Community Development Office; Consistent with the City of Austin's local Consolidated Plan.

1. Gross Income less Vacancy
2. NC - No comment received, O - Opposition, S - Support

CONDITION(S) TO COMMITMENT

1. Per §49.7(i)(6) of the Qualified Allocation Plan and Rules, all Tax Exempt Bond Project Applications "must provide an executed agreement with a qualified service provider for the provision of special supportive services that would otherwise not be available for the tenants. The provision of such services will be included in the Declaration of Land Use Restrictive Covenants ("LURA")."
2. Receipt, review, and acceptance of a third party detailed sitework cost breakdown for all sitework costs, including costs per unit of materials and numbers of units required certified by an architect familiar with the sitework costs of this proposed project.
3. Receipt, review, and acceptance of a flood hazard mitigation plan to include, at a minimum, consideration and documentation of flood plain reclamation site work costs, building flood insurance and tenant flood insurance costs.
4. Receipt, review, and acceptance of documentation from the City of Austin that the development as proposed and underwritten is a conforming land use under current site zoning.
5. Should the terms of the proposed debt be altered, the development should be re-evaluated.

DEVELOPMENT'S SELECTION BY PROGRAM MANAGER & DIVISION DIRECTOR IS BASED ON:

☐ Score ☐ Utilization of Set-Aside ☐ Geographic Distrib. ☒ Tax Exempt Bond. ☐ Housing Type

Other Comments including discretionary factors (if applicable).

Charles E. Nwaneri, LIHTC Co-Manager ______ Date ______ David Burrell, Director of Housing Programs ______ Date ______

DEVELOPMENT'S SELECTION BY EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

☐ Score ☐ Utilization of Set-Aside ☐ Geographic Distrib. ☒ Tax Exempt Bond ☐ Housing Type

Other Comments including discretionary factors (if applicable).______

Edwina P. Carrington, Executive Director ______ Date ______
Chairman of Executive Award and Review Advisory Committee

☐ **TDHCA Board of Director's Approval and description of discretionary factors (if applicable).**

Chairpersonature Signature: ______ Date ______
Michael E. Jones, Chairman of the Board

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTI FAMILY CREDIT UNDERWRITING ANALYSIS

DATE: July 31, 2002 **PROGRAM:** 4% LIHTC **FILE NUMBER:** 02413

DEVELOPMENT NAME

Pleasant Valley Villas

APPLICANT

Name: Pleasant Valley Villas Housing, L.P. **Type:** ☒ For Profit ☐ Non-Profit ☐ Municipal ☐ Other

Address: 5910 North Central Expressway, Suite 1145 **City:** Dallas **State:** TX

Zip: 75206 **Contact:** Brian Potashnik **Phone:** (214) 891-1402 **Fax:** (214) 987-9294

PRINCIPALS of the APPLICANT

Name	(%)	Title
Pleasant Valley Villas Development, LLC	0.01	Managing General Partner
Related Capital Company	99.99	Limited Partner
Brian Potashnik	N/A	100% Owner of MGP

GENERAL PARTNER

Name: Pleasant Valley Villas Development, LLC **Type:** ☒ For Profit ☐ Non-Profit ☐ Municipal ☐ Other

Address: 5910 North Central Expressway, Suite 1145 **City:** Dallas **State:** TX

Zip: 75206 **Contact:** Brian Potashnik **Phone:** (214) 891-1402 **Fax:** (214) 987-9294

PROPERTY LOCATION

Location: Pleasant Valley Road and Oltorf Street ☐ **QCT** ☐ **DDA**

City: Austin **County:** Travis **Zip:** 78741

REQUEST

Amount	Interest Rate	Amortization	Term
$882,512	N/A	N/A	N/A

Other Requested Terms: Annual ten-year allocation of low-income housing tax credits

Proposed Use of Funds: New construction

SITE DESCRIPTION

Size: 41.197 acres 1,794,541 square feet **Zoning/ Permitted Uses:** LR, Neighborhood Commercial; SF-3, Family Residence District; MF-2, Multifamily Residence

Flood Zone Designation: Zones AE & X **Status of Off-Sites:** Partially improved

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
CREDIT UNDERWRITING ANALYSIS

DESCRIPTION of IMPROVEMENTS

Total Units: 280 **# Rental Buildings** 55 **# Common Area Bldngs** 2 **# of Floors** 2 **Age:** 0

Number	Bedrooms	Bathroom	Size in SF
120	2	2	950
104	3	2	1,153
56	4	2	1,308

Net Rentable SF: 307,160 **Av Un SF:** 1,097 **Common Area SF:** 5,051 **Gross Bldng SF** 312,211

Property Type: ☒ Multifamily ☐ SFR Rental ☐ Elderly ☐ Mixed Income ☐ Special Use

CONSTRUCTION SPECIFICATIONS

STRUCTURAL MATERIALS

Wood frame on a post-tensioned concrete slab on grade, 25% stone/65% stucco exterior wall covering with wood trim, drywall interior wall surfaces, composite shingle roofing

APPLIANCES AND INTERIOR FEATURES

Carpeting & vinyl flooring, range & oven, hood & fan, garbage disposal, dishwasher, refrigerator, tile tub/shower, ceiling fans, laminated counter tops

ON-SITE AMENITIES

2,319-SF leasing center building with great room, management offices, work room, & restrooms; 2,732-SF youth center building with computer lab, art room, classroom, library, learning center, & central mailroom; swimming pool, equipped children's play area, perimeter fencing

Uncovered Parking: 560 spaces **Carports:** 0 spaces **Garages:** 0 spaces

OTHER SOURCES of FUNDS

INTERIM CONSTRUCTION or GAP FINANCING

Source: Charter/Mac Municipal Mortgage **Contact:** James D. Spound

Principal Amount: $17,945,000 **Interest Rate:** 7.22% blended rate

Additional Information:

Amortization: N/A yrs **Term:** 2 yrs **Commitment:** ☐ None ☐ Firm ☒ Conditional

LONG TERM/PERMANENT FINANCING

Source: Charter/Mac Municipal Mortgage **Contact:** James D. Spound

Principal Amount: $15,000,000 **Interest Rate:** 7%

Additional Information: Tax-exempt bond proceeds

Amortization: 40 yrs **Term:** 40 yrs **Commitment:** ☐ None ☐ Firm ☒ Conditional

Annual Payment: $1,147,454 **Lien Priority:** 1st **Commitment Date** 3/ 22/ 2002

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
CREDIT UNDERWRITING ANALYSIS

LONG TERM/PERMANENT FINANCING

Source: Charter/Mac Municipal Mortgage **Contact:** James D. Spound

Principal Amount: $2,945,000 **Interest Rate:** 9%

Additional Information: Taxable bond proceeds

Amortization: 40 yrs **Term:** 19 yrs **Commitment:** ☐ None ☐ Firm ☒ Conditional

Annual Payment: $225,283 **Lien Priority:** 1st **Commitment Date** 3/ 22/ 2002

LIHTC SYNDICATION

Source: Related Capital Company **Contact:** Justin Ginsberg

Address: 625 Madison Avenue **City:** New York

State: NY **Zip:** 10022 **Phone:** (212) 421-5333 **Fax:** (212) 751-3550

Net Proceeds: $7,208,000 **Net Syndication Rate** (per $1.00 of 10-yr LIHTC) 82¢

Commitment ☐ None ☐ Firm ☒ Conditional **Date:** 2/ 1/ 2002

Additional Information: Commitment letter reflects proceeds of $7,208,000 based on credits of $8,790,890

APPLICANT EQUITY

Amount: $2,634,882 **Source:** Deferred developer fee

VALUATION INFORMATION

APPRAISED VALUE

Land Only: 41.197 ac. $2,000,000 **Date of Valuation:** 5/ 31/ 2002

Appraiser: B. Diane Butler **City:** Dallas **Phone:** (214) 739-0700

ASSESSED VALUE

Land: 41.197 ac. $535,561 **Assessment for the Year of:** 2002

Valuation by: Travis County Appraisal District

Tax Rate: 2.5043

EVIDENCE of SITE or PROPERTY CONTROL

Type of Site Control: Earnest money contract

Contract Expiration Date: 9/ 30/ 2002 **Anticipated Closing Date:** 7/ 31/ 2002

Acquisition Cost: $ 2,000,000 **Other Terms/Conditions:** $220,000 earnest money

Seller: James L. Weathers, Jerry R. Weathers, Judith K. Gentry and Janice A. Hamilton **Related to Development Team Member:** No

REVIEW of PREVIOUS UNDERWRITING REPORTS

No previous reports.

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Description: Pleasant Valley Villas is a proposed new construction development of 280 units of affordable income housing located in southeast Austin. The development is comprised of 55 residential buildings as follows:

- 15 Building Type A with eight two-bedroom units;
- 26 Building Type B with four three-bedroom units; and
- 14 Building Type C with four four-bedroom units.

The site is comprised of two separate parcels on opposing sides of a proposed extension of Pleasant Valley Road. Based on the site plan there are to be 40 fourplex apartment buildings and the community and youth activity buildings distributed evenly throughout the western parcel, and 15 eight-unit buildings arranged on the southern half of the eastern parcel. The 2,319-square foot leasing center building plan includes the management office, a great room, work room and restrooms. The 2,732-square foot youth center building plan includes the computer lab room, a classroom, library, learning center, and restrooms.

Supportive Services: The Applicant has contracted with Housing Services of Texas, Inc. to provide the following supportive services to tenants: social, recreational, computer lab, language lab, agency referrals, and state workforce development and welfare programs. These services will be provided at no cost to tenants. The contract requires the Applicant to provide, furnish, and maintain facilities in the community building for provision of the services, plus $1,500 per month for these support services.

Schedule: The Applicant anticipates construction to begin in September of 2002, to be completed and placed in service in September of 2004, and to be substantially leased-up in March of 2005.

POPULATIONS TARGETED

Income Set-Aside: The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside. Two hundred and eighty of the units (100% of the total) will be reserved for low-income/elderly tenants. All of the units will be reserved for households earning 50% or less of AMGI.

Special Needs Set-Asides: None of the units are specifically designated to be handicapped-accessible or equipped for tenants with hearing or visual impairments.

Compliance Period Extension: The intended length of the compliance period was not specified in the submitted application.

MARKET HIGHLIGHTS

A market feasibility study dated January 8, 2002 was prepared by Butler-Burgher, LLC and highlighted the following findings:

Definition of Market/Submarket: "The subject market area is located in the southeastern part of the city of Austin, southeast of the Austin CBD in a mixed-use area with a combination of residential, industrial and commercial uses. It is defined as being bound by Town Lake and the Colorado River on the north, IH-35 on the west, SH 71 (E. Ben White Boulevard) on the south and Montopolis Drive on the west." (p. 5 & 33)

ANNUAL INCOME-ELIGIBLE SUBMARKET DEMAND SUMMARY

Type of Demand	Units of Demand	% of Total Demand
Household Growth	222	1%
Resident Turnover	15,039	99%
TOTAL ANNUAL DEMAND	**15,261**	**100%**

Ref: p. 57

Capture Rate: "Based on an inspection of the defined market area and our review of the TDHCA LIHTC units within the defined market area. We have added these LIHTC units to the 280 affordable units proposed for the subject property to derive the forecast number of 1,065 LIHTC units for the designated study area and estimate the capture rate of 6.9%." (p. 58)

Market Rent Comparables: The market analyst surveyed eight comparable apartment projects totaling 2,289 units in the market area. (p. 65)

RENT ANALYSIS (net tenant-paid rents)					
Unit Type (% AMI)	**Proposed**	**Program Max**	**Differential**	**Market**	**Differential**
2-Bedroom (50%)	$723	$723	$0	$895	-$172
3-Bedroom (50%)	$832	$832	$0	$1,100	-$268
4-Bedroom (50%)	$909	$909	$0	$1,173	-$264

(NOTE: Differentials are amount of difference between proposed rents and program limits and average market rents, e.g., proposed rent =$500, program max =$600, differential = -$100)

Submarket Occupancy Rates: "In June 2000, citywide occupancy posted its highest rate in the current development cycle, 98.2%. Over the past two reporting periods, however, citywide occupancy has trended down to 97l5% and 93.3%, a trend that is expected to continue for the near term given the number of units scheduled for completion coupled with the economic downturn. Occupancy in the Southeast submarket has historically fluctuated around the citywide average" (p. 23)

Absorption Projections: "The Southeast submarket reflected zero absorption in the first six months of 2001, the most recent period for which data was reported by Capital Market Research." (p. 52)

The Underwriter found the market study to be acceptable.

SITE and NEIGHBORHOOD CHARACTERISTICS

Location: The subject property is located in the southeastern part of Austin, southeast of the Austin CBD in a mixed-use area with a combination of residential, industrial and commercial uses. The site is a rectangularly-shaped parcel located on both sides of Pleasant Valley Road just south of Oltorf Street.

Population: The estimated 2000 population of the southeastern part of the city of Austin was 226,232 and is expected to increase by 4% to approximately 234,623 by 2005. Within the primary market area there were estimated to be 92,457 households in 2000.

Adjacent Land Uses: The neighborhood is 85% developed with a mixture of commercial, retail, industrial, residential, and recreational uses. Adjacent land uses include:

- **North:** multi-family residential uses and a vacant retail site
- **South:** vacant undeveloped parcels and single-family residences
- **East:** apartments and a single-family residential subdivision
- **West:** newer apartment complex

Site Access: Access to the property is from the north or south from Pleasant Valley Road. The development will be located on both sides of Pleasant Valley Road and will have three entries to enter the development on the west side of Pleasant Valley Road and four entries to enter the development on the east side of Pleasant Valley Road. Access to Interstate Highway 35 is less than one mile to the west, which provides connections to all other major roads serving the Austin area.

Public Transportation: Public bus transportation to the area is provided by Capital Metro.

Shopping & Services: Shopping within the neighborhood ranges from strip centers with gas pumps and convenience stores to neighborhood centers anchored by grocery stores. Large retail stores are building facilities along Ben White Boulevard, southwest of the neighborhood..

Special Adverse Site Characteristics:

- "According to Federal Emergency Management Agency Map (FEMA) Community Panel No. 48453C0170F, dated June 5, 1997, the north portion of the site falls within the 100-year floodplain. This area is part of the Country Club Creek drainage basin. No precise calculations of the area within the floodplain have been provided. Visual examination of the available date indicates that about 2.5 acres of the 41.008-acre site is designated as floodplain based on approximate calibrations." (p. 41)
- The western parcel is currently zoned SF-3, Single Family Residential District which allows for single-family or duplex residences. According to the architectural drawings submitted, the residential buildings proposed for this parcel are clearly two-story fourplexes. Furthermore, Section 49.2(49)(B) states, "…duplexes…shall not be included in tax credit developments." Therefore, it is a condition of this report that the Applicant provide documentation from the City of Austin that the development as

proposed and underwritten is a conforming land use under current site zoning.

Site Inspection Findings: TDHCA staff performed a site inspection on May 20, 2002 and found the location to be acceptable for the proposed development.

HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)

A Phase I Environmental Site Assessment report dated May 30, 2002 was prepared by Butler Burgher, Inc. and contained the following findings and recommendations:

- "No potentially significant on-site environmental concerns or recognized environmental conditions were observed during the site visit;
- The results of the records review indicate that there are currently no off-site facilities or sites within the radii suggested in ASTM 1527-00 Standard Practice for Environmental Site Assessments listed by TNRCC or the EPA that pose a risk of impact to the subject property;
- Butler Burgher's site reconnaissance did not identify adjacent or off-site recognized environmental conditions in the immediate vicinity of the subject property; and
- The historical review did not reveal any prior uses that indicate the presence of recognized environmental conditions.

Based on the above findings and conclusions, Butler Burgher does not recommend further environmental investigation of the subject be undertaken at this time."

OPERATING PROFORMA ANALYSIS

Income: The Applicant's rent projections are the maximum rents allowed under LIHTC guidelines, and are achievable according to the market analyst. The Applicant's estimate of vacancy and collection losses are in line with TDHCA underwriting guidelines, but the Applicant's secondary income estimate of $20/unit/month is $5 in excess of the TDHCA underwriting guideline and results in the Applicant's effective gross income estimate exceeding the Underwriter's by $15,545.

Expenses: The Applicant's total expense estimate of $3,500 per unit is 12% lower than the Underwriter's estimate of $3,985 per unit for comparably-sized developments. The Applicant's budget shows several line item estimates that deviate significantly when compared to the database averages, particularly payroll ($113K lower), repairs and maintenance ($11K lower), utilities ($25.5K higher), insurance ($11K higher), and property tax ($43K lower). Also, the fees listed in the supportive services contract equate to an annual fee of $18,000, yet the Applicant included $37,800 in their operation expense estimate.

Conclusion: The Applicant's estimated operating expense is inconsistent with the Underwriter's expectations and the Applicant's net operating income (NOI) is not within 5% of the Underwriter's estimate. Therefore, the Underwriter's NOI will be used to evaluate debt service capacity. Due primarily to the difference in operating expenses, the Underwriter's estimated debt coverage ratio (DCR) of 1.03 is less than the program minimum standard of 1.10. Therefore, the maximum debt service for this project should be limited to $1,290,630.

CONSTRUCTION COST ESTIMATE EVALUATION

Land Value: The site cost of $2,000,000 ($6.51/SF) is substantiated by an appraised value of $2,000,000 and is assumed to be reasonable since the acquisition is an arm's-length transaction.

Sitework Cost: The Applicant claimed sitework costs of over $13,278 per unit and provided sufficient third party certification through a detailed certified cost estimate by Urban Design Group to justify these costs. In addition, these costs have been reviewed by the Applicant's CPA, Reznick Fedder & Silverman, to preliminarily opine that $3,717,804 of the total $4,820,000 will be considered eligible. The CPA has not indicated that this opinion of eligibility has taken into account the effect of the recent IRS Technical Advisory Memorandums on the eligibility of sitework costs.

Direct Construction Cost: The Applicant's costs are more than 5% different than the Underwriter's Marshall & Swift *Residential Cost Handbook*-derived estimate after all of the Applicant's additional justifications were considered. This would suggest that the Applicant's direct construction costs are overstated.

Fees: The Applicant's general requirements and contractor's general and administrative fees, and contractor's profit exceed the 6%, 2%, and 6% maximums allowed by LIHTC guidelines based on their own construction costs. Consequently the Applicant's eligible fees in these areas have been reduced with the overage effectively moved to ineligible costs. The Applicant's developer's fees are within the maximums allowed by TDHCA guidelines.

Conclusion: The Applicant's total development cost estimate is within 5% of the Underwriter's verifiable estimate and is therefore generally acceptable. Since the Underwriter has been able to verify the Applicant's projected costs to a reasonable margin, the Applicant's total cost breakdown, as adjusted, is used to calculate eligible basis and determine the LIHTC allocation. As a result an eligible basis of $23,837,220 is used to determine a credit allocation of $874,826 from this method.

FINANCING STRUCTURE ANALYSIS

The Applicant intends to finance the development with three types of financing: a bond-financed interim to permanent loan, the syndicated LIHTC equity, and deferred developer's fees.

Bonds: The Applicant has requested tax-exempt and taxable private activity mortgage revenue bonds in the amounts of $15,000,000 and $2,945,000, respectively. Charter MAC has proposed to purchase the bonds. The terms include a 7% interest rate for the tax-exempt bonds and a 9% interest rate for the taxable bonds, with an overall maturity of 40 years. It is anticipated that the taxable portion will be repaid first with interest-only payments due on the tax-exempt portion for the first 15 to 16 years, as estimated by Charter MAC. Based on these terms, the Underwriter used a blended interest rate of 7.22% for this analysis.

LIHTC Syndication: Related Capital Company has offered terms for syndication of the tax credits. The commitment letter shows net proceeds are anticipated to be $7,208,000 based on a syndication factor of 82% The funds would be disbursed in a seven-phased pay-in schedule:

1. 20% upon admission of Investor to Project Partnership;
2. 10% at 50% construction completion;
3. 30% at 75% construction completion;
4. 20% at construction completion;
5. 20% at the attainment of Rental Achievement.

Deferred Developer's Fees: The Applicant's proposed deferred developer's fees of $2,634,882 amount to 86% of the total fees.

Financing Conclusions: As stated above, the Applicant's total development cost estimate, adjusted for overstated contractor fees and contingency cost, was used to determine the development's eligible basis and recommended tax credit allocation of $874,826 annually. Also discussed above, based on the proposed financing structure and the Underwriter's proforma, the development's debt coverage ratio is below the Department's minimum guideline of 1.10. It is clear that the recommended overall bond amount should be resized to result in an annual debt service of no more than $1,290,630. However, it is not clear as to what the tax-exempt versus the taxable bond amounts should be as there are costs that may not be funded with tax-exempt bond proceeds. Assuming that the tax-exempt and taxable bond amounts are reduced proportionally, the developer would need to defer $3,049,804 (100%) of the developer's fees as well as 848,594 (38%) of the related general contractor's fees ($3,898,398 total). Deferred fees in this amount are repayable within the first ten to fifteen years of stabilized operation.

REVIEW of ARCHITECTURAL DESIGN

The exterior elevations are attractive, with stucco and stone veneer wall coverings and pitched roofs. All units are of average size for market rate and LIHTC units, and have covered patios with outdoor storage closets. Each unit has a semi-private exterior entry that is shared with another unit off an interior breezeway. The units are in two-story walk-up fourplex and eight-unit structures.

IDENTITIES of INTEREST

Identities Of Interest: The Applicant, general contractor, cost estimator and property manager are related entities. The same firm provided both the market study and Phase I ESA. These are common identities of interest for LIHTC-funded developments.

APPLICANT'S/PRINCIPALS' FINANCIAL HIGHLIGHTS, BACKGROUND, and EXPERIENCE

Financial Highlights:

- The Applicant and General Partner are single-purpose entities created for the purpose of receiving assistance from TDHCA and therefore have no material financial statements.

- Brian Potashnik, 100% owner of the general partner, submitted an interim financial statement.

Background & Experience:

- The Applicant and General Partner are new entities formed for the purpose of developing the project.
- Brian Potashnik, 100% owner of the general partner, has indicated participation in 16 mortgage revenue bond and/or LIHTC-funded developments totaling 3,220 since 1994.

SUMMARY OF SALIENT RISKS AND ISSUES

- The Applicant's operating expenses/operating proforma are more than 5% outside of the Underwriter's verifiable ranges.
- Significant environmental/locational risks exist regarding the 100-year floodplain and site access.
- The recommended amount of deferred developer fee cannot be repaid within ten years, and any amount unpaid past ten years would be removed from eligible basis.
- The significant financing structure changes being proposed have not been reviewed/accepted by the Applicant, lenders, and syndicators, and acceptable alternative structures may exist.

RECOMMENDATION

☑ RECOMMEND APPROVAL OF AN LIHTC ALLOCATION NOT TO EXCEED $874,826 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

CONDITIONS

1. Receipt, review, and acceptance of a third party detailed sitework cost breakdown for all sitework costs, including costs per unit of materials and numbers of units required certified by an architect or engineer familiar with the sitework costs of this proposed project;
2. Receipt, review, and acceptance of a flood hazard mitigation plan to include, at a minimum, consideration and documentation of flood plain reclamation site work costs, building flood insurance and tenant flood insurance costs;
3. Receipt, review, and acceptance of documentation from the City of Austin that the development as proposed and underwritten is a conforming land use under current site zoning;
4. Should the terms of the proposed debt be altered, the previous condition should be re-evaluated.

Underwriter:	____________________ *Carl Hoover*	**Date:**	July 31, 2002
Supervisor of Credit Underwriting:	____________________ *JimAnderson*	**Date:**	July 31, 2002

MULTIFAMILY FINANCIAL ASSISTANCE REQUEST: Comparative Analysis

Pleasant Valley Villas, Austin, LIHTC #02413

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Net Rent per Unit	Rent per Month	Rent per SF	Tnt Pd Util	Wtr, Swr, Trsh
LIHTC (50%)	120	2	2	950	$800	$723	$86,760	$0.76	$77.00	$46.00
LIHTC (50%)	104	3	2	1,153	924	832.00	86,528	0.72	92.00	70.00
LIHTC (50%)	56	4	2	1,308	1,031	909.00	50,904	0.69	122.00	83.00
TOTAL:	280		AVERAGE:	1,097	$892	$801	$224,192	$0.73	$91.57	$62.31

INCOME Total Net Rentable Sq Ft: 307,160

			TDHCA	APPLICANT		
POTENTIAL GROSS RENT			$2,690,304	$2,690,304		
Secondary Income	Per Unit Per Month:	$15.00	50,400	67,200	$20.00	Per Unit Per Month
Other Support Income: (describe)			0			
POTENTIAL GROSS INCOME			$2,740,704	$2,757,504		
Vacancy & Collection Loss	% of Potential Gross Income:	-7.50%	(205,553)	(206,808)	-7.50%	of Potential Gross Rent
Employee or Other Non-Rental Units or Concessions			0			
EFFECTIVE GROSS INCOME			$2,535,151	$2,550,696		

EXPENSES	% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative	2.78%	$252	$0.23	$70,512	$70,000	$0.23	$250	2.74%
Management	5.00%	453	0.41	126,758	127,364	0.41	455	4.99%
Payroll & Payroll Tax	9.52%	862	0.79	241,360	127,900	0.42	457	5.01%
Repairs & Maintenance	5.21%	472	0.43	132,031	121,000	0.39	432	4.74%
Utilities	3.09%	280	0.26	78,458	104,000	0.34	371	4.08%
Water, Sewer, & Trash	4.00%	362	0.33	101,360	96,600	0.31	345	3.79%
Property Insurance	1.94%	176	0.16	49,146	60,080	0.20	215	2.36%
Property Tax 2.5043	8.33%	754	0.69	211,091	168,000	0.55	600	6.59%
Reserve for Replacements	2.21%	200	0.18	56,000	56,000	0.18	200	2.20%
Other: spt svcs, compl. fee	1.93%	175	0.16	49,000	49,000	0.16	175	1.92%
TOTAL EXPENSES	44.01%	$3,985	$3.63	$1,115,714	$979,944	$3.19	$3,500	38.42%
NET OPERATING INC	55.99%	$5,069	$4.62	$1,419,437	$1,570,752	$5.11	$5,610	61.58%
DEBT SERVICE								
Charter/Mac Municipal Mortgage	54.15%	$4,903	$4.47	$1,372,738	$1,436,974	$4.68	$5,132	56.34%
Additional Financing	0.00%	$0	$0.00	0		$0.00	$0	0.00%
Additional Financing	0.00%	$0	$0.00	0		$0.00	$0	0.00%
NET CASH FLOW	1.84%	$167	$0.15	$46,699	$133,778	$0.44	$478	5.24%
AGGREGATE DEBT COVERAGE RATIO				1.03	1.09			
ALTERNATIVE DEBT COVERAGE RATIO				1.10				

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg		7.37%	$7,143	$6.51	$2,000,000	$2,000,000	$6.51	$7,143	7.16%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		13.70%	13,278	12.10	3,717,805	3,717,805	12.10	13,278	13.31%
Direct Construction		42.81%	41,493	37.82	11,617,980	12,266,000	39.93	43,807	43.90%
Contingency	5.00%	2.83%	2,739	2.50	766,789	854,300	2.78	3,051	3.06%
General Reqts	6.00%	3.39%	3,286	3.00	920,147	1,025,160	3.34	3,661	3.67%
Contractor's G &	2.00%	1.13%	1,095	1.00	306,716	341,720	1.11	1,220	1.22%
Contractor's Pr	6.00%	3.39%	3,286	3.00	920,147	1,025,160	3.34	3,661	3.67%
Indirect Construction		2.10%	2,039	1.86	571,050	571,050	1.86	2,039	2.04%
Ineligible Costs		6.43%	6,237	5.69	1,746,271	1,746,271	5.69	6,237	6.25%
Developer's G & A	2.00%	1.48%	1,430	1.30	400,325	0	0.00	0	0.00%
Developer's Profi	13.00%	9.59%	9,293	8.47	2,602,115	3,049,804	9.93	10,892	10.91%
Interim Financing		4.41%	4,270	3.89	1,195,638	1,195,638	3.89	4,270	4.28%
Reserves		1.38%	1,338	1.22	374,611	150,000	0.49	536	0.54%
TOTAL COST		100.00%	$96,927	$88.36	$27,139,596	$27,942,908	$90.97	$99,796	100.00%
Recap-Hard Construction Costs		*67.24%*	***$65,177***	***$59.41***	***$18,249,585***	***$19,230,145***	***$62.61***	***$68,679***	*68.82%*

SOURCES OF FUNDS

				TDHCA	APPLICANT	RECOMMENDED
Charter/Mac Municipal Mortgage	66.12%	$64,089	$58.42	$17,945,000	$17,945,000	$16,871,654
Additional Financing	0.00%	$0	$0.00	0		0
LIHTC Syndication Proceeds	26.56%	$25,743	$23.47	7,208,000	7,208,000	7,172,856
Deferred Developer Fees	9.71%	$9,410	$8.58	2,634,882	2,634,882	3,898,398
Additional (excess) Funds Requ	-2.39%	($2,315)	($2.11)	(648,286)	155,026	(0)
TOTAL SOURCES				$27,139,596	$27,942,908	$27,942,908

MULTIFAMILY FINANCIAL ASSISTANCE REQUEST (continued)

Pleasant Valley Villas, Austin, LIHTC #02413

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook

Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$40.16	$12,335,055
Adjustments				
Exterior Wall Finis	2.00%		$0.80	$246,701
Elderly	3.00%		1.20	370,052
Roofing			0.00	0
Subfloor			(1.96)	(602,034)
Floor Cover			1.82	559,031
Porches/Balconies	$28.10	30896	2.83	868,178
Plumbing	$585	840	1.60	491,400
Built-In Appliances	$1,550	280	1.41	434,000
Exterior Stairs	$1,550	30	0.15	46,500
Floor Insulation			0.00	0
Heating/Cooling			1.41	433,096
Garages/Carports		0	0.00	0
Comm &/or Aux Bldgs	$53.70	5,051	0.88	271,254
Interior Stairs	$1,175.00	80	0.31	94,000
SUBTOTAL			50.62	15,547,233
Current Cost Multiplier	1.04		2.02	621,889
Local Multiplier	0.88		(6.07)	(1,865,668)
TOTAL DIRECT CONSTRUCTION COSTS			$46.57	$14,303,454
Plans, specs, survy, b	3.90%		($1.82)	($557,835)
Interim Construction In	3.38%		(1.57)	(482,742)
Contractor's OH & Profi	11.50%		(5.36)	(1,644,897)
NET DIRECT CONSTRUCTION COSTS			$37.82	$11,617,980

PAYMENT COMPUTATION

Primary	$17,945,000	Term	480
Int Rate	7.22%	DCR	1.03

Secondary	$0	Term	
Int Rate	0.00%	Subtotal DCR	1.03

Additional	$7,208,000	Term	
Int Rate		Aggregate DCR	1.03

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	$1,290,630
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	$128,807

Primary	$16,871,654	Term	480
Int Rate	7.22%	DCR	1.10

Secondary	$0	Term	0
Int Rate	0.00%	Subtotal DCR	1.10

Additional	$7,208,000	Term	0
Int Rate	0.00%	Aggregate DCR	1.10

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

INCOME a 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$2,690,304	$2,771,013	$2,854,144	$2,939,768	$3,027,961	$3,510,237	$4,069,326	$4,717,464	$6,339,878
Secondary Income	50,400	51,912	53,469	55,073	56,726	65,761	76,235	88,377	118,771
Other Support Income: (d	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	2,740,704	2,822,925	2,907,613	2,994,841	3,084,686	3,575,997	4,145,561	4,805,841	6,458,649
Vacancy & Collection Los	(205,553)	(211,719)	(218,071)	(224,613)	(231,351)	(268,200)	(310,917)	(360,438)	(484,399)
Employee or Other Non-Re	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$2,535,151	$2,611,206	$2,689,542	$2,770,228	$2,853,335	$3,307,797	$3,834,644	$4,445,403	$5,974,250
EXPENSES at 4.00%									
General & Administrative	$70,512	$73,332	$76,265	$79,316	$82,489	$100,360	$122,103	$148,557	$219,901
Management	126,758	130,560	134,477	138,511	142,667	165,390	191,732	222,270	298,712
Payroll & Payroll Tax	241,360	251,014	261,055	271,497	282,357	343,531	417,957	508,509	752,718
Repairs & Maintenance	132,031	137,312	142,804	148,516	154,457	187,921	228,634	278,168	411,757
Utilities	78,458	81,597	84,861	88,255	91,785	111,671	135,865	165,300	244,684
Water, Sewer & Trash	101,360	105,414	109,631	114,016	118,577	144,267	175,523	213,550	316,107
Insurance	49,146	51,111	53,156	55,282	57,493	69,950	85,104	103,542	153,268
Property Tax	211,091	219,534	228,315	237,448	246,946	300,448	365,540	444,736	658,318
Reserve for Replacements	56,000	58,240	60,570	62,992	65,512	79,705	96,974	117,984	174,644
Other	49,000	50,960	52,998	55,118	57,323	69,742	84,852	103,236	152,814
TOTAL EXPENSES	$1,115,714	$1,159,075	$1,204,133	$1,250,953	$1,299,606	$1,572,984	$1,904,285	$2,305,853	$3,382,924
NET OPERATING INCOME	$1,419,437	$1,452,130	$1,485,409	$1,519,275	$1,553,729	$1,734,814	$1,930,358	$2,139,550	$2,591,326
DEBT SERVICE									
First Lien Financing	$1,290,630	$1,290,630	$1,290,630	$1,290,630	$1,290,630	$1,290,630	$1,290,630	$1,290,630	$1,290,630
Second Lien	0	0	0	0	0	0	0	0	0
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	$128,807	$161,500	$194,779	$228,645	$263,099	$444,184	$639,728	$848,920	$1,300,696
DEBT COVERAGE RATIO	1.10	1.13	1.15	1.18	1.20	1.34	1.50	1.66	2.01

LIHTC Allocation Calculation - Pleasant Valley Villas, Austin, LIHTC #02

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
(1) Acquisition Cost				
Purchase of land	$2,000,000	$2,000,000		
Purchase of buildings				
(2) Rehabilitation/New Construction Cost				
On-site work	$3,717,805	$3,717,805	$3,717,805	$3,717,805
Off-site improvements				
(3) Construction Hard Costs				
New structures/rehabilitation ha	$12,266,000	$11,617,980	$12,266,000	$11,617,980
(4) Contractor Fees & General Requirements				
Contractor overhead	$341,720	$306,716	$319,676	$306,716
Contractor profit	$1,025,160	$920,147	$959,028	$920,147
General requirements	$1,025,160	$920,147	$959,028	$920,147
(5) Contingencies	$854,300	$766,789	$799,190	$766,789
(6) Eligible Indirect Fees	$571,050	$571,050	$571,050	$571,050
(7) Eligible Financing Fees	$1,195,638	$1,195,638	$1,195,638	$1,195,638
(8) All Ineligible Costs	$1,746,271	$1,746,271		
(9) Developer Fees				
Developer overhead		$400,325		$400,325
Developer fee	$3,049,804	$2,602,115	$3,049,804	$2,602,115
(10) Development Reserves	$150,000	$374,611		
TOTAL DEVELOPMENT COSTS	$27,942,908	$27,139,596	$23,837,220	$23,018,714

Deduct from Basis:			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
TOTAL ELIGIBLE BASIS		$23,837,220	$23,018,714
High Cost Area Adjustment		100%	100%
TOTAL ADJUSTED BASIS		$23,837,220	$23,018,714
Applicable Fraction		100%	100%
TOTAL QUALIFIED BASIS		$23,837,220	$23,018,714
Applicable Percentage		3.67%	3.67%
TOTAL AMOUNT OF TAX CREDITS		$874,826	$844,787
Syndication Proceeds	**0.8199**	**$7,172,856**	**$6,926,559**

LOW INCOME HOUSING TAX CREDIT PROGRAM

2002 LIHTC/TAX EXEMPT BOND DEVELOPMENT PROFILE AND BOARD SUMMARY

Texas Department of Housing and Community Affairs

Development Name: **Eagle's Landing Apartments** TDHCA#: 02414

DEVELOPMENT AND OWNER INFORMATION

Development Location: Austin QCT: NY DDA: N TTC: N
Development Owner: Eagle's Landing Housing Partners, Ltd.
General Partner(s): NDG-Eagle's Landing, LLC, 100%, Contact: Robert H. Voelker
Construction Category: New
Set-Aside Category: Tax Exempt Bond Bond Issuer: Travis County HFC
Development Type: Family

Annual Tax Credit Allocation Calculation
Applicant Request: $806,974 Eligible Basis Amt: $798,619 Equity/Gap Amt.: $285,376
Annual Tax Credit Allocation Recommendation: $798,619
Total Tax Credit Allocation Over Ten Years: 7,986,190

PROPERTY INFORMATION

Unit and Building Information
Total Units: 240 LIHTC Units: 240 % of LIHTC Units: 100%
Gross Square Footage: 257,756
Average Square Footage/Unit: 1048
Number of Buildings: 19
Currently Occupied: N
Development Cost
Total Cost: $19,089,245 Total Cost/Net Rentable Sq. Ft.: $75.91
Income and Expenses
Effective Gross Income:[1] $1,949,693 Ttl. Expenses: $885,483 Net Operating Inc.: $1,064,210
Estimated 1st Year DCR: 1.15

DEVELOPMENT TEAM

Consultant:	Not Utilized	Manager:	NuRock Management, Inc.
Attorney:	Not Utilized	Architect:	Hatfield Crookles Architects, Inc.
Accountant:	Not Utilized	Engineer:	Leigh Engineering, Inc.
Market Analyst:	The Siegel Group	Lender:	GMAC
Contractor:	Alpha Construction Co.	Syndicator:	Paramount Financial Group, Inc.

PUBLIC COMMENT[2]

From Citizens:	From Legislators or Local Officials:
# in Support: 0 # in Opposition: 0	Sen. Gonzalo Barrientos, District 14 - NC Rep. Dawnna Dukes, District 50 - NC Mayor Gus Garcia - NC Samuel T. Biscoe, Travis County Judge; Travis County does not have a local Consolidated Housing Plan, it supports the State of Texas Consolidated Housing Plan. Travis County recognizes there is a need for affordable houinsg and supports the proposed development.

1. Gross Income less Vacancy
2. NC - No comment received, O - Opposition, S - Support

CONDITION(S) TO COMMITMENT

1. Per §49.7(i)(6) of the Qualified Allocation Plan and Rules, all Tax Exempt Bond Project Applications "must provide an executed agreement with a qualified service provider for the provision of special supportive services that would otherwise not be available for the tenants. The provision of such services will be included in the Declaration of Land Use Restrictive Covenants ("LURA")."
2. Receipt, review, and acceptance of documentation indicating that the Phase I and any subsequent environmental studies' recommendations have been followed.
3. Receipt, review, and acceptance of a third party engineer's cost certification for all proposed offsite costs.

DEVELOPMENT'S SELECTION BY PROGRAM MANAGER & DIVISION DIRECTOR IS BASED ON:

☐ Score ☐ Utilization of Set-Aside ☐ Geographic Distrib. ☒ Tax Exempt Bond. ☐ Housing Type

Other Comments including discretionary factors (if applicable).

Charles E. Nwaneri, LIHTC Co-Manager ____ Date ____ David Burrell, Director of Housing Programs ____ Date

DEVELOPMENT'S SELECTION BY EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

☐ Score ☐ Utilization of Set-Aside ☐ Geographic Distrib. ☒ Tax Exempt Bond ☐ Housing Type

Other Comments including discretionary factors (if applicable).________________________________

Edwina P. Carrington, Executive Director ____ Date
Chairman of Executive Award and Review Advisory Committee

☐ **TDHCA Board of Director's Approval and description of discretionary factors (if applicable).**

____

____

Chairperson Signature: ________________________ ____________
Michael E. Jones, Chairman of the Board Date

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTI FAMILY CREDIT UNDERWRITING ANALYSIS

DATE: July 31, 2002 **PROGRAM:** 4% LIHTC **FILE NUMBER:** 02414

DEVELOPMENT NAME

Eagle's Landing Apartments

APPLICANT

Name: Eagle's Landing Housing Partners, Ltd. **Type:** ☐ For Profit ☐ Non-Profit ☐ Municipal ☐ Other

Address: 700 E. Sandy Lake Road, Ste. 146 **City:** Coppell **State:** TX

Zip: 75019 **Contact:** Robert H. Voelker **Phone:** (972) 745-0756 **Fax:** (972) 745-2190

PRINCIPALS of the APPLICANT

Name	(%)	Title
NDG-Eagle's Landing, LLC	.01	General Partner
Paramount Financial Group, Inc.	99.99	Limited Partner
Robert G. Hoskins	n/a	Principal of Applicant & Dev

GENERAL PARTNER

Name: NDG-Eagle's Landing, LLC **Type:** ☐ For Profit ☐ Non-Profit ☐ Municipal ☐ Other

Address: 700 E. Sandy Lake Road, Ste. 146 **City:** Coppell **State:** TX

Zip: 75019 **Contact:** Robert H. Voelker **Phone:** (972) 745-0756 **Fax:** (972) 745-2190

PROPERTY LOCATION

Location: 7800 Block of Decker Lane ☒ **QCT** ☐ **DDA**

City: Austin **County:** Travis **Zip:** 78724

REQUEST

Amount	Interest Rate	Amortization	Term
$806,974	n/a	n/a	n/a

Other Requested Terms: Annual ten-year allocation of low-income housing tax credits

Proposed Use of Funds: New Construction

SITE DESCRIPTION

Size: 46.733 acres 2,035,689 square feet **Zoning/ Permitted Uses:** n/a (outside city limits)

Flood Zone Designation: Zone X **Status of Off-Sites:** Partially Improved

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
CREDIT UNDERWRITING ANALYSIS

DESCRIPTION of IMPROVEMENTS

Total Units: 240 **# Rental Buildings** 19 **# Common Area Bldngs** 1 **# of Floors** 2 **Age:** n/a yrs **Vacant:** n/a at / /

Number	Bedrooms	Bathroom	Size in SF
24	1	1	748
24	1	1	816
64	2	2	1045
64	2	2	1109
32	3	2	1155
32	3	2	1222

Net Rentable SF: 251,456 **Av Un SF:** 1,048 **Common Area SF:** 6,300 **Gross Bldng SF** 257,756

Property Type: ☒ Multifamily ☐ SFR Rental ☐ Elderly ☐ Mixed Income ☐ Special Use

CONSTRUCTION SPECIFICATIONS

STRUCTURAL MATERIALS

Wood frame on a concrete slab on grade, 50% brick veneer/50% Hardiplank siding exterior wall covering, drywall interior wall surfaces, composite shingle roofing

APPLIANCES AND INTERIOR FEATURES

Carpeting & vinyl flooring, range & oven, hood & fan, garbage disposal, dishwasher, refrigerator, fiberglass tub/shower, washer & dryer connections, ceiling fans, laminated counter tops, individual water heaters

ON-SITE AMENITIES

6,300-SF community building with activity room, management offices, kitchen, restrooms, computer/business center, central mailroom, swimming pool, equipped children's play area, limited access gate

Uncovered Parking: 466 spaces **Carports:** n/a spaces **Garages:** n/a spaces

OTHER SOURCES of FUNDS

INTERIM to PERMANENT FINANCING

Source: GMAC **Contact:** Joseph Torrence

Principal Amount: $11,779,375 **Interest Rate:** TBD by Loan Servicer

Additional Information: $10,729,375 tax-exempt and $1,050,000 taxable bonds

Amortization: 30 yrs **Term:** 30 yrs **Commitment:** ☐ None ☐ Firm ☒ Conditional

Annual Payment: $912,928 **Lien Priority:** 1st **Commitment Date** 06/ 18/ 2002

LIHTC SYNDICATION

Source: Paramount Financial Group, Inc. **Contact:** Leslie Houston

Address: 110 West 7th Street, Suite 1025 **City:** Fort Worth

State: TX **Zip:** 76102 **Phone:** (817) 339-8884 **Fax:** (817) 339-8897

Net Proceeds: $6,697,214 **Net Syndication Rate** (per $1.00 of 10-yr LIHTC) 83¢

Commitment ☐ None ☐ Firm ☒ Conditional **Date:** 06/ 10/ 2002

Additional Information:

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTI FAMILY CREDIT UNDERWRITING ANALYSIS

APPLICANT EQUITY

Amount: $612,656 **Source:** Deferred developer fee

VALUATION INFORMATION

ASSESSED VALUE

Land (89 acres):	$238,045	**Assessment for the Year of:**	2001
Prorated (per acre):	$1,619	**Valuation by:**	Travis County Appraisal District
Total Assessed Value:	$144,148	**Tax Rate:**	2.2873

EVIDENCE of SITE or PROPERTY CONTROL

Type of Site Control: Earnest Money Contract

Contract Expiration Date: 09/ 30/ 2002 **Anticipated Closing Date:** 09/ 15/ 2002

Acquisition Cost: $ 467,330 **Other Terms/Conditions:** $10,000/acre sales price

Seller: Bobby Smith, Tommy Smith and Doyle Smith **Related to Development Team Member:** No

REVIEW of PREVIOUS UNDERWRITING REPORTS

No previous reports.

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Description: Eagle's Landing Apartments is a proposed new construction development of 240 units of affordable housing located in Austin. The development is comprised of 19 residential buildings as follows:

- (6) Building Type I with four smaller 1-bedroom units (748 sf), four larger 1-bedroom units (816 sf), four smaller 2-bedroom units (1,045 sf) and four larger 2-bedroom units (1,109 sf);
- (5) Building Type II with eight smaller 2-bedroom units (1,045 sf) and eight larger 2-bedroom units (1,109 sf); and
- (8) Building Type III with four smaller 3-bedroom units (1,155 sf) and four larger 3-bedroom units (1,222 sf).

Based on the site plan the apartment buildings are distributed evenly throughout the site, with the community building, mailboxes, and swimming pool located near the entrance to the site. The 6,300-square foot community building plan includes the management office, a meeting room, media room, classrooms, library, technology center, kitchen and restrooms.

Supportive Services: The Applicant has contracted with NuRock Housing Foundation, Inc. to provide the following supportive services to tenants: academic enrichment, after school support, recreational and personal development, parental support and positive reinforcement. These services will be provided at no cost to tenants. The contract requires the Applicant to provide, furnish, and maintain facilities in the community building for provision of the services and to pay $18,167 per year for these support services.

Schedule: The Applicant anticipates construction to begin in September of 2002, to be completed and placed in service in December of 2003 and to be substantially leased-up in June of 2004.

POPULATIONS TARGETED

Income Set-Aside: The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside. 240 of the units (100% of the total) will be reserved for low-income tenants. 240 of the units (100%) will be reserved for households earning 50% or less of AMGI.

Special Needs Set-Asides: None of the units are specifically designated to be handicapped-accessible or equipped for tenants with hearing or visual impairments.

Compliance Period Extension: The Applicant did not indicate whether or not the compliance period would be extended.

MARKET HIGHLIGHTS

A market feasibility study dated January 3, 2002 was prepared by The Siegel Group and highlighted the following findings:

Definition of Market/Submarket: "The Primary Market Area (PMA) is encompassed by the following defined boundaries: Decker Lane to the east, Martin Luther King Boulevard to the south, Interstate 35 to the west, and Rundberg Lane to the north…The Secondary Market Area (SMA) is encompassed by the following defined boundaries: FM 973 to the east, First Street to the south, Mopac Expressway (Loop 1) to the west and Parmer Lane to the north." (p. 3)

ANNUAL INCOME-ELIGIBLE SUBMARKET DEMAND SUMMARY		
Type of Demand	**Units of Demand**	**% of Total Demand**
New Household Growth	31	1%
Resident Turnover	2,605	96%
Other Sources	72	3%
TOTAL ANNUAL DEMAND	**2,708**	**100%**

Ref: p. 93

Capture Rate: Based on the information provided above by the market analyst, the capture rate for this development is calculated to be 8.9% (240/2,708). In addition, the market analyst calculated a capture rate for the PMA and SMA based solely on the number of income qualified renter households. The market analyst indicates that there are "5,245 total income qualified renter households in the PMA and 20,438 total income qualified renter households in the SMA, resulting in capture rates of 4.48% in the PMA (240 units/ 5,245 income eligible renter households) and 1.17% in the SMA (240 units/ 20,438 income eligible renter households), respectively. There are no additional family LIHTC units under construction or proposed in the PMA…" (p. 91)

Local Housing Authority Waiting List Information: "Although the city of Austin Consolidated Plan indicates there is a need for an additional 1,306 affordable multifamily rental units in the city of Austin between the years 2000 and 2004, the Housing Authority reports that there are an additional 5,000 families on the waiting list." (p. 89)

Market Rent Comparables: The market analyst surveyed 15 comparable apartment projects totaling 3,244 units in the market area. (p. 48)

RENT ANALYSIS (net tenant-paid rents)					
Unit Type (% AMI)	**Proposed**	**Program Max**	**Differential**	**Market**	**Differential**
1-Bedroom (50%)	$602	$600	+$2	$673	-$71
2-Bedroom (50%)	$718	$716	+$2	$863	-$145
3-Bedroom (50%)	$827	$825	+$2	$1,001	-$174

(NOTE: Differentials are amount of difference between proposed rents and program limits and average market rents, e.g., proposed rent =$500, program max =$600, differential = -$100)

Submarket Vacancy Rates: "According to managers interviewed for the purpose of conducting this analysis, occupancy rates have been particularly hard hit in the area, dropping 3-to-5%." (p. 95)

Absorption Projections: "Although vacancies averaged 7.5% among 15 projects surveyed, the persistent need for affordable housing, the projected rental rates, newer units and competitive amenities contemplated should further enhance the attractiveness of the development and support the proposed lease-up rate of 12-to-15 units per month." (p. 89)

Known Planned Development: "There are no additional family LIHTC units under construction or proposed in the PMA…" (p. 91)

Effect on Existing Housing Stock: "The development will be one of a limited number of new affordable multifamily developments produced in the Primary Market in the last 10 years, and will be superior to existing rental options in terms of age, construction quality, and competitive with regard to unit features." (p. 94)

The Underwriter found the market study provided sufficient information on which to base a funding recommendation.

SITE and NEIGHBORHOOD CHARACTERISTICS

Location: Austin is located in central Texas, approximately 80 miles north from San Antonio in Travis County. The site is a rectangular-shaped parcel located in the southeast area of Austin, approximately 5-6 miles from the central business district. The site is situated on the west side of Decker Lane.

Population: The estimated 2000 population of the PMA was 58,275 and is expected to increase by 2.04% to approximately 64,227 by 2005. The estimated 2000 population of the SMA was 258,747 and is expected to increase by 1.80% to approximately 281,971 by 2005. Within the primary market area there were estimated to be 23,538 households in 2000 and within the secondary market area there were estimated to be 111,416 households in 2000.

Adjacent Land Uses: Land uses in the overall area in which the site is located are primarily rural with a mix of uses. Adjacent land uses include:

- **North:** a single-family home, Bluebonnet Hill Public Golf Course
- **South:** vacant land, Travis County Exposition Center is located 0.5 miles south of the subject property
- **East:** Decker Lane, Decker Creek Power Station and Walter E. Long Municipal Park
- **West:** vacant land

Site Access: Access to the property is from the north or south from Decker Lane. The development is to have one main entry, one from the north or south from Decker Lane. Access to U.S. Highway 290 is 2.5 miles north, which provides connections to all other major roads serving the Austin area.

Public Transportation: Public transportation to the area is provided by Capitol Metro. “There is a Capital Metro bus stop on Decker Lane, approximately 0.6 miles south of the subject.” (p. 32)

Shopping & Services: The site is within 3 miles of two major grocery/pharmacies and within close proximity to shopping, schools, recreation and medical facilities.

Site Inspection Findings: The site has not been inspected by a TDHCA staff member, and receipt, review, and acceptance of an acceptable site inspection report is a condition of this report.

HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)

A Phase I Environmental Site Assessment report dated January 15, 2002 was prepared by Leigh Engineering, Inc. and contained the following findings and recommendations:

Findings: “This assessment has revealed no evidence of recognized environmental conditions in connection with the property. However, the following environmental concern was noted:

- The large volume of debris around the creeks and in the eastern portion of the property represents a potential concern due to the empty 55-gallon drums observed, the other containers, and appliances. It is unknown whether or not any hazardous substances or petroleum products from these containers or appliances leaked or spilled onto the ground. In addition, there may be hazardous materials present in the larger piles that could not be observed due to the volume of material in the piles.”

Recommendations: “Based upon the findings of this ESA, Leigh presents the following recommendation prior to re-development at the property:

- Leigh recommends that all debris on the property be removed. If potentially hazardous materials or staining is observed upon removal, sampling would be advised.”

The Applicant submitted a letter dated June 27, 2002 serving as written confirmation that the recommendations made in the Phase I ESA will be followed as stated. However, receipt, review and acceptance of documentation indicating that the Phase I and any subsequent environmental studies’ recommendations have been followed is a condition of this report.

OPERATING PROFORMA ANALYSIS

Income: The Applicant’s rent projections are set at the maximum rents allowed under LIHTC guidelines. Vacancy and collection loss assumptions are in line with TDHCA underwriting guidelines. Due to the Applicant’s estimate of a slightly lower utility allowance, the Applicant’s effective gross income estimate is $5K higher than the Underwriter’s estimate.

Expenses: The Applicant's total expense estimate of $3,501 per unit, excluding supportive service and compliance fees, is lower than a TDHCA database-derived estimate of $3,690 per unit for comparably-sized developments, adjusted based on other market information. The Applicant's budget shows several line item estimates that deviate significantly when compared to the database averages, particularly general and administrative ($19K higher), repairs and maintenance ($24K lower), utilities ($41K lower), water, sewer, and trash ($38K lower), insurance ($7K higher) and property tax ($36K higher). Expenses attributed to compliance and supportive services were moved from operational costs and treated as part of aggregate debt as they may be forgivable.

Conclusion: The Applicant's total estimated operating expense is inconsistent with the Underwriter's expectations, but the Applicant's net operating income is within 5% of the Underwriter's estimate. Therefore, the Applicant's NOI will be used to evaluate debt service capacity. Both the Applicant's and the Underwriter's proformas result in a debt coverage ratio within the Department's guideline based on the Applicant-proposed financing structure.

CONSTRUCTION COST ESTIMATE EVALUATION

Land Value: The acquisition price of $467,330 is assumed to be reasonable since the acquisition is an arm's-length transaction.

Off-Site Costs: The Applicant claimed off-site costs of $100,000 for rough grading. The Applicant's engineer submitted a letter dated June 28, 2002 stating that off-site costs for water or wastewater improvements will not be required. However, there is no cost certification relating to the rough grading off-site costs included in the Applicant's cost schedule; therefore, receipt, review, and acceptance of a third party engineer's off-site cost certification for the proposed rough grading is a condition of this report.

Sitework Cost: The Applicant's claimed sitework costs of $5,500 per unit are considered reasonable compared to historical sitework costs for multifamily projects.

Direct Construction Cost: The Applicant's costs are within 5% of the Underwriter's Marshall & Swift *Residential Cost Handbook*-derived estimate.

Fees: The Applicant's general requirements, contractor's general and administrative fees, and contractor's profit exceed the 6%, 2%, and 6% maximums allowed by LIHTC guidelines based on their own construction costs. Consequently the Applicant's eligible fees in these areas have been reduced with the overage effectively moved to ineligible costs. The Applicant's developer fees also exceed 15% of the Applicant's adjusted eligible basis and therefore the eligible potion of the Applicant's developer fee must be reduced by $168,118.

Conclusion: Despite the Applicant's higher direct construction cost estiamte and overstated developer's and contractor's fees, the Applicant's total development cost is within 5% higher of the Underwriter's costs. Therefore, the Applicant's cost estimate is used to calculate eligible basis and determine the LIHTC allocation. As a result, an eligible basis of $16,739,030 is used to determine a credit allocation of $798,619 from this method. The resulting syndication proceeds will be used to compare to the gap of need using the Applicant's costs to determine the recommended credit amount.

FINANCING STRUCTURE ANALYSIS

The Applicant intends to finance the development with three types of financing from three sources: a bond financed interim to permanent loan, syndicated LIHTC equity and deferred developer's fees.

Bonds: The Applicant plans to utilize tax-exempt and taxable private activity bonds in the amount of $10,729,375 and $1,050,000, respectively, to be issued by Travis County Housing Finance Corporation. GMAC has proposed to purchase the bonds. According to the commitment, the bonds will be amortized over a 30 year term with the interest rates to be determined at conversion. The underwriting analysis assumes that the Applicant indicated 6.5% interest rate for the tax-exempt bonds and 8.75% interest rate for the taxable bonds are reasonable and that the taxable portion will have priority redemption. The blended interest rate used in this analysis is 6.59%.

LIHTC Syndication: Paramount Financial Group, Inc. has offered terms for syndication of the tax credits. The commitment letter shows net proceeds are anticipated to be $6,697,214 based on a syndication factor of 83%. The funds would be disbursed in a four-phased pay-in schedule:

1. 25% upon construction closing;

2. 55% upon placement in service;
3. 10% upon other;
4. 10% upon other.

Deferred Developer's Fees: The Applicant's proposed deferred developer's fees of $612,656 amount to 26% of the total proposed fees.

Financing Conclusions: Based on the Applicant's adjusted estimate of eligible basis, the LIHTC allocation should not exceed $798,619 annually for ten years, or $8,355 less than requested. The difference is attributable to the Applicant's overstated contractor and developer fees. With the slight reduction in anticipated syndication proceeds, it is anticipated that the developer will defer $681,994 in fees. This amount appears to be repayable from cashflow within four years of stabilized operation.

REVIEW of ARCHITECTURAL DESIGN

The exterior elevations are functional, with varied rooflines. All units are of average size for market rate and LIHTC units, and have utility closets with hookups for full-size appliances. Each unit has a semi-private exterior entry that is shared with another unit. The units are in two-story structures with brick/Hardiplank siding exterior finish and hipped roofs.

IDENTITIES of INTEREST

The Applicant, developer, property manager, and support services provider are related entities. These are common identities of interest for LIHTC-funded developments.

APPLICANT'S/PRINCIPALS' FINANCIAL HIGHLIGHTS, BACKGROUND, and EXPERIENCE

Financial Highlights:

- The Applicant and General Partner are single-purpose entities created for the purpose of receiving assistance from TDHCA and therefore have no material financial statements.
- The General Partner, NDG, Eagle's Landing, LLC, is a subsidiary of The NuRock Companies. An unaudited financial statement dated March 31, 2001 for NuRock Companies and its Affiliates was submitted reporting total assets of $8.9M and consisting of $1.6M in cash, $7.2M in receivables, $5K in property and equipment, and $2KM in other assets. Liabilities totaled $34KM, resulting in a net worth of $8.8M.
- The owner of the General Partner, Robert G. Hoskins, submitted an unaudited financial statement as of May 2, 2002.

Background & Experience:

- The Applicant and General Partner are new entities formed for the purpose of developing the project.
- The principal of the Applicant and developer, Robert G. Hoskins, has completed 12 LIHTC housing developments totaling 2,706 units since 1995.

SUMMARY OF SALIENT RISKS AND ISSUES

- The Applicant's operating expenses are more than 5% outside of the Underwriter's verifiable range.
- The Applicant's development costs differ from the Underwriter's verifiable estimate by more than 5%.
- The significant financing structure changes being proposed have not been reviewed/accepted by the Applicant, lenders, and syndicators, and acceptable alternative structures may exist.

RECOMMENDATION

☑ RECOMMEND APPROVAL OF AN LIHTC ALLOCATION NOT TO EXCEED $798,619 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

CONDITIONS

1. Receipt, review, and acceptance of a satisfactory TDHCA site inspection report.
2. Receipt, review and acceptance of documentation indicating that the Phase I and any subsequent environmental studies' recommendations have been followed.
3. Receipt, review, and acceptance of a third party engineer's cost certification for all proposed offsite costs.

Associate Underwriter:	*Raquel Morales*	**Date:**	July 31, 2002
Credit Underwriting Supervisor:	*Lisa Vecchietti*	**Date:**	July 31, 2002

MULTIFAMILY FINANCIAL ASSISTANCE REQUEST: Comparative Analysis

Eagle's Landing Apartments, Austin, LIHTC #02414

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Net Rent per Unit	Rent per Month	Rent per SF	Tnt Pd Util	Wtr, Swr, Trsh
TC 50%	24	1	1	748	$666	$600	$14,400	$0.80	$66.00	$38.00
TC 50%	24	1	1	816	$666	$600	14,400	0.74	66.00	38.00
TC 50%	64	2	2	1,045	$800	$716	45,824	0.69	84.00	45.00
TC 50%	64	2	2	1,109	$800	$716	45,824	0.65	84.00	45.00
TC 50%	32	3	2	1,155	$924	$825	26,400	0.71	99.00	67.00
TC 50%	32	3	2	1,222	$924	$825	26,400	0.68	$99.00	$67.00
TOTAL:	240		**AVERAGE:**	1,048	$806	$722	$173,248	$0.69	$84.40	$49.47

INCOME	Total Net Rentable Sq Ft: 251,456				**TDHCA**	**APPLICANT**			
POTENTIAL GROSS RENT					$2,078,976	$2,084,736			
Secondary Income			Per Unit Per Month:	$10.00	28,800	28,800	$10.00	Per Unit Per Month	
Other Support Income: (describe)					0	0			
POTENTIAL GROSS INCOME					$2,107,776	$2,113,536			
Vacancy & Collection Loss			% of Potential Gross Income:	-7.50%	(158,083)	(158,520)	-7.50%	of Potential Gross Rent	
Employee or Other Non-Rental Units or Concessions					0	0			
EFFECTIVE GROSS INCOME					$1,949,693	$1,955,016			
EXPENSES		% OF EGI	PER UNIT	PER SQ FT			PER SQ FT	PER UNIT	% OF EGI
General & Administrative		3.10%	$252	$0.24	$60,439	$79,201	$0.31	$330	4.05%
Management		5.00%	406	0.39	97,485	97,859	0.39	408	5.01%
Payroll & Payroll Tax		10.61%	862	0.82	206,880	204,000	0.81	850	10.43%
Repairs & Maintenance		4.69%	381	0.36	91,451	67,200	0.27	280	3.44%
Utilities		3.18%	258	0.25	61,983	20,736	0.08	86	1.06%
Water, Sewer, & Trash		4.46%	362	0.35	86,880	48,384	0.19	202	2.47%
Property Insurance		2.06%	168	0.16	40,233	46,800	0.19	195	2.39%
Property Tax	2.2873	9.85%	801	0.76	192,133	228,000	0.91	950	11.66%
Reserve for Replacements		2.46%	200	0.19	48,000	48,000	0.19	200	2.46%
Other Expenses		0.00%	0	0.00	0	0	0.00	0	0.00%
TOTAL EXPENSES		45.42%	$3,690	$3.52	$885,483	$840,180	$3.34	$3,501	42.98%
NET OPERATING INC		54.58%	$4,434	$4.23	$1,064,209	$1,114,836	$4.43	$4,645	57.02%
DEBT SERVICE									
Travis Co HFC Bonds		46.25%	$3,758	$3.59	$901,827	$912,928	$3.63	$3,804	46.70%
Compliance		0.31%	$25	$0.02	6,000	4,633	$0.02	$19	0.24%
Supportive Services		0.93%	$76	$0.07	18,167	18,167	$0.07	$76	0.93%
NET CASH FLOW		7.09%	$576	$0.55	$138,216	$179,108	$0.71	$746	9.16%
AGGREGATE DEBT COVERAGE RATIO					1.15	1.19			
ALTERNATIVE BONDS-ONLY DEBT COVERAGE RATIO					1.18				

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	**TDHCA**	**APPLICANT**	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		2.53%	$1,947	$1.86	$467,330	$467,330	$1.86	$1,947	2.45%
Off-Sites		0.54%	417	0.40	100,000	100,000	0.40	417	0.52%
Sitework		7.16%	5,500	5.25	1,320,001	1,320,001	5.25	5,500	6.91%
Direct Construction		51.89%	39,864	38.05	9,567,285	9,929,999	39.49	41,375	52.02%
Contingency	3.55%	2.10%	1,610	1.54	386,460	386,460	1.54	1,610	2.02%
General Requiremen	6.00%	3.54%	2,722	2.60	653,237	678,000	2.70	2,825	3.55%
Contractor's G & A	2.00%	1.18%	907	0.87	217,746	226,000	0.90	942	1.18%
Contractor's Profi	6.00%	3.54%	2,722	2.60	653,237	678,000	2.70	2,825	3.55%
Indirect Construction		4.11%	3,155	3.01	757,216	757,216	3.01	3,155	3.97%
Ineligible Costs		5.50%	4,224	4.03	1,013,790	1,013,790	4.03	4,224	5.31%
Developer's G & A	2.00%	1.53%	1,179	1.12	282,844		0.00	0	0.00%
Developer's Profit	13.00%	9.97%	7,660	7.31	1,838,484	2,351,470	9.35	9,798	12.32%
Interim Financing		3.18%	2,446	2.33	587,002	587,002	2.33	2,446	3.08%
Reserves		3.22%	2,475	2.36	593,977	593,977	2.36	2,475	3.11%
TOTAL COST		100.00%	$76,828	$73.33	$18,438,609	$19,089,245	$75.91	$79,539	100.00%
Recap-Hard Construction Costs		*69.41%*	***$53,325***	***$50.90***	***$12,797,966***	***$13,218,460***	***$52.57***	***$55,077***	*69.25%*

SOURCES OF FUNDS	%	PER UNIT	PER SQ FT	TDHCA	APPLICANT	**RECOMMENDED**
Travis Co HFC- Tax exempt	58.19%	$44,706	$42.67	$10,729,375	$10,729,375	$10,729,375
Travis Co HFC- taxable	5.69%	$4,375	$4.18	1,050,000	1,050,000	1,050,000
LIHTC Syndication Proceeds	36.32%	$27,905	$26.63	6,697,214	6,697,214	6,627,876
Deferred Developer Fees	3.32%	$2,553	$2.44	612,656	612,656	681,994
Additional (excess) Funds Required	-3.53%	($2,711)	($2.59)	(650,636)	0	0
TOTAL SOURCES				$18,438,609	$19,089,245	$19,089,245

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook
Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$40.04	$10,069,440
Adjustments				
Exterior Wall Finish	4.50%		$1.80	$453,125
Ceiling Height	3.00%	1	1.20	302,083
Roofing			0.00	0
Subfloor			(0.98)	(246,427)
Floor Cover			1.82	457,650
Porches/Balconies	$28.10	8,324	0.93	233,904
Plumbing	$585	576	1.34	336,960
Built-In Appliances	$1,550	240	1.48	372,000
Stairs/Fireplaces	$1,150	120	0.55	138,000
Floor Insulation			0.00	0
Heating/Cooling			1.41	354,553
Garages/Carports		0	0.00	0
Comm &/or Aux Bldgs	$52.65	6,300	1.32	331,695
Other:			0.00	0
SUBTOTAL			50.92	12,802,983
Current Cost Multiplier	1.04		2.04	512,119
Local Multiplier	0.88		(6.11)	(1,536,358)
TOTAL DIRECT CONSTRUCTION COSTS			$46.84	$11,778,745
Plans, specs, survy, bld p	3.90%		($1.83)	($459,371)
Interim Construction Inter	3.38%		(1.58)	(397,533)
Contractor's OH & Profit	11.50%		(5.39)	(1,354,556)
NET DIRECT CONSTRUCTION COSTS			$38.05	$9,567,285

PAYMENT COMPUTATION

Primary	$11,779,375	Term	360
Int Rate	6.59%	DCR	1.18
Secondary		Term	360
Int Rate		Subtotal DCR	1.17
Additional		Term	
Int Rate		Aggregate DCR	1.15

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	$901,827
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	$162,383

Primary	$11,779,375	Term	360
Int Rate	6.59%	DCR	1.18
Secondary	$0	Term	360
Int Rate	0.00%	Subtotal DCR	1.18
Additional	$0	Term	0
Int Rate	0.00%	Aggregate DCR	1.18

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$2,078,976	$2,141,345	$2,205,586	$2,271,753	$2,339,906	$2,712,592	$3,144,638	$3,645,497	$4,899,243
Secondary Income	28,800	29,664	30,554	31,471	32,415	37,577	43,563	50,501	67,869
Other Support Income: (descr:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	2,107,776	2,171,009	2,236,140	2,303,224	2,372,320	2,750,170	3,188,200	3,695,998	4,967,112
Vacancy & Collection Loss	(158,083)	(162,826)	(167,710)	(172,742)	(177,924)	(206,263)	(239,115)	(277,200)	(372,533)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$1,949,693	$2,008,184	$2,068,429	$2,130,482	$2,194,396	$2,543,907	$2,949,085	$3,418,798	$4,594,579
EXPENSES at 4.00%									
General & Administrative	$60,439	$62,856	$65,370	$67,985	$70,705	$86,023	$104,660	$127,335	$188,487
Management	97,485	100,409	103,421	106,524	109,720	127,195	147,454	170,940	229,729
Payroll & Payroll Tax	206,880	215,155	223,761	232,712	242,020	294,455	358,249	435,865	645,187
Repairs & Maintenance	91,451	95,109	98,913	102,870	106,984	130,163	158,363	192,673	285,203
Utilities	61,983	64,463	67,041	69,723	72,512	88,222	107,335	130,590	193,304
Water, Sewer & Trash	86,880	90,355	93,969	97,728	101,637	123,657	150,448	183,043	270,948
Insurance	40,233	41,842	43,516	45,257	47,067	57,264	69,670	84,765	125,473
Property Tax	192,133	199,819	207,811	216,124	224,769	273,465	332,713	404,796	599,196
Reserve for Replacements	48,000	49,920	51,917	53,993	56,153	68,319	83,120	101,129	149,695
Other	0	0	0	0	0	0	0	0	0
TOTAL EXPENSES	$885,483	$919,928	$955,721	$992,916	$1,031,567	$1,248,763	$1,512,013	$1,831,134	$2,687,222
NET OPERATING INCOME	$1,064,209	$1,088,256	$1,112,708	$1,137,566	$1,162,830	$1,295,144	$1,437,072	$1,587,664	$1,907,356
DEBT SERVICE									
First Lien Financing	$901,827	$901,827	$901,827	$901,827	$901,827	$901,827	$901,827	$901,827	$901,827
Second Lien	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Other Financing	18,167	18,167	18,167	18,167	18,167	18,167	18,167	18,167	18,167
NET CASH FLOW	$138,216	$162,262	$186,714	$211,573	$236,836	$369,150	$511,078	$661,670	$981,363
DEBT COVERAGE RATIO	1.15	1.18	1.20	1.23	1.26	1.40	1.55	1.71	2.06

LIHTC Allocation Calculation - Eagle's Landing Apartments, Austin, LIHTC

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
(1) Acquisition Cost				
Purchase of land	$467,330	$467,330		
Purchase of buildings				
(2) Rehabilitation/New Construction Cost				
On-site work	$1,320,001	$1,320,001	$1,320,001	$1,320,001
Off-site improvements	$100,000	$100,000		
(3) Construction Hard Costs				
New structures/rehabilitation ha	$9,929,999	$9,567,285	$9,929,999	$9,567,285
(4) Contractor Fees & General Requirements				
Contractor overhead	$226,000	$217,746	$225,000	$217,746
Contractor profit	$678,000	$653,237	$675,000	$653,237
General requirements	$678,000	$653,237	$675,000	$653,237
(5) Contingencies	$386,460	$386,460	$386,460	$386,460
(6) Eligible Indirect Fees	$757,216	$757,216	$757,216	$757,216
(7) Eligible Financing Fees	$587,002	$587,002	$587,002	$587,002
(8) All Ineligible Costs	$1,013,790	$1,013,790		
(9) Developer Fees			$2,183,352	
Developer overhead		$282,844		$282,844
Developer fee	$2,351,470	$1,838,484		$1,838,484
(10) Development Reserves	$593,977	$593,977		
TOTAL DEVELOPMENT COSTS	$19,089,245	$18,438,609	$16,739,030	$16,263,512

Deduct from Basis:			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
TOTAL ELIGIBLE BASIS		$16,739,030	$16,263,512
High Cost Area Adjustment		130%	130%
TOTAL ADJUSTED BASIS		$21,760,739	$21,142,566
Applicable Fraction		100%	100%
TOTAL QUALIFIED BASIS		$21,760,739	$21,142,566
Applicable Percentage		3.67%	3.67%
TOTAL AMOUNT OF TAX CREDITS		$798,619	$775,932
Syndication Proceeds	**0.8299**	**$6,627,876**	**$6,439,593**

LOW INCOME HOUSING TAX CREDIT PROGRAM

2002 LIHTC/TAX EXEMPT BOND DEVELOPMENT PROFILE AND BOARD SUMMARY

Texas Department of Housing and Community Affairs

Development Name: **Clarkridge Village Apartments** TDHCA#: 02417

DEVELOPMENT AND OWNER INFORMATION

Development Location:	Dallas	QCT: N	DDA: N	TTC: N
Development Owner:	Clarkridge Villas Housing, L.P.			
General Partner(s):	Clarkridge Villas Development, LLC, 100%, Contact: Brian Potashnik			
Construction Category:	New			
Set-Aside Category:	Tax Exempt Bond Bond Issuer: TDHCA			
Development Type:	Family			

Annual Tax Credit Allocation Calculation

Applicant Request: $710,346 Eligible Basis Amt: $704,470 Equity/Gap Amt.: $1,004,411

Annual Tax Credit Allocation Recommendation: $704,470

Total Tax Credit Allocation Over Ten Years: $ 7,044,700

PROPERTY INFORMATION

Unit and Building Information

Total Units: 256 LIHTC Units: 256 % of LIHTC Units: 100%

Gross Square Footage: 267,444 Net Rentable Area: 262,000

Average Square Footage/Unit: 1023

Number of Buildings: 14

Currently Occupied: N

Development Cost

Total Cost: $22,187,484 Total Cost/Net Rentable Sq. Ft.: $84.69

Income and Expenses

Effective Gross Income:[1] $2,132,088 Ttl. Expenses: $986,756 Net Operating Inc.: $1,145,332

Estimated 1st Year DCR: 1.03

DEVELOPMENT TEAM

Consultant:	Not Utilized	Manager:	Southwest Housing Management
Attorney:	True & Shackelford	Architect:	BGA Architects
Accountant:	Reznick Fedder & Silverman	Engineer:	Pond Robinson
Market Analyst:	Butler Burgher	Lender:	Charter Municipal Mortgage Acceptance Company
Contractor:	Affordable Housing construction	Syndicator:	Related Capital Company

PUBLIC COMMENT[2]

From Citizens:	From Legislators or Local Officials:
# in Support: 0 # in Opposition: 0	Sen. Royce West, District 23 - NC Rep. Yvonne Davis, District 111 - NC Mayor Laura Miller - NC Jerry Killingsworth, City of Dallas, Director of the Housing Department; Consistent with the City of Dallas Consolidated Plan.

1. Gross Income less Vacancy
2. NC - No comment received, O - Opposition, S - Support

CONDITION(S) TO COMMITMENT

1. Per §49.7(i)(6) of the Qualified Allocation Plan and Rules, all Tax Exempt Bond Project Applications "must provide an executed agreement with a qualified service provider for the provision of special supportive services that would otherwise not be available for the tenants. The provision of such services will be included in the Declaration of Land Use Restrictive Covenants ("LURA")."
2. Receipt, review, and acceptance of architectural drawings evidencing the proposed centralized hot water system, or a revised rent schedule and 30-year operating proforma if this system will not be used.

DEVELOPMENT'S SELECTION BY PROGRAM MANAGER & DIVISION DIRECTOR IS BASED ON:

☐ Score ☐ Utilization of Set-Aside ☐ Geographic Distrib. ☒ Tax Exempt Bond. ☐ Housing Type

Other Comments including discretionary factors (if applicable).

____________________________ __________ ____________________________ _______

Charles E. Nwaneri, LIHTC Co-Manager Date David Burrell, Director of Housing Programs Date

DEVELOPMENT'S SELECTION BY EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

☐ Score ☐ Utilization of Set-Aside ☐ Geographic Distrib. ☒ Tax Exempt Bond ☐ Housing Type

Other Comments including discretionary factors (if applicable).____

____________________________ __________

Edwina P. Carrington, Executive Director Date
Chairman of Executive Award and Review Advisory Committee

☐ **TDHCA Board of Director's Approval and description of discretionary factors (if applicable).**

____

____

Chairperson Signature: ____________________________ __________

Michael E. Jones, Chairman of the Board Date

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTI FAMILY CREDIT UNDERWRITING ANALYSIS

DATE: July 30, 2002 **PROGRAM:** Multifamily Bonds 4% LIHTC **FILE NUMBER:** 2002-053 02417

DEVELOPMENT NAME

Clarkridge Villas Apartments

APPLICANT

Name: Clarkridge Villas Housing, L.P. **Type:** ☒ For Profit ☐ Non-Profit ☐ Municipal ☐ Other

Address: 5910 North Central Expressway, Suite 1145 **City:** Dallas **State:** TX

Zip: 75206 **Contact:** Brian Potashnik **Phone:** (214) 891-1402 **Fax:** (214) 987-9294

PRINCIPALS of the APPLICANT

Name	(%)	Title
Clarkridge Villas Development, LLC	.01	Managing General Partner
Related Capital Company	99.99	Initial Limited Partner
Brian Potashnik	N/A	100% owner of MGP
Southwest Housing Development, Inc.	N/A	Developer

GENERAL PARTNER

Name: Clarkridge Villas Development, LLC **Type:** ☒ For Profit ☐ Non-Profit ☐ Municipal ☐ Other

Address: 5910 North Central Expressway, Suite 1145 **City:** Dallas **State:** TX

Zip: 75206 **Contact:** Brian Potashnik **Phone:** (214) 891-1402 **Fax:** (214) 987-9294

PROPERTY LOCATION

Location: NW & SW corners of intersection of Clark & Clarkridge Roads ☐ **QCT** ☐ **DDA**

City: Dallas **County:** Dallas **Zip:** 75236

REQUEST

	Amount	Interest Rate	Amortization	Term
1.	$14,700,000	7%	40 yrs	40 yrs
2.	$710,346	N/A	N/A	N/A

Other Requested Terms:
1. Tax-exempt private activity mortgage revenue bonds
2. Annual ten-year allocation of low-income housing tax credits

Proposed Use of Funds: New construction **Set-Aside:** ☐ General ☐ Rural ☐ Non-Profit

SITE DESCRIPTION

Size: 25.852 acres 1,126,113 square feet **Zoning/ Permitted Uses:** MF-1, Multifamily District

Flood Zone Designation: Zone X **Status of Off-Sites:** Partially improved

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
CREDIT UNDERWRITING ANALYSIS

DESCRIPTION of IMPROVEMENTS

Total Units: 256 **# Rental Buildings** 14 **# Common Area Bldngs** 1 **# of Floors** 3 **Age:** 0 yrs **Vacant:** N/A at / /

Number	Bedrooms	Bathroom	Size in SF
152	2	2	950
88	3	2	1,100
16	4	2	1,300

Net Rentable SF: 262,000 **Av Un SF:** 1,023 **Common Area SF:** 5,444 **Gross Bldng SF** 267,444

Property Type: ☒ Multifamily ☐ SFR Rental ☐ Elderly ☐ Mixed Income ☐ Special Use

CONSTRUCTION SPECIFICATIONS

STRUCTURAL MATERIALS

Wood frame on a post-tensioned concrete slab, 75% stucco/20% masonry veneer/5% cement siding exterior wall covering with wood trim, drywall interior wall surfaces, composite shingle roofing

APPLIANCES AND INTERIOR FEATURES

Carpeting & vinyl flooring, range & oven, hood & fan, garbage disposal, dishwasher, refrigerator, fiberglass tub/shower, ceiling fans, laminated counter tops, individual water heaters

ON-SITE AMENITIES

5,444-SF community building with activity room, management offices, maintenance & laundry facilities, kitchen, restrooms, computer/business center, swimming pool, equipped children's play area, perimeter fencing with limited access gate

Uncovered Parking: 512 spaces **Carports:** 0 spaces **Garages:** 0 spaces

OTHER SOURCES of FUNDS

INTERIM CONSTRUCTION or GAP FINANCING

Source: Charter Municipal Mortgage Acceptance Company **Contact:** Marnie Miller

Principal Amount: $14,700,000 **Interest Rate:** 7%

Additional Information: Tax-exempt bond proceeds, interest-only payments

Amortization: N/A yrs **Term:** 2 yrs **Commitment:** ☐ None ☐ Firm ☒ Conditional

LONG TERM/PERMANENT FINANCING

Source: Charter Municipal Mortgage Acceptance Company **Contact:** Marnie Miller

Principal Amount: $14,700,000 **Interest Rate:** 7%

Additional Information: Tax-exempt bond proceeds

Amortization: 40 yrs **Term:** 40 yrs **Commitment:** ☐ None ☐ Firm ☒ Conditional

Annual Payment: $1,099,859 **Lien Priority:** 1st **Commitment Date** 7/ 19/ 2002

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
CREDIT UNDERWRITING ANALYSIS

LIHTC SYNDICATION

Source: Related Capital Company **Contact:** Justin Ginsberg

Address: 625 Madison Avenue **City:** New York

State: NY **Zip:** 10022 **Phone:** (212) 521-6369 **Fax:** (212) 751-3550

Net Proceeds: $5,824,255 **Net Syndication Rate** (per $1.00 of 10-yr LIHTC) 82¢

Commitment ☐ None ☐ Firm ☒ Conditional **Date:** 4/ 2/ 2002

Additional Information:

APPLICANT EQUITY

Amount: $1,663,229 **Source:** Deferred developer fee

VALUATION INFORMATION

APPRAISED VALUE

Land Only: $2,000,000 **Date of Valuation:** 6/ 15/ 2002

Proposed Building: as completed $11,700,000 **Date of Valuation:** 6/ 15/ 2002

Appraiser: Butler-Burgher, LLC **City:** Dallas **Phone:** (214) 739-0700

ASSESSED VALUE

Land: $585,580 **Assessment for the Year of:** 2002

Building: N/A **Valuation by:** Dallas Central Appraisal District

Total Assessed Value: $585,580

EVIDENCE of SITE or PROPERTY CONTROL

Type of Site Control: Earnest money contract

Contract Expiration Date: 7/ 31/ 2002 **Anticipated Closing Date:** 7/ 31/ 2002

Acquisition Cost: $ 2,000,000 **Other Terms/Conditions:** Closing extendable to 8/30/2002

Seller: Quorum Equities Group. LLC **Related to Development Team Member:** No

REVIEW of PREVIOUS UNDERWRITING REPORTS

No previous reports.

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Description: Clarkridge Villas Apartments is a proposed new construction development of 256 units of affordable housing located in southwest Dallas. The development is comprised of 14 residential buildings as follows:

- Eleven Building Type A with 12 two-bedroom units and eight three-bedroom units;
- One Building Type B with 20 two-bedroom units; and
- Two Building Type C with eight four-bedroom units.

Based on the site plan the apartment buildings are distributed in two groups on either side of Clark Road, four on the north side and ten on the south side. The community building and swimming pool are to be located near the entrance to the southern portion of the site, and there is to be a mail kiosk on each portion. The 5,444-square foot community building plan includes the management offices, a 1,000-square foot activity room, business center, kitchen, restrooms, and laundry and maintenance facilities. The development has a relatively high proportion (41%) of three- and four-bedroom units.

Supportive Services: The Applicant has contracted with Housing Services of Texas, Inc. to provide the following supportive services to tenants: after school activities, adult education, health screenings and immunizations, family counseling, computer education, emergency assistance and relief, community outreach, vocational guidance, social/recreational activities, and state workforce development and welfare program assistance. These services will be provided at no cost to tenants. The contract requires the Applicant to pay $1,500 per month for these support services.

Schedule: The Applicant anticipates construction to begin in October of 2002, to be completed and placed in service in October of 2004, and to be substantially leased-up in April of 2005.

POPULATIONS TARGETED

Income Set-Aside: The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside. Although this allows for prospective tenants to be qualified at the 60% of AMGI or less income level, as a Priority 1 private activity bond lottery project 100% of the units must have rents restricted to be affordable to households at or below 50% of AMGI.

Special Needs Set-Asides: Although the application did not indicate any plans to reserve units exclusively for special needs tenants, the Applicant certified that the development would comply with the Department's accessibility standards.

Compliance Period Extension: The Applicant has not elected to extend the compliance period.

MARKET HIGHLIGHTS

A market feasibility study dated June 20, 2002 was prepared by Butler-Burgher, LLC and highlighted the following findings:

Definition of Market/Submarket: "…the neighborhood and primary market area is defined as the area within a five-mile radius of the intersection of Clarkridge Road and N. Clark Road in southwest Dallas." (p. 63)

Total Local/Submarket Demand for Rental Units: "Existing multifamily housing within the neighborhood is insufficient to meet the demand for affordable housing. The area within the five-mile radius…has added approximately 2,116 LIHTC affordable multifamily housing units since 1990, and these affordable properties are at full occupancy with waiting lists. Rent comparables average 97% (turnover vacancy) and have waiting lists for most unit types, especially larger, family units." (p. 2)

ANNUAL INCOME-ELIGIBLE SUBMARKET DEMAND SUMMARY		
Type of Demand	**Units of Demand**	**% of Total Demand**
Household Growth	102	3%
Resident Turnover	4,409	98%
TOTAL ANNUAL DEMAND	**4,512**	**100%**

Ref: p. 73

Capture Rate: The analyst calculated a concentration capture rate of 5.67%. (p. 73)

Local Housing Authority Waiting List Information: "The available inventory of public and unsubsidized housing is fully occupied and there is a waiting list including over 5,000 households for Section 8 vouchers as well as low-income housing…" (p. 68)

Market Rent Comparables: The market analyst surveyed seven comparable apartment projects totaling 1,792 units in the market area. "The mix of two-, three-, and four-bedroom units is recommended for family living, given the long waiting period for public housing in the City of Dallas, and the virtual lack of large low-income family housing in the market. The unit and project amenities will be similar to existing units in the five-mile radius and competitive to the direct competition in the adjoining submarkets…The rental rates are reasonable and attainable, considering the quality and location of the proposed property." (p. 2)

RENT ANALYSIS (net tenant-paid rents)					
Unit Type (% AMI)	Proposed	Program Max	Differential	Market	Differential
2-Bedroom (50%)	$687	$687	$0	$850	-$163
3-Bedroom (50%)	$793	$793	$0	$975	-$182
4-Bedroom (50%)	$877	$877	$0	$1,100	-$223

Ref: p. 107
(NOTE: Differentials are amount of difference between proposed rents and program limits and average market rents, e.g., proposed rent =$500, program max =$600, differential = -$100)

Submarket Vacancy Rates: "M/PF reflects 93.8% overall occupancy for 8,711 units in first quarter 2002 in the southwest Dallas submarket." (p. 75)
Absorption Projections: "The proposed 256 units should be absorbed to a stabilized 95% encumbered occupancy in 13 months from completion, based on an absorption rate of 20 units/month" (p. 3)
Known Planned Development: "We are not aware of any planned, approved, or affordable units under construction within the five-mile radius other than the subject." (p. 74) None of the anticipated 2002 9% LIHTC allocations are within the primary market area.

The Underwriter found the market study to be acceptable.

SITE and NEIGHBORHOOD CHARACTERISTICS

Location: The site consists of two separate, irregularly-shaped parcels located on the northwest and southwest corners of the intersection of Clark Road and Clarkridge Drive in southwest Dallas, approximately 12 miles from the central business district.
Population: The estimated 2001 population of the primary market area was 149,152 and is expected to increase by 6.7% to approximately 159,182 by 2006. Within the primary market area there were estimated to be 52,567 households in 2001.
Adjacent Land Uses: Land uses in the overall area in which the site is located are predominantly undeveloped land, with some commercial uses and single- and multifamily housing. Adjacent land uses include:

- **North:** Vacant land with Interstate Highway 20 beyond.
- **South:** Camp Wisdom Road with multifamily residential under construction beyond
- **East:** Clarkridge Drive with vacant land beyond
- **West:** An auto body repair business with single-family residential beyond

Site Access: Access to the property is from the southeast or northwest along Clark Road or the northeast or southwest from Clarkridge Drive. The development is to have three entries from Clarkridge Drive and one from Clark Road. Although Interstate Highway 20 runs adjacent to the site, access is three miles east. Clark Road becomes Spur 408 just north of the site, which provides connections to all other major roads serving the Metroplex area.
Public Transportation: Public transportation to the area is provided by Dallas Area Rapid Transit system busses which run along Clark Road.
Shopping & Services: The site is within three miles of shopping centers and employment centers, along with a variety of other retail establishments and restaurants. Schools, churches, and hospitals and health care facilities are located within a short driving distance from the site.
Site Inspection Findings: TDHCA staff performed a site inspection on July 23, 2002 and found the location to be acceptable for the proposed development. The inspector noted the neighborhood is clean and secluded, although the divided site could be a potential problem for children.

HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)

A Phase I Environmental Site Assessment report dated June 20, 2002 was prepared by Butler Burgher, Inc. and contained the following findings and recommendations: "In the professional opinion of Butler Burgher, an appropriate level of inquiry has been made into the previous ownership and uses of the property consistent with good commercial and customary practice in an effort to minimize liability, and no evidence or indication of recognized environmental conditions has been revealed. No further investigation/assessment is warranted at this time pertain in to the Phase I ESA." (p. 12)

OPERATING PROFORMA ANALYSIS

Income: The Applicant's rent projections are the maximum rents allowed under LIHTC guidelines, and are achievable according to the market analyst. The Applicant stated that the development will supply hot water from a central boiler system, and although rents and expenses were calculated accordingly the unit floor plans all show individual water heaters and the building floor plans do not show boilers. Therefore, it is a condition of this report that the Applicant provide architectural drawings evidencing the proposed centralized hot water system, or a revised rent schedule and 30-year operating proforma if the boiler system will not be used. The Applicant's estimate of vacancy and collection losses is in line with TDHCA underwriting guidelines, but the secondary income estimate of $20/unit/month is $5 above the TDHCA guideline, which resulted in the Applicant's effective gross income estimate exceeding the Underwriter's by $14,208.
Expenses: The Applicant's total expense estimate of $3,476 per unit is 13% lower than the Underwriter's adjusted TDHCA database-derived estimate of $4,002 per unit for comparably-sized developments. (It is noteworthy that the market analyst's estimate is higher still at $4,101 per unit.) The Applicant's budget shows several line item estimates that deviate significantly when compared to the database averages, particularly payroll ($86K lower), utilities ($9K higher), and property tax ($66K lower).
Conclusion: Due primarily to the difference in estimated operating expenses, the Underwriter's estimated bonds-only debt coverage ratio (DCR) of 1.04 is less than the program minimum standard of 1.10. Therefore, the maximum debt service for this project should be limited to $1,040,374 by a reduction of the loan amount and/or a reduction in the interest rate and/or an extension of the term.

CONSTRUCTION COST ESTIMATE EVALUATION

Land Value: The site cost of $2M ($1.78/SF or $77.4K/acre), although 342% of the tax assessed value, is substantiated by the appraisal submitted and is assumed to be reasonable since the acquisition is an arm's-length transaction.
Sitework Cost: The Applicant's claimed sitework costs of $6,137 per unit are considered reasonable compared to historical sitework costs for multifamily projects.
Direct Construction Cost: The Applicant's direct construction cost estimate is $284K or 2.7% higher than the Underwriter's Marshall & Swift *Residential Cost Handbook*-derived estimate, and is therefore regarded as reasonable as submitted.
Fees: The Applicant's general requirements, contractor's general and administrative fees, and contractor's profit exceed the 6%, 2%, and 6% maximums allowed by LIHTC guidelines based on their own construction costs. The Applicant's contingency allowance also exceeds the 5% TDHCA maximum guideline. Consequently the Applicant's eligible fees in these areas have been reduced with the overage effectively moved to ineligible costs. The Applicant's developer's fees are within the maximums allowed by TDHCA guidelines, but with the reduction in eligible basis due to the misapplication of eligible basis discussed above now exceed the maximum by $15,876.
Conclusion: The Applicant's total development cost estimate is within 5% of the Underwriter's verifiable estimate and is therefore generally acceptable. Since the Underwriter has been able to verify the Applicant's projected costs to a reasonable margin, the Applicant's total cost breakdown, as adjusted, is used to calculate eligible basis and determine the LIHTC allocation. As a result an eligible basis of $19,195,371 is used to determine a credit allocation of $704,470 from this method. The resulting syndication proceeds will be used to compare to the gap of need using the Applicant's costs to determine the recommended credit amount.

FINANCING STRUCTURE ANALYSIS

The Applicant intends to finance the development with four types of financing from four sources: a conventional interim to permanent loan based on tax-exempt bond proceeds, syndicated LIHTC equity, and deferred contractor's and developer's fees.
Bonds: The bonds are tax-exempt private activity mortgage revenue bonds to be issued by TDHCA and placed privately with Charter Municipal Mortgage Acceptance Company (Charter MAC). As of the date of the underwriting analysis, there is expected to be $14,700,000 in tax-exempt bonds at an interest rate of 7%. The bonds will be amortized over 40 years.

Conventional Interim to Permanent Loan: There is a commitment for interim to permanent financing through Charter Mortgage Acceptance Company (Charter MAC) in the amount of $14,700,000 during both the interim period and at conversion to permanent. The commitment letter indicated a term of 24 months for the construction portion and 40 years for the permanent at a fixed interest rate of 7%.

LIHTC Syndication: Related Capital Company has offered terms for syndication of the tax credits. The commitment letter shows net proceeds are anticipated to be $6,037,000 based an allocation of $736,295 and a syndication factor of 82%. The funds would be disbursed in a five-phased pay-in schedule:

1. 20% upon admission to the partnership;
2. 10% upon completion of 50% of construction;
3. 30% upon completion of 75% of construction;
4. 20% upon completion of construction;
5. 20% upon the latest to occur of: final closing of the permanent mortgage loan, receipt of IRS Forms 8609, or achievement of both 93% occupancy and a DCR of 1.15 for three consecutive months.

Deferred Developer's Fees: The Applicant's proposed deferred developer's fees of $1,614,228 amount to 64% of the total fees.

Financing Conclusions: Based on the Applicant's adjusted estimate of eligible basis, the LIHTC allocation should not exceed $704,470 annually for ten years, resulting in syndication proceeds of approximately $5,776,063. Due to the difference in estimated net operating income, the Underwriter's bonds-only debt coverage ratio (DCR) of 1.04 is less than the program minimum standard of 1.10. This suggests that the requested bond amount should be adjusted downward to allow for a debt service amount of no more than $1,040,374 annually. It is anticipated the bond amount will be reduced by a mandatory redemption at conversion to permanent. To compensate for the reduction in loan funds the Applicant's deferred developer fee will be increased to $2,503,744, which amounts to 98% of the total fee and which should be repayable within 15 years. Should the Applicant's final direct construction cost exceed the cost estimate used to determine credits in this analysis, the related General Contractor's fees should be available to fund those development cost overruns.

REVIEW of ARCHITECTURAL DESIGN

The units are in two- and three-story walk-up structures with mixed stucco/masonry veneer/cement siding exterior finish and hipped and gabled roofs The exterior elevations are attractive and typical of current affordable and conventional apartment design. All units are of average size for market rate and LIHTC units, and have covered patios or balconies with small outdoor storage closets. Each unit has a semi-private exterior entry off an interior breezeway that is shared with three other units.

IDENTITIES of INTEREST

The Applicant, General Contractor, and Property Manager are related entities. The same firm provided both the market study and Phase I ESA. These are common identities of interest for LIHTC-funded developments.

APPLICANT'S/PRINCIPALS' FINANCIAL HIGHLIGHTS, BACKGROUND, and EXPERIENCE

Financial Highlights:

- The Applicant and General Partner are single-purpose entities created for the purpose of receiving assistance from TDHCA and therefore have no material financial statements.
- Brian Potashnik, 100% owner of the general partner, submitted an interim financial statement.

Background & Experience:

- The Applicant and General Partner are new entities formed for the purpose of developing the project.
- Brian Potashnik, 100% owner of the general partner, has indicated participation in 16 mortgage revenue bond and/or LIHTC-funded developments totaling 3,220 since 1994.

SUMMARY OF SALIENT RISKS AND ISSUES

- The Applicant's estimated operating expenses and operating proforma are more than 5% outside of the Underwriter's verifiable ranges.
- The recommended amount of deferred developer fee cannot be repaid within ten years, and any amount unpaid past ten years would be removed from eligible basis.
- The significant financing structure changes being proposed have not been reviewed/accepted by the Applicant, lenders, and syndicators, and acceptable alternative structures may exist.

RECOMMENDATION

☑ RECOMMEND APPROVAL OF AN LIHTC ALLOCATION NOT TO EXCEED $704,470 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

☑ RECOMMEND ISSUANCE OF TAX-EXEMPT BONDS AS REQUESTED IN THE AMOUNT OF $14,700,000, SUBJECT TO THE ANTICIPATED MANDATORY REDEMPTION OF $748,685 AT CONVERSION TO PERMANENT, BASED ON A MAXIMUM ANTICIPATED BONDS-ONLY DEBT SERVICE AMOUNT OF $1,040,374. THE BONDS WILL BE FULLY AMORTIZED OVER 40 YEARS. THE INTEREST RATE OF THE BONDS HAS BEEN UNDERWRITTEN AT 7%.

CONDITIONS

1. Receipt, review, and acceptance of architectural drawings evidencing the proposed centralized hot water system, or a revised rent schedule and 30-year operating proforma if this system will not be used.

Credit Underwriting Supervisor:	*Jim Anderson*	**Date:**	July 30, 2002
Director of Credit Underwriting:	*Tom Gouris*	**Date:**	July 30, 2002

MULTIFAMILY FINANCIAL ASSISTANCE REQUEST: Comparative Analysis

MFB #2002-053, 4% LIHTC #02417, Clarkridge Villas Apartments

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Net Rent per Unit	Rent per Month	Rent per SF	Tnt Pd Util	Wtr, Swr, Trsh
TC (50%)	152	2	2	950	$748	$687	$104,424	$0.72	$61.00	$58.00
TC (50%)	88	3	2	1,100	864	793	69,784	0.72	71.00	67.00
TC (50%)	16	4	2	1,300	963	877	14,032	0.67	86.00	83.00
TOTAL:	256		AVERAGE:	1,023	$801	$735	$188,240	$0.72	$66.00	$62.66

INCOME	Total Net Rentable Sq Ft:	262,000			TDHCA	APPLICANT	IFF		
POTENTIAL GROSS RENT					$2,258,880	$2,258,880			
Secondary Income			Per Unit Per Month:	$15.00	46,080	61,440	$20.00	Per Unit Per Month	
Other Support Income:					0	0			
POTENTIAL GROSS INCOME					$2,304,960	$2,320,320			
Vacancy & Collection Loss			% of Potential Gross Income:	-7.50%	(172,872)	(174,024)	-7.50%	of Potential Gross Rent	
Employee or Other Non-Rental Units or Concessions					0	0			
EFFECTIVE GROSS INCOME					$2,132,088	$2,146,296			

EXPENSES		% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative		3.41%	$284	$0.28	$72,675	$70,000	$0.27	$273	3.26%
Management		5.00%	416	0.41	106,604	107,315	0.41	419	5.00%
Payroll & Payroll Tax		10.01%	834	0.81	213,504	127,900	0.49	500	5.96%
Repairs & Maintenance		5.44%	453	0.44	116,049	121,000	0.46	473	5.64%
Utilities		3.31%	275	0.27	70,518	79,300	0.30	310	3.69%
Water, Sewer, & Trash		3.97%	331	0.32	84,694	89,400	0.34	349	4.17%
Property Insurance		2.46%	205	0.20	52,400	52,400	0.20	205	2.44%
Property Tax	2.853	10.28%	856	0.84	219,112	153,600	0.59	600	7.16%
Reserve for Replacements		2.40%	200	0.20	51,200	51,200	0.20	200	2.39%
Other: Supportive Services		0.00%	0	0.00	0	37,800	0.14	148	1.76%
TOTAL EXPENSES		46.28%	$3,855	$3.77	$986,756	$889,915	$3.40	$3,476	41.46%
NET OPERATING INC		53.72%	$4,474	$4.37	$1,145,332	$1,256,381	$4.80	$4,908	58.54%

DEBT SERVICE	% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
1st Lien Mortgage	51.41%	$4,282	$4.18	$1,096,205	$1,099,859	$4.20	$4,296	51.24%
Trustee Fee	0.35%	$29	$0.03	$7,500	7,500	$0.03	$29	0.35%
TDHCA Admin. Fees	0.69%	$57	$0.06	14,700	14,749	$0.06	$58	0.69%
Asset Ovrst & Compl. Fees & Spt Svc	2.37%	$198	$0.19	50,600	12,800	$0.05	$50	0.60%
NET CASH FLOW	-1.11%	($92)	($0.09)	($23,672)	$121,473	$0.46	$475	5.66%

	TDHCA	APPLICANT
AGGREGATE DEBT COVERAGE RATIO	0.98	1.11
BONDS & TRUSTEE FEE-ONLY DEBT COVERAGE RATIO	1.04	
BONDS-ONLY DEBT COVERAGE RATIO	1.04	
ALTERNATIVE BONDS-ONLY DEBT COVERAGE RATIO	1.10	

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldng)		9.16%	$7,813	$7.63	$2,000,000	$2,000,000	$7.63	$7,813	9.01%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		7.19%	6,137	6.00	1,570,990	1,570,990	6.00	6,137	7.08%
Direct Construction		49.10%	41,899	40.94	10,726,122	10,992,001	41.95	42,938	49.54%
Contingency	5.00%	2.81%	2,402	2.35	614,856	759,360	2.90	2,966	3.42%
General Requiremen	6.00%	3.38%	2,882	2.82	737,827	759,360	2.90	2,966	3.42%
Contractor's G & A	2.00%	1.13%	961	0.94	245,942	253,120	0.97	989	1.14%
Contractor's Profi	6.00%	3.38%	2,882	2.82	737,827	759,360	2.90	2,966	3.42%
Indirect Construction		2.61%	2,231	2.18	571,050	571,050	2.18	2,231	2.57%
Ineligible Costs		3.12%	2,664	2.60	682,005	682,005	2.60	2,664	3.07%
Developer's G & A	2.00%	1.50%	1,279	1.25	327,505	0	0.00	0	0.00%
Developer's Profit	13.00%	9.75%	8,316	8.13	2,128,780	2,519,620	9.62	9,842	11.36%
Interim Financing		5.36%	4,573	4.47	1,170,618	1,170,618	4.47	4,573	5.28%
Reserves		1.51%	1,291	1.26	330,416	150,000	0.57	586	0.68%
TOTAL COST		100.00%	$85,328	$83.37	$21,843,937	$22,187,484	$84.69	$86,670	100.00%
Recap-Hard Construction Costs		*66.99%*	***$57,162***	***$55.85***	***$14,633,564***	***$15,094,191***	***$57.61***	***$58,962***	*68.03%*

SOURCES OF FUNDS						RECOMMENDED
1st Lien Mortgage	67.30%	$57,422	$56.11	$14,700,000	$14,700,000	$13,951,315
LIHTC Syndication Proceeds	26.66%	$22,751	$22.23	5,824,255	5,824,255	5,776,063
Additional Financing	0.00%	$0	$0.00	0	0	0
Deferred Developer's Fee	7.61%	$6,497	$6.35	1,663,229	1,663,229	2,460,106
Additional (excess) Funds Required	-1.57%	($1,342)	($1.31)	(343,547)	0	0
TOTAL SOURCES				$21,843,937	$22,187,484	$22,187,484

MULTIFAMILY FINANCIAL ASSISTANCE REQUEST (continued)

MFB #2002-053, 4% LIHTC #02417, Clarkridge Villas Apartments

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook

Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$39.92	$10,458,559
Adjustments				
Exterior Wall Finish	1.65%		$0.66	$172,566
9-Ft Ceilings	3.25%		1.30	339,903
Roofing			0.00	0
Subfloor			(0.78)	(205,408)
Floor Cover			1.82	476,840
Porches/Balconies	$17.07	51,344	3.35	876,442
Plumbing	$585	784	1.75	458,640
Built-In Appliances	$1,550	256	1.51	396,800
Fireplaces	$1,750	1	0.01	1,750
Floor Insulation			0.00	0
Heating/Cooling			1.41	369,420
Stairs	$1,550	76	0.45	117,800
Comm &/or Aux bldngs	$53.70	5,444	1.12	292,359
Other:			0.00	0
SUBTOTAL			52.50	13,755,671
Current Cost Multiplier	1.04		2.10	550,227
Local Multiplier	0.92		(4.20)	(1,100,454)
TOTAL DIRECT CONSTRUCTION COSTS			$50.40	$13,205,444
Plans, specs, survy, bld p	3.90%		($1.97)	($515,012)
Interim Construction Inter	3.38%		(1.70)	(445,684)
Contractor's OH & Profit	11.50%		(5.80)	(1,518,626)
NET DIRECT CONSTRUCTION COSTS			$40.94	$10,726,122

PAYMENT COMPUTATION

Primary	$14,700,000	Term	480
Int Rate	7.00%	DCR	1.04
Secondary	$5,824,255	Term	
Int Rate		Subtotal DCR	1.03
Additional	$0	Term	
Int Rate		Aggregate DCR	0.98

ALTERNATIVE FINANCING STRUCTURE:

Primary Debt Service	$1,040,374
Trustee Fee	7,500
TDHCA Fees	65,300
NET CASH FLOW	$32,158

Primary	$13,951,315	Term	480
Int Rate	7.00%	DCR	1.10
Secondary	$5,824,255	Term	0
Int Rate	0.00%	Subtotal DCR	1.09
Additional	$0	Term	0
Int Rate	0.00%	Aggregate DCR	1.03

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$2,258,880	$2,326,646	$2,396,446	$2,468,339	$2,542,389	$2,947,326	$3,416,759	$3,960,960	$5,323,199
Secondary Income	46,080	47,462	48,886	50,353	51,863	60,124	69,700	80,802	108,591
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	2,304,960	2,374,109	2,445,332	2,518,692	2,594,253	3,007,450	3,486,459	4,041,761	5,431,789
Vacancy & Collection Loss	(172,872)	(178,058)	(183,400)	(188,902)	(194,569)	(225,559)	(261,484)	(303,132)	(407,384)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$2,132,088	$2,196,051	$2,261,932	$2,329,790	$2,399,684	$2,781,891	$3,224,974	$3,738,629	$5,024,405
EXPENSES at 4.00%									
General & Administrative	$72,675	$75,581	$78,605	$81,749	$85,019	$103,438	$125,849	$153,114	$226,646
Management	106,604	109,803	113,097	116,490	119,984	139,095	161,249	186,931	251,220
Payroll & Payroll Tax	213,504	222,044	230,926	240,163	249,769	303,883	369,720	449,821	665,845
Repairs & Maintenance	116,049	120,691	125,518	130,539	135,760	165,173	200,959	244,497	361,915
Utilities	70,518	73,338	76,272	79,323	82,496	100,369	122,114	148,570	219,920
Water, Sewer & Trash	84,694	88,082	91,605	95,269	99,080	120,546	146,663	178,437	264,131
Insurance	52,400	54,496	56,676	58,943	61,301	74,582	90,740	110,399	163,417
Property Tax	219,112	227,877	236,992	246,472	256,330	311,865	379,432	461,637	683,335
Reserve for Replacements	51,200	53,248	55,378	57,593	59,897	72,874	88,662	107,871	159,675
Other	0	0	0	0	0	0	0	0	0
TOTAL EXPENSES	$986,756	$1,025,160	$1,065,068	$1,106,540	$1,149,637	$1,391,824	$1,685,386	$2,041,277	$2,996,105
NET OPERATING INCOME	$1,145,332	$1,170,891	$1,196,864	$1,223,250	$1,250,047	$1,390,067	$1,539,589	$1,697,352	$2,028,300
DEBT SERVICE									
First Lien Financing	$1,040,374	$1,040,374	$1,040,374	$1,040,374	$1,040,374	$1,040,374	$1,040,374	$1,040,374	$1,040,374
Trustee Fee	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500
TDHCA Admin. Fees	14,700	13,885	13,815	13,739	13,658	13,155	12,442	11,431	7,966
Asset Ovrst & Compl. Fees & :	50,600	52,624	54,729	56,918	59,195	72,020	87,623	106,607	157,804
Cash Flow	36,158	60,507	84,446	108,719	133,320	261,019	395,650	535,441	818,657
AGGREGATE DCR	1.03	1.05	1.08	1.10	1.12	1.23	1.35	1.46	1.68

LIHTC Allocation Calculation - MFB #2002-053, 4% LIHTC #02417, Clarkridge Villas Apa

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
(1) Acquisition Cost				
Purchase of land	$2,000,000	$2,000,000		
Purchase of buildings				
(2) Rehabilitation/New Construction Cost				
On-site work	$1,570,990	$1,570,990	$1,570,990	$1,570,990
Off-site improvements				
(3) Construction Hard Costs				
New structures/rehabilitation ha	$10,992,001	$10,726,122	$10,992,001	$10,726,122
(4) Contractor Fees & General Requirements				
Contractor overhead	$253,120	$245,942	$251,260	$245,942
Contractor profit	$759,360	$737,827	$753,779	$737,827
General requirements	$759,360	$737,827	$753,779	$737,827
(5) Contingencies	$759,360	$614,856	$628,150	$614,856
(6) Eligible Indirect Fees	$571,050	$571,050	$571,050	$571,050
(7) Eligible Financing Fees	$1,170,618	$1,170,618	$1,170,618	$1,170,618
(8) All Ineligible Costs	$682,005	$682,005		
(9) Developer Fees			$2,503,744	
Developer overhead		$327,505		$327,505
Developer fee	$2,519,620	$2,128,780		$2,128,780
(10) Development Reserves	$150,000	$330,416		
TOTAL DEVELOPMENT COSTS	$22,187,484	$21,843,937	$19,195,371	$18,831,516

Deduct from Basis:			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
TOTAL ELIGIBLE BASIS		$19,195,371	$18,831,516
High Cost Area Adjustment		100%	100%
TOTAL ADJUSTED BASIS		$19,195,371	$18,831,516
Applicable Fraction		100%	100%
TOTAL QUALIFIED BASIS		$19,195,371	$18,831,516
Applicable Percentage		3.67%	3.67%
TOTAL AMOUNT OF TAX CREDITS		$704,470	$691,117
Syndication Proceeds	**0.8199**	**$5,776,063**	**$5,666,576**

LOW INCOME HOUSING TAX CREDIT PROGRAM

2002 LIHTC/TAX EXEMPT BOND DEVELOPMENT PROFILE AND BOARD SUMMARY

Texas Department of Housing and Community Affairs

Development Name: **Wheatland Villas** TDHCA#: 02430

DEVELOPMENT AND OWNER INFORMATION

Development Location: Dallas QCT: N DDA: N TTC: N
Development Owner: Wheatland Villas Housing, L.P.
General Partner(s): Wheatland Villas Development, LLC, 100%, Contact: Brian Potashnik
Construction Category: New
Set-Aside Category: Tax Exempt Bond Bond Issuer: TDHCA
Development Type: Family

Annual Tax Credit Allocation Calculation
Applicant Request: $737,794 Eligible Basis Amt: $698,285 Equity/Gap Amt.: $963,458
Annual Tax Credit Allocation Recommendation: $698,285
Total Tax Credit Allocation Over Ten Years: $ 6,982,850

PROPERTY INFORMATION

Unit and Building Information
Total Units: 260 LIHTC Units: 260 % of LIHTC Units: 100%
Gross Square Footage: 271,244 Net Rentable Area: 265,800
Average Square Footage/Unit: 1022
Number of Buildings: 47
Currently Occupied: N
Development Cost
Total Cost: $22,268,231 Total Cost/Net Rentable Sq. Ft.: $83.78
Income and Expenses
Effective Gross Income:[1] $2,163,257 Ttl. Expenses: $984,008 Net Operating Inc.: $1,179,249
Estimated 1st Year DCR: 1.03

DEVELOPMENT TEAM

Consultant:	Not Utilized	Manager:	Southwest Housing Management
Attorney:	True & Shackelford	Architect:	BGO Architects
Accountant:	Reznick, Fedder & Silverman	Engineer:	Pond Robinson
Market Analyst:	Butler Burgher	Lender:	Charter MAC
Contractor:	Affordable Housing Construction	Syndicator:	Related Capital Company

PUBLIC COMMENT[2]

From Citizens:	From Legislators or Local Officials:
# in Support: 0 # in Opposition: 0	Sen. Royce West, District 23 - NC Rep. Jesse Jones, District 110 - NC Mayor Laura Miller - NC Jerry Killingsworth, City of Dallas, Director of the Housing Department; Consistent with the City of Dallas Consolidated Plan.

1. Gross Income less Vacancy
2. NC - No comment received, O - Opposition, S - Support

CONDITION(S) TO COMMITMENT

1. Per §49.7(i)(6) of the Qualified Allocation Plan and Rules, all Tax Exempt Bond Project Applications "must provide an executed agreement with a qualified service provider for the provision of special supportive services that would otherwise not be available for the tenants. The provision of such services will be included in the Declaration of Land Use Restrictive Covenants ("LURA")."
2. Receipt, review, and acceptance of a third party engineer's certification that all drives, parking areas, and residential buildings will be located outside the 100-year floodplain.
3. Reciept, review, and acceptance of a title commitment for the second tract (41.274 acres).

DEVELOPMENT'S SELECTION BY PROGRAM MANAGER & DIVISION DIRECTOR IS BASED ON:

☐ Score ☐ Utilization of Set-Aside ☐ Geographic Distrib. ☒ Tax Exempt Bond. ☐ Housing Type

Other Comments including discretionary factors (if applicable).

Charles E. Nwaneri, LIHTC Co-Manager	Date	David Burrell, Director of Housing Programs	Date

DEVELOPMENT'S SELECTION BY EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

☐ Score ☐ Utilization of Set-Aside ☐ Geographic Distrib. ☒ Tax Exempt Bond ☐ Housing Type

Other Comments including discretionary factors (if applicable).________________________________

Edwina P. Carrington, Executive Director — Date
Chairman of Executive Award and Review Advisory Committee

☐ **TDHCA Board of Director's Approval and description of discretionary factors (if applicable).**

Chairperson Signature: ______________________ ____________
Michael E. Jones, Chairman of the Board — Date

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTI FAMILY CREDIT UNDERWRITING ANALYSIS

DATE: July 30, 2002 **PROGRAM:** 4% LIHTC / MRB **FILE NUMBER:** 02430 / 2002-055

DEVELOPMENT NAME

Wheatland Villas

APPLICANT

Name: Wheatland Villas Housing, LP **Type:** ☒ For Profit ☐ Non-Profit ☐ Municipal ☐ Other

Address: 5910 N Central Expressway, Suite 1145 **City:** Dallas **State:** TX

Zip: 75206 **Contact:** Brian Potashnik **Phone:** (214) 891-1402 **Fax:** (214) 987-9294

PRINCIPALS of the APPLICANT

Name: Wheatland Villas Development, LLC **(%):** 0.01 **Title:** Managing General Partner

Name: Related Capital Company **(%):** 99.99 **Title:** Limited Partner

Name: Brian Potashnik **(%):** n/a **Title:** 100% owner of GP

GENERAL PARTNER

Name: Wheatland Villas Development, LLC **Type:** ☒ For Profit ☐ Non-Profit ☐ Municipal ☐ Other

Address: 5910 N Central Expressway, Suite 1145 **City:** Dallas **State:** TX

Zip: 75206 **Contact:** Brian Potashnik **Phone:** (214) 891-1402 **Fax:** (214) 987-9294

PROPERTY LOCATION

Location: SWC of I-35 and Ledbetter Drive ☐ **QCT** ☐ **DDA**

City: Dallas **County:** Dallas **Zip:** 75232

REQUEST

Amount	Interest Rate	Amortization	Term
① $737,794	N/A	N/A	N/A
② $14,900,000	7%	40 yrs	40 yrs

Other Requested Terms: ① Annual ten-year allocation of low-income housing tax credits
② Tax-exempt mortgage revenue bonds

Proposed Use of Funds: New construction

SITE DESCRIPTION

Size: 18.1* acres 788,436 square feet **Zoning/ Permitted Uses:** R-7.5(A)**

Flood Zone Designation: Zones X & AE*** **Status of Off-Sites:** Partially Improved

* 18.1 acres was reflected in the revised application, received June 27, 2002; as of the date of this report, the total acreage has increased, based on the site plan and site control document received on July 26, 2002, to 59.694 acres

** Allows only single family dwellings on lots with lot size of 7,500 SF

*** Portions in 100-year floodplain

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
CREDIT UNDERWRITING ANALYSIS

DESCRIPTION of IMPROVEMENTS

Total Units: 260 **# Rental Buildings** 47 **# Common Area Bldngs** 1 **# of Floors** 2 **Age:** n/a yrs **Vacant:** n/a at / /

Number	Bedrooms	Bathroom	Size in SF
156	2	2	950
88	3	2	1,100
16	4	2	1,300

Net Rentable SF: 265,800 **Av Un SF:** 1,022 **Common Area SF:** 5,444 **Gross Bldng SF** 271,244

Property Type: ☒ Multifamily ☐ SFR Rental ☐ Elderly ☐ Mixed Income ☐ Special Use

CONSTRUCTION SPECIFICATIONS

STRUCTURAL MATERIALS

Wood frame on a post-tensioned concrete slab on grade, 25% stone veneer/65% stucco exterior wall covering with wood trim, drywall interior wall surfaces, composite shingle roofing

APPLIANCES AND INTERIOR FEATURES

Carpeting & vinyl flooring, range & oven, hood & fan, garbage disposal, dishwasher, refrigerator, tile tub/shower, ceiling fans, laminated counter tops

ON-SITE AMENITIES

Community room, management offices, laundry facilities, kitchen, restrooms, computer/business center, central mailroom, swimming pool, equipped children's play area, picnic area, walk trail, perimeter fencing

Uncovered Parking: 520 spaces **Carports:** 0 spaces **Garages:** 0 spaces

OTHER SOURCES of FUNDS

LONG TERM/PERMANENT FINANCING

Source: Charter MAC **Contact:** Marnie Miller

Principal Amount: $14,900,000 **Interest Rate:** 7%

Additional Information: 24-month construction period

Amortization: 40 yrs **Term:** 40 yrs **Commitment:** ☒ Proposal ☐ Firm ☐ Conditional

Annual Payment: $ **Lien Priority:** 1st **Commitment Date** 06/ 19/ 2002

LIHTC SYNDICATION

Source: Related Capital Company **Contact:** Justin Ginsberg

Address: 625 Madison Avenue **City:** New York

State: NY **Zip:** 10022 **Phone:** (212) 421-5333 **Fax:** (212) 751-3550

Net Proceeds: $6,037,000 **Net Syndication Rate** (per $1.00 of 10-yr LIHTC) 82¢

Commitment ☐ None ☐ Firm ☒ Conditional **Date:** 06/ 18/ 2002

Additional Information:

APPLICANT EQUITY

Amount: $1,892,221 **Source:** Deferred developer fee

VALUATION INFORMATION

ASSESSED VALUE

Land: 18.3201 acres	$91,600	**Assessment for the Year of:**	2002
Building:	N/A	**Valuation by:**	Dallas Central Appraisal District
Total Assessed Value:	$91,600	**Tax Rate:**	2.730555

Comment: An assessed value for the additional 41.274 acres was not provided

EVIDENCE of SITE or PROPERTY CONTROL

Type of Site Control: Unimproved property contract (18.42 acres)

Contract Expiration Date: 09/ 01/ 2002 **Anticipated Closing Date:** 07/ 31/ 2002

Acquisition Cost: $ 450,000 **Other Terms/Conditions:**

Seller: American IHM Province, Inc. **Related to Development Team Member:** No

Type of Site Control: Purchase and Sale Agreement (41.274 acres)

Contract Expiration Date: 120 days after effective date of contract **Anticipated Closing Date:** 07/ 31/ 2002

Acquisition Cost: $ 928,665 **Other Terms/Conditions:** $22,500 per acre sales price

Seller: Lamington, Inc. **Related to Development Team Member:** No

REVIEW of PREVIOUS UNDERWRITING REPORTS

No previous reports.

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Description: Wheatland Villas is a proposed new construction development of 260 units of affordable housing located in south Dallas. At application the units were proposed as garden-style apartments located in two-story buildings on a ±18-acre site. The development is now comprised of two-story townhouse units located on a larger-59.694 acre site in 47 residential buildings as follows:

- Twenty-six Building Style A with six two-bedroom units;
- Twelve Building Style B with five three-bedroom units;
- Eight Building Style C with three three-bedroom units and two four-bedroom units;
- One Building Style D with four three-bedroom units.

Based on the revised site plan the apartment buildings, parking, and site access are located north of an existing creek and north of what is assumed to be the floodplain on the additional 41.594 acres proposed after initial application. Only a small pavilion and a swimming pool will be located south of the floodplain on the original 18.1 acres. A drive to the swimming pool will cross the floodplain and creek. Receipt, review, and acceptance of a third party engineer's certification that all drives, parking areas, and residential buildings will be located outside of the 100-year floodplain is a condition of this report.

Supportive Services: The Applicant will contract with Housing Services of Texas to provide the following supportive services to tenants: social, recreational, computer lab, language lab, agency referrals, and state workforce development and welfare programs. These services will be provided at no cost to tenants. An executed contract with a fee requirement was not submitted; however, it appears from the Applicant's operating expense budget that $37,800 annually will be spent on supportive services.

Schedule: The Applicant anticipates construction to begin in October of 2002, to be completed and placed in service in October of 2004, and to be substantially leased-up in April of 2005.

POPULATIONS TARGETED

Income Set-Aside: The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside. Although this allows for prospective tenants to be qualified at the 60% of AMGI or less income

level, as a Priority 1 private activity bond lottery development 100% of the units must have rents restricted to be affordable to households at or below 50% of AMGI.
Special Needs Set-Asides: None of the units are specifically designated to be handicapped-accessible or equipped for tenants with hearing or visual impairments.
Compliance Period Extension: The intended length of the compliance period was not specified in the submitted application.

MARKET HIGHLIGHTS

A market feasibility study dated June 28, 2002 prepared by Butler-Burgher highlighted the following findings:
Definition of Market/Submarket: "The subject's primary market area is defined as the four-mile ring from the intersection of IH-35E and Ledbetter Drive (Loop 12), which generally approximates the southern part of the City of Dallas north of IH-20 and south of IH-30." (p. 4)

ANNUAL INCOME-ELIGIBLE SUBMARKET DEMAND SUMMARY

Type of Demand	Units of Demand	% of Total Demand
Household Growth	33	1%
Resident Turnover	7,387	99%
TOTAL ANNUAL DEMAND	**7,420**	**100%**

Ref: p. 73

Capture Rate: The market analyst has calculated a forecast capture rate of 5.39% based on total targeted renter demand of 7,420 and forecast LIHTC units of 400. (p. 73)
Market Rent Comparables: The market analyst surveyed seven comparable apartment projects totaling 2,085 units in the market area. (p. 82)

RENT ANALYSIS (net tenant-paid rents)

Unit Type (% AMI)	Proposed	Program Max	Differential	Market	Differential
2-Bedroom (50%)	$687	$687	$0	$750	-$63
3-Bedroom (50%)	$793	$793	$0	$850	-$57
4-Bedroom (50%)	$877	$877	$0	$1,000	-$123

(NOTE: Differentials are amount of difference between proposed rents and program limits and average market rents, e.g., proposed rent =$500, program max =$600, differential = -$100)

Submarket Occupancy Rates: "M/PF reflects 93.8% overall occupancy for 8,711 units in 1st quarter 2002 in the Southwest Dallas submarket." (p. 75)
Absorption Projections: "An absorption rate of 20 units/month is reasonable for the subject, as encumbered by LIHTC, resulting in just over a 12-month absorption period to obtain 100% occupancy on a 12-month period for stabilized property at 95%." (p. 75)
Known Planned Development: "We are not aware of any planned, approved affordable units under construction within the four-mile radius other than the subject and Madison Point." (p. 74)

The Underwriter found the market study provided sufficient information on which to base a funding recommendation. It should be noted that the market study is based on 236 garden-style apartments rather than the currently proposed 260 townhouse units.

SITE and NEIGHBORHOOD CHARACTERISTICS

Location: The site is an irregularly-shaped parcel located in the south area of the city, three miles from the CBD, and is situated at the southwest corner of Ledbetter Drive (Loop 12) and IH-35E.
Population: The estimated population within the four-mile radius defined by the market analyst is 179,149 persons, while the 2000 Census indicated a population of 187,735. The 2006 estimated population is 181,122. Total households in the PMA are estimated at 59,119 in 2006 and 58,198 in 2001.

Adjacent Land Uses: Land uses in the overall area in which the site is located are mixed with single family, multifamily, retail/office, industrial, and vacant land composed of undeveloped and parklands. Adjacent land uses include:

- **North:** Woody Branch Creek, undeveloped land
- **South:** Hammerking Drive, businesses including Carson's Paint and Body Shop with Automobile Salvage Yard, residential property
- **East:** Interstate Highway 35E
- **West:** Undeveloped land, single-family residences

Site Access: Access to the property is from the east or west along Ledbetter Drive or the north or south from IH-35E. The neighborhood has good freeway access to the entire D/FW Metroplex via several major roadways: IH-20, IH-35E, US Highway 67, Loop 12 (Ledbetter Drive), IH-30, and IH-45.

Public Transportation: Public transportation to the area is provided by Dallas Area Rapid Transit (DART). The market study indicates that public transportation is adjacent to the site.

Shopping & Services: The Dallas, DeSoto, and Duncanville ISDs serve the neighborhood. Higher education facilities are located outside the area throughout the Metroplex. A hospital is located in the northwest portion of the neighborhood and additional small clinics are located throughout the neighborhood. Retail and commercial developments are located along major thoroughfares throughout the neighborhood including Southwest Center, a regional mall.

Special Adverse Site Characteristics:

- The northern most area of the subject property lies within the 100-year floodplain, according to the Federal Emergency Management Administration's (FEMA) Flood Insurance Rate Map (FIRM) Number 48113C0490J. The Woody Branch Creek is in Zone AE, which are zones where the base flood elevations are site-specific determinations. The areas in Zone X are areas of 500-year flood; areas of 100-year flood with average depths of less than one foot or with drainage areas less than one square mile; and areas protected by levees from 100-year flood. The remaining area of the subject property is outside both the 100- and 500-year flood zones. (Phase I ESA, p. 4)
- A title commitment for the second tract (41.274 acres) was not submitted. Receipt, review and acceptance of such is a condition of this report.

Site Inspection Findings: The site has not been inspected by a TDHCA staff member, and receipt, review, and acceptance of an acceptable TDHCA site inspection report is a condition of this report.

HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)

A Phase I Environmental Site Assessment report dated June 29, 2002 was prepared by Butler Burgher and contained the following findings and recommendations:

- "The northernmost area of the subject property lies within the 100-year floodplain, according to the Federal Emergency Management Administration's (FEMA) Flood Insurance Rate Map (FIRM) Number 48113C0490J. The Woody Branch Creek is in Zone AE, which are zones where the base flood elevations are site-specific determinations. The areas in Zone X are areas of 500-year flood; areas of 100-year flood with average depths of less than one foot or with drainage areas less than one square mile; and areas protected by levees from 100-year flood. The remaining area of the Subject property is outside both the 100- and 500-year flood zones." (p. 4)
- A reported leaking underground storage tank that is currently in the monitoring stage is located approximately 0.35 miles south, and up-gradient. "This site is a possible risk because there was groundwater contamination from the petroleum storage tank release." The business located at the southeast adjacent corner poses a potential risk of contamination to the subject property. "Based on the above findings and conclusions, Butler-Burgher makes the following recommendations: Soil and groundwater samples be collected from the southern most boundary of the subject property and analysed for the following analytes: total petroleum hydrocarbons (TPH) and benzene, toluene, ethelene, and zylene (BTEX)." (p. 16)

Receipt, review,and acceptance of documentation indicating that the Phase I ESA recommendations have been carried out and no recognized environmental conditions affecting the subject property exist is a condition of this report.

OPERATING PROFORMA ANALYSIS

Income: The Applicant's potential gross rent estimate is based on the 2002 LIHTC rent limits and current utility allowances for the City of Dallas; it is comparable to the Underwriter's estimate. The Applicant has included $20 per unit per month in secondary income comprised of laundry, late fees, and cable and phone charges. Per the 2002 QAP, the Underwriter has included a maximum of $15 per unit per month. Although the addition of cable and phone income may be cause to adjust this figure upward, at the time of application, no documentation was submitted indicating that the development will have a cable and phone contract. Therefore, the anticipated income from such a contract is unknown. Finally, the Applicant's vacancy and collection loss assumption is in line with Department guidelines. Overall, the Applicant's effective gross income estimate is within 5% of the Underwriter's estimate.

Expenses: The Applicant's total annual operating expense estimate is $38K, or 8%, less than the Underwriter's TDHCA database-derived estimate, adjusted based on IREM information for the Dallas Metroplex. Several of the Applicant's line item figures differed significantly as compared to the Underwriter's estimates. These include: general and administrative ($4K lower), payroll and payroll expense ($89K lower), utilities ($29K higher), water, sewer, and trash ($12K lower), property insurance ($11K higher), and property tax ($57K lower).

Conclusion: The Applicant's net operating income figure is more than 5% outside the Underwriter's verifiable range. Therefore, the Underwriter's proforma is used to determine the development's capacity to service debt. The development's aggregate debt coverage ratio, including debt service, trustee fees, TDHCA fees and supportive services fees, is at the break even level of 1.00. The development's bonds-only debt coverage ratio (DCR) is also below the Department's minimum DCR guideline of 1.10. This suggests that the requested bond amount should be adjusted downward to allow for a debt service of no more than $1,071,438 annually. This is discussed in more detail in the financing structure analysis section of this report.

CONSTRUCTION COST ESTIMATE EVALUATION

Land Value: The total site cost of $1,378,575 is assumed be reasonable since the acquisition is an arm's-length transaction.

Sitework Cost: The Applicant's claimed sitework costs of $6,136 per unit are considered reasonable compared to historical sitework costs for multifamily projects.

Direct Construction Cost: The Applicant's direct construction cost estimate is $572K or 5% higher than the Underwriter's Marshall & Swift *Residential Cost Handbook*-derived estimate.

Fees: The Applicant's general requirements, contractor's general and administrative fees, and contractor's profit exceed the 6%, 2%, and 6% maximums allowed by LIHTC guidelines based on their own construction costs. In addition, the proposed contingency cost exceeds 5% of sitework and direct costs guideline utilized by underwriting for new construction developments. Consequently the Applicant's eligible costs in these areas have been reduced with the overage effectively moved to ineligible costs. The Applicant's developer fees also exceed 15% of the Applicant's adjusted eligible basis and therefore the eligible potion of the Applicant's developer fee must be reduced by $12,306.

Conclusion: The Applicant's total development cost is within 5% of the Underwriter's estimate. Therefore, the Applicant's figure, adjusted for overstated fees and contingency, will be used to determine he development's eligible basis and total need for permanent funds.

FINANCING STRUCTURE ANALYSIS

The Applicant intends to finance the development with three types of financing: a bond-financed interim to permanent loan, syndicated LIHTC equity, and deferred developer's fees.

Bonds: The Applicant has requested tax-exempt private activity mortgage revenue bonds in the amount of $14,900,000 with an interest rate of 7%, fully amortized over a term of 40 years. Charter MAC has offered to purchase the bonds. The terms include a 24-month construction period with interest-only payments due.

LIHTC Syndication: Related Capital Company has offered terms for syndication of the tax credits. The commitment letter shows net proceeds are anticipated to be $6,037,000 based on a syndication factor of 82%. The funds would be disbursed in a five-phased pay-in schedule:

1. 20% upon admission to the partnership;

2. 10% at 50% completion of construction;
3. 30% at 75% completion of construction;
4. 20% at 100% completion of construction; and
5. 20% upon attainment of rental achievement.

Interest Income: The Applicant included $158,661 in interest income as a source of funds. This GIC income has been netted from the Applicant's total development cost and removed as a source of funds.

Deferred Developer's Fees: The Applicant's proposed deferred developer's fees of $1,940,007 amount to 77% of the total proposed fees.

Financing Conclusions: As stated above, the Applicant's total development cost, adjusted for overstated fees and contingency, was used to determine the development's eligible basis and recommended annual tax credit allocation of $698,285. This figure is $39,509 less than requested due to the overstated fees and contingency cost. Therefore, the syndication proceeds may be less than anticipated. Also as stated above, the development's bonds-only debt coverage ratio (DCR) is below the Department's minimum DCR guideline of 1.10. This suggests that the requested bond amount should be adjusted downward to allow for a debt service of no more than $1,071,438 annually. It is anticipated the bond amount will be reduced by a mandatory redemption at conversion to permanent. As a direct result of an anticipated decrease in both the bond amount and syndication proceeds, the deferred developer fee will increase. Deferred fees, estimated at $2,174,992, are not repayable within ten years of stabilized operation, but appear to be repayable within 15 years.

REVIEW of ARCHITECTURAL DESIGN

At application the units were proposed as garden-style apartments located in two-story buildings. The development is now comprised of two-story townhouse units. Based on the revised unit floorplans, the townhouses will provide adequate storage including outdoor storage, patios, and utility rooms with space for a full-size washer and dryer. Each unit has a bedroom and a full bath located on the ground floor. The submitted clubhouse plan includes many tenant-accessible areas as well as leasing/management offices. The exterior of the building is compatible with the residential building elevations.

IDENTITIES of INTEREST

The Applicant, general contractor, cost estimator, and property manager are related entities. The same firm provided both the market study and Phase I ESA. These are common identities of interest for LIHTC-funded developments.

APPLICANT'S/PRINCIPALS' FINANCIAL HIGHLIGHTS, BACKGROUND, and EXPERIENCE

Financial Highlights:
- The Applicant and General Partner are single-purpose entities created for the purpose of receiving assistance from TDHCA and therefore have no material financial statements.
- Brian Potashnik, 100% owner of the general partner, submitted an interim financial statement.

Background & Experience:
- The Applicant and General Partner are new entities formed for the purpose of developing the project.
- Brian Potashnik, 100% owner of the General Partner, has indicated participation in 16 mortgage revenue bond- and/or LIHTC-funded developments totaling 3,220 units since 1994.

SUMMARY OF SALIENT RISKS AND ISSUES

- The Applicant's estimated operating expenses and operating proforma are more than 5% outside of the Underwriter's verifiable ranges.
- Significant environmental/locational risk exists regarding 100-year floodplain.
- The recommended amount of deferred developer fee cannot be repaid within ten years, and any amount unpaid past ten years would be removed from eligible basis.
- The significant financing structure changes being proposed have not been reviewed/accepted by the Applicant, lenders, and syndicators, and acceptable alternative structures may exist.

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
CREDIT UNDERWRITING ANALYSIS

RECOMMENDATION

☑ RECOMMEND APPROVAL OF AN LIHTC ALLOCATION NOT TO EXCEED $698,285 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

☑ RECOMMEND ISSUANCE OF TAX-EXEMPT BONDS OF $14,900,000, SUBJECT TO THE ANTICIPATED MANDATORY REDEMPTION OF $532,126 AT CONVERSION TO PERMANENT, BASED UPON A MAXIMUM ANTICIPATED BONDS-ONLY DEBT SERVICE AMOUNT OF $1,071,438. THE BONDS WILL BE FULLY AMORTIZED OVER 40 YEARS. THE INTEREST RATE OF THE BONDS HAS BEEN UNDERWRITTEN AT 7%.

CONDITIONS

1. Receipt, review, and acceptance of a third party engineer's certification that all drives, parking areas, and residential buildings will be located outside the 100-year floodplain.
2. Receipt, review, and acceptance of a title commitment for the second tract (41.274 acres).
3. Receipt, review, and acceptance of an acceptable TDHCA site inspection report.
4. Receipt, review, and acceptance of documentation indicating that the Phase I ESA recommendations have been carried out and no recognized environmental conditions affecting the subject property exist.

Credit Underwriting Supervisor:	*Lisa Vecchietti*	**Date:**	July 30, 2002
Director of Credit Underwriting:	*Tom Gouris*	**Date:**	July 30, 2002

MULTIFAMILY FINANCIAL ASSISTANCE REQUEST: Comparative Analysis

Wheatland Villas, Dallas, LIHTC 02430/MRB 2002-055

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Net Rent per Unit	Rent per Month	Rent per SF	Utilities	Wtr, Swr, Trsh
TC 50%	156	2	2	950	$748	$687	$107,172	$0.72	$67.00	$52.00
TC 50%	88	3	2	1,100	864	793	69,784	0.72	77.00	61.00
TC 50%	16	4	2	1,300	963	877	14,032	0.67	94.00	75.00
TOTAL:	260		AVERAGE:	1,022	$800	$735	$190,988	$0.72	$72.05	$56.46

INCOME	Total Net Rentable Sq Ft:	265,800		TDHCA	APPLICANT			
POTENTIAL GROSS RENT				$2,291,856	$2,291,856			
Secondary Income		Per Unit Per Month:	$15.00	46,800	62,400	$20.00	Per Unit Per Month	
Other Support Income: (describe)				0	0			
POTENTIAL GROSS INCOME				$2,338,656	$2,354,256			
Vacancy & Collection Loss		% of Potential Gross Income:	-7.50%	(175,399)	(176,568)	-7.50%	of Potential Gross Rent	
Employee or Other Non-Rental Units or Concessions				0	0			
EFFECTIVE GROSS INCOME				$2,163,257	$2,177,688			
EXPENSES		% OF EGI	PER UNIT	PER SQ FT		PER SQ FT	PER UNIT	% OF EGI
General & Administrative		3.41%	$284	$0.28	$73,810	$70,000	$0.26	$269	3.21%
Management		5.00%	416	0.41	108,163	108,884	0.41	419	5.00%
Payroll & Payroll Tax		10.02%	834	0.82	216,840	127,900	0.48	492	5.87%
Repairs & Maintenance		5.44%	453	0.44	117,789	118,300	0.45	455	5.43%
Utilities		2.65%	220	0.22	57,320	86,000	0.32	331	3.95%
Water, Sewer, & Trash		4.74%	395	0.39	102,575	90,600	0.34	348	4.16%
Property Insurance		1.97%	164	0.16	42,528	53,160	0.20	204	2.44%
Property Tax	2.73055	9.85%	819	0.80	212,983	156,000	0.59	600	7.16%
Reserve for Replacements		2.40%	200	0.20	52,000	52,000	0.20	200	2.39%
Support Services		0.00%	0	0.00	0	37,800	0.14	145	1.74%
TOTAL EXPENSES		45.49%	$3,785	$3.70	$984,008	$900,644	$3.39	$3,464	41.36%
NET OPERATING INC		54.51%	$4,536	$4.44	$1,179,249	$1,277,044	$4.80	$4,912	58.64%
DEBT SERVICE									
1st Lien Mortgage		51.36%	$4,274	$4.18	$1,111,119	$1,151,548	$4.33	$4,429	52.88%
Trustee Fee		0.16%	$13	$0.01	$3,500	0	$0.00	$0	0.00%
TDHCA Admin. Fees		0.69%	$57	$0.06	14,900	0	$0.00	$0	0.00%
Asset Oversight, Compl. Fees & Sup		2.35%	$195	$0.19	50,800	10,400	$0.04	$40	0.48%
NET CASH FLOW		-0.05%	($4)	($0.00)	($1,070)	$115,096	$0.43	$443	5.29%
AGGREGATE DEBT COVERAGE RATIO					1.00	1.10			
BONDS & TRUSTEE FEE-ONLY DEBT COVERAGE RATIO					1.06				
BONDS-ONLY DEBT COVERAGE RATIO					1.06				
ALTERNATIVE BONDS-ONLY DEBT COVERAGE RATIO					1.10				

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldng)		6.42%	$5,303	$5.19	$1,378,665	$1,378,575	$5.19	$5,302	6.19%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		7.43%	6,136	6.00	1,595,458	1,595,458	6.00	6,136	7.16%
Direct Construction		50.47%	41,697	40.79	10,841,245	11,413,601	42.94	43,898	51.26%
Contingency	5.00%	2.89%	2,392	2.34	621,835	786,216	2.96	3,024	3.53%
General Requiremer	6.00%	3.47%	2,870	2.81	746,202	786,216	2.96	3,024	3.53%
Contractor's G & A	2.00%	1.16%	957	0.94	248,734	262,072	0.99	1,008	1.18%
Contractor's Profi	6.00%	3.47%	2,870	2.81	746,202	786,216	2.96	3,024	3.53%
Indirect Construction		2.66%	2,196	2.15	571,050	571,050	2.15	2,196	2.56%
Ineligible Costs		7.11%	5,876	5.75	1,527,709	1,527,709	5.75	5,876	6.86%
Developer's G & A	2.00%	1.48%	1,220	1.19	317,280	0	0.00	0	0.00%
Developer's Profit	13.00%	9.60%	7,932	7.76	2,062,317	2,517,867	9.47	9,684	11.31%
Interim Financing		2.30%	1,897	1.86	493,251	493,251	1.86	1,897	2.22%
Reserves		1.55%	1,277	1.25	332,110	150,000	0.56	577	0.67%
TOTAL COST		100.00%	$82,623	$80.82	$21,482,059	$22,268,231	$83.78	$85,647	100.00%
Recap-Hard Construction Costs		*68.89%*	***$56,922***	***$55.68***	***$14,799,677***	***$15,629,779***	***$58.80***	***$60,115***	*70.19%*

SOURCES OF FUNDS

	%	PER UNIT	PER SQ FT	TDHCA	APPLICANT	RECOMMENDED	
1st Lien Mortgage	69.36%	$57,308	$56.06	$14,900,000	$14,900,000	$14,367,874	**Max. Cost Guideline**
LIHTC Syndication Proceeds	27.74%	$22,919	$22.42	5,959,000	5,959,000	5,725,366	$18,871,800
Additonal Financing	0.00%	$0	$0.00	0	0	0	
Deferred Developer's Fee	9.03%	$7,462	$7.30	1,940,007	1,940,007	2,174,992	
Additional (excess) Funds Required	-6.13%	($5,065)	($4.95)	(1,316,948)	(530,776)	0	
TOTAL SOURCES				$21,482,059	$22,268,231	$22,268,231	

MULTIFAMILY FINANCIAL ASSISTANCE REQUEST (continued)

Wheatland Villas, Dallas, LIHTC 02430/MRB 2002-055

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook
Average Quality Townhome Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$46.08	$12,249,305
Adjustments				
Exterior Wall Finish	2.00%		$0.92	$244,986
Elderly			0.00	0
Roofing			0.00	0
Subfloor			(1.96)	(520,968)
Floor Cover			1.82	483,756
Porches/Balconies	$17.07	13,290	0.85	226,860
Plumbing	$585	260	0.57	152,100
Built-In Appliances	$1,550	260	1.52	403,000
Fireplaces			0.00	0
Floor Insulation			0.00	0
Heating/Cooling			1.41	374,778
Garages/Carports			0.00	0
Comm &/or Aux bldngs	$53.18	5,444	1.09	289,493
Other:			0.00	0
SUBTOTAL			52.31	13,903,310
Current Cost Multiplier	1.04		2.09	556,132
Local Multiplier	0.92		(4.18)	(1,112,265)
TOTAL DIRECT CONSTRUCTION COSTS			$50.22	$13,347,178
Plans, specs, survy, bld	3.90%		($1.96)	($520,540)
Interim Construction Inte	3.38%		(1.69)	(450,467)
Contractor's OH & Profit	11.50%		(5.77)	(1,534,925)
NET DIRECT CONSTRUCTION COSTS			$40.79	$10,841,245

PAYMENT COMPUTATION

Primary	$14,900,000	Term	480
Int Rate	7.00%	DCR	1.06
Secondary	$5,959,000	Term	
Int Rate		Subtotal DCR	1.05
Additional	$0	Term	
Int Rate		Aggregate DCR	1.00

ALTERNATIVE FINANCING STRUCTURE:

Primary Debt Service	$1,071,438
Trustee Fee	3,500
TDHCA Fees	65,700
NET CASH FLOW	$38,611

Primary	$14,367,874	Term	480
Int Rate	7.00%	DCR	1.10
Secondary	$5,959,000	Term	0
Int Rate	0.00%	Subtotal DCR	1.10
Additional	$0	Term	0
Int Rate	0.00%	Aggregate DCR	1.03

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$2,291,856	$2,360,612	$2,431,430	$2,504,373	$2,579,504	$2,990,352	$3,466,638	$4,018,783	$5,400,909
Secondary Income	46,800	48,204	49,650	51,140	52,674	61,063	70,789	82,064	110,287
Other Support Income: (descr	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	2,338,656	2,408,816	2,481,080	2,555,513	2,632,178	3,051,416	3,537,427	4,100,847	5,511,196
Vacancy & Collection Loss	(175,399)	(180,661)	(186,081)	(191,663)	(197,413)	(228,856)	(265,307)	(307,564)	(413,340)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$2,163,257	$2,228,155	$2,294,999	$2,363,849	$2,434,765	$2,822,559	$3,272,120	$3,793,284	$5,097,856
EXPENSES at 4.00%									
General & Administrative	$73,810	$76,762	$79,833	$83,026	$86,347	$105,055	$127,815	$155,507	$230,188
Management	108,163	111,408	114,750	118,192	121,738	141,128	163,606	189,664	254,893
Payroll & Payroll Tax	216,840	225,514	234,534	243,916	253,672	308,631	375,497	456,849	676,248
Repairs & Maintenance	117,789	122,501	127,401	132,497	137,797	167,651	203,973	248,164	367,343
Utilities	57,320	59,613	61,997	64,477	67,056	81,584	99,260	120,764	178,761
Water, Sewer & Trash	102,575	106,678	110,945	115,383	119,998	145,996	177,627	216,110	319,896
Insurance	42,528	44,229	45,998	47,838	49,752	60,531	73,645	89,600	132,630
Property Tax	212,983	221,502	230,362	239,577	249,160	303,141	368,817	448,723	664,219
Reserve for Replacements	52,000	54,080	56,243	58,493	60,833	74,012	90,047	109,556	162,170
Other	0	0	0	0	0	0	0	0	0
TOTAL EXPENSES	$984,008	$1,022,287	$1,062,064	$1,103,399	$1,146,353	$1,387,728	$1,680,286	$2,034,937	$2,986,348
NET OPERATING INCOME	$1,179,249	$1,205,868	$1,232,935	$1,260,450	$1,288,412	$1,434,831	$1,591,834	$1,758,346	$2,111,508
DEBT SERVICE									
First Lien Financing	$1,071,438	$1,071,438	$1,071,438	$1,071,438	$1,071,438	$1,071,438	$1,071,438	$1,071,438	$1,071,438
Trustee Fee	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500
TDHCA Admin. Fees	14,900	14,300	14,227	14,149	14,066	13,548	12,813	11,772	8,203
Asset Oversight, Compl. Fees	50,800	52,832	54,945	57,143	59,429	72,304	87,969	107,028	158,427
Cash Flow	38,611	63,798	88,825	114,220	139,980	274,042	416,114	564,609	869,940
AGGREGATE DCR	1.03	1.06	1.08	1.10	1.12	1.24	1.35	1.47	1.70

LIHTC Allocation Calculation - Wheatland Villas, Dallas, LIHTC 02430/MRB 2002-055

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
(1) Acquisition Cost				
Purchase of land	$1,378,575	$1,378,665		
Purchase of buildings				
(2) Rehabilitation/New Construction Cost				
On-site work	$1,595,458	$1,595,458	$1,595,458	$1,595,458
Off-site improvements				
(3) Construction Hard Costs				
New structures/rehabilitation ha	$11,413,601	$10,841,245	$11,413,601	$10,841,245
(4) Contractor Fees & General Requirements				
Contractor overhead	$262,072	$248,734	$260,181	$248,734
Contractor profit	$786,216	$746,202	$780,544	$746,202
General requirements	$786,216	$746,202	$780,544	$746,202
(5) Contingencies	$786,216	$621,835	$650,453	$621,835
(6) Eligible Indirect Fees	$571,050	$571,050	$571,050	$571,050
(7) Eligible Financing Fees	$493,251	$493,251	$493,251	$493,251
(8) All Ineligible Costs	$1,527,709	$1,527,709		
(9) Developer Fees			$2,481,762	
Developer overhead		$317,280		$317,280
Developer fee	$2,517,867	$2,062,317		$2,062,317
(10) Development Reserves	$150,000	$332,110		
TOTAL DEVELOPMENT COSTS	$22,268,231	$21,482,059	$19,026,843	$18,243,574

Deduct from Basis:			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
TOTAL ELIGIBLE BASIS		$19,026,843	$18,243,574
High Cost Area Adjustment		100%	100%
TOTAL ADJUSTED BASIS		$19,026,843	$18,243,574
Applicable Fraction		100%	100%
TOTAL QUALIFIED BASIS		$19,026,843	$18,243,574
Applicable Percentage		3.67%	3.67%
TOTAL AMOUNT OF TAX CREDITS		$698,285	$669,539
Syndication Proceeds	**0.8199**	**$5,725,366**	**$5,489,672**

Agenda Item No. 4(c)

LOW INCOME HOUSING TAX CREDIT PROGRAM

BOARD ACTION REQUEST
August 8, 2002

Action Item

Request extension of deadline to close construction loans.

Required Action

Approve three requests for extensions associated with the 2001 commitments.

Background

Pertinent facts about the developments requesting extension of the deadline to close the construction loan are summarized below. If applicable, the requests were accompanied by a mandatory $2,500 extension request fee. Staff has reviewed the information and recommends granting the extensions pursuant to Section 50.11(h) of the 2001 QAP.

LIHTC Development No. 01111, Village at Meadowbend

Salient Facts: Applicant requested second extension for the same reason as the first (relocation of gas line), stating that the loan may close prior to the expiration of the first deadline, but a second extension is needed for assurance. The applicant has successfully completed other LIHTC Program developments.

City/County:	Temple / Bell
Set-Aside:	General
Type of Project:	New Construction
Units:	103 LIHTC and 35 market rate units
Allocation:	$810,185
Allocation Cost per LIHTC Unit:	$7,866
Extension Request Fee Paid:	$2,500
Type of Extension Request:	Extension of deadline to close the construction loan
Original Deadline:	June 14, 2002
Current Deadline:	August 15, 2002
New Deadline Requested:	September 14, 2002
Other Extensions:	None
Reason for Extension Request, etc.:	Relocation of a gas line by a third party has taken longer than expected

Staff Recommendation: Grant extension as requested.

LIHTC Development No. 01143, Laredo Vista

Salient Facts: The allocation to this development was limited to the tax credits remaining unallocated on December 31, 2001. Credits returned after the end of 2001 were later allocated to the development. The development was redesigned on a smaller scale to be feasible using the limited credits available. The Underwriting Report was completed on June 11, 2002. The owner closed the construction loan on July 1, thus violating the June 15 deadline. Because of the circumstances of the allocation, staff requests a waiver of the $2,500 extension fee on the applicant's behalf.

City/County:	Laredo / Webb
Set-Aside:	General
Type of Project:	New Construction
Units:	38 LIHTC and 7 market rate units
Allocation:	$295,345 (Recommended)
Allocation Cost per LIHTC Unit:	$7,772
Extension Request Fee Paid:	Recommend waiver per Summary above
Type of Extension Request:	Extension of deadline to close the construction loan
Current Deadline:	June 14, 2002
New Deadline Requested:	July 1, 2002
Prior Extensions on Project:	None
Reason for Extension Request, etc.:	Closing could not be negotiated until the Department finished evaluation of the amended application.
Staff Recommendation:	Grant extension as requested and waive extension request fee

LIHTC Development No. 01144, Corinth Autumn Oaks

Salient Facts: The development provides assisted living services. The services include a meal package, laundry/housekeeping services and transportation. All services must be optional to comply with program guidelines, making the feasibility of providing such services difficult. Therefore, the provision of the assisted living environment is a major accomplishment, both for the developer and the Department. The assisted living element directly impacted the time necessary to obtain financing as stated below. The applicant has successfully completed other LIHTC Program developments and has incurred several hundred thousand dollars in liability to the syndicators and architects. If granted, the current request will become the longest extension approved for a 2001 development. The longest extension already approved by the Board was an extension until November 26, 2002; the November date also involved a HUD loan.

City/County:	Corinth / Denton
Set-Aside:	General / Elderly
Type of Project:	New Construction
Units:	76 LIHTC and 52 market rate units
Allocation:	$330,428
Allocation Cost per LIHTC Unit:	$4,348
Extension Request Fee Paid:	$2,500
Type of Extension Request:	2nd extension of deadline to close the construction loan
Original Deadline:	June 14, 2002
Current Deadline:	August 13, 2002
New Deadline Requested:	December 11, 2002
Other Extensions:	None
Reason for Current Extension Request:	FNMA would not approve the permanent loan because of the assisted living aspect of the development. FNMA's action precluded closing the original construction loan for lack of a permanent take-out. The developer found that HUD had a financing plan encompassing the type of development proposed and submitted an application to HUD for a combination construction and permanent loan. However, the HUD 232 loan will take several months to process and close.
Reason Stated for Original Extension:	The development was part of a master plan for the new "Corinth Town Center". The Corinth City Council had not finalized some of the architectural details of the master plan.
Staff Recommendation:	Grant extension as requested.

MEMORANDUM

TO:	TDHCA Board Members
CC:	Ruth Cedillo, Deputy Executive Director David Burrell, Director of Housing Programs
FROM:	Brooke Boston, LIHTC Co-Manager
THROUGH:	Edwina Carrington, Executive Director
SUBJECT:	Report on the Recommendation of 2003 Forward Commitments and 2002 Waiting List
DATE:	August 1, 2002

This memo represents staff's recommendations for the 2003 Forward Commitment allocation and the prioritization of the 2002 Waiting List.

I. 2003 Forward Commitments

The Board may allocate up to 15% of the 2003 credit allocation, which is currently estimated at $5,700,000. Staff suggests that the allocation of 2003 Forward Commitments be made for two distinct purposes. First, it is suggested that the Forward Commitment credits be used to provide credits to the two developments that had successful appeals before the Board, and which would have been allocated credits based on their standing within their region or their set-aside based on their score. These are the first two developments identified on the list below. The third development reflects the partial Forward Commitment credits already approved by the Board on July 29, 2002 for Woodview Apartments, #02070.

Staff recommends that the second use of the Forward Commitments is to award credits to those regions which did not receive awards greater than their regional allocation target based on the 2002 allocation approved by the Board on July 29, 2002. Unfortunately, there are not enough Forward Commitment funds to give credits to every region with a shortfall, so those regions with the greater proportional shortfall were selected. Based on this approach, two regions, Region 3 and Region 8B, both had shortfalls but are not recommended for a Forward Commitment. The shortfall in Region 3 is only $5,785, which is only 0.10% of their targeted allocation; the shortfall in Region 8B is only $291,679, which is only 4.09% of their targeted allocation. Arbor Woods, in Region 3, is recommended as a Forward Commitment to satisfy their successful appeal, not due to their minimal shortfall in Region 3. The table below reflects each of those regions, the amount of shortfall in the region, the percentage which that shortfall represents as a portion of the region's allocation target, and information on the next highest scoring development which is recommended for a Forward Commitment.

Recommended Developments for Forward Commitments					
Region	Rationale		Recommended Forward Commitment Project Name	Project #	Credit Amount
3	Successful appeal – would have been eligible as highest scoring development in region.		Arbor Woods	02074	$1,078,956
7	Successful appeal – would have been eligible as high scoring development in Nonprofit Set-Aside.		Grove Place Apartments	02100	$789,509
2	Only the $219,938 portion of this development is coming from Forward Commitments. Already approved by Board on July 29, 2002.		Woodview Apartments	02070	$219,938
	Amount of Shortfall	**Percentage of Shortfall**			
6	$664,814	8.84%	Gateway Pavilion	02089	$1,185,675
7	$545,036	15.4%	Eagle's Point	02015	$1,200,000
8A	$269,382	6.12%	Bexar Creek	02146	$614,528
				TOTAL	**$5,088,606**

II. Waiting List

Staff recommends that the Board consider the Waiting List to be composed of all applications that have not been recommended by the Board for a Commitment of 2002 or 2003 allocation of credits, and have not been terminated by the Department or withdrawn by the Applicant. In accordance with the 2002 Qualified Allocation Plan and Rules, staff is also recommending that the Board approve the following prioritization of the Waiting List so that as credits become available staff will be able to allocate from the prioritized list without returning to the Board for approval.

To ensure that all of the required Set-Asides will continue to be met, the Waiting List prioritization is done based on the type of credits that would be returned. Scenarios are provided for the Elderly, Nonprofit and Rural Set-Asides since they would be able to fill the loss of credits with another development. Because all eligible developments in the At-Risk and TxRD Set-Asides have been awarded, credits being returned from those pools, will return to the General Pool. All developments on the Forward Commitment staff recommendation have also been integrated into the Waiting List. If the Board approves the developments for 2003 Forward Commitment credits, they will be removed from the Waiting List.

Developments not yet underwritten must still be found to be Acceptable, or Acceptable with Conditions, by Underwriting. Credit amounts and conditions are still subject to change. Allocations remain subject to the Concentration Policy and to review by the Compliance Division to ensure no issues of Material Non-Compliance exist. In the event that the credit amount returned is insufficient to fund the full credit recommendation on the next Waiting List development, the applicant will be given an option to restructure their development (still meeting all scoring requirements) to fit within the credits available, or to decline the credits.

A. Nonprofit Set-Aside

If the credits returned cause the Nonprofit Set-aside requirement to be violated, staff recommends using the credits to meet the Nonprofit Set-Aside. The top 3 developments, in order of priority, to satisfy the Nonprofit Set-Aside are:

Project Name	Project #	Credit Amount	Set Aside	Region
Grove Place	02100	$789,509	Nonprofit	7
Douglass Place	02096	$530,060	Nonprofit	3
Mission del Valle	02064	$160,782	Nonprofit	10

B. Rural Set-Aside

If the credits returned cause the Rural Set-Aside requirement to be violated, staff recommends using the credits to meet the Rural Set-Aside. If the awarded development in Aransas Pass, Aransas Pass Retirement Center (#02011) returns credits, the credits should be awarded to #02095, see below. However, #02095 can only receive the next Waiting List credits if #02011 no longer receives credits. The top 3 developments, in order of priority, to satisfy the Rural Set-Aside are:

Project Name	Project #	Credit Amount	Set Aside	Region
The Arbors at Aransas Pass*	02095	$389,137	Rural	8B
Meadows of Oakhaven	02131	$396,577	Rural	8A
Residences on Stillhouse Road	02040	$356,659	Rural	4

C. Elderly Set-Aside

If the credits returned cause the Elderly Set-Aside requirement to be violated, staff recommends using the credits to meet the Elderly Set-Aside. The top 2 developments, in order of priority, to satisfy the Elderly Set-Aside are:

Project Name	Project #	Credit Amount	Set Aside	Region
Eagle's Point	02015	$1,200,000	General (Elderly)	7
Northpoint Retirement Village	02121	$441,623	General (Elderly)	6

D. All Other Credits

The first credits that become available, that are not needed to ensure the satisfaction of the 2002 Set-Aside requirements, is recommended to go to Woodview Apartments, #02070, in the amount of $219,938, to ensure that the entire allocation for this development will be from one allocation year. After that development, credits that become available that do not impact any 2002 Set-Aside requirements will be returned to the region losing the returned credits. All Waiting List recommendations within regions are based on score. The top developments, in order of priority, by region, are:

Region 1

Project Name	Project #	Credit	Set Aside	Region

		Amount		
Family Residences of Greentree	02055	$548,478	Nonprofit	1

Region 2

Project Name	Project #	Credit Amount	Set Aside	Region
Big Country Senior Village	02141	$809,000	General	2

Region 3

Project Name	Project #	Credit Amount	Set Aside	Region
Arbor Woods	02074	$1,078,956	General	3
Sphinx at Murdeaux	02078	$1,133,095	General	3
Village at Prairie Creek	02025	$1,139,789	General	3

Region 4

Project Name	Project #	Credit Amount	Set Aside	Region
Lakeridge Apartments	02135	$1,047,148	General	4
Residences on Stillhouse Road	02040	$356,659	Rural	4

Region 5

Project Name	Project #	Credit Amount	Set Aside	Region
Stone Hearst	02172	$1,059,411	General	5
Pine Needle Cove	02169	$577,387	Rural	5

Region 6

Project Name	Project #	Credit Amount	Set Aside	Region
Gateway Pavilion	02089	$1,185,675	General	6
Villas at Park Grove	02123	$626,148	General	6
Mayfair Apartments	02125	$1,200,000	General	6

Region 7

Project Name	Project #	Credit Amount	Set Aside	Region
Eagle’s Point	02015	$1,200,000	General	7
Wasson Villas	02106	$652,650	General	7
Caspita Apartments	02137	$1,200,000	General	7

Region 8A

Project Name	Project #	Credit	Set Aside	Region

		Amount		
Bexar Creek	02146	$614,528	General	8A
Villas at Costa Verde*	02041	$1,096,514	General	8A

*This was one of three developments with an identical score. Staff used the first evaluation factor of serving more low income families for fewer credits. This development utilizes only $5,600 in credits per low income unit, while the other two developments utilize approximately $7,600 in credits per low income unit.

Region 8B

Project Name	Project #	Credit Amount	Set Aside	Region
Padre de Vida	02032	$1,025,408	General	8B
The Arbors at Aransas Pass*	02095	$389,137	Rural	8B
La Estrella	02031	$845,973	Nonprofit	8B

* Arbors at Aransas Pass can only receive waiting list credits if #02011 in Aransas Pass no longer receives credits.

Region 9

No Waiting List recommendation is made for Region 9 since all applications received an award.

Region 10

Project Name	Project #	Credit Amount	Set Aside	Region
Meadowbrook	02067	$235,505	General	10
Sunset View	02065	$158,286	General	10
Desert Garden	02060	$436,891	General	10

RESOLUTION NO. 02-37

RESOLUTION AUTHORIZING AND APPROVING THE ISSUANCE, SALE AND DELIVERY OF MULTIFAMILY HOUSING MORTGAGE REVENUE BONDS (CLARKRIDGE VILLAS APARTMENTS) SERIES 2002; APPROVING THE FORM AND SUBSTANCE AND AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS AND INSTRUMENTS PERTAINING THERETO; AUTHORIZING AND RATIFYING OTHER ACTIONS AND DOCUMENTS; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

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

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

WHEREAS, the Board has determined to authorize the issuance of the Texas Department of Housing and Community Affairs Multifamily Housing Mortgage Revenue Bonds (Clarkridge Villas Apartments) Series 2002 (the "Bonds"), pursuant to and in accordance with the terms of a Trust Indenture (the "Indenture") by and between the Department and Wells Fargo Bank Texas, N.A. (the "Trustee"), for the purpose of obtaining funds to finance the Project (defined below), all under and in accordance with the Constitution and laws of the State of Texas; and

WHEREAS, the Department desires to use the proceeds of the Bonds to fund a mortgage loan to Clarkridge Villas Housing, L.P., a Texas limited partnership (the "Borrower"), in order to finance the cost of acquisition, construction and equipping of a qualified residential rental project described on Exhibit A attached hereto (the "Project") located within the State of Texas required by the Act to be occupied by individuals and families of low and very low income and families of moderate income, as determined by the Department; and

WHEREAS, the Board, by resolution adopted on October 17, 2001, declared its intent to issue its revenue bonds to provide financing for the Project; and

WHEREAS, it is anticipated that the Department, the Borrower and the Trustee will execute and deliver a Loan Agreement (the “Loan Agreement”) pursuant to which (i) the Department will agree to make a mortgage loan funded with the proceeds of the Bonds (the “Loan”) to the Borrower to enable the Borrower to finance the cost of acquisition and construction of the Project and related costs, and (ii) the Borrower will execute and deliver to the Department a promissory note (the “Note”) in an original principal amount equal to the original aggregate principal amount of the Bonds, and providing for payment of interest on such principal amount equal to the interest on the Bonds and to pay other costs described in the Agreement; and

WHEREAS, it is anticipated that the Note will be secured by a Deed of Trust and Security Agreement (with Power of Sale) (the “Deed of Trust”) from the Borrower for the benefit of the Department and the Trustee; and

WHEREAS, the Department’s interest in the Loan, including the Note and the Deed of Trust, will be assigned to the Trustee pursuant to an Assignment of Deed of Trust Documents and an Assignment of Note (collectively, the “Assignments”) from the Department to the Trustee; and

WHEREAS, the Board has determined that the Department, the Borrower and Charter Municipal Mortgage Acceptance Company, a Delaware business trust (the “Purchaser”), will execute a Bond Purchase Agreement (the “Purchase Agreement”), with respect to the sale of the Bonds; and

WHEREAS, the Board has determined that the Department, the Trustee and the Borrower will execute a Regulatory and Land Use Restriction Agreement (the “Regulatory Agreement”), with respect to the Project which will be filed of record in the real property records of Dallas County; and

WHEREAS, the Board has determined that the Department, the Trustee and Wachovia Bank, National Association, a national banking association (the “Bank”), will enter into an Intercreditor Agreement (the “Intercreditor Agreement”) that will outline the interests of the various parties with respect to the Indenture, Loan Agreement, Deed of Trust and Regulatory Agreement; and

WHEREAS, the Board has examined proposed forms of the Indenture, the Loan Agreement, the Assignments, the Regulatory Agreement, the Purchase Agreement and the Intercreditor Agreement, all of which are attached to and comprise a part of this Resolution; has found the form and substance of such documents to be satisfactory and proper and the recitals contained therein to be true, correct and complete; and has determined, subject to the conditions set forth in Section 1.13, to authorize the issuance of the Bonds, the execution and delivery of such documents and the taking of such other actions as may be necessary or convenient in connection therewith; NOW, THEREFORE,

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

ARTICLE I

ISSUANCE OF BONDS; APPROVAL OF DOCUMENTS

Section 1.1--Issuance, Execution and Delivery of the Bonds. That the issuance of the Bonds is hereby authorized, under and in accordance with the conditions set forth herein and in the Indenture, and that, upon execution and delivery of the Indenture, the authorized representatives of the Department named in this Resolution each are authorized hereby to execute, attest and affix the Department's seal to the Bonds and to deliver the Bonds to the Attorney General of the State of Texas for approval, the Comptroller of Public Accounts of the State of Texas for registration and the Trustee for authentication (to the extent required in the Indenture), and thereafter to deliver the Bonds to the order of the initial purchaser thereof.

Section 1.2--Interest Rate, Principal Amount, Maturity and Price. That: (i) the interest rate on the Bonds shall be, from the date of issuance until paid on the maturity date or earlier redemption or acceleration thereof, 7.0%; (ii) the aggregate principal amount of the Bonds shall be $14,700,000; and (iii) the final maturity of the Bonds shall occur on September 1, 2042.

Section 1.3--Approval, Execution and Delivery of the Indenture. That the form and substance of the Indenture are hereby approved, and that the authorized representatives of the Department named in this Resolution each are authorized hereby to execute, attest and affix the Department's seal to the Indenture and to deliver the Indenture to the Trustee.

Section 1.4--Approval, Execution and Delivery of the Loan Agreement and Regulatory Agreement. That the form and substance of the Loan Agreement and the Regulatory Agreement are hereby approved, and that the authorized representatives of the Department named in this Resolution each are authorized hereby to execute, attest and affix the Department's seal to the Loan Agreement and the Regulatory Agreement and deliver the Loan Agreement and the Regulatory Agreement to the Borrower and the Trustee.

Section 1.5--Acceptance of the Deed of Trust and Note. That the Deed of Trust and the Note are hereby accepted by the Department.

Section 1.6--Approval, Execution and Delivery of the Assignments. That the form and substance of the Assignments are hereby approved and that the authorized representatives of the Department named in this Resolution each are hereby authorized to execute, attest and affix the Department's seal to the Assignments and to deliver the Assignments to the Trustee.

Section 1.7--Approval, Execution and Delivery of the Purchase Agreement. That the form and substance of the Purchase Agreement are hereby approved, and that the authorized representatives of the Department named in this Resolution each are authorized hereby to execute and deliver the Purchase Agreement to the Borrower and the Purchaser.

Section 1.8--Approval, Execution and Delivery of the Intercreditor Agreement. That the form and substance of the Intercreditor Agreement are hereby approved, and that the authorized representatives of the Department named in this Resolution each are authorized hereby to execute, attest and deliver the Intercreditor Agreement to the Trustee and the Bank.

Section 1.9--Taking of Any Action; Execution and Delivery of Other Documents. That the authorized representatives of the Department named in this Resolution each are authorized hereby to take any actions and to execute, attest and affix the Department's seal to, and to deliver to the appropriate parties, all such other agreements, commitments, assignments, bonds, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, notices of acceptance, written requests and other papers, whether or not mentioned herein, as they or any of them consider to be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 1.10--Exhibits Incorporated Herein. That all of the terms and provisions of each of the documents listed below as an exhibit shall be and are hereby incorporated into and made a part of this Resolution for all purposes:

Exhibit B - Indenture
Exhibit C - Loan Agreement
Exhibit D - Regulatory Agreement
Exhibit E - Assignments
Exhibit F - Purchase Agreement
Exhibit G - Intercreditor Agreement

Section 1.11--Power to Revise Form of Documents. That notwithstanding any other provision of this Resolution, the authorized representatives of the Department named in this Resolution each are authorized hereby to make or approve such revisions in the form of the documents attached hereto as exhibits as, in the judgment of such authorized representative or authorized representatives, and in the opinion of Vinson & Elkins L.L.P., Bond Counsel to the Department, may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution, such approval to be evidenced by the execution of such documents by the authorized representatives of the Department named in this Resolution.

Section 1.12--Authorized Representatives. That the following persons are each hereby named as authorized representatives of the Department for purposes of executing, attesting, affixing the Department's seal to, and delivering the documents and instruments and taking the other actions referred to in this Article I: Chairman or Vice Chairman of the Board, Executive Director of the Department, Acting Executive Director of the Department, Deputy Executive Director of the Department, Chief Financial Officer of the Department, Director of Bond Finance, Director of Multifamily Finance of the Department, the Secretary of the Board, and the Assistant Secretary of the Board.

Section 1.13--Conditions Precedent. That the issuance of the Bonds shall be further subject to, among other things: (a) the Project's meeting all underwriting criteria of the Department, to the satisfaction of the Executive Director or the Acting Executive Director; and (b) the execution by the Borrower and the Department of contractual arrangements satisfactory to the Department staff requiring that community service programs will be provided at the Project.

ARTICLE II

APPROVAL AND RATIFICATION OF CERTAIN ACTIONS

Section 2.1--Approval and Ratification of Application to Texas Bond Review Board. That the Board hereby ratifies and approves the submission of the application for approval of state bonds to the Texas Bond Review Board on behalf of the Department in connection with the issuance of the Bonds in accordance with Chapter 1231, Texas Government Code.

Section 2.2--Approval of Submission to the Attorney General of Texas. That the Board hereby authorizes, and approves the submission by the Department's Bond Counsel to the Attorney General of the State of Texas, for his approval, of a transcript of legal proceedings relating to the issuance, sale and delivery of the Bonds.

Section 2.3--Certification of the Minutes and Records. That the Secretary and the Assistant Secretary of the Board hereby are severally authorized to certify and authenticate minutes and other records on behalf of the Department for the Bonds and all other Department activities.

Section 2.4--Authority to Invest Proceeds. That the Department is authorized to invest and reinvest the proceeds of the Bonds and the fees and revenues to be received in connection with the financing of the Project in accordance with the Indenture and to enter into any agreements relating thereto only to the extent permitted by the Indenture.

Section 2.5--Approving Initial Rents. That the initial maximum rent charged by the Borrower for 100% of the units of the Project shall not exceed the amounts attached as Exhibit F to the Loan Agreement and shall be annually redetermined by the Issuer as stated in Section 2.3(s) of the Loan Agreement.

Section 2.6--Ratifying Other Actions. That all other actions taken by the Executive Director or Acting Executive Director of the Department and the Department staff in connection with the issuance of the Bonds and the financing of the Project are hereby ratified and confirmed.

ARTICLE III

CERTAIN FINDINGS AND DETERMINATIONS

Section 3.1--Findings of the Board. That in accordance with Section 2306.223 of the Act, and after the Department's consideration of the information with respect to the Project and the information with respect to the proposed financing of the Project by the Department, including but not limited to the information submitted by the Borrower, independent studies commissioned by the Department, recommendations of the Department staff and such other information as it deems relevant, the Board hereby finds:

(a) Need for Housing Development.

(i) that the Project is necessary to provide needed decent, safe, and sanitary housing at rentals or prices that individuals or families of low and very low income or families of moderate income can afford,

(ii) that the Borrower will supply well-planned and well-designed housing for individuals or families of low and very low income or families of moderate income,

(iii) that the Borrower is financially responsible,

(iv) that the financing of the Project is a public purpose and will provide a public benefit, and

(v) that the Project will be undertaken within the authority granted by the Act to the housing finance division and the Borrower.

(b) Findings with Respect to the Borrower.

(i) that the Borrower, by operating the Project in accordance with the requirements of the Regulatory Agreement, will comply with applicable local building requirements and will supply well-planned and well-designed housing for individuals or families of low and very low income or families of moderate income,

(ii) that the Borrower is financially responsible and has entered into a binding commitment to repay the loan made with the proceeds of the Bonds in accordance with its terms, and

(iii) that the Borrower is not, or will not enter into a contract for the Project with, a housing developer that: (A) is on the Department's debarred list, including any parts of that list that are derived from the debarred list of the United States Department of Housing and Urban Development; (B) breached a contract with a public agency; or (C) misrepresented to a subcontractor the extent to which the developer has benefited from contracts or financial assistance that has been awarded by a public agency, including the scope of the developer's participation in contracts with the agency and the amount of financial assistance awarded to the developer by the Department.

(c) Public Purpose and Benefits.

(i) that the Borrower has agreed to operate the Project in accordance with the Loan Agreement and the Regulatory Agreement, which require, among other things, that the Project be occupied by individuals and families of low and very low income and families of moderate income, and

(ii) that the issuance of the Bonds to finance the Project is undertaken within the authority conferred by the Act and will accomplish a valid public purpose and will provide a public benefit by assisting individuals and families of low and very low income and families of moderate income in the State of Texas to obtain decent, safe, and sanitary housing by financing the costs of the Project, thereby helping to maintain a fully adequate supply of sanitary and safe dwelling accommodations at rents that such individuals and families can afford.

Section 3.2--Determination of Eligible Tenants. That the Board has determined, to the extent permitted by law and after consideration of such evidence and factors as its deems relevant, the findings of the staff of the Department, the laws applicable to the Department and the provisions of the Act, that eligible tenants for the Project shall be (1) individuals and families of low and very low income, (2) persons with special needs, and (3) families of moderate income, with the income limits as set forth in the Loan Agreement and the Regulatory Agreement.

Section 3.3--Sufficiency of Mortgage Loan Interest Rate. That the Board hereby finds and determines that the interest rate on the loan established pursuant to the Loan Agreement will produce the amounts required, together with other available funds, to pay for the Department's costs of operation with respect to the Bonds and the Project and enable the Department to meet its covenants with and responsibilities to the holders of the Bonds.

Section 3.4--No Gain Allowed. That, in accordance with Section 2306.498 of the Act, no member of the Board or employee of the Department may purchase any Bond in the secondary open market for municipal securities.

Section 3.5--Waiver of Rules. That the Board hereby waives the rules contained in Sections 35 and 39, Title 10 of the Texas Administrative Code to the extent such rules are inconsistent with the terms of this Resolution and the bond documents authorized hereunder.

ARTICLE IV

GENERAL PROVISIONS

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

Section 4.2--Non-Governmental Obligations. That the Bonds shall not be and do not create or constitute in any way an obligation, a debt or a liability of the State of Texas or create or constitute a pledge, giving or lending of the faith or credit or taxing power of the State of Texas. Each Bond shall contain on its face a statement to the effect that the State of Texas is not obligated to pay the principal thereof or interest thereon and that neither the faith or credit nor the taxing power of the State of Texas is pledged, given or loaned to such payment.

Section 4.3--Effective Date. That this Resolution shall be in full force and effect from and upon its adoption.

Section 4.4--Notice of Meeting. Written notice of the date, hour and place of the meeting of the Board at which this Resolution was considered and of the subject of this Resolution was furnished to the Secretary of State and posted on the Internet for at least seven (7) days preceding the convening of such meeting; that during regular office hours a computer terminal located in a place convenient to the public in the office of the Secretary of State was provided such that the general public could view such posting; that such meeting was open to the public as required by law at all times during which this Resolution and the subject matter hereof was discussed, considered and formally acted upon, all as required by the Open Meetings Act, Chapter 551, Texas Government Code, as amended; and that written notice of the date, hour and place of the meeting of the Board and of the subject of this Resolution was published in the Texas Register at least seven (7) days preceding the convening of such meeting, as required by the Administrative Procedure and Texas Register Act, Chapters 2001 and 2002, Texas Government Code, as amended. Additionally, all of the materials in the possession of the Department relevant to the subject of this Resolution were sent to interested persons and organizations, posted on the Department's website, made available in hard-copy at the Department, and filed with the Secretary of State for publication by reference in the Texas Register not later than seven (7) days before the meeting of the Board as required by Section 2306.032, Texas Government Code, as amended.

PASSED AND APPROVED this 8th day of August, 2002.

By: ___________________________
Michael E. Jones, Chairman

Attest: ________________________
Delores Groneck, Secretary

[SEAL]

EXHIBIT A

DESCRIPTION OF PROJECT

Owner: Clarkridge Villas Housing, L.P., a Texas limited partnership

Project: The Project is a 256-unit multifamily facility to be known as Clarkridge Villas Apartments and to be located at the intersection of Clark Road and Clarkridge Drive in Dallas, Dallas County, Texas. The Project will include a total of 14 two- and three-story residential apartment buildings with a total of 262,000 net rentable square feet and an average unit size of 1,023 square feet. The unit mix will consist of:

152 two-bedroom/two-bath units
88 three-bedroom/two-bath units
16 four-bedroom/two-bath units

256 Total Units

Unit sizes will range from approximately 950 square feet to approximately 1,300 square feet.

Common areas will include a swimming pool, a children's play area, and a community building with kitchen facilities, laundry facilities, vending area, parlor with television and fireplace, fitness center and telephones. All ground units will be wheelchair accessible.

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS

HOUSING FINANCE DIVISION - MULTIFAMILY

REQUEST FOR BOARD APPROVAL OF MULTIFAMILY MORTGAGE REVENUE BOND ISSUANCE

2002 PRIVATE ACTIVITY MULTIFAMILY REVENUE BONDS

CLARKRIDGE VILLAS

$14,700,000 (*) Tax Exempt – Series 2002

TABLE OF EXHIBITS

(*) Preliminary - subject to change

507 Sabine, Suite #800
Austin, Texas 78701
(512) 475-2213/(512) 475-3362 [Fax]
Attn: Director of Multifamily Finance

FINANCE COMMITTEE AND BOARD APPROVAL MEMORANDUM

August 8, 2002

PROJECT: Clarkridge Villas, Dallas, Dallas County, Texas

PROGRAM: Texas Department of Housing and Community Affairs
2002 Multifamily Housing Revenue Bonds
(Reservation received 05/10/2002)

ACTION REQUESTED: Approve the issuance of multifamily housing revenue bonds (the "Bonds") by the Texas Department of Housing and Community Affairs (the "Department"). The Bonds will be issued under Chapter 1371, Texas Government Code, as amended, and under Chapter 2306, Texas Government Code, the Department's Enabling Act (the "Act"), which authorizes the Department to issue its revenue bonds for its public purposes as defined therein.

PURPOSE: The proceeds of the Bonds will be used to fund a mortgage loan (the "Mortgage Loan") to Clarkridge Villas Housing, L.P., a Texas limited partnership (the "Borrower"), to finance the acquisition, construction, equipping and long-term financing of a new, 256-unit multifamily residential rental project located at the north and west quadrants of the intersection of Clark Road and Clarkridge Drive in Dallas, Texas (the "Project"). The Bonds will be tax-exempt by virtue of the Project's qualifying as a residential rental project.

BOND AMOUNT: $14,700,000 Series 2002, Tax Exempt Bonds (*)

(*) The aggregate principal amount of the Bonds will be determined by the Department based on its rules, underwriting, the cost of construction of the Project and the amount for which Bond Counsel can deliver its Bond Opinion.

ANTICIPATED CLOSING DATE: The Department received a volume cap allocation for the Bonds on May 10, 2002 pursuant to the Texas Bond Review Board's 2002 Private Activity Bond Allocation Program. While the Department is required to deliver the Bonds on or before September 6, 2002, the anticipated closing date is September 4, 2002.

BORROWER: Clarkridge Villas Housing, L.P., a Texas limited partnership, the general partner of which is Clarkridge Villas Development, L.L.C., a Texas limited liability company, the manager of which is Brian Potashnik.

COMPLIANCE HISTORY: A recent Compliance Report reveals that the principal of the general partner above has a total of 15 properties being monitored by the Department. Seven of these properties have received a compliance score. All of the scores are below the material non-compliance threshold score of 30.

** Preliminary - Represents Maximum Amount*

ISSUANCE TEAM & ADVISORS:

Charter Municipal Mortgage Acceptance Company ("Bond Purchaser")
Wells Fargo Bank Texas, N.A., ("Trustee")
Vinson & Elkins L.L.P. ("Bond Counsel")
RBC Dain Rauscher Inc. ("Financial Advisor")
McCall, Parkhurst & Horton, L.L.P. (Disclosure Counsel)
Wachovia Bank, National Association ("Letter of Credit Provider")

BOND PURCHASER:

The tax-exempt bonds will be purchased by Charter Municipal Mortgage Acceptance Company. The purchaser and any subsequent purchaser will be required to sign the Department's standard traveling investor letter.

PROJECT DESCRIPTION:

Site: The proposed affordable housing community is a 256-unit multifamily residential rental development to be constructed on approximately 26 acres of land bisected by Clark Road located at the north and west corners of Clark Road and Clarkridge Drive in Dallas, Dallas County, Texas 75236. The site is currently undeveloped as is all land immediately adjacent to the site with the exception of a multi-family project under construction east of the subject property. Access will be provided from Clarkridge Drive. The proposed density is 9.85 dwelling units per acre. A neighborhood park is located directly west of the site on Camp Wisdom Road. Food stores and neighborhood convenience stores are located approximately 2 miles south of the site. There is also a nearby high school south of the site on Clark Road.

Buildings: The development will include a total of fourteen (14) two and three-story, wood-framed apartment buildings containing approximately 262,000 net rentable square feet and having a weighted average unit size of 1,023 square feet. The units will feature large baths, walk-in closets, energy efficient appliances, and private balconies or patios with additional storage. Colors will be chosen from a palette compatible with the surrounding architecture and scenery.

Units	Unit Type	Square Feet	Proposed Net Rent
152	2-Bedrooms/2-Baths	950	$687.00
88	3-Bedrooms/2-Baths	1,100	$793.00
16	4-Bedrooms/2-Baths	1,300	$877.00
256			

On-site Amenities: There will be a community building with laundry and maintenance facilities as well as picnic and open play areas interspersed throughout the site. The community building will be centrally located and contain approximately 5,000 square feet that will have office and leasing space as well as provide for community and educational meetings, hot lunch programs, social and fitness activities, health checks, and the arrangement of transportation services. The community building will contain the following spaces: manager and leasing offices, social service office, business center/community services room, great room/parlor with television and fireplace, residential kitchen, activity/fitness center, entry foyer, restrooms, telephone and vending area, laundry room, mechanical room, and maintenance shop.

SET-ASIDE UNITS: For Bond covenant purposes, at least forty (40%) of the residential units in the development are set aside for persons or families earning not more than sixty percent (60%) of the area median income. Five percent (5%) of the units in each project will be set aside on a priority basis for persons with special needs.

(The Borrower has elected to set aside 100% of the units for tax credit purposes.)

RENT CAPS: For Bond covenant purposes, the rental rates on 100% of the units will be restricted to a maximum rent that will not exceed thirty percent (30%) of the income, adjusted for family size, for fifty percent (50%) of the area median income.

TENANT SERVICES: Borrower has provided an un-executed Supportive Services Agreement with a qualified service provider for acceptable supportive services that would otherwise not be available for the tenants. The provision of these services will be included in the Regulatory and Land Use Restriction Agreement.

DEPARTMENT ORIGINATION FEES:

$1,000 Pre-Application Fee (Paid).
$10,000 Application Fee (Paid).
$73,500 Issuance Fee (.50% of the bond amount paid at closing).

DEPARTMENT ANNUAL FEES:

$14,700 Bond Administration (0.10% of first year bond amount)
$6,400 Compliance ($25/unit/year adjusted annually for CPI)

(Department's annual fees may be adjusted, including deferral, to accommodate underwriting criteria and Project cash flow. These fees will be subordinated to the Mortgage Loan and paid outside of the cash flows contemplated by the Indenture)

ASSET OVERSIGHT FEE: $6,400 to TSAHC or assigns ($25/unit/year adjusted annually for CPI)

TAX CREDITS: The Borrower has applied to the Department to receive a Determination Notice for the 4% tax credit that accompanies the private-activity bond allocation. The tax credit equates to approximately $708,902 per annum and represents equity for the transaction. To capitalize on the tax credit, the Borrower will sell a substantial portion of its limited partnership interests, typically 99%, to raise equity funds for the project. Although a tax credit sale has not been finalized, the Borrower anticipates raising approximately $5,813,000 of equity for the transaction.

BOND STRUCTURE: The Bonds are proposed to be issued under a Trust Indenture (the

"Trust Indenture") that will describe the fundamental structure of the Bonds, permitted uses of Bond proceeds and procedures for the administration, investment and disbursement of Bond proceeds and program revenues.

The Bonds will be privately placed with the Bond Purchaser, and will mature over a term of 40 years. During the construction and lease-up period, the Bonds will pay as to interest only. The Bonds will be secured by a first lien on the Project.

During the Construction Phase, the Letter of Credit Provider will provide a Letter of Credit to the benefit of the Bond Purchaser to secure the Borrower's reimbursement obligations during the construction phase. The Borrower's reimbursement obligations to the Letter of Credit Provider will be secured by a second lien mortgage on the property and certain related obligations to the Trustee on behalf of the Bond Purchaser. Upon satisfaction of certain conversion requirements, the mortgage loan will convert from the construction phase to the permanent phase. The Bond Purchaser will return the Letter of Credit to the Letter of Credit Provider upon completion of construction.

The Bonds are mortgage revenue bonds and, as such, create no potential liability for the general revenue fund or any other state fund. The Act provides that the Department's revenue bonds are solely obligations of the Department, and do not create an obligation, debt, or liability of the State of Texas or a pledge or loan of the faith, credit or taxing power of the State of Texas. The only funds pledged by the Department to the payment of the Bonds are the revenues from the project financed through the issuance of the Bonds.

BOND INTEREST RATES: The interest rate on the Bonds will be 7.00%.

CREDIT ENHANCEMENT: The bonds will be unrated with no credit enhancement.

FORM OF BONDS: The Bonds will be issued in book entry (typewritten or lithographical) form and in denominations of $100,000 and any integral multiple of $1.00 in excess of $100,000.

MATURITY/SOURCES & METHODS OF REPAYMENT: The Bonds will bear interest at a fixed rate until maturity and will be payable monthly. During the construction phase, the Bonds will be payable as to interest only, from an initial deposit at closing to the Capitalized Interest Account of the Construction Fund, earnings derived from amounts held on deposit in an investment agreement, if any, and other funds deposited to the Revenue Fund specifically for capitalized interest during a portion of the construction phase. After conversion to the permanent phase, the Bonds will be paid from revenues earned from the Mortgage Loan.

TERMS OF THE MORTGAGE LOAN:

The Mortgage Loan is a non-recourse obligation of the Borrower (which means, subject to certain exceptions, the Borrower is not liable for the payment thereof beyond the amount realized from the pledged security) providing for monthly payments of interest during the construction phase and level monthly payments of principal and interest upon conversion to the permanent phase. A Deed of Trust and related documents convey the Borrower's interest in the project to secure the payment of the Mortgage Loan.

REDEMPTION OF BONDS PRIOR TO MATURITY:

The Bonds may be subject to redemption under any of the following circumstances:

Mandatory Redemption:

(a) Under certain circumstances, the Bonds may be subject to mandatory redemption in whole or in part, in the event that: (1) the project has not achieved Stabilization within twenty-four (24) months after the earlier of (A) the date the Project achieves Completion or (B) the Completion Date; (2) damage to or destruction or condemnation of the Project to the extent that Insurance Proceeds or a Condemnation Award in connection with the Project are deposited in the Revenue Fund and are not to be used to repair or restore the Project.

(b) After the project achieves completion, a portion of the Bonds is subject to mandatory redemption from proceeds remaining in the Construction Fund.

(c) The Bonds are subject to a mandatory redemption in part according to the dates and amounts indicated on the Mandatory Sinking Fund Schedule.

(d) The Bonds are subject to redemption, in whole or in part, following the occurrence and continuance of an Event of Default under the Facility Agreement.

(e) The Bonds are subject to mandatory redemption upon the determination of Taxability if the owner of a Bond presents his Bond or Bonds for redemption, on any date selected by such owner, specified in a notice in writing delivered to the Borrower and the Issuer at least thirty (30) days prior to such date.

(f) The Bonds are subject to mandatory redemption, in whole, if the owner of all of the Bonds, on any interest payment date on or after August 1, 2019, if the owners of all Bonds elect redemption and provide a 180 day written notice to the Issuer, Trustee and Borrower.

Optional Redemption:

(a) The Bonds are subject to redemption, in whole, at the option of the Borrower, at any time on or after August 1, 2019, from the proceeds of an optional prepayment of the Loan by the Borrower.

FUNDS AND ACCOUNTS/FUNDS ADMINISTRATION: Under the Trust Indenture, the Trustee will serve as registrar and authenticating agent for the Bonds and as trustee of certain of the accounts created under the Trust Indenture (described below). The Trustee will also have responsibility for a number of loan administration and monitoring functions.

Moneys on deposit in Trust Indenture accounts are required to be invested in eligible investments prescribed in the Trust Indenture until needed for the purposes for which they are held.

The Trust Indenture will create up to five (5) accounts with the following general purposes:

1. Construction Fund – On the closing date, the proceeds of the Bonds shall be deposited in the Construction Fund which may consist of five (5) sub-accounts as follows:

   (a) Loan Account – represents a portion of the proceeds of the sale of the Bonds. Bond proceeds in this sub-account are used to pay for Qualified Project Costs;

   (b) Costs of Issuance Account – represents a portion of the initial equity contribution of the Borrower. Amounts for the payments of the costs of issuance are deposited and disbursed from this sub-account;

   (c) Equity Account – represents the balance of the initial equity contribution of the Borrower;

   (d) Capitalized Interest Account – represents a portion of the initial equity contribution of the Borrower. Amounts may be transferred to the Revenue Fund from this sub-account in order to pay interest on the Bonds until the Completion Date of the Project; and,

   (e) Insurance and Condemnation Proceeds Account - represents Condemnation Award and Insurance Proceeds allocated to restore the Project pursuant to the Loan Documents.

2. Replacement Reserve Fund – Amounts which are held in reserve to cover replacement costs and ongoing maintenance to the Project.

3. Tax and Insurance Fund – The Borrower must deposit certain moneys in the Tax and Insurance Fund to be applied to the

payment of real estate taxes and insurance premiums.

4. Revenue Fund – Revenues from the Project are deposited to the Revenue Fund and disbursed to sub-accounts for payment to the various funds according to the order designated under the Trust Indenture: (1) to the payment of interest on the Bonds; (2) to the payment of the principal or redemption price, including premium, if any, on the Bonds; (3) to the payment of any required deposit in the Tax and Insurance Fund; (4) to the payment of any required deposit in the Replacement Reserve Fund; (5) to the payment of the fees of the Trustee, the Servicer, the Issuer and the Asset Oversight Agent, if any, due and owing under the Loan Documents and the Indenture; (6) to the payment of any other amounts then due and owing under the Loan Documents; and (7) the remaining balance to the Borrower.

5. Rebate Fund – Fund into which certain investment earnings are transferred that are required to be rebated periodically to the federal government to preserve the tax-exempt status of the Bonds. Amounts in this fund are held apart from the trust estate and are not available to pay debt service on the Bonds.

Essentially, all of the bond proceeds will be deposited into the Construction Fund and disbursed therefrom during the Construction Phase to finance the construction of the Project. Although costs of issuance of up to two percent (2%) of the principal amount of the Bonds may be paid from Bond proceeds, it is currently expected that all costs of issuance will be paid by an equity contribution of the Borrower.

DEPARTMENT ADVISORS:

The following advisors have been selected by the Department to perform the indicated tasks in connection with the issuance of the Bonds.

1. Bond Counsel - Vinson & Elkins L.L.P. ("V&E") was most recently selected to serve as the Department's bond counsel through a request for proposals ("RFP") issued by the Department in August 17, 2001. V&E has served in such capacity for all Department or Agency bond financings since 1980, when the firm was selected initially (also through an RFP process) to act as Agency bond counsel.

2. Bond Trustee - Wells Fargo Bank Texas, N.A. (formerly Norwest Bank, N.A.) was selected as bond trustee by the Department pursuant to a request for proposals process in June 1996.

3. Financial Advisor – RBC Dain Rauscher Inc., formerly Rauscher Pierce Refsnes, was selected by the Department as the Department's financial advisor through a request for proposals process in September 1991.

4. Disclosure Counsel – McCall, Parkhurst & Horton, L.L.P. was selected by the Department as Disclosure Counsel through a request for proposals process in 1998.

ATTORNEY GENERAL REVIEW OF BONDS:

No preliminary written review of the Bonds by the Attorney General of Texas has yet been made. Department bonds, however, are subject to the approval of the Attorney General, and transcripts of proceedings with respect to the Bonds will be submitted for review and approval prior to the issuance of the Bonds.

Clarkridge Villas

Estimated Sources & Uses of Funds

Sources of Funds	
Bond Proceeds, Series 2002 Bonds (Tax-Exempt)	$ 14,700,000
LIHTC Equity	5,813,000
Interest Income	147,681
Soft Financing	-
Deferred Developer's Fee	1,909,572
Total Sources	$ 22,570,253

Uses of Funds	
Deposit to Mortgage Loan Fund (Construction funds)	$ 17,732,994
Capitalized Interest	1,519,143
Marketing	38,900
Developer's Overhead & Fee	2,519,620
Costs of Issuance	
Direct Bond Related	257,650
Bond Purchaser Costs	194,500
Other Transaction Costs	157,446
Real Estate Closing Costs	150,000
Total Uses	$ 22,570,253

Estimated Costs of Issuance of the Bonds

Direct Bond Related	
TDHCA Issuance Fee (.50% of Issuance)	$ 73,500
TDHCA Application Fee	11,000
TDHCA Bond Compliance Fee ($25 per unit)	6,400
TDHCA Bond Counsel and Direct Expenses (Note 1)	65,000
TDHCA Financial Advisor and Direct Expenses	30,000
Disclosure Counsel ($5k Pub. Offered, $2.5k Priv. Placed. See Note 1)	2,500
Borrower's Bond Counsel	50,000
Placement Agent	-
Trustee's Fees (Note 1)	7,500
Trustee's Counsel (Note 1)	5,000
Attorney General Transcript Fee ($1,250 per series, max. of 2 series)	1,250
Texas Bond Review Board Application Fee	500
Texas Bond Review Board Issuance Fee (.025% of Reservation)	3,750
TEFRA Hearing Publication Expenses	1,250
Total Direct Bond Related	$ 257,650

Bond Purchase Costs	
Loan Origination Fee (Charter Mac @1%)	147,000
Due Diligence Cost (Charter Mac)	12,500
Bond Counsel & Expenses (Charter Mac)	35,000
Total	$ 194,500

Clarkridge Villas

Other Transaction Costs		
Letter of Credit Origination Fee (0.75% of Issuance)		110,250
Letter of Credit Legal Fees		15,000
Tax Credit Determination Fee (4% annual tax cr.)		28,356
Tax Credit Applicantion Fee ($15/u)		3,840
Total	$	157,446

Real Estate Closing Costs		
Title & Recording (Const.& Perm.)		100,000
Property Taxes		50,000
Total Real Estate Costs	$	150,000
Estimated Total Costs of Issuance	$	759,596

Costs of issuance of up to two percent (2%) of the principal amount of the Bonds may be paid from Bond proceeds. Costs of issuance in excess of such two percent must be paid by an equity contribution of the Borrower.

Note 1: These estimates do not include direct, out-of-pocket expenses (i.e. travel). Actual Bond Counsel and Disclosure Counsel are based on an hourly rate and the above estimate does not include on-going administrative fees.

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTI FAMILY CREDIT UNDERWRITING ANALYSIS

DATE: July 30, 2002 **PROGRAM:** Multifamily Bonds 4% LIHTC **FILE NUMBER:** 2002-053 02417

DEVELOPMENT NAME

Clarkridge Villas Apartments

APPLICANT

Name: Clarkridge Villas Housing, L.P. **Type:** ☒ For Profit ☐ Non-Profit ☐ Municipal ☐ Other

Address: 5910 North Central Expressway, Suite 1145 **City:** Dallas **State:** TX

Zip: 75206 **Contact:** Brian Potashnik **Phone:** (214) 891-1402 **Fax:** (214) 987-9294

PRINCIPALS of the APPLICANT

Name	(%)	Title
Clarkridge Villas Development, LLC	.01	Managing General Partner
Related Capital Company	99.99	Initial Limited Partner
Brian Potashnik	N/A	100% owner of MGP
Southwest Housing Development, Inc.	N/A	Developer

GENERAL PARTNER

Name: Clarkridge Villas Development, LLC **Type:** ☒ For Profit ☐ Non-Profit ☐ Municipal ☐ Other

Address: 5910 North Central Expressway, Suite 1145 **City:** Dallas **State:** TX

Zip: 75206 **Contact:** Brian Potashnik **Phone:** (214) 891-1402 **Fax:** (214) 987-9294

PROPERTY LOCATION

Location: NW & SW corners of intersection of Clark & Clarkridge Roads ☐ **QCT** ☐ **DDA**

City: Dallas **County:** Dallas **Zip:** 75236

REQUEST

	Amount	Interest Rate	Amortization	Term
1.	$14,700,000	7%	40 yrs	40 yrs
2.	$710,346	N/A	N/A	N/A

Other Requested Terms:
1. Tax-exempt private activity mortgage revenue bonds
2. Annual ten-year allocation of low-income housing tax credits

Proposed Use of Funds: New construction **Set-Aside:** ☐ General ☐ Rural ☐ Non-Profit

SITE DESCRIPTION

Size: 25.852 acres 1,126,113 square feet **Zoning/ Permitted Uses:** MF-1, Multifamily District

Flood Zone Designation: Zone X **Status of Off-Sites:** Partially improved

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
CREDIT UNDERWRITING ANALYSIS

DESCRIPTION of IMPROVEMENTS

Total Units: 256 **# Rental Buildings** 14 **# Common Area Bldngs** 1 **# of Floors** 3 **Age:** 0 yrs **Vacant:** N/A at / /

Number	Bedrooms	Bathroom	Size in SF
152	2	2	950
88	3	2	1,100
16	4	2	1,300

Net Rentable SF: 262,000 **Av Un SF:** 1,023 **Common Area SF:** 5,444 **Gross Bldng SF** 267,444

Property Type: ☒ Multifamily ☐ SFR Rental ☐ Elderly ☐ Mixed Income ☐ Special Use

CONSTRUCTION SPECIFICATIONS

STRUCTURAL MATERIALS

Wood frame on a post-tensioned concrete slab, 75% stucco/20% masonry veneer/5% cement siding exterior wall covering with wood trim, drywall interior wall surfaces, composite shingle roofing

APPLIANCES AND INTERIOR FEATURES

Carpeting & vinyl flooring, range & oven, hood & fan, garbage disposal, dishwasher, refrigerator, fiberglass tub/shower, ceiling fans, laminated counter tops, individual water heaters

ON-SITE AMENITIES

5,444-SF community building with activity room, management offices, maintenance & laundry facilities, kitchen, restrooms, computer/business center, swimming pool, equipped children's play area, perimeter fencing with limited access gate

Uncovered Parking: 512 spaces **Carports:** 0 spaces **Garages:** 0 spaces

OTHER SOURCES of FUNDS

INTERIM CONSTRUCTION or GAP FINANCING

Source: Charter Municipal Mortgage Acceptance Company **Contact:** Marnie Miller

Principal Amount: $14,700,000 **Interest Rate:** 7%

Additional Information: Tax-exempt bond proceeds, interest-only payments

Amortization: N/A yrs **Term:** 2 yrs **Commitment:** ☐ None ☐ Firm ☒ Conditional

LONG TERM/PERMANENT FINANCING

Source: Charter Municipal Mortgage Acceptance Company **Contact:** Marnie Miller

Principal Amount: $14,700,000 **Interest Rate:** 7%

Additional Information: Tax-exempt bond proceeds

Amortization: 40 yrs **Term:** 40 yrs **Commitment:** ☐ None ☐ Firm ☒ Conditional

Annual Payment: $1,099,859 **Lien Priority:** 1st **Commitment Date** 7/ 19/ 2002

LIHTC SYNDICATION

Source: Related Capital Company **Contact:** Justin Ginsberg

Address: 625 Madison Avenue **City:** New York

State: NY **Zip:** 10022 **Phone:** (212) 521-6369 **Fax:** (212) 751-3550

Net Proceeds: $5,824,255 **Net Syndication Rate (per $1.00 of 10-yr LIHTC)** 82¢

Commitment ☐ None ☐ Firm ☒ Conditional **Date:** 4/ 2/ 2002

Additional Information:

APPLICANT EQUITY

Amount: $1,663,229 **Source:** Deferred developer fee

VALUATION INFORMATION

APPRAISED VALUE

Land Only: $2,000,000 **Date of Valuation:** 6/ 15/ 2002

Proposed Building: as completed $11,700,000 **Date of Valuation:** 6/ 15/ 2002

Appraiser: Butler-Burgher, LLC **City:** Dallas **Phone:** (214) 739-0700

ASSESSED VALUE

Land: $585,580 **Assessment for the Year of:** 2002

Building: N/A **Valuation by:** Dallas Central Appraisal District

Total Assessed Value: $585,580

EVIDENCE of SITE or PROPERTY CONTROL

Type of Site Control: Earnest money contract

Contract Expiration Date: 7/ 31/ 2002 **Anticipated Closing Date:** 7/ 31/ 2002

Acquisition Cost: $ 2,000,000 **Other Terms/Conditions:** Closing extendable to 8/30/2002

Seller: Quorum Equities Group. LLC **Related to Development Team Member:** No

REVIEW of PREVIOUS UNDERWRITING REPORTS

No previous reports.

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Description: Clarkridge Villas Apartments is a proposed new construction development of 256 units of affordable housing located in southwest Dallas. The development is comprised of 14 residential buildings as follows:

- Eleven Building Type A with 12 two-bedroom units and eight three-bedroom units;
- One Building Type B with 20 two-bedroom units; and
- Two Building Type C with eight four-bedroom units.

Based on the site plan the apartment buildings are distributed in two groups on either side of Clark Road, four on the north side and ten on the south side. The community building and swimming pool are to be located near the entrance to the southern portion of the site, and there is to be a mail kiosk on each portion. The 5,444-square foot community building plan includes the management offices, a 1,000-square foot activity room, business center, kitchen, restrooms, and laundry and maintenance facilities. The development has a relatively high proportion (41%) of three- and four-bedroom units.

Supportive Services: The Applicant has contracted with Housing Services of Texas, Inc. to provide the following supportive services to tenants: after school activities, adult education, health screenings and immunizations, family counseling, computer education, emergency assistance and relief, community outreach, vocational guidance, social/recreational activities, and state workforce development and welfare program assistance. These services will be provided at no cost to tenants. The contract requires the Applicant to pay $1,500 per month for these support services.

Schedule: The Applicant anticipates construction to begin in October of 2002, to be completed and placed in service in October of 2004, and to be substantially leased-up in April of 2005.

POPULATIONS TARGETED

Income Set-Aside: The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside. Although this allows for prospective tenants to be qualified at the 60% of AMGI or less income level, as a Priority 1 private activity bond lottery project 100% of the units must have rents restricted to be affordable to households at or below 50% of AMGI.

Special Needs Set-Asides: Although the application did not indicate any plans to reserve units exclusively for special needs tenants, the Applicant certified that the development would comply with the Department's accessibility standards.

Compliance Period Extension: The Applicant has not elected to extend the compliance period.

MARKET HIGHLIGHTS

A market feasibility study dated June 20, 2002 was prepared by Butler-Burgher, LLC and highlighted the following findings:

Definition of Market/Submarket: "…the neighborhood and primary market area is defined as the area within a five-mile radius of the intersection of Clarkridge Road and N. Clark Road in southwest Dallas." (p. 63)

Total Local/Submarket Demand for Rental Units: "Existing multifamily housing within the neighborhood is insufficient to meet the demand for affordable housing. The area within the five-mile radius…has added approximately 2,116 LIHTC affordable multifamily housing units since 1990, and these affordable properties are at full occupancy with waiting lists. Rent comparables average 97% (turnover vacancy) and have waiting lists for most unit types, especially larger, family units." (p. 2)

ANNUAL INCOME-ELIGIBLE SUBMARKET DEMAND SUMMARY		
Type of Demand	**Units of Demand**	**% of Total Demand**
Household Growth	102	3%
Resident Turnover	4,409	98%
TOTAL ANNUAL DEMAND	**4,512**	**100%**

Ref: p. 73

Capture Rate: The analyst calculated a concentration capture rate of 5.67%. (p. 73)

Local Housing Authority Waiting List Information: "The available inventory of public and unsubsidized housing is fully occupied and there is a waiting list including over 5,000 households for Section 8 vouchers as well as low-income housing…" (p. 68)

Market Rent Comparables: The market analyst surveyed seven comparable apartment projects totaling 1,792 units in the market area. "The mix of two-, three-, and four-bedroom units is recommended for family living, given the long waiting period for public housing in the City of Dallas, and the virtual lack of large low-income family housing in the market. The unit and project amenities will be similar to existing units in the five-mile radius and competitive to the direct competition in the adjoining submarkets…The rental rates are reasonable and attainable, considering the quality and location of the proposed property." (p. 2)

RENT ANALYSIS (net tenant-paid rents)					
Unit Type (% AMI)	**Proposed**	**Program Max**	**Differential**	**Market**	**Differential**
2-Bedroom (50%)	$687	$687	$0	$850	-$163
3-Bedroom (50%)	$793	$793	$0	$975	-$182
4-Bedroom (50%)	$877	$877	$0	$1,100	-$223

Ref: p. 107
(NOTE: Differentials are amount of difference between proposed rents and program limits and average market rents, e.g., proposed rent =$500, program max =$600, differential = -$100)

Submarket Vacancy Rates: "M/PF reflects 93.8% overall occupancy for 8,711 units in first quarter 2002 in the southwest Dallas submarket." (p. 75)
Absorption Projections: "The proposed 256 units should be absorbed to a stabilized 95% encumbered occupancy in 13 months from completion, based on an absorption rate of 20 units/month" (p. 3)
Known Planned Development: "We are not aware of any planned, approved, or affordable units under construction within the five-mile radius other than the subject." (p. 74) None of the anticipated 2002 9% LIHTC allocations are within the primary market area.

The Underwriter found the market study to be acceptable.

SITE and NEIGHBORHOOD CHARACTERISTICS

Location: The site consists of two separate, irregularly-shaped parcels located on the northwest and southwest corners of the intersection of Clark Road and Clarkridge Drive in southwest Dallas, approximately 12 miles from the central business district.
Population: The estimated 2001 population of the primary market area was 149,152 and is expected to increase by 6.7% to approximately 159,182 by 2006. Within the primary market area there were estimated to be 52,567 households in 2001.
Adjacent Land Uses: Land uses in the overall area in which the site is located are predominantly undeveloped land, with some commercial uses and single- and multifamily housing. Adjacent land uses include:

- **North:** Vacant land with Interstate Highway 20 beyond.
- **South:** Camp Wisdom Road with multifamily residential under construction beyond
- **East:** Clarkridge Drive with vacant land beyond
- **West:** An auto body repair business with single-family residential beyond

Site Access: Access to the property is from the southeast or northwest along Clark Road or the northeast or southwest from Clarkridge Drive. The development is to have three entries from Clarkridge Drive and one from Clark Road. Although Interstate Highway 20 runs adjacent to the site, access is three miles east. Clark Road becomes Spur 408 just north of the site, which provides connections to all other major roads serving the Metroplex area.
Public Transportation: Public transportation to the area is provided by Dallas Area Rapid Transit system busses which run along Clark Road.
Shopping & Services: The site is within three miles of shopping centers and employment centers, along with a variety of other retail establishments and restaurants. Schools, churches, and hospitals and health care facilities are located within a short driving distance from the site.
Site Inspection Findings: TDHCA staff performed a site inspection on July 23, 2002 and found the location to be acceptable for the proposed development. The inspector noted the neighborhood is clean and secluded, although the divided site could be a potential problem for children.

HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)

A Phase I Environmental Site Assessment report dated June 20, 2002 was prepared by Butler Burgher, Inc. and contained the following findings and recommendations: "In the professional opinion of Butler Burgher, an appropriate level of inquiry has been made into the previous ownership and uses of the property consistent with good commercial and customary practice in an effort to minimize liability, and no evidence or indication of recognized environmental conditions has been revealed. No further investigation/assessment is warranted at this time pertain in to the Phase I ESA." (p. 12)

OPERATING PROFORMA ANALYSIS

Income: The Applicant's rent projections are the maximum rents allowed under LIHTC guidelines, and are achievable according to the market analyst. The Applicant stated that the development will supply hot water from a central boiler system, and although rents and expenses were calculated accordingly the unit floor plans all show individual water heaters and the building floor plans do not show boilers. Therefore, it is a condition of this report that the Applicant provide architectural drawings evidencing the proposed centralized hot water system, or a revised rent schedule and 30-year operating proforma if the boiler system will not be used. The Applicant's estimate of vacancy and collection losses is in line with TDHCA underwriting guidelines, but the secondary income estimate of $20/unit/month is $5 above the TDHCA guideline, which resulted in the Applicant's effective gross income estimate exceeding the Underwriter's by $14,208.

Expenses: The Applicant's total expense estimate of $3,476 per unit is 13% lower than the Underwriter's adjusted TDHCA database-derived estimate of $4,002 per unit for comparably-sized developments. (It is noteworthy that the market analyst's estimate is higher still at $4,101 per unit.) The Applicant's budget shows several line item estimates that deviate significantly when compared to the database averages, particularly payroll ($86K lower), utilities ($9K higher), and property tax ($66K lower).

Conclusion: Due primarily to the difference in estimated operating expenses, the Underwriter's estimated bonds-only debt coverage ratio (DCR) of 1.04 is less than the program minimum standard of 1.10. Therefore, the maximum debt service for this project should be limited to $1,040,374 by a reduction of the loan amount and/or a reduction in the interest rate and/or an extension of the term.

CONSTRUCTION COST ESTIMATE EVALUATION

Land Value: The site cost of $2M ($1.78/SF or $77.4K/acre), although 342% of the tax assessed value, is substantiated by the appraisal submitted and is assumed to be reasonable since the acquisition is an arm's-length transaction.

Sitework Cost: The Applicant's claimed sitework costs of $6,137 per unit are considered reasonable compared to historical sitework costs for multifamily projects.

Direct Construction Cost: The Applicant's direct construction cost estimate is $284K or 2.7% higher than the Underwriter's Marshall & Swift *Residential Cost Handbook*-derived estimate, and is therefore regarded as reasonable as submitted.

Fees: The Applicant's general requirements, contractor's general and administrative fees, and contractor's profit exceed the 6%, 2%, and 6% maximums allowed by LIHTC guidelines based on their own construction costs. The Applicant's contingency allowance also exceeds the 5% TDHCA maximum guideline. Consequently the Applicant's eligible fees in these areas have been reduced with the overage effectively moved to ineligible costs. The Applicant's developer's fees are within the maximums allowed by TDHCA guidelines, but with the reduction in eligible basis due to the misapplication of eligible basis discussed above now exceed the maximum by $15,876.

Conclusion: The Applicant's total development cost estimate is within 5% of the Underwriter's verifiable estimate and is therefore generally acceptable. Since the Underwriter has been able to verify the Applicant's projected costs to a reasonable margin, the Applicant's total cost breakdown, as adjusted, is used to calculate eligible basis and determine the LIHTC allocation. As a result an eligible basis of $19,195,371 is used to determine a credit allocation of $704,470 from this method. The resulting syndication proceeds will be used to compare to the gap of need using the Applicant's costs to determine the recommended credit amount.

FINANCING STRUCTURE ANALYSIS

The Applicant intends to finance the development with four types of financing from four sources: a conventional interim to permanent loan based on tax-exempt bond proceeds, syndicated LIHTC equity, and deferred contractor's and developer's fees.

Bonds: The bonds are tax-exempt private activity mortgage revenue bonds to be issued by TDHCA and placed privately with Charter Municipal Mortgage Acceptance Company (Charter MAC). As of the date of the underwriting analysis, there is expected to be $14,700,000 in tax-exempt bonds at an interest rate of 7%. The bonds will be amortized over 40 years.

Conventional Interim to Permanent Loan: There is a commitment for interim to permanent financing through Charter Mortgage Acceptance Company (Charter MAC) in the amount of $14,700,000 during both the interim period and at conversion to permanent. The commitment letter indicated a term of 24 months for the construction portion and 40 years for the permanent at a fixed interest rate of 7%.

LIHTC Syndication: Related Capital Company has offered terms for syndication of the tax credits. The commitment letter shows net proceeds are anticipated to be $6,037,000 based an allocation of $736,295 and a syndication factor of 82%. The funds would be disbursed in a five-phased pay-in schedule:

1. 20% upon admission to the partnership;
2. 10% upon completion of 50% of construction;
3. 30% upon completion of 75% of construction;
4. 20% upon completion of construction;
5. 20% upon the latest to occur of: final closing of the permanent mortgage loan, receipt of IRS Forms 8609, or achievement of both 93% occupancy and a DCR of 1.15 for three consecutive months.

Deferred Developer's Fees: The Applicant's proposed deferred developer's fees of $1,614,228 amount to 64% of the total fees.

Financing Conclusions: Based on the Applicant's adjusted estimate of eligible basis, the LIHTC allocation should not exceed $704,470 annually for ten years, resulting in syndication proceeds of approximately $5,776,063. Due to the difference in estimated net operating income, the Underwriter's bonds-only debt coverage ratio (DCR) of 1.04 is less than the program minimum standard of 1.10. This suggests that the requested bond amount should be adjusted downward to allow for a debt service amount of no more than $1,040,374 annually. It is anticipated the bond amount will be reduced by a mandatory redemption at conversion to permanent. To compensate for the reduction in loan funds the Applicant's deferred developer fee will be increased to $2,503,744, which amounts to 98% of the total fee and which should be repayable within 15 years. Should the Applicant's final direct construction cost exceed the cost estimate used to determine credits in this analysis, the related General Contractor's fees should be available to fund those development cost overruns.

REVIEW of ARCHITECTURAL DESIGN

The units are in two- and three-story walk-up structures with mixed stucco/masonry veneer/cement siding exterior finish and hipped and gabled roofs The exterior elevations are attractive and typical of current affordable and conventional apartment design. All units are of average size for market rate and LIHTC units, and have covered patios or balconies with small outdoor storage closets. Each unit has a semi-private exterior entry off an interior breezeway that is shared with three other units.

IDENTITIES of INTEREST

The Applicant, General Contractor, and Property Manager are related entities. The same firm provided both the market study and Phase I ESA. These are common identities of interest for LIHTC-funded developments.

APPLICANT'S/PRINCIPALS' FINANCIAL HIGHLIGHTS, BACKGROUND, and EXPERIENCE

Financial Highlights:

- The Applicant and General Partner are single-purpose entities created for the purpose of receiving assistance from TDHCA and therefore have no material financial statements.
- Brian Potashnik, 100% owner of the general partner, submitted an interim financial statement.

Background & Experience:

- The Applicant and General Partner are new entities formed for the purpose of developing the project.
- Brian Potashnik, 100% owner of the general partner, has indicated participation in 16 mortgage revenue bond and/or LIHTC-funded developments totaling 3,220 since 1994.

SUMMARY OF SALIENT RISKS AND ISSUES

- The Applicant's estimated operating expenses and operating proforma are more than 5% outside of the Underwriter's verifiable ranges.
- The recommended amount of deferred developer fee cannot be repaid within ten years, and any amount unpaid past ten years would be removed from eligible basis.
- The significant financing structure changes being proposed have not been reviewed/accepted by the Applicant, lenders, and syndicators, and acceptable alternative structures may exist.

RECOMMENDATION

☑ RECOMMEND APPROVAL OF AN LIHTC ALLOCATION NOT TO EXCEED $704,470 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

☑ RECOMMEND ISSUANCE OF TAX-EXEMPT BONDS AS REQUESTED IN THE AMOUNT OF $14,700,000, SUBJECT TO THE ANTICIPATED MANDATORY REDEMPTION OF $748,685 AT CONVERSION TO PERMANENT, BASED ON A MAXIMUM ANTICIPATED BONDS-ONLY DEBT SERVICE AMOUNT OF $1,040,374. THE BONDS WILL BE FULLY AMORTIZED OVER 40 YEARS. THE INTEREST RATE OF THE BONDS HAS BEEN UNDERWRITTEN AT 7%.

CONDITIONS

1. Receipt, review, and acceptance of architectural drawings evidencing the proposed centralized hot water system, or a revised rent schedule and 30-year operating proforma if this system will not be used.

Credit Underwriting Supervisor: ______________________ **Date:** July 30, 2002
Jim Anderson

Director of Credit Underwriting: ______________________ **Date:** July 30, 2002
Tom Gouris

MULTIFAMILY FINANCIAL ASSISTANCE REQUEST: Comparative Analysis

MFB #2002-053, 4% LIHTC #02417, Clarkridge Villas Apartments

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Net Rent per Unit	Rent per Month	Rent per SF	Tnt Pd Util	Wtr, Swr, Trsh
TC (50%)	152	2	2	950	$748	$687	$104,424	$0.72	$61.00	$58.00
TC (50%)	88	3	2	1,100	864	793	69,784	0.72	71.00	67.00
TC (50%)	16	4	2	1,300	963	877	14,032	0.67	86.00	83.00
TOTAL:	256		AVERAGE:	1,023	$801	$735	$188,240	$0.72	$66.00	$62.66

INCOME	Total Net Rentable Sq Ft: 262,000				TDHCA	APPLICANT	IFF		
POTENTIAL GROSS RENT					$2,258,880	$2,258,880			
Secondary Income			Per Unit Per Month:	$15.00	46,080	61,440	$20.00	Per Unit Per Month	
Other Support Income:					0	0			
POTENTIAL GROSS INCOME					$2,304,960	$2,320,320			
Vacancy & Collection Loss		% of Potential Gross Income:		-7.50%	(172,872)	(174,024)	-7.50%	of Potential Gross Rent	
Employee or Other Non-Rental Units or Concessions					0	0			
EFFECTIVE GROSS INCOME					$2,132,088	$2,146,296			
EXPENSES		% OF EGI	PER UNIT	PER SQ FT			PER SQ FT	PER UNIT	% OF EGI
General & Administrative		3.41%	$284	$0.28	$72,675	$70,000	$0.27	$273	3.26%
Management		5.00%	416	0.41	106,604	107,315	0.41	419	5.00%
Payroll & Payroll Tax		10.01%	834	0.81	213,504	127,900	0.49	500	5.96%
Repairs & Maintenance		5.44%	453	0.44	116,049	121,000	0.46	473	5.64%
Utilities		3.31%	275	0.27	70,518	79,300	0.30	310	3.69%
Water, Sewer, & Trash		3.97%	331	0.32	84,694	89,400	0.34	349	4.17%
Property Insurance		2.46%	205	0.20	52,400	52,400	0.20	205	2.44%
Property Tax	2.853	10.28%	856	0.84	219,112	153,600	0.59	600	7.16%
Reserve for Replacements		2.40%	200	0.20	51,200	51,200	0.20	200	2.39%
Other: Supportive Services		0.00%	0	0.00	0	37,800	0.14	148	1.76%
TOTAL EXPENSES		46.28%	$3,855	$3.77	$986,756	$889,915	$3.40	$3,476	41.46%
NET OPERATING INC		53.72%	$4,474	$4.37	$1,145,332	$1,256,381	$4.80	$4,908	58.54%
DEBT SERVICE									
1st Lien Mortgage		51.41%	$4,282	$4.18	$1,096,205	$1,099,859	$4.20	$4,296	51.24%
Trustee Fee		0.35%	$29	$0.03	$7,500	7,500	$0.03	$29	0.35%
TDHCA Admin. Fees		0.69%	$57	$0.06	14,700	14,749	$0.06	$58	0.69%
Asset Ovrst & Compl. Fees & Spt Svc		2.37%	$198	$0.19	50,600	12,800	$0.05	$50	0.60%
NET CASH FLOW		-1.11%	($92)	($0.09)	($23,672)	$121,473	$0.46	$475	5.66%
AGGREGATE DEBT COVERAGE RATIO					0.98	1.11			
BONDS & TRUSTEE FEE-ONLY DEBT COVERAGE RATIO					1.04				
BONDS-ONLY DEBT COVERAGE RATIO					1.04				
ALTERNATIVE BONDS-ONLY DEBT COVERAGE RATIO					1.10				

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldng)		9.16%	$7,813	$7.63	$2,000,000	$2,000,000	$7.63	$7,813	9.01%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		7.19%	6,137	6.00	1,570,990	1,570,990	6.00	6,137	7.08%
Direct Construction		49.10%	41,899	40.94	10,726,122	10,992,001	41.95	42,938	49.54%
Contingency	5.00%	2.81%	2,402	2.35	614,856	759,360	2.90	2,966	3.42%
General Requiremen	6.00%	3.38%	2,882	2.82	737,827	759,360	2.90	2,966	3.42%
Contractor's G & A	2.00%	1.13%	961	0.94	245,942	253,120	0.97	989	1.14%
Contractor's Profi	6.00%	3.38%	2,882	2.82	737,827	759,360	2.90	2,966	3.42%
Indirect Construction		2.61%	2,231	2.18	571,050	571,050	2.18	2,231	2.57%
Ineligible Costs		3.12%	2,664	2.60	682,005	682,005	2.60	2,664	3.07%
Developer's G & A	2.00%	1.50%	1,279	1.25	327,505	0	0.00	0	0.00%
Developer's Profit	13.00%	9.75%	8,316	8.13	2,128,780	2,519,620	9.62	9,842	11.36%
Interim Financing		5.36%	4,573	4.47	1,170,618	1,170,618	4.47	4,573	5.28%
Reserves		1.51%	1,291	1.26	330,416	150,000	0.57	586	0.68%
TOTAL COST		100.00%	$85,328	$83.37	$21,843,937	$22,187,484	$84.69	$86,670	100.00%
Recap-Hard Construction Costs		*66.99%*	*$57,162*	*$55.85*	*$14,633,564*	*$15,094,191*	*$57.61*	*$58,962*	*68.03%*

SOURCES OF FUNDS

	%	PER UNIT	PER SQ FT	TDHCA	APPLICANT	RECOMMENDED
1st Lien Mortgage	67.30%	$57,422	$56.11	$14,700,000	$14,700,000	$13,951,315
LIHTC Syndication Proceeds	26.66%	$22,751	$22.23	5,824,255	5,824,255	5,776,063
Additional Financing	0.00%	$0	$0.00	0	0	0
Deferred Developer's Fee	7.61%	$6,497	$6.35	1,663,229	1,663,229	2,460,106
Additional (excess) Funds Required	-1.57%	($1,342)	($1.31)	(343,547)	0	0
TOTAL SOURCES				$21,843,937	$22,187,484	$22,187,484

MFB #2002-053, 4% LIHTC #02417, Clarkridge Villas Apartments

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook

Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$39.92	$10,458,559
Adjustments				
Exterior Wall Finish	1.65%		$0.66	$172,566
9-Ft Ceilings	3.25%		1.30	339,903
Roofing			0.00	0
Subfloor			(0.78)	(205,408)
Floor Cover			1.82	476,840
Porches/Balconies	$17.07	51,344	3.35	876,442
Plumbing	$585	784	1.75	458,640
Built-In Appliances	$1,550	256	1.51	396,800
Fireplaces	$1,750	1	0.01	1,750
Floor Insulation			0.00	0
Heating/Cooling			1.41	369,420
Stairs	$1,550	76	0.45	117,800
Comm &/or Aux bldngs	$53.70	5,444	1.12	292,359
Other:			0.00	0
SUBTOTAL			52.50	13,755,671
Current Cost Multiplier	1.04		2.10	550,227
Local Multiplier	0.92		(4.20)	(1,100,454)
TOTAL DIRECT CONSTRUCTION COSTS			$50.40	$13,205,444
Plans, specs, survy, bld p	3.90%		($1.97)	($515,012)
Interim Construction Inter	3.38%		(1.70)	(445,684)
Contractor's OH & Profit	11.50%		(5.80)	(1,518,626)
NET DIRECT CONSTRUCTION COSTS			$40.94	$10,726,122

PAYMENT COMPUTATION

Primary	$14,700,000	Term	480
Int Rate	7.00%	DCR	1.04
Secondary	$5,824,255	Term	
Int Rate		Subtotal DCR	1.03
Additional	$0	Term	
Int Rate		Aggregate DCR	0.98

ALTERNATIVE FINANCING STRUCTURE:

Primary Debt Service	$1,040,374
Trustee Fee	7,500
TDHCA Fees	65,300
NET CASH FLOW	$32,158

Primary	$13,951,315	Term	480
Int Rate	7.00%	DCR	1.10
Secondary	$5,824,255	Term	0
Int Rate	0.00%	Subtotal DCR	1.09
Additional	$0	Term	0
Int Rate	0.00%	Aggregate DCR	1.03

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$2,258,880	$2,326,646	$2,396,446	$2,468,339	$2,542,389	$2,947,326	$3,416,759	$3,960,960	$5,323,199
Secondary Income	46,080	47,462	48,886	50,353	51,863	60,124	69,700	80,802	108,591
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	2,304,960	2,374,109	2,445,332	2,518,692	2,594,253	3,007,450	3,486,459	4,041,761	5,431,789
Vacancy & Collection Loss	(172,872)	(178,058)	(183,400)	(188,902)	(194,569)	(225,559)	(261,484)	(303,132)	(407,384)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$2,132,088	$2,196,051	$2,261,932	$2,329,790	$2,399,684	$2,781,891	$3,224,974	$3,738,629	$5,024,405
EXPENSES at 4.00%									
General & Administrative	$72,675	$75,581	$78,605	$81,749	$85,019	$103,438	$125,849	$153,114	$226,646
Management	106,604	109,803	113,097	116,490	119,984	139,095	161,249	186,931	251,220
Payroll & Payroll Tax	213,504	222,044	230,926	240,163	249,769	303,883	369,720	449,821	665,845
Repairs & Maintenance	116,049	120,691	125,518	130,539	135,760	165,173	200,959	244,497	361,915
Utilities	70,518	73,338	76,272	79,323	82,496	100,369	122,114	148,570	219,920
Water, Sewer & Trash	84,694	88,082	91,605	95,269	99,080	120,546	146,663	178,437	264,131
Insurance	52,400	54,496	56,676	58,943	61,301	74,582	90,740	110,399	163,417
Property Tax	219,112	227,877	236,992	246,472	256,330	311,865	379,432	461,637	683,335
Reserve for Replacements	51,200	53,248	55,378	57,593	59,897	72,874	88,662	107,871	159,675
Other	0	0	0	0	0	0	0	0	0
TOTAL EXPENSES	$986,756	$1,025,160	$1,065,068	$1,106,540	$1,149,637	$1,391,824	$1,685,386	$2,041,277	$2,996,105
NET OPERATING INCOME	$1,145,332	$1,170,891	$1,196,864	$1,223,250	$1,250,047	$1,390,067	$1,539,589	$1,697,352	$2,028,300
DEBT SERVICE									
First Lien Financing	$1,040,374	$1,040,374	$1,040,374	$1,040,374	$1,040,374	$1,040,374	$1,040,374	$1,040,374	$1,040,374
Trustee Fee	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500
TDHCA Admin. Fees	14,700	13,885	13,815	13,739	13,658	13,155	12,442	11,431	7,966
Asset Ovrst & Compl. Fees & :	50,600	52,624	54,729	56,918	59,195	72,020	87,623	106,607	157,804
Cash Flow	36,158	60,507	84,446	108,719	133,320	261,019	395,650	535,441	818,657
AGGREGATE DCR	1.03	1.05	1.08	1.10	1.12	1.23	1.35	1.46	1.68

LIHTC Allocation Calculation - MFB #2002-053, 4% LIHTC #02417, Clarkridge Villas Apa

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
(1) Acquisition Cost				
Purchase of land	$2,000,000	$2,000,000		
Purchase of buildings				
(2) Rehabilitation/New Construction Cost				
On-site work	$1,570,990	$1,570,990	$1,570,990	$1,570,990
Off-site improvements				
(3) Construction Hard Costs				
New structures/rehabilitation ha	$10,992,001	$10,726,122	$10,992,001	$10,726,122
(4) Contractor Fees & General Requirements				
Contractor overhead	$253,120	$245,942	$251,260	$245,942
Contractor profit	$759,360	$737,827	$753,779	$737,827
General requirements	$759,360	$737,827	$753,779	$737,827
(5) Contingencies	$759,360	$614,856	$628,150	$614,856
(6) Eligible Indirect Fees	$571,050	$571,050	$571,050	$571,050
(7) Eligible Financing Fees	$1,170,618	$1,170,618	$1,170,618	$1,170,618
(8) All Ineligible Costs	$682,005	$682,005		
(9) Developer Fees			$2,503,744	
Developer overhead		$327,505		$327,505
Developer fee	$2,519,620	$2,128,780		$2,128,780
(10) Development Reserves	$150,000	$330,416		
TOTAL DEVELOPMENT COSTS	$22,187,484	$21,843,937	$19,195,371	$18,831,516

Deduct from Basis:			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
TOTAL ELIGIBLE BASIS		$19,195,371	$18,831,516
High Cost Area Adjustment		100%	100%
TOTAL ADJUSTED BASIS		$19,195,371	$18,831,516
Applicable Fraction		100%	100%
TOTAL QUALIFIED BASIS		$19,195,371	$18,831,516
Applicable Percentage		3.67%	3.67%
TOTAL AMOUNT OF TAX CREDITS		$704,470	$691,117
Syndication Proceeds	**0.8199**	**$5,776,063**	**$5,666,576**

RENT CAP EXPLANATION
Dallas MSA

AFFORDABILITY DEFINITION & COMMENTS

An apartment unit is **"affordable"** if the total housing expense (rent and utilities) that the tenant pays is **equal to or less than 30%** of the tenant's household income (as determined by HUD).

Rent Caps are established at this **30%** "affordability" threshold based on local area median income, adjusted for family size. Therefore, rent caps will vary from property to property depending upon the local area median income where the specific property is located.

If existing rents in the local market area are lower than the rent caps calculated at the 30% threshold for the area, then by definition the market is "affordable". This situation will occur in some larger metropolitan areas with high median incomes. In other words, the rent caps will not provide for lower rents to the tenants because the rents are already affordable. This situation, however, does not ensure that individuals and families will have access to affordable rental units in the area. The set-aside requirements under the Department's bond programs ensure availability of units in these markets to lower income individuals and families.

MAXIMUM INCOME & RENT CALCULATIONS (ADJUSTED FOR HOUSEHOLD SIZE) - 2002

MSA/County: Dallas **Area Median Family Income (Annual):** $66,500

ANNUALLY				MONTHLY							
Maximum Allowable Household Income to Qualify for Set-Aside units under the Program Rules				Maximum Total Housing Expense Allowed based on Household Income (Includes Rent & Utilities)				Utility Allowance by Unit Type	Maximum Rent that Owner is Allowed to Charge on the Set-Aside Units (Rent Cap)		
# of Persons	At or Below 50%	At or Below 60%	At or Below 80%	Unit Type	At or Below 50%	At or Below 60%	At or Below 80%	(provided by the local PHA)	At or Below 50%	At or Below 60%	At or Below 80%
1	$ 23,300	$ 27,960	$ 37,250	Efficiency	$ 582	$ 699	$ 931	$ 39.00	$ 543	$ 660	$ 892
2	26,600	31,920	$ 42,550	1-Bedroom	623	748	997	47.00	576	701	950
3	**29,950**	**35,940**	**$ 47,900**	**2-Bedroom**	**748**	**898**	**1,197**	**61.00**	**687**	**837**	**1,136**
4	33,250	39,900	$ 53,200	3-Bedroom	864	1,037	1,383	71.00	793	966	1,312
5	35,900	43,080	$ 57,450								
6	38,550	46,260	$ 61,700	4-Bedroom	963	1,156	1,542	86.00	877	1,070	1,456
7	41,250	49,500	$ 65,950	5-Bedroom	1,064	1,277	1,701	97.00	978	1,191	1,615
8	43,900	52,680	$ 70,200								
FIGURE 1				FIGURE 2				FIGURE 3	FIGURE 4		

Figure 1 outlines the maximum annual household incomes in the area, adjusted by the number of people in the family, to qualify for a unit under the set-aside grouping indicated above each column.

For example, a family of three earning $33,000 per year would fall in the 60% set-aside group. A family of three earning $28,000 would fall in the 50% set-aside group.

Figure 2 shows the maximum total housing expense that a family can pay under the affordable definition (i.e. under 30% of their household income).

For example, a family of three in the 50% income bracket earning $29,950 could not pay more than $748 for rent and utilities under the affordable definition.

1) $29,950 divided by 12 = **$2,496** monthly income; then,

2) **$2,496** monthly income times 30% = **$748** maximum total housing expense.

Figure 3 shows the utility allowance by unit size, as determined by the local public housing authority. The example assumes all electric units.

Figure 4 displays the resulting maximum rent that can be charged for each unit type, under the three set-aside brackets. This becomes the rent cap for the unit.

The rent cap is calculated by subtracting the utility allowance in ***Figure 3*** from the maximum total housing expense for each unit type found in ***Figure 2*** .

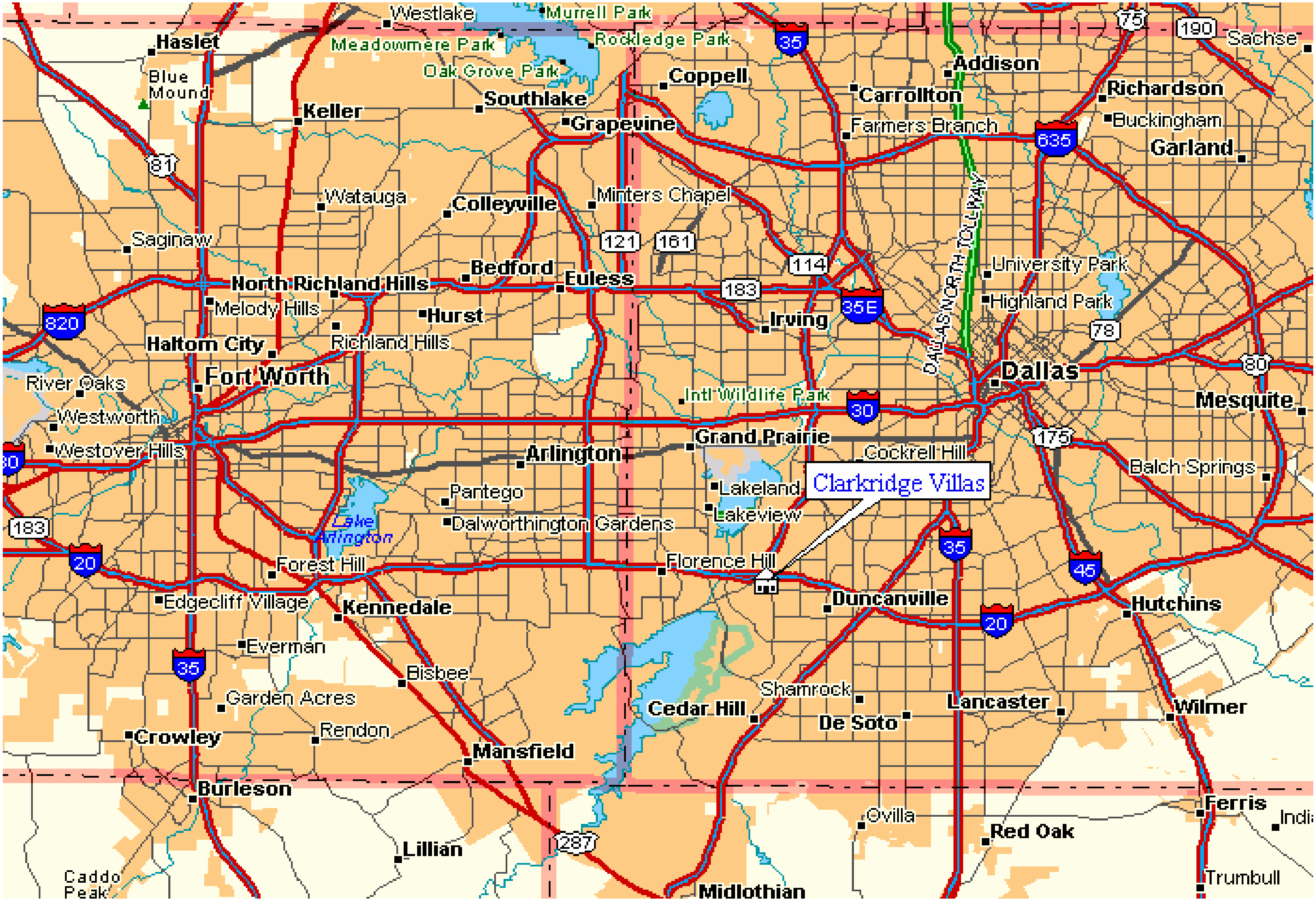
RESULTS & ANALYSIS:

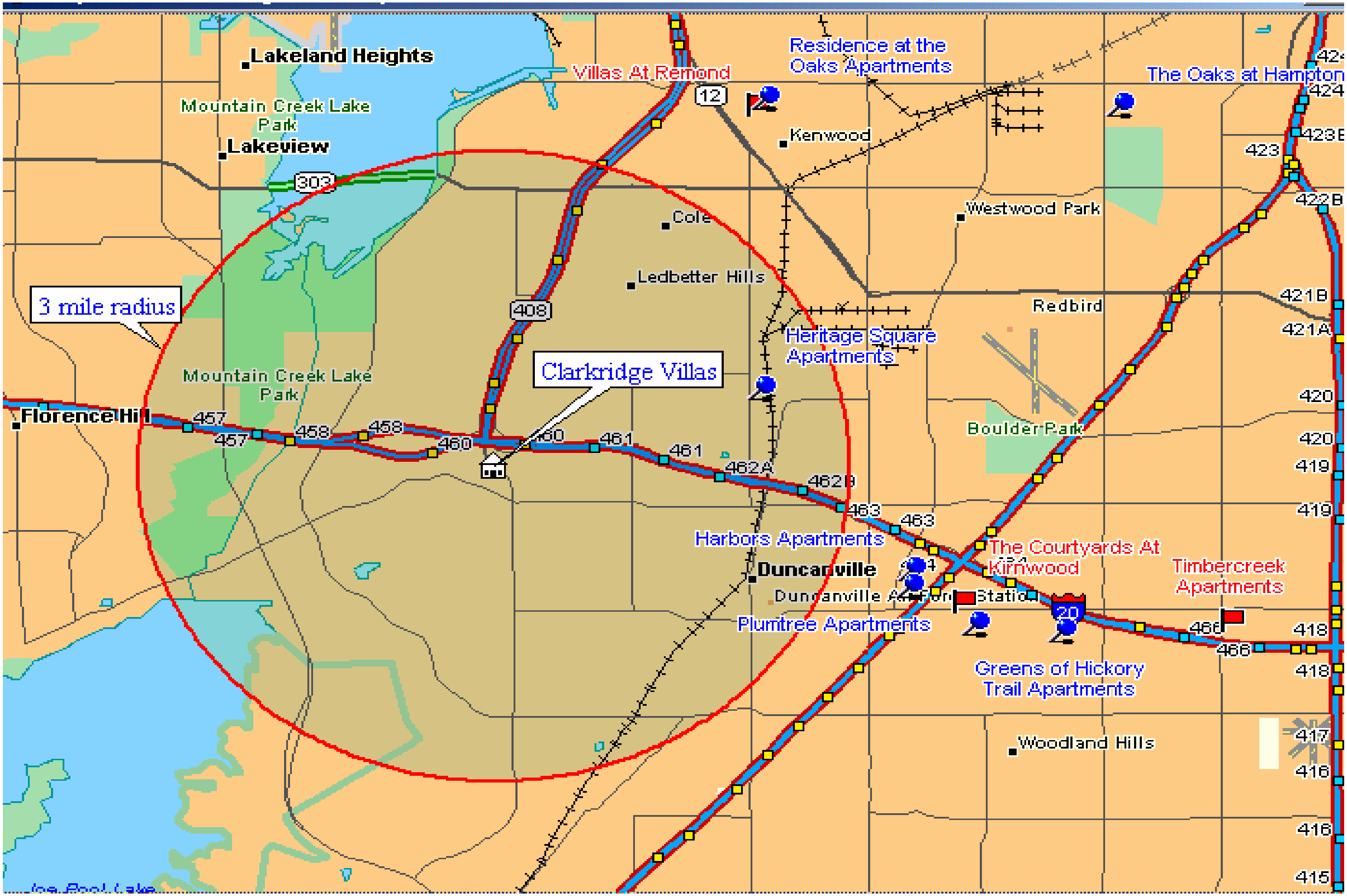
Tenants in the 60% AMFI bracket will **save $159 to $228** per month (leaving 5.3% to 5.9% more of their monthly income for food, child care and other living expenses). This is a monthly savings off the market rents of **18.7% to 20.6%**.

PROJECT INFORMATION				
		Unit Mix		
Unit Description	2-Bedroom	3-Bedroom	4-Bedroom	
Square Footage	950	1,100	1,300	
Rents if Offered at Market Rates	$ 846	$ 979	$ 1,105	
Rent per Square Foot	$0.89	$0.89	$0.85	

SAVINGS ANALYSIS FOR 60% AMFI GROUPING				
Rent Cap for 50% AMFI Set-Aside	$687	$793	$877	
Monthly Savings for Tenant	**$ 159**	**$ 186**	**$ 228**	
Rent per Square Foot	$0.72	$0.72	$0.67	
Maximum Monthly Income - 60% AMFI	$2,995	$3,458	$3,855	
Monthly Savings as % of Monthly Income	**5.3%**	**5.4%**	**5.9%**	
% DISCOUNT OFF MONTHLY RENT	**18.7%**	**19.0%**	**20.6%**	

Market information provided by: Butler Burgher, LLC, 8150 North Central Expressway, Suite 801, Dallas, Texas 75206. Dated June 20, 2002.


Westlake
Murrell Park
Haslet
Meadowmere Park
Rockledge Park
Blue Mound
Oak Grove Park
Coppell
Addison
Carrollton
Richardson
Keller
Southlake
Grapevine
Farmers Branch
Buckingham
Garland
Watauga
Colleyville
Minters Chapel
Saginaw
Bedford
Euless
University Park
North Richland Hills
Melody Hills
Hurst
Irving
Highland Park
Haltom City
Richland Hills
Fort Worth
Dallas
River Oaks
Intl Wildlife Park
Mesquite
Westworth
Grand Prairie
Westover Hills
Arlington
Cockrell Hill
Balch Springs
Pantego
Lakeland
Clarkridge Villas
Lakeview
Lake Arlington
Dalworthington Gardens
Forest Hill
Florence Hill
Edgecliff Village
Kennedale
Duncanville
Hutchins
Everman
Bisbee
Garden Acres
Shamrock
Lancaster
Wilmer
Cedar Hill
De Soto
Crowley
Rendon
Mansfield
Burleson
Ferris
Ovilla
Red Oak
Lillian
Caddo Peak
Midlothian
Trumbull
Sachse
Dallas North Tollway



Blue Pins – TDHCA Bonds Issues Red Flags – Tax Credit Issues

Developer Evaluation

Compliance Status Summary

Project ID #: 02417 LIHTC 9% ☐ LIHTC 4% ☑

Project Name: Clarkridge Villas HOME ☐ HTF ☐

Project City: BOND ☑ SECO ☐

Housing Compliance Review

Project(s) in material non-compliance ☐

No previous participation ☐

Status of Findings (individual compliance status reports and National Previous Participation and Background Certification(s) available)

Projects Monitored by the Department

reviewed 7 # not yet monitored or pending review 8

of projects grouped by score 0-9: 7 10-19: 0 20-29: 0

Members of the development team have been disbarred by HUD ☐

National Previous Participation Certification Received Yes

Non-Compliance Reported No

Completed by Jo En Taylor **Completed on** 06/11/2002

Single Audit

Status of Findings (any outstanding single audit issues are listed below)

single audit not applicable ☑ no outstanding issues ☐ outstanding issues ☐

Comments:

Completed by Lucy Trevino **Completed on** 06/14/2002

Program Monitoring

Status of Findings (any unresolved issues are listed below)

monitoring review not applicable ☑ monitoring review pending ☐

reviewed; no unresolved issues ☐ reviewed; unresolved issues found ☐

Comments:

Completed by Ralph Hendrickson **Completed on** 06/14/2002

Community Affairs Status of Findings (any unresolved issues are listed below)

monitoring review not applicable ☑ monitoring review pending ☐

reviewed; no unresolved issues ☐ reviewed; unresolved issues found ☐

Comments:

Completed by EEF **Completed on**

Housing Finance Status of Findings (any unresolved issues are listed below)

monitoring review not applicable ☐ monitoring review pending ☐

reviewed; no unresolved issues ☐ reviewed; unresolved issues found ☐

Comments:

Completed by **Completed on**

Housing Programs Status of Findings (any unresolved issues are listed below)

monitoring review not applicable ☐ monitoring review pending ☐

reviewed; no unresolved issues ☑ reviewed; unresolved issues found ☐

Comments:

Completed by Shannon Roth **Completed on** 07/17/2002

Multifamily Finance Status of Findings (any unresolved issues are listed below)

monitoring review not applicable ☐ monitoring review pending ☐

reviewed; no unresolved issues ☑ reviewed; unresolved issues found ☐

Comments:

Completed by Robbye Meyer **Completed on** 07/19/2002

Executive Director: Edwina Carrington **Date Signed:** July 30, 2002

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

CLARKRIDGE VILLAS HOUSING

PUBLIC HEARING

Dallas Public Library
Dallas Meeting Room
1515 Young Street
Dallas, Texas

July 23, 2002
6:00 p.m.

BEFORE:

ROBBYE G. MEYER, Multifamily Loan Analyst

P R O C E E D I N G S

MS. MEYER: With the number of people that want to speak, we are going to need to go ahead and start the hearing at this time. If you want to make comments, you are more than welcome to do that. If you haven't signed in, please let me know. I've got several sheets here that you can sign in on. I'll call you by name.

Actually, I'll call every name off here, and you can tell me at that time whether you've changed your mind or whether you want to speak or not.

VOICE: Can you pass the sheet around?

MS. MEYER: Sure.

VOICE: I'd like to go on record, also, stating that the timing on this thing and the location of having this meeting tonight certainly wasn't conducive to people who live and work in the Duncanville area. That's why a lot of us were late.

MS. MEYER: Well, I will --

VOICE: We have a wonderful facility. We'd have much more people speak their opinion if we'd had it out there.

MS. MEYER: I'll make a comment to that. I actually set this hearing up myself, and I tried to get a larger facility because of the turnout we had earlier in the year at a previous hearing. The community center wasn't going to be big enough, so we had to find a larger facility.

I actually contacted the Dallas Independent School District and tried to get Kimball High School and was unable to get that. Also, I contacted the Duncanville School District, and the schools were unavailable for summer use. I had to have a bigger facility, and this was the only other place that I knew of that had the facility and the capacity to be able to handle our schedule at the time.

So I didn't appreciate having to drive downtown in downtown Dallas at rush hour either, coming from Austin, so I understand the inconvenience, and I do apologize for that, but we didn't have a choice at the time. At this time, I'm going to start the hearing.

Again, my name is Robbye Meyer, and I'd like to proceed with the public hearing. Let the record that it is now 6:47, Tuesday, July 23, 2002. We are at the city of Dallas Public Library at 1515 Young Street, in Dallas, Texas.

I'm here to conduct the public hearing on behalf of the Texas Department of Housing and Community Affairs with respect to an issue of tax exempt multifamily revenue bonds for a residential rental community. This hearing is required by the Internal Revenue Code.

The sole purpose of this hearing is to collect comment that will be provided to the highest elected official with jurisdiction over this issue and, for this issue, that is the attorney general of the State of Texas.

No decisions regarding the project will be made at this hearing. There are no Department Board members present. The Department's Board will meet to consider the transaction on August 8, 2002, upon recommendation of the Finance Committee for the Texas Department of Housing and Community Affairs.

In addition to providing your comments at this hearing, the public is also invited to provide comment directly to the Finance Committee or to the Board at any of their meetings. Department staff will also accept written comments from the public via facsimile at 512/475-3085 at up to 5:00 p.m. on July 26, 2002.

The bonds will be issued as tax exempt multifamily revenue bonds in the aggregate principal amount not to exceed $15,000,000 and taxable bonds, if necessary, in an amount to be determined and issued in one or more series by the Texas Department of Housing and Community Affairs.

The proceeds of the bonds will be loaned to Clarkridge Villas Housing LP, or a related person or affiliate entity thereof, to finance a portion of the cost of acquiring, constructing, and equipping a multifamily rental housing community described as follows: A 256-unit multifamily residential rental development to be constructed on approximately 26 acres of land located at the intersection of Clark Road and Clarkridge Drive, Dallas, Texas, Dallas County 75232.

The purposed multifamily rental housing community will be initially owned and operated by the borrower. I would now like to open the floor to public comment. I'll ask that if you want to speak you come up to the microphone so that everything can be recorded.

You'll have three minutes with which to make your comments, and then we'll -- I ask that you be respectful to each speaker and let them have their time and not interrupt them. If you have cell phones or pagers, I'd appreciate it if you would turn them off.

The first person is Donna Mullins.

MS. MULLINS: I live at 405 North Casa Grande, which is the first street south of Camp Wisdom. So that puts me two blocks away from this apartment complex. I received a letter from Royce West on July 15. We had no notice whatsoever to get anything together. I have a petition from my neighbors that I would like to submit.

If there are three persons per unit in 256 units, that's 768 people. I need to know: Is this going to be what they call a Section 8 housing?

(No response.)

MS. MULLINS: Hello?

MR. FISHER: No.

MS. MULLINS: It's not Section 8? -- any portion of it?

MR. FISHER: We accept Section 8 vouchers like 90 percent of apartment communities, but very few of our residents use vouchers. Less than 1 percent on our family properties receive any kind of rent subsidy.

MS. MULLINS: Okay. Duncanville is surrounded; we have nowhere to go. We have no land to build on. Our parks are overcrowded; our schools are overcrowded; our ball fields are overcrowded; our city services are overcrowded.

People are coming from all over to use our parks. You can go on a Saturday morning or a Sunday morning and see school buses and church buses from the surrounding community. In order to service your people, you will have to leave more than a little, tiny playground if you are going to have a third of those children. That's over 200 children.

They plan to attend school in Duncanville. Our schools are brimming. They are so full, it's unreal. If we don't have room for them, are they going to go to Dallas? There are schools right over there on Illinois. I don't know what we're going to do.

I mean, we're over 30 kids per classroom now. Without transportation -- Duncanville is not on the DART system; the buses do not run through Duncanville. If they don't have transportation, they can only go from Duncanville to Dallas, downtown or another point. They don't come through Duncanville.

How are they going to get to the grocery store? It's a long walk from there to the grocery store, to the doctor's, to the hospital, etc. How much do you plan on clearing this land, because the other apartment complexes there have almost done a clear cutting.

I understand that Dallas is supposed to have super landscape demands or whatever, but I don't see that. They are cutting down 50- to 70-year-old cedar trees, which -- in Duncanville, if it's a sprig, we keep it because we don't have a lot of trees. We do have a lot of trees, but the trees that we have are not your oaks or whatever.

MS. MEYER: Ms. Mullins, your time's up.

MS. MULLINS: I have one other thing.

MS. MEYER: Your time is up. Please respect that.

MS. MULLINS: Okay. I just wondered how much it was going to cost the taxpayers of Duncanville.

MS. MEYER: The next one is Donna Broughton.

MS. BROUGHTON: My name is Donna Broughton. I live at 710 Rolling Ridge. I was not contacted in any way about this, even though I've been a resident of Duncanville for over 20 years.

We try to go to the park, which is not far from my house, Saturday and Sunday. There is not a picnic table available. There's nowhere for the kids to play, and there are buses with names all from Dallas, Dallas, Dallas. I pay the taxes in Duncanville, have for years and years. But I can't use the parks; they're too full. That's not fair that all -- I mean, you can prove it.

Just go down there any Saturday or any Sunday. See all the buses lined up. All the spaces are taken. I can't even take my grandchildren to the park. I had three children go through the school district. It used to be a really, really good school district, but it's gotten so crowded now.

How much can a teacher do? A teacher can only teach so many children. This last year, I taught at a private school and had small classes. My children learned a lot, but had they been in the huge classes, they wouldn't have. We're losing a lot of good teachers, and the reason is it's becoming so overpopulated. We don't have the room.

I've seen a lot of changes, and this is not a good change. And I'm very upset for the fact that I was not notified and I had to come so far, and I was at the last, similar meeting like this, and everyone is against it in Duncanville. We're the one that Dallas is dumping on. We're the one that has all the -- that's taking all the brunt for everything.

They're not going to be responsible for putting in for the schools; we are. They're not going to be responsible for the traffic on the streets; we are. They're not going to be responsible for any crime that happens in our area and the police that come into Duncanville and help pay them, help pay for the fire department; we are.

Our taxes are going up. The homeowners, their taxes are going to go up because we have to provide more schools; we have to provide more police; we have to provide more fire protection. We're the ones that are having to pay, not Dallas.

Are we going to be expected that we're going to have go to these meetings every month because they're going to constantly surround us with apartment houses and there's just going to be a small section of us that are left that are homeowners? The taxes just keep going up, and we just keep paying more and more for the services that we should be able to use, but we can't because Dallas is using them. So I'm totally against it. Thank you.

MS. MEYER: I'm not really sure about this next one. Goar? Last name Goar?

MS. GOAR: Here. I'm here.

MS. MEYER: I'm sorry. What's the first name?

MS. GOAR: Koleta.

MS. MEYER: Leta? Okay.

MS. GOAR: I'm Koleta Goar and I represent a homeowners association, Green Homeowners Association, approximately 1.2 miles south of this location. We are an association of 107 single-family units. My position so far is what has already been stated, and that is, notice, the timeliness.

We are affected. This locale will have a

Dallas address, but everything else is community Duncanville resources. Your posted notice was in an obscure location. I had to go look for it. It was not visible on the major artery, which would either be Camp Wisdom or Clark Road.

It is going to impact the Duncanville School District, because when you take into consideration that location, the units being currently built right across the street. And then today, I noticed north of the units on what would be the east side of Clark Road, there is another red sign posted that says, Proposed Multifamily.

So what I envision is this whole area becoming overburdened, overwhelmed with this unit. This is also the gateway, not only into Duncanville, but actually the city of Dallas southwest. And I know that there's some planning and such going on to overall improve this whole area and look for what is the most appropriate land usage.

This makes us question the overall ratio of this low income housing multifamily in relation to the total of Dallas County. As has been cited, there are no recreational facilities nearby, limited community resources because those are confined to Duncanville residents. DART does not make this stop; it drives through.

Your nearest gas and convenience shopping is almost three miles away, at least two. Your retail shopping for grocery and such is a distance of three or more. The medical services, clinical and such, through Dallas County, is not available in this area. I question and have a concern about the Dallas city police and fire response time.

So again, it's a Dallas address, but then a lot of the burden falls on the radius. And I do point out that currently, the city of Dallas has -- and is promoting by Dallas. There is no neighboring Dallas retail shopping. The nearest is eight to ten miles in difference.

MS. MEYER: Your time is up, Ms. Goar.

MS. GOAR: Thank you, and I'm through.

MS. MEYER: Norma Flat?

(No response.)

MS. MEYER: No? Okay.

Barbara Patry?

(No response.)

MS. MEYER: No. Harold Bottles?

(No response.)

MS. MEYER: No. Glen Repp?

MR. REPP: Yes, ma'am. If I may, I am speaking on behalf of the city of Duncanville. I am the Mayor of the city of Duncanville. I am going to bring to you the official position of our city. My remarks may take a few minutes more than three minutes. I'd like to ask for grace, if I can.

MS. MEYER: If they want to yield their time to you, that's fine.

MR. REPP: All right. Thank you.

MS. MEYER: Okay.

MR. REPP: We want to thank the Department for this opportunity. We feel that it's unfortunate that we are unable to have the meeting in our own city as it was the last time. There was certainly some sort of unfortunate circumstances because the facilities are available. I don't know what the foul-up was, but we have the facilities available for this meeting in our city.

We do thank Senator West as well for notifying us. If it had not been for Senator West, we probably would not have known about this meeting. So with that --

The city of Duncanville is strongly opposed to this development. According to the Texas Department of Housing and Community Affairs website, the State of Texas has approved approximately 200 low income multifamily developments in Dallas County. The vast majority of these developments are in south Dallas, and three of them are in the Duncanville Independent School District.

Most of the new jobs being created in north Texas area are in the northern part of the Metroplex. If we hope to help these families support themselves and buy their own houses, does it not make sense to locate them near the area where the jobs are plentiful? Do we expect these families to commute to north Dallas and Collin County to work? And there is no access from this development to Interstate 20 east or west.

The Duncanville Independent School District is proud of the success we have demonstrated in educating underprivileged youth, but currently, this school system is overburdened with children. It is unfair to force the Duncanville taxpayers to raise taxes to educate these children when districts in the northern part of the county are not supporting their fair share of the burden.

And now, for a few brief remarks about the school district: Duncanville Independent School District serves approximately 10,750 students and is projected to have approximately 11,000 in the coming school year. As a result of already overcrowded classrooms throughout the district and aging facilities, the Duncanville Independent School District -- the community passed a $166,000,000 bond issue in October of 2001.

These funds will be directed to new construction and renovation of existing facilities to better accommodate our current enrollment and the projected enrollment of the next four years. Unfortunately, this housing development was not included in our forecast for students to meet these requirements. 256 units as you've described, with at least two children per unit, which is an understandable number, would be 512 children in the Duncanville Independent School District.

That is an entire campus for which we have no provisions. Enrollment projections did not include these proposed units. Residents of these units would drive the estimates for student enrollment beyond the district's capacity to serve the students in an optimum manner. The Duncanville ISD school population reflects 40 percent who qualify as economically disadvantaged.

The district has been creative in addressing a diverse population of learners by implementing aggressive gifted and talented programs and strategies, increasing the numbers of bilingual staff members and mandated meal programs such as breakfast in the classroom to reduce time lost from learning.

The Duncanville ISD has been very successful in meeting the needs of its diverse population; however, there is a limit to the number of students the district can absorb into the overcrowded and aging facilities. The bond funds designated to address the current shortfall of facilities will only address our most immediate needs. More and unexpected growth will compromise the district's goal of effectively meeting the educational needs of students due to overcrowded classrooms, inadequate facilities to accommodate larger groups at mealtimes, and student transportation difficulties.

I trust you will give serious consideration to our objections. If you approve this project, you will do irretrievable harm to the very fragile socioeconomic system of Dallas County. Thank you very much.

MS. MEYER: Ken Weaver.

MR. WEAVER: My name is Ken Weaver. I live at 110 North Ennis Drive in Duncanville, and I've lived there since 1972. I strongly object to the proposed Clarkridge Villas apartments project and the issuance of tax exempt bonds to support it.

I'm not opposed to low income housing per se. Like anything else, however, there are limits as to what is reasonable. I understand, as the mayor mentioned, that the Duncanville Independent School District has 40 percent of its students receiving free or reduced meals. Free and reduced meals is a measure of the economically disadvantaged and low income housing students already in our school district.

I must say I find 40 percent to be a very large number and it concerns me. I believe other communities and school districts in north Dallas County should have their fair share of economically disadvantaged citizens. We have ours. We should not place an additional burden on the Duncanville school district as is being proposed.

Therefore, out of fairness, I request that this proposal be rejected.

MS. MEYER: Don Dye.

MR. DYE: Thank you very much. I thought the presentation was interesting because they were showing us something they're not going to build. Am I the only one that thought that was curious? As a homeowner, I would like to express my objection to the proposal for this project.

Two major reasons why this is not in the best interest of the surrounding residents and homeowners. Yes, the children are our future. The additional enrollment of students would put a burden on an already stressed school system. Yes, a school bond passed last year will help to bring schools up to where they need to be to meet normal growth. This does not include the influx of -- what's the number? -- 400 students additionally not budgeted.

History tells us that once this type of housing is dropped into an area, some surrounding homeowners get nervous and put their homes up for sale. The net effect on those homes -- when resold, they are sold at less than the market value prior to the development. Thus, the value of surrounding homes are reduced. My real point is, though, that there are some positives that could be made out of this property.

Some of the alternative land uses could be, and we've talked about some of them tonight, affordable housing -- more affordable housing for senior citizens built around a shopping area and green space that would facilitate their being able to fulfill their daily needs without the need for a car; lower-cost starter homes or townhomes; disability housing for those with special physical needs; and retail development, which would certainly increase the tax revenues for this area.

I urge the board and the owners of this property to find a different use. Thank you very much.

MS. MEYER: Gary Fisher.

MR. FISHER: My name is Gary Fisher. I live at 934 Greenbriar. I've been a resident of Duncanville for 20 years. I certainly agree with the comments made today that I'm very much opposed to this development. The reasons are very much the reasons they've mentioned before.

Clearly, along with that, I will tell you that I have a personal reason for that. As a homeowner, I agree with the last gentleman that spoke. Our values have continued to decline in this area. Clearly, the congestion that this would create would be enormous as an impact as a homeowner which goes that way in and out of Dallas, as well as the fact that the schools, as mentioned, continually would be overtaxed by this.

I clearly love Duncanville and, within that, the diversity that Duncanville brings. This just brings an enormous amount of pressure to a school system, service-wise related to the police and fire personal use. It's not a question of the quality of your development; it's not a question of your densities, although I'll tell you with both, I don't want affordable housing. I don't want affordable housing for low income in that area; we already have that.

I am opposed to multifamily that would be taxing the school district if it was market rate housing. I would be only in favor of using that land and the beautiful setting that it has for something that would be of upscale single family housing. And that would be with the hope that as a homeowner, we'd have an economic opportunity to see our values remain constant and not overtax either the school district or the services that our community is trying to provide in that area. Thank you very much.

MS. MEYER: Scott Cannon.

MR. CANNON: My name is Scott Cannon. I am president of the Swan Ridge Residents Association which is made up of 331 single family residences about two and a half miles from this proposed project. Swan Ridge Residents Association -- we have a great neighborhood, and our unofficial slogan, "where being the best neighbors makes us the best neighborhood."

We are adamantly opposed to this for two reasons: the negative impact it would have on our schools and the negative impact it would have on our community resources. And I'm just curious. Would everyone stand who is opposed to this? If you look around the room, and I'll just say this for the tape recording, the majority of the people are standing. I'd say it's about 90 percent.

We're under the misconception, if you heard what he said, that the people that are going to be living in these units are just like us. I don't think so. The other misconception is that if you build it, they will come. That's not true.

If you build it, economic development will not come. If you build it, public transportation will not come. If you build it, we won't see those new jobs. That's a very -- that's a bad misconception. Not in our area.

The other thing that you said that's not true is that these people are not going to live close to their jobs. They are going to have to commute to their jobs, wherever they are. There is not the potential for economic development that all these residents need in this area. Again, we are very much opposed to this project.

MS. MEYER: Al --

MR. MELLOR: Mellor?

MS. MEYER: That's it. Is it M-E-L-L-O-R?

MR. MELLOR: Yes, that's close. All of the above. I have one comment. I live on Royal Cedar Drive, the west end, and there are approximately eleven residences, houses, in that area. Five of these houses are run, owned, by single parent families. Women, God bless them.

They all have children in school. They all have jobs. So we need -- we have a responsibility to those people who are doing it in our areas to stop the impact of what these kids are going to do to Duncanville schools and to our prime rate. It's going to go up, ladies and gentlemen. It's going to go up.

I have experience with the projects in west Dallas, more years ago than I like to remember, and it was not a happy experience. We do not have any guarantees of what will -- that what is supposed to happen will happen. I'm against it. Thank you, sir.

MS. MEYER: Ron Gebauer. Did I mutilate it?

MR. GEBAUER: That's okay. Gebauer. It doesn't matter. Thank you very much for the opportunity to speak tonight. My talk's a little bit different in that I'm not just in opposition to this particular development, but I'm in opposition to the entire system that allowed it to happen in the first place.

Several comments made tonight when push came to shove in the conversation: This is a Dallas property. This is a Dallas project. Those are quotes. This meeting is here, rather than in the city and the area and the school district that is going to be affected by it.

This is an inherently unfair system, ladies and gentlemen. Dallas does the zoning, and the communities of the Duncanville school system, the ISD, bear the weight, whether they're from Dallas or Cedar Hill or De Soto. What a rotten system. We fought a revolution over this some years ago: Taxation without representation.

So what position does that put us in? We cannot rely on our elected officials to do what is right for the community and the whole school district. And why is that? Because they are not accountable. They don't get to make the decisions. Who makes the decisions? People in Dallas, where we're sitting tonight.

So we need our officials to have a chance to have heavy input and to say what amount of senior housing should be there; what will we do to save our environment; how will we maintain recreational facilities; what mix of new businesses can we draw in; what number of single family, multifamily, condo, townhomes and apartments are we going to have?

These are all matters of zoning and timing. You have to have an integrated system for that to work, and we don't because of this wacko system. We already have overloaded schools. Matter of fact. It can be checked. We have these bond issues that have been mentioned in a system where the taxes are already among the highest, if not the highest, in Dallas County. I don't where we stand vis-a-vis Irving right now.

There are already many multifamily and low income housings, and we have high density housing in the area, and more and more is coming in. Now, we hear that there's Austin Bluffs. Nobody knows about it. Bill Miller. Nobody knows about it.

This current project that we're discussing tonight and others zoned in the area, and nobody seems to know how many more there are going to be, when they're going to come, and already, it's a backbreaking situation, an inordinate load for the Dallas Independent School District and for the communities where most of us here live.

We have no say. Dallas does not provide the services. The ninth grade high school, what do they have? A Duncanville policeman on duty there when it's in Dallas. Mr. Attorney General, these comments are for you, I understand, and thank you very much for listening to them.

This is an unfair system. We want something that's better for all of southwest Dallas. Not just Duncanville, the whole community. You notice we have people from the Dallas section of the Duncanville Independent School District here tonight as well.

So Mr. Attorney General, I call on you, our state and local officials, our school boards and every citizen who is concerned about a system like this to please get involved and do something to change it. We have something similar right now in Fort Worth, same basic principle, and that is people are being annexed into this big Fort Worth and they don't want to be.

They own the land, they live there, and it's happening to them. There seems to be a recognition after all these years that that type of thing is not good; it is unfavorable. And so we have a governor and other politicians now taking up their cause.

Perhaps they will do that, too, for not only Duncanville, but for the communities surrounding Dallas and in other municipalities where the people who live there have to bear the weight and don't have any of the say. Thank you very much.

MS. MEYER: Terry Clower.

DR. CLOWER: My name is Dr. Terry Clower. I am an assistant professor in the Institute of Applied Economics at the University of North Texas. I was asked -- my partner and I were asked by Southwest Housing to do an economic and fiscal impact assessment of the proposed project. This 256-unit project will cost about $17.3 million to build.

That includes, of course, land development as well as construction, fixtures, etc. for having a completed unit. That activity, the economic impact that Mr. Fisher alluded to in his presentation, comes to something in about $30,000,000, 29.7 to be precise.

Now, of course, that's temporary impact that occurs while the construction activities are going on. That impact equates to about $7-1/2 million in local income and about 245 full-time equivalent temporary jobs, again, that lasting through the 18-months construction period.

There is also, of course, recurring impacts, and these are the impacts from the residents of the proposed facility spending some of their earnings in the local economy. Now, obviously, I know this area. I used to work right near this area, and I know that it's difficult to discern what spending will occur in the city of Dallas and which will be in Duncanville.

There just was no way to tell between the two. However, that spending does have a fairly significant local impact overall. We're looking at something in the neighborhood of about $3.3 million in economic impact. What we're talking about there is the local economic impact from these residents who are earning something in the neighborhood of about $35,000 per year, household income, spending a portion of that earnings in the local economy.

That, in and of itself, looks at not a large impact, but certainly a measurable impact of something in the neighborhood of about supporting 28 jobs in the local economy, paying over $700,000 in wages. It's not a lot, but it's jobs that currently don't exist in that area.

These folks will also be paying sales taxes, and they will be, of course -- the property will be paying property tax and there will be property taxes generated because of the income supported. In total, we're looking at, in terms of municipal tax revenues, both sales and property, something in the neighborhood of about $101,000.

We are also looking at that the property itself would generate about $231,000 per year in school district taxes. Keep in mind, these projects do have to pay their full ride on the local property taxes. Now, we were also asked to look at one other issue, and that is the number of children that are likely to be generated in the Duncanville school district.

Based on other similar properties, we're estimating that there will be about one school age, and I emphasize school age, child for every two units.

MS. MEYER: Your time is up, Mr. Clower.

MR. CLOWER: All right. I will leave it there.

VOICE: I do have a question for you. You said --

MS. MEYER: Ma'am, we're only doing public comment right now. No questions. I'm sorry.

VOICE: Okay. Well, they own the construction company. They bring their own --

MS. MEYER: Roxanne Gebauer.

MS. GEBAUER: Nice to get a second chance at that name.

MS. MEYER: I hope I did better that time.

MS. GEBAUER: Yes. You did great. Hello. I'm Roxanne Gebauer, and I live at 139 Quail Run in Duncanville. There's so much that's been said that I won't go over again. We all know that we just can't afford this. Our school district is overburdened and overtaxed.

We just passed that bond issue which will bring us up to date. This is an incredible immediate influx of students. That one child per every two units, school age child per every two units: I'm sure none of us believe that. I think conservatively -- even Mr. Repp's estimate of two children per unit is still very conservative.

You can have two children per bed, per bedroom, in each of these units. So I think we can easily look at five to 700 children. We're talking one to two school campuses, and we have all the other support services that have been discussed. We have the parks and policing and all of these other things.

Where are these jobs going to come from that these people are going to go to? We don't have it. They cannot get to the other support services, hospitals, doctors, shopping. You name it, it doesn't happen for these people in this area because we have no public transportation.

We've been over this before, and we're going to go over it again. Let's put an end to it. Give us a development that's going to help us in Duncanville, that's going to help everyone, that's going to be fair to everyone. Give us retirement housing. Give us the condos and the townhomes and single family homes. Give us starter units.

We're not opposed to affordable housing. We have tons of affordable housing. Let's do it in a way that is going to help everyone. We heard it said that they pay property taxes and pay our fair share of property taxes, but I can't believe that that's true because the density of people and the demand for services for that amount of property and that amount of property taxes is not relative to that.

The relative amount does not cover the services in the schools that we are going to have to provide. So I am opposed. I do hope that we will continue to work together, community and officials and developers, to give us development that's going to be beneficial to everyone. Thank you.

MS. MEYER: Thank you. Rebecca Price.

(No response.)

MS. MEYER: No? Okay. April Balwig.

(No response.)

MS. MEYER: No? Mae Zook.

MS. ZOOK: My name is Mae Zook, and we live just west of the proposed property. And one issue that's not been addressed -- I agree with all the other oppositions that have been explained, but one position that hasn't been addressed yet is where we live -- we're right across the street from our office, and even now, we have a two-lane road and motorists come speeding up the hill. The mileage is supposed to be 30 miles per hour, but people come zipping up the hill at 30 to 40, 50 miles per hour, and we've been almost hit a number of times. And we have a two-lane road. We've tried to get a stop sign in there, at least a traffic light or something, and nobody's ever done anything about that.

How are we going to be able to have all these additional people coming on this Camp Wisdom Road and still be able to get safely across the street with the existing infrastructure that we have? I'm opposed to it.

MS. MEYER: Stephen Holcomb.

MR. HOLCOMB: My name is Steve Holcomb, and I actually have a Dallas address. I live in the Mountain Creek area, which is west of the proposed area. I serve on the Mountain Creek Coalition, which is our neighborhood association that represents about seven neighborhoods in that development. And we had a meeting just the other day to discuss the impact, and our biggest concern is that our neighborhood is so young that there's still so much opportunity for the type of growth that Duncanville is desiring, that this type of facility might be counterproductive to that type of development.

Our area is still two-thirds undeveloped. Right now, in our area, there are proposed between 300 and 500 home starts. Out of the last 13 years, we are just now getting a school in our neighborhood, which is going to be completely filled by our neighborhood, and I would propose that the students that are going to be filling this new project would have to go to our neighborhood school, which is going to be almost full by the time it's completed.

We live in the south Dallas sector, and very many times, we're looking upon as the dump ground. Just send it on out to south Dallas because there's nothing there. But we have so much potential. It's beautiful land, and we just haven't had time to reach that potential. We're concerned about the school district, the transient population, the traffic issues as the two-lane was stated.

We just haven't had time for the area to develop, and we wish we had more years to establish what this southwest sector is really going to be like before we start any kind of negative impact that would dissuade other people coming out and developing. So thank you very much.

MS. MEYER: Donald Olson.

MR. OLSON: Point has been made. Thank you.

MS. MEYER: Okay. Elma Goodwin.

MS. GOODWIN: Good evening. I'm Elma Goodwin.

I am a long-term resident of the southern sector of Dallas, and I'm very pleased to be a resident of the southern sector of Dallas. I'm here this evening representing Dallas Southwest Medical Center on behalf of Mr. Jimmy Brown, who is the president and CEO.

We are – the hospital is a 107-bed community hospital across from Kiest Park. We have approximately 302 employees and over 200-plus positions on staff. And you're wondering why I'm here. We are neighbors of Primrose Oaks, and I have asked to come on behalf of Primrose Oaks and speak to the relationship that we have had with that organization.

I plan to share with you this evening parts of a letter that was written by Mr. Brown to Mr. Potashnik speaking to the relationship and the promises that were made and kept by that company. This is to Mr. Potashnik. The letter reads, "I just want to pass on to you on behalf of the Dallas Southwest Medical Center family our acknowledgment of the very positive relationship that exists between us and the Primrose Oaks property owned and operated by your company.

"We have been neighbors for over a year, and from the beginning, our collaborative relationship has been beneficial to us, our visitors, and our community.

Specifically, you have improved our overall area in many ways, to include being the driving force behind and providing financial support for the much needed traffic light on Hampton Road; providing landscape as promised that enhances and beautifies not only your property, but our property as well; placing the requested stop sign and speed control devices on your property for the safety of our employees, visitors and tenants; opening your facility to the Dallas Southwest Seniors -- that's an organization that is a subsidiary of our company, of the hospital -- for lunch and regular exercise classes; donating in-kind goods for our health fairs, that for our last health fair that served over 1200 community residents; including us in your activities at Primrose Oaks, political forums, community services and whatever you feel would benefit us both."

Again, I do not come to explain or to try to justify one side or the other. My intent in being here is to just let you know what the relationship has been between Primrose Oaks and our hospital. It has been a very positive one, and we do look forward to that continued relationship. Thank you.

VOICE: Primrose is a senior citizen development.

MS. MEYER: Leslie Chace.

MS. CHACE: Good evening. My name is Leslie Chace, and I do work for Buckner Children and Family Services. I'm in charge of the social services there at one of the properties that Southwest has in, I think it's south Dallas, if that's the right location.

We've been providing services there for the residents, and I can – this is new for me. This is the first time I've ever participated in a meeting like this. It's been very interesting, and I guess what I would like to share is that the relationship that I've had with that situation there at the apartments, with the residents -- and it's been actually a very beautiful experience.

The residents have been so thankful for these opportunities and these apartments. We provide services there for after school care for the kids. We mentor kids. We help them. We have most of our kids on the A-B honor roll there. We teach ESL classes. We do computer classes for the adults to help them get better jobs if they need them.

And I guess one of the most beautiful experiences has been when families have come in and said, I can actually go buy my house now. I've been able to save some money. And I think they're thankful for these opportunities to have this situation.

And I guess the way the economy is going these days, we never know when we're going to be in a situation like, and the people that I've worked with have been very thankful. Two years before, I also worked at another one with senior citizens, and also the services provided were just beautiful, to be able to be there, to afford – that senior citizens could be there to afford this kind of housing and get the care that they need.

And so in my standpoint, I've seen the benefits of these apartments and what a blessing it's been for the residents. Thank you.

MS. MEYER: Patty Holcomb.

VOICE: Could you repeat the name and address of the lady that just spoke?

MS. MEYER: Leslie Chace. It's 5929 Melody Lane.

VOICE: City?

MS. MEYER: Dallas.

MS. HOLCOMB: My name is Patty Holcomb. I really didn't plan on speaking, but several things have been raised. I have six years as a home health nurse. I do live in south Dallas. I am part of Mountain Creek. I have been in the Buckner Senior Housing. It is very impressive. Give us Buckner Senior Housing; give us Primrose Oaks, but don't give us what you are proposing because I've also been in 100 percent subsidized family housing.

I have literally walked over children sleeping in the floor of a two-bedroom home where there would be 12 people in that home. It was signed in granny's name, but everybody lived in granny's house. This thing about two units and one child is a joke. I have been in those places, and in the afternoons, there are teenagers hanging around the corners.

I have had my senior citizens move out of these homes, these apartments, that were mixed because they felt unsafe and because it was so noisy at two and three o'clock in the morning and because there were teens hanging outside their windows. Their doors were broken down at three o'clock in the morning.

This is not what we want in our neighborhood. Give us senior citizen housing; we would love it, but don't give us what you are proposing.

MS. MEYER: Ann Olson.

(No response.)

MS. MEYER: No? David Ross.

MR. ROSS: Good evening. My name is David

Ross. I am proud to have been a resident of Duncanville for more than six years. I'm president of the Graduate Institute of Applied Linguistics, a graduate level degree granting institution located on the grounds of the International Linguistics Center, just a few hundred yards to the west of this proposed development.

And I wish to speak against this proposed development. First of all, I want to make it quite clear I'm not opposed to any development at all on that site. I'm just asking that we have responsible development. But tonight, I want to make two comments, one to suggest that we have a fragile community, and the other to suggest that we have a fragile environment.

We've already heard quite a lot this evening about our fragile community in terms of the overloading of the school district, including the percentage of economically disadvantaged citizens in our community and the poor local employment opportunities. So I don't want to get into that this evening.

I want to restrict my remarks more to the fragile community. As our plan shows over there, this is right at the top of the Dallas escarpment, and there are very rigid planning restrictions put up by the city of Dallas for the amount of water that can run over that development.

We tried to develop the next-door site a few years ago and found it was economically impossible because of the retention ponds that we had to put in on there, and yet I don't see any retention ponds around there to make sure that water doesn't run off too fast with erosion problems.

If I remember correctly, it's two or three years ago that another company tried to develop this site as luxury apartments, and they also found it was economically unfeasible because of the same restrictions. So I suggest that we need to be very careful about developing what's a very fragile environment for the region of the natural beauty that surrounds it.

But there's another aspect of the environment in which I'm also very concerned about, and that is traffic flow. For those of us who live in the area, we know that the traffic flow down Clark Road tends to be rather rapid as people come south off Highway 408. The speed limit is 40 miles per hour, but you very rarely see people doing 40 miles an hour down there.

And yet, this has a lot of children on both sides of a very busy road. Further than that, just to fill you – on the south side of this development, we've got Austin Bluffs on Camp Wisdom Road, and there's already a hazard with traffic on that road, with people dashing in and out of that apartment complex.

I think we're headed for danger. I think we've got a very, very fragile community and a very fragile environment in which this is all taking place. I rather think it's time to stop and think carefully about what sort of development we can in fact sustain on that site. Thank you for your attention.

MS. MEYER: Jim Rule.

MR. RULE: Pass.

MS. MEYER: Brent Yeldel.

MR. YELDEL: My name is Brent Yeldel, and I live in Oak Leaf, Texas. I would like to speak from my personal experience with Southwest Housing as relates to the benefit they've been to members of the congregation where I attend, at Rolling Hills Church of Christ.

There are families and seniors there who have benefitted from the development and the type of development that Southwest Housing has made in the area and which our congregational members and other community members have been able to participate in.

It was through this development and through this interest that our congregation had that I came to know Southwest Housing, and it is for that reason that I am in support of them. Also, I have two letters that I would like to read into the record, if I may. I'll submit these to you following.

The first one is from Mr. Alan Sims, addressed to Edwina Carrington, the Executive Director of Texas Department of Housing and Community Affairs. "Mrs. Carrington, I am writing to express my strong support for the planned apartment community in Dallas, Texas, proposed by Southwest Housing and its principals, Mr. and Mrs. Brian and Cheryl Potashnik.

"There is a well-recognized and growing need for quality and affordable housing in our area. This project should serve as a model for partnerships with private, local, nonprofit and state agencies in successfully addressing housing needs for our large and growing population of families in north Texas.

"In fact, they are building an important affordable housing community for seniors in my community of Cedar Hill. We are anxiously looking forward to the opening of this development in the spring of 2003. My experience in working with the developer of this project was an extremely positive one. On a personal level, most recently, my mother and father-in-law decided to move to the Metroplex.

"My strong support for the projects developed by Southwest Housing led me to highly recommend their product, and my wife's parents now live at their Primrose Parks development in De Soto. We are very pleased with the complete package provided by Southwest Housing. If I can be of further assistance, please do not hesitate to contact me. Signed, Alan Sims."

The second letter is written by Richard Rozier, former mayor, city of De Soto, Texas. "Ms. Carrington, I am writing to express my strong support for an allocation of low income housing tax credits and tax exempt bonds for the above-mentioned planned apartment community in Dallas County.

"Southwest Housing Development and its principals, Mr. and Mrs. Brian and Cheryl Potashnik, are undertaking this proposed community. They are specifically designated to serve the needs of Dallas County families. There is a well-recognized and growing need for quality and affordable housing in our area.

"The social service program targeted to the community residents, many with special needs, will be administered by housing services of Texas. The public-private partnership meets a very serious need for accommodations targeting residents in the 60 percent area median income level and below.

"The need is accentuated by the growth of our community and the upward pressure on living costs in Dallas County. This project should serve as a model for partnerships with private, local, nonprofit and state agencies in successfully addressing housing needs for our large and growing population of families in north Texas.

"If I can be of further service, please do not hesitate to contact me. Signed, Richard Rozier, Former Mayor of De Soto." Thanks.

VOICE: I suggest they build the place in De Soto.

MS. MEYER: Mark Jones.

MR. JONES: I'm Mark Jones. I'm a businessman in the southern sector of Dallas, and I was sitting and hearing all of the comments. I thought back -- I thought since September 11, America had changed a little bit, and I think that everybody wants the same thing, ladies and gentlemen, a safe place to live, an opportunity to have a job, and a place to send their kids to school -- affordable.

I understand how you feel about where you live, but I also don't think you understand that there are people in Duncanville who don't have a place to live. You all act as if everybody is going to move from Forney, from California, from De Soto, to move into your community. There are people who live where you live who can't afford to live where they live. That's my first point.

Again, I recognize and understand. I think more than opposing and arguing and being ugly and mean spirited, I think you all should have an opportunity to sit down with Dallas Southwest Housing. I have found Mr. Potashnik to be very fair in his approach in doing business.

I have two letters that I'm going to read, and again -- September 11, I thought it softened America. Two letters, one from the city of Dallas to the Texas Department of Housing and Community Affairs. "Dear Members and Department Board, I have had the pleasure of working with Brian Potashnik, owner of Southwest Housing Development, on the development of two multifamily in my council district.

"In both cases, Mr. Potashnik has more than fulfilled every commitment he made to the surrounding neighborhoods as builder of quality products, which has been of benefit to our community. In addition, I have also visited a multifamily affordable housing property built by the same developer near Love Field in Dallas.

"In this case, the property has the appearance of an apartment complex that was leased at the full market value, and again, the complex has a favorable impact on the area. Mr. Potashnik has gone well past the minimum requirements to help make all three of these properties successful positives for the community.

"In each case, they have followed through on verbal commitments, enhanced the properties above through agreements. I am happy to personally vouch for Mr. Potashnik and the properties built and managed by Southwest Development. Respectfully submitted by Mark Housewright, Dallas County and City Council Member, District Three."

The other letter is by the Enterprise Foundation. It says, "Dear Mr. Potashnik, the Dallas office of the Enterprise Foundation, Enterprise of Dallas, understands that you are applying for tax credits on the above referenced property from the Texas Department of Housing and Community Affairs as construct of multifamily housing project.

The development is designed to provide units with rents that will be affordable to families under 50 percent of the area median income. Enterprise Dallas supports your proposed housing and recognizes that this project fulfills the needs for additional affordable housing as reflected in the city of Dallas consolidated plan for housing.

"Based on our experience, there is a waiting list of several months for fit, affordable housing in Dallas. For families fortunate enough to obtain such housing, we are aware of the quality of housing that your firm produces and of your very successful efforts in the past.

"Therefore, Enterprise Dallas enthusiastically encourages support of your efforts to provide this sorely needed housing." Thank you.

MS. MEYER: Greg Madrid.

(No response.)

MS. MEYER: No? Richard Johnston.

(No response.)

MS. MEYER: No? Ross Taylor.

MR. TAYLOR: I'm Ross Taylor. I'm a resident of Duncanville. I have been a resident, on two different occasions, of Duncanville. I've lived in a number of communities in states across the country; however, my wife is a resident of Duncanville since 1974.

And I would also like to suggest that just because we have a difference of opinion does not mean that we're mean spirited. I would like to suggest that some figures have been mentioned tonight. I serve as the director of the Duncanville ISD Education Foundation; however, I am not speaking on behalf of the Education Foundation because I don't have that right tonight.

I'm speaking as an individual citizen. But I know that Duncanville is known as the city of champions. My wife has lived here for years. I chose to live here after we were married because I believe in the quality of life, that Duncanville really is a city of champions.

I have chosen to work for the school district because the school district motto is, champions for children, and folks, I work with the folks who give of their hard earned dollars after tax dollars, charitable dollars, to our school district.

These are the people who really give some sacrifices to our district, and if the school district motto is champions for children, then I say that the Foundation's battle cry is champions for children. And by your own admission tonight, you have shared with us that this project will generate $231,000 to the school district for school taxes.

Now, listen to this number. At the lowest pay scale rate that has just been passed by our elected -- that we elected in Duncanville -- school board, the starting salary for a Duncanville is now $36,000. Divide that into 231,000 and you have 6.41 teachers. 6.41 teachers, and I think that we've heard tonight that they're projecting somewhere, some fantasy number of 200 students.

Even at 500 students, and it's probably going to be more like six to 900 students -- at 500 students, that's one teacher at starting salary -- no benefits, no school rooms, no desks, no computers, no electricity, no water, no free lunches -- just a starting teacher's salary of $36,000, one teacher to every 77 students by your numbers.

This project is not feasible for quality of life, the quality of life that my wife and I enjoy in Duncanville, Texas. I would advise you to turn this project down just merely based on the statistical numbers that you yourself have provided tonight as school tax income to the school district.

There's not enough money there. The bond election that was passed for $166,000,000 will pay for approximately 1.5 percent annual growth every year for the next five to seven years only. Our current growth rate is

3.6 percent, over double that.

We are already overtaxed; we're overburdened. We have double the growth that we'd anticipated, and now you're telling us that this project will allow one teacher for every 77 students that you're going to bring to our district. I say no. Thank you.

MS. MEYER: Carol Taylor.

(No response.)

MS. MEYER: No? Shirley Burden.

MS. BURDEN: No. I'm not speaking.

MS. MEYER: Not speaking. Okay.

Nick Lewis.

(No response.)

MS. MEYER: Robert Finta.

(No response.)

MS. MEYER: Elaine Schnieder.

MS. SCHNIEDER: My name is Elaine Schnieder. I've been a resident of Duncanville with my husband and family since 1976, for 26 years, and we are surrounded by Dallas on three sides. We are very much land-locked. We don't have many other spaces to grow on. Our schools are extremely overcrowded.

I've been a volunteer in our Duncanville schools for the last 20 years, and I would just urge all of you to walk through our schools -- and between periods, they are crammed in there like sardines. There's no place to move. This estimated growth of 500 to 700 students is just impossible. What would we do with these kids?

Our parks are overcrowded, and this one little park that is on this drawing in the upper right-hand corner is not near big enough for all the units across the street. And I worry about the traffic and how often that shuttle – is it going to be available like every five or ten minutes when those kids want to go across the street.

The Duncanville – the area there is not supported by DART or public transportation. There is no grocery stores, drug stores, any other stores like that within miles around. These people will have no place to shop. There's no transportation, as we pointed out, and I just wonder what it's going to do to the value of the houses in Duncanville and the cost to the taxpayers.

We already feel like we have enough low income housing in Duncanville with all the apartments that we already have and the number of free breakfasts and free lunch and low income students that go to our schools are over half. We just have felt like the southwest Dallas County and our area has been dumped on many, many times from Dallas.

And it breaks my heart to drive up Clark Road and see how those other developments of apartments have just mowed down those trees and just ruined this beautiful areas that was so wooded and hilly and beautiful. I just would urge you not to build this, that if you want to put some development in there, everything that was presented on this presentation, 99 percent of it was Primrose and this is not Primrose that we're talking about. And I'm against this.

MS. MEYER: Oran West.

MR. WEST: Good evening. My name is Oran West. I'm director of the International Linguistics Center, which would be one of your neighbors, Bill, if you built over there. We're concerned, and we just ask that appropriate consideration be given to several factors.

The first one, as you might have imagined, has already been expressed so eloquently by so many people, is the school system, and that won't be new to you. But on any given day at our center, on the average, we would have six to 700 people working there.

These people are living from Grand Prairie to Duncanville to Dallas to De Soto, and some even out in Lancaster. So we're scattered throughout the southwestern cities there. We love that area, and we're concerned.

We're concerned, as has been said, about the school district. That's true. It all boils down to money.

We just don't have the money to do what we want to do. We want quality education for all of our children. As President Bush has said, let no child be left behind. Mark, I'm so sorry if you thought that some of our friends were expressing a mean spirit. I think there is a lot of passion involved here, and there are strong feelings. That's true.

Perhaps some of us have not been wise in how we've expressed our feelings. Please consider that. Another thing is I'm concerned; we're concerned, about the impact of the traffic in the area. As Glen Repp said a while ago, there's no access from this proposed development, Bill, to I-20 either east or west.

As you know, the Clark Road there, that is the main access into Duncanville from 408. It's a very high speed access, and we're already concerned about that. We're concerned, because we're resident on Camp Wisdom there, about the high speed of traffic that goes through there.

It's a dangerous situation, and we have not been able to get the city of Dallas to help us mitigate that situation, so we're concerned about traffic and the speed of traffic. And I appreciate Dr. Ross mentioning a while ago the problem of the escarpment. We, SILILC, has resident on Camp Wisdom for approximately 30 years.

When we started out there, it was just brush country. We were out in the country. That's not true anymore, and we're very conscious of the emphasis that the County of Dallas has placed on protecting the environment, in this case the escarpment.

We are concerned about the potential for danger to the environment, most especially from drainage from the proposed development, Bill. We think of the paved driveways and paved parking lots and such things, and Buzz [phonetic], you said approximately how many parking spaces would they need there?

MR. BUZZ: It's about two per unit.

MR. WEST: Two per unit.

MR. BUZZ: There or a little more.

MR. WEST: I have this little tiny map, and I'm not very good at reading maps, but it looks like to me, from reading the topography, this would have an impact on the escarpment; and I would just caution us not to build in an area there in a way that would damage our environment. So I would second what David Ross has already said in this regard.

Those are our concerns. If I was able to do my arithmetic correctly a while ago when Bill was speaking, we've got, say, 200 plus – you said under 300 units there at Austin Bluff. We have 250 that would go in with you folks. That would be 550 units. We don't know what Bill Miller is doing across Clark Road there.

So let's pretend somewhere between five and 600 units, at least, and that's a lot of people to bring in, more or less all at the same time. Austin Bluff has just opened a short while ago. Bill Miller will be opening soon, if they are not already open. I don't know. I don't go over there.

And you folks would be 18 months out. So that's a heavy burden to put on this local community at the present time. And I just ask that appropriate consideration be given to these points. Thank you.

MS. MEYER: Kent Cagle.

MR. CAGLE: My name is Kent Cagle, Meadow Ridge Drive, Duncanville, Texas. I'm also the city manager of Duncanville. I'm here in that capacity and the capacity of a private citizen. First of all, I'd just like to say about the available facilities, I understand there was a misunderstanding with the school district, so I know we'll be having more of these in the future, so if you'd personally call Dr. Jerry Cook, he will make sure that the auditorium is available. It seats up to 2000 people.

If there is a conflict, we will make our recreation center available, not the rooms we met in last time. But we'll open up the two gyms. We'll fill it with seats. We can put much more than this crowd in there, so we'll have facilities available.

I'd like to address the issue of economic development. A lot has been said about that tonight, but no one has talked about the net effect. The net effect of this project is negative. It costs more to provide services than it generates in revenue. That's in Duncanville, Dallas, Anywhere, U.S.A. That's a fact about apartment complexes.

In the Duncanville school district, it takes approximately a $200,000 home in order to pay for the education of one child. The net effect on our community is negative. Duncanville is a built out residential community. We don't need more apartments or more laborers. We don't have room in our city to bring in manufacturing, places where these people could be employed.

This is not economic development. We do not go make presentations to manufacturers and talk about how many apartments we have in Duncanville. We don't need any more. The arguments about the income are very confusing. I heard the 60 percent of the area income. I am not sure what the area is, but I did hear the mention of $3000 a family.

You heard the figures of what Duncanville school teachers make. I assure you that Duncanville teachers, firefighters and police officers will not be living in this facility with $3000 a month income limit. Duncanville has been happy for a number of years to provide police, fire, EMS and park services to neighborhoods in Dallas that the city of Dallas has forgotten, but enough is enough.

When the city of Dallas has a 71.8-cent tax rate, then they can come talk to us. We have the equivalent of an 85-cent tax rate because of the sales taxes that we collect. When the city of Dallas -- if the city of Dallas would provide these services to the residents in their area, perhaps their tax rate would be a little higher.

I want to mention that the Dallas and Duncanville home owners that are here tonight are here on their own time and of their own accord. Most of the speakers that I've heard here tonight in favor of the project are either paid by the developer or have employers that are associated with this development or are talking about this developer's senior projects.

This is not a senior project. Let's say it again because the developer keeps talking -- wanting to compare it to a senior project. This is not a senior project. Also, I think the TDHCA entire process is flawed. It is developer-driven. They go where they make money, not where the services are needed.

This is working at cross purposes with other State of Texas departments, particularly TNRCC. This is going to create more congestion. We're locating people away from shopping, away from the jobs, away from the employment centers, and it's going to create more air pollution.

These are government agencies that are not working together. I'd also like to comment -- some names that were thrown out tonight, and maybe the developer can confirm -- the lobbyists he's hired to promote this project, Roy Orr and Richard Rozier. They're paid lobbyists by the developer to support this project.

They live in De Soto. I don't really think they care about the Duncanville area. I don't think they would support this project in their own community.

Lastly, I would like to say that Duncanville is a proud multicultural community, and I resent some of the comments that have been made tonight by the developers or by the developers' supporters to make this a racial issue.

The people in this room that were present the last time we had one of these meetings in Duncanville, you will notice that all races were supported in that room, and there was unanimous opposition to this project. I believe that the location of this meeting has changed the makeup of that. Not as many people could be here tonight.

We would have filled this room up and more, a room this size, if it were in Duncanville. Thank you.

MS. MEYER: Ruth Smith.

MS. SMITH: No.

MS. MEYER: No. Claudia –

MS. ZACHARY: Just give me a minute. It's kind of odd to have a public meeting and have it where it's not accessible to everyone.

MS. MEYER: It is. There is one.

MS. ZACHARY: I was not going to speak because, frankly, as I was hearing everything being said, I thought that everything was being said. But I really do take offense, Mr. Jones, to what you said about Duncanville being mean spirited. We are anything but mean spirited.

We embrace our diversity. That is what makes us a city of champions. We are at this time practically completely ringed by Dallas' low income housing apartments. We have taken those students in and we have given them wonderful educations. We are just maxed out, and it's time for some other portion of Dallas County to step forward and be able to take care of this.

We simply can't do it. We cannot do it. And why do you keep trying to say and give the impression that this is for seniors? You do it. We're not idiots. You do it because it's more acceptable. Everybody wants more housing for seniors because they don't go to school, but instead isn't there a rule about when you have to be notified for one of these hearings?

My son, who's 19, received a letter on Saturday of this meeting today. All of his friends, who are 19, received letters. Their parents didn't receive letters. Could this be because whoever was sending them out felt that 19-year-olds were not going to be overly concerned about this?

Fortunately, my son is, and he would have been here, except he had a test tonight in freshman algebra, and I wouldn't let him miss it. So -- and he came running in and said, Mom, look at this. Let me see yours. I didn't have one, my husband didn't have one, and none of my friends got one, but all of their kids did.

So I'd like to know what is the basis for notifying people. I looked for a sign also this weekend. I couldn't find it. I didn't know to look back in the bushes back there. It's almost like you were afraid to come to Duncanville, and I'm very sorry that you were given bad information because Dr. Cook told me that he would have been happy to have it at any of the Duncanville school district buildings.

So I hope that in the future when we have these that we can, since the impact in on Duncanville and not on Dallas, that we will be able to find a place to have it in Duncanville. Thank you.

MS. MEYER: Jerry Rory.

(No response.)

MS. MEYER: Doug Roxy.

MR. ROXY: No.

MS. MEYER: No. Charlene Sullivan.

MS. SULLIVAN: Yes. I want to say something.

MS. MEYER: Okay.

MS. SULLIVAN: I wasn't going to, but – my name is Charlene Sullivan, and I've lived in Duncanville and De Soto since I was five years old. I'm a Duncanville graduate and three-fourths of the school teachers in Duncanville are alumni. When I went to school there, we had one main street in Duncanville.

We have grown and we are a great little city, and we are not against the low housing as far as that goes for the individuals that are living there or will live there. But we are a city that is, like everyone said, we are maxed out. We want to give to all of the kids. There is no question about that.

But we are at a point to where we can't give any more. But we will take what we can give and we'll give it to all the kids, not just the low income or the high income, but kids, children. We are a city for children, and that's the way we've been since I was there.

I hope to goodness that that's the way we'll always be. But we don't need any more. We're maxed out, and that's the truth. Thank you.

MS. MEYER: Bryan Rumsey.

(No response.)

MS. MEYER: Reginald Gates.

MR. GATES: Thank you. I'm Reginald Gates, president of the Dallas Black Chamber of Commerce and chairman of the Texas Association of African American Chambers of Commerce, and I am here to proudly support this development, mainly for the obvious economic development reasons, which in fact are the drivers for all of our communities.

I want to be respectful of the obvious concerns raised by the residents and otherwise business owners in the Duncanville area, but at the same time, I would be less than honest to buy into anything less than what appears to be short of factual information.

No city knowingly works at a minus. No city knowingly understands the dynamics of their community and chooses to be in denial about them. It would be no secret to any of you here, many of you whom stood in opposition earlier, if the same group was asked to stand and verify the fact that Duncanville does not currently have the employment base to support the existing residents of Duncanville. You would have to stand to that fact as well.

There is no correlation between one's income and their ability to get to their place of employment. Ask Texas Instruments. Texas Instruments bore the burden of their employees, of the people from the Oak Cliff area. So there is no correlation between one's ability to get there.

There is a correlation between one's ability to have a comfortable residence and one's choice for employment. There is a reason why the northern side of Interstate 20 looks like the Galleria and the southern side looks like truck stops. There is a reason.

Yes, when you recruit, Mr. City Manager, when you recruit prospects for your city, they do want to know about the access to employees. There is no correlation between which comes first, and we all know that if we are in the business of economic development, what makes sense is the jobs that come with the construction.

Yes, it is temporary, but oftentimes that employment base comes from the very community where that construction is taking place. If, in fact, there is a traffic problem along Clark Road, it has existed prior to this development. If there is an issue for Duncanville to address relative to that traffic problem, it has existed prior to now.

If the – sir, please, Mr. Mayor. If, in fact, the current growth rate is 3.6, an influx of 250-plus units, even the other 250 that you added on earlier would not have the same rate of growth. It's impossible. Now, from the economic development standpoint, I have visited, and I am not a paid lobbyist by anyone represented here.

I am a representative of 1700 business owners, many of whom do business and live in Duncanville, so I am comfortable in my representation of that group. What I know is that when you have a property developer, and everybody works for profit, so let's not fool ourselves about that, the issue is working with the developer so that they customize this development to mix the obvious.

The mixture between the affordable housing and the condescending tone of low income does suggest race. Let's not deny that. The tone about crime does suggest race. Let's not say that.

MS. MEYER: Mr. Gates, your time is up.

MR. GATES: So what we need to do is work with the developer to make sure --

MS. MEYER: Your time is up.

MR. GATES: Would someone yield their time to me, another speaker?

VOICE: You can have mine.

MR. GATES: I have a yield. So what we must make sure we do is as a community, make sure that we work with the developer so that the development in fact complements what we want within the community. That makes sense for everyone. And I think that's something that we can do only by talking to and with each other.

I applaud the city of Dallas for an obvious yielding that they've done with tonight's hearing and will continue to do as we go through this process. We all know the realities of the development. This is an extension of a partnership about the development. So let's not be in denial about those things.

We all can say, Not in my back yard. The question becomes, If not there, then where? And that's a question we all have to ask ourselves.

MS. MEYER: Thank you. Charletta Compton.

MS. COMPTON: I – and just for the record in case anybody is wondering when they heard my name, I am the representative for a portion of Duncanville on the Dallas Community College District Board of Trustees. Tonight, I'm here – I'm president of Kimball United, and I live in Kimball Estates in the Kimball area.

You know, I'm getting old. I forget things. But in listening to some of the discussion tonight, it reminded me how we ended up with Primrose Oaks. Primrose Oaks is located on what used to be a Boy Scout campground. It had been undeveloped for years.

The Boy Scouts had been trying for years to sell that 162 acres because they wanted to invest it in their campground in Duncanville. The neighborhood got tired of the fight to preserve that land as open space.

Southwest Housing management -- and I also had a conversation with someone from that company and I want to clear something up tonight. Laura Miller did not dictate to our neighborhood that we had to work with you. The neighborhood had already decided that if the Boy Scouts wanted to sell that property, that we needed to work out something.

That's why we decided -- because Southwest Housing management was the only company who was willing to work with our neighborhood to give us something that we could live with, we wanted, and we could preserve as much open space as we could.

What we ended up with -- and we asked for what we wanted. We had a committee from our neighborhood that worked with their architect, attorney, Mr. Potashnik. We came up with deed restrictions. We dictated the materials on that development. We have 250 senior housing apartments. It was a total of 162 acres.

They developed on 52 acres that's deed restricted. We dictated the building materials, the buildings, what they would look like, the landscaping the whole nine yards, the material inside, outside and so forth. 110 acres went into a public land preserve that we selected. Three acres, because the Hampton Illinois library has been – it needs to be torn down.

Three acres was dedicated to the city of Dallas to put us a new library for our neighborhood on. What bothers me – and the bottom line – we're satisfied with the development that we had, but we asked for what we wanted, and that's how we got to that development, and this company came in and gave us what we wanted and they worked with us.

What bothers me about what I heard here tonight is that I have very good friends in Duncanville. Duncanville is maybe ten minutes from my house. We have the same problem that you have. I live in a neighborhood that probably has about 400 homes. We have four schools, the high school, middle school, two elementary schools.

The average age of my neighborhood is 63 years. I don't think 10 percent of the kids that go to those four schools that are within a half mile of everybody's home, no more than a mile, lives in our neighborhood. Our schools are overcrowded. That is a universal problem in Dallas County. We all have the same problem. I understand --

MS. MEYER: Your time is up, Ms. Compton.

MS. COMPTON: Thank you. But this development gave us what we wanted, and we're satisfied.

MS. MEYER: Kip Cartwright.

MR. CARTWRIGHT: My name is Kip Cartwright. I live at 1388 Green Hills Court in Duncanville and have lived in the city for eleven and a half years. Overall, my observation of this development plan is that it just does not fit this site. As most everything I'm going to say here has already been said, but our schools are overcrowded; there's no shopping in the immediate area there; there's no public transportation in Duncanville.

We already have one of the economically reversed school districts in the area. The sales tax that would come from this most likely would be very minimal. It would not -- because of the lack of transportation, et cetera, very little of that would come to Duncanville.

I'm also concerned with the property owner's consideration of the balance between the senior housing. During the presentation, I'd like to note that the developer was asked whether -- why are there no one-bedroom units in the proposed property, and his answer was, Duncanville is seniored out, basically implying that there is no demand for senior housing in the Duncanville area.

Additionally, there are few jobs available in the area. Most of the job growth is happening outside of

Duncanville. Duncanville is not growing significantly in number of jobs. And I would just like to urge you to consider awarding funding to a development in another area that is better able to support it.

MS. MEYER: Mark Saint John.

MR. SAINT JOHN: I yield my participation.

MS. MEYER: Jarrett Tolbert.

MR. TOLBERT: No, thank you.

MS. MEYER: Drew Childry.

MR. CHILDRY: No, thank you.

MS. MEYER: Jill Wagman. Could you state your last name?

DR. WAGNER: Wagner.

MS. MEYER: Wagner? Okay.

DR. WAGNER: Good evening. My name is Jill Wagner. I have lived in the southern sector of Dallas County for over 40 years. I went to school there, went to college there, moved, came back to that area. I now practice medicine in that area. I brought to the southern sector of Dallas a medical practice in which we invested over $500,000.

So I have a vested interest in that section of the city. For years, I have watched the southern sector of Dallas County go down. I have watched businesses leave. I have watched people grow up in the area and not have a place to stay after they complete college, no homes because they can't afford it.

And I've watched the constant deterioration of the area as a result of that. I have some concerns tonight about a lot of things that have been said, and I'll just give you a few quotes. One thing is that everybody keeps referring to the potential residents of this property as, These people.

Then somebody said, They're trying to tell us that these people are just like us, but they aren't. Then somebody else said, Where will these people shop? At the same place that you shop. Then somebody said, Well, let's develop upscale housing, as though people who live in higher end homes don't require schooling and don't have cars, and so they won't produce traffic.

Then I heard somebody else refer to the fact that they've been in housing where there were people laying on the floors because people who live in these kinds of places just produce like little animals. I will tell you that when I started my residency and completed medical school, I made $32,000 a year.

I would have qualified for one of these apartments. I say we need to have development in this part of the city, and we have to be careful that just because we now have ours, that we don't worry about the other people who are trying to obtain theirs, because if we don't give children some place to live that is safe, and we don't give them the opportunity to look at people who are professionals and who have made a step beyond where they are, then we will suffer the consequence of that. I am for this project.

MS. MEYER: Reverend Scott.

REV. SCOTT: Since everybody else has spoken, for the record, I'm Reverend Scott, and I'm pastor of the Vineyard Church of God and Christ. I'm in west Dallas. I lived in Duncanville for four years, in what I thought was a townhouse. I moved after I heard about Primrose Oaks. I was paying full scale for rent, my wife and I. We have proof.

The reason why we moved was the owners of the townhouse – matter of fact, it's in Duncanville, and it's there right now, and they're charging those people whether they work or not, full scale rent, and it's raining in there. And not only that, there's -- even in Duncanville, there's no playground there right now.

I'm saying tonight, I live in Primrose Oaks. You can set Primrose Oaks where I live in any community, even in west Dallas. What bothered me tonight, and I'm not against anybody. The folks in Duncanville, they don't want it. You don't want red beans; you don't eat red beans. Go to navy beans.

But my thought is when this gentleman said about the crime in west Dallas, and since I'm their pastor in west Dallas for 20 years, I thought I should say something about west Dallas. I want him to know and everybody to know, I don't care if you are Plano or University Park or Highland Park, north Dallas, east Dallas, Oak Cliff, crime is everywhere.

People get killed in Duncanville. They rob; they break into your car, into your homes, in Duncanville. You got bad children regardless of the race, color or creed in Duncanville, De Soto, everywhere. So that's not the issue. Crime is everywhere. You can get killed in your home bothering nobody.

I think tonight, as this gentleman said about 9/11 being an awakening call, I think we ought to sometimes pray about what we say. What we say sometimes, that first impact can go a long way and it can destroy a lot of people, a lot of companies that are doing something for the community.

This Southwest Housing is reaching out and helping the community. Somebody said, Well, they are going to make a profit. Seven-eleven is making a profit. Whatever business you are in today -- the city of Dallas is making a profit. Duncanville is making a profit.

Whatever job you go, whether it be landscape, whether you be pastoring a church -- if they weren't giving me something, and I love the Lord and love the Lord's people, I wouldn't be there. So these people have a right to make a profit. So I'm saying to you tonight, let's go away from here in peace and in harmony, and let's show some love to one another because you might be up --

That was the lady and my conclusion -- work for Lone Star Gas and I went down there. I was having a tough time trying to get my gas back on, and she said, No, we're not going to extend you any more time. The gas is going to go off. And in my conclusion, you may be sitting high today, but there is a tomorrow. Ten o'clock that night, the news was on, and I called my wife to the television, and that same lady that scolded me had gotten laid off, dismissed from her job.

So what I'm saying today, you may be living on high avenue today, but there's a low avenue on tomorrow. Let's put God first.

MS. MEYER: Gwen Scott.

MS. SCOTT: Give my time.

MS. MEYER: Okay. Lori Thompson.

(No response.)

MS. MEYER: Lucy Thompson.

MS. THOMPSON: Good evening. I am speaking for Southwest Housing, Primrose Park at Rolling Hills in particular. I'm 65 years old, and I believe that this company has done something is very, very necessary for seniors, and by doing this for seniors, why not try it for multifamilies, especially young children who as the doctor said, need to see other ways of life, other people in high places doing better things?

And then one day, Duncanville could prosper from these young children growing up and making it a bigger and better community when you all get my age.

MS. MEYER: Norma Peoples.

MS. PEOPLES: Give my time.

MS. MEYER: Okay. Calvis Barnett.

MR. BARNETT: I'm Calvis Barnett. I live at 2600 Bolting Boon [phonetic], and that's right behind Charlton Methodist Hospital, and this place was constructed by the company that we're having this discussion about. I live there. I've been there for four years. It's a wonderful place. I like it. I'm 82 years old and proud of it.

Eighty-two-year-old men can't live anywhere, but they made it possible for an 82-year-old man, not only for me but for anybody. I think it's a good company. The place is safe. There's not a lot of broken windows. I heard somebody talk about broken out windows and trash blowing all over the place. That's not there.

If you think it is, go by there and take a picture. I think the company is a reputable company. I praise God for them. They are trying to make money just like all of us are trying to make money. And in that way, let's help them. Anybody that has spoken tonight had a right to say whatever they wanted to say, but when you say what you wanted to say, give way and let somebody else say what they want to say. Thank you.

MS. MEYER: Birdie Barnett.

MS. BARNETT: My name is Birdie Barnett. I am the wife of Calvis Barnett, and I'm 72 years of age, and I thank God for it. I also thank God for this company, who made it possible in the latter years of our lives that we can have a decent place to live and feel safe.

I'm not speaking against and I'm not speaking for, but just speaking what is a truth. At 72 years of age, I've lived in a lot of places that was crowded, and there was a whole lot of traffic. And there was a whole lot of conditions that I didn't want to be around, but financially we couldn't do any better.

Today, things have changed, and this ugly monster that continues to rear up his head to prevent progress from being made between people of diversity is still at large, raising up his ugly head. I don't say that this is a racial issue. I'm not saying that it is.

Maybe it is, but each one has to search his own heart to find out if it is or if it's not. That's a question that only you can answer. But I thank God for this company. I thank God for what they are doing, and our children -- and I can sure enough talk about that. I wish I had a whole lot of minutes, but I thank you for the few I have.

Our children, yours or mine -- it doesn't matter what color their skin is if they don't have the opportunity to be raised in a decent place and around an environment that produces. You don't produce princes out of the gutter.

And so, if this is what we want, then don't raise any alarm when you have a lot of crime. Just be silent because it's a living fact that whatever anybody wants for their little babies and their little pink rooms and ruffles, I want them for mine as well.

MS. MEYER: Nita Hamilton.

MS. HAMILTON: I am Nita Hamilton and as of six months ago, I didn't know where I was going to go or what I was going to do. A year ago, if somebody told me that I would have ended up in a senior citizen apartment, I would have said, Not me. So we don't know from one day to the next where we might be.

I have been – I am at the Rolling Hills Primrose apartments, and if I stumble, you all know. You can recognize it, Parkinson's there. So just bear with me if I have to struggle for a word. This has been a family to me, all of those people that's in that 250 apartments at Primrose on Rolling Hills.

We consider each other as a family because we found out that if we do that, we care for one another, and all I've ever seen out of the Southwest Housing has been care and concern for their fellow man. I am over the spiritual wellness committee. I've done many things in that community, and I'm thankful and proud of it.

You say, Well, okay. What about the families? I can tell you I have two granddaughters. One is eleven and one is twelve, and they come to see me and then I get to go out to the pool with them, play games with them.

But you know, when they get ready to go home, they go home, and Grandma's still here.

But see, that's one of the reasons why it's nice to have a senior citizen. On the other hand, as several of you have pointed out, we have to have a decent place for our young children to be taught the right way. And without togetherness, it will never be. I can look at others' children and I can see where they come from.

I know where mine have come from, and I hope that you will consider, what about these children that no one cares? Or that with just a little bit of encouragement, we can cause them to be something. I am something. I am a child of God, one that God created and so are you.

So let's just stop and realize. Yes, I've heard everything tonight, and I analyzed as you were talking. Some of you I agreed with; some of you I didn't. But see, that's the democracy of the United States, and I thank God that I had a chance to say something that might encourage you to think about the other children that might come up in the families that we have today. Thank you.

MS. MEYER: Rose Mathis.

MS. MATHIS: Good evening. My name is Rose Mathis, and I live at Primrose Oaks. I am representing the Primrose Oaks and Southwest Housing. First of all, guys, I love you and thank God for you, for taking the time to build something that we seniors, that we have worked for all of our lives, to live someplace that we can sleep, we can do whatever we want to do and we don't have to worry.

Our families don't have to worry about us. You know, when we get up in age, our children are working. Sometimes they can come visit and sometimes they can't. So this is what Southwestern Housing has done. They built apartments, complexes, whatever you want to call them, that their parents can go to live and they don't have to worry.

We have people from all over the world that live in these complexes. Kernwood [phonetic], I mean the Courtyards, the Oaks and the Ponds. So it must be something that's good about these. And you know what? We have wonderful people that's working in these offices.

You know you can't go to outside apartments and when you walk into the office, the secretaries and the managers, they greet you with a smile. They hug you; they see about you. So this is what this place is all about. You know, this is the 21st century. It's time for a change, people.

Although you have your homes, condominiums, whatever you have, you don't know. You may end up in one of these, and so let us love one another. You know, September 11 should have made us stop and think.

God bless you. God bless America. You guys, I love you.

MS. MEYER: Liz Payne.

MS. PAYNE: I am 72 years old and I have lived in De Soto since 1964. Mr. Yeldel, I'm glad to see you again. My husband in 1999 died. One year after keeping a home up, I listed my home for sale, and I prayed that I would make a new home somewhere in an apartment. My home was sold for what I wanted for, and I got it. Okay.

It was not wrote up down because of Primrose Apartments. My mother had lived in Kernwood Apartments, being pleased for what Southwest Housing offered. I listed for the Primrose Apartments to live. An update: I can now afford my apartment, enjoy things that I like to enjoy away from the apartment.

My son and only child lives in Duncanville. Both of my grandchildren graduated from Duncanville, attended first grade up. My son and family approve of where I live. He also has a good job. He is not living where people is ashamed of either, Duncanville. He is proud of his home.

He pays for taxes there just like everybody does in De Soto. Now, I can afford my apartment. I'm enjoying the pool. The landscape is coming along fine now. I have access to the freeway, the doctor and lawyer -- I mean doctor and grocery, scheduled by bus, and I have good friends that I love deeply.

Thank you to Southwest Housing and to the HS Step. Please, more apartments for all citizens. If you want to see how apartments are, attend Primrose Apartments. They'll be glad to show you one, and you can come and see mine. They are nice ones. Thank you again.

MS. MEYER: Albert Goodwin.

MR. GOODWIN: No.

MS. MEYER: Ron Ferguson.

MR. FERGUSON: Good evening. I'm a business owner in the southern sector, as well. My name is Ron Ferguson. I'm one of those people that the city manager was talking about. These guys pay me, but they pay me to work. We have about 15 families in our organization that they pay, and to be honest with you, if they brought the people that they pay to this meeting, we wouldn't have any room for y'all because they employ quite a few people in this city right now.

So actually, there is a lot of truth to what you are saying, and I just wanted to point out that we engineer and design some of the most modern systems they put in their facilities. So we spent a lot of time talking about how we feel about this facility and that facility, but those facilities will accommodate salaries a whole lot higher that what will be occupying them.

That's something we really need to consider, so we may need that gym next time because if it's left up to me, the job they're doing, they need to have all their employees here. Thank you.

MS. MEYER: Helen Hunt.

(No response.)

MS. MEYER: Lori Bizor. Is that it? Could be. Say your name one more time.

MS. BIZOR: Lori Bizor. Good evening. I hadn't really planned on saying anything, but after hearing everything that was going on, I think that it was necessary for me to stand up for Southwest Housing. I am an employee of Southwest Housing and have been so for almost a year come September. And being back in Dallas -- I was born and raised in Dallas and moved away with the military and everything -- and I just think that something like this development needs to be all over -- not just in

Duncanville, not just in Dallas, not just in De Soto, but all over.

Being that I've traveled all over the world with the Navy, this is something that we honestly have to have everywhere. That's the way I feel. As far as jobs is concerned, I never thought that I would work and live in the same city. It can happen. It is jobs there at Southwest Housing for the residents of Duncanville.

This is one company that I wish I would have been with a long time ago, and I plan on retiring, hopefully, with this company. It is not what you think it is. Everybody's not fortunate to make $100,000 a year, $50,000 a year, but they still need a place to stay, and I just feel that you just need to give Southwest Housing a chance, and I promise you they will prove you wrong.

Like I said, I wasn't going to say anything, but that's all I've got to say. Thank you.

MS. MEYER: Lawanna Barton.

(No response.)

MS. MEYER: No speak? Dalton Lott.

MR. LOTT: I'm Dalton Lott. I live at 1700 Cedar Hill Road. I've been a Duncanville resident for approximately 30 years. I mentioned earlier this evening that I was disappointed in the scheduling here and the time, because I think that -- and you were evident, I think, the last time we had a meeting in Duncanville there.

We had many, many people of color who were able to come and speak out, and I don't think that's been properly addressed tonight. I think that this thing's been made into more of a racial issue than really what it is. If you were listening to what the people said last time, that what they were opposed to was they had moved away from certain things and they didn't want to get back into that same.

They had moved to Duncanville for a reason, and they wanted to make sure they maintained that same quality of life. If we're able to reschedule this thing, I'm sure that we could have a large turnout of people that would express that. But I'm sure that people understand that due to a lack of information, lack of timing, the location of the place, and also the timing of it, it prevented this because these people work.

A couple of things that I'd like to point out is it has become real obvious that the market survey done was not right. There is a real need for senior citizens and that senior citizens is for no particular race. It's for old folks, the human race. And everybody is thinking this is a racial issue. It's not.

We want and we need, desperately, senior citizens, and they're black people, white people, brown people, red people. They all need it. We want it. If you were here asking for this today, I think it would be overwhelming response that we are in favor of that.

But I think that same surveyor was probably looking at the map and when he thought De Soto was a mile away, it was probably four miles away, and Grand Prairie is a lot closer than De Soto. So that same guy that was doing that survey probably got mixed up with that map and also his other survey forms.

The thing we got is we have a real need for senior citizen housing. We don't have a need for more apartments. We don't have a need for more students. Do I think that all the kids deserve -- no matter what color they are -- deserve a good education and a good place to live? Absolutely.

Do I think there's a better place for these children to live to locate these apartments or something like that? That's what it's all about. We think there is. There are better places. There is more suitable usage of that land than what we're proposing here today, so obviously I'm absolutely opposed to it.

If it's for a senior citizen's center -- isn't it wonderful that all these people here tonight have come and said all these wonderful things about it. I think it's great. We would welcome that. I want everybody to acknowledge we want that. We want Primrose, but we're not talking about Primrose.

The other thing gets to be pretty obvious. No one resident of any other place, these other Roses, has shown up here. It's all been senior citizens. And I want to go on record, and I think that the city manager, city council people, most of the residents here, anybody from Duncanville would be opposed to this being a senior citizens center? We'd like to recommend to look at it.

But the thing that I want to make obvious, as well, is that really and truthfully what this thing's about -- it's not about addressing a need. It's about greed, and what we've got here is we've got a $25,000,000 project that where apartments are going to cost $100,000 each.

You can buy a pretty nice house in Duncanville, Texas, for 100,000 bucks, I can tell you that. But what we did is we've got a $25,000,000 project that is going to cost $17.3 million to develop, and that leaves $8.7 million for the land.

Previous, we asked for how much was spent for the land, and no one wanted to address that because what this is all about is a land deal. We don't need the apartments. Our schools are overcrowded; Dallas has a real problem with fire protection and police protection.

And all what it is, there is no need for any of this except for senior citizens, but somebody instead of a need wants to satisfy greed. It talks about $8,000,000 on the front side for up-front properties, and that's what it's all about. People of color, we are not against you. We are a very diversified city.

We are a city of champions and we welcome you, and I don't want you to be misrepresented or misunderstand what we've said this evening. Thank you.

MS. MEYER: Ken Guest.

MR. GUEST: Pass.

MS. MEYER: Vanessa Alexander.

(No response.)

MS. MEYER: Steve Martin.

MR. MARTIN: My name is Steve Martin. I reside at 607 Alameda Avenue in Duncanville. I've been a resident and a business owner in Duncanville for 20 some-odd years. I want to go on the record first off as strongly opposed to this development. Now that we've got that out of the way, I want to make a couple of comments and I'll echo a little bit about what Dalton Lott said just then.

But I do have a little bone to pick with a couple of comments made tonight. I'm a veteran of the armed services of this country, and I chose to do that to fight for the right of freedom of America and the freedom to hold a public forum. And me coming tonight in a public forum to speak against something that I have the right to speak against does not mean that I am against American freedom.

I take offense to someone that compares an attack on America with my freedom of right to speak when I served the armed services of my country. Now that that's out of the way, we've had 24 here that have spoken against this and every one has been a homeowner and a property owner.

Sixteen people have spoken in favor. Fifteen of those people are either paid or do not live in Duncanville. You had one who was paid for the study that UNT did. I took that as a positive that he voted for. Seven people are past that. Reginald Gates, Mr. Gates, I know the affiliation he has.

I applaud his work, but he didn't seem to bother to share his address or where he lived, and it's not anywhere close to Duncanville. The Buckner Baptist lady, I appreciate her concern and what she does. She doesn't have a concern or landowner in Duncanville.

Alan Sims, who I will send a letter to tomorrow, the city manager of Cedar Hill -- if I had his Primrose development, I would love to have a Primrose, too. Richard Rozier in De Soto, sure. Why not? He's in De Soto. He doesn't have a problem here.

Now then, the lady that spoke that she is an employee of Southwest Housing, I'm certain that they're a great employer. I have no doubt about that. One was a subcontractor that spoke here who has things he sells to Southwest Housing. I have no problem with that.

But the key is seven people that were here tonight spoke in favor of Southwest Housing, and they're selling me on Southwest Housing. I'm still opposed to the project in Duncanville, but I'm sold on Primrose development. These residents here, you have sold me 100 percent on how great a place Primrose would be.

So in closing and after hearing people speak tonight, my only comment that I want to make is, Southwest Housing, scrap this idea, bring us a Primrose, and I'll help you support to get it.

MS. MEYER: Steve Saxon.

MR. SAXON: My name is Steve Saxon. I come at a little different angle than the rest of you. I'm the owner of the property that's at Clark Road and Clarkridge, the only remaining corner there. I own 5.7 acres there. I am for this project. I don't know these guys, don't know them from Adam, never heard of them until today.

They seem to have a pretty good product. I'm encouraged by what the seniors have said when they got up here. I would imagine that a company that has such a good reputation with its seniors would also do a good job on our family project, so it would be surprising if they didn't.

I mentioned I am across the street. We are commercial zoning, as well as the land behind me, which makes up the balance of that block that's bordered by Clarkridge, Clark, and Camp Wisdom. That property is zoned as a grocery-anchored shopping center. It's about 13 acres and the owner of that is a land investor like me.

We are -- obviously, we are for it because as people come, commercial users come and they want to buy our land. So I think that there will be services there for the residents, whether it's a grocery store, a gas station or other commercial uses. We don't know what it will be, but that's what it's zoned for.

Speaking of zoning, this property is zoned multifamily. It's going to be multifamily, whether it's this project or another, which will bring a lot of kids to Duncanville Independent School District, so I think you're facing that anyway. I understand your frustration with the school system. Every school system faces that.

I live in Highland Park, probably one of the most wealthy districts around, and we're overcrowded. We have temporary buildings. We send 62 percent of our property taxes for the school district to the state because of Robin Hood.

So it's tough and I understand your opposition, especially because you're not familiar with the company, and I don't pretend to know what's going on there. Duncanville is a nice community. I know a lot of the communities around the Metroplex, being a land investor, and it's a great community.

Just another couple of facts to put on the record: There is a lot of other commercial development coming on line down there. The Mountain Creek project, which is being run by some other people I know, the Panatoni [phonetic] company has already built one warehouse, sold a large tract of land to a large national user who is building another warehouse.

They have restaurants and retail planned for it, so as one of the Mountain Creek people talked about earlier, there is a lot of potential here. I think this company, they seem to do a great job. They have a lot of support within their constituency, and I'm for the project. Thank you.

MS. MEYER: William Roberts.

(No response.)

MS. MEYER: No? Tom Harmon.

MR. HARMON: My name is Tom Harmon. I live about eight to ten blocks from this proposed development, and I'm going to speak against it. I'm here at my own free will; I wasn't paid. I have a vested interest, unlike a lot of people. Of course, I don't live in Highland Park. I don't live in Oak Cliff. I don't live in Dallas.

By the way, what is the population of Dallas? 800,000? 900,000? Okay. And the population of Duncanville, what is it? About 35,000? Okay. We're right in the heart of the Dallas territory. If this is so important and so good, why aren't there more people here? I don't understand that.

People in Duncanville have a vested interest in this project. We can't support it. Just recently, we got an increase in our house appraisal of $20,000. Okay. Now, that's going to cost me more money in taxes. I know that, but that is to support the current situation.

This is going to add to the burden. Up it goes. You people from Dallas, Highland Park, Oak Cliff, can say what you want. It doesn't affect your taxes. It's us, and we're the people who live here. And I'm against this proposal.

MS. MEYER: David Green.

MR. GREEN: I'm not speaking.

MS. MEYER: Okay. Abdul Karriem.

MR. KARRIEM: Good evening. My name is Abdul Karriem, and yes, I don't live in Duncanville. As a matter of fact, I don't even live in Dallas County. I live in Ellis County. I did grow up in public housing, and I thought it would be nice for me to make some comments because I'm a real estate developer.

I own about 157 acres of land here in Dallas, De Soto. I was fortunate enough to be the first African American to build and own a Ramada Hotel, and I did all of that from being one of those people. I'm here to support this project because development of this type of project gives hope to people who don't have hope.

I even tried to put a hotel in Duncanville where that big warehouse is there, and they already had given the rights to somebody, but they never did go through. So what happens is that it's the little people who have concerns. It's the little people who still care about areas that people, that big shots don't have on their radar.

There wouldn't be a hotel in Cedar Hill right now if it hadn't been for me caring about that area because I grew up – pardon me, I went to school in Cedar Hill. And also, by the way, I've been contributing to Duncanville High School probably for about the last six years.

You'll see because I'm the president of First United Mortgage Company and on the football paraphernalia, the little things that they make noise with, the little hand clappers and the balloons -- or at least they tell me that's where my money's been going anyway, and the reason why I've done it is because I try to give back.

Yes, I'm a millionaire, and I've been trying to give back to every school district. So I would implore you tonight to not be negative about this. Look at all the opportunity that it can bring to your community, and if there is an issue about schools being built, I can build them for you.

Now, I will lease them back to you, but I can build them for you. Now, I don't know how the school districts pay for these things, but I'm sure we can lease them back. I just wanted to make light of that. You know, we have to grow. Out in all the areas – I have an office out in the Colony. They're growing.

Everybody's growing, so I mean, there's nothing wrong with growth. I don't think that you're going to get the type of negative impact that's being said here tonight. If it wasn't for your organization, which is our tax dollars, by the way, going into these types of projects, these projects wouldn't exist.

Believe me, it's very difficult for developers to raise all the capital on their own. So to make a long story short, I'm for this project. I'm one of those people who people think will turn out bad. I turned out very good. I've contributed well more back than what had been given to me.

In conclusion, I would like to say, please, by all means, keep an open mind. Do not say no when there's always a way we can make it work. That's what America is. Just think how Dallas would be. Just think how the pilgrims would be if they'd said, Well, this is all we got. We can't go no further. Thank you.

MS. MEYER: John Owies. I probably messed that one up.

(No response.)

MS. MEYER: Reverend Scott, I think you've already spoken. Correct?

REV. SCOTT: Yes.

MS. MEYER: Okay. And John Wiecaman.

MR. WIECAMAN: Last but not least. I came down here tonight. My name is John Wiecaman. I'm president of the homeowners association in Mountain Creek. I'm also part of the Mountain Creek Coalition. I came down here thinking I was going to be real negatively impressed and the whole nine yards.

I was very negatively impressed by some of the comments made about the feelings we have in Mountain Creek and the Duncanville area. I live in Dallas. Okay? That's my city. It's my county. My taxes go to Duncanville to pay for their schools, to pay for the other things they have there, the things that Dallas has stripped us of, like our police stations, like our emergency medical systems.

We don't have them in Duncanville like we did. We have none of them over in the Mountain Creek corridor to speak of. We have one fire station. Okay? I'm sure you build wonderful developments. I have absolutely no problem with it. We're going to have to face this issue whether we like it or not.

We're going to have low income housing, subsidized housing. We're going to have Chapter 8. We're going to have all of that before it's over with. But our concern is that we do it in a proper fashion. Our concern is that we get it built properly.

Sir, I haven't heard one word from any of you to come in front of the coalitions or anybody else to try to work with us on building that thing. All you want to do is throw up more apartments, put more stress on our environment, put more stress on our tax issues.

Like you, my taxes went up, too. I went up $1,200. That's my tax bill that went up, and I've been there for eight years. I applaud you for building what you've done. I've heard your people speak. I'm like the other gentleman from Duncanville. You've convinced me. You build a really good product.

Bring me one of those Primroses. I'll support you. I'll sit with the coalition and try to get you supported. But don't bring me more apartment complexes with no infrastructure, with no schools, with no stores, with no transportation, with no parks.

Bring us what we have to have to have all of it, so we can give everybody a good shot at life. I could care less what color you are. I live in a neighborhood that has an outrageous amount of diversity. I'm in the minority in my neighborhood. It's okay. I don't care. They don't either.

What we care about is being able to take care of the children, being able to give people a good, decent way of life, being able to continue our livelihoods ourselves and live in our neighborhoods.

I came out of a multi-acre house in Irving into a very small yard and a larger home in this area because I wanted to. Because I wanted to see trees. Because I wanted a nice place to shop. I don't have much of that yet. We're going to get some. We're going to have that in Mountain Creek. It's going to be there.

But I'm only two miles down the road from there, and I travel that Camp Wisdom. We're going to have to deal with the traffic issues on Camp Wisdom. There's no choice. We're going to have to deal with it. It's going to be there. But the project that you've brought before us at this point is not well planned for what we need to have in our area.

You need to come and speak with us. In the meantime, until you do so, you won't get the support that you want. That's all I have to say. Thank you.

MS. MEYER: Is there anyone else that would like to speak?

MR. MASCARI: Yes. I'm sorry. I came in late.

MS. MEYER: Your name?

MR. MASCARI: My name is Marty Mascari.

MS. MEYER: Spell that last name.

MR. MASCARI: M-A-S-C-A-R-I.

MS. MEYER: I'll let you go ahead.

MR. MASCARI: And I'm sorry. I do not live in the area. I am the executive director of an organization called Housing Services of Texas, and we provide services to many of the developments that Southwest Housing does. Just in listening – I came in late. I had to drop a volunteer off, and I apologize.

But I listened to you all. Number one, I wanted to make the point that these are much more than housing developments. There is a package of services that go along with these that are required by the funding that the properties bring. These packages of services bring much more to the community than just a house.

I'll tell you a little bit. I have a sister who is divorced and divorced because of the fact that she happened to have a husband who held a hot iron to her head and had to have him arrested. She had three children and was forced to live in my parents' house for four years, trying to get her feet back on the ground.

She needed a place to live. She needed a place like this to live, a place where there was some supportive services, where there were after school programs for the kids so she wouldn't have – so she could continue her day at work and come home knowing that her kids were not latchkey children. They had a place to go after school and get services.

These properties -- I encourage you to go see the Rosemont at Arlington Park property, which they just finished in Dallas, and we're working on services there. There is a computer lab for the children, a computer lab for the adults. There is an after-school program. There is going to be tutoring there for the children. There's all sorts of supportive services.

Someone is going to develop this property. Someone is going to come in and develop it with children, and most likely it's going to be family, because if you look at the number of senior properties out there, there is just only so many they can build and there is a lot more need for family properties.

But I truly encourage you to go look at the services and the quality of the property that Southwest Housing builds and mainly the Rosemont at Arlington Park property, which is over off of Record Crossing in Dallas. It is absolutely knock-your-socks-off beautiful.

I took a banker there just that works with us in raising funds about three weeks ago, and he works with their credits -- I'm sorry -- the credits that the banks get for helping low income housing, and he's worked at this for years. He could not believe the quality of this development.

I truly encourage you, before you make up your minds, to go take a look at this place. It is beautiful, and it brings services to the families that are needed. Thank you.

MS. MEYER: Is there anybody else?

(No response.)

MS. MEYER: Okay. Seeing that there's no one else, I would like to thank everyone for your attendance and for your comments. Again, our board meeting for the Texas Department of Housing and Community Affairs will be meeting on August 8. All your comments, the transcript, all the letters and everything, any emails or letters that you'd like to fax to me, I would suggest that you do fax by this Friday in order for them to get to the board.

I have to put the board package together, but any comments that you want to send, please do. If you need how to get in touch with me, I'll be glad to give you that information. Again, I appreciate all your comments and your patience. It's now 9:15, and I would like to adjourn the meeting.

(Whereupon, at 9:15 p.m., the meeting was adjourned.)

<u>C E R T I F I C A T E</u>

IN RE: Public Hearing on Clarkridge Villas
LOCATION: Dallas, Texas
DATE: July 23, 2002

I do hereby certify that the foregoing pages, numbers 1 through 105, inclusive, are the true, accurate, and complete transcript prepared from the verbal recording made by electronic recording by Barbara Wall before the Texas Department of Housing and Community Affairs.

7/26/2002
(Transcriber) (Date)

On the Record Reporting, Inc.
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Dallas, Texas 75224
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July 19, 2002

Dear Mr. Potashnik:

I just want to pass on to you, on behalf of the Dallas Southwest Medical Center family, our acknowledgement of the very positive relationship that exists between us and the Primrose Oaks property owned and operated by your company. We have been neighbors for over a year now and, from the beginning, our collaborative relationship has been beneficial to us, our visitors and our community. Specifically, you have personally improved our overall area in many ways to include:

- Being the driving force behind and providing the financial support for the much needed traffic light on Hampton Road that leads to the common entrance to our facilities.
- Providing landscaping as promised that enhances and beautifies not only your property but our property as well.
- Placing the requested stop sign and speed control devices on your property for the safety of our employees, visitors and your tenants.
- Opening your facility to the Dallas Southwest Seniors (age 55 and older) for lunch and regular exercise classes.
- Donating in-kind goods for our first annual health fair that drew over 1,200 community residents who obtained medical services at no cost and
- Including us in activities at Primrose Oaks, e.g., political forums, community service events, and so forth, to ensure our awareness of and involvement in community issues.

Brian, you and your staff are model neighbors and strong supporters of our community. As a result, we are sure your spirit of goodwill and desire to improve the total environment will be present wherever you are involved. I look forward to our continued relationship and wish you much success with your future projects.

Page Two
Continued

If there is anything we can do to further our relationship, please call me at 214-467-6601 or Ms. Elma Goodwin, Director of Community Relations, at 214-333-1389. Thanks again for being a good neighbor!

Sincerely,

DALLAS SOUTHWEST MEDICAL CENTER

J. Cornelius Brown, CHE
President/Chief Executive Officer

JCB/th

THE ENTERPRISE FOUNDATION

July 17, 2002

Mr. Brian Potashnik
Clarkridge Villas Housing, L.P.
5910 North Central Expressway, Suite 1145
Dallas, Texas 75205

Re: Clarkridge Villas; Clarkridge Road and Clark Road in Dallas, TX

Dear Mr. Potashnik:

The Dallas office of The Enterprise Foundation (Enterprise Dallas) understands that you are applying for tax credits on the above referenced property from the Texas Department of Housing and Community Affairs to construct a multi-family housing project. The development as designed will provide units with rents that will be affordable to families earning fifty percent (50%) of the area median income.

Enterprise Dallas supports your proposed housing and recognizes that this project fulfills a need for additional affordable housing as reflected in the City of Dallas' Consolidated Plan for Housing. Based on our experience, there is a waiting list of several months for fit and affordable housing in Dallas, if a family is fortunate enough to obtain such housing. We are aware of the quality of housing that your firm produces and of your very successful efforts in the past. Therefore, Enterprise Dallas enthusiastically encourages and supports your efforts to provide this sorely needed housing.

Yours truly,

Lorenzo S. Littles
Dallas Director

100 NORTH CENTRAL EXPRESSWAY, SUITE 1299 · DALLAS, TEXAS 75201 · 214.651.7789 · 214.651.7231 FAX
http://www.enterprisefoundation.org

CEDAR HILL

City of Cedar Hill
P.O. Box 96
Cedar Hill, Texas 75106
972-291-5100
fax 972-291-5107

July 23, 2002

Ms. Edwina Carrington
Executive Director
Texas Department of Housing & Community Affairs
507 Sabine, Suite 400
P.O. Box 13941
Austin, TX 78711-3941

RE: Southwest Housing Development, Inc., Wheatland Villas Housing and Clarkridge Villas Housing

Dear Ms. Carrington:

I am writing to express my strong support for the planned apartment community in Dallas, Texas, proposed by Southwest Housing Development and its principals, (Mr. & Mrs.) Brian and Cheryl Potashnik.

There is a well-recognized and growing need for quality and affordable housing in our area. This project should serve as a model for partnerships with private, local, non-profit and state agencies in successfully addressing housing needs for our large and growing population of families in North Texas. In fact, they are building an important affordable housing community for seniors in my community of Cedar Hill. We are anxiously looking forward to the opening of this development in the Spring of 2003.

My experience in working with the developer of this project was an extremely positive one. On a personal level, most recently, my mother- and father-in-law decided to move to the Metroplex. My strong support for the projects developed by Southwest Housing led me to highly recommend their product, and my wife's parents now live at their Primrose Parks development in DeSoto. We are very pleased with the complete package provided by Southwest Housing.

If I can be of further assistance, please do not hesitate to contact me.

Sincerely,

Alan E. Sims
City Manager
Cedar Hill, Texas

RICHARD ROZIER
208 Dalton Drive
DeSoto, TX 75115

July 23, 2002

Ms. Edwina Carrington, Executive Director
Texas Department of Housing & Community Affairs
507 Sabine, Suite 400
PO Box 13941
Austin, TX 78711-3941

RE: Southwest Housing Development Inc., Clarkridge Villas Housing

Dear Ms. Carrington:

I am writing to express my strong support for an allocation of Low Income Housing Tax Credits and Tax Exempt bonds for the above-mentioned planned apartment community in Dallas County. Southwest Housing Development and its principals, Mr. & Mrs. Brian and Cheryl Potashnik, are undertaking this proposed community. They are specifically designated to serve the needs of Dallas County families. There is a well recognized and growing need for quality and affordable housing in our area. The proposed development will provide large living units and a large community center to serve the specific needs of the community residents.

The social service program targeted to the community residents, many with special needs, will be administered by Housing Services of Texas. This public private partnership meets a very serious need for accommodations that target residents in the 60% of area medium income level and below. The need is accentuated by the growth of our community and upward pressure on living costs in Dallas County.

This project should serve as a model for partnerships with private, local, non-profit and state agencies in successfully addressing housing needs for our large and growing population of families in North Texas. In fact, Southwest Housing built two affordable housing communities for seniors in the City of DeSoto during my tenure as Mayor. What they have done in our community in nothing short of outstanding.

If can be of further assistance, please do not hesitate to contact me.

Sincerely,

Richard Rozier
Former Mayor, City of DeSoto, Texas

CITY OF DALLAS

MARK HOUSEWRIGHT
City Councilmember

Committees:
Arts, Education & Libraries
Business & Commerce, Vice Chair
Municipal & Minority Affairs
Transportation & Telecommunications

July 18, 2002

Texas Department of Housing and Community Affairs
507 Sabine
Austin, Texas 78701

Dear Members of the Department Board:

I have had the pleasure of working with Brian Potashnik, owner of Southwest Housing Development, on the development of the two multi-family properties in my Council district. In both cases, Mr. Potashnik has more than fulfilled every commitment he made to the surrounding neighborhoods and has built a quality product, which has been of benefit to our community.

In addition, I have also visited a multi-family, affordable housing property built by the same developer near Love Field in Dallas. In this case, the property has the appearance of an apartment complex that was leasing at full market value and, again, the complex has a favorable impact on the area.

Mr. Potashnik has gone well past the minimum requirements to help make all three of these properties successful positives for the community. In each case, they have followed through on verbal commitments and enhanced the properties above those agreements. I am happy to personally vouch for Mr. Potashnik and the properties built and managed by Southwest Housing Development.

Respectfully submitted by,

Mark Housewright

Mark Housewright
Dallas City Council Member
District 3

OFFICE OF THE CITY COUNCIL CITY HALL DALLAS, TEXAS 75201 TELEPHONE 214/670-4199 FAX 214/670-5115
E-MAIL: mhousew@mail.ci.dallas.tx.us

CITY OF DALLAS

RECEIVED
JUL 29 2002
Multifamily Finance Divisi

MARK HOUSEWRIGHT
City Councilmember

Committees:
Arts, Education & Libraries
Business & Commerce, Vice Chair
Municipal & Minority Affairs
Transportation & T

July 25, 2002

Ms. Robbye Meyer
Texas Department of Housing and Community Affairs
507 Sabine
Austin, Texas 78701

Dear Ms. Meyer:

This letter is to clarify my position regarding the proposed multifamily development Clarkridge Villas, which was discussed at a public meeting on Tuesday, July 23, 2002. Unfortunately, I was out of the country and unable to attend the meeting.

On Thursday, June 20, 2002, I met with two representatives from Southwest Housing Development (SHD), Messrs Jack Potashnik and Mark Jones, to discuss affordable housing in Dallas. During that meeting, I was asked to write a "general" letter vouching for the quality of SHD projects in my Council District. I was happy to do this, since SHD has, in the past, cooperated with our adjoining neighborhoods and fully met their commitments.

However, at that same June 20th meeting, I again reminded the SHD representatives that my support for any individual project would be solely dependent on the support of the surrounding community. It was confirmed at that meeting that SHD had no desire to build any project unless they had the backing of the community.

It is my understanding that there was considerable opposition voiced to the proposed Clarkridge Villas project during the July 23, 2002 meeting and my office has received a significant number of responses from the community in opposition to the project in the last two days.

For that reason, I wish to clarify for the record that I personally oppose SHD's application for state bond dollars in the case of the Clarkridge Villas.

If you have any questions regarding my position on this matter, please do not hesitate to call me at (214) 670-4199.

OFFICE OF THE CITY COUNCIL CITY HALL DALLAS, TEXAS 75201 TELEPHONE 214/670-4199 FAX 214/670-5115
E-MAIL: mhousew@mail.ci.dallas.tx.us

CITY OF DALLAS

MARK HOUSEWRIGHT
City Councilmember

Arts, Education & Libraries
Business & Commerce, Vice Chair
Municipal & Minority Affairs
Transportation & Telecommunications

Respectfully submitted by,

Mark Housewright

Mark Housewright
Dallas City Council Member
District 3

C: Senator Royce West
Mr. Robert Onion, TDHCA
Karen Schaffner, City of Dallas

OFFICE OF THE CITY COUNCIL CITY HALL DALLAS, TEXAS 75201 TELEPHONE 214/670-4199 FAX 214/670-511
E-MAIL: mhousew@mail.ci.dallas.tx.us

July 23, 2002

To: Robert Onion, Texas Department of Housing

From: Don Dye

Re: Public Hearing on Low income Apts. on Clarkridge Road, Dallas, Texas

As a homeowner at 8332 Crystalwood Drive, Dallas, Texas I would like to express my objection to the proposal to build 100% Low Income Apartments to be located on Clarkridge Road (between Camp Wisdom and Clark Road).

Two major reasons why this is not in the best interest of the surrounding residents and homeowners are:

1) The additional enrollment of students would put a burden on an already stressed school system. Yes, a School Bond was passed last year but the proceeds of that Bond was to put our educational system where it should be, not counting a large influx of new students. What are the special needs of this additional enrollment, and is the School System prepared to handle them?

2) History tells us that once this type of housing is dropped into an area, some surrounding homeowners get nervous and put their homes up for sale. The net effect is that these homes, when resold, are sold at less than market value, prior to the development. Thus, the value of surrounding homes are reduced.

Some alternative land uses: a) Affordable housing for Senior Citizens built around a shopping area and green space that would facilitate their being able to fulfill their daily needs without the need for a car. b) Lower cost starter homes or town homes. c) Disability Housing for those with special physical needs. d) Retail development which would increase the tax revenues for the area.

I urge the Board and the owners of the property to find a different use for this property. Thank you.

Greene Homeowners Association, Inc.
P.O. Box 381636
Duncanville, Texas 75138

July 23, 2002

Texas Dept. of Housing and Community Affairs
507 Sabine St.
Austin, TX 78701

SUBJECT: CLARKRIDGE VILLAS HOUSING, L.P.
DALLAS, TX

ATTN. ROBERT ONION

RESPONSE:

We register opposition for the following reasons:

-- Notice not provided to the residents of the affected area. Duncanville Ind. School District will be affected if this proposal is approved.

-- Posted notice in an obscure location. Not visible to traffic on Clark Rd. The major artery.

-- Multi-family complex is under construction directly across the street and east of this proposal. Thus an estimated 800 to 1,000 will be added to an already overburdened Duncanville School District.

-- The location is a gateway into Duncanville and southwest City of Dallas. A first impression of apartments as one enters into this area does not lend itself to promote best land usage for southwest Dallas Co.

-- Concerned about the ratio of multi-family housing in relation to all of Dallas Co. Other posted signs indicate additional multi-family housing is on the horizon.

-- No near by recreational facilities. Limited community resources.
-- DART does not make stops in Duncanville. The nearest shopping is Duncanville
-- No convenience shopping.
-- Low job employment/job base in this geographic area.

The City of Dallas is promoting "Buy Dallas". There is no neighboring Dallas retail shopping.
The nearest is 8 to 10 miles in distance.

Members of the GREENE HOMEOWNERS ASSOCIATION

By: Koleta Goar, President

Petition against proposal for Clarkridge Villas Housing

Name	Address	Phone
Donna Mullins	403 N Casa Grande	972 [illegible] 20 0
Mary Blye Howe	406 N Casa Grande	972 780 9 4
Teresa Maddison	410 N Casa Grande	9 7 298 5955
Susan Magnuson	414 N Casa Grande	972 780 95 1
Rodney Thompson	215 S Casa Grande	972 298 8437
[illegible] M. Brooks	202 S Casa Grande	972 298-0
Robert Connor	68 Rolling Ridge R	9 298
Colin Shumate	68 9 Rolling Creek	9 2 296 8040
Joey Williams	503 JE [illegible] BLVD	9 709 [illegible]
Penny Mask	6 8 Casa Grande Cir	972 296 [illegible]
Dale R Payton	6 Casa Grande R	972) 780 5 94
Vernoy E. Johnson	634 Casa Grande Drive	972 296 3453
John B. Colby	403 N Casa Grande Drive	972 709 9169
Donna Broughton	710 Rolling Ridge Duncanville	972 278 9494
[illegible]	710 Rolling Ridge Duncanville	972 298 9494
Amy Lindley	706 Rolling Ridge Duncanville	9 296 89

Mr Robert Onion or Senator West
I do not want the multi family complex at Clark Rd + Clark Ridge Rd

Tony Hale
311 Linkwood
Duncanville Tx 75137

P.S.
Please do not let this happen

RECEIVED
JUL 2 2002
Multifamily Finance Division

Date: July 23, 2002
To: Robbye Meyer
Fax: (512) 475-3085
From: Robin Cover
6634 Sarah Drive
Dallas, TX USA 75236-5646
+1 (972) 296-1783
Re: Clarkridge Villas Housing project proposal

We appreciate the opportunity to express our concerns in writing about the proposed construction project and request for bonds. While we support affordable housing and the role of government agencies in providing funding, we have deep concerns about the location and scope of the Clarkridge proposal. We are becoming involved with several groups to find out more about this, and to seek for a more measured, reasonable, and authentic process for public input.

In particular, we feel that:

1. The housing project is very poorly situated, spanning a major traffic artery (6 lanes now, probably 8 lanes soon) which serves as a major entrance to Dallas from the South, and major entrance to Duncanville from the North. Why would this be a good location for young children, some of whom have a single low(er)-income parent?

2. The proposed project is too expansive for the area in terms of local resources: a project one-third this size might be defensible.

3. The city of Duncanville is unprepared financially to shoulder the burden upon its schools, police force, and other services. We feel that impact statements from schools should be available in order to help local residents make a reasoned judgment, but we have been unable to obtain relevant documentation from the Trustees, who only recently learned of the proposal. In fact, Duncanville ISD is already struggling with an inability to educate its children, and the tax revenue from this project (going to the school district) would in no way cover the costs. The infrastructure is simply not in place for this project.

4. There are no jobs near this location, no stores within walking distance, and no schools within walking distance. How can this possibly be a good place for lower-income families to live? The people responsible for this proposal are creating a sociological nightmare.

5. The procedural irregularities which have characterized this proposal are an embarrassment, and publicity about this is spreading rapidly. We object to the very short timeframe for notice, and to factual discrepancies in public information about the project which, first of all, made it impossible to ascertain details about the exact location (stated imprecisely and vaguely in the public announcements).

Conclusion: While we appreciate the role your agency has to ensure affordable housing for all people, we feel that the particular choice of Clark/Clarkridge geographically is a poor choice that would have grave negative consequences.

July 25, 2002

Texas Department of Housing and Community Affairs
Attention: Robbye Meyer
P. O. Box 13941
Austin, Tx. 78711-3941

re: proposed multi-family housing

Ladies and Gentlemen:

Please take a moment to consider all of the facts regarding the proposed 260-unit multi-family housing to be located at Camp Wisdom and Clark Road in Dallas. While the property is in Dallas proper, it sits in the Duncanville School District and can and will greatly influence many factors in the city of Duncanville.

As you are surely aware, it will adversely change our school district, including classroom numbers, teacher requirements, and transportation issues. Child and student safety also becomes an issue with overcrowding. Our traffic counts and road adequacy surely becomes an issue and must be addressed. City services will also come in to play, as ours in the city of Duncanville, will become taxed and overburdened with such a development.

Please don't let this happen in our community without further studies and considerations.

Sincerely,

Larry L Miller

Larry L. Miller
A concerned Duncanville resident

July 24, 2002

Ms. Robbye Meyer
PO Box 13941
Austin, TX 78711-3941
512-475-3085 Via Fax

Re: Proposed Development of Clarkridge Villas

Dear Ms. Meyer:

In advance, let me thank you for reading my comments and taking them into consideration.

I am opposed to the issuance of mortgage revenue bonds for the above-mentioned development for the following reasons:

A. The Duncanville ISD does not have the resources to handle the number of students this proposed development would add to their enrollment
B. No access to public transportation which is needed for this type of project
C. No provisions have been made to deal with traffic concerns at Camp Wisdom Rd. or Clark Rd.
D. The city of Duncanville does not have the resources to fund additional services which would be needed (although the project is located within the city limits of Dallas, it will directly affect the community (i.e., taxpayers) of Duncanville)
E. No environmental consideration has been paid to the escarpment on which the development would be built, and the plans for the development do not include holding pools that would be required

I am not opposed to *all* developments in the area. Had this group of developers been presenting a proposal for senior housing, I would be writing this letter in support. This remains, however, an affordable housing project. Please keep in mind that the residents of the Primrose seniors apartments who spoke in favor at the public hearing, *do not* live in the same type of complex, nor are they residents of the community that will be affected by the development. We are not comparing apples to apples here.

Please understand that the taxpayers in the Duncanville ISD already are faced with some of the highest tax rates in the DFW area. We are at our limit.

As far as Dallas City Councilmember Mark Housewright's letter of support, his sister is a resident of Duncanville and is opposed to the development. In his letter, he asserts that this development group has built a multi-family, affordable housing complex near Love Field in Dallas. If you have not visited the proposed site, please bear in mind that the retail development in the Love Field area is not what it is around this site. There are not grocery stores, or any other stores for that matter, in the immediate vicinity. It is quite a picturesque place. What makes it picturesque is that there is nothing around there!

Again, I thank you for taking the time to read my comments. I am asking you to deny the request for the bonds.

Sincerely,

Tara Miles
314 Calder
Duncanville, TX 75116

July 25, 2002

Texas Department of Housing and Community Affairs
Attn: Robbye Meyer
P.O. Box 13941
Austin, Texas 78711-3941

Dear Robbye Meyer

As a fourteen year resident of Duncanville I'm growing very tired of people who do not live in my community or support my community trying to tell us what we need. With 40% of our student body already on the free/reduced lunch program one thing we **do not need** is more low income housing.

The only notice we were given as homeowners was a letter sent two days ago by Royce West to my teenage daughter who is away at college. There was no notice sent to the homeowner. This is an important matter that effects our housing values, our school district, our jobs and the quality and safety of life in Duncanville.

I am very much opposed to this project and the way it was handled.

Thank you for your time and consideration

Sheila Casey
Resident of Duncanville

SCOTT N. CANNON, III

343 Cardinal Creek Drive **972 298-8098**
Duncanville, TX 75137-3138

July 26, 2002

Robbye Meyer
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
P O Box 13941
Austin, TX 78711-3941

RE: Clarkridge Villas

Dear Ms. Meyer:

I want to express my **opposition** to the proposed Clarkridge Villas project that you are considering at this time. Building this type of housing development will definitely put a severe strain on our school system as well as our community services here in Duncanville. Further, the location of this project in not near public transportation, medical facilities and places of employment that "subsidized" housing residents most often need. **AGAIN, THIS PROJECT SHOULD BE DENIED BASED ON THE ADVERSE AFFECT IT WILL HAVE ON THE COMMUNITY AND THE "REMOTENESS" OF LOCATION FOR "LOW-INCOME" INDIVIDUALS.**

Sincerely yours,

Scott N. Cannon, III

Scott N Cannon, III

July 24, 2002

Ms. Robbye Meyer
PO Box 13941
Austin, TX 78711-3941
512-475-3085 Via Fax

Re: Proposed Development of Clarkridge Villas

Dear Ms. Meyer:

In advance, let me thank you for reading my comments and taking them into consideration.

I am opposed to the issuance of mortgage revenue bonds for the above-mentioned development for the following reasons:

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E. No environmental consideration has been paid to the escarpment on which the development would be built, and the plans for the development do not include holding pools that would be required

I am not opposed to *all* developments in the area. Had this group of developers been presenting a proposal for senior housing, I would be writing this letter in support. This remains, however, an affordable housing project. Please keep in mind that the residents of the Primrose seniors apartments who spoke in favor at the public hearing, *do not* live in the same type of complex, nor are they residents of the community that will be affected by the development. We are not comparing apples to apples here.

Please understand that the taxpayers in the Duncanville ISD already are faced with some of the highest tax rates in the DFW area. We are at our limit.

As far as Dallas City Councilmember Mark Housewright's letter of support, his sister is a resident of Duncanville and is opposed to the development. In his letter, he asserts that this development group has built a multi-family, affordable housing complex near Love Field in Dallas. If you have not visited the proposed site, please bear in mind that the retail development in the Love Field area is not what it is around this site. There are not grocery stores, or any other stores for that matter, in the immediate vicinity. It is quite a picturesque place. What makes it picturesque is that there is nothing around there!

Again, I thank you for taking the time to read my comments. I am asking you to deny the request for the bonds.

Sincerely,

Tara Miles
314 Calder
Duncanville, TX 75116

July 22, 2002

Senator Royce West
5787 S. Hampton Road, Suite 385
Dallas, Texas 75232

Dear Senator West:

Thank you for your letter of July 15, 2002, regarding the Clarkridge Villas Housing proposed complex of 280 units in the Duncanville Independent School District. One more time, I must object to this proposal of additional low income housing to be located in our school district. As you know, the Duncanville Independent School District encompasses 30 square miles, only 12 of which are in the City of Duncanville. Therefore, decisions such as this one to be made on this proposed housing project are very important to all of our citizens.

Senator, I have always been of the opinion that southern Dallas County had more than its proportionate share of low income and subsidized housing. Would you please investigate and let me know what percentage of subsidized housing lies south of Interstate 30 in Dallas County and what percentage is north of I-30? You may consider this a freedom of information request if you deem it necessary.

Thank you for alerting us to this proposal. Please consider my objection seriously. I hope you will register your objection also.

Sincerely,

Grady W. Smithey, Jr.
Councilmember, District 4

cc: Honorable Laura Miller, Mayor of Dallas
Honorable Mark Houseright
Robert Onion, TDHCA
Dr. Jerry Cook, Superintendent DISD
Honorable Lee Jackson, Dallas County Judge

July 22, 2002

Senator Royce West
5787 S. Hampton Road, Suite 385
Dallas, Texas 75232

RE: Clarkridge Villas Housing, L.P.
Multi-family Complex, 280 Units

Dear Senator West:

Thank you for your recent letter concerning the Low Income Housing, Tax Exempt, Development that is being considered in the Duncanville school district. I am writing to let you know that I am strongly opposed to these developments. According to the Texas Department of Housing and Community Affairs web site, the State of Texas has approved approximately 200 low income multi-family developments in Dallas County. The vast majority of these developments are in South Dallas and three of them are in the Duncanville Independent School District.

These new units will place more school age children in an already overburdened Duncanville school district. I believe that it is unfair to force the Duncanville taxpayers to raise taxes to educate these children when districts in the northern part of the county are not supporting their fair share of the burden. The Duncanville Independent School District is proud of the success it has demonstrated in educating underprivileged youth, but I fear that adding more such children to the district will endanger that success.

In addition, most of the new jobs being created in the North Texas area are in the northern part of the Metroplex. If we hope to help these families support themselves, does it not make sense to locate them near the area where jobs are plentiful? Do we expect these families to commute to North Dallas and Collin County to work? We will create a whole new community of latchkey children and only add to the problem of educating these children.

Once again, thank you for your concern in this matter and I would appreciate your support in opposing the proposed multi-family units in the Duncanville Independent School District. I would also ask that you investigate the disproportionate distribution of these low income housing units in the southern section of Dallas County. I believe there are numerous unintended negative consequences.

Sincerely,

Glenn A. Repp
Mayor

cc: Robert Onion, Director of Multifamily Finance
Texas Department of Housing and Community Affairs
P. O. Box 13941
Austin, TX 78711-3941

-----Original Message-----
From: EliteDoorandTrim@aol.com [mailto:EliteDoorandTrim@aol.com]
Sent: Wednesday, July 24, 2002 3:58 PM
To: ronion@tdhca.state.tx.us
Subject: (no subject)

Mr. Onion:

I would like to express my support of the development of Clarkridge Villas by Southwest Housing. It allows our Dallas children to attend Duncanville schools on an already zoned property.

Thanks,
Wayne Beeler
Elite Door & Trim, Inc.

-----Original Message-----
From: Village East [mailto:villageeast@southwesthousing.com]
Sent: Wednesday, July 24, 2002 3:50 PM
To: 'ronion@tdhca.state.tx.us'
Subject: Clarkridge Villas\Southwest Housing

Dr Mr. Onion,

I'm in support for Clarkridge Villas in Dallas for Southwest Housing Management.

Shawna Sanchez

-----Original Message-----
From: Saman12lo@aol.com [mailto:Saman12lo@aol.com]
Sent: Thursday, July 25, 2002 7:37 AM
To: ronion@tdhca.state.tx.us
Subject: I support Clarkridge Villa

I approve of the building of yet another property that will afford my family a beautiful place to live. Go Southwest Housing

-----Original Message-----
From: FOSTERG9@aol.com [mailto:FOSTERG9@aol.com]
Sent: Thursday, July 25, 2002 7:46 AM
To: ronion@tdhca.state.tx.us
Subject: I support Clarkridge Villa

I support the new apartment community that Southwest Housing is trying to develop. I have seen other properties and am very impressed with their work and feel we continue to have the need for quality affordable housing.

M Foster

-----Original Message-----
From: PToolman9999@aol.com [mailto:PToolman9999@aol.com]
Sent: Thursday, July 25, 2002 7:38 AM
To: ronion@tdhca.state.tx.us
Subject: Build Clarkridge Villa

You will do a great service to the citizens as well as the City to build another property that is affordable and needed for less fortunate families. Please do the right thing.

Peter Tomlin

-----Original Message-----
From: Lillygrand2@aol.com [mailto:Lillygrand2@aol.com]
Sent: Wednesday, July 24, 2002 8:24 PM
To: ronion@tdhca.state.tx.us
Subject: I support Clarkridge Villa's

I support the development of another Southwest Housing Property. They have been good to me and have provided me a safe and beautiful home.

Lilly Mays

-----Original Message-----
From: Sunshade45@aol.com [mailto:Sunshade45@aol.com]
Sent: Wednesday, July 24, 2002 8:20 PM
To: ronion@tdhca.state.tx.us
Subject: Build Clarkridge Villas

As a resident of one of Southwest Housing Properties I fully support the development of a family property that my grandchildren would be able to live in as I do. Clarkridge would give them the opportunity to attend Duncanville Schools and also live close to me.

Thank you for your consideration

Sadie

-----Original Message-----
From: DORISPHIL1236@aol.com [mailto:DORISPHIL1236@aol.com]
Sent: Wednesday, July 24, 2002 8:06 PM
To: ronion@tdhca.state.tx.us
Subject: I support Clarkridge Villas

I currently reside in a Southwest Housing property and have only wonderful things to say about the residence that they have provided me. I support their efforts and encourage them to continue building in area's that will afford folks like me a safe and beautiful place to call home.

Doris Philpott

-----Original Message-----
From: HAROLDP12300@aol.com [mailto:HAROLDP12300@aol.com]
Sent: Wednesday, July 24, 2002 8:01 PM
To: ronion@tdhca.state.tx.us
Subject: In support of Clarkridge Villas

Please count me in full support of the development of another beautiful Southwest Housing property. They do great work and provide a remarkable product for the price.

Sincerely Harold P

-----Original Message-----
From: TimS6789@aol.com [mailto:TimS6789@aol.com]
Sent: Wednesday, July 24, 2002 7:57 PM
To: ronion@tdhca.state.tx.us
Subject: I support Clarkridge Villa's

I fully support the development of a new Southwest Housing Apartment Community.
The properties have been beautiful and have afforded the less fortune a beautiful place to call home.

Tim Self

-----Original Message-----
From: FEMVET@aol.com [mailto:FEMVET@aol.com]
Sent: Wednesday, July 24, 2002 7:42 PM
To: ronion@tdhca.state.tx.us
Subject: I support the development of Clarkridge Villas

Southwest Housing provides a great service for the communities that it has built it's beautiful properties in and I fully support the development of this new one that will afford the children a great school district to attend

Thank you

-----Original Message-----
From: Estrada [mailto:estrada@southwesthousing.com]
Sent: Wednesday, July 24, 2002 4:16 PM
To: ronion@tdhca.state.tx.us
Subject: Clarkridge Villas-Southwest Housing

Dear Mr. Onion,

I support the development of Clarkridge Villas by Southwest Housing. It allows our Dallas children to attend Duncanville school on an already zoned property.

Sincerely,
Sylvia Simental

Shawna Sanchez

-----Original Message-----
From: Estrada [mailto:estrada@southwesthousing.com]
Sent: Friday, July 26, 2002 2:06 PM
To: ronion@tdhca.state.tx.us
Subject: LIHTC Communities

I Would like to see another community built that cares about there residence, and with this management company, I feel right at home!
Let Clarkridge Villas give life to Duncanville.

Patricia Darr

-----Original Message-----
From: Estrada [mailto:estrada@southwesthousing.com]
Sent: Friday, July 26, 2002 2:01 PM
To: ronion@tdhca.state.tx.us
Subject: Duncanville property.

I believe that Duncanville needs another LIHTC property.
They're real nice at affordable living prices.

Stephanie Jones.

-----Original Message-----
From: Estrada [mailto:estrada@southwesthousing.com]
Sent: Friday, July 26, 2002 1:56 PM
To: ronion@tdhca.state.tx.us
Subject: Southwest Housing Development

I support the new property that wants to be built in Duncanville.

Karla Coronado

-----Original Message-----
From: Estrada [mailto:estrada@southwesthousing.com]
Sent: Friday, July 26, 2002 1:51 PM
To: ronion@tdhca.state.tx.us
Subject: Supporting Clarkridge Villas!

I support Clarkridge Villas Development in the Duncanville area. This will
give our Dallas Residence a chance to expand.

Jennifer Viera
-----Original Message-----
From: gigileann@cs.com [mailto:gigileann@cs.com]
Sent: Friday, July 26, 2002 11:49 AM
To: ronion@tdhca.state.tx.us
Subject: Clarkridge Villas

"I support the development of Clarkridge Villas by Southwest Housing. It allows our Dallas children to attend Duncanville schools on an already zoned property."

Gigileann

-----Original Message-----
From: Ken_Zook@sil.org [mailto:Ken_Zook@sil.org]
Sent: Thursday, July 18, 2002 8:12 AM
To: ronion@tdhca.state.tx.us
Subject: Clarkridge Villas Housing

We are concerned with the increase in crime in our area with lower-income housing being planned at The Clarkridge Villas Housing, L.P. at Clark Road and Clarkridge Road in Dallas. As a result, we would vote against this housing proposal.

Ken and Mae Zook
6644 Legters Dr, Dallas, 75236

-----Original Message-----
From: Vandi Clark [mailto:vclark@zionsdallas.com]
Sent: Thursday, July 18, 2002 9:20 AM
To: Ronion@tdhca.state.tx.us
Cc: royce.west@senate.state.tx.us
Subject: Proposed Clarkridge Villas Housing

Dear Mr. Onion:

My name is Vandi Clark and I live very close to Camp Wisdom, Clark Road and Clarkridge Road, the site of the above referenced proposed multi-family complex.

I am against the building of this project for the following reasons:

First, the roads in that area are not equipped to handle another 280 cars. There are what I believe to be apartments currently under construction on Clark Road just before it becomes Spur 408. Clarkridge Road "T's" into Clark at this same point. Although Clark Road is 3 lanes wide (narrowing to 2 if you head north onto Spur 408), Clarkridge is just one lane each way. If you drive to the other end of Clarkridge Road, Camp Wisdom, it is also one lane each way. Just the other side of where Clarkridge Road "T's" into Camp Wisdom, there are more apartments which have already made a heavy impact on the roads in this area.

Secondly, this is not the tax base that the Duncanville City Schools needs. Duncanville has a reputation for excellent schools. To continue this, the city needs to be able to obtain more tax monies than can be obtained from apartments. Single family housing better suits the needs of both Duncanville and its schools.

I must tell you that holding a hearing which affects the citizens of Duncanville and Southwest Dallas on a weeknight in Downtown Dallas is both inconsiderate and inconvenient. I suspect this meeting would be much better attended if it were held in the affected area at the Duncanville Public Library or the Duncanville High School for example.

Unfortunately, I can not attend the July 23, 2002 hearing on this matter because of a prior commitment.

I hope that my views will be taken into account.

Thank you for your time.

Sincerely,
Vandi Clark
1223 Los Altos Lane
Duncanville, TX
214-740-2150 (days)
-----Original Message-----
From: Gordon Whitney [mailto:gordon_whitney@sil.org]
Sent: Thursday, July 18, 2002 1:06 PM
To: ronion@tdhca.state.tx.us
Subject: Clarkridge Villas Housing, LP

Gordon A. Whitney
7500 W. Camp Wisdom Rd
Dallas, TX 75236
28 July 2002

Mr. Robert Onion
Texas Department of Housing and Community Affairs
507 Sabine
Austin, TX 78701

Dear Persons:

This is in regard to the Public Hearing on July 23, 2002 in regard to Tax exempt Multifamily Residential Rental Project Revenue Bonds for Clarkridge Villas Housing, LP

Since I will not be in Dallas on July 23, I would like to express my views in regard to the issuance of these bonds. I am opposed to the granting of these bonds.

Since south Dallas County already has too many projects funded by tax exempt bonds, I am not in favor of this project. Other parts of Dallas County should have their share of projects in their communities.

This project is located in the Duncanville Independent School District. Because of the existence already of multiple lower to middle income rental units in the school district, the proportion of individuals needing financial assistance in the public schools is creating excessive drain on the ability of the school and the community tax base to educate children.

This project is located a long way from needed support facilities. There are no playgrounds, schools, grocery stores, or public health facilities near to this location.

This facility will have a negative impact on land values, crime, and traffic congestion in the surrounding area.

So, I am requesting that these bonds not be granted for the funding of a multi-family complex at the intersection of Clark Road and Clarkridge Road in Dallas, Texas.

Sincerely,

Gordon A. Whitney

Cc: Royce West
State Senator
5787 South Hampton Road #385
Dallas, TX 75232

-----Original Message-----
From: Kent Cagle [mailto:kcagle@ci.duncanville.tx.us]
Sent: Thursday, July 18, 2002 3:52 PM
To: 'ronion@tdhca.state.tx.us'
Subject: Clarkridge Apts.

Dear Mr. Onion,

I am writing to express my opposition to the Clarkridge apartments and to protest the location of the meeting. There are ample public meeting facilities within five minutes of the proposed location. Why is the public hearing being held in Downtown Dallas? You will always have opposition to low income housing in the Duncanville area and it appears you are aware of that by the location of the public hearing.

Duncanville residents and Duncanville School District residents are opposed to any more low income housing in our area. We have listed the reasons on many occasions. Too many of these facilities are already in our area, there are not enough jobs in our area to support these families and the development will create more congestion and air pollution.

It is time the State of Texas located these facilities in the north Dallas area near employment centers and in school districts that are not already overburdened with economically disadvantaged children.

Thank you for your time,

Kent Cagle
City Manager
City of Duncanville

-----Original Message-----
From: JAN SMITH [mailto:JAN.SMITH@TBJBS.COM]
Sent: Friday, July 19, 2002 8:17 AM
To: ronion@tdhca.state.tx.us
Subject: Clarkridge Villas Housing project

on Clark Road and Clarkridge in Dallas, Texas.

Iti s msy understanding that a public hearing will take place regarding this project on July 23, 2002 which I am unable to attend.

The following are my views regarding this project.

This housing project will feed into Duncanville Independent School District which already has one of the highest school taxes in the state. An addition of 280 units will add hundreds of children to our already overcrowded schools, thus more school taxes to cover the costs of educating these children. Our special education program in Duncanville is severely limited on funds, and this project will feed a large number of special students into our district. We cannot handle a project of this size in our school district.

Please take this into consideration.

Thank you.

Jan Smith

-----Original Message-----
From: Mae_Zook@sil.org [mailto:Mae_Zook@sil.org]
Sent: Friday, July 19, 2002 9:25 AM
To: ronion@tdhca.state.tx.us
Subject: Proposed Clarkridge Villas Housing

Mr. Onion:

My husband and I recently received a letter from our State Senator Royce West about the proposed housing complex on Clarkridge and Clark. This is the first we heard anything about this. No one else in our housing complex that we spoke to (about 100 family units) has been informed. I'm really concerned that local residents are not being told about something like this that is practically in our back yard.

The timing also concerns me. Many homeowners are away during this month. This notice also doesn't give much time before the hearing. Why is only one hearing scheduled? It seems a large project like this should have more hearings and allow for more public debate.

Why is the hearing scheduled at the downtown public library? Many people won't drive to downtown during rush hour. I'm requesting that other hearings be scheduled in the Duncanville area or at the Mt. Creek Library. It needs to be at a site nearer to the proposed project location.

We are strongly opposed to this proposed housing because our taxes are already too high and they will likely increase. We are also concerned that the value of our land will decrease and that the crime rate will increase.

We live across the street from our office and it's already difficult to cross the street safely without a speeding motorist almost running us down. The traffic would increase and Camp Wisdom Road isn't built to handle this.

What impact will this have on the Duncanville schools? They are already overcrowded and don't have enough buildings. Has the Duncanville ISD been informed of this proposal?

I called Sen. West's office and shared the same concerns.

My husband and I are opposed to this building project and ask that the proposal be withdrawn.

Sincerely,
Mae Zook

-----Original Message-----
From: VirtualBrian@aol.com [mailto:VirtualBrian@aol.com]
Sent: Monday, July 22, 2002 9:54 AM
To: ronion@tdhca.state.tx.us
Subject: Hearing on 7/23/02 re Apartments at Clark Ridge

Mr Onion -

We live in the area where this apartment project is proposed. We both object to the project and wish to have our two votes **against** it noted. We will be unable to attend the hearing, of which we only became aware yesterday.

We would like to further advise you that the perception in our neighborhood seems to be that those pushing this project have used underhanded tactics to get it approved again, such as holding the hearing downtown, rather than near the neighborhood. That kind of inconvenience to the local community for the sake of the profiteer is inappropriate and unfair to those of us who have invested our livelihoods in this community. The tactic has every appearance of an attempt to stack the deck in the favor of the developer at the expense of those with less power and more at stake. Thank you for the opportunity for input. Please advise with a reply if you require additional information.

Brian Harkins
Shannon Guthrie
(Wind Ridge 2)

-----Original Message-----
From: Olivia Harrington [mailto:oharrington@ci.duncanville.tx.us]
Sent: Monday, July 22, 2002 12:23 PM
To: 'ronion@tdhca.state.tx.us'
Subject:

Please do not allow the apartments to be built just west of Duncanville. There are no grocery stores or other stores within walking distance of that location, few jobs, and our school district just past a larger bond election for our already overcrowded schools. The large amount of juveniles will also impact the municipal/teen courts. Thank you,

OLIVIA HARRINGTON
DUNCANVILLE TEEN COURT

-----Original Message-----
From: Nita Halcomb [mailto:nahalcomb@charter.net]
Sent: Monday, July 22, 2002 2:34 PM
To: ronion@tdhca.state.tx.us
Cc: Carla Fahey
Subject: More Low Income Housing???

Dear Mr. Onion,
I am only one small voice in the Duncanville, TX community who is FED UP and TIRED of all these developers 'picking' on our surrounding areas to build these low income housing projects that invite nothing but crime and trouble to our neighborhoods and schools. Clarkridge Villas Housing, L.P., is evidently the newest developer to apply for a permit to build another 300 unit low income housing project at Clark and Clarkridge Roads in Dallas . This affects our community directly and WE DO NOT WANT IT HERE!!!

Please advise this company that there are plenty of other places to take their business. I suggest they try Plano, Richardson, Carrollton or any suburban area in North Dallas! (But chances are these citites won't want their business either.)

Thank you, in advance, for reading this e-mail. Pleeeeease go to bat for us!

Nita Halcomb
507 Softwood Drive
Duncanville, TX 75137
(972) 296-7497

-----Original Message-----
From: Bill White [mailto:brobill@theoaksbc.org]
Sent: Monday, July 22, 2002 1:54 PM
To: ronion@tdhca.state.tx.us
Subject: Proposed new multi-housing--Clarkridge Villas

Dear Sir:

Adding to difficulty only increases difficulty. Duncanville ISD is overcrowded and, because of a recent bond passage, increasing in taxes. The proposed Clarkridge Villas project will put the intended residents at risk of little or no services, no public transportation, a virtually non-existent job market and will add them to an overcrowded school system, not to speak of the added burden on current residents.

I join those who are opposed to such a development as the one being proposed. William H. White

-----Original Message-----
From: KEN BAIN [mailto:bainfinancialgroup@hotmail.com]
Sent: Monday, July 22, 2002 2:02 PM
To: ronion@tdhca.state.tx.us
Subject: Clarkridge Villas Housing, L.P.

Dear Mr. Onion:

I will be unable to attend the hearing scheduled for July 23rd regarding the proposed construction of 280 units of multifamily housing at Clark Road and Clarkridge Road in Dallas. I would, however, like to request that this request be denied. There are already a greater percentage of lower cost housing available in this area compared to other parts of Dallas County. This area has been dumped on for years by Dallas because it is predominately minority. This is just one more instance of increasing density in an area whose school district is already over crowded. Put this development in North Dallas County where there are better jobs closer to the housing. Or better yet quit subsidizing housing at all. The main ones who benefit are the developers anyway.

Thank you,

Ken Bain

938 Cambridge Dr

Duncanville, Texas 75137

KEN BAIN, CPA CFP

-----Original Message-----
From: Carla Fahey [mailto:cfahey@airmail.net]
Sent: Monday, July 22, 2002 1:46 PM
To: ronion@tdhca.state.tx.us
Subject: Clarkridge Villas Housing

TO Robert Onion,

...just a note to let you know that we are OPPOSED to the proposed Clarkridge Villas Housing in Dallas, Texas. Our Duncanville community just passed a bond election to build new schools to CATCH-UP with the growth. This many units would definitely put a burden on the space that we have. We have our share or low income housing - the Barbara Jorden Apts stay at capacity.

Who would want to live in that Clark area anyway? - no public transportation - no shopping in close proximity. There are places that new units can be built - try Midlothian, Southlake, or one of the areas with lots of extra land.

Thank you for your time,
William and Carla Fahey
5740 Mona Lane
Dallas, TX 75236
972-296-3452

-----Original Message-----
From: ELnSchneid@aol.com [mailto:ELnSchneid@aol.com]
Sent: Monday, July 22, 2002 11:58 AM
To: ronion@tdhca.state.tx.us
Subject: low-income housing on Clark Road in SW Dallas/Duncanville

Dear Mr. Onion,

I have just received word that their is a possibility of another low-income housing going in on the NW side of Duncanville on Clark Road & Clarkridge Road in SW Dallas. Speaking for myself and a large number of citizens in Duncanville, we are adamantly opposed to the building of another multifamily complex.

Our Duncanville School are already extremely overcrowded with a high number of low income students already receiving free meals. There is no public transportation near this area or Duncanville, no nearby grocery stores, drug stores, or any stores located within walking distance, and very few jobs in our area.

We feel we are already over burden with enough low-income housing in and around Duncanville, harming our school district. Please do not permit this housing unit to be constructed.

Thanks you.

Elaine Schneider
903 Wellington
Duncanville, TX 75137
972-298-4149

-----Original Message-----
From: D. Dye [mailto:texdye@msn.com]
Sent: Monday, July 22, 2002 11:53 AM
To: ronion@tdhca.state.tx.us
Subject: An objection to Low Income Apts......
Texas Department of Housing

Dear Mr. Onion,

As a homeowner at 8332 Crystalwood Drive, Dallas, Texas, 75249, I would like to express my objection to the proposed attempt to build 100% Low Income Apartments to be located on Clarkridge Road (between Camp Wisdom and Clark Road).
I understand there is to be a Public Hearing on this subject, Tuesday, July 23, at 6:00 pm at the Dallas Public Library, Downtown Branch. I don't understand why this meeting is being held downtown and not in the area affected by the development. The only reason I can think of is to make it more difficult for residents of the affected area to attend and speak their mind. If you set up this meeting...it is a lousy time and place.
There are many reasons why having this development is not in the best interest of the surrounding residents.....additional school enrolment to already crowded schools, increased crime, increased traffic, and history tells us that the property values of homes in the area of such a development are substantially decreased in value.
I will do my best to make it to the Public Hearing, but if I can't...please consider this my formal objection to this action.

Don Dye
8332 Crystalwood Drive
Dallas, Texas 75249
(972) 572-1314

cc Hon. Senator Royce West

-----Original Message-----
From: linda.simons@juno.com [mailto:linda.simons@juno.com]
Sent: Monday, July 22, 2002 11:02 AM
To: ronion@tdhca.state.tx.us
Cc: mharper@airmail.net; DANJESPERSEN302@aol.com; tmb910@aol.com
Subject: concerns about housing on Clarkridge

Dear Mr. Onion,

I wish to express some concerns about the housing units proposed to be built on the northwest corner of Clarkridge and Clark Road in Dallas, near the city of Duncanville. I live at 6618 Sarah Dr, a few hundred yards from the proposed Clarkridge Villas.

1. Traffic--there is already a large housing project going in on the east-northeast side of Clark road near Clarkride and another housing project going in on Clark road south of Camp Wisdom. Not long ago numerous apartments were built on Camp Wisdom near Clarkridge. Most people living in these locations will bring one or two cars with them. The roads will not support that much new traffic, especially noting the high speed of cars coming south off Spur 408 as it turns into Clark Road.

2. School overcrowding--I can't imagine that the Duncanville School district can absorb this many new families at once. What does the DISD school board make of this proposal?

3. Wildlife is getting crowded out--As mentioned above, a lot of new construction has been recently going on in this general area and continues. In my back yard I am noticing an increase of wildlife that doesn't belong there--a hawk next to the house, armadillos tearing up my front lawn, and a bobcat on my deck. I know this isn't an ecologically pristine area, but the construction of new housing is impacting the habitats of these animals.

I would appreciate if you would take these concerns into account and perhaps decrease the size of your proposed project.

Linda Simons

-----Original Message-----
From: Dolle Shane [mailto:dshane@ci.duncanville.tx.us]
Sent: Monday, July 22, 2002 10:04 AM
To: Robert Onion (ronion@tdhca.state.tx.us)
Subject: Comments Regarding Proposed Clarkridge Villas Housing, L.P.

Dear Mr. Onion:

Attached are two letters - one from City of Duncanville Mayor Glenn A. Repp and the other from Duncanville Councilmember Grady W. Smithey regarding the proposed Clarkridge Villas Housing multi-family complex in Dallas.

If you desire further information, please do not hesitate to contact us.

Dolle K. Shane, TRMC
Deputy City Secretary
City of Duncanville
(972) 780-5017
dshane@ci.duncanville.tx.us

-----Original Message-----
From: Gary Fisher [mailto:gfisher@windriver.org]
Sent: Monday, July 22, 2002 3:55 PM
To: ronion@tdhca.state.tx.us
Subject: opposed to new low income development in Dallas adjoining Duncanville

Dear Mr. Onion:

As a long term resident of Duncanville and active participant in the school district, I strongly oppose the proposed 280 unit development located at the intersection of Clark Road and Clarkridge Road in Dallas, Texas by The Clarkridge Villas Housing, L.P.

The development is in an area where it will adversely affect the Duncanville Independent School District which is already overtaxed with students needing assistance. Beyond the tremendous influx of students it would create, the school district already has 40% of its students receiving some form of food or meal subsidy. And in shear numbers, this addition could have a potential impact of over 10% to the existing overcrowded High School.

Likewise, the area is poorly located to provide any needed regular service such as shopping, police protection or fire safety. As a far corner of South West Dallas, their is no public transportation or even regular police monitoring in this area.

Please consider the tremendous risk this will put on all residents in the area, the school district, and all municipal services. And on a selfish basis, the community has already too much low income housing developed in South Dallas. It is unfair and hurts many innocent home owners in this section of Dallas County.

Thank You.

Gary Fisher

-----Original Message-----
From: Bruce Moore [mailto:Bruce_Moore@sil.org]
Sent: Monday, July 22, 2002 12:41 PM
To: ronion@tdhca.state.tx.us
Subject: Residential rental development ("affordable housing") at Clark & Clarkridge

Dear Mr. Onion:

As a homeowner just a few hundred feet west of where this proposed housing development would be, I would like to express a strongly negative opinion regarding it. Such a development would not only affect tax levels, reduce land values, affect the crime rate, increase traffic congestion, and greatly increase the burden on the Duncanville ISD; there is one other factor as well: For people whose income makes housing a problem, is it really better to cram hundreds of families into a 26-acre area?! Would it not be a lot better for the city to subsidize housing all over, one house or apartment here and one there?! If this project is approved, the city will be creating a ready-made slum. Should we help poor people? Yes! Definitely! My wife and I have spent most of our life in areas where most people had extremely modest incomes; but never because the government subsidized a pre-packaged program to stuff people into "affordable housing." (A question: Do any of the executives and the major stockholders of the Clarkridge Villas Housing, L.P. ever push such housing projects in neighborhoods where they themselves live?!)

If I am able to, I would like be at the meeting in the library tomorrow night. But I might not be able to because of heavy traffic. (You know, this meeting is of such great consequence to us who live in Dallas just west of Duncanville, I wonder why it isn't being held at the Mountain Creek Library, easily accessible to all of us, rather than in the crowded middle of the city and at peak rush hour traffic time!)

Sincerely,

Bruce Moore
7309 Zuni St.
Dallas, 75236

-----Original Message-----
From: Martha [mailto:themimi@charter.net]
Sent: Tuesday, July 23, 2002 8:40 AM
To: ronion@tdhca.state.tx.us
Subject: Clarkridge Villas Housing

Please do not overburden our school district by allowing another low income housing edition to be built. We are already stretched to capacity at every school. I and everyone I talk to in Duncanville are extremely apposed to this new housing edition! Thank you for your time in considering our communities opinions.

Martha Crawford

-----Original Message-----
From: w5tty Leon [mailto:w5tty@msn.com]
Sent: Tuesday, July 23, 2002 1:42 AM
To: ronion@tdhca.state.tx.us
Subject: low cost housing in duncanville

I am against any additional low cost housing in the Duncanville, Tx school district. In my opinion there is already too much in this school district. I believe the quality of education and life in general has gone down and crime has increased in this area in the past 30 years due in large part to the low cost housing that was put in previously.

As for the area in which the low cost housing is proposed there are no grocery stores or any other stores within walking distance, few job opportunities, the schools are already overcrowded, the school district recently passed a larger bond package and Duncanville is not on the DART system.

Thank you.

BARBARA LEON

-----Original Message-----
From: Dvillehjb@aol.com [mailto:Dvillehjb@aol.com]
Sent: Monday, July 22, 2002 7:37 PM
To: ronion@tdhca.state.tx.us
Subject: Clarkridge Villa Housing,L.P.

I am very opposed to this construction. Our Duncanville Schools are completely over burdened already. We could not handle any more families with children.

Helen Bowers
922 Georgeland DR
Duncanville, TX 75116

-----Original Message-----
From: Dvillehjb@aol.com [mailto:Dvillehjb@aol.com]
Sent: Monday, July 22, 2002 5:44 PM
To: ronion@tdhca.state.tx.us
Subject: Proposed ClarkridgeVillas Housing,L.P.

I oppose this construction project due to the burden on our present Duncanville school system which is already overloaded. Our school taxes are too high now and are one of the highest rate in the state.

Catherine Hale
906 Georgeland DR
Duncanville, TX 75116

-----Original Message-----
From: Rick Jaynes [mailto:rjaynes@swbell.net]
Sent: Tuesday, July 23, 2002 8:00 AM
To: ronion@tdhca.state.tx.us
Subject: NO to the proposed development @ Clark Road & Clarkridge

Mr. Onion,
Please allow me, as a business owner & taxpayer in the Duncanville School District, to object to the proposed housing project being proposed by The Clarkridge Villas Housing, L.P.

This development would add furthur burden to our school district (already dealing with overcrowding). Other factors to consider are that Duncanville does not participate in the DART system, and there are absolutely no grocery stores or other retail shops within walking distance of the proposed development. I suspect that the type of housing proposed would also not attract desirable, subsequent development.

Our school district and area already has it's share of low income, government subsidized housing.

Please, let the answer be NO to this proposed development, especially at the location of Clark Road & Clarkridge Road.

Respectfully,
Rick Jaynes
Jaynes Memorial Chapel
811 S. Cockrell Hill Road
Duncanville, Texas 75137
972-298-2334

-----Original Message-----
From: Dan Pickering [mailto:DanP@clubmarketing.com]
Sent: Tuesday, July 23, 2002 9:52 AM
To: 'ronion@tdhca.state.tx.us'
Subject:

July 22, 20002

Gentlemen:

I am strongly opposed to the proposed low-income housing in the Duncanville Independent School District. Because Duncanville is not served by DART, the residents of the proposed development would be essentially cut off from city services and such everyday amenities as grocery and convenience stores. There are very few jobs of the types typically open to these residents.

It is not fair to the citizens of Duncanville or to the taxpayers of the Duncanville Independent School District to expect us to shoulder this burden. This is a clear attempt by developers to enrich themselves at the expense of the taxpayers. I urge you to stop this development now.

Dan Pickering
1011 Lansdale
Duncanville, TX 75116

As a taxpayer in the Duncanville School District who has an interest in the
well being of the community, I am definetly opposed to the 260 unit housing
project being planned by Southwest Housing, or any other developer who wants
to put a low rent housing project at this location.

M. Leon Miller
550 North Main Street
Suite 202
Duncanville, Texas 75116

Fax & Phone No. 972-709-7181

-----Original Message-----
From: Julia Dutton [mailto:juliadd@yahoo.com]
Sent: Wednesday, July 24, 2002 12:41 PM
To: ronion@tdhca.state.tx.us
Subject: low income housing, NO NO NO!

Mr. Onion,

I just heard about the low income housing that is trying to go in to my nieghborhood. I live in Dallas but the school system is for Duncanville. There are
already some families that moved in a few streets from mine that have goverment help. This has caused a great deal of complaints. They are bringing the crime rate
up and I worry that this area will no longer be safe for me and my children. I also worry that it will be hard for me to sale my home if this goes into affect.

I pray that this doesn't happen!

Thank you for your time,
Julia Dutton
9520 County View Rd.
Dallas, TX 75249
972-283-3380 home #

I am writing to inform you of my opposition to the above referenced project. This project is intended to be built in the Dallas city limits but within the Duncanville ISD. As a member of the Board of Trustee of the Duncanville ISD I am opposed for the following reasons:

1) A large number of children from this complex will be free and reduced lunch students. While we welcome and educate all our students, we have a large percentage of free and reduced lunch students presently. As any educator will tell you these students are require more resources. With the state of school finance as it is, we are stretched to the limit to be able to provide our current students with the exemplary education we feel they are entitled to.

2) We are in a building process right now to accomodate our population growth. The large numbers of students these apartments will produce will put an unmanageable stress on an already overcrowded situation.

Please consider these factors in making your decision.

I might add that Duncanville was not notified of the hearing until a few days before and that the hearing was not held in Duncanville, but in downtown Dallas, some 25 miles away.

Thank you for your consideration.
Terry Barnard
Secretary
Duncanville ISD Board of Trustees
972-296-9244

-----Original Message-----
From: Randy Eubank [mailto:randy@texstarcomputers.com]
Sent: Wednesday, July 24, 2002 2:37 PM
To: rmeyer@tdhca.state.tx.us
Subject: Low income housing south dallas

As a business man and tax payer i feel my school taxes will go up with the additional students that will enter our system and no taxs being brought in buy this influx of new students is very bad for my business and our community. Please reevaluate this development and place it in the dallas school system so they can pay additional taxes for new schools. Randall D. Eubank Sr, President Texstar Computers.

-----Original Message-----
From: Markpearce1@aol.com [mailto:Markpearce1@aol.com]
Sent: Wednesday, July 24, 2002 2:20 PM
To: rmeyer@tdhca.state.tx.us
Subject: Texas Department of Housing and Community Affairs

Texas Department of Housing and Community Affairs
> Attn: Robbye Meyer
> PO Box 13941
> Austin, Tx 78711-3941

There was a public hearing last night in DALLAS.[instead of Duncanville] During the presentation, Southwest Housing spoke about their proposed 260 units to be built at Clark Rd. & Camp Wisdom. They talked about their Seniors communities that they have built, yet there are no provisions for seniors in this project. This property is in Dallas, but Duncanville Schools and taxpayers will be affected most. Here are some simple facts from the meeting.

1. Duncanville schools will be hit hard- They said they estimated about 1 student per every two units.[130 students] More realistic, yet conservative estimates would be at least 2 students per unit.[520 students] 2,3,& 4 bedroom.

2. There has been no thought to the traffic concerns on Camp Wisdom or Clark Rd, as well as no access to public transportation which is needed for this type of project.

3. The simple hard facts: 25 people spoke against the project [all home & property owners] 16 spoke in favor of the project[not one was a resident of Duncanville]
Here is the breakdown of some people who were for the project:
> -one worked for UNT and was paid to do a study
> -Reginald Gates- "Dallas" Black Chamber of Commerce-not from our city
> -Letter from Alan Simms-Cedar Hill City Manager
> -Letter from Richard Rozier-Ex mayor of Desoto- paid lobbyist by owners
> -A subcontractor who sells to Southwest Housing
> -Letter from DALLAS councilman Mark Housewright [his sister a homeowner in Duncanville doesn't agree]
> -An employee of Southwest Housing[can't talk about your boss]
> - Eight residents in a Primrose Seniors apartment [which I might add
> sounds like a great community which would be good for Duncanville]

We are not interested in this proposal. Please represent our City's voice and not the voice of someone's greed.

Thank you for your time.
Mark Pearce

-----Original Message-----
From: Merrifield, Kim [mailto:Kim.Merrifield@AVOINTL.COM]
Sent: Wednesday, July 24, 2002 1:55 PM
To: rmeyer@tdhca.state.tx.us
Subject: Proposed Low Income Housing Project

Dear Committee Member:

I am writing in regards to the Proposed Low Income Housing which is to be located at Clark Road and Camp Wisdom. This issue was brought before the Dallas City Council on Tuesday, July 23,2002. Actually, I am quiet disturbed by the antics of Southwest Housing and their proposal. They have already brought this matter to the Duncanville Council and received a resounding "NO" pertaining to this matter. As an alternative, they are now trying to go around the residents of Duncanville and present it to Dallas. This is ironic to me, due to the fact that the Duncanville residents will suffer the financial blunt of this proposal.

As it is, Duncanville has the highest school tax rate in the Metroplex area. With this proposal, even though the location is in the Dallas city limits, it is in the Duncanville School District. The additional student body projections on the conservative side is 130 students to the more realistic side of 520 students. Yes, I understand that we would receive additional school tax support, however our city is over 97% built. Using common sense, you will realize we do not have the room to build to accommodate these additional students. Currently, our schools are over crowded, and I feel this is due to the fact that the majority of our school population comes from outside the Duncanville city limits. This proposal will only serve to intensify this problem.

I found a few other facts pertaining to this proposal interesting as well. Southwest Housing referred to their previous Senior Housing Projects, inferring this project would be along the same lines. However, if you review the plans, it does not contain any provisions for seniors. This is a project containing 260 units and I feel this is strictly a monetary motivation for the builders. Also, there has been no foresight pertaining to traffic issues, road maintenance issues or the issues of providing Police support for the area. As it is, the wait time for an officer in areas outside of Duncanville (primarily the Dallas city limits) is 45 minutes.

Last but not least, I would like to point out the fact that 25 people spoke against this project in last night's meeting, all of which were home and property owners in Duncanville. I do not believe we can make it any plainer that we are not in favor of this proposal. You will also note, 16 spoke favorably for this matter. However, not one of these individuals is a Duncanville residence, nor do they make any contributions to our community. These individuals were either paid lobbyist, employees of Southwest Housing, or City officials from other surrounding areas.

I am a life-long resident of Duncanville. I have seen many changes in our community through the years and have appreciated most of them. I love this town, the people in our community and I'm willing to make a stand for Duncanville. I have been asked to carry the burden for our school district and have done so willingly in the past. We have an outstanding school district and faculty but there is a limit. Please carefully consider my previous points of concern. I honestly feel this is a critical issue for our community.

Sincerely,

Kim Merrifield
439 Blueridge
Duncanville, TX 75137

-----Original Message-----
From: Kevin Sullivan [mailto:kevin2@mybenefitsplus.com]
Sent: Wednesday, July 24, 2002 12:40 PM
To: rmeyer@tdhca.state.tx.us
Subject: I OPPOSE the proposed Southwest Housing project in Duncanville

Dear Sir,

I have lived in Duncanville 3 yrs, my name is Kevin Sullivan (810 Louise Ave, 75137).

I vehemently oppose the building of the 260 unit low income housing proposed by Southwest housing on the corner of Camp Wisdom and Clark Rd in Duncanville.

Thank you for your time,
Kevin Sullivan

-----Original Message-----
From: Martin, Aaron [mailto:Aaron.Martin@genuity.com]
Sent: Wednesday, July 24, 2002 11:44 AM
To: 'rmeyer@tdhca.state.tx.us'
Subject: Why Duncanville AND Southwest Housing cannot afford to build a lo w income multi family housing unit

Mr. Meyer:

My name is Aaron Martin and I live in Duncanville. Not only am I a tax payer, I am also a member of the Duncanville Lions Club and The Duncanville Chamber of Commerce. Although I do not have a business in Duncanville, I have a personal membership with the Chamber because I care so much for and have a passion for Duncanville. I was born and raised in Duncanville, attended the schools, and have family and close friends who do own businesses in Duncanville.

Now that I have given a brief, personal background, I would like to make clear my stance on the proposed Southwest Housing project on Camp Wisdom. NO. I stand firm in this because the project has not been planned very well. Please see the following list for facts that prove this:

1.)Transportation

-With your income requirements, most families will not have their own means of transportation
-The nearest DART bus stop is well over a mile away
-Clark and Camp Wisdom is a high traffic, extremely busy intersection, especially during rush hour times and no plans have been laid out to deal with any increase or effects that may occur

2.) Nearby Stores/ Services

-With most families having no means of transportation, a grocery store should be within walking distance; The nearest is Albertson's on Clark Rd which is over 2 miles away

-There is no 24/7 medical facility within 10 minutes
-Walgreen's is the closest pharmacy at over 2 miles away

3.) The Effects of Duncanville Schools

-Your statistics are unrealistic of 1 student per every two units
-More realistic would be 2 students per each unit! (based upon US Cencus figures from last 2 years)
-With 260 units multiplied by 2 students per unit is 520 students added to Duncanville Schools, that is an entire campus! New schools would have to be built, or expanded shortly after

4.) Duncanville Residents Are AGAINST It

-Last night at the public hearing 25 people spoke AGAINST this and were ALL DUNCANVILLE RESIDENTS
-Only 16 spoke in favor, NOT ONE DUNCANVILLE RESIDENT, not to mention 7 of them are either paid by SWH or are politically involved

-Despite your efforts to deter a large turnout of Duncanville Residents by holding the hearing in Dallas, Duncanville residents, many publicly elected officials, attended with a unanimous stand AGAINST the project

-I would like to think that SWH and the individuals who held the hearing have good business ethics, so in the future, if you are going to hold a public hearing that will most greatly effect Duncanville, HOLD THE HEARING IN DUNCANVILLE!

5.) Southwest Housing's Reputation

-SWH has a reputable name and has been successful in projects in the past

-Were this project to be completed, the tenants would be at the mercy of a poor plan

-Without public transportation and access to shopping/ necessities SWH will look bad for not planning for the needs of their tenants

I thank you for your time and hope you and SWH will see that Duncanville is STRONGLY OPPOSED to this project. Also, your Senior Centers seem to be quite successful and I am confident that Duncanville would accept and welcome a SWH Senior Center. Good luck in your future endeavors and have a great day.

Best regards,

Aaron Martin

Aaron Martin
327 Meadowcreek Drive
Duncanville, Texas 75137
972-296-7788

-----Original Message-----
From: Kathy Pettway [mailto:KPETTWAY@LPC.com]
Sent: Wednesday, July 24, 2002 9:53 AM
To: 'rmeyer@tdhca.state.tx.us'
Subject: Low Income Housing Project - Duncanville, Texas

> Dear Mr. Meyer,
>
> I would like to express my opinion to you regarding the proposed low income housing project being considered at Camp Wisdom & Clark road in Dallas (Duncanville school district). As a resident of Duncanville, I am totally against this housing project. The schools in Duncanville are already overcrowded without adding an additional 260 units (which would realistically have approximatley two kids per unit if not more - in my opinion) to the city and crowding our schools even more. We currently are paying one of the highest tax rates in the area, in which I am sure this housing project would only increase our taxes even more to support this many more children being brought into the system. With the school district already supporting a great deal of students, with whom MANY live outside the city limits of Duncanville, this would only deteriorate the current system even more.

> I am currently 33 years old and I was born and raised in Duncanville. I was a graduate from Duncanville, Class of 1987. I also currently have a child who will be an 8th grader at Reed Middle School. I have to say that there is a significant difference in the school system today from when I was growing up. I unfortunately have to say its not for the better either! I have had many of my fellow friends/classmates move to other cities such as Midlothian, Plano, and Forney due to the current school system situation. I hate to say it, but should this housing project make, I will probably be doing the same! I just think that if the school system in Duncanville keeps going on the same track it has been, or in this matter, gets even worse than its current situation, that I will be moving as well. I have tried to keep my children in a good environment and a good school district, in which Duncanville has been in the past. However, if we keep bringing in these low income housing projects and Section 8 apartment complexes and overcrowding the current system, the quality of education in Duncanville will just deteriorate! Education is the key our childrens future and if they are not getting a good education in Duncanville due to overcrowded classes and the student/teacher ratio being extremely high, then the system has failed our children! And I do not like failure!!! The teachers in our system already have a very difficult
> job trying to teach the many students in their classes and getting them to pay attention. Adding more children to their classes will just make their job impossible, only to have my son pay the consequences in not getting a good education!

Again, I would like to express my opinion in that I am totally against this low income housing project being brought to the Duncanville school district. We have a great city as it is, LEAVE IT ALONE!!!!!!!!!!!

Sincerely,
Kathryn L. Pettway
311 Blueridge Drive
Duncanville, Texas 75137
972-298-8788

-----Original Message-----
From: Kent Cagle [mailto:kcagle@ci.duncanville.tx.us]
Sent: Wednesday, July 24, 2002 9:49 AM
To: 'Robbye Meyer'
Subject: Clarkridge Villas

Dear Ms. Meyer,

I am writing again to voice my opposition to the Clarkridge Villas development. However, I want to expand my comments to voice my opposition to the TDHCA process in general. The process for locating low income multi-family projects is flawed. Developers are attracted to your bond financing programs in order to make a profit. There is nothing wrong with making a profit, but the developers will always locate their projects where the land is least expensive in order to maximize their profits.

The TDHCA process of allowing developers to determine the location of projects guarantees that low income projects will be clustered together. Surrounding property values will go down and the State of Texas will have created another economically depressed area with failing economies and schools. This is 1960's style, big government; one size fits all type of solution that was discarded by Washington years ago. It was discarded not only because it does not solve problems, but because it is counterproductive and creates even bigger problems.

If TDHCA must give greater incentives to allow developers to purchase more expensive land then it must do so. The State of Texas would be better off eliminating the multi-family low income programs than continuing the current out-dated and counterproductive programs it funds. These projects must begin to be located in Coppell, Colleyville, Frisco, Allen, Flower Mound, Corinth, Hickory Creek, The Colony, Carrollton and other affluent suburbs of all sizes. The children that live in these projects must be given a chance at a good education that these areas can provide. Duncanville excels at educating economically disadvantaged children but there is a point when the district will collapse from the deluge of these children. Then all children in the district will suffer.

I support low income housing and understand the need and benefits, but I implore you to change your methodology in order to achieve the benefits that we all want.

Sincerely,

Kent Cagle
City Manager
City of Duncanville

-----Original Message-----
From: Don-Anne Olson [mailto:Don-Anne_Olson@sil.org]
Sent: Tuesday, July 23, 2002 3:40 PM
To: ronion@tdhca.state.tx.us
Subject: re: The Clarkridge Villas Housing

Dear Mr. Robert Onion,

Because you are overseeing Housing and Community Affairs, we appreciate your concern regarding the Clarkridge Villas Housing project.

We live across from the International Linguistic Center of 7500 W. Camp Wisdom road, and we, along with others here in "Sunset Acres", already find it difficult to cross Camp Wisdom because of the traffic with a hill and curve on both sides of the crossing. Additional traffic could cause fatalities. Clarkridge is the entrance one block from our entrance with the curve and hill. We have also heard about the overcrowded schools.

"There are no grocery stores or other stores within walking distance of that location, few jobs, and our school district just past a larger bond election for our already overcrowded schools." (E.S.)

Respectfully yours,
Donald and Anne Olson

-----Original Message-----
From: Markpearce1@aol.com [mailto:Markpearce1@aol.com]
Sent: Tuesday, July 23, 2002 1:04 PM
To: ronion@tdhca.state.tx.us
Subject: (no subject)

To Whom It May Concern,
As a citizen of Duncanville, I want my voice to be heard clearly concerning low income housing being brought to the school district of Duncanville, TX.

Our last meeting was packed with citizens of all races against putting in more low-income housing, which would be in our school district and add an additional burden to the overcrowding of our school, not to mention the increase in crime. At our
last meeting our Mayor, City Council, Chamber of Commerce and DISD were
against building any more low-income housing.

It is very obvious that this is not a racial issue. I'm sure Plano, Los Colinas, Rockwall, Lewisville and other like areas in North Dallas have plenty of room for this type housing. We have already taken our share of the burden.

We are against this proposal and will vote for our leaders accordingly.

-----Original Message-----
From: Tesh Dearborn [mailto:tmdearborn@economy-rates.com]
Sent: Tuesday, July 23, 2002 11:52 AM
To: ronion@tdhca.state.tx.us
Subject: Clarkridge Villas Housing

I just received an email concerning the Clarkridge Villas Housing. What troubles me the most is that I live 2 minutes from there and I did not get anything in the mail concerning this new possible housing. I would not even know that this was a possibility had I not received an email from the Duncanville PTA. Why do you guys continue to allow even a possibility of MORE section 8 housing in our area. We have already passed and will pay for a bond for the new schools we have had to build because of OVER CROWDING in our school district. What purpose would it serve to put this housing at Clark and Clarkridge? There is not a grocery store for at least 3 miles from that area. That's not walking distance!

What about crime problems? This is so close to my house, actually, directly behind my house. I didn't move to Ducanville and pay the HIGH tax rates to have to worry about crime and overcrowding in the schools. WE HAVE ENOUGH SECTION 8 HOUSING IN OUR AREA. PLEASE PLEASE LEAVE US ALONE!!!!!!!!!!!!!!! DO NOT ALLOW THIS!!!
Tesh Dearborn Duncanville Resident

-----Original Message-----
From: Joe Damron [mailto:joedamron@worldnet.att.net]
Sent: Tuesday, July 23, 2002 11:47 AM
To: ronion@tdhca.state.tx.us
Subject: Clarkridge Villlas Housing

Dear Sir,

I have just been informed of the possibility of this low-income housing being built in my neighborhood. I strongly oppose this housing endeavor.

This development within the Dallas city limits would be the educational responsibility of the Duncanville ISD. I have been a teacher in this district for many years and am well aware of the overcrowding of schools the district is already projecting for this next school year.

Also, this area is not a part of the DART system. Therefore, there will be no easy access to grocery stores, shopping or jobs. I believe this hardship on the residents of this housing development fosters further crime in the area.

I would appreciate your opposition to this low-income housing development.

Sincerely, LaGail Damron

-----Original Message-----
From: Hazelwood8@aol.com [mailto:Hazelwood8@aol.com]
Sent: Tuesday, July 23, 2002 11:34 AM
To: ronion@tdhca.state.tx.us
Subject: Subj: Clarkridge Villas Housing, L.P Dallas, TX. Public Hearing, July 23, 2002.

I register my opposition for reasons as follows:
Notice not given to the residents of the affected area.
Posted notice in an obscure location. Not visible to traffic or residents on Clark Road or Camp Wisdom Rd.
Multi-family complex is under construction directly across the street and east of this proposal. Thus, an estimated 800 to 1,000 students could be added to the Duncanville Ind. School Dist.
The location is a gateway into Duncanville and southwest City of Dallas. A first view of apartments into these communities does not lend itself to promote best land usage for southwest Dallas Co. I am concerned about the ratio of multi-family housing in relation to all of Dallas Co.
Duncanville is not a participant in Dallas Area Public Transportation (DART). Therefore, no public transportation into the nearest community is available.
Residents will be limited to the use of community resources, ie, library,etc.offered to City of Duncanville residents.
Dallas County Medical Clinics are approximately 25 to 30 miles in distance.
No gas stations or convenience shopping. Nearest retail shopping including grocery is 3 to 5 miles in disance.
Response time for Dallas Police and Fire Personnel is a concern.
Limited job/employment base is available in this geographic area.
The City of Dallas is promoting "Buy Dallas". There is no neighboring Dallas retail shoping. The nearest is 8 to 10 miles in distance.

-----Original Message-----
From: Turneycl@aol.com [mailto:Turneycl@aol.com]
Sent: Tuesday, July 23, 2002 11:33 AM
To: ronion@tdhca.state.tx.us
Subject: Low income housing in Dallas (Duncanville)

We have just been made aware that someone is trying to put in low income housing in our area. Even though it would be in the city of Dallas it is the Duncanville schools that would be affected. Please do not approve any low income housing or any other major housing projects in our area. We have just approved a huge bond for our schools to help accommodate the students that we have in the district now. At this time and in the near future we cannot provide for the extra number of students that this would bring to our area.

Christine Turney

-----Original Message-----
From: Jim Tow [mailto:dgjtow@att.net]
Sent: Tuesday, July 23, 2002 10:58 AM
To: ronion@tdhca.state.tx.us
Subject: Clarkridge Villas Housing

Dear Mr. Onion,
I am unable to attend your hearing on the subject of the multifamily housing complex (280) units at the intersection of Clark Road and Clarkridge Road in Dallas. As you know, this is essentially building the units in Duncanville, and such action would bring with it a major negative impact on the community. The tenants would attend the Duncanville schools which are already over crowded and working to accommodate already known growth. There is no public transportation within Duncanville to serve the proposed development; the residents would essentially be isolated. There are no stores, grocery or otherwise, within walking distance of the location. I am strongly opposed to the planned complex, which would place a great and unfair burden on the City of Duncanville and on its residents.
Respectfully, Jim Tow, Former Mayor

-----Original Message-----
From: pam@thecartwrightsplace.com [mailto:pam@thecartwrightsplace.com]
Sent: Tuesday, July 23, 2002 10:52 AM
To: ronion@tdhca.state.tx.us
Subject:

We are against the proposed construction of a low income housing development at the intersection of Clark and Clarkridge in Dallas. We are Duncanville residents and do not feel that this would be of benifit to our community in any way.

Pam and Kip Cartwright
1388 Green Hills Ct.
Duncanville, Texas
75137

-----Original Message-----
From: Peri Kee [mailto:pkee@bddeng.com]
Sent: Tuesday, July 23, 2002 10:21 AM
To: Robert Onion
Subject: URGENT! July 23, 2002 @ Dallas Public Library

Robert Onion,

I am a resident of Duncanville for 32 years. I DO NOT approve of the proposal trying to be past for low income housing in Duncanville. Some of my disappointment has to do with the meeting in downtown Dallas not in Duncanville. This seems to be intentional so residents cannot show up. Our schools are allready over crowded. The City of Duncanville is trying to remedy that problem, we do not need more kids. Also, how do these people work, no public transportation or stores near by to walk to. You can plan for people to start working but in reality alot of people will not. They will live on basic needs. I feel this will pull in more crime into our town too.

I hope this does not fall on deaf ears.

Sincerely, Peri Kee.

-----Original Message-----
From: Ana_Weddall@mckinsey.com [mailto:Ana_Weddall@mckinsey.com]
Sent: Tuesday, July 23, 2002 10:00 AM
To: ronion@tdhca.state.tx.us
Subject: I would like to register our "NO" vote on behalf of myself and my husband concerning the proposal to build low income apartments on clarkridge road.

Such a decision would reek havoc on our neighborhood ... property values could go down ... crime rates could rise ... we would simply have to make the move that so many others are making and flee south Dallas for north Dallas. We have a park by our house that has begun to get vandalized so why add more fuel to the fire? Very nice homes are currently being built in the area and are adding value to the surrounding properties so don't mess with the only thing rising in this economy! Don't bring a good neighborhood down ... please register our "no" votes.

Lee & Ana Weddall
5612 High Creek Dr.
Dallas, TX 75249

-----Original Message-----
From: Carolyn Orr [mailto:carolyn_orr@sil.org]
Sent: Wednesday, July 24, 2002 5:42 PM
To: rmeyer@tdhca.state.tx.us
Subject: re: request for housing development in SW Dallas

TO: Robbye Meyer
Texas Department of Housing

The report I received of Tuesday night's meeting in downtown Dallas concerning a housing development proposal concerns me for the following reasons:

1. That the meeting was not held close to the area most affected, i.e. Duncanville.
2. That those in favor of the proposal were not from the local area.
3. That the Duncanville school district was not considered by the developers.
4. That Royce West's letter of notification for this meeting was not circulated sufficiently to his constituents in this community.

I trust that there will be another open meeting to discuss the pros and cons of this development.

Thanks you.

Carolyn Orr

-----Original Message-----
From: Dick Watson [mailto:dick_watson@sil.org]
Sent: Wednesday, July 24, 2002 4:27 PM
To: rmeyer@tdhca.state.tx.us
Subject: the Clarkridge Villas project

Texas Department of Housing and Community Affairs
Attn: Robbye Meyer
PO Box 13941
Austin, Tx 78711-3941

Dear Mr. Meyer:

My wife and I are strongly opposed to the Clarkridge Villas project. We are Dallas residents of the area west of Clarkridge road and are opposed to the additional traffic and crowding that would be caused in that area.

We also have two rental properties in Duncanville and I am already angry about the tax increases we have had in Duncanville. My mortgage payments have been increased by $95 per month on one residence in one year. I am being forced to put renters out on the street who cannot afford the increased rent that this requires. If Duncanville taxes go any higher as a result of the Clarkridge Villas project, or anything else, I will be forced to sell and look for a more reasonable place to invest for retirement.

Thank you for considering the hardships that would be created by the Clarkridge Villas project.

Sincerely,
Richard and Saundra Watson

-----Original Message-----
From: Robin Cover [mailto:robin@isogen.com]
Sent: Wednesday, July 24, 2002 5:20 PM
To: Robbye Meyer
Cc: Robin Cover
Subject: Clarkridge Villas

Date: July 23, 2002
To: Robbye Meyer
From: Robin Cover
6634 Sarah Drive
Dallas, TX USA 75236-5646
+1 (972) 296-1783
Re: Clarkridge Villas Housing project proposal

We appreciate the opportunity to express our concerns in writing about the proposed construction project and request for bonds. While we support affordable housing and the role of government agencies in providing funding, we have deep concerns about the location and scope of the Clarkridge proposal. We are becoming involved with several groups to find out more about this, and to seek for a more measured, reasonable, and authentic process for public input.

In particular, we feel that:

1. The housing project is very poorly situated, spanning a major traffic artery (6 lanes now, probably 8 lanes soon) which serves as a major entrance to Dallas from the South, and major entrance to Duncanville from the North. Why would this be a good location for young children, some of whom have a single low(er)-income parent?

2. The proposed project is too expansive for the area in terms of local resources: a project one-third this size might be defensible.

3. The city of Duncanville is unprepared financally to accept the burden upon its schools, police force, and other services. We feel that impact statements from
schools should be available in order to help local residents make a reasoned judgment, but we have been unable to obtain relevant documentation from the Trustees, who only recently learned of the proposal. In fact, Duncanville ISD is already struggling with an inability to educate its children, and the tax revenue from this project (going to the school district)would in no way cover the costs. The infrastructure is simply not in place for this project.

4. There are no jobs near this location, no stores within walking distance, and no schools within walking distance. How can this possibly be a good place for lower-income families to live? The people responsible for this proposal are creating a sociological nightmare.

5. The procedural irregularities which have characterized this proposal are an embarrassment, and publicity about this is spreading rapidly. We object to the very short timeframe for notice, and to factual discrepancies in public information about the project which, first of all, made it impossible to ascertain details about the exact location (stated imprecisely and vaguely in the public announcements).

Conclusion: While we appreciate the role your agency has to ensure affordable housing for all people, we feel that the particular choice of Clark/Clarkridge geographically is a poor choice that would have grave negative consequences.

-----Original Message-----
From: C K Ogle [mailto:rxko@ev1.net]
Sent: Wednesday, July 24, 2002 5:27 PM
To: rmeyer@tdhca.state.tx.us; Vicki Peters; Tim Barker; Todd Cienski; John Allen; Tackett, Shon; Marie & Steve Gouse; Markpearce1@aol.com; Larry Bratton; Jon Berger; Greg Martin; d.a. cooper; Brenda Hopwood; Larry & Deborah Bogue; Jack & Carol Hodges; dshane@ci.duncanville.tx.us; kbilbrey@ci.duncanville.tx.us; tmiles@duncanvillechamber.org; kcagle@ci.duncanville.tx.us; duncanville@todaynewspapers.net
Subject: Re: PUBLIC HEARING UPDATE - more low income housing

To Whom it may concern
RE: Proposed "Project" at Clark Road and Camp Wisdom:

As 14 year Duncanville Residents, we are tired of supporting Dallas and their money-making schemes. It seems that any time someone wants to put in a housing project in the Dallas / Duncanville area, the project promoters try to lay low long enough to get their project passed through the appropriate (and eager) DALLAS channels, THEN they inform Duncanville as to what is about to be dumped into their lap!

Duncanville is still struggling to accomodate The Woods project from the late 80's and early 90's as the population from that area have caused our schools and city facilities to overflow, not to mention the mess that is unfolding from the Mountain Creek Road subdivisions. Both are in the vicinity of Clark & Camp Wisdom and are NOT low income but do constrict Duncanville tax payers.

IF Dallas wants truly wants to provide Low Income Housing for Dallas residents, then Dallas needs to provide the infrastructure to support them such as schools, fire & police personnel, recreational facilities, and the like which would provide a quality of life for DALLAS residents instead of usurping quality of life from Duncanville. Dallas has earned it's "cowbird" reputation with glad hands while representing these projects, then turning a blind eye to the problems that these projects produce for "neighboring" cities (ploping it's egg down in anothers nest, then leaving the problems for someone else to deal with). Eventually, the very people that make "neighboring" communities envious, flee from these Dallas projects, leaving the entire neighboring community to suffer because of Dallas' decisions.

Summation: Dallas gains, neighbors lose from Dallas' decisions.

We alternatively suggest that they construct such Low Income housing projects near the homes of Dallas City Councilmen/women that vote on such items! Just such a scenario would truly expose who is looking out for "everyone".

Furthermore, any future consideration regarding Dallas building anything near Duncanville should be presented to the Duncanville local community first, not 15 miles away where project promoters can slither in and out without being noticed or bothered by "locals" who might oppose and spoil their money-making schemes.

WE DO NOT WANT ANY DALLAS LOW INCOME HOUSING PROJECT BUILT ANYWHERE NEAR DUNCANVILLE. WE ARE NOT A PART OF THE DART SYSTEM, NOR DO WE WANT TO BE.

We strongly urge any Duncanville resident bearing the same aforementioned gall to communicate immediately via email to:
Robbye Meyer- Tx Dept of Housing and Community Affairs at:
rmeyer@tdhca.state.tx.us
Robert Onion-Tx Dept of Housing and Community Affairs at:
ronion@tdhca.state.tx.us
Kristie Rieken- Today Newspapers at: duncanville@todaynewspapers.net
Keith Bilbrey- City of Duncanville at: kbilbrey@ci.duncanville.tx.us

Also sent this lovely message to Dallas Mayor Laura Miller via her page at:
http://www.dallascityhall.com/dallas/eng/html/mayor.html

Sincerely,
Kirby Ogle
Cathy Ogle
719 Meadowbrooke Circle
Duncanville, TX 75137
972-296-6167

----- Original Message -----
From: "nealmcb" <nealmcb@msn.com>
Sent: Wednesday, July 24, 2002 12:32 PM
Subject: Fw: PUBLIC HEARING UPDATE - more low income housing

There is an attempt being made to build more low-income housing in the Duncanville school district. There is a name at the bottom where you can send your thoughts and concerns. Please feel free to distribute this message if you like. I have been told that we should respond as soon as possible.

Thanks,
Neal McBurnett

-----Original Message-----
From: Tara Miles [SMTP:tmiles@duncanvillechamber.org]
mailto:[SMTP:tmiles@duncanvillechamber.org]>
Sent: Wednesday, July 24, 2002 11:54 AM
To: Tara Miles
Subject: PUBLIC HEARING UPDATE
Chamber Members and Concerned Citizens,

Here are the thoughts of Steve Martin, who attended the Public Hearing last night. If you would like to express you opinion as to the proposed development, the contact information is at the bottom of this email.

Regards,
Tara Miles
Duncanville Chamber of Commerce

Ladies and Gentlemen, we must act before THURSDAY. They are trying again to build another low income multi family housing unit that will definitely affect Duncanville taxpayers. There was a public hearing last night in DALLAS.[instead of Duncanville] During the presentation, Southwest Housing spoke about their proposed 260 units to be built at

Clark Rd. & Camp Wisdom. They talked about their Seniors communities that they have built, yet there are no provisions for seniors in this project. This property is in Dallas, but Duncanville Schools and taxpayers will be affected most. Here are some simple facts from the meeting.

1. Duncanville schools will be hit hard- They said they estimated about 1 student per every two units.[130 students] More realistic,yet conservative estimates would be at least 2 students per unit.[520 students]2,3,&4 bedroom
2. There has been no thought to the traffic concerns on Camp Wisdom or Clark Rd, as well as no access to public transportation which is needed for this type of project.
3. The simple hard facts: 25 people spoke against the project[all home & property owners] 16 spoke in favor of the project[not one was a resident of Duncanville]Hereis the breakdown of some people who were for the project:
-one worked for UNT and was paid to do a study
-Reginald Gates- "Dallas" Black Chamber of Commerce-not from our city
-Letter from Alan Simms-Cedar Hill City Manager
-Letter from Richard Rozier-Ex mayor of Desoto- paid lobbyist by owners
-A subcontractor who sells to Southwest Housing
-Letter from DALLAS councilman Mark Housewright[his sister a homeowner in Duncanville doesn't agree]
-An employee of Southwest Housing[can't talk about your boss]
- Eight residents in a Primrose Seniors apartment[which I might add sounds like a great community which would be good for Duncanville]

BOTTOM LINE: If this was good for Duncanville, why did they try to hide a public hearing in Dallas???
NOT ONE DUNCANVILLE RESIDENTSPOKE IN FAVOR OF THIS!!!! THEY HEARD FROM US BUT THEY NEED TO HEAR MORE ASAP.

Send letters by fax or e-mail to:
Texas Department of Housing and Community Affairs
Attn: Robbye Meyer
PO Box 13941
Austin, Tx 78711-3941
Fax 512-475-3085
rmeyer@tdhca.state.tx.us <mailto:rmeyer@tdhca.state.tx.us>
HELP US KEEP DUNCANVILLE THE "CITY OF CHAMPIONS"

-----Original Message-----
From: macburnett [mailto:macburnett@msn.com]
Sent: Thursday, July 25, 2002 12:33 AM
To: rmeyer@tdhca.state.tx.us
Subject: Low income housing affecting Duncanville ISD

Dear Mr. Meyer,

Duncanville is currently doing more than its fair share of subsidizing & educating low income housing students. There are other areas in the Metroplex that have a better tax base to support low income housing than Duncanville.

There has been 2 public hearings (one in Duncanville & one in Dallas) and not one Duncanville person has supported this proposition. All the positive support has been from people that do not live in Duncanville or have kids attending Duncanville schools.

To expand further on more reasons why another low income housing project is not needed to be located in Duncanville ISD:

1. Property evaluations hit this area strong. Many people house payments have increased by $200 to $250 per month.

2. The City of Duncanville & Duncanville ISD will be loosing a significant amount of sales tax when the local Wal-Mart moves out of town in late 2003.

3. Duncanville is a graying area. Many senior citizens can not afford to have a tax increase which unfairly places the burden on the younger tax payers.

4. A Duncanville ISD bond election recently passed which will require more tax increases in the very near future.

In short, it will be economically devastating to the Duncanville taxpayers subsidize another low income housing project.

-----Original Message-----
From: Martin Kreis [mailto:mkreis@ev1.net]
Sent: Wednesday, July 24, 2002 9:28 PM
To: rmeyer@tdhca.state.tx.us
Subject: Southwest Housing Development in Southwest Dallas County

Ms. Myer, this message is to tell you that I oppose the proposed low income housing development in Southwest Dallas County at Camp Wisdom and Clark Roads. This development while in the City of Dallas would fall within the Duncanville Independent School District. Our district just passed a record bond issue to deal with current growth, most of which is from outside the city limits of Duncanville. We simply cannot afford another large influx of new students at this time. In my opinion, the estimate of one student for every two units is a gross underestimation of the actual number of new students that would enter the district. I think a more reasonable estimate is 2 to 3 new students.

It appears all the speakers at the public meeting who were in favor of this project have a vested interest in it. This is hardly an unbiased representation.

I hope your agency will reject this project. Thank you.

Martin R. Kreis
1524 Thistlewood Drive
DeSoto, TX 75115

-----Original Message-----
From: John_Edwards@sil.org [mailto:John_Edwards@sil.org]
Sent: Wednesday, July 24, 2002 9:11 PM
To: rmeyer@tdhca.state.tx.us
Subject: Clarkridge Villas

To whom it should concern;

I wish to speak to the topic of a proposal to build apartments, some of which will be subsidized, in the vicinity of Camp Wisdom and Clarkridge Road. At present these apartments are being referred to as the Clarkridge Villas. I am a resident of Dallas and live at 6641 Legters, a few blocks from that location.

I work a matter of blocks from my home on the ILC campus. The mailing address is 7500 W Camp Wisdom Road but the location is more like 7300. Many people in my neighborhood work there as well. Because of this unique arrangement the people of our area are doubly affected by any decisions as to concerns of our area.

First, let me say that I am against such a proposal.

There are many issues that one could speak to that would bring about absolutely no response from people in authority concerning this matter. Those issues could be summarized as, "Why in my back yard?" issues. However, they should not and do not persuade as the matter has to go on in someone's backyard.

However, there are realistic reasons why this is not a good idea and why it presents problems that affect both the government and the people who might take advantage of the subsidized cost of the housing. It goes something like this:

Why would the government or an individual, who at the time has diminished economic opportunity want to locate in an area that would reduce their opportunities even further? It costs more to live in this area because there are none of the normal support infrastructures, much less those needed for low income people and/or the elderly.

. there is no opportunity for employment in the immediate vicinity You certainly won't be walking or peddling to work to save money, catch up or to get ahead.

. the nearest food stores are miles away One would have to have a car to bring home groceries since the stores are so distant. You couldn't even peddle cold or frozen groceries home in an appropriate amount of time because of the heat. I guess you could only bring home today's groceries, as people in many underdeveloped countries have to do. If you did that you wouldn't be able to take advantage of sales, etc.

. the only public transportation, DART service, is along 408 to the Westmoreland Rail Station on Mondays through Fridays—ONLY You pass very few places where you could work along that route--its mostly 408 and fields. A person would have to tell his/her employer they can't work weekends. How many employers do you know who would like to hear you say that?

I have repeatedly inquired of DART why they won't provide services for us on the weekends so that the foreigners that visit the ILC campus for academic or training can have places to go on the weekends. Every time they have said that they doubted there will ever be sufficient need to get weekend service, even with the population boom in the area. As a result I become the driver for those people who do not appreciate being so far away from everything basic--grocery stores and restaurants.

. I invite you to take a taxi cab ride to my house and forewarn you that I am not going to pay for it!!!!!

. where are the parks for children and the places that youth enjoy? There are none. But, immediate to the area is a nonprofit, worldwide organization of volunteers, who at the insistence of the local government have invested a great deal into buildings, grounds and equipment. The organization's campus facility is family oriented, in that there are open places for picnics, swimming, hiking, volleyball, a museum and a play ground. This campus will become the local gathering place for local residents since we don't have funds for security concerns. Therefore we are concerned about who those local residents are. This will become the meeting place of the children and youth of the area. Security for preventing trespassing would be a drain on the already fledgling ILC campus funds. The corporations, church groups and individuals, many of whom are local Dallas residents, who contribute to support the organization, and who have invested the free labor in our homes so we could afford such, would not be happy for their money to go to security concerns rather than the international minority services the organization provides. As well, one wonders what kind of joint cooperation is at hand when we so willingly and well comply with the city's wishes to invest so greatly in our otherwise simple real estate and the city continually entertains proposals for subsidized accomodations--this is round two you know...

The chances for low income families to perpetuate, or make worse, their problems by locating in this area are greater at this location than many other great locations that could be found.

Also, there are many people from emerging third world societies who come for education and training at our campus. These people are often naive, trusting and have a certain amount of innocence. They can be easily taken advantage of by unscrupulous people. Such could lead to a big international disaster for all. I would think that the City of Dallas would be especially interested in their having a positive experience while they are here. After all they are the leaders of their societies and, besides, of such good reputations are won and good relationships are made.

John Edwards
for my wife Sharon, as well
a resident of Sunset Acres in Dallas and
worker at the International Linguistic Center, ILC

-----Original Message-----
From: Steve Martin [mailto:navin@airmail.net]
Sent: Wednesday, July 24, 2002 9:21 PM
To: rmeyer@tdhca.state.tx.us
Subject: Against All the Way

Ladies and Gentlemen, we must act before THURSDAY. They are trying again to build another low income multi family housing unit that will definitely affect Duncanville taxpayers. There was a public hearing last night in DALLAS.[instead of Duncanville] During the presentation, Southwest Housing spoke about their proposed 260 units to be built at Clark Rd. & Camp Wisdom. They talked about their Seniors communities that they have built, yet there are no provisions for seniors in this project. This property is in Dallas, but Duncanville Schools and taxpayers will be affected most. Here are some simple facts from the meeting.

1. Duncanville schools will be hit hard- They said they estimated about 1 student per every two units.[130 students] More realistic,yet conservative estimates would be at least 2 students per unit.[520 students]2,3,&4 bedroom
2. There has been no thought to the traffic concerns on Camp Wisdom or Clark Rd, as well as no access to public transportation which is needed for this type of project.
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 -one worked for UNT and was paid to do a study
 -Reginald Gates- "Dallas" Black Chamber of Commerce-not from our city
 -Letter from Alan Simms-Cedar Hill City Manager
 -Letter from Richard Rozier-Ex mayor of Desoto- paid lobbyist by owners
 -A subcontractor who sells to Southwest Housing
 -Letter from DALLAS councilman Mark Housewright[his sister a homeowner in Duncanville doesn't agree]
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BOTTOM LINE: If this was good for Duncanville, why did they try to hide a public hearing in Dallas???
NOT ONE DUNCANVILLE RESIDENTSPOKE IN FAVOR OF THIS!!!! THEY HEARD FROM US BUT THEY NEED TO HEAR MORE ASAP.

-----Original Message-----
From: Debbie Harrington [mailto:Debharrington@sbcglobal.net]
Sent: Wednesday, July 24, 2002 9:53 PM
To: rmeyer@tdhca.state.tx.us
Subject: housing units affecting Duncanville ISD

I am writing about the 260 housing units that were discussed at a public hearing in Dallas last night (7/23/02). The proposal calls for these units to be built at Clark Road and Camp Wisdom Road. I do not agree that this proposal is sound.

There is no public transportation in that area. There is not one store within walking distance of the area. One convenience store/gas station is about three miles away. There is nothing else closer than that.

The information I received said that although this proposal was to be for senior citizens, nothing was stated marking this as a "set in concrete" venture for senior citizens.

Since no one has been told the possibility of this housing there is no plan to absorb these children into the school district. The children will be attending overcrowded schools. To ease the overcrowding they will perhaps have to be divided among schools that are not in their neighborhood.

If the proposal of one child per unit comes about, the Duncanville schools will be sorely affected. The one child estimate is a moderate estimate. I am sure reality will be something higher. If one child per unit will bring an overcrowding problem to Duncanville ISD, surely the reality of the situation will have a markedly higher impact. Duncanville schools cannot handle this extra input of population.

Since the housing units are in Duncaville ISD the taxpayers of Duncanville should be aware of this pending decision. The units may be located in the city of Dallas, however that has nothing to do with where the children will go to school. These children will be in Duncanville's school district. Not having a public hearing IN DUNCANVILLE is wrong. Our taxpayers have a right to hear what is being proposed.

I am against the housing proposal. Duncanville citizens also need to know about it. A public hearing held in Dallas does NOT give you Duncanville's input.

Debbie Harrington
972/298-5186
122 Naples
Duncanville, TX 75116

-----Original Message-----
From: Lois Cathey [mailto:L.P.Cathey@Charter.Net]
Sent: Wednesday, July 24, 2002 7:32 PM
To: rmeyer@tdhca.state.tx.us
Subject: Low Income Housing in SW Dallas Co.

Dear Mr. Meyer:

I am very concerned about the Low Income Housing you all are trying (again) to build in Dallas (adjoining Duncanville). I could not go to the meeting you had Tues. night at the Dallas Library. Why did you all have it there instead of in Duncanville or the Library on Mountain Creek Pkwy., which is close to where the project property is. What were you trying to hide or to sneak by. Were you hoping no one would be there to oppose it . They already had one meeting about a similar project and it was overwhelmingly defeated. I totally resent what you all are trying to do. I am a resident of Duncanville and have been for 22 years, I also am a Small Business owner in Duncanville for 30 years. I am VERY concerned about what a Housing project like this will do to the value of our property and also about what Crime this will bring to our Neighborhood. These kind of housing projects usually mean a lot of kids. Our schools are already overcrowded and this will make them even more so. The Citizens of Duncanville have already made our Voices very clear.
Please HEAR US, WE DO NOT WANT THIS HOUSING PROJECT IN OUR NEIGHBORHOOD. FIND ANOTHER LOCATION FOR IT. I am a Widow and a Senior Citizen, Please don't make it more unsafe for all of us here in Duncancille.

Sincerely,
Lois Cathey, a Taxpayer in Duncanville
L.P.Cathey@Charter.Net

-----Original Message-----
From: D.A. Cooper [mailto:dacoop@ev1.net]
Sent: Wednesday, July 24, 2002 6:58 PM
To: C K Ogle; rmeyer@tdhca.state.tx.us; Vicki Peters; Tim Barker; Todd Cienski; John Allen; Tackett, Shon; Marie & Steve Gouse; Markpearce1@aol.com; Larry Bratton; Jon Berger; Greg Martin; Brenda Hopwood; Larry & Deborah Bogue; Jack & Carol Hodges; dshane@ci.duncanville.tx.us; kbilbrey@ci.duncanville.tx.us; tmiles@duncanvillechamber.org; kcagle@ci.duncanville.tx.us; duncanville@todaynewspapers.net
Subject: Re: PUBLIC HEARING UPDATE - more low income housing

kirby. thanx for including me in your epistle to the duncanvillites. got neil's message also. when i first heard of this via the letter from sen. royce west, i figgered something was 'rotten in denmark' even thought the language of his letter was rather obtuse.
kirby - i have been here 28 years. 4 children graduated d.h.s. seen alot of changes.
i guess, for me, the big question is this. if the citizens of d'ville are successful in sending this project to another venue (no, they are not going to build it by thorntree) will it really make a difference.?
either you or steve martin, in his comments, alluded to the woods. i would think that this project would barely make a fly on an elephant's rump compared to the damage done by the woods.

what i am asking, and i am glad that folks like you and steve and neil are working on something, is this: did someone beat us (the then city fathers)
around the head and shoulders to make them take the woods into the
duncanville independent school district? also- can they be given back?
to me- that is the greater issue.

if we, disd, were able to give back to dallas isd all of the homes and apartments that are actually in dallas...........shoot, i might even have a kid in duncanville schools.

no question - the proposed project will cause infrastructure problems. but the same problems arise when a thorntee or windmill hill, or hollywood park is built. traffic is worse, ad infinitum. the point i make is that if there is empty ground in our vicinity; any development will impact the infrastructure in negative ways. look at highland park. insulated as it is; look at the traffic. geeze- anybody can drive down mockingbird; even dart goes right thru them.

to me - the schools are the issue. if somebody will get on the d.i.s.d. for d'ville issue; i'm there.

good luck on the 'project' and thanx to all of you for your involvement.

coop

-----Original Message-----
From: D.A. Cooper [mailto:dacoop@ev1.net]
Sent: Wednesday, July 24, 2002 7:18 PM
To: rmeyer@tdhca.state.tx.us
Subject: Clarkridge Villas

Texas Department of Housing and Community Affairs
Attn: Robbye Meyer
PO Box 13941
Austin, Tx 78711-3941

Ms. Meyer
I am told that you might be interested in my input regarding the proposed Clarkridge Villas Housing project to be constructed at Clark Rd. and Camp Wisdom to the west of Duncanville. For the record - i have been here since August, '75. 4 children graduated Duncanville High School.

While I'm sure that the City of Dallas will handle such infrastructure issues as Police and Fire protection, water, sanitation, etc; I am curious how this might impact my tax dollar for new roads and schools. Unless I can talk our School Board into giving this piece of property back to Dallas Independent School District, the children from a 280 unit complex will definitely require one more school campus. I don't think that the taxes that we garner from this 27 acre developed property will pay for a new school.

Clark Road and Camp Wisdom will become a mess. Will i get to pay for more roads?

While I certainly don't think that communities such as Duncanville can isolate themselves from the City to which they are attached; I still vote no for this project.

Thanx

d.a.cooper
915 cambridge dr.
duncanville, tx. 75137
972.296.2236

-----Original Message-----
From: Mae_Zook@sil.org [mailto:Mae_Zook@sil.org]
Sent: Thursday, July 25, 2002 8:29 AM
To: rmeyer@tdhca.state.tx.us
Cc: royce.west@senate.state.tx.us
Subject: Clarkridge Villas

Ms. Meyer:

I attended the hearing on Tuesday evening at great personal inconvenience. I am deeply concerned about the devious way Southwest Housing is going about this proposed low income housing project. We were given false and misleading information and it looks like they're trying to slip in through the back door while no one is looking. What are they trying to hide? We can't trust them now and we certainly can't trust them to tell the truth. This project must be stopped as well as any others like this. It seems they're getting very rich under the false assumption that they're helping low income families. The apartment rents are about double what house payments would be.

If they really want to help, they should donate the land to Habitat for Humanity. Habitat does things right and they get many hours of help from the family who will live in their new home.

1.To be a good neighbor, you need to talk to the people who will be affected. In this case, the Duncanville Mayor Repp, the Duncanville School Board, the Duncanville Superintendent, as well as local residents need to be consulted. A hearing must be scheduled in the Duncanville area, not downtown Dallas during rush hour.

2. I'm one of the few who received a letter from Royce West. Many of our neighbors are away and most didn't even know about this. Many teens were sent letters because they hope they wouldn't pay any attention. The sign is on Clarkridge, not on Camp Wisdom and Clark whtee most people would see it.

3. There will be no economic impact on our area, in spite of the misleading facts they gave.

4. The impact studies didn't involve discussions with the people who live in the area and know the area.

5. There was no mention of the rezoning needed and the escarpment problems.

6. No consideration was given to the lack of infrastructure. Camp Wisdom is a 2-lane road and it is already difficult to cross the street safely. Clark Rd. traffic is already heavy and it's difficult to make a left turn.

7. There is not adequate play area. The only section was a small place across Clark, a 6-lane highway, and they talk about using a shuttle. There is no basketball court or baseball field.

8. There are no elevators so seniors won't be interested.

9. I wasn't impressed by those who were paid to make Southwest Housing look credible.

10. I was disappointed by the efforts to try and make this a race issue when it isn't.

I urge you to do all you can to stop this type of housing in our area. Let Habitat for Hunamity build homes for families or put some senior housing if you must, but not any multifamily apartments.

Sincerely, Mae Zook

-----Original Message-----
From: Larry.Miller@WellsFargo.COM [mailto:Larry.Miller@WellsFargo.COM]
Sent: Thursday, July 25, 2002 8:30 AM
To: rmeyer@tdhca.state.tx.us
Subject: new housing project

Texas Department of Housing and Community Affairs
Attention: Robbye Meyer
P. O. Box 13941
Austin, Tx. 78711-3941

re: proposed
multi-family housing

Ladies and Gentlemen:

Please take a moment to consider all of the facts regairding the proposed 260-unit multi-family housing project to be located at Camp Wisdom and Clark Road in Dallas. While the property is in Dallas proper, it sits in the Duncanville School District and can and will greatly influence many factors in the city of Duncanville.

As you are surely aware, it will adversely change our school district, including classroom numbers, teacher requirements, and transportation issues. Child and student safety also becomes an issue with overcrowding. Our traffic counts and road adequacy surely becomes an issue and must be addressed. City services will also come in to play, as ours in the city of Duncanville, will become taxed and overburdened with such a development.

Please don't let this happen in our community without further studies and considerations. Thank you for your consideration and concern.
Sincerely,
Larry L. Miller
A concerned Duncanville resident

-----Original Message-----
From: Ken_Zook@sil.org [mailto:Ken_Zook@sil.org]
Sent: Thursday, July 25, 2002 8:51 AM
To: rmeyer@tdhca.state.tx.us
Cc: Royce.West@senate.state.tx.us
Subject: Clarkridge Villas project

Texas Department of Housing and Community Affairs
Attn: Robbye Meyer

As a resident close to the proposed Clarkridge Villas project, I would like
to speak against this proposal. Bringing a large, low-income housing project to this area raises numerous problems including higher taxes, lowered propery values, more security problems, more traffic congestion on roads that are already borderline, more students to schools that are already struggling, to name a few. Also, being an isolated area with very limited public transportation (none on weekends) and the closest stores being miles away, it is certainly not conducive to low-income families who need ready access to these facilities. With most units containing multiple bedrooms, they will obviously be filled with children. There are no facilities anywhere close to this area for children's recreation. Also, the proposed housing straddles a 6-lane highway, making it very dangerous for children. This is a very poor plan and I would urge you to keep it from going forward.

Ken Zook
6644 Legters Dr, Dallas, TX 75236

-----Original Message-----
From: Perkins, Andrew [mailto:APerkins@knightridder.com]
Sent: Thursday, July 25, 2002 10:31 AM
To: rmeyer@tdhca.state.tx.us
Subject: Southwest Housing 260 Units in Duncanville School District

Texas Department of Housing and Community Affairs
Attn: Robbye Meyer

There was a public hearing Tuesday night, July 23, in DALLAS (instead of Duncanville). During the presentation Southwest Housing spoke about their proposed 260 units to be built at Clark Rd. & Camp Wisdom. They mostly talked about their Seniors communities that they have built, yet there are no provisions for seniors in this project. This property is in Dallas, but Duncanville Schools and taxpayers will be affected most.

Here are some simple facts I would like you to consider:

1. Duncanville schools will be hit hard. Southwest Housing said they estimated 1 student per every two units (130 students). More realistic, yet conservative estimates would be at least 2 students per unit (520 students -- the apartments are 2,3,&4 bedroom).

2. There has been no thought to the traffic concerns on Camp Wisdom or Clark Rd, as well as NO access to public transportation which is essential for this type of project.

3. 25 people spoke against the project (all home & property owners). 16 spoke in favor of the project (not one was a resident of Duncanville).

4. Here is the breakdown of some people who were for the project:
* One worked for University of North Texas in Denton and was paid to do a study.
* Reginald Gates- "Dallas" Black Chamber of Commerce-not from Duncanville.
* Letter from Alan Simms-Cedar Hill City Manager.
* Letter from Richard Rozier-Ex mayor of Desoto- paid lobbyist by owners.
* A subcontractor who sells to Southwest Housing.
* Letter from DALLAS councilman Mark Housewright (I checked with his sister, a homeowner in Duncanville, and she is against the plan).
* An employee of Southwest Housing!
* Eight residents in a Primrose Seniors apartment (sounds like a great community which would be good for Duncanville).

If this was good for Duncanville, why did they try to hide a public hearing in Dallas? Duncanville residents and property owners were not notified—we found out about the hearing on Monday.

NOT ONE DUNCANVILLE RESIDENT SPOKE IN FAVOR OF THIS!

Please help us with this. We are a small community and will be saddled with a very large burden to our already overcrowded schools. This plan will bring little school tax money with lots of new costs and responsibilities.

Respectfully,
Andy Perkins
1515 Limetree Lane
Duncanville, TX 75137
972-283-9248

-----Original Message-----
From: Gwen_Bergman@sil.org [mailto:Gwen_Bergman@sil.org]
Sent: Thursday, July 25, 2002 12:51 PM
To: rmeyer@tdhca.state.tx.us
Subject: Clark Ridge Villas Apt. Project

Attention: Robbye Meyer

We are residents of Dallas, living less than a mile west of the proposed Clark Ridge Villas Apartment project between Camp Wisdom Rd., Clark Ridge, and I. 20.

We are opposed to this project for the following reasons:

The large number of units planned will no doubt mean importing a huge number of children; this will overwhelm the Duncanville schools. I am not aware of any proposals for new schools included in this project. Children will attend schools in Duncanville and yet Duncanville will not be financially supported by these Dallas taxpayers Low cost housing means more crime. This project is bound to attract many less desirable neighbors. Traffic on Camp Wisdom Road will increase, requiring more police supervision, and this means more money spent on police in this quiet, semi-rural neighborhood Trees that have served for many years as a buffer between the freeway (I20) and residential areas will be cut down. I believe it is unwise to destroy this area of natural beauty and turn it into a warren of low cost housing.

We recognize that all people, regardless of their incomes, deserve clean, safe housing. And children deserve good schools. But cutting down this area of natural cedar trees and building 260 units all in one small place is not the answer. How about building several small apartment complexes and scatter them throughout the area so that the people are not all centered in one huge complex?

Please do not allow this project to proceed. It would devastate our schools and our neighborhood.

Thank you,
Ted and Gwen Bergman
7326 Zuni St.
Dallas, TX 75236

-----Original Message-----
From: DBates7267@aol.com [mailto:DBates7267@aol.com]
Sent: Thursday, July 25, 2002 2:29 PM
To: rmeyer@tdhca.state.tx.us
Subject: Public Housing in Duncanville

As a homeowner and business member of the city of Duncanville, I oppose Southwest Housing putting a low income multi-family housing project at the corner of Camp Wisdom and Clark Road. I feel that over the last several years, we have absorbed more of Dallas's projects than our community can handle. Our city has changed drastically and our schools have been burdened with students who live in Section 8 housing. Our schools are already overcrowded and even thought expansion is planned, it will not supply the additional space for these students.

Also, since the city of Dallas is suppose to respond through their services for crime protection and fire protection in areas that surround our city, they have been slow to respond which does not make a safe and protective area for those who live in Dallas but on our city limit boundaries.

Yes, Cedar Hill and DeSoto would like the housing to be placed in our school district and city, so they could be free from the problems and additional burden it would cost our citizens. Please listen to our representatives from our city. We do not wish this to happen.

Sincerely,
Delores F. Bates, owner of All Ages Counseling Services
1614 Nob Hill Drive
Duncanville, Texas 75137

-----Original Message-----
From: Norma Flatt [mailto:normaflatt@sbcglobal.net]
Sent: Thursday, July 25, 2002 4:35 PM
To: rmeyer@tdhca.state.tx.us
Subject: Clarkridge Villas Housing

The housing development put on a very good presentation, but I was disappointed that they kept referring to almost everything in regards to what Primrose had to offer and upon leaving the meeting in the parking lot two cars down from mine there was the "shuttle bus" that he referred to from Primrose. No doubt all of the senior citizens speaking in favor were brought in on the bus. That is fine, but they should have brought in families from the same type of development they were proposing. I would as well as a lot of other citizens in Duncanville would welcome a facitity like Primrose for our seniors, as we do not have anything available like this for them. I am still opposed to thefamily housing project. I would like to know where the public hearing was advertised and what dates. Also when was the sign put up since you had to look for it and know exactly where the property was to even find it. This I think was not a good thing. It seemed like you were trying to make sure it was up according to the rules, but not easily visable for the public to see. I was told about the meeting at our weekly Lions Club on Friday and was shown a copy of the letter the city got from Royce West on Wednesday July 17 that was dated July 15. That is not sufficient time to let the citizens of Duncanville know about the meeting. Yes the property is in Dallas, but Duncanville carries the load of everything.
I would appreciate the dates and publication the hearing was
advertised in.
Thank you.
Norma Flatt
902 Carriage Way
Duncanville, Texas 75137
normaflatt@sbcglobal.net

-----Original Message-----
From: Remede Body and Skin Spa [mailto:remede@netzero.net]
Sent: Thursday, July 25, 2002 4:31 PM
To: rmeyer@tdhca.state.tx.us
Subject: proposed low housing in Duncanville

Dear Robbye Meyer,

As a 20 plus resident of Duncanville I am not at all pleased to here of this Proposed low income multi family housing unit that will affect Duncanville residents taxes and our schools.

Duncanville is not part of the DART system, there are no grocery stores or other stores within walking distance of that location, few jobs, and our school district just past a larger bond election for our already overcrowded schools. We (Duncanville Residents) are against this project. It also further amazes me how the hearing on July 23rd took place in Dallas and not in Duncanville!

Sincerely,
Joi Mairet
Duncanville Resident and
Business Owner

-----Original Message-----
From: Charlene Sullivan [mailto:crsull@swbell.net]
Sent: Thursday, July 25, 2002 6:12 PM
To: rmeyer@tdhca.state.tx.us
Subject: Clark Road and Clarkridge Development

Dear Mr. Meyer,

I am a Duncanville resident and have been since the early 50's and graduated from Duncanville High School. Duncanville is and always has been for the children. We have always had a great school and will only continue to if we do not bring in more of these housing projects. The school is over crowded enough now and teachers have too many in the class room. Believe me from an X-Alumni, you don't need more children in a room that is already beyond it's capacity for each teacher. The City of Duncanville School District CANNOT handle any more influxes of school children. Let us continue to give to those we have the quality of education they deserve and came to Duncanville to receive.

The city does not have the room or the capital to build more and more schools. We as a city or taxed out for our education's and city. Please DO NOT LET THIS DEVELOPMENT COME INTO THE DALLAS AREA AND THE DUNCANVILLE SCHOOL DISTRICT.

CONSIDER THE CHILDREN - THAT IS OUR MOTTO AND WE NEED THE CHILDREN THAT WE HAVE TO GET THE EDUCATION THEY DESERVE AND HAVE ALWAYS EXPECTED AND RECEIVED IN DUNCANVILLE. THE SCHOOLS CANNOT CONTINUE TO BECOME OVER CROWDED - NO ONE WINS THAT WAY - THEY ARE THE FUTURE OF OUR COUNTRY AND SHOULD BE GIVEN THE RIGHT TO LEARN IN A CLASS ROOM THAT IS NOT OVER CROWDED.

Charlene Sullivan
Duncanville Resident

-----Original Message-----
From: Remede Body and Skin Spa [mailto:remede@netzero.net]
Sent: Thursday, July 25, 2002 4:31 PM
To: ronion@tdhca.state.tx.us
Subject: proposed low income in Duncanville

Dear Robert Onion,

I am a 20 plus resident of Duncanville. I am very against this low income multi-family housing unit project. Duncanville is not part of the DART system, there are no grocery stores or other stores within walking distance of that location, few jobs, and our school district just past a larger bond election for our already OVERCROWDED schools. Also, why was the hearing in Dallas and not Duncanville - we (Duncanville Residents) are the ones being affected.

Sincerely,
Joi Mairet
Duncanville Resident &
Business Owner

-----Original Message-----
From: Craig Proctor [mailto:cproctor@unifocus.com]
Sent: Friday, July 26, 2002 7:38 AM
To: rmeyer@tdhca.state.tx.us
Subject: "Affordable" South Dallas Housing

I am writing to express my NO vote for the “affordable” housing apartment complex proposed for south Dallas between Clark Ridge and Camp Wisdom.

This area is already being overbuilt with apartments which are dramatically increasing the traffic congestion as well as the strain on the infrastructure. There is no access to I-20 from this area without further taxing rural streets. There is minimal public transportation at best. And the escarpment has already been damages enough with building in the past years. What environmental impact studies have been completed for drainage and further erosion of the escarpment?

Also, the builder made the comment that they only expect 1 child per household. Do you really expect us to be naïve enough to believe that a complex with 129 apartments with 3 or 4 bedrooms will only have 1 child???

I also do not wish to see my property value decreased by this type of housing in the area. I bought here for a specific reason and that was to see my value remain or increase. This type of housing environment is NOT a positive factor.

I'm sure you have other options, please consider them.

Craig Proctor
6219 Parkstone Way
Dallas, TX 75249

-----Original Message-----
From: THOTCHK1@txu.com [mailto:THOTCHK1@txu.com]
Sent: Friday, July 26, 2002 6:57 AM
To: rmeyer@tdhca.state.tx.us
Subject:

ROBBYE MEYER -- I AM A HOME OWNER THAT LIVES IN THE MOUNTAIN CREEK AREA OF DALLAS. THIS IS THE AREA WHERE A 258 UNIT, LOW INCOME/ AFFORDABLE HOUSING PROJECT IS BEING DECIDED UPON TODAY. I AM STRONGLY AGAINST THIS. IT POSES ECOLOGICAL AND ECONOMICAL PROBLEMS; NOT TO MENTION EDICAL,FIRE,CRIME AND TRAFFIC PROBLEMS. IT ALSO HAS AN IMPACT ON OUR SCHOOLS. I WOULD HOPE YOU WILL VOTE AGAINST THIS PROJECT BEING BUILT.

TOM HOTCHKO

-----Original Message-----
From: Household Account [mailto:stutam@swbell.net]
Sent: Thursday, July 25, 2002 9:51 PM
To: rmeyer@tdhca.state.tx.us
Subject: Low income housing proposal for Clark Ridge rd and Camp Wisdom. DISPUTED!!

Mr. Onion,

We own a home in the Mountain Creek area. The building of this Low income property in our area would have a very negative impact on us as existing property owners. The simple fact is that the area is currently undergoing alot of new residential growth while, granted, some cheap home builders have managed to slide right in which was not good for our area either but this low income housing would definetely have a negative impact on our property values not to mention our schools here in the area which struggle to accommadate existing students. If you owned a home here I am sure you would not even consider this project. We vote NO!! Thank you

Stephensons

-----Original Message-----
From: Terry Rengers [mailto:trengers@earthlink.net]
Sent: Thursday, July 25, 2002 9:52 PM
To: ronion@tdhca.state.tx.us; rmeyer@tdhca.state.tx.us
Subject: Low income housing in SW Dallas

I can't believe that this is being pushed on us again!!!! Just 6 months ago the citizens of this area had a huge meeting and soundly fought to NOT have this kind of housing just across the street from this proposal.
There is bad access already to that area. There is NO access to I-20, only 408 northbound. Our schools are overcrowded now......add another 500 students...We want people to move to our area but we don't want the problems that low income housing brings with it. This area is one of the nicest open areas of Dallas that needs to be developed but the low income housing will kill any potential development.

There has been NO environmental, economic, traffic or school studies for this proposal. The local people have spoken before, PLEASE listen to them. They know what is in the best interest of this area!

Terry Rengers
5655 High Creek Drive
Dallas, Texas 75249
972-283-1648 Home
214-878-2264 Mobile
888-712-6765 Pager

-----Original Message-----
From: CINDY STRODE [mailto:CYNCHA4@msn.com]
Sent: Wednesday, July 24, 2002 9:44 PM
To: rmeyer@tdhca.state.tx.us
Subject: Duncanville

To: Texas Department of Housing and Community Affairs

From: Tom and Cindy Strode
1406 West Ridge Drive
Duncanville, Texas 75116

We are sending this email to protest the proposed low income multi family housing unit at the corner of Clark Road and Camp Wisdom Road in Duncanville Texas. Citizens have already successfully protested a recent attempt to complete the same type project several months ago. Views have not changed!!!! This is a project that will affect housing values, Duncanville ISD, and the quality of life in Duncanville. Those who spoke in favor of the project at this "secret meeting" in Dallas this week were not from Duncanville.

Please add our names to the list of those residents who DO NOT endorse this project.

Sincerely,
Tom and Cindy Strode

-----Original Message-----
From: Gustav Robinson [mailto:sonoftherobin@earthlink.net]
Sent: Thursday, July 25, 2002 11:38 PM
To: ronion@tdhca.state.tx.us; rmeyer@tdhca.state.tx.us
Subject: NOT IN FAVOR of development

Gentlemen

It has come to our attention that a low income housing development is to be built near the intersection of Clark and Camp Wisdom Road which is near my place of residence in the Windridge Subdivision.

The hearing concerning this topic was held in downtown Dallas at the public library with little notice on Tuesday July 24th at 6:00 p.m. It was not held in our area

WE ARE NOT IN FAVOR of this housing development. Have there been any studies on the traffic that this will create? What impact will this have on our schools? And what about medical services? It is my understanding that the EMS are already overburdened. That might also apply to the fire service.

Being in the city of Dallas, the nearest police station is, well lets just say it is not close. That could create a large crime problem. Our property values would decrease. It certainly would not attract the type of economic development that would be beneficial to the area.

This little part of Dallas resembles much of the Austin terrain. The escarpment would become over crowded. With that comes water run off and pollution. We need to be thinking about protecting this sensitive environment. Not trying to maximize development.

Gus & Lucy Robinson

-----Original Message-----
From: KCarrell@aol.com [mailto:KCarrell@aol.com]
Sent: Thursday, July 25, 2002 9:33 PM
To: ronion@tdhca.state.tx.us
Cc: rmeyer@tdhca.state.tx.us
Subject: housing project @ clark ridge rd.@ camp wisdom in Dallas

I am contacting you to ask you not to go ahead at this time with the low income housing project proposed at the intersection of Clark Ridge and Camp Wisdom in Dallas. No meeting was held in our area and the point that concerns me the most is that this is a natural environmental area that is sensitive in the sense that the land shifts, and great care is needed regarding drainage, and the shifting land. There are also many animals, birds and trees that need protection, and any building done in this area should be constructed with care. It is not right to begin this project without the support of the people, such as myself who live here and who want to protect the area. I have not hear or seen of an impact study that would warrant building an apartment complex on top of the escarpment. I am pleading with you to at least hold some meetings in this area and get the opinions of the people who live close by. Surely, whatever your plans are, they can wait until you are absolutely certain that this project is the best situation for all concerned. There are so many surrounding areas that would be more conducive to this type of project. Please think it through before you act.
Thank you for your time.
Ms. Kay Carrell
5612 Quail CT.
Dallas, TX 75249

-----Original Message-----
From: marydell@sbcglobal.net [mailto:marydell@sbcglobal.net]
Sent: Thursday, July 25, 2002 9:24 PM
To: ronion@tdhca.state.tx.us; rmeyer@tdhca.state.tx.us
Subject: DEVELOPMENTS IN SW DALLAS

I am a taxpayer and a homeowner at 6428 Knoll Ridge Drive in the 75249 zip code. We settled here in May 1999. I am concerned about the low income housing that is being built at Clarkridge and Clark Road in our area. We are struggling ourselves and recognize that people do need a place to live but who is going to pay the taxes for the schools and the services that these people will need? We need your assistance with out dilemma.

Thank you,

Marydell Hotchko

-----Original Message-----
From: Pamela Santone [mailto:pam@bassdoc.com]
Sent: Thursday, July 25, 2002 9:15 PM
To: Rmeyer@tdhca.state.tx.us
Subject: Say NO to Low Income Housing

----- Original Message -----
From: Pamela Santone

Sent: Thursday, July 25, 2002 9:13 PM
Subject: Say NO to Low Income Housing

Dear Robbye Meyer,
We have invested in South Dallas County through purchase of a $200,000 home December 2001. We oppose the construction of Low Income Apartments that that the Texas Department of Housing plans to build less than a mile from our home on Camp Wisdom at Clark Ridge. Our area could serve as a tremendous tax base for an area of the county that is in need. WHY do you want to bring in low income housing and drive investors away???? Upper-midclass families do not want to live near a housing project period. The Mountain Creek area is developing nicely and has a lot of potential to attract highend businesses and housing projects - why do you want to destroy that potential by building a housing project right in the middle??? - do you want it to be a Plano-like tax base or a Fair Park-like tax base???
WE as a community should be able to decide how we want our area to develop - It infuriates us that our tax dollars will be used to drive our house investment down. I am also upset that the public hearing on this issue was not held in my area. I know poorer people have to live somewhere - but there are a lot of other solutions. Housing projects are a horrible answer. May I propose increasing section 8 housing allowances to attract real estate investors. In the long run that housing project does nothing to improve this area - it will only destroy this areas' potential and send investors to Arlington and Mansfield. We vote too and will be closely watching to see if our representatives are acting to protect our interests. We appreciate you attention to this matter and hope you realize how important terminating plans of this project are to this community. We say NO thanks to this idea.
Sincerely, Dr. Pamela Santone

-----Original Message-----
From: Martha Jordan [mailto:budmarco@yahoo.com]
Sent: Thursday, July 25, 2002 9:08 PM
To: ronion@tdhca.state.tx.us
Cc: rmeyer@tdhca.state.tx.us
Subject: Low Income Housing Project @Clark Road & Camp Wisdom, Dallas, TX

Dear Mr. Onion:

This e-mail is to voice our objections to the building of this project at this location. Doing so will adversely affect property values in this area where much effort has been made to improve them.

The addition of that many additional residences will put a tremendous strain on all the services such as fire, police, etc. Also, schools will be overcrowded with so many additional children here.

We hereby request this planned project be re-located to another area.
Thank you.
Mr & Mrs W.F. Jordan

-----Original Message-----
From: AEBONYANGEL1@aol.com [mailto:AEBONYANGEL1@aol.com]
Sent: Thursday, July 25, 2002 9:04 PM
To: ronion@tdhca.state.tx.us; rmeyer@tdhca.state.tx.us
Subject: Concerned Homeowner

I reside in the Windridge Community in Dallas and I am totally opposed to the construction of low income housing in our neighborhood....Please do not destroy our beautiful, quite neighborhood........please vote against this action....Angela

-----Original Message-----
From: Jane White [mailto:jwbrit@hotmail.com]
Sent: Thursday, July 25, 2002 8:37 PM
To: rmeyer@tdhca.state.tx.us
Subject:

6436 Knoll Ridge Dr
Dallas, TX 75249

Dear Madam,
As a concerned house owner in this area I would urge you to vote against this housing project. It would be a severe drain on our local resources and our emergency services are already stretched to the limit.
I also fear that apartments built at the top of the escarpment will not only impact the wildlife but be an eyesore for all who live within miles.
This is a very pretty area. That is why we decided to build here. We would not have done so if we had thought we would be looking out at a huge monstrosity in the distance.
Yours sincerely,
Jane White.

-----Original Message-----
From: Vern Sterba [mailto:verns@dbu.edu]
Sent: Friday, July 26, 2002 8:05 AM
To: rmeyer@tdhca.state.tx.us
Subject: Housing Proposal

Mr. Onion:

I am a resident of the area where low income housing is proposed. I am strongly opposed to the low income housing being proposed for the intersection of Clark Ridge Road and Camp Wisdom in Dallas. The services in this area are already overloaded. We need low income housing, but lets be sure we do not do a disservice to those for whom the housing is being built. The are more appropriate areas for this development.
Vernon Sterba
vsterba@sbcglobal.net

-----Original Message-----
From: kevin.kelly@bankofamerica.com [mailto:kevin.kelly@bankofamerica.com]
Sent: Friday, July 26, 2002 11:19 AM
To: rmeyer@tdhca.state.tx.us; ronion@tdhca.state.tx.us
Subject: Low income housing development Clark Ridge Rd and Camp Wisdom

My name is Kevin Kelly and I live at 8335 Crystalwood Dr., Dallas, TX 75249.

I would like to go on record as being AGAINST the planned low income housing development in my neighborhood (Clark Ridge Rd and Camp Wisdom). There are many reasons why I feel that this is a bad plan. Some of the strongest reasons are :

1) This plan appears to be something that your department is "sneaking into Oak Cliff" once again. We were given extremely short notice of the "hearing" AND it was held somewhere in downtown Dallas and NOT anywhere near the proposed site. We have a lovely branch of the Dallas Public Library on Mountain Creek Blvd. Why was it not used. The only plausible reason is that it was not held in our area to make it more difficult for the area residents to be heard. I don't know of even one homeowner in this area that for this plan.

2) No impact study has been done to determine the devastating effect this complex will have to our area. Not to mention the reduction in our property values.

We the people who have lived in tis area for years should have some say when your department re-zones our area to make it available for a slum.

Don't we have any rights to protest this stealthy endeavor?

-----Original Message-----
From: Farmer Michael S Civ 301 FW/FM [mailto:Michael.Farmer@carswell.af.mil]
Sent: Friday, July 26, 2002 11:28 AM
To: 'ronion@tdhca.state.tx.us'; 'rmeyer@tdhca.state.tx.us'
Subject: Clarkridge Villas

Michael S. Farmer, MBA
6348 Knoll Ridge Drive
Dallas, TX 75249
+1 (972) 572 3709
farmerm@pjsnet.com

26 July, 2002

Texas Department of Housing and Community Affairs
Attention: Ms. Robbye Meyer and Mr. Robert Onion
507 Sabine Street
Austin, TX 78701

Dear Ms. Meyer and Mr. Onion,

I am writing you to express my concerns about the Clarkridge Villas apartment project in Dallas. It is my understanding that this project is intended to furnish affordable housing to economically disadvantaged Texans and that your office will decide on approving this project on 8 August.

My wife and I very recently moved to Dallas and purchased a home relatively near the proposed site of this project. We deliberately chose to live in this area because its ethnic diversity, close proximity to nature reserves and parks, and that it is somewhat removed from the urban environment.

I strongly support your mission to "help Texans achieve an improved quality of life through the development of better communities"; however I do not feel that this project serves your aims.

The proposed site of this project lacks the basic underlying infrastructure to provide an acceptable living standard for people of limited economic means. Specifically, there are no readily accessible business areas for one to obtain basic commodities and services such as grocery stores, doctors, and general retailers. Additionally, there is a lack of public transportation to the nearest business areas of Duncanville and Grand Prairie where one could be afforded employment opportunities.

The business areas of Duncanville and Grand Prairie are only directly accessible via Interstate 20. Despite being practically adjacent to the Interstate, there is no access to it from the site. Immediate access to and from the proposed complex is only via Spur 408, which leads directly to the economically disadvantaged areas of Grand Prairie and Dallas's Oak Cliff neighborhood. This lack of accessibility extends to the Mountain Creek Business Park currently being constructed at the intersection of FM 1382 and Interstate 20, which may provide significant employment opportunities in the future.

Additionally there is the issue of safety. At a recent community meeting, Dallas Police Officers informed us that budget limitations prevent them from patrolling our neighborhood regularly. While patrols are scheduled, the patrolling officers are often needed to support emergencies in other areas. Given the publicized economic difficulties the City of Dallas is currently experiencing, I doubt that there are any means by which to increase police presence in this area to a level appropriate for the increased population density.

In light of the above, I urge you to decide against this project in favor of one which is better equipped to meet essential quality of life standards and sustainable employment prospects. Only in this way can we give all Texans the opportunities to prosper economically and enjoy a high standard of living.

Very respectfully,
Michael S. Farmer

-----Original Message-----
From: Shearon Lehrack [mailto:slrack@flash.net]
Sent: Friday, July 26, 2002 4:00 PM
To: ronion@tdhca.state.tx.us; rmeyer@tdhca.state.tx.us
Subject: Affordable Housing project

Department of Housing:

This is in reference to the *proposed* 100 % Affordable Housing Project at the intersection of Clark Ridge Rd and Camp Wisdom - Duncanville-Dallas, TX.

If this project is approved, there are several issues of high concern that will be affected. Please note the following:

* Traffic problems already exists in the area. Camp Wisdom needs repair, I-20 has no access, and Spur 408 is already crowded.
* The Duncanville ISD will not be able to pay for more classrooms, buildings and teachers.
* Our Fire department will have to serve this project, and they already serve a large area.
* There is not a local Police station available. The closest station is in Southwest Dallas.
* Land Values will not be improved.

We need to remember this land is one of the last escarpment areas left in Dallas. This parcel of land can also offer our community additional shopping, restaurants, and other needed establishments.

Has TDHCA done a current study on the environmental, economic, traffic and school impact for a project like this?

We kindly ask that you reconsider this project for all of the obvious reasons. Your help will be appreciated.

Respectfully submitted,

Steve and Shearon Lehrack
7992 Glenway Dr.
Dallas, TX 75249

-----Original Message-----
From: steven.p.schmidt@exxonmobil.com [mailto:steven.p.schmidt@exxonmobil.com]
Sent: Friday, July 26, 2002 2:19 PM
To: ronion@tdhca.state.tx.us; rmeyer@tdhca.state.tx.us
Subject: Comments on Mountain Creek Housing Complex

Mr. Onion and Ms. Meyer,

A neighbor informed us of the pending decision on a housing complex at Camp Wisdom and Clark Ridge Rd. in south Dallas, where we live. We have lived in Mt. Creek from 9/2001 to present and this is the first we heard of the project.

We are concerned that the local residents have not had an ample opportunity to input to the TX Department of Housing and the city of Dallas or review any studies performed for the project's planning and due diligence. Example of studies would be: environmental impact study, traffic flow assessment, safety (fire, medical and police coverage) assessment and economic assessment.

Without knowing any of the details, this does not seem to be the right place for a project of this kind.

Thank you for attention. For future public meetings and requests for comment please include me on the mailing list.

Steven P. Schmidt
6240 Parkstone Way
Dallas, TX 75249
phone: (214) 283-6091
email: riddleschmidt@prodigy.net
or
Exxon Mobil Corporation
Pegasus Plaza, Rm. 5a39
3000 Pegasus Park Drive, Dallas, TX 75247
phone: (214) 951-2023
fax: (214) 951-7631
cell: (281) 541-2859

-----Original Message-----
From: BAGOUNAD@aol.com [mailto:BAGOUNAD@aol.com]
Sent: Friday, July 26, 2002 2:13 PM
To: ronion@tdhca.state.tx.us
Cc: rmeyer@tdhca.state.tx.us; bagounad@aol.com
Subject: No to a new low income large appartment complex in our area

To whom it may concern:

I am a home owner in the Mountain creek community in Dallas (75249). I am writing you to express my desagreement for the building of a new low income large appartment complex at the intersection of Clark Ridge and Camp Wisdom. Building such facillity in this area will have negative effects on:
- the traffic
- Schools
- Medical services
- Fire services
- Crime protection
- Land values
- and the ecological environment.

Best regards.

-----Original Message-----
From: Chance.Lehman@AlconLabs.com [mailto:Chance.Lehman@AlconLabs.com]
Sent: Friday, July 26, 2002 1:32 PM
To: ronion@tdhca.state.tx.us; rmeyer@tdhca.state.tx.us
Subject: 100% Low Income / Affordable Housing Project - South Dallas, Clar k Ridge and Camp Wisdom

Good afternoon,

I have some concerns with the proposal to construct 100% low income housing in the south Dallas area at the Clark Ridge and Camp Wisdom intersection. Several issues come to mind. The first is traffic. Access to and from the area, which is Spur 408 is already crowded. There is no access to I-20, and Camp Wisdom is in need of repairs. This development will also put a strain on the Duncanville schools. The schools will not be able to pay for the classrooms, buildings and teachers needed to handle 250 to 750 more children (1 to 3 children per unit). EMS services are already stretched thin by the needs of the local area. The fire stations at Wheatland Road and Mountain Creek Pkwy are already covering a large area as well. The City of Dallas has removed the only Dallas police station near us and now the southwest Dallas station is covering our area. This station is several miles away. The land value will drop with this proposed low income housing construction. By attracting new developers and builders in our area we also attract shopping, restaurants, and other needed economic developments. This will not be the case with an area containing a large apartment base and low income housing. There is also an ecological impact to the already depleted escarpment areas. We need to protect these escarpment areas. Building a low income housing project at the top of the escarpment is not the way to protect it. A construction and development of this size will definitely impact the ecology of the area in a negative way.

It is my understanding that there is no impact study information available on environmental, economic, traffic or school issues. Shouldn't this be evaluated before such a large low income housing development is constructed in our area? Is there no concern as to what the people who live in this area think of such a development?

Thank you for your time

Chance Lehman
Alcon Laboratories, Inc.
Surgical Products Research
voice: 817.615.2606
email: chance.lehman@alconlabs.com

-----Original Message-----
From: Richard Lopez [mailto:richard.lopez@merrillcorp.com]
Sent: Friday, July 26, 2002 1:30 PM
To: Rmeyer@tdhca.state.tx.us
Subject: Clark Ridge Rd./Camp Wisdom Project

To: Ronion@tdhca.state.tx.us, Meyer@tdhca.state.tx.us
cc:

Subject: Clark Ridge Rd./Camp Wisdom Project

To whom it may concern:

Please find this letter as a definite 'NO' position for proposed building
of 100% Low Income Housing at Clark Ridge Road and Camp Wisdom in the form
of an apartment complex.

As an area resident, we strongly object to the building of such property in our area as it has a direct negative impact on our community. As you are aware, all communities are what you make of them and the citizens of our community have worked hard and continue to work hard to maintain a certain level of value and worth of our community. We live in an area that is not only special to us, the homeowners, but special to the environment as well. Our area has a significant amount of wildlife environmental space that was not man made, but is a natural habitat for many species of birds and animals alike. By destroying and disturbing this area, you not only destroying what we, as homeowners have bought into, but you destroy the wildlife environment and habitat as well, along with our property value. As it is we struggle to maintain our property value, will fighting to stave off property tax increases at the same time. Homeowners of our area deserve the right to preserve what we have!

A projected apartment complex for low income housing is not the answer for this property or area. I am sure that you do not have to be reminded that statistics prove that area crime is consistently higher in low income housing areas, property value is consistently lower in low income housing areas. Would you be willing to voluntarily bring that situation to your area?

Another point of consideration should be the fact that our area currently does not have its own police substation. When our home was broken into in the middle of the night while we were sleeping, it took police over 20 minutes to respond. By that time, my husband had already chased the burglar out of our home! In addition, our area shares ONE fire station that is already overwhelmed by serving our area, as well as, Duncanville and other surrounding cities when needed. That being said, there is also the issue of providing education for some additional 250+ children. Recently, homeowners passed a school bond package that does not even include a possibility of adding an additional 250+ children. The intent of the bond was to accommodate the all ready overcrowded situation for children of current homeowners. Another negative to building this complex in our community is the fact that highway access is not available from the proposed building area. We share a farm road with surrounding cities in order to gain access to I-20. This is not a community that is abundant in resources, we share just about every service be it fire, police, medical services, etc. with someone else. So it is clear that it just does not make sense to add to the already stressed situation of our community.

Please consider opinions of the homeowners of our community. While we realize that builders are in it to make money, we are not. We are in it to preserve what we have in our community and that is an environment that is environmentally friendly to homeowners and wildlife.

-----Original Message-----
From: Anthony, Raju [mailto:ranthony@ntta.org]
Sent: Friday, July 26, 2002 12:54 PM
To: 'ronion@tdhca.state.tx.us'
Cc: 'rmeyer@tdhca.state.tx.us'
Subject: Clark Ridget Road at Camp Wisdom, in Dallas County, TX

To whom it may concern: This in reference to the low income housing apartments that is in the planning stage on Clark Ridget Road at Camp Wisdom. As a homeowner close to the this location, I'm really concerned about this proposal and I would like to express my concern and opposition to this idea. I think this is a bad idea and would invite more traffic and definitely more crime. Hope you will consider my appeal.

Thanx
Raju Anthony

-----Original Message-----
From: MJNeilson@aol.com [mailto:MJNeilson@aol.com]
Sent: Friday, July 26, 2002 12:54 PM
To: ronion@tdhca.state.tx.us; rmeyer@tdhca.state.tx.us
Subject: Comment on Proposed Housing Project

I am sending you my comments regarding the proposed housing project for affordable (low income) housing (apartments) located at Clark and Camp Wisdom Roads. I am strongly opposed to building such a project. My reasons for the opposition are:

1. School Impact. The recently approved school bond package will not be able to pay for the classrooms, building and teachers needed to handle another 250 to 750 students for this project.

2. Medical/Fire Services. These services are already stretched too thin with the current housing and current building that is ongoing in the Mountaincreek area. This additional project will overburden the services in this area.

3. Crime Protection. The City of Dallas that approved the use of this land has removed our only police station and our area is being covered by a Southwest Dallas station that is not close to our area. Response time and additional coverage could surely result in increased crime in our area.

4. Land/Property Values. The Mountaincreek area is attracting developers of homes in the $150,000 to $250,000 range. These homes will then attract shopping, restaurant and other needed economic development to our area to hold or even raise our property values. This affordable (low income) housing project will discourage further economic development and depreciate home and land values.

5. Ecological Impact. The escarpment areas in these areas need to be protected. The housing project of this magnitude could easily damage the sensitive environment in this area. It's my understanding that no environmental impact study is available to determine the impact on the environment, economy, traffic, schools, or property values.

Once again, I strongly oppose the building of the affordable (low income) housing project in this area. I appreciate your consideration of the above viewpoints before a decision is reached. Thank you for your attention.

Regards,

Mike Neilson

-----Original Message-----
From: Melissa Lopez [mailto:mlopez@mbapr.com]
Sent: Friday, July 26, 2002 12:48 PM
To: ronion@tdhca.state.tx.us; rmeyer@tdhca.state.tx.us
Subject: Clark Ridge Rd./Camp Wisdom Project

To whom it may concern:

Please find this letter as a definite 'NO' position for proposed building of 100% Low Income Housing at Clark Ridge Road and Camp Wisdom in the form of an apartment complex.

As an area resident, we strongly object to the building of such property in our area as it has a direct negative impact on our community. As you are aware, all communities are what you make of them and the citizens of our community have worked hard and continue to work hard to maintain a certain level of value and worth of our community. We live in an area that is not only special to us, the homeowners, but special to the environment as well. Our area has a significant amount of wildlife environmental space that was not man made, but is a natural habitat for many species of birds and animals alike. By destroying and disturbing this area, you not only destroying what we, as homeowners have bought into, but you destroy the wildlife environment and habitat as well, along with our property value. As it is we struggle to maintain our property value, will fighting to stave off property tax increases at the same time. Homeowners of our area deserve the right to preserve what we have!

A projected apartment complex for low income housing is not the answer for this property or area. I am sure that you do not have to be reminded that statistics prove that area crime is consistently higher in low income housing areas, property value is consistently lower in low income housing areas. Would you be willing to voluntarily bring that situation to your area?

Another point of consideration should be the fact that our area currently does not have its own police substation. When our home was broken into in the middle of the night while we were sleeping, it took police over 20 minutes to respond. By that time, my husband had already chased the burglar out of our home! In addition, our area shares ONE fire station that is already overwhelmed by serving our area, as well as, Duncanville and other surrounding cities when needed. That being said, there is also the issue of providing education for some additional 250+ children. Recently, homeowners passed a school bond package that does not even include a possibility of adding an additional 250+ children. The intent

of the bond was to accommodate the all ready overcrowded situation for children of current homeowners.
Another negative to building this complex in our community is the fact that highway access is not available from the proposed building area. We share a farm road with surrounding cities in order to gain access to I-20. This is not a community that is abundant in resources, we share just about every service be it fire, police, medical services, etc. with someone else. So it is clear that it just does not make sense to add to the already stressed situation of our community.

Please consider opinions of the homeowners of our community. While we realize that builders are in it to make money, we are not. We are in it to preserve what we have in our community and that is an environment that is environmentally friendly to homeowners and wildlife.

Melissa Lopez
Director of Business Administration
Michael A. Burns & Associates, Inc.
Public Relations
4245 N. Central Expressway, Suite 500
Dallas, Texas 75205
214-521-8596 Telephone
214-912-7510 Cell
214-521-8599 Fax

-----Original Message-----
From: ANATWEDD@aol.com [mailto:ANATWEDD@aol.com]
Sent: Friday, July 26, 2002 12:33 PM
To: Ronion@tdhca.state.tx.us; rmeyer@tdhca.state.tx.us
Subject: Propsed new low-income housing development

Dear Madam and Sir:
I write concerning the proposed development of low-income housing at the intersection of Clark Ridge Rd and Camp Wisdom Road in the Duncanville area in the City of Dallas.
This area is one of outstanding beauty which is itself is a rarity now given the incessant land clearing and subdivision building that has scarred the landscape of the SW suburban area of the Metroplex. Enough is enough!
Building low income housing in this area will have an enormous potential effect on the area's traffic, schools, medical services, fire services, crime, and land values. There is also the ecological impact of building 258 apartments on a diminishing escarpment (which should be protected).
The hearing for this was held at downtown Dallas with little or no notice. It was not held in the area of projected development. This has caused some consternation and outrage among residents.
I plead with you to investigate this matter.
Thank you for your kind attention.

Lee Weddall, local resident
5612 High Creek Drive, Dallas, TX 75249
(469) 688-1446

-----Original Message-----
From: Linda [mailto:linda@tlsi.net]
Sent: Friday, July 26, 2002 12:09 PM
To: rmeyer@tdhca.state.tx.us
Subject: Low income housing

Hi
I am a homeowner in Dallas and do not want to see the low income complex built at Clark Ridge Rd & Camp Wisdom
Thank-you

-----Original Message-----
From: Terri Vehon [mailto:tvehon@duncanvilleisd.org]
Sent: Sunday, July 28, 2002 8:51 PM
To: 'rmeyer@tdhca.state.tx.us'
Subject: Apartments in Southwest Dallas

Dear Ms. Meyer,
This letter is to register my opposition to a new low-income apartment complex in southwest Dallas. The property would be served by Duncanville Independent School District. Duncanville is a small district that has been hit with a very high tax rate for homeowners due to the fact that we do not have a strong business tax base. I fear this project would greatly effect my taxes in Duncanville once again because Dallas feels like this would be a good location. Our schools are already over crowded. We have planned for new schools in the future without this particular project considered. If Dallas thinks it's such a good idea, put the project in Dallas ISD's school limits. There is also no publice transportation in Duncanville. Even a walk to the grocery store would be a challenge for some individuals since no store is nearby. Again, if this complex is so wonderful why not put it where the people living in it would have easier access to more services.

Thank you for your time and consideration in looking for another location.

Sincerely,
Terri Vehon
Duncanville Tax Payer

-----Original Message-----
From: JANE DAVIS [mailto:davisjc2@flash.net]
Sent: Sunday, July 28, 2002 2:49 PM
To: rmeyer@tdhca.state.tx.us
Subject: Low income housing in Duncanville

Hello,
I am solidly AGAINST the building of low income multifamily housing at Clark Rd. and Camp Wisdom. This project is proposed by Southwest Housing. There has already been a hearing for this in Duncanville and it was blocked then. I do NOT want this housing in our community. It is in the Duncanville school district and I oppose it!!!!!!! I do NOT want it in my community.

Sincerely,
Jane C. Davis
322 Brookwood Dr.
Duncanville, Tx 75116

-----Original Message-----
From: UBZonker@aol.com [mailto:UBZonker@aol.com]
Sent: Saturday, July 27, 2002 6:12 PM
To: rmeyer@tdhca.state.tx.us
Cc: ronion@tdhca.state.tx.us
Subject: Proposed "Project" at Clark Road and Camp Wisdom

To Whom it may concern
RE: Proposed "Project" at Clark Road and Camp Wisdom:

As 12 year Cedar Hill/Dallas residents, we are tired of supporting Dallas and their money-making schemes. It seems that any time someone wants to put in a housing project in the Dallas / Duncanville area, the project promoters try to lay low to get their project passed through the appropriate (and eager) DALLAS channels, THEN they inform Duncanville as to what is about to be dumped into their lap!

Duncanville is still struggling to accommodate The Woods project from the late 80's and early 90's as the population from that area have caused our schools and city facilities to overflow, not to mention the mess that is unfolding from the Mountain Creek Road subdivisions. Both are in the vicinity of Clark & Camp Wisdom and are NOT low income.

IF Dallas wants truly wants to provide Low Income Housing for Dallas residents, then Dallas needs to provide the infrastructure to support them such as schools, fire & police personnel, recreational facilities, and the like which would provide a quality of life for DALLAS residents. Dallas has earned it's "cowbird"reputation by glad-hand while representing their projects, then turning a blind eye to the problems that these projects produce for "neighboring" cities (plopping it's egg down and leaving the problems for someone else to deal with). Eventually, the very people that make the "neighboring" communities envious, flee away from these Dallas projects, leaving the entire neighboring community to suffer because of Dallas' decision.

Summation: Dallas gains, neighbors lose.

We alternatively suggest that they build such Low Income housing projects near the City Council people's homes in Dallas that vote on such items! Then we will see just who is "looking out for everyone".

Furthermore, any future consideration regarding Dallas building anything near Duncanville should be presented to the Duncanville local community first, not 15 miles away where project promoters can slither in and out without being noticed or bothered by "locals" who might oppose and spoil their money-making schemes.

WE DO NOT WANT ANY DALLAS LOW INCOME HOUSING PROJECT BUILT ANYWHERE NEAR DUNCANVILLE. WE ARE NOT A PART OF THE DART SYSTEM, NOR DO WE WANT TO BE.

We strongly urge any Duncanville resident bearing the same aforementioned gall to communicate immediately via email to: Robbye Meyer- Tx Dept of Housing and Community Affairs at rmeyer@tdhca.state.tx.us
Robert Onion-Tx Dept of Housing and Community Affairs at ronion@tdhca.state.tx.us

-----Original Message-----
From: Elizabeth T Brown [mailto:etbrown@brinks.com]
Sent: Friday, July 26, 2002 7:23 PM
To: ronion@tdhcs.state.tx.us; rmeyer@tdhca.state.tx.us
Cc: rwest@tdhcs.state.tx.us
Subject: Mountain Creek Pkwy Development - Clark Ridge Rd @ Camp Wisdom - Dallas
Importance: High

I am writing this memo very late due to the delay in receiving communication regarding meetings, etc. surrounding this very important impact to our neighborhood.

This notice was placed on my door indicating 258 LOW INCOME apartments were BEING DEVELOPED - ALMOST NEAR COMPLETION in our surrounding neighborhood. As homeowners in a planned development, were never dreamed that our lifestyles and/or property values would be jeopodized by something as major as this and we not be involved.

Apparently, a meeting was held on 7/24 at the Dallas Public Library (not even in our area) and we were not invited to attend. I think this is definitely a sign that our elected officals DO NOT CARE HOW ABOUT OUR CONCERNS OR VOTES! PLEASE ASSIST US IN CHANGING THE IMPACT TO OUR TRAFFIC, CRIME RATE, SCHOOLS, PROPERTY VALUES, MEDICAL SERVICES, ETC.

I WOULD APPRECIATE YOUR RESPONSE TO THIS ISSUE AND HOW IT WILL IMPACT OUR AREA, AND WHEN WE WILL BE NOTIFIED OF FUTURE DEVELOPMENT TO THIS PROJECT AND ACTUALLY INCLUDED.

THANKING YOU IN ADVANCE FOR YOUR ATTENTION TO THIS MATTER.

Elizabeth Brown, George Brown, & Idell McGrew
Property Owners:
8440 High Brush Drive, Dallas, TX 75249
6448 Knoll Ridge Drive, Dallas, TX 75249
8327 High Brush Drive, Dallas, TX 75249
972-871-3546 phone 972-871-3317 fax etbrown@brinks.com

-----Original Message-----
From: HOLCOMBS6@aol.com [mailto:HOLCOMBS6@aol.com]
Sent: Friday, July 26, 2002 5:17 PM
To: rmeyer@tdhca.state.tx.us
Subject: Southwest Housing project in south Dallas

Dear Ms. Meyer:
I attended the public hearing on July 23,2002 regarding the proposed TDH project at Clark and Clarkridge. I contacted Mark Housewright's office, our city councilman, the next day to express concern about the way the black gentleman who represented him made this into a racial issue. Jason at Mr. H.'s office stated that the genleman did not represent Mr. H, and was in fact a Vice-president of Southwest Housing. Jason stated that Mr. H. had written a letter regarding past projects at Southwest's request. He also stated that Mr. H. does not endorse or support the current proposed project.
I was incensed to learn that employees and representatives of Southwest Housing were the ones who turned this into a racial issue, because it is certainly not one. I reside in the Mountaincreek development of Dallas, just west of the proposed project site. As a neighborhood, which is racially diverse, we are opposed to this project because of the educational, environmental, and economic impact it will have on our area. These are legitimate concerns.
I hope when considering the project you will weigh the fact that the only support for this project came from Southwest Housing employees and paid representatives, plus residents of a senior community, whic this project is not going to be.
If you decide that such a project is a necessity at this particular site, please consider having the plans revised to put designated senior apartments on one side of Clark, and family housing on the other side. Also, please look very carefully at the lack of play area and green area for leisure time. This is a beautifully wooded area, which could provide such areas, if the builder did not want to build so heavily on the land. Another idea for family homes which would be nice might be triplexes, such as have been built in downtown Fort Worth, giving the neighborhood a real neighborhood atmosphere.
Let me reiterate that I hope that this project will not be approved for the reasons already addressed.
Thank you,
Patty Holcomb

-----Original Message-----
From: Household Account [mailto:stutam@swbell.net]
Sent: Friday, July 26, 2002 4:48 PM
To: rmeyer@tdhca.state.tx.us
Subject: Low income proposal for Clark Ridge and Camp Wisdom roads. NO!!!!!!!

Dear Mr. Meyer,

We are home owners in the Beautiful Mountain Creek area. In hearing of this proposal to say the very least it is sooooo discouraging for the health and property values as they are finally starting to rise. This would totally kill any hope of our area becoming a highly mid to upper scale community which of course would bring retail to our area ie: continue to increase our values. Our school system is finally building enough schools to accommodate the already over crowded system in this particular area and increasing with more students from this LOW INCOME Housing would put us right back where we are trying to get out of. OVER CROWDED SCHOOLS which directly affects our children's education from over crowded class rooms.

As we see it there is absolutely NO POSITIVE Effects this would bring to our area only severe negative which we already have allot in this area and do not want anymore!!

Also, since we were only notified 2 days before this went up for a hearing/meeting I do believe that was extremely intentional and should be against policy for the state of Texas in acting in such a manner!!!!! As well as whomever made the decision to have it at the downtown (Dallas) location was very callus. It should have been held in this area at the Library!!! This was very sneaky and underhanded by the state of Texas as far as we see it!! DO NOT BUILD THE PROJECTS IN OUR AREA. If you lived here you would not want it near you either to effect your $$$$$$$$.!!!! Thank you.

-----Original Message-----
From: Laurie M Zimmerman [mailto:lauriemz@juno.com]
Sent: Friday, July 26, 2002 4:21 PM
To: ronion@tdhca.state.tx.us
Cc: rmeyer@tdhca.state.tx.us
Subject: Low Income Housing in Duncanville, Texas

Dear Mr. Onion,
I am writing to inform you of our extreme abhorrence of your plans to build a 258 apartment complex near our neighborhood. First of all, I was very disappointed that your department chose to have a meeting about this at a location so far away from our neighborhood, in downtown Dallas at the library. I wonder if your intent was that representation from the our neighborhood would be low, so you could put your plans through with no objections from any of us who will be affected by this. That was very sneaky. Additionally, there are so many areas that will be affected negatively by this apartment project, that there is no way that you should even consider putting it in our area. We just recently approved a bond issue to build a much needed elementary school in our area. It is not designed to hold another 250 to 750 students and we do not want another 250-750 students in our area!!! We cannot afford to build any more schools - it took many years to get this one approved! The additional burden of increased traffic is another serious issue to our neighborhood. We are already experiencing a huge upsurge in home building here and cannot handle any more pollution and congestion. The roads cannot accommodate that kind of traffic, they weren't built to. Camp Wisdom is in horrible need of repair and there is no access to I-20.

Our neighboring city, Cedar Hill, has attracted wonderful shopping, restaurants and builders that add to their property values. With this low income housing project in place, we will not be able to entice any developers to build in this area, and our property values will plummet. You will negatively affect so many, many households with this, that I cannot imagine that you in clear conscience could do that to so many family's futures. Crime will go up in the area because of this low income housing, and you know this is certainly the truth, and there is no denying it. We have little police presence in our area now, and the substation is not close. Would you jeopardize the safety of all of us and our neighbors? Would you want to be responsible for that? You will be if you allow this complex here. This is the most beautiful area in all of Dallas. You have seen the wooded hills and how lovely this area is. Why do you need to damage the ecological balance further by putting up such a huge complex? This is a sensitive environment and it will be ruined forever by putting up all these buildings. Not to mention the negative impact on the wildlife in this area, which is being further diminished. You have not done any kind of impact study to my knowledge on any of these issues. You CANNOT go forward with any decision on this until every responsible study has been done and every voice that cares about this has had a chance to be heard. I am asking you to please seriously reconsider your intentions. This project is NOT right for this area. I am positive that you would not want this in your neighborhood, would you? We value our homes, our families, our neighbors, and our community, and a low income housing project would effectively ruin this area for us.

Sincerely,
Laurie and Richard Zimmerman
8308 Autumn crest Court
Dallas, Texas 75249
(972)298-6031

-----Original Message-----
From: Bill_Eddy@wycliffe.org [mailto:Bill_Eddy@wycliffe.org]
Sent: Monday, July 29, 2002 10:11 AM
To: rmeyer@tdhca.state.tx.us
Cc: dick_watson@sil.org
Subject: Proposed Clarkridge Housing-Dallas

I am a resident of Sunset Acres and member of the Sunset Acres Homeowners' Assn. The proposed "affordable housing complex" would be adjacent to our property. I object to this. I have two reasons for objecting. One is that there are no nearby parks, sports fields, or other places of recreation for energetic young people. I am 75 years old and retired. Many of my neighbors are in "the same boat." We know that if youthful energy is not given a good outlet, it will find a bad one. I mean crime. The kind of development you are proposing MUST include a park with good sports facilities. My second reason for objecting to the proposed project is the increased traffic which would result. Sunset Acres has only one entrance and exit. That is onto and off of Camp Wisdom Road. Many of the residents of Sunset Acres must cross Camp Wisdom Road to go to work at the International Linguistic Center which is located there. This intersection at Camp Wisdom Road and Sarah Drive is a very dangerous one. While I was president of our homeowners' association, one of our senior resident pedestrians was struck by an automobile while crossing at this intersection. An appeal to the Dallas County Street Dept. for a traffic light brought a study, but no traffic light. More traffic will only exacerbate the problem, therefore, without a plan for a traffic light at Camp Wisdom Road and Sarah Drive I object to the project.

-----Original Message-----
From: Philip A. White [mailto:pncwhite@swbell.net]
Sent: Monday, July 29, 2002 9:24 AM
To: ronion@tdhca.state.tx.us
Subject: RE: Low Income Housing

Mr. Onion,

I am very much opposed to the proposal to build a low income multi-family housing complex on the land located at the intersection of Clark Road and Clarkridge Drive. Do you expect the city of Duncanville to provide infrastructure support, such as schools, recreational facilities, fire and police protection, etc.? Or is all of this support coming from the city of Dallas?

Sincerely,
Philip A. White
1102 Coventry Lane
Duncanville, TX 75137-2007

-----Original Message-----
From: markaporter@att.net [mailto:markaporter@att.net]
Sent: Friday, July 26, 2002 4:59 PM
To: ronion@tdhca.state.tx.us
Subject: Low income housing

The stock market has done enough damage to me without low income housing up the street from my home. My home is the last investment I have left. I had planed to retire in 3 years and the sale of my house is the only thing I have left. Don't kill this for me and ruin the value of my home. Don't allow Low Income Apartments to be put at Camp Wisdom and Clark Ridge Road in Dallas!
Mark Porter

-----Original Message-----
From: Joyce [mailto:jogoman@swbell.net]
Sent: Friday, July 26, 2002 3:01 PM
To: ronion@tdhca.state.tx.us
Subject: Clarkridge Villas Housing Project

Dear Mr. Onion,

It is my understanding that this is yet another project of subsidized housing in the Duncanville Independent School District. This district is already burdened with more of these housing projects than one district should be faced with. To add another housing project, such as this, will place an undue burden on this school district. The school district already has plans for additional schools to be added, but they will not handle all the existing school population, without over crowding. This housing project will just add to the existing over crowding.

This project will be located in an area where there is no shopping areas of any sort.

Please accept this opinion of being very opposed to this project.

Sincerely,
Gordon and Joyce Mangum

-----Original Message-----
From: Ken_Zook@sil.org [mailto:Ken_Zook@sil.org]
Sent: Friday, July 26, 2002 2:22 PM
To: ronion@tdhca.state.tx.us
Subject: Clarkridge Villas project

Robert Onion
Multifamily Bond Finance Directory,

As a resident close to the proposed Clarkridge Villas project, I would like to speak against this proposal. Bringing a large, low-income housing project to this area raises numerous problems including higher taxes, lowered propery values, more security problems, more traffic congestion on roads that are already borderline, more students to schools that are already struggling, to name a few. Also, being an isolated area with very limited public transportation (none on weekends) and the closest stores being miles away, it is certainly not conducive to low-income families who need ready access to these facilities. With most units containing mutliple bedrooms, they will obviously be filled with children. There are no facilities anywhere close to this area for children's recreation. Also, the proposed housing straddles a 6-lane highway, making it very dangerous for children. This is a very poor plan and I would urge you to keep it from going forward.

Ken Zook
6644 Legters Dr, Dallas, TX 75236

-----Original Message-----
From: Mae_Zook@sil.org [mailto:Mae_Zook@sil.org]
Sent: Friday, July 26, 2002 1:17 PM
To: ronion@tdhca.state.tx.us
Subject: Clarkridge Villas

Mr. Onion,

I attended the hearing on Tuesday evening at great personal inconvenience. I am deeply concerned about the way this proposed low income housing project is being handled. We have consistently been given false and misleading information and it looks like you are trying to push this through while no one is looking.

Why the secrecy and untruths? What are you trying to hide? I am strongly opposed to this project and any others like this in our area. It looks like Southwest Housing is getting very rich under the false assumption that they're helping low income families. The apartment rents are about double what house payments would be.

If you really want to help low income families, you should donate the land to Habitat for Humanity. Habitat does things right and they get many hours of help from the family who will live in their new home and who take care of their property.

1.I am deeply troubled that the following people were not consulted: Duncanville Mayor Glenn Repp, the Duncanville School Board, the Duncanville ISD Superintendent, nor local residents. This is known as taxation without representation. A hearing must be scheduled in the Duncanville area, not in downtown Dallas during rush hour when few people knew what was taking place.

2. I'm one of the few who received a letter from TX Senator Royce West. Many of our neighbors are away and most didn't even know about this. Many teens were sent letters instead of their parents. It looks like you're hoping they're not paying any attention. The sign is on Clarkridge, not on Camp Wisdom and Clark where more people would see it.

3. There will be no economic impact on our area, in spite of the misleading facts that were presented. If anything, our house value will go down and our taxes will increase.

4. The impact studies didn't involve discussions with the people who live in the area and who know the area. The favorable ones were those who were paid or who don't live in the area. No nearby residents want this apartment complex.

5. There was no mention of the rezoning needed and the escarpment problems.

6. No consideration was given to the lack of infrastructure. Camp Wisdom is a 2-lane road and it is already difficult to cross the street safely. Clark Rd. traffic is already heavy and it's difficult to make a left turn.

7. There is not an adequate play area at the proposed apartment complex. The only section is a small place across Clark, a 6-lane highway, and the developer only talked about using a shuttle. There is no basketball court or a baseball field. The only place for the kids is on the street.

8. There are no elevators so seniors won't be able to use the facilities effectively. The information we were given was primarily about senior housing.

9. I was deeply disappointed by the efforts to try and make this a race issue. Race is not an issue at all. It's the underhanded way this is being pushed on us and the lack of providing homes for low income families.

10. I called Councilman Mark Housewright's office and he is not in favor of this if the local residents are opposed. The letter that was read at the hearing didn't mention this at all. Someone isn't telling the truth.

My husband and I are homeowners just west of this proposed property and we're strongly opposed to this project. I urge you to stop this project and any others like it in our area. Let Habitat for Humanity build homes for families or put up some senior housing if you must, but not any multifamily apartments.

Sincerely, Mae Zook

-----Original Message-----
From: John_Edwards@sil.org [mailto:John_Edwards@sil.org]
Sent: Friday, July 26, 2002 12:26 PM
To: ronion@tdhca.state.tx.us
Subject: RE: Clarkridge Villas, Dallas, TX

To whom it should concern;

I wish to speak to the topic of a proposal to build apartments, some of which will be subsidized, in the vicinity of Camp Wisdom and Clarkridge Road. At present these apartments are being referred to as the Clarkridge Villas. I am a resident of Dallas and live at 6641 Legters, a few blocks from that location.

I work a matter of blocks from my home on the ILC campus. The mailing address is 7500 W Camp Wisdom Road but the location is more like 7300. Many people in my neighborhood work there as well. Because of this unique arrangement the people of our area are doubly affected by any decisions as to concerns of our area.

First, let me say that I am against such a proposal.

There are many issues that one could speak to that would bring about absolutely no response from people in authority concerning this matter. Those issues could be summarized as, "Why in my back yard?" issues. However, they should not and do not persuade as the matter has to go on in someone's backyard.

However, there are realistic reasons why this is not a good idea and why it presents problems that affect both the government and the people who might take advantage of the subsidized cost of the housing. It goes something like this:

Why would the government or an individual, who at the time has diminished economic opportunity want to locate in an area that would reduce their opportunities even further? It costs more to live in this area because there are none of the normal support infrastructures, much less those needed for low income people and/or the elderly.

. there is no opportunity for employment in the immediate vicinity You certainly won't be walking or peddling to work to save money, catch up or to get ahead.

. the nearest food stores are miles away

One would have to have a car to bring home groceries since the stores are so distant. You couldn't even peddle cold or frozen groceries home in an appropriate amount of time because of the heat. I guess you could only bring home today's groceries, as people in many underdeveloped countries have to do. If you did that you wouldn't be able to take advantage of sales, etc.

. the only public transportation, DART service, is along 408
to the Westmoreland Rail Station on Mondays through Fridays--ONLY You pass very few places where you could work along that route--its mostly 408 and fields. A person would have to tell his/her employer they can't work weekends. How many employers do you know who would like to hear you say that?

I have repeatedly inquired of DART why they won't provide services for us on the weekends so that the foreigners that visit the ILC campus for academic or training can have places to go on the weekends. Every time they have said that they doubted there will ever be sufficient need to get weekend service, even with the population boom in the area. As a result I become the driver for those people who do not appreciate being so far away from everything basic--grocery stores and restaurants.

. I invite you to take a taxi cab ride to my house and forewarn you that I am not going to pay for it!!!!!

. where are the parks for children and the places that youth enjoy? There are none. But, immediate to the area is a nonprofit, worldwide organization of volunteers, who at the insistence of the local government have invested a great deal into buildings, grounds and equipment. The organization's campus facility is family oriented, in that there are open places for picnics, swimming, hiking, volleyball, a museum and a play ground. This campus will become the local gathering place for local residents since we don't have funds for security concerns. Therefore we are concerned about who those local residents are. This will become the meeting place of the children and youth of the area. Security for preventing trespassing would be a drain on the already fledgling ILC campus funds. The corporations, church groups and individuals, many of whom are local Dallas residents, who contribute to support the organization, and who have invested the free labor in our homes so we could afford such, would not be happy for their money to go to security concerns rather than the international minority services the organization provides. As well, one wonders what kind of joint cooperation is at hand when we so willingly and well comply with the city's wishes to invest so greatly in our otherwise simple real estate and the city continually entertains proposals for subsidized accomodations--this is round two you know...

The chances for low income families to perpetuate, or make worse, their problems by locating in this area are greater at this location than many other great locations that could be found.

Also, there are many people from emerging third world societies who come for education and training at our campus. These people are often naive, trusting and have a certain amount of innocence. They can be easily taken advantage of by unscrupulous people. Such could lead to a big international disaster for all. I would think that the City of Dallas would be especially interested in their having a positive experience while they are here. After all they are the leaders of their societies and, besides, of such good reputations are won and good relationships are made.

John Edwards
for my wife Sharon, as well
a resident of Sunset Acres in Dallas and
worker at the International Linguistic Center, ILC

-----Original Message-----
From: Linda [mailto:linda@tlsi.net]
Sent: Friday, July 26, 2002 12:08 PM
To: ronion@tdhca.state.tx.us
Subject: Dallas complex at Clark Ridge Rd & Camp Wisdom

Hi
I do not want to see the low income complex at Clark Ridge Rd & Camp Wisdom built. Thank-You

-----Original Message-----
From: Vern Sterba [mailto:verns@dbu.edu]
Sent: Friday, July 26, 2002 8:03 AM
To: ronion@tdhca.state.tx.us
Subject: Housing Decision

Mr. Onion:

I am a resident of the area where low income housing is proposed. I am strongly opposed to the proposed low income housing being proposed for the intersection of Clark Ridge Road and Camp Wisdom in Dallas. The services in this area are already overloaded. We need low income housing, but lets be sure we do not do a disservice to those for whom the housing is being built. The are more appropriate areas for this development.

Vernon Sterba

-----Original Message-----
From: Craig Proctor [mailto:cproctor@unifocus.com]
Sent: Friday, July 26, 2002 7:37 AM
To: ronion@tdhca.state.tx.us
Subject: Affordable Housing Project

I am writing to express my NO vote for the “affordable” housing apartment complex proposed for south Dallas between Clark Ridge and Camp Wisdom.

This area is already being overbuilt with apartments which are dramatically increasing the traffic congestion as well as the strain on the infrastructure. There is no access to I-20 from this area without further taxing rural streets. There is minimal public transportation at best. And the escarpment has already been damages enough with building in the past years. What environmental impact studies have been completed for drainage and further erosion of the escarpment?

Also, the builder made the comment that they only expect 1 child per household. Do you really expect us to be naïve enough to believe that a complex with 129 apartments with 3 or 4 bedrooms will only have 1 child???

I also do not wish to see my property value decreased by this type of housing in the area. I bought here for a specific reason and that was to see my value remain or increase. This type of housing environment is NOT a positive factor.

I’m sure you have other options, please consider them.

Craig Proctor
6219 Parkstone Way
Dallas, TX 75249

-----Original Message-----
From: THOTCHK1@txu.com [mailto:THOTCHK1@txu.com]
Sent: Friday, July 26, 2002 6:48 AM
To: Ronion@tdhca.state.tx.us
Subject:

MR. ONION -- I AM A HOME OWNER THAT LIVES IN THE MOUNTAIN CREEK AREA OF DALLAS. THIS IS THE AREA WHERE A 258 UNIT, LOW INCOME/ AFFORDABLE HOUSING PROJECT IS BEING DECIDED UPON TODAY. I AM STRONGLY AGAINST THIS. IT POSES ECOLOGICAL AND ECONOMICAL PROBLEMS; NOT TO MENTION MEDICAL,FIRE,CRIME AND TRAFFIC PROBLEMS. IT ALSO HAS AN IMPACT ON OUR SCHOOLS. I WOULD HOPE YOU WILL VOTE AGAINST THIS PROJECT BEING BUILT.

TOM HOTCHKO

-----Original Message-----
From: Cynthia Olegario [mailto:colegario@yahoo.com]
Sent: Friday, July 26, 2002 2:22 AM
To: ronion@tdhca.state.tx.us
Subject: Apt complex @ Clark Ridge and Camp Wisdom

We are against this apartment complex to be build so close in our housing development. The infrastructure doesn't exist to support this high density living facilities, in terms of schools, police protection, fire services, etc. This will have an adverse effect on our property values and our quiet, peaceful neighborhood.

I urge you to re-consider and re-locate this planned development.

Sincerely,

The Olegarios

8319 High Brush Drive, Dallas 75249

Cynthia P. Olegario

-----Original Message-----
From: Jane White [mailto:jwbrit@hotmail.com]
Sent: Thursday, July 25, 2002 8:36 PM
To: ronion@tdhca.state.tx.us
Subject: Low Income Housing Project / Clark Ridge Rd and Camp Wisdom, Dallas

6436 Knoll Ridge Dr
Dallas, TX 75249

Dear Sir,
As a concerned house owner in this area I would urge you to vote against this housing project. It would be a severe drain on our local resources and our emergency services are already stretched to the limit. I also fear that apartments built at the top of the escarpment will not only impact the wildlife but be an eyesore for all who live within miles. This is a very pretty area. That is why we decided to build here. We would not have done so if we had thought we would be looking out at a huge monstrosity in the distance.
Yours sincerely,
Jane White.

-----Original Message-----
From: Robin Cover [mailto:robin@isogen.com]
Sent: Friday, July 26, 2002 2:07 PM
To: Robert Onion
Cc: Royce West; Gordon Whitney; Debi Choate; Jerry Cook; Terry Barnard; Max Harper; Robin Cover
Subject: Testimony on the July 23 TDHCA Dallas Hearing

Date: July 25, 2002
To: Robert Onion
From: Robin Cover
Re: Clarkridge Villas Housing project proposal

Robbye Meyer indicated in the Dallas Hearing of July 23rd that communiques sent to you by July 26th would be taken into consideration as you prepare a recommendation to the TDHCA Board regarding the proposed bond issue for the Clarkridge Villas Housing project.

I hereby appeal to you not from a position of economic influence, nor of political power, but in terms of your own personal character and the facts of the case. I ask you to consider my interpretation of the hearing, and of other facts that could be materially relevant to you in making a decision based upon fairness and reasonableness. I believe this testimony to be parsimonious with other testimony you have received.

Please believe that I am supportive of your agency's work under its jurisdictional mandate to facilitate the funding and building of affordable housing. I am
supportive of affordable housing in the area where I live.

Many aspects of the Clarkridge Villas proposal and Hearing are deeply troubling to me, however.

1. Meeting date and venue

The July 23 Hearing itself was not announced in time or in a manner which allowed people most impacted by the proposal to be in attendance. Even if this is common
practice in some political domains, it is both shameful and wrong. In particular, the hearing was not published in the Duncanville newspaper -- so that residents of the Duncanville Independent School District would have been given opportunity to consider the proposal. No opportunity was given to Duncanville City to host the Hearing, which would have been fair and appropriate, as Duncanville has many facilities large enough and available for such meetings.

As you know, the proposed construction site is just across the street from the City of Duncanville (but legally in Dallas), -- allowing opportunity for publicizing the Hearing *only* in Dallas. Taking advantage of this is very wrong,
even if it meets legal requirements in the letter of the law.

A related matter concerns the fact that the exact location of the housing project was not given reasonable public notice, and that the developers actually misrepresented the location of the project in a "sales meeting" with the administration of the International Linguistics Center. If this concerns you, details are found in item #6 below.

2. Support for the project

The written and audio transcripts will reveal that the people who attended the hearing to support the project were either paid or otherwise recruited by the developers to speak in support -- they were not corporate entities or persons actually impacted by the decision. This dynamic is probably customary and expected, but the picture actually displayed at the hearing was so spectacularly lopsided that it made the hearing look completely debauched.

Members of the Duncanville ISD and residents impacted by the project articulated many reasonable arguments as to why the precise location, scale, and timing make
it a very poor choice. Persons and corporate entities recruited by the developers -- but not economically impacted, in the main -- spoke in favor of the project. A factual narrative about this is being written up in detail for publication, but apart from the publicizing of the facts, I would appeal to your sense of fairness: is this kind of evidence in a hearing to be "counted" or "weighed"?

3. Project location

I learned from your phone conversation on July 22nd and from the FAX you sent that the exact location was *NOT* where the developer had represented it to be.

I was perplexed by certain discrepancies and inconsistences in the developer's printed materials, together with the PDF document on the TDHCA site, in conjunction with the posting of a sign which contained different information.
So when I learned of the location (on both sides of Clark Road), I was completely stunned: this project was NOT where the developer indicated it would be.

As several people testified, the housing project is very poorly situated as proposed: spanning a major traffic artery (6 lanes now, probably 8 lanes soon) which serves as a major traffic entrance to Dallas from the South, and as *the* major entrance to Duncanville from the Northwest. How could this traffic gateway possibly be a good location for young children, some of whom will be unattended -- through no fault of their own or of a single low(er)-income parent who has to work downtown? There are several reasonable candidates for lower-income housing in the general area, but this is certainly the very *worst* choice possible from among several.

Have you actually visited the area to see how Spur 408 (changing to "Clark") dumps into the area just (barely) across I-20, and how Clark/408 functions as a traffic funnel, and onramp to the 408 corridor? If so, I cannot believe you will want to live with a decision to build a housing project of this kind in this exact location.

4. Impact on schools and services

I can imagine that the opinion of a local School District might be legally irrelevant to a decision made at the State or Federal level. But I cannot imagine that your office would *want* to ignore the reality of the school district, since this 280-unit (? 256-unit) complex will add a lot of children. The city of Duncanville is under economic stress already, and is unable financally to handle additional burden upon its schools. It will simply spread already thin resources *too* thin for everyone's good. My appeal to you is not based upon what may be "legal" as a decision by TDHCA; my appeal is to your sense of what is actually good for the region and for the prospective new residents.

We feel that impact statements from schools should be available in order to help your agency and the local residents make a reasoned judgment. We have been unable
to obtain relevant documentation from the Trustees, who only recently learned of this proposal. In fact, Duncanville ISD is already struggling with an inability to educate its children, and a bond isue; the tax revenue from this project (going to the school district) would in no way cover the costs.

5. Opportunities for new residents

I am not an expert on urban planning, but I have difficulty understanding how the general area is good for lower-income residents. There are no jobs near this location, no stores within walking distance, no schools within walking distance, and no schools planned within walking distance. Retail will change in time, but almost any location further south and east would be better for lower-income families who may not have multiple cars (and driving adults) per unit. There are some very likely candidates inside the Duncanville city limits which would be much better for the community at large and for the residents, given appropriate planning and timing.

6. Procedural irregularities

My sense of cultural norm and fairness is deeply offended by (what I perceive to be) procedural irregularities that characterize this proposal. The is
representation of the site location may not constitute admissible legal evidence against the developer, but apart from that, it does not seem consistent with our common notions of respect and due process to use a very short timeframe for notice, and to allow factual discrepancies in public information. Are these kinds of actions in the public interest?

A growing number of persons who now know about the matter feel violated by the lack of information, and even more by the false information.

When I became aware of the proposal on about July 20 (we opened a letter from Senator West, addressed to our son), awe were unable to ascertain accurate GIS information about the Clarkridge Villas proposal. The exact location of the proposed 26-acre building site simply was not been publicly revealed. The language "at the intersection [1] of Clark Road and Clarkridge Road in Dallas, Texas" was imprecise, as it could nominate three, or more than three, distinct tracts of land if non-contiguous areas are involved. Even more disturbing, there were discrepancies between:

(a) printed materials given to the SIL International Linguistics Center, ILC) administration at 7500 W. Camp Wisdom Rd [2]
(b) the placement and wording of the public notice posted at the physical location, or near to the possible physical location [3]
(c) the public document on the TDHCA website [4]

Worse yet, a location sketched by the developers for the ILC/SIL personnel situated the development area in the wrong place -- a grave error, given the exact nature of the misrepresentation.

We think it is highly irregular that the exact location of the proposed project was not unambiguously identified to the public in advance of the Hearing on July 23, 2002 -- in time for materially interested persons to prepare an oral presentation. Any detailed consideration and argumentation necessitates having accurate information about the location of the proposed construction project. Some of the arguments about Clark Road would be the same either way; some of the other concerns could be perceived ONLY by knowing which quadrants were envisioned.

[1] "intersection" could theoretically mean one of four quadrants formed by the intersection of Clarkridge and Clark. Or more than one quadrant, and more than one region in 1-4 quadrants.

[2] As reported to us by Mr Tom Werkema of SIL/ILC (July 20, 2002) and also by Oran West, Don Johnson, and John Mishler of the Summer Institute of Linguistics,
the promotional and descriptive literature presented by a "Mr Jones" (representing the developers) led this administration to believe that the property is situated on a 26-acre tract of land as bounded by Camp Wisdom on the south, Clark Rd on the east, and Clarkridge on the west.

[3] There was a sign posted physically on property to the west of Clarkridge which was thus *NOT* in the region depicted by the map given by Mr Jones to the
SIL/ILC authorities (#2 preceding). This sign included a note that "A portion of site backs up to I-20." This detail about I-20 would argue against the veracity of the materials presented by the developer, and it was not included in the description of the public document from TDHCA, referenced as #4 below.

[4] The "NOTICE OF PUBLIC HEARING" at

http://www.tdhca.state.tx.us/pdf/MF/02-ph-0723-clarkridge-020703.pdf

says simply "... on approximately 26.0 acres of land located at the intersection of Clark Road and Clarkridge Road in Dallas, Texas. There is no mention of "I-20" and no indication of the relevant quadrant(s).

Conclusion: while I do not and cannot have the benefit of your larger perspective, I believe the proposal and hearing have not given optimal opportunity for honest appraisal. I urge you to consider the facts I have presented here and collaborating testimony available to you. I urge you to consider an alterative location and reasonable evaluation process for this affordable housing project in this part of Duncanville/South Dallas.

-----Original Message-----
From: jnorflis@att.net [mailto:jnorflis@att.net]
Sent: Tuesday, July 30, 2002 11:04 AM
To: rmeyer@tdhca.state.tx..us
Subject:

I am opposed to the construction of the multi-family low income housing in Duncanville without more community dialogue.

Jim Norflis

-----Original Message-----
From: wils528@aol.com [mailto:wils528@aol.com]
Sent: Tuesday, July 30, 2002 1:35 PM
To: rmeyer@tdhca.state.tx..us
Subject: No low income housing in Duncanville ISD Please!!

Texas Department of Housing and Community Affairs
Attn: Robbye Meyer
PO Box 13941
Austin, Tx 78711-3941
Fax 512-475-3085

Dear Ribbye,

I am dissapointed to hear that you are planning a low income housing unit to be built in the Duncanville School District at Clark Road and Camp Wisdom. Even though (for reasons I don't understand) this is in the city of Dallas....these people will go to school, shop, and probably go to church in Duncanville. There is no public transportation nearby so how will they commute? Please give consideration to the voters who live in Duncanville and DO NOT allow this project to be built here.

Phone Messages of Opposition

Name	Relationship		Phone
Derek Wirgau	Mountain Creek sub		
Shirley Pratt			214-747-7673
Renee Clay	Neighborhood Crime Watch		972-283-0135
Ilene Strubel	Mountain Creek Coalition		972-709-
Kevin Strubel	Neighborhood Resident		
Kathy Brown	Neighborhood Resident		
Thelma Andrade	Neighborhood Resident		972-780-5989
Jaime Andrade	Neighborhood Resident		972-780-5989
Emilie Gilstrap	Mountain Creek Estate		972-283-2639
Ariel Johnson	Neighborhood Resident		
Brenda Fakheri	Neighborhood Resident		972-780-0403
Parvaneh Fakheri	Neighborhood Resident		972-780-0403
Gwen Brooks			
Farr Fakheri	Neighborhood Resident		972-780-0403
Steve Williams	Sugarberry Hills		972-298-5950
Florence Williams	Sugarberry Hills		972-298-5950
Debbie Shank	Mountain Creek Estates		972-296-0840
Jennifer Waller	Mountain Creek Estates		972-709-2590
Ted Green	Windridge subdivision		469-693-4967
Ginova			214-207-4495
Tom Engel		6115 Clarkridge Court	
Ms. Howard			972-709-0068
Cecil Cornellius		63 Canyon	
Ms. Miller		8347 Mountain view Drive	
Joe McDonald			972-298-8767
Warren Hanson		5659 High Creek Drive	
Nitey Jones		5635 Centerridge Crive	214-675-6022
Veronica Young			972-283-0681
Cary Jordan		5632 Centerridge Drive	972-283-0779
Shirley Jordan		5632 Centerridge Drive	972-283-0779
Connie Bebe	Windridge Estates		972-283-1365
Jill Embrey			972-780-0475
Charles Brown			214-857-1676
Thomas Price		6340 Lake Bluff	
Lamont Henderson		8316 Poohson Trail	214-684-3118
Summer Waters		7940 Glendale Drive	972-283-6646
Dan Murphy		8352 Chrystal Wood Drive	972-572-9018
Marvie Davidson			
Nora Ramer			972-709-3183
Patty Holton		8360 Deep Green Drive	972-283-5821
Rob Johnston			
Darrel Costa			972-709-1956
Elizabeth Brown			972-283-2072
Greg Madrid			972-283-9591
Brenda Facarrie			972-870-0403
Kurt & Jennifer Waller			
Lisa			214-207-4495

The Economic and Fiscal Benefits to Local Municipalities and the Duncanville ISD from Development of Clarkridge Villas

Prepared for Southwest Housing Development by

Dr. Bernard L. Weinstein and
Dr. Terry L. Clower*

July 2002

*The authors of this report are professors of applied economics at the University of North Texas. However, this report should not be considered an endorsement of the proposed development by the university, its officers, or regents.

Introduction

Southwest Housing Development (SHD) is planning to build and operate a multi-family apartment community called Clarkridge Villas in southwestern Dallas County. The project will be located north and south of Clark Road and Clarkridge Road, south of IH 20. The 256 courtyard-designed residences will be situated on two tracts with a combined land area of 25.8 acres. While the property is located in the City of Dallas, it will be served by the Duncanville Independent School District.

Clarkridge Villas will be constructed and marketed as "affordable housing," and household income is expected to range between \$25,000 and \$45,000. Because of the income requirement, college students will not be eligible to rent these apartments. When the units are fully rented, the population at Clarkridge Villas will range between 560 and 600 residents. About one school-age child for every two housing units is anticipated, and some of these children may already be attending Duncanville ISD schools. Based on the experience of other affordable housing projects in the Dallas-Fort Worth area, we expect between 45 and 55 percent of the residents at Clarkridge Villas to be minorities.

The following analysis estimates the economic and fiscal impacts of building the proposed housing complex as well as the on-going impacts of facility management and maintenance. In addition, we estimate the local economic and fiscal impacts of spending by Clarkridge residents. The fiscal impacts are examined both for the Duncanville Independent School District and surrounding municipalities. These impacts are based on the IMPLAN input-output economic modeling system developed by the Minnesota Implan Group, Inc. for Dallas County. The modeled impacts include the direct effects of relevant spending for construction activities, property management, store operations and other business activities, the indirect effects of local vendors, and the induced impacts of employees of these firms spending a portion of their earnings in the local economy. Where appropriate, we have adjusted the countywide estimates to reflect the likely economic and fiscal impacts on local taxing jurisdictions. All values are expressed in current year dollars.

Demographic trends and projections for Dallas County, the cities of Dallas and Duncanville, and the Clarkridge Villa neighborhood

With 2,244,768 residents in 2001, Dallas County is the largest county in the Dallas-Fort Worth Metroplex and the second-largest county in Texas. Since 1990 Dallas County's population has grown 21 percent while the City of Dallas, with a current population of 1,199,809, has grown 19 percent. Duncanville, a city of 36,206 residents, grew by only 3.4 percent between 1990 and 2001 That city's period of rapid growth occurred in the 1970s and 1980s, and there is little buildable land left within the city's boundaries.

According to projections by the North Central Texas Council of Governments (COG), Dallas County is expected to remain a rapidly growing locale for the foreseeable future, adding another 337,000 residents by the year 2025 The City of Dallas is projected to add about 65,000 new residents over this time period, with most of this growth occurring in the southern sector of the city since north Dallas is already built out. The City of Duncanville's population is expected to remain at its current level for the foreseeable future.

According to a 2001 demographic analysis performed by the Claritas Company, about 42,000 people currently live within a three-mile radius of the proposed Clarkridge Villas site. Median household income is estimated at $72,310 within the three-mile radius, and the median age is 32. Claritas projects population growth at about 7,000 during the next five years within three miles of the site and 10,000 within five miles.

The need for affordable housing in southwest Dallas County

In recent years, the southwest quadrant of Dallas County has grown markedly, both as a residential area and an employment center. Projections from the COG and Claritas indicate this growth will continue in the years ahead. But for years, southwest Dallas has suffered from a lack of affordable housing for middle-class households, necessitating long commutes for many teachers, administrative, technical, and health-care workers employed in this area. Additionally, the Claritas data indicate a wide disparity between area incomes and the availability of affordable housing.

At present, there are no affordable housing units located within three-miles of the proposed Clarkridge site. Within a five-mile radius, 4,505 affordable units are on the ground. But this inventory is fully occupied with a long waiting list. The same is true for Section 8 vouchers.

In view of expected population and employment gains in southwest Dallas County, public officials must plan strategically for housing options to accommodate these new residents and workers. One solution to the shortage of affordable housing would be to permit more multi-family developments such Clarkridge Villas. In addition to providing housing for local citizens, such projects help to preserve open space because they don't consume nearly as much land per household as is the case with single-family homes.

Clarkridge Villas: Implications for the Duncanville ISD

The Texas Education Agency rates the Duncanville Independent School District, with a current enrollment of 10,625, as a "recognized" district. Some local residents have expressed concern that the renters at Clarkridge Villas will unduly burden the school system, especially the elementary schools. But based on the experience of other affordable housing projects in the Metroplex, only about 0.5 school age children per household are expected to reside at Clarkridge Villas, and a substantial portion of these children—perhaps 25 to 30 percent—may already be attending Duncanville public schools. So, the actual impact on the public schools may be as few as 100 new kids distributed among elementary, middle, and high school facilities.

The Duncanville ISD has grown rapidly in recent years, and a bond proposal approved in October 2001 will underwrite the construction of two new elementary schools, each with the capacity to house 600 students, as well as a third middle school. Thus the district should have little problem absorbing the school-age children who will reside at Clarkridge Villas. What's more, property taxes generated by the Clarkridge facility will help cover the costs of educating resident school-age children (see discussion below).

Economic impacts from construction of Clarkridge Villas

Property development, construction of the apartments and related buildings, and associated fees will cost $17.3 million. This spending will generate $29.7 million in local economic activity during construction activities. More than 245 temporary full-time-equivalent (FTE) jobs paying $7.5 million in wages and salaries will be supported by the construction of Clarkridge Villas (see Summary Table).

Ongoing economic and fiscal impacts of Clarkridge Villas

The on-going economic and fiscal impacts of the Clarkridge Villas housing development include expenditures for property management and maintenance, and the impacts of residents spending a portion of their earnings in the local economy. To avoid double counting the potential impacts, we have assumed that only about twenty percent the Clarkridge Villas dwellers will be new local residents. Our estimates also allow for an average vacancy rate of five percent, though given demand for affordable housing in the Dallas area, any vacant units at Clarkridge Villas should be quickly re-leased.

Profiles of the targeted residents suggest that, when fully developed, Clarkridge dwellers will have a combined disposable household income of $8.5 million per year. Their spending, when combined with expenditures for property management and maintenance at Clarkridge Villas, will spur $3.3 million in local economic activity, generate $732,000 in new income, and support 28 FTE jobs (see Summary Table).

Estimates of the fiscal impacts of Clarkridge Villas and its residents on local taxing authorities are based on direct property taxes and sales and use taxes from spending by new residents and property managers. The model used for the estimates of likely new sales and use taxes takes into account the spending profile of households in the qualified income range of Clarkridge Villas. Combined property and sales and use taxes will add about $101,000 per year to local municipal tax revenues. More importantly, the Duncanville ISD will enjoy a $231,000 boost to annual revenues when Clarkridge Villas is fully developed (see Summary Table).

Summary Table

Economic and Fiscal Impacts of The Clarkridge Villas Housing Development

Description	Impact
Temporary Construction Impacts	
Construction spending	$ 17,305,000
Total economic activity	$ 29,718,000
Total earnings	$ 7,455,000
Total employment (FTE)	245
Recurring Impacts of Property Management and Resident Spending (per year)	
Total economic activity	$ 3,280,000
Total earnings	$ 732,000
Total employment (FTE)	28
Local municipal tax revenues (sales & property)	$ 101,000
Duncanville ISD tax revenues	$ 231,000

Source: Authors' estimates.

Conclusion

Population and employment are growing rapidly in the southwest corner of Dallas County. But a serious lack of affordable housing options for middle-income households persists. Southwest Housing Development has proposed building a 256-unit affordable apartment community just south of IH 20 near the intersection of Clark Road and Clarkridge Road that can help alleviate this shortage.

In addition to providing much-needed housing, Clarkridge Villas will benefit the southern Dallas economy through the infusion of new spending and the generation of new tax receipts for the city, county and school district. What's more, concerns about the development's impacts on local schools are unfounded. Clarkridge Villas will likely add as few as 100 new students to the Duncanville ISD distributed across grades K through 12. In view of the new facilities currently under construction and planned, the district should have no difficulty absorbing these new students.

RESOLUTION NO. 02-38

RESOLUTION AUTHORIZING AND APPROVING THE ISSUANCE, SALE AND DELIVERY OF MULTIFAMILY HOUSING MORTGAGE REVENUE BONDS (WHEATLAND VILLAS APARTMENTS) SERIES 2002; APPROVING THE FORM AND SUBSTANCE AND AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS AND INSTRUMENTS PERTAINING THERETO; AUTHORIZING AND RATIFYING OTHER ACTIONS AND DOCUMENTS; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

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

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

WHEREAS, the Board has determined to authorize the issuance of the Texas Department of Housing and Community Affairs Multifamily Housing Mortgage Revenue Bonds (Wheatland Villas Apartments) Series 2002 (the “Bonds”), pursuant to and in accordance with the terms of a Trust Indenture (the “Indenture”) by and between the Department and Wells Fargo Bank Texas, N.A. (the “Trustee”), for the purpose of obtaining funds to finance the Project (defined below), all under and in accordance with the Constitution and laws of the State of Texas; and

WHEREAS, the Department desires to use the proceeds of the Bonds to fund a mortgage loan to Wheatland Villas Housing, L.P., a Texas limited partnership (the “Borrower”), in order to finance the cost of acquisition, construction and equipping of a qualified residential rental project described on Exhibit A attached hereto (the “Project”) located within the State of Texas required by the Act to be occupied by individuals and families of low and very low income and families of moderate income, as determined by the Department; and

WHEREAS, the Board, by resolution adopted on October 17, 2001, declared its intent to issue its revenue bonds to provide financing for the Project; and

WHEREAS, it is anticipated that the Department, the Borrower and the Trustee will execute and deliver a Loan Agreement (the "Loan Agreement") pursuant to which (i) the Department will agree to make a mortgage loan funded with the proceeds of the Bonds (the "Loan") to the Borrower to enable the Borrower to finance the cost of acquisition and construction of the Project and related costs, and (ii) the Borrower will execute and deliver to the Department a promissory note (the "Note") in an original principal amount equal to the original aggregate principal amount of the Bonds, and providing for payment of interest on such principal amount equal to the interest on the Bonds and to pay other costs described in the Agreement; and

WHEREAS, it is anticipated that the Note will be secured by a Deed of Trust and Security Agreement (with Power of Sale) (the "Deed of Trust") from the Borrower for the benefit of the Department and the Trustee; and

WHEREAS, the Department's interest in the Loan, including the Note and the Deed of Trust, will be assigned to the Trustee pursuant to an Assignment of Deed of Trust Documents and an Assignment of Note (collectively, the "Assignments") from the Department to the Trustee; and

WHEREAS, the Board has determined that the Department, the Borrower and Charter Municipal Mortgage Acceptance Company, a Delaware business trust (the "Purchaser"), will execute a Bond Purchase Agreement (the "Purchase Agreement"), with respect to the sale of the Bonds; and

WHEREAS, the Board has determined that the Department, the Trustee and the Borrower will execute a Regulatory and Land Use Restriction Agreement (the "Regulatory Agreement"), with respect to the Project which will be filed of record in the real property records of Dallas County; and

WHEREAS, the Board has examined proposed forms of the Indenture, the Loan Agreement, the Assignments, the Regulatory Agreement and the Purchase Agreement, all of which are attached to and comprise a part of this Resolution; has found the form and substance of such documents to be satisfactory and proper and the recitals contained therein to be true, correct and complete; and has determined, subject to the conditions set forth in Section 1.12, to authorize the issuance of the Bonds, the execution and delivery of such documents and the taking of such other actions as may be necessary or convenient in connection therewith; NOW, THEREFORE,

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

ARTICLE I

ISSUANCE OF BONDS; APPROVAL OF DOCUMENTS

Section 1.1--Issuance, Execution and Delivery of the Bonds. That the issuance of the Bonds is hereby authorized, under and in accordance with the conditions set forth herein and in the Indenture, and that, upon execution and delivery of the Indenture, the authorized representatives of the Department named in this Resolution each are authorized hereby to execute, attest and affix the Department's seal to the Bonds and to deliver the Bonds to the Attorney General of the State of Texas for approval, the Comptroller of Public Accounts of the State of Texas for registration and the Trustee for authentication (to the extent required in the Indenture), and thereafter to deliver the Bonds to the order of the initial purchaser thereof.

Section 1.2--Interest Rate, Principal Amount, Maturity and Price. That: (i) the interest rate on the Bonds shall be, from the date of issuance until paid on the maturity date or earlier redemption or acceleration thereof, 7.0%; (ii) the aggregate principal amount of the Bonds shall be $14,900,000; and (iii) the final maturity of the Bonds shall occur on October 1, 2042.

Section 1.3--Approval, Execution and Delivery of the Indenture. That the form and substance of the Indenture are hereby approved, and that the authorized representatives of the Department named in this Resolution each are authorized hereby to execute, attest and affix the Department's seal to the Indenture and to deliver the Indenture to the Trustee.

Section 1.4--Approval, Execution and Delivery of the Loan Agreement and Regulatory Agreement. That the form and substance of the Loan Agreement and the Regulatory Agreement are hereby approved, and that the authorized representatives of the Department named in this Resolution each are authorized hereby to execute, attest and affix the Department's seal to the Loan Agreement and the Regulatory Agreement and deliver the Loan Agreement and the Regulatory Agreement to the Borrower and the Trustee.

Section 1.5--Acceptance of the Deed of Trust and Note. That the Deed of Trust and the Note are hereby accepted by the Department.

Section 1.6--Approval, Execution and Delivery of the Assignments. That the form and substance of the Assignments are hereby approved and that the authorized representatives of the Department named in this Resolution each are hereby authorized to execute, attest and affix the Department's seal to the Assignments and to deliver the Assignments to the Trustee.

Section 1.7--Approval, Execution and Delivery of the Purchase Agreement. That the form and substance of the Purchase Agreement are hereby approved, and that the authorized representatives of the Department named in this Resolution each are authorized hereby to execute and deliver the Purchase Agreement to the Borrower and the Purchaser.

Section 1.8--Taking of Any Action; Execution and Delivery of Other Documents. That the authorized representatives of the Department named in this Resolution each are authorized hereby to take any actions and to execute, attest and affix the Department's seal to, and to deliver to the appropriate parties, all such other agreements, commitments, assignments, bonds, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, notices of acceptance, written requests and other papers, whether or not mentioned herein, as they or any of them consider to be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 1.9--Exhibits Incorporated Herein. That all of the terms and provisions of each of the documents listed below as an exhibit shall be and are hereby incorporated into and made a part of this Resolution for all purposes:

Exhibit B - Indenture
Exhibit C - Loan Agreement
Exhibit D - Regulatory Agreement
Exhibit E - Assignments
Exhibit F - Purchase Agreement

Section 1.10--Power to Revise Form of Documents. That notwithstanding any other provision of this Resolution, the authorized representatives of the Department named in this Resolution each are authorized hereby to make or approve such revisions in the form of the documents attached hereto as exhibits as, in the judgment of such authorized representative or authorized representatives, and in the opinion of Vinson & Elkins L.L.P., Bond Counsel to the Department, may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution, such approval to be evidenced by the execution of such documents by the authorized representatives of the Department named in this Resolution.

Section 1.11--Authorized Representatives. That the following persons are each hereby named as authorized representatives of the Department for purposes of executing, attesting, affixing the Department's seal to, and delivering the documents and instruments and taking the other actions referred to in this Article I: Chairman or Vice Chairman of the Board, Executive Director of the Department, Acting Executive Director of the Department, Deputy Executive Director of the Department, Chief Financial Officer of the Department, Director of Bond Finance, Director of Multifamily Finance of the Department, the Secretary of the Board, and the Assistant Secretary of the Board.

Section 1.12--Conditions Precedent. That the issuance of the Bonds shall be further subject to, among other things: (a) the Project's meeting all underwriting criteria of the Department, to the satisfaction of the Executive Director or the Acting Executive Director; and (b) the execution by the Borrower and the Department of contractual arrangements satisfactory to the Department staff requiring that community service programs will be provided at the Project.

ARTICLE II

APPROVAL AND RATIFICATION OF CERTAIN ACTIONS

Section 2.1--Approval and Ratification of Application to Texas Bond Review Board. That the Board hereby ratifies and approves the submission of the application for approval of state bonds to the Texas Bond Review Board on behalf of the Department in connection with the issuance of the Bonds in accordance with Chapter 1231, Texas Government Code.

Section 2.2--Approval of Submission to the Attorney General of Texas. That the Board hereby authorizes, and approves the submission by the Department's Bond Counsel to the Attorney General of the State of Texas, for his approval, of a transcript of legal proceedings relating to the issuance, sale and delivery of the Bonds.

Section 2.3--Certification of the Minutes and Records. That the Secretary and the Assistant Secretary of the Board hereby are severally authorized to certify and authenticate minutes and other records on behalf of the Department for the Bonds and all other Department activities.

Section 2.4--Authority to Invest Proceeds. That the Department is authorized to invest and reinvest the proceeds of the Bonds and the fees and revenues to be received in connection with the financing of the Project in accordance with the Indenture and to enter into any agreements relating thereto only to the extent permitted by the Indenture.

Section 2.5--Approving Initial Rents. That the initial maximum rent charged by the Borrower for 100% of the units of the Project shall not exceed the amounts attached as Exhibit O to the Loan Agreement and shall be annually redetermined by the Issuer as stated in the Loan Agreement.

Section 2.6--Ratifying Other Actions. That all other actions taken by the Executive Director or Acting Executive Director of the Department and the Department staff in connection with the issuance of the Bonds and the financing of the Project are hereby ratified and confirmed.

ARTICLE III

CERTAIN FINDINGS AND DETERMINATIONS

Section 3.1--Findings of the Board. That in accordance with Section 2306.223 of the Act, and after the Department's consideration of the information with respect to the Project and the information with respect to the proposed financing of the Project by the Department, including but not limited to the information submitted by the Borrower, independent studies commissioned by the Department, recommendations of the Department staff and such other information as it deems relevant, the Board hereby finds:

(a) Need for Housing Development.

(i) that the Project is necessary to provide needed decent, safe, and sanitary housing at rentals or prices that individuals or families of low and very low income or families of moderate income can afford,

(ii) that the Borrower will supply well-planned and well-designed housing for individuals or families of low and very low income or families of moderate income,

(iii) that the Borrower is financially responsible,

(iv) that the financing of the Project is a public purpose and will provide a public benefit, and

(v) that the Project will be undertaken within the authority granted by the Act to the housing finance division and the Borrower.

(b) Findings with Respect to the Borrower.

(i) that the Borrower, by operating the Project in accordance with the requirements of the Regulatory Agreement, will comply with applicable local building requirements and will supply well-planned and well-designed housing for individuals or families of low and very low income or families of moderate income,

(ii) that the Borrower is financially responsible and has entered into a binding commitment to repay the loan made with the proceeds of the Bonds in accordance with its terms, and

(iii) that the Borrower is not, or will not enter into a contract for the Project with, a housing developer that: (A) is on the Department's debarred list, including any parts of that list that are derived from the debarred list of the United States Department of Housing and Urban Development; (B) breached a contract with a public agency; or (C) misrepresented to a subcontractor the extent to which the developer has benefited from contracts or financial assistance that has been awarded by a public agency, including the scope of the developer's participation in contracts with the agency and the amount of financial assistance awarded to the developer by the Department.

(c) Public Purpose and Benefits.

(i) that the Borrower has agreed to operate the Project in accordance with the Loan Agreement and the Regulatory Agreement, which require, among other things, that the Project be occupied by individuals and families of low and very low income and families of moderate income, and

(ii) that the issuance of the Bonds to finance the Project is undertaken within the authority conferred by the Act and will accomplish a valid public purpose and will provide a public benefit by assisting individuals and families of low and very low income and families of moderate income in the State of Texas to obtain decent, safe, and sanitary housing by financing the costs of the Project, thereby helping to maintain a fully adequate supply of sanitary and safe dwelling accommodations at rents that such individuals and families can afford.

Section 3.2--Determination of Eligible Tenants. That the Board has determined, to the extent permitted by law and after consideration of such evidence and factors as its deems relevant, the findings of the staff of the Department, the laws applicable to the Department and the provisions of the Act, that eligible tenants for the Project shall be (1) individuals and families of low and very low income, (2) persons with special needs, and (3) families of moderate income, with the income limits as set forth in the Loan Agreement and the Regulatory Agreement.

Section 3.3--Sufficiency of Mortgage Loan Interest Rate. That the Board hereby finds and determines that the interest rate on the loan established pursuant to the Loan Agreement will produce the amounts required, together with other available funds, to pay for the Department's costs of operation with respect to the Bonds and the Project and enable the Department to meet its covenants with and responsibilities to the holders of the Bonds.

Section 3.4--No Gain Allowed. That, in accordance with Section 2306.498 of the Act, no member of the Board or employee of the Department may purchase any Bond in the secondary open market for municipal securities.

Section 3.5--Waiver of Rules. That the Board hereby waives the rules contained in Sections 35 and 39, Title 10 of the Texas Administrative Code to the extent such rules are inconsistent with the terms of this Resolution and the bond documents authorized hereunder.

ARTICLE IV

GENERAL PROVISIONS

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

Section 4.2--Non-Governmental Obligations. That the Bonds shall not be and do not create or constitute in any way an obligation, a debt or a liability of the State of Texas or create or constitute a pledge, giving or lending of the faith or credit or taxing power of the State of Texas. Each Bond shall contain on its face a statement to the effect that the State of Texas is not obligated to pay the principal thereof or interest thereon and that neither the faith or credit nor the taxing power of the State of Texas is pledged, given or loaned to such payment.

Section 4.3--Effective Date. That this Resolution shall be in full force and effect from and upon its adoption.

Section 4.4--Notice of Meeting. Written notice of the date, hour and place of the meeting of the Board at which this Resolution was considered and of the subject of this Resolution was furnished to the Secretary of State and posted on the Internet for at least seven (7) days preceding the convening of such meeting; that during regular office hours a computer terminal located in a place convenient to the public in the office of the Secretary of State was provided such that the general public could view such posting; that such meeting was open to the public as required by law at all times during which this Resolution and the subject matter hereof was discussed, considered and formally acted upon, all as required by the Open Meetings Act, Chapter 551, Texas Government Code, as amended; and that written notice of the date, hour and place of the meeting of the Board and of the subject of this Resolution was published in the Texas Register at least seven (7) days preceding the convening of such meeting, as required by the Administrative Procedure and Texas Register Act, Chapters 2001 and 2002, Texas Government Code, as amended. Additionally, all of the materials in the possession of the Department relevant to the subject of this Resolution were sent to interested persons and organizations, posted on the Department's website, made available in hard-copy at the Department, and filed with the

Secretary of State for publication by reference in the Texas Register not later than seven (7) days before the meeting of the Board as required by Section 2306.032, Texas Government Code, as amended.

PASSED AND APPROVED this 8th day of August, 2002.

By: ___________________________
Michael E. Jones, Chairman

Attest: ________________________
Delores Groneck, Secretary

[SEAL]

EXHIBIT A

DESCRIPTION OF PROJECT

Owner: Wheatland Villas Housing, L.P., a Texas limited partnership

Project: The Project is a 260-unit multifamily facility to be known as Wheatland Villas Apartments and to be located at the southwest corner of Interstate 35 and Ledbetter Road in Dallas, Dallas County, Texas. The Project will include a total of 16 two- and three-story residential apartment buildings with a total of 265,800 net rentable square feet and an average unit size of 1,022 square feet. The unit mix will consist of:

156 two-bedroom/two-bath units
88 three-bedroom/two-bath units
16 four-bedroom/two-bath units

260 Total Units

Unit sizes will range from approximately 950 square feet to approximately 1,300 square feet.

Common areas will include a swimming pool, a children's play area, and a community building with kitchen facilities, laundry facilities, vending area, parlor with television and fireplace, fitness center and telephones. All ground units will be wheelchair accessible.

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS

HOUSING FINANCE DIVISION - MULTIFAMILY

REQUEST FOR BOARD APPROVAL OF MULTIFAMILY MORTGAGE REVENUE BOND ISSUANCE

2002 PRIVATE ACTIVITY MULTIFAMILY REVENUE BONDS

WHEATLAND VILLAS

$14,900,000 (*) Tax Exempt – Series 2002

TABLE OF EXHIBITS

(*) Preliminary - subject to change

507 Sabine, Suite #800
Austin, Texas 78701
(512) 475-2213/(512) 475-3362 [Fax]
Attn: Director of Multifamily Finance

FINANCE COMMITTEE AND BOARD APPROVAL MEMORANDUM
August 8, 2002

PROJECT:	Wheatland Villas, Dallas, Dallas County, Texas
PROGRAM:	Texas Department of Housing And Community Affairs 2002 Multifamily Housing Revenue Bonds (Reservation received 06/13/2002)
ACTION REQUESTED:	Approve the issuance of multifamily housing revenue bonds (the "Bonds") by the Texas Department of Housing and Community Affairs (the "Department"). The Bonds will be issued under Chapter 1371, Texas Government Code, as amended, and under Chapter 2306, Texas Government Code, the Department's Enabling Act (the "Act"), which authorizes the Department to issue its revenue bonds for its public purposes as defined therein.
PURPOSE:	The proceeds of the Bonds will be used to fund a mortgage loan (the "Mortgage Loan") to Wheatland Villas Housing, L.P., a Texas limited partnership (the "Borrower"), to finance the acquisition, construction, equipping and long-term financing of a new, 260-unit multifamily residential rental project located at the southwest corner of IH-35 and Ledbetter in Dallas, Texas (the "Project"). The Bonds will be tax-exempt by virtue of the Project's qualifying as a residential rental project.
BOND AMOUNT:	$14,900,000 Series 2002, Tax Exempt Bonds (*) (*) The aggregate principal amount of the Bonds will be determined by the Department based on its rules, underwriting, the cost of construction of the Project and the amount for which Bond Counsel can deliver its Bond Opinion.
ANTICIPATED CLOSING DATE:	The Department received a volume cap allocation for the Bonds on June 13, 2002 pursuant to the Texas Bond Review Board's 2002 Private Activity Bond Allocation Program. While the Department is required to deliver the Bonds on or before October 11, 2002, the anticipated closing date is October 11, 2002.
BORROWER:	Wheatland Villas Housing, L.P., a Texas limited partnership, the general partner of which is Wheatland Villas Development, L.L.C., a Texas limited liability company, the manager of which is Brian Potashnik.
COMPLIANCE HISTORY:	A recent Compliance Report reveals that the principal of the general partner above has a total of 15 properties being monitored by the Department. Seven of these properties have received a compliance score. All of the scores are below the material non-compliance threshold score of 30.

** Preliminary - Represents Maximum Amount*

ISSUANCE TEAM & ADVISORS:

Charter Municipal Mortgage Acceptance Company ("Bond Purchaser")
Wells Fargo Bank Texas, N.A., ("Trustee")
Vinson & Elkins L.L.P. ("Bond Counsel")
RBC Dain Rauscher Inc. ("Financial Advisor")
McCall, Parkhurst & Horton, L.L.P. (Issuer Disclosure Counsel)

BOND PURCHASER:

The Bonds will be purchased by Charter Municipal Mortgage Acceptance Company. The purchaser and any subsequent purchaser will be required to sign the Department's standard traveling investor letter.

PROJECT DESCRIPTION:

Site: The proposed affordable housing community is a 260-unit multifamily residential rental development to be constructed on approximately 50+/- acres of land located at the southwest corner of IH-35 and Ledbetter Road in Dallas, Dallas County, Texas 75232. The site is currently undeveloped. Adjacent land uses are as follows:

North: Telephone line maintenance building with service vehicle parking lot surrounded by chain link fencing with razor wire on top and undeveloped land north to Ledbetter Rd
East: IH-35 and undeveloped east of IH-35
South: Creek, undeveloped land and an auto salvage business
West: Single family dwelling

Access will be provided from the IH-35 service road. The proposed density is 1.9+/- dwelling units per acre. Food stores and neighborhood convenience stores are located approximately 2 miles northwest of the site. There is also an elementary school nearby north of the site on Ledbetter Road.

Buildings: The development will include a total of fifteen (15) two and three-story, wood-framed apartment buildings containing approximately 265,800 net rentable square feet and having a weighted average unit size of 1,022 square feet. The units will feature large baths, walk-in closets, energy efficient appliances, and private balconies or patios with additional storage. Colors will be chosen from a palette compatible with the surrounding architecture an scenery.

Units	Unit Type	Square Feet	Proposed Net Rent
156	2-Bedrooms/2-Baths	950	$687.00
88	3-Bedrooms/2-Baths	1,100	$793.00
16	4-Bedrooms/2-Baths	1,300	$877.00
260			

On-site Amenities: There will be a community building with laundry and maintenance facilities as well as picnic and open play areas interspersed throughout the site. The community building will be centrally located and contain approximately 5,000 square feet that will have office and leasing space as well as provide for community and educational meetings, hot lunch programs, social and fitness activities, health checks, and the arrangement of transportation services. The community building will contain the following spaces: manager and leasing offices, social service office, business center/community services room, great room/parlor with television and fireplace, residential kitchen, activity/fitness center, entry foyer, restrooms, telephone and vending area, laundry room, mechanical room, and maintenance shop.

SET-ASIDE UNITS: For Bond covenant purposes, at least forty (40%) of the residential units in the development are set aside for persons or families earning not more than sixty percent (60%) of the area median income. Five percent (5%) of the units in each project will be set aside on a priority basis for persons with special needs.

(The Borrower has elected to set aside 100% of the units for tax credit purposes.)

RENT CAPS: For Bond covenant purposes, the rental rates on 100% of the units will be restricted to a maximum rent that will not exceed thirty percent (30%) of the income, adjusted for family size, for fifty percent (50%) of the area median income.

TENANT SERVICES: Borrower has provided a Supportive Services Agreement form with a service provider for acceptable supportive services that would otherwise not be available for the tenants. The provision for these services will be included in the Regulatory and Land Use Restriction Agreement.

DEPARTMENT ORIGINATION FEES:

$1,000 Pre-Application Fee (Paid).
$10,000 Application Fee (Paid).
$74,500 Issuance Fee (.50% of the bond amount paid at closing).

DEPARTMENT ANNUAL FEES:

$14,900 Bond Administration (0.10% of first year bond amount)
$6,500 Compliance ($25/unit/year adjusted annually for CPI)

(Department's annual fees may be adjusted, including deferral, to accommodate underwriting criteria and Project cash flow. These fees will be subordinated to the Mortgage Loan and paid outside of the cash flows contemplated by the Indenture)

ASSET OVERSIGHT FEE: $6,500 to TSAHC or assigns ($25/unit/year adjusted annually for CPI)

TAX CREDITS: The Borrower has applied to the Department to receive a Determination Notice for the 4% tax credit that accompanies the private-activity bond allocation. The tax credit equates to approximately $726,707 per annum and represents equity for the transaction. To capitalize on the tax credit, the Borrower will sell a substantial portion of its limited partnership interests, typically 99%, to raise equity funds for the project. Although a tax credit sale has not been finalized, the Borrower anticipates raising approximately $5,959,000 of equity for the transaction.

BOND STRUCTURE: The Bonds are proposed to be issued under a Trust Indenture (the "Trust Indenture") that will describe the fundamental structure of the Bonds, permitted uses of Bond proceeds and procedures for the administration, investment and disbursement of Bond proceeds and program revenues.

The Bonds will be privately placed with the Bond Purchaser, and will mature over a term of 40 years. During the construction and lease-up period, the Bonds will pay as to interest only. The Bonds will be secured by a first lien on the Project.

The Bonds are mortgage revenue bonds and, as such, create no potential liability for the general revenue fund or any other state fund. The Act provides that the Department's revenue bonds are solely obligations of the Department, and do not create an obligation, debt, or liability of the State of Texas or a pledge or loan of the faith, credit or taxing power of the State of Texas. The only funds pledged by the Department to the payment of the Bonds are the revenues from the project financed through the issuance of the Bonds.

BOND INTEREST RATES: The interest rate on the Bonds will be 7.00%.

CREDIT ENHANCEMENT: The bonds will be unrated with no credit enhancement.

FORM OF BONDS: The Bonds will be issued in certificated (typewritten or lithographical) form and in denominations of $100,000 and in any amount in excess of $100,000.

MATURITY/SOURCES & METHODS OF REPAYMENT: The Bonds will bear interest at a fixed rate until maturity and will be payable monthly. During the construction phase, the Bonds will be payable as to interest only, from an initial deposit at closing to the Capitalized Interest Account of the Construction Fund, earnings derived from amounts held on deposit in an investment agreement, if any, and other funds deposited to the Revenue Fund specifically for capitalized interest during a portion of the construction phase. After conversion to the permanent phase, the Bonds will be paid from revenues earned from the Mortgage Loan.

TERMS OF THE MORTGAGE LOAN: The Mortgage Loan is a non-recourse obligation of the Borrower (which means, subject to certain exceptions, the Borrower is not liable for the payment thereof beyond the amount realized from the pledged security) providing for monthly payments of interest during the construction phase and level monthly payments of principal and interest upon conversion to the permanent phase. A Deed of Trust and related documents convey the Borrower's interest in the project to secure the payment of the Mortgage Loan.

REDEMPTION OF BONDS PRIOR TO MATURITY:

The Bonds may be subject to redemption under any of the following circumstances:

Mandatory Redemption:

(a) Under certain circumstances, the Bonds may be subject to mandatory redemption in whole or in part, in the event that: (1) the project has not achieved Stabilization within twenty-four (24) months after the earlier of (A) the date the Project achieves Completion or (B) the Completion Date; (2) the project has not achieved Earnout within thirty-six (36) months after the earlier of (A) the date the Project achieves Completion or (B) the Completion Date; or, (3) damage to or destruction or condemnation of the Project to the extent that Insurance Proceeds or a Condemnation Award in connection with the Project are deposited in the Revenue Fund and are not to be used to repair or restore the Project.

(b) A portion of the Bonds are subject to mandatory redemption from proceeds remaining in the Construction Fund that are not needed to complete the project which are not qualified project costs.

(c) The Bonds are subject to a mandatory redemption in part according to the dates and amounts indicated on the Mandatory Sinking Fund Schedule.

(d) The Bonds are subject to mandatory redemption upon the determination of Taxability if the owner of a Bond presents his Bond or Bonds for redemption, on any date selected by such owner, specified in a notice in writing delivered to the Borrower and the Issuer at least thirty (30) days prior to such date.

(e) The Bonds are subject to mandatory redemption, in whole, if the owner of all of the Bonds, on any interest payment date on or after September 1, 2019, if the owners of all Bonds elect redemption and provide a 180 day written notice to the Issuer, Trustee and Borrower.

Optional Redemption:

(a) The Bonds are subject to redemption, in whole, at the option of the Borrower, at any time on or after September 1, 2019, from the proceeds of an optional prepayment of the Loan by the Borrower.

FUNDS AND ACCOUNTS/FUNDS

ADMINISTRATION:

Under the Trust Indenture, the Trustee will serve as registrar and authenticating agent for the Bonds and as trustee of certain of the accounts created under the Trust Indenture (described below). The Trustee will also have responsibility for a number of loan administration and monitoring functions.

Moneys on deposit in Trust Indenture accounts are required to be invested in eligible investments prescribed in the Trust Indenture until needed for the purposes for which they are held.

The Trust Indenture will create up to five (5) accounts with the following general purposes:

1. Construction Fund – On the closing date, the proceeds of the Bonds shall be deposited in the Construction Fund which may consist of five (5) sub-accounts as follows:

   (a) Loan Account -- represents a portion of the proceeds of the sale of the Bonds. Bond proceeds in this sub-account are used to pay for Qualified Project Costs;

   (b) Costs of Issuance Account -- represents a portion of the initial equity contribution of the Borrower of which amounts for the payments of the costs of issuance are deposited and disbursed;

   (c) Equity Account -- represents a portion of the proceeds of the Bonds plus the balance of the initial equity contribution of the Borrower;

   (d) Capitalized Interest Account -- represents a portion of the proceeds of the Bonds plus a portion of the initial equity contribution of the Borrower from which amounts may be transferred to the Revenue Fund in order to pay interest on the Bonds until the Completion Date of the Project;

   (e) Insurance and Condemnation Proceeds Account -- represents Condemnation Award and Insurance Proceeds allocated to restore the Project pursuant to the Loan Documents;

   (f) Net Project Revenue Account -- represents Net Project Revenues received by the Trustee from the Borrower to pay Project Costs; and

   (g) Earnout Account -- represents a portion of the initial equity contribution of the Borrower for disbursements approved by the Majority Owner.

2. Replacement Reserve Fund – Amounts which are held in reserve to cover replacement costs and ongoing maintenance to the project.

3. Tax and Insurance Fund – The Borrower must deposit certain moneys in the Tax and Insurance Fund to be applied to the payment of real estate taxes and insurance premiums.

4. Revenue Fund – Revenues from the Project are deposited to the Revenue Fund and disbursed to sub-accounts for payment to the various funds according to the order designated under the Trust Indenture: (1) to the payment of interest on the Bonds; (2) to the payment of the principal or redemption price, including premium, if any, on the Bonds; (3) to the payment of any required deposit in the Tax and Insurance Fund; (4) to the payment of any required deposit in the Replacement Reserve Fund; (5) to the payment of the fees of the Trustee, the Servicer, the Issuer and the Asset Oversight Agent, if any, due and owing under the Loan Documents and the Indenture; (6) to the payment of any other amounts then due and owing under the Loan Documents; and (7) the remaining balance to the Borrower.

5. Rebate Fund – Fund into which certain investment earnings are transferred that are required to be rebated periodically to the federal government to preserve the tax-exempt status of the Bonds. Amounts in this fund are held apart from the trust estate and are not available to pay debt service on the Bonds.

Essentially, all of the bond proceeds will be deposited into the Construction Fund and disbursed therefrom during the Construction Phase to finance the construction of the Project. Although costs of issuance of up to two percent (2%) of the principal amount of the Bonds may be paid from Bond proceeds, it is currently expected that all costs of issuance will be paid by an equity contribution of the Borrower.

DEPARTMENT ADVISORS:

The following advisors have been selected by the Department to perform the indicated tasks in connection with the issuance of the Bonds.

1. Bond Counsel - Vinson & Elkins L.L.P. ("V&E") was most recently selected to serve as the Department's bond counsel through a request for proposals ("RFP") issued by the Department in August 17, 2001. V&E has served in such capacity for all Department or Agency bond financings since 1980, when the firm was selected initially (also through an RFP process) to act as Agency bond counsel.

2. Bond Trustee - Wells Fargo Bank Texas, N.A. (formerly Norwest Bank, N.A.) was selected as bond trustee by the Department pursuant to a request for proposals process in June 1996.

3. Financial Advisor – RBC Dain Rauscher Inc., formerly Rauscher

Pierce Refsnes, was selected by the Department as the Department's financial advisor through a request for proposals process in September 1991.

4. Disclosure Counsel – McCall, Parkhurst & Horton, L.L.P. was selected by the Department as Disclosure Counsel through a request for proposals process in 1998.

ATTORNEY GENERAL REVIEW OF BONDS:

No preliminary written review of the Bonds by the Attorney General of Texas has yet been made. Department bonds, however, are subject to the approval of the Attorney General, and transcripts of proceedings with respect to the Bonds will be submitted for review and approval prior to the issuance of the Bonds.

Wheatland Villas

Estimated Sources & Uses of Funds

Sources of Funds	
Bond Proceeds, Series 2002 Bonds (Tax-Exempt)	$ 14,900,000
LIHTC Equity	5,959,000
Interest Income	158,661
Soft Financing	-
Deferred Developer's Fee	1,940,007
Total Sources	$ 22,957,668

Uses of Funds	
Deposit to Mortgage Loan Fund (Construction funds)	$ 18,292,751
Capitalized Interest	1,390,667
Marketing	39,000
Developer's Overhead & Fee	2,617,032
Costs of Issuance	
Direct Bond Related	238,750
Bond Purchaser Costs	196,500
Other Transaction Costs	32,968
Real Estate Closing Costs	150,000
Total Uses	$ 22,957,668

Estimated Costs of Issuance of the Bonds

Direct Bond Related	
TDHCA Issuance Fee (.50% of Issuance)	$ 74,500
TDHCA Application Fee	11,000
TDHCA Bond Compliance Fee ($25 per unit)	6,500
TDHCA Bond Counsel and Direct Expenses (Note 1)	70,000
TDHCA Financial Advisor and Direct Expenses	30,000
Disclosure Counsel ($5k Pub. Offered, $2.5k Priv. Placed. See Note 1)	2,500
Borrower's Bond Counsel	25,000
Placement Agent	-
Trustee's Fees (Note 1)	7,500
Trustee's Counsel (Note 1)	5,000
Attorney General Transcript Fee ($1,250 per series, max. of 2 series)	1,250
Texas Bond Review Board Application Fee	500
Texas Bond Review Board Issuance Fee (.025% of Reservation)	3,750
TEFRA Hearing Publication Expenses	1,250
Total Direct Bond Related	$ 238,750

Bond Purchase Costs	
Loan Origination Fee (Charter Mac @1%)	149,000
Due Diligence Cost (Charter Mac)	12,500
Bond Counsel & Expenses (Charter Mac)	35,000
Total	$ 196,500

Wheatland Villas

Other Transaction Costs		
Letter of Credit Origination Fee (0.75% of Issuance)		-
Letter of Credit Legal Fees		-
Tax Credit Determination Fee (4% annual tax cr.)		29,068
Tax Credit Applicantion Fee ($15/u)		3,900
Total	$	32,968

Real Estate Closing Costs		
Title & Recording (Const.& Perm.)		100,000
Property Taxes		50,000
Total Real Estate Costs	$	150,000
Estimated Total Costs of Issuance	$	618,218

Costs of issuance of up to two percent (2%) of the principal amount of the Bonds may be paid from Bond proceeds. Costs of issuance in excess of such two percent must be paid by an equity contribution of the Borrower.

Note 1: These estimates do not include direct, out-of-pocket expenses (i.e. travel). Actual Bond Counsel and Disclosure Counsel are based on an hourly rate and the above estimate does not include on-going administrative fees.

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTI FAMILY CREDIT UNDERWRITING ANALYSIS

DATE: July 30, 2002 **PROGRAM:** 4% LIHTC, MRB **FILE NUMBER:** 02430, 2002-055

DEVELOPMENT NAME

Wheatland Villas

APPLICANT

Name: Wheatland Villas Housing, LP **Type:** ☒ For Profit ☐ Non-Profit ☐ Municipal ☐ Other

Address: 5910 N Central Expressway, Suite 1145 **City:** Dallas **State:** TX

Zip: 75206 **Contact:** Brian Potashnik **Phone:** (214) 891-1402 **Fax:** (214) 987-9294

PRINCIPALS of the APPLICANT

Name	(%)	Title
Wheatland Villas Development, LLC	0.01	Managing General Partner
Related Capital Company	99.99	Limited Partner
Brian Potashnik	n/a	100% owner of GP

GENERAL PARTNER

Name: Wheatland Villas Development, LLC **Type:** ☒ For Profit ☐ Non-Profit ☐ Municipal ☐ Other

Address: 5910 N Central Expressway, Suite 1145 **City:** Dallas **State:** TX

Zip: 75206 **Contact:** Brian Potashnik **Phone:** (214) 891-1402 **Fax:** (214) 987-9294

PROPERTY LOCATION

Location: SWC of I-35 and Ledbetter Drive ☐ **QCT** ☐ **DDA**

City: Dallas **County:** Dallas **Zip:** 75232

REQUEST

Amount	Interest Rate	Amortization	Term
① $737,794	N/A	N/A	N/A
② $14,900,000	7%	40 yrs	40 yrs

Other Requested Terms: ① Annual ten-year allocation of low-income housing tax credits
② Tax-exempt mortgage revenue bonds

Proposed Use of Funds: New construction

SITE DESCRIPTION

Size: 18.1* acres 788,436 square feet **Zoning/ Permitted Uses:** R-7.5(A)**

Flood Zone Designation: Zones X & AE*** **Status of Off-Sites:** Partially Improved

* 18.1 acres was reflected in the revised application, received June 27, 2002; as of the date of this report, the total acreage has increased, based on the site plan and site control document received on July 26, 2002, to 59.694 acres
** Allows only single family dwellings on lots with lot size of 7,500 SF
*** Portions in 100-year floodplain

DESCRIPTION of IMPROVEMENTS

Total Units: 260 **# Rental Buildings** 47 **# Common Area Bldngs** 1 **# of Floors** 2 **Age:** n/a yrs **Vacant:** n/a at / /

Number	Bedrooms	Bathroom	Size in SF
156	2	2	950
88	3	2	1,100
16	4	2	1,300

Net Rentable SF: 265,800 **Av Un SF:** 1,022 **Common Area SF:** 5,444 **Gross Bldng SF** 271,244

Property Type: ☒ Multifamily ☐ SFR Rental ☐ Elderly ☐ Mixed Income ☐ Special Use

CONSTRUCTION SPECIFICATIONS

STRUCTURAL MATERIALS

Wood frame on a post-tensioned concrete slab on grade, 25% stone veneer/65% stucco exterior wall covering with wood trim, drywall interior wall surfaces, composite shingle roofing

APPLIANCES AND INTERIOR FEATURES

Carpeting & vinyl flooring, range & oven, hood & fan, garbage disposal, dishwasher, refrigerator, tile tub/shower, ceiling fans, laminated counter tops

ON-SITE AMENITIES

Community room, management offices, laundry facilities, kitchen, restrooms, computer/business center, central mailroom, swimming pool, equipped children's play area, picnic area, walk trail, perimeter fencing

Uncovered Parking: 520 spaces **Carports:** 0 spaces **Garages:** 0 spaces

OTHER SOURCES of FUNDS

LONG TERM/PERMANENT FINANCING

Source: Charter MAC **Contact:** Marnie Miller

Principal Amount: $14,900,000 **Interest Rate:** 7%

Additional Information: 24-month construction period

Amortization: 40 yrs **Term:** 40 yrs **Commitment:** ☒ Proposal ☐ Firm ☐ Conditional

Annual Payment: $ **Lien Priority:** 1st **Commitment Date** 06/ 19/ 2002

LIHTC SYNDICATION

Source: Related Capital Company **Contact:** Justin Ginsberg

Address: 625 Madison Avenue **City:** New York

State: NY **Zip:** 10022 **Phone:** (212) 421-5333 **Fax:** (212) 751-3550

Net Proceeds: $6,037,000 **Net Syndication Rate** (per $1.00 of 10-yr LIHTC) 82¢

Commitment ☐ None ☐ Firm ☒ Conditional **Date:** 06/ 18/ 2002

Additional Information:

APPLICANT EQUITY

Amount: $1,892,221 **Source:** Deferred developer fee

VALUATION INFORMATION

ASSESSED VALUE

Land: 18.3201 acres $91,600 **Assessment for the Year of:** 2002

Building: N/A **Valuation by:** Dallas Central Appraisal District

Total Assessed Value: $91,600 **Tax Rate:** 2.730555

Comment: An assessed value for the additional 41.274 acres was not provided

EVIDENCE of SITE or PROPERTY CONTROL

Type of Site Control: Unimproved property contract (18.42 acres)

Contract Expiration Date: 09/ 01/ 2002 **Anticipated Closing Date:** 07/ 31/ 2002

Acquisition Cost: $ 450,000 **Other Terms/Conditions:**

Seller: American IHM Province, Inc. **Related to Development Team Member:** No

Type of Site Control: Purchase and Sale Agreement (41.274 acres)

Contract Expiration Date: 120 days after effective date of contract **Anticipated Closing Date:** 07/ 31/ 2002

Acquisition Cost: $ 928,665 **Other Terms/Conditions:** $22,500 per acre sales price

Seller: Lamington, Inc. **Related to Development Team Member:** No

REVIEW of PREVIOUS UNDERWRITING REPORTS

No previous reports.

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Description: Wheatland Villas is a proposed new construction development of 260 units of affordable housing located in south Dallas. At application the units were proposed as garden-style apartments located in two-story buildings on a ±18-acre site. The development is now comprised of two-story townhouse units located on a larger-59.694 acre site in 47 residential buildings as follows:

- Twenty-six Building Style A with six two-bedroom units;
- Twelve Building Style B with five three-bedroom units;
- Eight Building Style C with three three-bedroom units and two four-bedroom units;
- One Building Style D with four three-bedroom units.

Based on the revised site plan the apartment buildings, parking, and site access are located north of an existing creek and north of what is assumed to be the floodplain on the additional 41.594 acres proposed after initial application. Only a small pavilion and a swimming pool will be located south of the floodplain on the original 18.1 acres. A drive to the swimming pool will cross the floodplain and creek. Receipt, review, and acceptance of a third party engineer's certification that all drives, parking areas, and residential buildings will be located outside of the 100-year floodplain is a condition of this report.

Supportive Services: The Applicant will contract with Housing Services of Texas to provide the following supportive services to tenants: social, recreational, computer lab, language lab, agency referrals, and state workforce development and welfare programs. These services will be provided at no cost to tenants. An executed contract with a fee requirement was not submitted; however, it appears from the Applicant's operating expense budget that $37,800 annually will be spent on supportive services.

Schedule: The Applicant anticipates construction to begin in October of 2002, to be completed and placed in service in October of 2004, and to be substantially leased-up in April of 2005.

POPULATIONS TARGETED

Income Set-Aside: The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside. Although this allows for prospective tenants to be qualified at the 60% of AMGI or less income

level, as a Priority 1 private activity bond lottery development 100% of the units must have rents restricted to be affordable to households at or below 50% of AMGI.
Special Needs Set-Asides: None of the units are specifically designated to be handicapped-accessible or equipped for tenants with hearing or visual impairments.
Compliance Period Extension: The intended length of the compliance period was not specified in the submitted application.

MARKET HIGHLIGHTS

A market feasibility study dated June 28, 2002 prepared by Butler-Burgher highlighted the following findings:
Definition of Market/Submarket: "The subject's primary market area is defined as the four-mile ring from the intersection of IH-35E and Ledbetter Drive (Loop 12), which generally approximates the southern part of the City of Dallas north of IH-20 and south of IH-30." (p. 4)

ANNUAL INCOME-ELIGIBLE SUBMARKET DEMAND SUMMARY		
Type of Demand	**Units of Demand**	**% of Total Demand**
Household Growth	33	1%
Resident Turnover	7,387	99%
TOTAL ANNUAL DEMAND	**7,420**	**100%**

Ref: p. 73

Capture Rate: The market analyst has calculated a forecast capture rate of 5.39% based on total targeted renter demand of 7,420 and forecast LIHTC units of 400. (p. 73)
Market Rent Comparables: The market analyst surveyed seven comparable apartment projects totaling 2,085 units in the market area. (p. 82)

RENT ANALYSIS (net tenant-paid rents)					
Unit Type (% AMI)	**Proposed**	**Program Max**	**Differential**	**Market**	**Differential**
2-Bedroom (50%)	$687	$687	$0	$750	-$63
3-Bedroom (50%)	$793	$793	$0	$850	-$57
4-Bedroom (50%)	$877	$877	$0	$1,000	-$123

(NOTE: Differentials are amount of difference between proposed rents and program limits and average market rents, e.g., proposed rent =$500, program max =$600, differential = -$100)

Submarket Occupancy Rates: "M/PF reflects 93.8% overall occupancy for 8,711 units in 1st quarter 2002 in the Southwest Dallas submarket." (p. 75)
Absorption Projections: "An absorption rate of 20 units/month is reasonable for the subject, as encumbered by LIHTC, resulting in just over a 12-month absorption period to obtain 100% occupancy on a 12-month period for stabilized property at 95%." (p. 75)
Known Planned Development: "We are not aware of any planned, approved affordable units under construction within the four-mile radius other than the subject and Madison Point." (p. 74)

The Underwriter found the market study provided sufficient information on which to base a funding recommendation. It should be noted that the market study is based on 236 garden-style apartments rather than the currently proposed 260 townhouse units.

SITE and NEIGHBORHOOD CHARACTERISTICS

Location: The site is an irregularly-shaped parcel located in the south area of the city, three miles from the CBD, and is situated at the southwest corner of Ledbetter Drive (Loop 12) and IH-35E.
Population: The estimated population within the four-mile radius defined by the market analyst is 179,149 persons, while the 2000 Census indicated a population of 187,735. The 2006 estimated population is 181,122. Total households in the PMA are estimated at 59,119 in 2006 and 58,198 in 2001.

Adjacent Land Uses: Land uses in the overall area in which the site is located are mixed with single family, multifamily, retail/office, industrial, and vacant land composed of undeveloped and parklands. Adjacent land uses include:

- **North:** Woody Branch Creek, undeveloped land
- **South:** Hammerking Drive, businesses including Carson's Paint and Body Shop with Automobile Salvage Yard, residential property
- **East:** Interstate Highway 35E
- **West:** Undeveloped land, single-family residences

Site Access: Access to the property is from the east or west along Ledbetter Drive or the north or south from IH-35E. The neighborhood has good freeway access to the entire D/FW Metroplex via several major roadways: IH-20, IH-35E, US Highway 67, Loop 12 (Ledbetter Drive), IH-30, and IH-45.

Public Transportation: Public transportation to the area is provided by Dallas Area Rapid Transit (DART). The market study indicates that public transportation is adjacent to the site.

Shopping & Services: The Dallas, DeSoto, and Duncanville ISDs serve the neighborhood. Higher education facilities are located outside the area throughout the Metroplex. A hospital is located in the northwest portion of the neighborhood and additional small clinics are located throughout the neighborhood. Retail and commercial developments are located along major thoroughfares throughout the neighborhood including Southwest Center, a regional mall.

Special Adverse Site Characteristics:

- The northern most area of the subject property lies within the 100-year floodplain, according to the Federal Emergency Management Administration's (FEMA) Flood Insurance Rate Map (FIRM) Number 48113C0490J. The Woody Branch Creek is in Zone AE, which are zones where the base flood elevations are site-specific determinations. The areas in Zone X are areas of 500-year flood; areas of 100-year flood with average depths of less than one foot or with drainage areas less than one square mile; and areas protected by levees from 100-year flood. The remaining area of the subject property is outside both the 100- and 500-year flood zones. (Phase I ESA, p. 4)
- A title commitment for the second tract (41.274 acres) was not submitted. Receipt, review and acceptance of such is a condition of this report.

Site Inspection Findings: The site has not been inspected by a TDHCA staff member, and receipt, review, and acceptance of an acceptable TDHCA site inspection report is a condition of this report.

HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)

A Phase I Environmental Site Assessment report dated June 29, 2002 was prepared by Butler Burgher and contained the following findings and recommendations:

- "The northernmost area of the subject property lies within the 100-year floodplain, according to the Federal Emergency Management Administration's (FEMA) Flood Insurance Rate Map (FIRM) Number 48113C0490J. The Woody Branch Creek is in Zone AE, which are zones where the base flood elevations are site-specific determinations. The areas in Zone X are areas of 500-year flood; areas of 100-year flood with average depths of less than one foot or with drainage areas less than one square mile; and areas protected by levees from 100-year flood. The remaining area of the Subject property is outside both the 100- and 500-year flood zones." (p. 4)
- A reported leaking underground storage tank that is currently in the monitoring stage is located approximately 0.35 miles south, and up-gradient. "This site is a possible risk because there was groundwater contamination from the petroleum storage tank release." The business located at the southeast adjacent corner poses a potential risk of contamination to the subject property. "Based on the above findings and conclusions, Butler-Burgher makes the following recommendations: Soil and groundwater samples be collected from the southern most boundary of the subject property and analysed for the following analytes: total petroleum hydrocarbons (TPH) and benzene, toluene, ethelene, and zylene (BTEX)." (p. 16)

Receipt, review,and acceptance of documentation indicating that the Phase I ESA recommendations have been carried out and no recognized environmental conditions affecting the subject property exist is a condition of this report.

OPERATING PROFORMA ANALYSIS

Income: The Applicant's potential gross rent estimate is based on the 2002 LIHTC rent limits and current utility allowances for the City of Dallas; it is comparable to the Underwriter's estimate. The Applicant has included $20 per unit per month in secondary income comprised of laundry, late fees, and cable and phone charges. Per the 2002 QAP, the Underwriter has included a maximum of $15 per unit per month. Although the addition of cable and phone income may be cause to adjust this figure upward, at the time of application, no documentation was submitted indicating that the development will have a cable and phone contract. Therefore, the anticipated income from such a contract is unknown. Finally, the Applicant's vacancy and collection loss assumption is in line with Department guidelines. Overall, the Applicant's effective gross income estimate is within 5% of the Underwriter's estimate.

Expenses: The Applicant's total annual operating expense estimate is $38K, or 8%, less than the Underwriter's TDHCA database-derived estimate, adjusted based on IREM information for the Dallas Metroplex. Several of the Applicant's line item figures differed significantly as compared to the Underwriter's estimates. These include: general and administrative ($4K lower), payroll and payroll expense ($89K lower), utilities ($29K higher), water, sewer, and trash ($12K lower), property insurance ($11K higher), and property tax ($57K lower).

Conclusion: The Applicant's net operating income figure is more than 5% outside the Underwriter's verifiable range. Therefore, the Underwriter's proforma is used to determine the development's capacity to service debt. The development's aggregate debt coverage ratio, including debt service, trustee fees, TDHCA fees and supportive services fees, is at the break even level of 1.00. The development's bonds-only debt coverage ratio (DCR) is also below the Department's minimum DCR guideline of 1.10. This suggests that the requested bond amount should be adjusted downward to allow for a debt service of no more than $1,071,438 annually. This is discussed in more detail in the financing structure analysis section of this report.

CONSTRUCTION COST ESTIMATE EVALUATION

Land Value: The total site cost of $1,378,575 is assumed be reasonable since the acquisition is an arm's-length transaction.

Sitework Cost: The Applicant's claimed sitework costs of $6,136 per unit are considered reasonable compared to historical sitework costs for multifamily projects.

Direct Construction Cost: The Applicant's direct construction cost estimate is $572K or 5% higher than the Underwriter's Marshall & Swift *Residential Cost Handbook*-derived estimate.

Fees: The Applicant's general requirements, contractor's general and administrative fees, and contractor's profit exceed the 6%, 2%, and 6% maximums allowed by LIHTC guidelines based on their own construction costs. In addition, the proposed contingency cost exceeds 5% of sitework and direct costs guideline utilized by underwriting for new construction developments. Consequently the Applicant's eligible costs in these areas have been reduced with the overage effectively moved to ineligible costs. The Applicant's developer fees also exceed 15% of the Applicant's adjusted eligible basis and therefore the eligible potion of the Applicant's developer fee must be reduced by $12,306.

Conclusion: The Applicant's total development cost is within 5% of the Underwriter's estimate. Therefore, the Applicant's figure, adjusted for overstated fees and contingency, will be used to determine he development's eligible basis and total need for permanent funds.

FINANCING STRUCTURE ANALYSIS

The Applicant intends to finance the development with three types of financing: a bond-financed interim to permanent loan, syndicated LIHTC equity, and deferred developer's fees.

Bonds: The Applicant has requested tax-exempt private activity mortgage revenue bonds in the amount of $14,900,000 with an interest rate of 7%, fully amortized over a term of 40 years. Charter MAC has offered to purchase the bonds. The terms include a 24-month construction period with interest-only payments due.

LIHTC Syndication: Related Capital Company has offered terms for syndication of the tax credits. The commitment letter shows net proceeds are anticipated to be $6,037,000 based on a syndication factor of 82%. The funds would be disbursed in a five-phased pay-in schedule:

1. 20% upon admission to the partnership;

2. 10% at 50% completion of construction;
3. 30% at 75% completion of construction;
4. 20% at 100% completion of construction; and
5. 20% upon attainment of rental achievement.

Interest Income: The Applicant included $158,661 in interest income as a source of funds. This GIC income has been netted from the Applicant's total development cost and removed as a source of funds.

Deferred Developer's Fees: The Applicant's proposed deferred developer's fees of $1,940,007 amount to 77% of the total proposed fees.

Financing Conclusions: As stated above, the Applicant's total development cost, adjusted for overstated fees and contingency, was used to determine the development's eligible basis and recommended annual tax credit allocation of $698,285. This figure is $39,509 less than requested due to the overstated fees and contingency cost. Therefore, the syndication proceeds may be less than anticipated. Also as stated above, the development's bonds-only debt coverage ratio (DCR) is below the Department's minimum DCR guideline of 1.10. This suggests that the requested bond amount should be adjusted downward to allow for a debt service of no more than $1,071,438 annually. It is anticipated the bond amount will be reduced by a mandatory redemption at conversion to permanent. As a direct result of an anticipated decrease in both the bond amount and syndication proceeds, the deferred developer fee will increase. Deferred fees, estimated at $2,174,992, are not repayable within ten years of stabilized operation, but appear to be repayable within 15 years.

REVIEW of ARCHITECTURAL DESIGN

At application the units were proposed as garden-style apartments located in two-story buildings. The development is now comprised of two-story townhouse units. Based on the revised unit floorplans, the townhouses will provide adequate storage including outdoor storage, patios, and utility rooms with space for a full-size washer and dryer. Each unit has a bedroom and a full bath located on the ground floor. The submitted clubhouse plan includes many tenant-accessible areas as well as leasing/management offices. The exterior of the building is compatible with the residential building elevations.

IDENTITIES of INTEREST

The Applicant, general contractor, cost estimator, and property manager are related entities. The same firm provided both the market study and Phase I ESA. These are common identities of interest for LIHTC-funded developments.

APPLICANT'S/PRINCIPALS' FINANCIAL HIGHLIGHTS, BACKGROUND, and EXPERIENCE

Financial Highlights:
- The Applicant and General Partner are single-purpose entities created for the purpose of receiving assistance from TDHCA and therefore have no material financial statements.
- Brian Potashnik, 100% owner of the general partner, submitted an interim financial statement.

Background & Experience:
- The Applicant and General Partner are new entities formed for the purpose of developing the project.
- Brian Potashnik, 100% owner of the General Partner, has indicated participation in 16 mortgage revenue bond- and/or LIHTC-funded developments totaling 3,220 units since 1994.

SUMMARY OF SALIENT RISKS AND ISSUES

- The Applicant's estimated operating expenses and operating proforma are more than 5% outside of the Underwriter's verifiable ranges.
- Significant environmental/locational risk exists regarding 100-year floodplain.
- The recommended amount of deferred developer fee cannot be repaid within ten years, and any amount unpaid past ten years would be removed from eligible basis.
- The significant financing structure changes being proposed have not been reviewed/accepted by the Applicant, lenders, and syndicators, and acceptable alternative structures may exist.

RECOMMENDATION

☑ RECOMMEND APPROVAL OF AN LIHTC ALLOCATION NOT TO EXCEED $698,285 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

☑ RECOMMEND ISSUANCE OF TAX-EXEMPT BONDS OF $14,900,000, SUBJECT TO THE ANTICIPATED MANDATORY REDEMPTION OF $532,126 AT CONVERSION TO PERMANENT, BASED UPON A MAXIMUM ANTICIPATED BONDS-ONLY DEBT SERVICE AMOUNT OF $1,071,438. THE BONDS WILL BE FULLY AMORTIZED OVER 40 YEARS. THE INTEREST RATE OF THE BONDS HAS BEEN UNDERWRITTEN AT 7%.

CONDITIONS

1. Receipt, review, and acceptance of a third party engineer's certification that all drives, parking areas, and residential buildings will be located outside the 100-year floodplain.
2. Receipt, review, and acceptance of a title commitment for the second tract (41.274 acres).
3. Receipt, review, and acceptance of an acceptable TDHCA site inspection report.
4. Receipt, review, and acceptance of documentation indicating that the Phase I ESA recommendations have been carried out and no recognized environmental conditions affecting the subject property exist.

Credit Underwriting Supervisor:	*Lisa Vecchietti*	**Date:**	July 30, 2002
Director of Credit Underwriting:	*Tom Gouris*	**Date:**	July 30, 2002

MULTIFAMILY FINANCIAL ASSISTANCE REQUEST: Comparative Analysis

Wheatland Villas, Dallas, LIHTC 02430/MRB 2002-055

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Net Rent per Unit	Rent per Month	Rent per SF	Utilities	Wtr, Swr, Trsh
TC 50%	156	2	2	950	$748	$687	$107,172	$0.72	$67.00	$52.00
TC 50%	88	3	2	1,100	864	793	69,784	0.72	77.00	61.00
TC 50%	16	4	2	1,300	963	877	14,032	0.67	94.00	75.00
TOTAL:	260		AVERAGE:	1,022	$800	$735	$190,988	$0.72	$72.05	$56.46

INCOME	Total Net Rentable Sq Ft: 265,800			TDHCA	APPLICANT		
POTENTIAL GROSS RENT				$2,291,856	$2,291,856		
Secondary Income	Per Unit Per Month:	$15.00		46,800	62,400	$20.00	Per Unit Per Month
Other Support Income: (describe)				0	0		
POTENTIAL GROSS INCOME				$2,338,656	$2,354,256		
Vacancy & Collection Loss	% of Potential Gross Income:	-7.50%		(175,399)	(176,568)	-7.50%	of Potential Gross Rent
Employee or Other Non-Rental Units or Concessions				0	0		
EFFECTIVE GROSS INCOME				$2,163,257	$2,177,688		

EXPENSES		% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative		3.41%	$284	$0.28	$73,810	$70,000	$0.26	$269	3.21%
Management		5.00%	416	0.41	108,163	108,884	0.41	419	5.00%
Payroll & Payroll Tax		10.02%	834	0.82	216,840	127,900	0.48	492	5.87%
Repairs & Maintenance		5.44%	453	0.44	117,789	118,300	0.45	455	5.43%
Utilities		2.65%	220	0.22	57,320	86,000	0.32	331	3.95%
Water, Sewer, & Trash		4.74%	395	0.39	102,575	90,600	0.34	348	4.16%
Property Insurance		1.97%	164	0.16	42,528	53,160	0.20	204	2.44%
Property Tax	2.73055	9.85%	819	0.80	212,983	156,000	0.59	600	7.16%
Reserve for Replacements		2.40%	200	0.20	52,000	52,000	0.20	200	2.39%
Support Services		0.00%	0	0.00	0	37,800	0.14	145	1.74%
TOTAL EXPENSES		45.49%	$3,785	$3.70	$984,008	$900,644	$3.39	$3,464	41.36%
NET OPERATING INC		54.51%	$4,536	$4.44	$1,179,249	$1,277,044	$4.80	$4,912	58.64%
DEBT SERVICE									
1st Lien Mortgage		51.36%	$4,274	$4.18	$1,111,119	$1,151,548	$4.33	$4,429	52.88%
Trustee Fee		0.16%	$13	$0.01	$3,500	0	$0.00	$0	0.00%
TDHCA Admin. Fees		0.69%	$57	$0.06	14,900	0	$0.00	$0	0.00%
Asset Oversight, Compl. Fees & Sup		2.35%	$195	$0.19	50,800	10,400	$0.04	$40	0.48%
NET CASH FLOW		-0.05%	($4)	($0.00)	($1,070)	$115,096	$0.43	$443	5.29%
AGGREGATE DEBT COVERAGE RATIO					1.00	1.10			
BONDS & TRUSTEE FEE-ONLY DEBT COVERAGE RATIO					1.06				
BONDS-ONLY DEBT COVERAGE RATIO					1.06				
ALTERNATIVE BONDS-ONLY DEBT COVERAGE RATIO					1.10				

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldng)		6.42%	$5,303	$5.19	$1,378,665	$1,378,575	$5.19	$5,302	6.19%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		7.43%	6,136	6.00	1,595,458	1,595,458	6.00	6,136	7.16%
Direct Construction		50.47%	41,697	40.79	10,841,245	11,413,601	42.94	43,898	51.26%
Contingency	5.00%	2.89%	2,392	2.34	621,835	786,216	2.96	3,024	3.53%
General Requiremer	6.00%	3.47%	2,870	2.81	746,202	786,216	2.96	3,024	3.53%
Contractor's G & A	2.00%	1.16%	957	0.94	248,734	262,072	0.99	1,008	1.18%
Contractor's Profi	6.00%	3.47%	2,870	2.81	746,202	786,216	2.96	3,024	3.53%
Indirect Construction		2.66%	2,196	2.15	571,050	571,050	2.15	2,196	2.56%
Ineligible Costs		7.11%	5,876	5.75	1,527,709	1,527,709	5.75	5,876	6.86%
Developer's G & A	2.00%	1.48%	1,220	1.19	317,280	0	0.00	0	0.00%
Developer's Profit	13.00%	9.60%	7,932	7.76	2,062,317	2,517,867	9.47	9,684	11.31%
Interim Financing		2.30%	1,897	1.86	493,251	493,251	1.86	1,897	2.22%
Reserves		1.55%	1,277	1.25	332,110	150,000	0.56	577	0.67%
TOTAL COST		100.00%	$82,623	$80.82	$21,482,059	$22,268,231	$83.78	$85,647	100.00%
Recap-Hard Construction Costs		*68.89%*	***$56,922***	***$55.68***	***$14,799,677***	***$15,629,779***	***$58.80***	***$60,115***	*70.19%*

SOURCES OF FUNDS	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	RECOMMENDED	
1st Lien Mortgage	69.36%	$57,308	$56.06	$14,900,000	$14,900,000	$14,367,874	**Max. Cost Guideline**
LIHTC Syndication Proceeds	27.74%	$22,919	$22.42	5,959,000	5,959,000	5,725,366	$18,871,800
Additonal Financing	0.00%	$0	$0.00	0	0	0	
Deferred Developer's Fee	9.03%	$7,462	$7.30	1,940,007	1,940,007	2,174,992	
Additional (excess) Funds Required	-6.13%	($5,065)	($4.95)	(1,316,948)	(530,776)	0	
TOTAL SOURCES				$21,482,059	$22,268,231	$22,268,231	

MULTIFAMILY FINANCIAL ASSISTANCE REQUEST (continued)

Wheatland Villas, Dallas, LIHTC 02430/MRB 2002-055

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook
Average Quality Townhome Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$46.08	$12,249,305
Adjustments				
Exterior Wall Finish	2.00%		$0.92	$244,986
Elderly			0.00	0
Roofing			0.00	0
Subfloor			(1.96)	(520,968)
Floor Cover			1.82	483,756
Porches/Balconies	$17.07	13,290	0.85	226,860
Plumbing	$585	260	0.57	152,100
Built-In Appliances	$1,550	260	1.52	403,000
Fireplaces			0.00	0
Floor Insulation			0.00	0
Heating/Cooling			1.41	374,778
Garages/Carports			0.00	0
Comm &/or Aux bldngs	$53.18	5,444	1.09	289,493
Other:			0.00	0
SUBTOTAL			52.31	13,903,310
Current Cost Multiplier	1.04		2.09	556,132
Local Multiplier	0.92		(4.18)	(1,112,265)
TOTAL DIRECT CONSTRUCTION COSTS			$50.22	$13,347,178
Plans, specs, survy, bld	3.90%		($1.96)	($520,540)
Interim Construction Inte	3.38%		(1.69)	(450,467)
Contractor's OH & Profit	11.50%		(5.77)	(1,534,925)
NET DIRECT CONSTRUCTION COSTS			$40.79	$10,841,245

PAYMENT COMPUTATION

Primary	$14,900,000	Term	480
Int Rate	7.00%	DCR	1.06
Secondary	$5,959,000	Term	
Int Rate		Subtotal DCR	1.05
Additional	$0	Term	
Int Rate		Aggregate DCR	1.00

ALTERNATIVE FINANCING STRUCTURE:

Primary Debt Service	$1,071,438
Trustee Fee	3,500
TDHCA Fees	65,700
NET CASH FLOW	$38,611

Primary	$14,367,874	Term	480
Int Rate	7.00%	DCR	1.10
Secondary	$5,959,000	Term	0
Int Rate	0.00%	Subtotal DCR	1.10
Additional	$0	Term	0
Int Rate	0.00%	Aggregate DCR	1.03

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$2,291,856	$2,360,612	$2,431,430	$2,504,373	$2,579,504	$2,990,352	$3,466,638	$4,018,783	$5,400,909
Secondary Income	46,800	48,204	49,650	51,140	52,674	61,063	70,789	82,064	110,287
Other Support Income: (descr	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	2,338,656	2,408,816	2,481,080	2,555,513	2,632,178	3,051,416	3,537,427	4,100,847	5,511,196
Vacancy & Collection Loss	(175,399)	(180,661)	(186,081)	(191,663)	(197,413)	(228,856)	(265,307)	(307,564)	(413,340)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$2,163,257	$2,228,155	$2,294,999	$2,363,849	$2,434,765	$2,822,559	$3,272,120	$3,793,284	$5,097,856
EXPENSES at 4.00%									
General & Administrative	$73,810	$76,762	$79,833	$83,026	$86,347	$105,055	$127,815	$155,507	$230,188
Management	108,163	111,408	114,750	118,192	121,738	141,128	163,606	189,664	254,893
Payroll & Payroll Tax	216,840	225,514	234,534	243,916	253,672	308,631	375,497	456,849	676,248
Repairs & Maintenance	117,789	122,501	127,401	132,497	137,797	167,651	203,973	248,164	367,343
Utilities	57,320	59,613	61,997	64,477	67,056	81,584	99,260	120,764	178,761
Water, Sewer & Trash	102,575	106,678	110,945	115,383	119,998	145,996	177,627	216,110	319,896
Insurance	42,528	44,229	45,998	47,838	49,752	60,531	73,645	89,600	132,630
Property Tax	212,983	221,502	230,362	239,577	249,160	303,141	368,817	448,723	664,219
Reserve for Replacements	52,000	54,080	56,243	58,493	60,833	74,012	90,047	109,556	162,170
Other	0	0	0	0	0	0	0	0	0
TOTAL EXPENSES	$984,008	$1,022,287	$1,062,064	$1,103,399	$1,146,353	$1,387,728	$1,680,286	$2,034,937	$2,986,348
NET OPERATING INCOME	$1,179,249	$1,205,868	$1,232,935	$1,260,450	$1,288,412	$1,434,831	$1,591,834	$1,758,346	$2,111,508
DEBT SERVICE									
First Lien Financing	$1,071,438	$1,071,438	$1,071,438	$1,071,438	$1,071,438	$1,071,438	$1,071,438	$1,071,438	$1,071,438
Trustee Fee	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500
TDHCA Admin. Fees	14,900	14,300	14,227	14,149	14,066	13,548	12,813	11,772	8,203
Asset Oversight, Compl. Fees	50,800	52,832	54,945	57,143	59,429	72,304	87,969	107,028	158,427
Cash Flow	38,611	63,798	88,825	114,220	139,980	274,042	416,114	564,609	869,940
AGGREGATE DCR	1.03	1.06	1.08	1.10	1.12	1.24	1.35	1.47	1.70

LIHTC Allocation Calculation - Wheatland Villas, Dallas, LIHTC 02430/MRB 2002-055

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
(1) Acquisition Cost				
Purchase of land	$1,378,575	$1,378,665		
Purchase of buildings				
(2) Rehabilitation/New Construction Cost				
On-site work	$1,595,458	$1,595,458	$1,595,458	$1,595,458
Off-site improvements				
(3) Construction Hard Costs				
New structures/rehabilitation ha	$11,413,601	$10,841,245	$11,413,601	$10,841,245
(4) Contractor Fees & General Requirements				
Contractor overhead	$262,072	$248,734	$260,181	$248,734
Contractor profit	$786,216	$746,202	$780,544	$746,202
General requirements	$786,216	$746,202	$780,544	$746,202
(5) Contingencies	$786,216	$621,835	$650,453	$621,835
(6) Eligible Indirect Fees	$571,050	$571,050	$571,050	$571,050
(7) Eligible Financing Fees	$493,251	$493,251	$493,251	$493,251
(8) All Ineligible Costs	$1,527,709	$1,527,709		
(9) Developer Fees			$2,481,762	
Developer overhead		$317,280		$317,280
Developer fee	$2,517,867	$2,062,317		$2,062,317
(10) Development Reserves	$150,000	$332,110		
TOTAL DEVELOPMENT COSTS	$22,268,231	$21,482,059	$19,026,843	$18,243,574

Deduct from Basis:			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
TOTAL ELIGIBLE BASIS		$19,026,843	$18,243,574
High Cost Area Adjustment		100%	100%
TOTAL ADJUSTED BASIS		$19,026,843	$18,243,574
Applicable Fraction		100%	100%
TOTAL QUALIFIED BASIS		$19,026,843	$18,243,574
Applicable Percentage		3.67%	3.67%
TOTAL AMOUNT OF TAX CREDITS		$698,285	$669,539
Syndication Proceeds	**0.8199**	**$5,725,366**	**$5,489,672**

RENT CAP EXPLANATION
Dallas MSA

AFFORDABILITY DEFINITION & COMMENTS

An apartment unit is **"affordable"** if the total housing expense (rent and utilities) that the tenant pays is **equal to or less than 30%** of the tenant's household income (as determined by HUD).

Rent Caps are established at this **30%** "affordability" threshold based on local area median income, adjusted for family size. Therefore, rent caps will vary from property to property depending upon the local area median income where the specific property is located.

If existing rents in the local market area are lower than the rent caps calculated at the 30% threshold for the area, then by definition the market is "affordable". This situation will occur in some larger metropolitan areas with high median incomes. In other words, the rent caps will not provide for lower rents to the tenants because the rents are already affordable. This situation, however, does not ensure that individuals and families will have access to affordable rental units in the area. The set-aside requirements under the Department's bond programs ensure availability of units in these markets to lower income individuals and families.

MAXIMUM INCOME & RENT CALCULATIONS (ADJUSTED FOR HOUSEHOLD SIZE) - 2002

MSA/County: Dallas **Area Median Family Income (Annual):** $66,500

ANNUALLY				MONTHLY							
Maximum Allowable Household Income to Qualify for Set-Aside units under the Program Rules				Maximum Total Housing Expense Allowed based on Household Income (Includes Rent & Utilities)				Utility Allowance by Unit Type	Maximum Rent that Owner is Allowed to Charge on the Set-Aside Units (Rent Cap)		
# of	At or Below			Unit	At or Below			(provided by	At or Below		
Persons	50%	60%	80%	Type	50%	60%	80%	the local PHA)	50%	60%	80%
1	$ 23,300	$ 27,960	$ 37,250	Efficiency	$ 582	$ 699	$ 931	$ 39.00	$ 543	$ 660	$ 892
2	26,600	31,920	$ 42,550	1-Bedroom	623	748	997	47.00	576	701	950
3	**29,950**	**35,940**	**$ 47,900**	**2-Bedroom**	**748**	**898**	**1,197**	**61.00**	**687**	**837**	**1,136**
4	33,250	39,900	$ 53,200	3-Bedroom	864	1,037	1,383	71.00	793	966	1,312
5	35,900	43,080	$ 57,450								
6	38,550	46,260	$ 61,700	4-Bedroom	963	1,156	1,542	86.00	877	1,070	1,456
7	41,250	49,500	$ 65,950	5-Bedroom	1,064	1,277	1,701	97.00	978	1,191	1,615
8	43,900	52,680	$ 70,200								
FIGURE 1				FIGURE 2				FIGURE 3	FIGURE 4		

Figure 1 outlines the maximum annual household incomes in the area, adjusted by the number of people in the family, to qualify for a unit under the set-aside grouping indicated above each column.

For example, a family of three earning $33,000 per year would fall in the 60% set-aside group. A family of three earning $28,000 would fall in the 50% set-aside group.

Figure 2 shows the maximum total housing expense that a family can pay under the affordable definition (i.e. under 30% of their household income).

For example, a family of three in the 50% income bracket earning $29,950 could not pay more than $748 for rent and utilities under the affordable definition.

1) $29,950 divided by 12 = **$2,496** monthly income; then,

2) **$2,496** monthly income times 30% = **$748** maximum total housing expense.

Figure 4 displays the resulting maximum rent that can be charged for each unit type, under the three set-aside brackets. This becomes the rent cap for the unit.

The rent cap is calculated by subtracting the utility allowance in ***Figure 3*** from the maximum total housing expense for each unit type found in ***Figure 2*** .

Figure 3 shows the utility allowance by unit size, as determined by the local public housing authority. The example assumes all electric units.

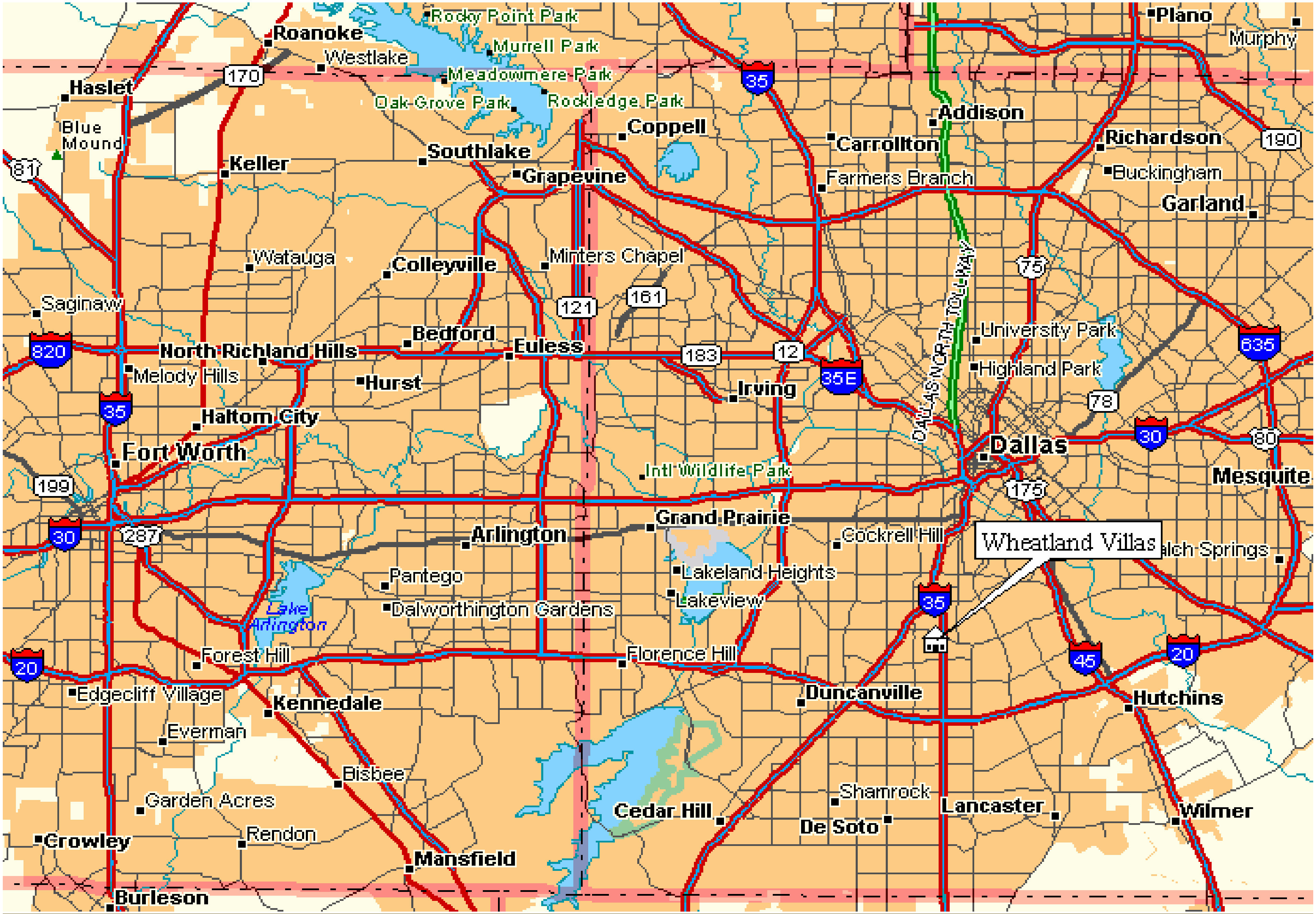
RESULTS & ANALYSIS:

Tenants in the 60% AMFI bracket will **save $54 to $124** per month (leaving 1.6% to 3.2% more of their monthly income for food, child care and other living expenses). This is a monthly savings off the market rents of **6.4% to 12.4%**.

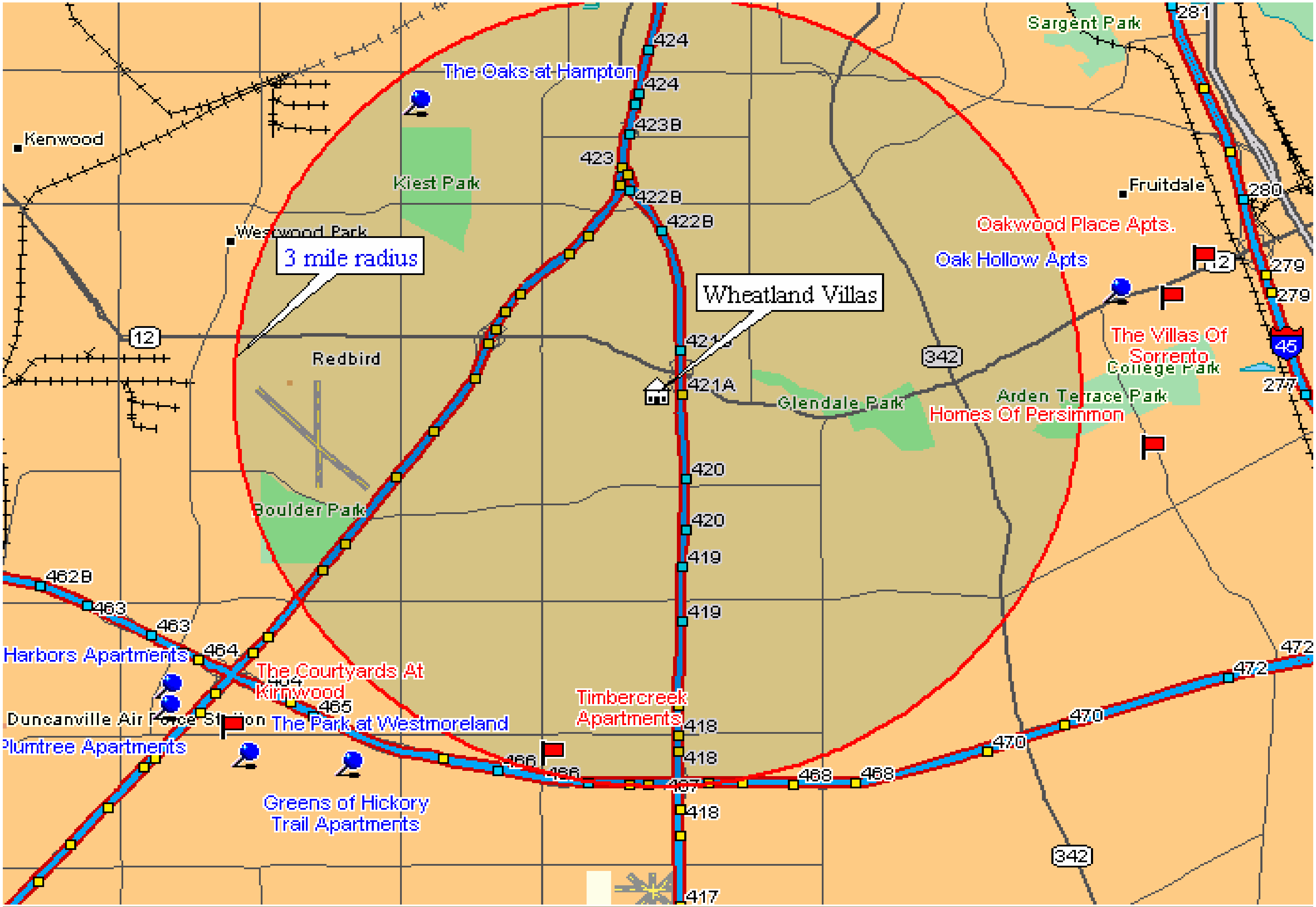
PROJECT INFORMATION				
	Unit Mix			
Unit Description	2-Bedroom	3-Bedroom	4-Bedroom	
Square Footage	950	1,100	1,300	
Rents if Offered at Market Rates	$ 751	$ 847	$ 1,001	
Rent per Square Foot	$0.79	$0.77	$0.77	

SAVINGS ANALYSIS FOR 60% AMFI GROUPING				
Rent Cap for 50% AMFI Set-Aside	$687	$793	$877	
Monthly Savings for Tenant	**$ 64**	**$ 54**	**$ 124**	
Rent per Square Foot	$0.72	$0.72	$0.67	
Maximum Monthly Income - 60% AMFI	$2,995	$3,458	$3,855	
Monthly Savings as % of Monthly Income	**2.1%**	**1.6%**	**3.2%**	
% DISCOUNT OFF MONTHLY RENT	**8.5%**	**6.4%**	**12.4%**	

Market information provided by: Butler Burgher, LLC, 8150 North Central Expressway, Suite 801, Dallas, Texas 75206. Dated June 28, 2002.



Rocky Point Park
Roanoke
Murrell Park
Westlake
Plano
Murphy
Haslet
Meadowmere Park
Oak Grove Park
Rockledge Park
Addison
Blue Mound
Coppell
Carrollton
Richardson
Keller
Southlake
Grapevine
Farmers Branch
Buckingham
Garland
Watauga
Colleyville
Minters Chapel
Saginaw
Bedford
University Park
North Richland Hills
Euless
Melody Hills
Hurst
Irving
Highland Park
Haltom City
Fort Worth
Dallas
DALLAS NORTH TOLLWAY
Intl Wildlife Park
Mesquite
Grand Prairie
Arlington
Cockrell Hill
Wheatland Villas
Balch Springs
Pantego
Lakeland Heights
Lake Arlington
Dalworthington Gardens
Lakeview
Forest Hill
Florence Hill
Edgecliff Village
Kennedale
Duncanville
Hutchins
Everman
Bisbee
Garden Acres
Shamrock
Lancaster
Wilmer
Cedar Hill
De Soto
Crowley
Rendon
Mansfield
Burleson



Blue Pins – TDHCA Bond Issues

Red Flags – Tax Credit Issues

Developer Evaluation

Compliance Status Summary

Project ID #: 02430 LIHTC 9% ☐ LIHTC 4% ☑

Project Name: Wheatland Villas HOME ☐ HTF ☐

Project City: Dallas BOND ☑ SECO ☐

Housing Compliance Review

Project(s) in material non-compliance ☐

No previous participation ☐

Status of Findings (individual compliance status reports and National Previous Participation and Background Certification(s) available)

Projects Monitored by the Department

reviewed 7 # not yet monitored or pending review 8

of projects grouped by score 0-9: 7 10-19: 0 20-29: 0

Members of the development team have been disbarred by HUD ☐

National Previous Participation Certification Received Yes

Non-Compliance Reported No

Completed by Jo En Taylor **Completed on** 06/27/2002

Single Audit

Status of Findings (any outstanding single audit issues are listed below)

single audit not applicable ☑ no outstanding issues ☐ outstanding issues ☐

Comments:

Completed by Lucy Trevino **Completed on** 07/11/2002

Program Monitoring

Status of Findings (any unresolved issues are listed below)

monitoring review not applicable ☑ monitoring review pending ☐

reviewed; no unresolved issues ☐ reviewed; unresolved issues found ☐

Comments:

Completed by Ralph Hendrickson **Completed on** 07/11/2002

Community Affairs

Status of Findings (any unresolved issues are listed below)

- monitoring review not applicable ☑
- monitoring review pending ☐
- reviewed; no unresolved issues ☐
- reviewed; unresolved issues found ☐

Comments:

Completed by EEF **Completed on**

Housing Finance

Status of Findings (any unresolved issues are listed below)

- monitoring review not applicable ☐
- monitoring review pending ☐
- reviewed; no unresolved issues ☐
- reviewed; unresolved issues found ☐

Comments:

Completed by **Completed on**

Housing Programs

Status of Findings (any unresolved issues are listed below)

- monitoring review not applicable ☐
- monitoring review pending ☐
- reviewed; no unresolved issues ☑
- reviewed; unresolved issues found ☐

Comments:

Completed by Shannon Roth **Completed on** 07/11/2002

Multifamily Finance

Status of Findings (any unresolved issues are listed below)

- monitoring review not applicable ☐
- monitoring review pending ☐
- reviewed; no unresolved issues ☑
- reviewed; unresolved issues found ☐

Comments:

Completed by Robbye Meyer **Completed on** 07/19/2002

Executive Director: Edwina Carrington **Date Signed:** July 30, 2002

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

WHEATLAND VILLAS

PUBLIC HEARING

Dallas Meeting Room, Dallas Public Library
1515 Young Street
Dallas, Texas

July 22, 2002
7:40 p.m.

BEFORE:

WAYNE W. HARLESS, Multifamily Loan Officer

INDEX

P R O C E E D I N G S

MR. HARLESS: Good evening. My name is Wayne Harless. I would like to proceed with the public hearing. Let the record show that it is 7:40 p.m., Monday, July 22, 2002, and we are at the City of Dallas Public Library at 1515 Young Street, Dallas, Texas.

I'm here to conduct the public hearing on behalf of the Texas Department of Housing and Community Affairs with respect to an issue of tax exempt multifamily revenue bonds for a residential rental community. This hearing is required by the Internal Revenue Code. The sole purpose of this hearing is to collect comments that will be provided to the highest elected official with jurisdiction over this issue which in this case is the attorney general of the State of Texas.

No decisions regarding the project will be made at this hearing. There are no Department Board members present. The Department's Board will meet to consider the transaction on August 8, 2002, upon recommendation by the Finance Committee.

In addition to providing your comments here at this hearing, the public is also invited to provide comment directly to the Finance Committee or the Board at any of their meetings. Department staff will also accept written comments from the public via facsimile at 512/475-3362 up to 5:00 p.m. on July 26, 2002.

The bonds will be issued as tax exempt multifamily revenue bonds in the aggregate principal amount not to exceed $15 million and taxable bonds, if necessary, in an amount to be determined and issued in one or more series by the Texas Department of Housing and Community Affairs, the issuer.

The proceeds of the bonds will be loaned to Wheatland Villas Housing Limited Partnership, or related person or affiliate entity thereof, to finance a portion of the cost of acquiring, constructing and equipping a multifamily rental housing community described as follows: a 256-unit multifamily residential development to be constructed on, I think it was said, approximately 50 acres of land at the southwest corner of Interstate 35 and Ledbetter Road, Dallas, Dallas County, 75232.

The proposed multifamily rental housing community will be initially owned and operated by the borrower or related person or affiliate thereof.

I would like to now open the floor for public comment. If you have signed up to speak, I will call your name from the sign-in sheets, and at that point, I would ask you to come forward and stand at the podium here to my left and speak into the microphone so that it can be recorded. I will give you three minutes -- three to five minutes, as necessary. We want everyone to speak, but we'd like to be complete with the meeting at a reasonable hour.

So with that, I'll begin. There were several sign-in sheets so I'm not taking these in any order. The first speaking this evening is Mark Jones, and after Mark, I have Carlos Herrera on deck.

MR. JONES: On behalf of Southwest Housing -- I live in the community also. I happen to have joined the Potashniks in what they were doing because I believe in what they do.

I believe in affordable housing, and I also know that $1 billion leaves the southern sector and goes to north Dallas for goods and services. $1 billion. As we talk about economic development -- if you don't give me a place to live, I can't come and spend any money with you. And we say we've got more than enough. Well, why are we leaving our part of town spending our money? It's more than just a place to live; it's the resources to be able to spend some money.

And I believe that what we do in developing houses every day is we are revitalizing the southern sector. It means more to me that just giving somebody a place to live. But the ongoing developing and growing of children. That's very, very important, very important to me.

I am a resident of this city; I am a resident of the southern section, have been all of my life. So I have a stake in what happens as well as everybody else who lives in those neighborhood associations. I am concerned and I have been concerned. As I said earlier today, let's sit down at the table.

First of all, I don't know anybody else who's willing to take $200 million risk on us. But Mr. Potashnik has. We owe him at least the courtesy and the ability to sit down and talk about what's in our best interests.

It's not about -- this has not been a hostile takeover. Again, Mr. Evans, I told you earlier I apologize in my lack of being able to contact who I needed to contact. Again, it's not my fault, but it's my responsibility. I accept that responsibility, and I reached out to who I needed to reach out to. And we are open -- let's sit down and talk about.

So many times things are done and we don't even get to the table. For the first time, we've got somebody who's willing to take a chance, who has taken a chance. In 1998, somebody said that they were going to give our community a billion dollars' worth of loans. It never happened.

Here's a man who says not what he's going to do but what he has done, is proven in his ability to take the risk. Yes, he's going to make a profit, Mr. Blair, but he takes the initial risk. He takes the risk.

I want to read a -- to go into the record from Jerry Killingsworth, the director of Housing Department at Dallas. It says, "Dear Mr. Potashnik, This letter is to confirm that Wheatland Villas, a new proposed 260-unit project is located on a site at I-30 and Ledbetter, in the city of Dallas, Texas in Council District 4.

"This project consists of a total of 260 units which will address a need for family housing through the following unit mix: 156 two-bedrooms, 88 three-bedroom units, and 16 four-bedrooms. It is proposed that these 260 units will be affordable for households at or below 50 percent of the median income.

"The City of Dallas supports the objectives of the Low Income Housing Tax Credit Program and housing activity in compliance with federal, state and local regulations that will increase the supply of affordable housing for its low income residents. The proposed development will assist in fulfilling a need for additional quality affordable rental housing as evidenced in the City of Dallas Consolidated Plan. Sincerely, Jerry Killingsworth, Director of the Housing Department."

MR. HARLESS: Carlos?

After Carlos, I have Charletta Compton on deck.

MR. HERRERA: Good evening. My name is Carlos Herrera. I'm the president of El Dorado Housing Development. I am one of the risk takers, investor and developer of affordable housing throughout the state of Texas, as is Mr. Potashnik.

One of the things that I -- and one of the reasons that I chose to speak today is to reinforce some of the things that were said earlier regarding the past history of Southwest Housing, and not only the history, but also the development. Just for the record, I want to point out I've known Mr. Potashnik, the owner of Southwest Housing for about ten years. He didn't start out building new stuff here in Texas.

He started out taking some of those projects that were identified earlier as having been dumped by the wayside and restoring them in Dallas, Texas. If you don't believe it, you can go see it. One of those went by the name Melody Village. If you were to see what was there before compared to what is there now, you would welcome whatever Southwest Housing could bring to your community.

It's not the only one. Birchwood, which is right up the street off of Fitzhugh, right off Central Highway, is another one that had been boarded up and condemned, ready to go. If you look at the result that's there today because of Southwest Housing's efforts in that community, it's part of the community revitalization that's needed throughout our city.

In this case they have an excellent opportunity to work with community to try to bring some economic development to that quadrant of the city that needs it. I simply want to attest to the state that, in my association and my knowledge of this particular company, they do what they say and go beyond that. Thank you.

MR. HARLESS: Thank you. Charletta -- I may mispronounce some of the names, so please forgive me.

MS. COMPTON: No, you got it correct.

MR. HARLESS: After Charletta, I have Fred Blair.

MS. COMPTON: I was asked to come down and speak at the public hearing. I am one of the individuals -- I like in Kimball Estates over by Kimball

High School, and I'm president of Kimball United.

I met the Potashniks and worked with Southwest Housing, I guess it's been maybe about two years ago. They were proposing to build a development on what's fondly known as the Boy Scout property, and I was one of the individuals selected from my neighborhood to represent the neighborhood's interest in the negotiations.

And I can tell you that we've been very pleased with the development that stands there now. It's a senior complex across from the hospital across from Kiest Park. And we negotiated with the management company for every aspect of that development, and one of the big things for us is that no one wanted to see any development on that hundred and -- he said 150; I thought it was 162 acres of property.

But what happened is that they developed the apartments on a small area. We basically worked with them to specify the type of development we wanted to see, and then 110 acres went into a public land conservancy that we selected and they donated to.

Three acres of the property has been allocated to the city of Dallas because -- some of you may not know, the city of Dallas is looking to rebuild the Hampton Illinois library, and they've been looking for land to do that on. So three acres of that property has also been allocated to the city of Dallas to build that library. And the Potashniks donated that.

But overall, it was a good experience. Southwest Housing management did keep their promises and each -- if anything deviated from what was originally specified, the neighborhood had to approve any changes.

And I've known John Moore and a number people in the room for a number of years, and I've offered, and I will share any experiences or anything that happened with you once you decide what you want to do about the development. But overall, we had a good experience and they by far, and I've had the opportunity to look at a lot of developments, and build about the best product you will find out there. So, you know, they have a good reputation as far as I'm considered.

MR. HARLESS: Thank you. Fred Blair.

After Fred, I have Dr. Maxine Reese. Okay.

MR. BLAIR: For the record, my name is Fred Blair. As I stated earlier, I live within one block of this development. Charletta, I can appreciate your experience over by Kimball, but we live so much closer than you do, and this is going to impact upon our neighborhood, and I think we've hear to talk about what we want in our neighborhood.

I think I suggested earlier, and that is that there are single family developments that are taking place in the Oak Cliff area now. So if we just had to develop this, we prefer a single family development in that area.

Now, let's talk about the schools. We've got schools that's going to impact. We've got elementary schools now that are already, I'm sure, at capacity or beyond, so we're going to impact the schools. We haven't talked about that yet, so we're not just talking about housing; we're not just talking about any kind of economic development, but we're talking about economic development that we'd like to see.

First of all, let's -- you talked about the fact that you need housing to drive economic development. We need jobs; that's why you have no development or very few retail establishments in the area. We have a bedroom community now. What happens is people leave there at eight o'clock in the morning and they don't return until five o'clock in the afternoon. So they don't spend money in the neighborhood. So there is no economic driving force that is taking place in our neighborhood during the day now.

And that's why you don't see surviving

businesses because weekend businesses is not enough to sustain businesses in that area. We need jobs; we need other kinds of things that will influence the economics in our neighborhood. We already have a lot of people living there; we have a lot of sleeping rooms that is taking place in the area.

You said you were going to develop 260 units. If you just multiply 1.5 per unit, we're talking about at least 390 people right in that area. Suppose it was a four-member family. Four times 260 would be what? So you're talking about impacting a small area with a significant number of people.

The houses in that area range from 100,000 to 200,000, so we're not just talking about just any neighborhood. We're talking about something that is going to be at least similar in price range, or in nature, is similar to development that is already there.

So I hope that you're listening to us, and I hope that you get a good cross-section from the people that are here that actually live in the neighborhood that will be impacted by this development. So I'm -- for the record, at this point I'm in opposition to this kind of development taking place in the neighborhood. If, in fact, we just must have a residential development, let's do it with compatible properties to what is already on the ground in the area.

Mr. Moore is our president of the neighborhood homeowners association; Mr. Davis is a past. I see Brother Neal [phonetic] is a past president. So we just have a number of representatives from the immediate area that are here. So I hope that you're listening to those of us that are from the neighborhood.

And I don't know -- I haven't talked to them, but I can probably tell your sentiment what has already and has been expressed, and that is that we would be opposed to a multifamily development taking place in that area.

Well, you say, well, this is a planned development. Yes, but what you're saying, that unless the density is of a nature that you feel that is going to be economically feasible for you, then you wouldn't be interested. So that tells me that you're suggesting that you are going to have to have some multiunit -- not single family, not freestanding units, but multiunits to make the numbers work.

And I hope that you will listen to the neighborhood, and I hope that our neighborhood will respond to what is happening in that area and let you know without a doubt how we feel about this.

Thank you for listening. We appreciate it.

MR. HARLESS: Thank you.

Your name is --

MR. HEMPHILL: My name is Kirk Hemphill. I'm assistant to Dallas City Councilwoman Maxine Thornton Reese, District 4.

MR. HARLESS: That's -- okay.

MR. HEMPHILL: She could not be here tonight. As I said earlier, Dr. Reese is certainly in favor of what the community wants. She's also in favor of a meeting with the larger segment of the community so she can feel the entire pulse from the community so that when this issue comes before the city council, she will be voting the will of the people in District 4. And I just want to go on record to say that if she were here, that's what she would say, and she looks forward to working with the community and following your lead.

MR. HARLESS: Next I have Dr. Scott and then Myrtis Evans.

MR. SCOTT: Thank you. I'd like for this to go on the record that I was born in 1945 and I've been active up until about 1998, something like that, and I took sick. From that point I've lived in all parts of Dallas; I've performed in the community in Dallas for 20 years. And I've lived in some of what we call aristocratic areas, Kimball area; I've lived in all parts of Oak Cliff.

Last year, September, I was passing down Hampton Road and between Hampton and Kiest and I saw a sign, and they said, coming soon Primrose Oaks. And October -- in September I moved into Primrose Oaks. And I'm going to say and I want this to go on record that that's the best thing that ever happened to me and my wife. And I've been there ever since.

Primrose Oaks -- and I've been all over north Dallas; I used to drive Yellow Cab -- is compatible to anything in north Dallas, Plano, Lake Ray Hubbard, where I was born, and it's compatible at a very reasonable price. We have a very superb maintenance crew. They're right there; if anything goes wrong, they're there.

In the morningtime six days a week, we don't have to put our trash in the dumpster. We just bag it up and set it outside our door. And I want that to go on record. We have a modalistic [phonetic] swimming pool for the seniors. We have a Crime Watch on property. And I don't think a person could ask for a better living than living at the Primrose Oaks.

I cannot speak for these other properties, but if they were a twin -- I went to two, three other properties. Two were in north Dallas; the other one was in Arlington Park, and they were nice. But speaking from the standpoint of where I reside, and if they build anything in compatible to that, it can fit into any community.

And I wanted that to go on record that everything that they said that they were going to do when I moved in there, they did that, and some more. And that's from landscaping to whatever else -- lighting up the property. What I'm saying and then I'm closing, if you come to Primrose Oaks and you don't enjoy it, then you're either blind and cannot see. Thank you.

MR. HARLESS: Thank you. Myrtis Evans. After Ms. Evans I have Carole Odom on deck.

MS. EVANS: Good evening. My name is Myrtis Evans and I am here on behalf of State Senator Royce. But I want to read a statement that was sent by Ms. Pemberton who is -- it says "July 22, 2002. The friends of Red Bird Airport positively Oak Cliff support, discuss planned development for site located for address of 100 West Ledbetter I-35." And it's signed by Darrell Pemberton, who's the president of the homeowners' association, Mr. Jackson, who's the vice president, and Edna Pemberton, who is the operations manager.

I would just like to say that I would certainly hope that we would come together and sit down at the table. And as I had stated, and instead of planning the meal and inviting us, let us help plan the meal. And then I think we can make a better decision.

We will be glad to notify the homeowners over in that area if we are notified in time where we can get the message out to them. The senator, I'm sure, by this point is not supporting a facility. But he will let you know again as to what his stand really is about this facility.

We are appreciative for those who came down on such a short notice, and we will be in touch, in close contact with these our neighborhood residents to let them know what's going on.

And that's what I have to say. Thanks.

MR. HARLESS: Thank you.

Carole Odom? After Carole, I have Stacy Edwards on deck.

MS. ODOM: Good evening. My name is Carole Odom and I neither work for Southwest Housing or I'm not getting paid to be here, but I'm a resident of Primrose Oaks at 2999 South Hampton. And I heard about the meeting and I -- my heart goes out, and I respect the concerns of the neighborhood because too often in our neighborhood they have built apartments and let our property go down.

So I respect your concern, but I'm here to witness, and you can't witness to anything until you experience. So I'm here to witness that Southwest Housing puts up a good quality housing. Maybe you don't want it in your neighborhood, but I can -- just want you to just sit down at the table with the owner because he's a man that cares about the neighborhood, and it's been my experience --

I'm the president of the hospitality committee at the Primrose Oaks, and I just about know everything that goes on. And we've put on some functions and had different people come in, some from the hospital, some from the neighborhood. And I've had people to tell me that I fought this project very hard, but I'm glad you all are here. It's a beautiful place to live; they keep their property up. And I believe if you live in a neighborhood that's got $250,000 homes or 150,000 or whatever, the Primrose Oaks, Southwest Housing can put a project to match it.

And I'm not talking what I heard, but I live there; I've been there since September and I can't witness that it'll be like that for 30 years because -- or 20 years -- because Southwest Housing doesn't have a track record that long, but they've got a good track record with me.

I'm a senior citizen. My husband and I, we sold our home to move in there. And they screen the people that come in and they keep the property up and as Reverend Scott said, they have a heated pool for the seniors. It's just heaven; it's just a resort to me.

So I understand the homeowners' concern because as I said too many times they put up apartments and druggies come in, and your house, the property value, go down. But just sit down at the table with Mr. -- with Brian -- and just see what he can bring.

I guarantee you it'll bring a value to your community because I've had people even come the hospital wasn't thriving, but after the apartments came in, Primrose Oaks, people from the hospital have came and said I'm glad you all are here because it brought business to the hospital and it brought economic development. Thank you.

MR. HARLESS: Thank you.

Stacy Edwards? After Stacy, I have Christopher Edwards.

MS. EDWARDS: Good evening, everyone. I'm a member of the Glen Oaks Homeowners Association, and I'm a homeowner in the area in which you all are proposing to build your housing. I do not agree with it at this point. I've been living there for four years, but I do know the area of Oak Cliff and that's what prompted my husband and me to buy in the area was the history of the homes and the strength of the neighborhood.

There's just an abundance of apartments in our area, and like Mr. Davis said, offer that opportunity to somebody else's neighborhood, just not ours at this moment -- and not in the near future is where I stand on that. I'm not saying that the residents in your facilities have any problems. I'm sure they're just as productive as I was when in college when I lived in an apartment in an area designated for a whole bunch of apartments.

But the area in which we live in, I just don't see that being part of the structure of our neighborhood. We need businesses. Point blank, we need businesses, and we're pushing for that. And Glen Oaks Homeowners Association does speak for businesses coming in, but right now, not for housing, not at this point, no -- and especially in front of a church -- too much traffic right there.

And we're having volumes of problems right now with the problems with [indiscernible] so no, not at this moment. That's where I stand. Thank you for this minute.

MR. HARLESS: Thank you.

Christopher Edwards?

(No response.)

MR. HARLESS: Okay. After Christopher, I have Mr. Ron Ferguson.

MR. EDWARDS: Okay. Hello, my name is Christopher Edwards. I'm the secretary of the Glen Oaks Homeowners Association. Basically, we were not properly informed about this meeting. We did not get an opportunity to inform our neighborhood on this project, and right now I stand against this project because of the way it was presented to our neighborhood.

And that's basically it.

MR. HARLESS: After Ron Ferguson, I have Mr. John Moore.

MR. FERGUSON: Good evening. I'm glad I got an opportunity to experience this because this has been an awakening for me. I'm glad to see us as concerned about our neighborhoods as we are to the point that planned development doesn't scare us. But I've heard a lot of talk about agreeing and disagreeing, and my concern is when you do sit down, what you get, because this is a very fine organization, not just what they build but who they are.

They employ us on several properties, and I'm not here for that reason. I'm here because we don't really know what we're getting when we get a structure like this. We know what we're told, but Southwest Housing builds a quality structure from the communications that I haven't hear anything said about. You would get this same quality in north Dallas, and that's compatible satellite service, communications.

You're actually capable of having a home business in affordable housing. And that's not what we have out there right now. So like I said, give them a shot; sit down with us; see what you think because at least you care.

I thank you for your time.

MR. HARLESS: Thank you. After John, I have -- I'm not sure if this is Irma C-A-R-A-B-A-J-A-L? -- on deck.

MR. MOORE: I'm John W. Moore, president of Glen Oaks Homeowners Association.

Good evening. Because of what the homeowners are talking about, and because of the circumstances surrounding this particular meeting this evening -- prior to this meeting this evening, you can understand the bitter taste in our mouths. You ought to also understand that there are some things you ought to look at prior to presenting your next presentation.

I remember years ago when I was at Gram [phonetic] University -- at that time it was Gram College -- Ford Motor Company came out with a car. After they'd built the car, they sent out letters -- and since I was an industrial education major, I received one of the letters asking me my comments on what I thought the car needed.

That is what you have presented to us tonight. You've built the car -- the complexes; they look good. You put together this plan, these ideas, and then you decided what you were going to do, and then you decided to ask us what we thought about it.

Dallas is a strange place. It's not unlike the people in Austin where you represent. We constantly hear of South Dallas, but if you look at it historically, it is a city divided by highways and intersections. And even the news media has not gotten its act together over many a year. Dallas -- because basically consists of five communities: North Dallas, East Dallas, West Dallas, Oak Cliff, and South Dallas.

For some strange reason, wherever we are, as minorities, whether we be Hispanics or blacks-- or Americans, black African-Americans; clarification there -- incidently, when we say Afro-Americans, historically -- from a historical perspective, any American is an African-American because everybody came from Africa. You know that, don't you? So -- all of civilization came from Africa.

So -- but for clarification, this is what we'll try to get to now. I'm going to agree with you that it would be a wise idea, I believe, that if you would have asked us to come look at where your communities are: We want you to see them. And that's much better than listening to what your people say to us.

We don't know whether what they say is true or not; we're not saying they're untruthful. But it's wise, I would think, just to ask the people like ourselves, Come look at our facilities. And then as we said to you in this rush at 1:30, we would love to look at some development as far as jobs are concerned.

Our concern then -- if you come to our community, if the homeowners say so because I'm representing what they say, not what I say -- we would want to see some restaurants or some businesses go up -- a development, not just apartments. We wouldn't want that kind of situation. Okay?

But I want what they want, and I want you to treat us like 21st century citizens, and not the 19th century, like you did today. That's not appreciative. And I shared those thoughts with you earlier as I shared with you this evening. Thank you.

MR. HARLESS: Thank you. Next on the list is -- I can read the last name better. I can try to spell it, C-A-R-A-B-A-J-A-L? Is that close to anything?

(No response.)

MR. HARLESS: Okay, moving on. Eli Davis?

I have Eli as the last person.

MR. DAVIS: I didn't know I was last. I am Eli Davis and I come before you as a resident of the Glen Oak Homeowners Association and the immediate past president and as the precinct chair for that community. I'd like to take and split my three or five minutes up into two segments, the first segment to speak to you as a homeowner in that area and the effect in what I understand may occur.

The other half or portion of that I'd like to speak to you as Eli Davis, the administrative assistant to State Representative Jesse Jones, and that will take a different context. But right now this is me, homeowner.

Having been in the area now -- I bought my home with my wife of 50 years -- that we had bought that home some 25 years ago because of the tree-lined streets, how the neighbors manicured their yards, one of the best neighborhoods in the whole city of Dallas. And we're concerned -- and during these 25 years, there has been an overrate of builders, developers, who want to come and, in our opinion, destroy our beautiful community by putting up these multifamily buildings.

As past president, we've had this war going on, and the community members who are here can attest to the fact that in many of the instances, because of the density, because of the impact on our schools -- and the area in which this project is encompasses three schools -- elementary schools, and each one of those elementary schools have more portable classrooms than they have in the main building. Consideration to what this will impact -- those three schools.

At the same time, we have had a number of concerns about erosions along the woody branch [phonetic]. We've fought city hall time after time to assist those homeowners in stopping the erosion, and out of the 25 years that we've lived there, it's been within the last six that we've finally got them to help with the erosion.

Well, you tell me you're coming into an area that is a flood plain area and you're going to inject those people in these beautiful constructions that you're going to have to flood and flood damage. I'm concerned about that as well. Well, I don't know how much time I've got here, but I could tell you some other concerns that I personally will have.

Let me speak for the state representative who is assured that there is a need for housing, but moreover, he is concerned, and if he were here, I think he would share with you that there has been a number of developers who approached him with bringing in multiple family dwellings.

A block from where you planned this proposed multifamily dwelling is an apartment complex that's being built right now, and we applaud you for having come to us in such a way because that project got up before the city -- any of the community people really knew what was going on. In your planned development, it would be well that you would meet with several of those neighborhoods that are in District 110 because all of them will be impacted by what will be there or not be there.

I think that Representative Jones would want you to know that just two blocks north of your projected site is another project of multifamily dwellings. And to this extent, I have excepted the statement that he has made in several of those meetings: Let's not inundate District 110 with all of the multifamily dwellings. Share this with other communities and other districts.

It's nothing against the project as far as its construction has entered into the conversation, but it is the density of multifamily dwellings that is in District 110 proposed. Now, let me sum it up between what he does and what I am about.

Planned development is good when it receives the input from the community in which that development is to be made. You, the developers; you, the state, need to have the comments from the community in the way that it is going, and certainly I personally do not think this planned development ought to be built around multifamily dwellings. Thank you.

MR. HARLESS: Thank you. At this time is there anyone else here tonight that would like to speak? Please come forward and state your name for the record.

MS. JONES: For the record, my name is Jill Wagner Jones. I'm a physician in the area and I grew up in Oak Cliff, went to Bishop College, went to South Oak

Cliff High school. I still live in Oak Cliff. And I have a business; my practice is on Lancaster Road which is in the district.

I have great concern -- of course, when I heard about the project, I had great concerns about what the possibilities were for that community because while I don't live in the immediate community, I do live in the surrounding community and I do have a business there.

Recently we put over $500,000 worth of business in that community. I have watched the erosion of South Oak Cliff over the past 20 years. When I came back to Dallas as a resident in training, as a physician in training, my salary was $32,000 a year. I would have qualified for one of these apartments.

I had no place to live in that community that was safe and that was affordable, and so I had to look elsewhere. Many people just like me, who grew up in that community, want to come back to the community, and we have no place to go. We all cannot start out owning a $200,000 house. It's not feasible.

I think that often based on past experiences of other people that we close the door on new possibilities. So I'm concerned that we will say no to somebody who's trying to work with us and get our input and miss an opportunity that may be a good thing for the community at large.

So as it stands today, I am a person who says yes to the possibilities, and I want to look at and sit down and see what else is available in this project and what can they deliver. I would really like to see more development in this area. I am tired of looking at empty lots and closed-down businesses because people do not bring businesses to places that they will not have people to service. They just don't come. So I stand for this.

MR. HARLESS: Thank you. Anyone else who would like to speak?

Please state your name for the record and watch your step.

MS. ROBERTSON: My name is Consuela Robertson. I currently live at the Rosemont at Arlington Park, and I've heard everybody's concerns about their neighborhood and property failure going down, and I'm sure crime is a concern, but as a resident at Rosemont at Arlington Park, the quality of the complex is going to depend on the quality of the management. Our management enforces the rules. If the rules are broken, there are warnings issued and then the next step is you have to move.

My husband and I, we have four children. We needed a place to stay that we could afford and that was safe for us to raise our children. We are not people of a low moral standard. We -- you know, we believe in God and all that good stuff, so we're not going to rob homes and so on.

I know there's a certain stereotype that goes along with these people that fall in this low income bracket. But I just come here to say that we're not all bad, and we would like a safe place to raise our children too. Thank you.

MR. HARLESS: Thank you.

(Pause.)

MR. HARLESS: Please state your name for the record.

MR. MUNEZ: My name is Anthony Munez.

MR. HARLESS: Could you spell the last name?

MR. MUNEZ: M-U-N-E-Z.

MR. HARLESS: Thank you.

MR. MUNEZ: Yes, I've lived in the neighborhood for -- actually, I've been in my house for 47 years, and I like the sound of some of this, but one of my concerns here is that while this is a meeting, I understand, to get some feedback from us, the community, I think it's a little unrealistic to get anything from us when like as some said, we didn't -- I didn't even know about this meeting until the last minutes.

I didn't know about the one at one o'clock. I saw a sign along the highway in the woods. I saw some guys putting it up and I was curious what it was. So I stopped one day and got out of my truck and went into the woods there to read and find out about the meeting.

So -- and with today's technology, which even some of the you, you brought, there's no reason why with very little time and almost no money at all, everyone in the community could be notified on information about the project. We could know about this, and they could have given more input.

Basically, we're just listening to what you have to say, which is okay, but again, we have no way to comment on anything because we know nothing about it. And with the internet today, there's no reason why we couldn't find out more about it. And that's basically it.

MR. HARLESS: Thank you. Would anyone else like to speak tonight?

(No response.)

MR. HARLESS: If not, then -- anybody else would like to speak -- certainly welcome.

(No response.)

MR. HARLESS: If not, I would like to thank everyone for attending the hearing. Your comments have been duly recorded. The meeting is now adjourned. Let the record show that it is now 8:30.

(Whereupon, at 8:30 p.m., the meeting was concluded.)

C E R T I F I C A T E

IN RE: Public Hearing on Wheatland Villas

LOCATION: Dallas, Texas

DATE: July 22, 2002

I do hereby certify that the foregoing pages, numbers 1 through 35, inclusive, are the true, accurate, and complete transcript prepared from the verbal recording made by electronic recording by Barbara Wall before the Texas Department of Housing and Community Affairs.

7/25/2002

(Transcriber) (Date)

On the Record Reporting, Inc.
3307 Northland, Suite 315
Austin, Texas 78731

Agenda Item No. 5(c)

PRESENTATION, DISCUSSION AND POSSIBLE APPROVAL OF RECOMMENDED ACTIONS RELATED TO A REQUEST FOR PROPOSALS FOR TRUSTEE SERVICES FOR THE DEPARTMENT'S SINGLE FAMILY BOND ISSUES AND OTHER RELATED MATTERS

In June 2002, TDHCA's Board approved issuing a request for proposals ("RFP") from qualified institutions to serve as trustee for TDHCA's single family bond issues and/or refundings. TDHCA issued the RFP on Friday, June 28, 2002. Responses to the RFP were due Friday, July 26, 2002. Six responses were received. Due to deficiencies noted in all of the responses, Staff concluded it is in TDHCA's best interest to refrain from pursuing any selection process until a later time. Staff recommends that TDHCA not proceed with any action on this RFP.

RECOMMENDATION

The Board not proceed with any action on this RFP and start the trustee RFP process over later this year.

August 8, 2002

Title First Name MI. Last Name
Job Title
Department
Company
Address 1
Address 2
City, State Zip Code

Re: Texas Department of Housing and Community Affairs'
2002 Request for Proposals for Trustee Services.

Dear Title Last Name:

Thank you for your response to the Texas Department of Housing and Community Affairs' 2002 Request for Proposals for Trustee Services. After a careful review of all submissions, TDHCA has decided not to proceed with any action on the RFP and concluded it is in TDHCA's best interest to refrain from pursuing any selection process until a later time.

Numerous deficiencies throughout all of the responses contributed to this outcome. These factors included the following:

- Non-responsive answers to RFP questions,
- Omission of requested information without an explanation why no response was given,
- Omission of a question without an explanation why no response was given, and
- Insignificant single family mortgage revenue bond experience.

Again, thank you for your interest in providing trustee services to TDHCA.

Sincerely,

Byron V. Johnson
Director of Bond Finance

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
OFFICE OF COLONIA INITIATIVES
"FY 2002 Texas Bootstrap Loan Program"

SUMMARY

In 2001, the Texas Legislature amended this program that requires the Owner Builder Loan Program, also known as the Texas Bootstrap Loan Program that requires the Owner Builder Loan Program, to be funded $3 million per year until 2010. The new legislation also removed the requirement that the owner-builder must reside with two other family members and increased the maximum loan amount to $30,000. The total loan amount of all loans from the Texas Department of Housing and Community Affairs (the Department) and other entities cannot exceed $60,000 per unit.

The Department is required to set aside at least two-thirds of the available funds for owner-builders whose property is located in an Economically Distressed Area (EDA) counties, as defined under Subchapter K, Chapter 17, Texas Water Code. The majority of the EDA counties are located along the Texas-Mexico border region. The remainder of the funding will be available to department certified nonprofit Owner-Builder Programs in the State of Texas.

This program will provide $3 million available for mortgage loans to very low-income families. This program is a self-help construction program, which is primarily designed to allow very low-income residents an opportunity to help themselves through the form of sweat equity. The borrowers are required to provide at least 60 percent of labor that is necessary to construct or rehabilitate the home under this program. In addition nonprofit organizations can combine these program lending funds with other sources such as private lending institutions, local governments, private grants, or any other sources, however all combined sources can not exceed $60,000 per home.

On March 31, 2002, the Department announced the availability of $2,850,000 million from the Texas Housing Trust Fund and Bond Program to implement the Texas Bootstrap Loan Program. Deadline for submission of applications was at 5:00 p.m. on May 31, 2002. The OCI withheld $150,000 from the $3 million for a Technical Assistance Provider. After much consideration, staff decided to include these funds with the $2,850,000 notice of funding Availability. Our Legal Division concurred with this decision.

During the month of June and July 2002, the Department scored and reviewed all submitted applications. The attached spreadsheet provides details regarding the individual proposals.

RECOMMENDATION

Request approval of $3 million in Texas Housing Trust Fund and Bond Program funds to be awarded to the following organizations, in order to implement the FY 2002 Texas Bootstrap Loan Program to build and/or rehabilitate 147 units for very low-income families:

Applicant	**Amount Recommended**
Community Development of Brownsville Corporation	$800,000
Pharr Housing Development Corporation/Rio Grande Habitat for Humanity, Inc.	$312,000
La Gloria Development Corporation	$405,600
Community Action Social Services & Education, Inc.	$142,594
Community Services of South Texas	$156,000
Lower Valley Housing Corporation	$1,080,000
Alianza Para El Desarrollo Comunitario, Inc.	$103,806
TOTAL	**$3,000,000**

Agenda Item No. 6(b)

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
BOARD OF DIRECTORS' MEETING
AUGUST 8, 2002

PRESENTATION, DISCUSSION AND POSSIBLE APPROVAL OF AUTHORIZATION FOR THE TDHCA EXECUTIVE DIRECTOR TO REQUEST REDUCTION OF THE STATE OF TEXAS 2002 HOME INVESTMENT PARTNERSHIPS (HOME) PROGRAM ALLOCATION TO PROVIDE $216,000 TO ASSIST THE WASHINGTON COUNTY/BRAZOS VALLEY CONSORTIUM IN MEETING THE HUD REQUIREMENTS TO BE DESIGNATED A PARTICIPATING JURISDICTION UNDER THE HOME PROGRAM

The proposed Washington County/Brazos Valley Consortium* has submitted a request for $216,000 in 2002 HOME program funds to assist in meeting the U.S. Department of Housing and Urban Development (HUD) requirement to be designated a participating jurisdiction (PJ) under the HOME Program. HUD requires that a consortium have at least $750,000 in funding. HUD will provide $534,000 for the Washington County/Brazos Valley Consortium. The balance is the requested $216,000.

The Department has been in numerous discussions with Brazos Valley Affordable Housing staff in efforts to identify other sources to meet the $216,000 HUD requirement for the Washington County/Brazos Valley Consortium. The use of deobligated funds do not appear to be an option due to the Deobligation Policy adopted by the Board on January 17, 2002, The Deobligation policy gives priority to Disaster Relief projects. In addition, the Department has been advised that there are 36 counties that have been declared disaster areas by FEMA (Disaster 1425) and the approximate housing need may reach $30,250,000 (only $6,000,000 in HOME deobligated funds are available). Staff does not recommend the use of these funds.

HUD is considering allowing a portion of the line of credit that Brazos Valley Affordable Housing is utilizing in conjunction with a housing project in the City of Navasota as part of the required $750,000. Upon meeting the $750,000 requirement, HUD would designate the consortium as a PJ. If HUD approves the line of credit in lieu of the $216,000, State HOME funds will not be required.

Technically, the communities included in the consortium are non-participating jurisdictions and do not currently qualify to receive HOME funds directly from HUD, and if Sec. 2306.111(c), Texas Government Code (attached), is interpreted broadly, the request that the U.S. Dept. of Housing and Urban Development reduce the 2002 State HOME allocation by the $216,000 and assist the consortium in meeting the HUD requirements may be an option. Washington County/Brazos Valley Consortium has a deadline of August 16, 2002, to submit their abbreviated Consolidated Plan which needs to include documentation that the $216,000 is available.

RECOMMENDATION:
That the Board consider authorizing the TDHCA Executive Director to request that HUD reduce the 2002 State of Texas HOME allocation by $216,000 to assist the Washington County/ Brazos Valley Consortium in meeting the HUD requirements to be designated a Participating Jurisdiction under the HOME Program.

*Counties of Brazos, Burleson, Grimes, Leon, Madison, Robertson, and Washington and the cities of Anderson, Bremond, Brenham, Buffalo, Caldwell, Calvert, Centerville, Franklin, Hearne, Jewett, Midway, Navasota, Oakwood, Snook and Somerville.

SUBCHAPTER F. HOUSING FINANCE DIVISION: GENERAL PROVISIONS

§ 2306.111. Housing Funds

(a) The department, through the housing finance division, shall administer all federal housing funds provided to the state under the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. Section 12704 et seq.) or any other affordable housing program.

(b) The housing finance division shall adopt a goal to apply an aggregate minimum of 25 percent of the division's total housing funds toward housing assistance for individuals and families of extremely low and very low income.

(c) In administering federal housing funds provided to the state under the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. Section 12701 et seq.), the department shall expend at least 95 percent of these funds for the benefit of non-participating areas that do not qualify to receive funds under the Cranston-Gonzalez National Affordable Housing Act directly from the United States Department of Housing and Urban Development. All funds not set aside under this subsection shall be used for the benefit of persons with disabilities who live in areas other than non-participating areas.

(d) The department shall allocate housing funds provided to the state under the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. Section 12701 et seq.), housing trust funds administered by the department under Sections 2306.201-2306.206, and commitments issued under the federal low income housing tax credit program administered by the department under Subchapter DD to each uniform state service region based on a formula developed by the department that is based on the need for housing assistance and the availability of housing resources, provided that the allocations are consistent with applicable federal and state requirements and limitations. The department shall use the information contained in its annual state low income housing plan and shall use other appropriate data to develop the formula. If the department determines under the formula that an insufficient number of eligible applications for assistance out of funds or credits allocable under this subsection are submitted to the department from a particular uniform state service region, the department shall use the unused funds or credits allocated to that region for all other regions based on identified need and financial feasibility.

(e) The department shall include in its annual low income housing plan under Section 2306.0721:

(1) the formula developed by the department under Subsection (d); and

(2) the allocation targets established under the formula for each uniform state service region.

(f) The department shall include in its annual low income housing report under Section 2306.072 the amounts of funds and credits allocated to each uniform state service region in the preceding year for each federal and state program affected by the requirements of Subsection (d).

(g) For each uniform state service region, the department shall establish funding priorities to ensure that:

(1) funds are awarded to project applicants who are best able to meet recognized needs for affordable housing, as determined by the department;

(2) when practicable and when authorized under Section 42, Internal Revenue Code of 1986 (26 U.S.C. Section 42), the least restrictive funding sources are used to serve the lowest income residents; and

(3) funds are awarded based on a project applicant's ability, when consistent with Section 42, Internal Revenue Code of 1986 (26 U.S.C. Section 42), practicable, and economically feasible, to:

(A) provide the greatest number of quality residential units;

(B) serve persons with the lowest percent area median family income;

(C) extend the duration of the project to serve a continuing public need;

(D) use other funding sources to minimize the amount of subsidy needed to complete the project; and

(E) provide integrated, affordable housing for individuals and families with different levels of income.

(h) The department by rule shall adopt a policy providing for the reallocation of financial assistance administered by the department, including financial assistance related to bonds issued by the department, if the department's obligation with respect to that assistance is prematurely terminated.

Agenda Item No. 6(c)

Approval of Resolution for Designation of Role and Signature Authority for the Texas Department of Housing and Community Affairs Environmental Responsibilities

BACKGROUND:

The administration of environmental review of HOME funds requires the Certifying Officer, the Executive Director of the Department, to assume HUD environmental responsibilities in accordance with 24 CFR Part 58; and this role may only be delegated by Resolution of the Board of Directors, and, may only be delegated to a direct employee of the Department, the Executive Director wishes to delegate this role and signature authority to the Director of Housing Finance Programs or the designated successor.

This action will expedite the environmental review process. It will allow the expenditure of HUD funds to be made available to local government, non-profit and for profit organizations which have been awarded funding from the Department.

RECOMMENDATION:

The Board of Directors approve this Resolution.

RESOLUTION NUMBER 02-040
RESOLUTION OF THE BOARD OF DIRECTORS OF ROLE AND SIGNATURE AUTHORITY FOR THE DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS ENVIRONMENTAL RESPONSIBILITIES

WHEREAS, the Texas Department of Housing and Community Affairs, a public and official governmental agency of the State of Texas, (the "Department") was created and organized pursuant to and in accordance with the provisions of Chapter 2306, Texas Government Code, as amended, (together with other laws of the State applicable to the Department, collectively, the "Act"); and

WHEREAS, the Act authorizes the Department: (a) to make and acquire and finance, and to enter into advance commitments to make and acquire and finance, mortgage loans and participating interests therein, secured by mortgages on residential housing in the State of Texas (the "State"); (b) to issue its bonds, for the purpose of, among other things, obtaining funds to acquire or finance such mortgage loans, to establish necessary reserve funds and to pay administrative and other costs incurred in connection with the issuance of such bonds; and (c) to pledge all or any part of the revenues, receipts or resources of the Department, including the revenues and receipts to be received by the Department from such single family mortgage loans of participating interests, and to mortgage, pledge or grant security interests in such mortgages of participating interests, mortgage loans or other property of the Department, to secure the payment of the principal or redemption price of and interest on such bonds; and

WHEREAS, the administration of environmental review of HOME funds requires the Certifying Officer, the Executive Director of the Department, to assume HUD environmental responsibilities in accordance with 24 CFR Part 58; and this role may only be delegated by Resolution of the Board of Directors, and, may only be delegated to a direct employee of the Department, the Executive Director wishes to delegate this role and signature authority to the Director of Housing Finance Programs or the designated successor; and

WHEREAS, the Governing Board has now determined this Resolution Number 02-040, delegating the role and signature authority of HUD environmental responsibilities in accordance with 24 CFR Part 58 to the Director of Housing Finance Programs should be authorized.

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

<u>Section 1 -- Delegation Of Role and Signatory Authority For Environmental review of HOME Funds</u>. The Governing Board hereby authorizes and delegates the role and signature authority of HUD environmental responsibilities in accordance with 24 CFR Part 58 to the Director of Housing Finance Programs or the designated successor;

<u>Section 2 -- Execution of Documents</u>. The Governing Board hereby authorizes the Executive Director or the Acting Executive Director to execute, on behalf of the Department, any and all documents necessary to effect this Resolution.

<u>Section 3 -- Effective Date</u>. This Resolution shall be in full force and effect from and upon its adoption.

<u>Section 4 -- Open Meetings; Open Records</u>. Written notice of the date, hour and place of the meeting of the Governing Board at which this Resolution was considered and of the subject of this Resolution was furnished to the Secretary of State and posted on the Internet for at least seven (7) days preceding the convening of such meeting, during the regular office hours, a computer terminal located in a place convenient to the public, in the office of the Secretary of State, was provided such that the general public could view such posting; that such meeting was open to the public as required by law at all times

during which this Resolution and the subject matter hereof was discussed, considered and formally acted upon, all as required by the Open Meetings Law, Chapter 551, Texas Government Code, as amended; and that written notice of the date, hour and place of the meeting of the Board and of the subject of this Resolution was published in the Texas Register at least seven (7) days preceding the convening of such meeting, as required by the Administrative Procedure and Texas Register Act, Chapters 2001 and 2002, Texas Government Code, as amended. Additionally, all of the materials in the possession of the Department relevant to the subject of this Resolution were sent to interested persons and organizations, was posted on the Department's website and made available in hard-copy at the Department, and filed with the Secretary of State for publication by reference in the Texas Register not later than seven (7) days before the meeting of the Board, as required by Section 2306.032, Texas Government Code, and amended.

PASSED AND APPROVED this 8th day of August, 2002.

____
Chair of the Governing Board

ATTEST:

____
Secretary to the Board
(SEAL)

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Housing Trust Fund
And
Housing Trust Fund / State Energy Conservation Office
Combined
Notice of Funding Availability (NOFA)

Housing Trust Fund Development Cycle NOFA

The Texas Department of Housing and Community Affairs, through its Housing Trust Fund, is pleased to announce that it will make available approximately Four Million Nine Hundred Fifty One Thousand Nine Hundred Seventy Seven dollars ($4,951,977) to finance, acquire, rehabilitate, and develop safe, decent and affordable housing for low, very low, and extremely low income individuals and families; including persons with special needs.

The Housing Trust Fund provides gap financing to eligible single family and multifamily developments, in an effort to ensure that affordable housing providers obtain the total funding necessary for the completion of their developments. Funds will be awarded pursuant to the Department's Regional Allocation Formula as required by Section 2306.111 of the Government Code. Mixed income developments that include market rate units are encouraged, provided a portion of the units are reserved for families or individuals at or below eighty percent (80%) of Area Median Family Income and for persons with special needs.

Targeting of Extremely Low Income in 2002

In an effort to encourage the production of affordable housing for persons and families of Extremely Low Income, the Housing Trust Fund is setting a goal of directing $2,000,000 towards housing for this income group. In order to achieve our goal, **at least 40% of each Housing Trust Fund development award** in this cycle must be used for the development of units that serve residents earning 30% or less of the Area Median Family Income (AMFI). Therefore, the following requirements apply to the 2002 Development Cycle:

1) The maximum amount of HTF dollars provided for Extremely Low Income units (30% and below of AMFI) will be capped at $70,000 per unit.

2) The maximum amount of HTF dollars provided for Very Low Income units (31-60% of AMFI) will be capped at $18,000 per unit.

3) The maximum amount of HTF dollars provided for Low Income units (61- 80% of AMFI) will be capped at $1,500 per unit.

The average cost per unit of any HTF funded units in the development cannot exceed the total cost of the development divided by the total number of units in the development.

The available funding will be allocated to each Uniform State Service Region as required by the Department's Regional Allocation Formula. The 2002 Regional Allocation Formula will be approved by the Texas Department of Housing and Community Affairs Board of Director's at the December 2001 meeting. While the total amount available in both the HTF Development program and the SECO program statewide is final, the regional allocation outlined in this NOFA is an estimate until final approval by the TDHCA Board of Directors. The *anticipated* funding available to each region is as follows:

Region 1	(Allocation Factor of 4.30%)	$ 214,035
Region 2	(Allocation Factor of 3.00%)	$ 149,522
Region 3	(Allocation Factor of 14.00%)	$ 694,141
Region 4	(Allocation Factor of 5.80%)	$ 288,685
Region 5	(Allocation Factor of 4.60%)	$ 228,196
Region 6	(Allocation Factor of 18.8%)	$ 978,896
Region 7	(Allocation Factor of 9.30%)	$ 461,289
Region 8A	(Allocation Factor of 11.60%)	$ 573,094
Region 8B	(Allocation Factor of 18.80%)	$ 928,762
Region 9	(Allocation Factor of 3.00%)	$ 149,641
Region 10	(Allocation Factor of 5.80%)	$ 285,718
Total Available Funding		$ 4,951,977

Eligible applicants, which include local units of government, nonprofit organizations, for profit entities, public housing authorities (PHAs), and community housing development organizations (CHDOs), may compete on a statewide basis for the following amounts:

$ 3,658,390 *Reserved for eligible nonprofits and CHDOs*
$ 1,293,587 *Available to all eligible applicants*

Housing Trust Fund/ State Energy Conservation Office (SECO) NOFA:

The Texas Department of Housing and Community Affairs' (TDHCA) Housing Trust Fund, in conjunction with the Comptroller of Public Accounts' State Energy Conservation Office (SECO), is please to announce the availability of One Million Six Hundred Sixty Seven Thousand Nine Hundred Twenty One dollars ($1,667,921) of Exxon Oil Overcharge funds to be utilized in both single family and multifamily developments throughout the state. These funds will be made available on a dollar-for-dollar match basis and applicants may count the dollar value of in-kind contributions as matching funds.

The maximum program award amount per applicant is Three Hundred Twenty Five Thousand dollars ($325,000) with a limit of Fifteen Hundred dollars ($1,500) per unit. However, specific award amounts are subject to the limits established for each region by the Department's Regional Allocation Formula. The *anticipated* funding available to each region is as follows:

Region 1	(Allocation Factor of 4.30%)	$ 72,091
Region 2	(Allocation Factor of 3.00%)	$ 50,362
Region 3	(Allocation Factor of 14.00%)	$ 233,800
Region 4	(Allocation Factor of 5.80%)	$ 97,235
Region 5	(Allocation Factor of 4.6%)	$ 76,861
Region 6	(Allocation Factor of 19.80%)	$ 329,711
Region 7	(Allocation Factor of 9.30%)	$ 155,371
Region 8A	(Allocation Factor of 11.60%)	$ 193,029
Region 8B	(Allocation Factor of 18.80%)	$ 312,825
Region 9	(Allocation Factor of 3.00%)	$ 50,402
Region 10	(Allocation Factor of 5.80%)	$ 96,235
Total Available Funding		$ 1,667,921

These funds may be used to improve the energy efficiency of housing which serves individuals and families whose income is at or below eighty percent (80%) of Area Median Family Income. Applicants of HTF/SECO funding which apply and are recommended for HTF development cycle funding will receive a priority over applicants seeking HTF/SECO funding exclusively.

Eligible applicants include local units of government, nonprofit organizations, for profit organizations, public housing authorities (PHAs), and community housing development organizations (CHDOs).

General Information for both NOFAs:

Applications meeting threshold criteria will be evaluated and scored within categories including but not limited to Leveraging, Project Scope, Services & Income Targeting, Area Need, and Innovation & Energy Conservation. Applications will then be selected based on program scoring criteria (which is included in the combined application package), underwriting criteria, and geographic dispersion. The Housing Trust Fund desires to select a diverse group of single family and multifamily developments that will serve varied populations throughout the state.

Applicants for either or both programs are requested to download the HTF–HTF/SECO combined application package from the Housing Trust Fund web page of the TDHCA web site located at ***http://www.tdhca.state.tx.us/htf.htm*.** Applicants may also request a diskette or hard copy version of the combined application package. Application packages will be transmitted via first class U.S. Postal Service unless applicants request transmittal via overnight courier and provide the name and account number of their desired courier.

The Department's Board of Directors reserves the right to change the award amount, and to award less than the requested amount.

Applications must be submitted on or before 5:00 p.m., March 1, 2002.

FAXED APPLICATIONS WILL NOT BE ACCEPTED.

All interested parties with a viable single family or multifamily development are encouraged to participate in these programs. Applications will be available on December 7, 2001. Workshops for this application will be held at various locations throughout the state during December 2001 and January, 2002. For additional information, time and date of workshops, or to request an application package, please call the Housing Trust Fund Office at (512) 475-1458, check the Department's web site at www.tdhca.state.tx.us or e-mail your request to ***shiggins@tdhca.state.tx.us***. Please direct your applications to:

Texas Department of Housing and Community Affairs
Housing Trust Fund **-** *Attn: Keith Hoffpauir*
Post Office Box 13941
Austin, Texas 78711-3941

Or by courier to:
507 Sabine, Suite 400
Austin, Texas 78701

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

HOUSING TRUST FUND

2002 Application Cycle -December & January Workshops Round I

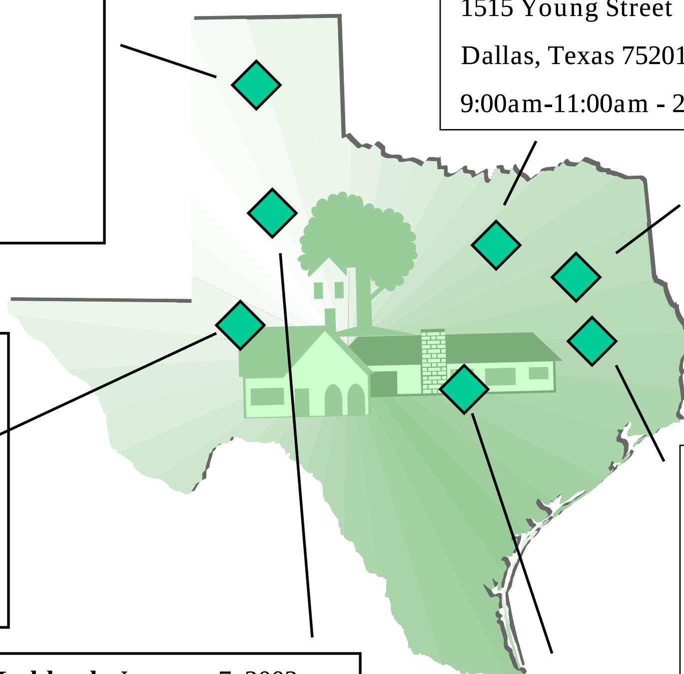
Applications for the 2002 Housing Trust Fund Funding Cycles will be available December 7, 2001, at the workshops, on our web-site (www.tdhca.state.tx.us/htf.htm), by written request, or by calling the number below.

The deadline for submitting applications is 5:00pm, March 1, 2002. Funds will be available for single family and multifamily housing development activities, and for energy efficiency measures.

Get a head start on your HTF application by attending one of our application workshops!

Amarillo, January 11, 2002
Amarillo Public Library
Room A
413 E. 4th Street
Amarillo, Texas 79101
9:00am - 11:00am
806-378-3054

Dallas, January 8, 2002
Dallas Public Library - West Room
1515 Young Street
Dallas, Texas 75201
9:00am-11:00am - 214-670-7800



Tyler, December 17, 2001
City Council Chambers
212 N. Bonner Avenue
Tyler, Texas
9:00am-11:00am - 903-531-1106

idland, January 11, 2002
idland County Library
1 W. Missouri
idland, Texas 79701
30 am - 11:00am
5-688-8991

Nacogdoches, December 18, 2001
City Library / Meeting Room
1112 North Street
Nacogdoches, Texas
9:00am-11:00am - 214-670-7800

Lubbock, January 7, 2002
Groves Library
5520 19th Street
Lubbock, Texas 79407
9:00 am - 11:00am
806-775-2826

Austin, January 9, 2002
TDHCA Headquarter
507 Sabine Street
Austin, Texas 78711
9:00 am - 11:00 am
512-475-3344

or more information, contact the Housing Trust Fund at (512) 475-1458; P.O. Box 13941, Austin, TX 78711-3941.

Individuals who require auxiliary aids or services for this meeting should contact Gina Arenas, ADA Responsible Employee,

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

HOUSING TRUST FUND

2002 Application Cycle - January Workshops Round II

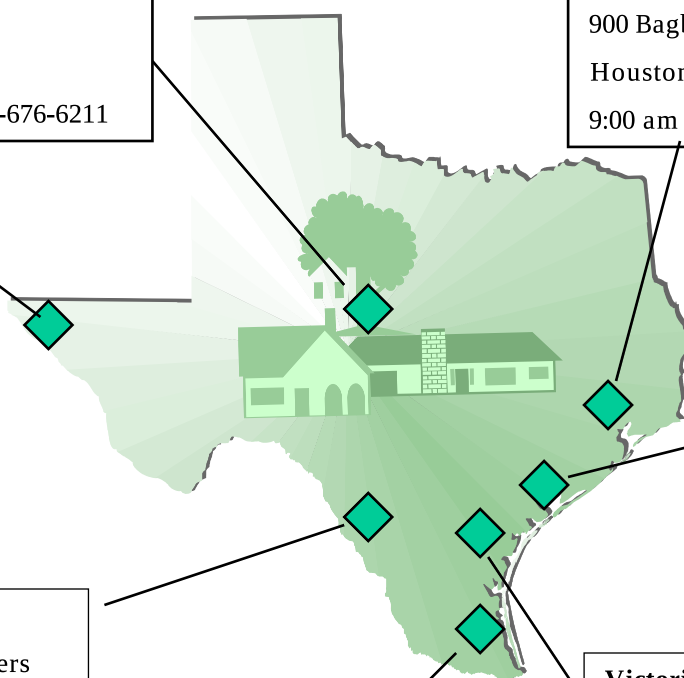
Applications for the 2002 Housing Trust Fund Funding Cycles will be available December 7, 2001, at the workshops, on our web-site (www.tdhca.state.tx.us/htf.htm), by written request, or by calling the number below.

The deadline for submitting applications is 5:00pm, March 1, 2002. Funds will be available for single family and multifamily housing development activities, and for energy efficiency measures.

Get a head start on your HTF application by attending one of our application workshops!

Abilene, January 14, 2002
Abilene Civic Center RM 202-2
1100 N. 6th Street
Abilene, Texas 79601
9:00 am - 11:00am - 915-676-6211

Houston, January 16, 2002
City Hall Annex - Public Level Conference Room
900 Bagby
Houston, Texas 77002
9:00 am - 11:00 am(713) 247-1000



Paso, January 14, 2002
Paso State Building
E. Franklin
floor conference room
Paso, Texas 79901
00 am - 12:00 noon
-834-4925

Corpus Christi, January 17, 2002
Tejas 106 C-University Center
6300 Ocean Drive
Corpus Christi, Texas 78412
9:00am-11:00am - 361-825-2778

Rio, January 18, 2002
y of Del Rio Council Chambers
Broadway
Rio, Texas 78840
0am-11:00am - 830-773-2279

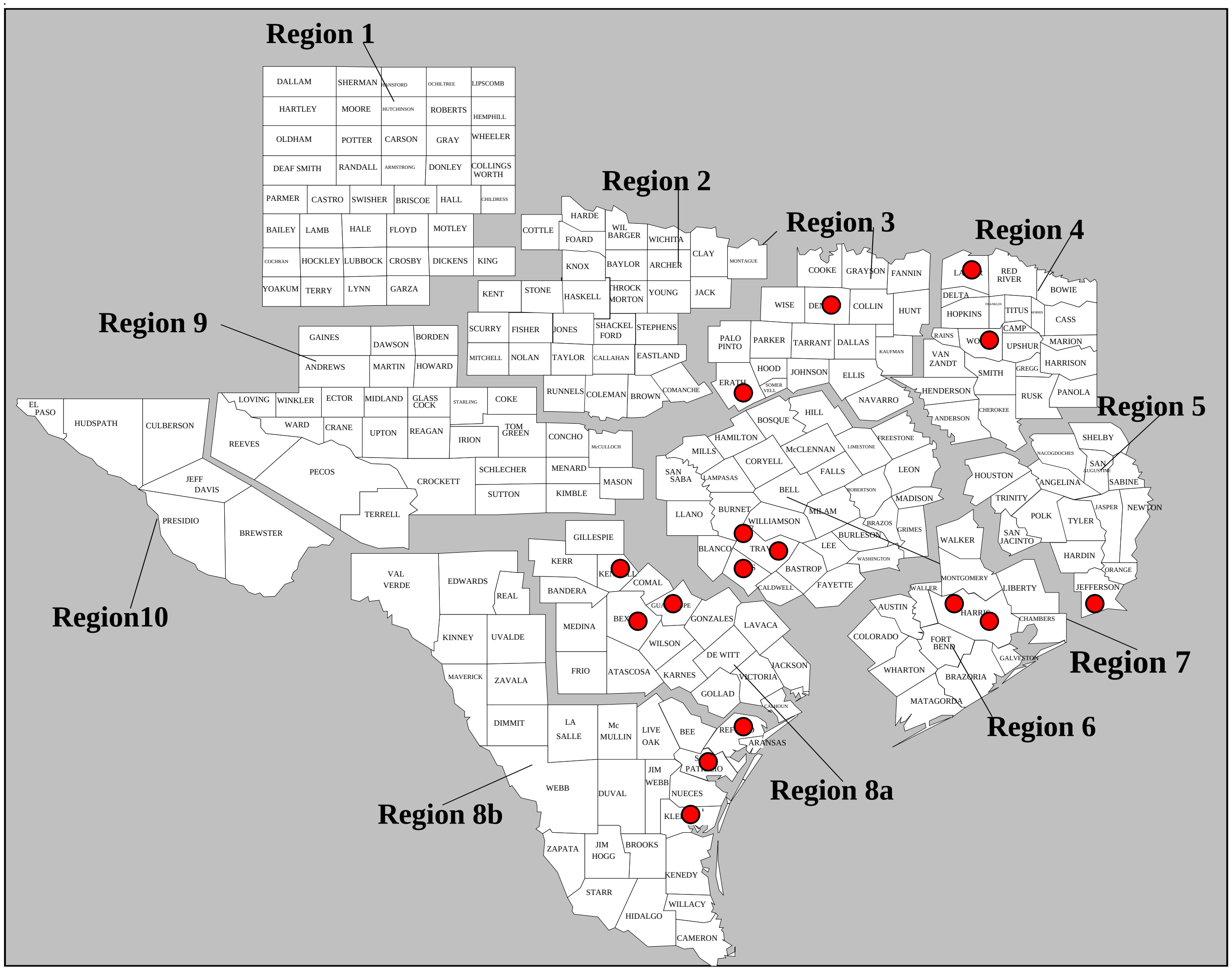
Victoria, January 17, 2002
Victoria Public Library/Bronte Room
302 N. Main
Victoria, Texas 77901
9:00am-11:00am - 361-572-2704

Harlingen, January 15, 2002
Harlingen Public Library
410 76th Drive
Harlingen, Texas 78550
10:00 am- Noon -(956) 430-6650

or more information, contact the Housing Trust Fund at (512) 475-1458; P.O. Box 13941, Austin, TX 78711-3941.

Individuals who require auxiliary aids or services for this meeting should contact Gina Arenas, ADA Responsible Employee,

Housing Trust Fund/SECO 2002 Recommended Development Locations



CHAS Region 3
Denton Affordable Housing Corp.
Augusta Hills, L.P.

CHAS Region 4
Paris Retirement Village
Mineola Housing Authority

CHAS Region 5
The Greens on Turtle Creek, LTD

CHAS Region 6
Houston Copperwood Apts.
Fountains at Tidwell, Ltd.

CHAS Region 7
Housing Auth. of Travis County
Housing Associates of Kyle, Ltd.
Grove Place Partners, Ltd.

CHAS Region 8a
Habitat for Humanity of San Antonio
National Church Residences of Seguin
Boerne Park Meadows Apts., L.P.

CHAS Region 8b
Community Retirement Center of Aransas Pass
Affordable Housing of Kingsville
DMA Community Partners II, Inc.

Housing Trust Fund
2002 Funding Cycle - Analysis of Recommended Projects

Application Number	Type	Applicant	City	County	LIHTC or Bonds	HTF Amount Requested	HTF Amount Recommended	SECO Amount Requested	SECO Amount Recommended	Rural/ Urban	Housing Type	Low Income Units	Very Low Income Units	Ext. Low Income Units	Elderly	Persons with Disabilities	Other Special Needs	Total HTF Units	Total Project Units	Project Score
2-02-004	forprofit	Community Retirement Center Aransas Pass	Aransas Pass	San Patrico	1	$ 58,900	$ 58,900	$ 26,600	$ 26,600	Rural	MF	0	74	2	70	6	0	76	76	133
2-02-010	forprofit	Affordable Housing of Kingsville II, Ltd.	Kingsville	Kleberg	1	$ 110,000	$ 110,000	$ 30,000	$ 30,000	Rural	MF	0	118	2	0	9	3	120	120	130
2-02-011	forprofit	Paris Retirement Village, Ltd.	Paris	Lamar	1	$ 45,000	$ 45,000	$ -	$ -	Rural	MF	0	67	1	68	6	0	68	76	140
2-02-015	forprofit	Housing Associates of Kyle, Ltd.	Kyle	Hays	1	$ 30,000	$ 30,000	$ 10,000	$ 10,000	Rural	MF	0	78	2	0	9	2	80	104	131
2-02-020	forprofit	Augusta Hills LP	Stephenville	Erath	1	$ 456,000	$ 456,000			Rural	MF	0	73	3	0	6	2	76	76	96
2-02-005	forprofit	Fountains at Tidwell, Ltd.	Houston	Harris	2	$ 225,000	$ 225,000	$ 75,000	$ 75,000	Urban	MF	0	131	10	0	14	5	141	181	112
2-02-013	nonprofit	National Church Residences of Seguin	Seguin	Guadalupe	2	$ 350,000	$ 350,000	$ 84,000	$ 84,000	Urban	MF	0	54	2	56	5	0	56	60	115
2-02-025	forprofit	The Greens on Turtle Creek, LTD	Port Arthur	Jefferson	2	$ 350,000	$ 350,000	$ 126,000	$ 126,000	Urban	MF	0	81	3	0	7	16	84	84	119
2-02-031	forprofit	DMA Community Partners II, Inc.	Refugio	Refugio	2	$ 175,000	$ 175,000	$ 48,000	$ 48,000	Rural	MF	0	31	1	0	3	4	32	32	129
2-02-002	forprofit	Boerne Park Meadows Apt's, LP	Boerne	Kendall	3	$ 375,000	$ 375,000	$ -	$ -	Rural	MF	0	97	3	100	8	0	100	100	108
2-02-016	nonprofit	Houston Copperwood Apartments, LP	Houston	Harris	3	$ 350,000	$ 350,000	$ 325,000	$ 325,000	Urban	MF	0	278	2	0	20	46	280	280	120
2-02-018	nonprofit	Grove Place Partners, Ltd.	Austin	Travis	n/a	$ 100,000	$ 100,000	$ -	$ -	Urban	MF	0	102	44	0	22	0	146	184	104
2-02-003	HA	Mineola HA	Mineola	Wood	n/a	$0	$ -	$ 42,438	$ 42,438	Rural	MF	0	6	14	0	1	0	20	20	108
2-02-009	nonprofit	Denton Affordable Housing Corp	Denton	Denton	n/a	$ 604,000	$ 604,000	$ 16,500	$ 16,500	Urban	MF	0	3	8	0	2	11	11	11	109
2-02-012	HA	Housing Authority of Travis County	Manor	Travis	n/a	$ 460,000	$ 346,720	$ 120,000	$ 120,000	Rural	MF	0	19	14	33	5	0	33	33	149
2-02-021	nonprofit	Habitat for Humanity	San Antonio	Bexar	n/a	$ 1,050,000	$ 1,050,000	$ -	$ -	Urban	SF	0	68	17	0	18	0	85	85	133
		Totals:				**$ 4,738,900**	**$ 4,625,620**	**$ 903,538**	**$ 903,538**			**0**	**1280**	**128**	**327**	**141**	**89**	**1408**	**1522**	

Development Funds:

Amount of General Revenue funds this cycle:	$ 3,035,547
Amount of Local Funds available this cycle:	$ 1,916,430
Total amount of funds available during this cycle:	$ 4,951,977
Total amount recommended for awards:	$ 4,625,620
REMAINING BALANCE for Next Funding Cycle:	$ 326,357
General Revenue funds unused:	$ -

SECO Funds:

Available:	$ 1,667,922
Requested:	$ 903,538
Recommended:	$ 903,538
Remaining funds:	$ 764,384

Application Statistics:

	Number	Amount
Applications received:	31	$10,732,973
Recommendations:	16	$5,529,158

	Ratio	Amount	
Funds Leveraged:	18.21:1	$100,729,119	(See Leveraging Page)

Funding by Awardee Type:

Nonprofit	$ 2,879,500
For Profit	$ 2,140,500
CHDO	$ -
PHA	$ 509,158
Local Govt.	$ -

LIHTC or Bonds:

1 = 2002 LIHTC 9% Credits
2 = 2001 LIHTC 9% Credits
3 = 2001 LIHTC 4% w/ Bonds

Funding by Area Status and Housing Type:

34%	Rural	$ 1,873,658
66%	Urban	$ 3,655,500
81%	MF (Multifamily)	$ 4,479,158
19%	SF (Single Family)	$ 1,050,000

2002 HOUSING TRUST FUND
FUND LEVERAGING

Application Number	Type	Applicant	City	County	Amount Requested	Amount Recommended	Total Development Costs	HTF Funds as a % of Total Dev. Costs	Rural/ Urban	Housing Type	Low Income Units	Very Low Income Units	Ext. Low Income Units	Special Needs Units	Total HTF Units	Total Project Units
2-02-002	forprofit	Boerne Park Meadows Apartments, LP	Boerne	Kendall	$ 375,000	$ 375,000	$ 7,520,049	4.98%	Rural	MF	0	97	3	100	100	100
2-02-003	HA	Mineola HA	Mineola	Wood	$42,438	$ 42,438	$ 84,876	50.00%	Rural	MF	0	6	14	1	20	20
2-02-004	forprofit	Community Retirement Center Aransas Pass	Aransas Pass	San Patrico	$ 85,500	$ 85,500	$ 4,227,406	2.02%	Rural	MF	0	74	2	76	76	76
2-02-005	forprofit	Fountains at Tidwell, Ltd.	Houston	Harris	$ 300,000	$ 300,000	$ 14,560,784	2.06%	Urban	MF	0	131	10	19	141	181
2-02-009	nonprofit	Denton Affordable Housing Corp	Denton	Denton	$ 620,500	$ 620,500	$ 1,012,785	61.26%	Urban	MF	0	3	8	11	11	11
2-02-010	forprofit	Affordable Housing of Kingsville, Ltd.	Kingsville	Kleberg	$ 140,000	$ 140,000	$ 7,315,614	1.91%	Rural	MF	0	118	2	12	120	120
2-02-011	forprofit	Paris Retirement Village, Ltd.	Paris	Lamar	$ 45,000	$ 45,000	$ 4,025,701	1.11%	Rural	MF	0	67	1	68	68	76
2-02-012	HA	Housing Authority of Travis County	Manor	Travis	$ 580,000	$ 466,720	$ 2,072,838	22.51%	Rural	MF	0	19	14	33	33	33
2-02-013	nonprofit	National Church Residences of Seguin	Seguin	Guadalupe	$ 434,000	$ 434,000	$ 4,317,355	10.05%	Urban	MF	0	54	2	56	56	60
2-02-015	forprofit	Housing Associates of Kyle, Ltd.	Kyle	Hays	$ 40,000	$ 40,000	$ 6,155,320	0.64%	Rural	MF	0	78	2	11	80	104
2-02-016	nonprofit	Houston Copperwood Apartments, LP	Houston	Harris	$ 675,000	$ 675,000	$ 20,785,430	3.24%	Urban	MF	0	278	2	56	280	280
2-02-018	nonprofit	Grove Place Partners, Ltd.	Austin	Travis	$ 100,000	$ 100,000	$ 12,913,473	0.77%	Urban	MF	0	102	44	22	146	184
2-02-020	forprofit	Augusta Hills, L.P.	Stephenville	Erath	$ 456,000	$ 456,000	$ 6,894,629	6.61%	Rural	MF	0	73	3	8	76	76
2-02-021	nonprofit	Habitat for Humanity	San Antonio	Bexar	$ 1,050,000	$ 1,050,000	$ 5,300,000	19.81%	Urban	SF	0	68	17	18	85	85
2-02-025	forprofit	The Greens on Turtle Creek, LTD	Port Arthur	Jefferson	$ 476,000	$ 476,000	$ 6,650,205	5.05%	Urban	MF	0	81	3	23	84	84
2-02-031	forprofit	DMA Community Partners II, Inc.	Refugio	Refugio	$ 223,000	$ 223,000	$ 2,421,812	9.20%	Rural	MF	0	31	1	7	32	32
		Totals:			**$ 5,642,438**	**$ 5,529,158**	**$ 106,258,277**	**5.20%**			**0**	**1280**	**128**	**521**	**1408**	**1522**

$$\text{Ratio} = \frac{\text{sum (Total Development Costs) - HTF Funding}}{\text{HTF Funding}}$$

$$\text{Ratio} = \frac{\$106{,}258{,}277 - \$5{,}529{,}158}{\$5{,}529{,}158}$$

$$\text{Ratio} = \frac{\$100{,}729{,}119}{\$5{,}529{,}158}$$

Ratio = 18.21 or 18.21 to 1

The "Ratio" describes the amount of non-HTF funding required for each HTF dollar provided in the aggregate sources of funds, necessary for the development of all HTF funded developments.

2001 APPLICATIONS SUBMITTED MARCH 1, 2002
SORTED BY CHAS REGION DOLLARS TOTALED

Application Number	HTF FUNDS	SECO FUNDS	BOTH	APPLICANT	PROJECT NAME	PROJECT ADDRESS	CITY	COUNTY	CHAS	SINGLE OR MULTI FAMILY	HTF AMOUNT REQUESTED	SECO AMOUNT REQUESTED	CITY CHDO	STATE CHDO	NON-PROFIT	FOR-PROFIT	PHA	HUB
2-02-001	x			Sunnah Corporation	St. Brendan's Place	300 block Burkett St.	Taylor	Williamson	7	Multifamily	$461,289.00			x	x			
2-02-002	x			Boerne Park Meadows Apts.,L.P.	Park Meadows Apartments	Calk Land & West San Antonio Street	Boerne	Kendall	8A	Multifamily	$375,000.00					x		
2-02-003		x		Mineola Housing Authority	West Meadow	Post Office Box 458 - Meredith & Phillips Sts.	Mineola	Wood	4	Multifamily		$42,438.00			x		x	
2-02-004			x	Community Retirement Aransas Pass	Aransas Pass Retirement Centre	2100 Blk W Wheeler	Aransas Pass	San Patricio	8B	Multifamily	$58,900.00	$26,600.00				x		x
2-02-005			x	Fountains at Tidwell, Ltd.	Fountains at Tidwell	2500 BlkW.Tidwell@Rosslyn	Houston	Harris	6	Multifamily	$225,000.00	$75,000.00				x		
2-02-006			x	Killeen Stone Ranch Apt. Homes, L.P.	Killeen Stone Ranch Apt. Homes	4400 Blk E. Rancier Ave.	Killeen	Bell	7	Multifamily	$175,000.00	$192,000.00			x			
2-02-007	x			Woodbranch Village, Ltd.	The Village @Prairie Creek	1216 Dowdy Ferry Road	Dallas	Dallas	3	Multifamily	$82,021.00					x		
2-02-008	x			Parkside Terrace, Ltd.	Parkside Terrace Seniors Apts.	3333 Corder	Houston	Harris	6	Multifamily	$103,000.00					x		
2-02-009			x	Denton Affordable Housing Corp.	Transitional Hsg./Victims of	111 Sawyer; 320 Mill; 412 Mill	Denton	Denton	3	Multifamily	$604,000.00	$16,500.00		x	x			
2-02-010			x	Affordable Housing of Kingsville II,Ltd.	King's Crossing	1700 Blk Corral Ave	Kingsville	Kleberg	8B	Multifamily	$110,000.00	$30,000.00				x		
2-02-011	x			Paris Retirement Village, Ltd.	Paris Retirement Village	1400 W. Washington St.	Paris	Lamar	4	Multifamily	$45,000.00					x		x
2-02-012			x	Housing Authority of Travis County	Manor Town Apartments	200-218 W. Carrie Manor St.	Manor	Travis	7	Multifamily	$460,000.00	$120,000.00					x	
2-02-013			x	National Church Residences of Seguin TX	Eden Place Senior Housing	NW corner Jefferson & Wallace Streets	Seguin	Guadalupe	8A	Multifamily	$350,000.00	$84,000.00			x			
2-02-014		x		Mayfair Apartments, L.P.	May fair Apartments	SEC of N. Shepherd & W. Little York	Houston	Harris	6	Multifamily		$228,000.00				x		x
2-02-015			x	Housing Associates of Kyle, Ltd.	Saddle Creek Apts. At Kyle	21100 Blk. Of IH35 N	Kyle	Hays	7	Multifamily	$30,000.00	$10,000.00				x		
2-02-016			x	Houston Copperwood Apts., L.P.	Copperwood Ranch Apts.	6833 Lakeview Haven Dr.	Houston	Harris	6	Multifamily	$350,000.00	$325,000.00	x		x			
2-02-017			x	Housing Associates of Paris, Ltd.	The Residences on Stillhouse Road	2600 Stillhouse Rd.	Paris	Lamar	4	Multifamily	$70,000.00	$30,000.00				x		x
2-02-018	x			Grove Place Partners, Ltd.	Grove Place Apartments	1881 Grove Blvd.	Austin	Travis	7	Multifamily	$100,000.00					x		
2-02-019	x			Greater El Paso Hsg. Dev. Corp.	El Presidio	12040 Socorro Rd.	San Elizario	El Paso	10	Single-family	$270,000.00				x			
2-02-020	x			Augusta Hills L. P.	Riverwalk Townhomes	1001 E. Washington St.	Stephenville	Erath	3	Multifamily	$456,000.00					x		
2-02-021	x			Habitat for Humanity of San Antonio	Vandewalle Property	NE&NW Corners Gena Rd&Old HWY90	San Antonio	Bexar	8A	Single-family	$1,050,000.00				x			
2-02-022	x			Winchester Woods, Ltd.	Ensenada De la Palma	W. Side Old Port Isabel Rd. S.of Linda Vista Dr.	Brownsville	Cameron	8B	Multifamily	$450,000.00					x		
2-02-023	x			The Mega Complex Outreach, Inc.	The Mega Complex Outreach Inc.	8447;8451 S. Breeze	Houston	Harris	6	Multifamily	$709,000.00				x			
2-02-024			x	Proyecto Azteca	Pueblo de Palmas Phase I Project	Washington Palm/Queen	La Joya	Hidalgo	8B	Single-family	$412,500.00	$22,500.00			x			

2001 APPLICATIONS SUBMITTED MARCH 1, 2002
SORTED BY CHAS REGION DOLLARS TOTALED

Application Number	HTF FUNDS	SECO FUNDS	BOTH	APPLICANT	PROJECT NAME	PROJECT ADDRESS	CITY	COUNTY	CHAS	SINGLE OR MULTI FAMILY	HTF AMOUNT REQUESTED	SECO AMOUNT REQUESTED	CITY CHDO	STATE CHDO	NON-PROFIT	FOR-PROFIT	PHA	HUB
2-02-025			x	The Greens on Turtle Creek, Ltd.	The Greens on Turtle Creek	3100/3200 Turtle Creek (southeast side, north of	Port Arthur	Jefferson	5	Multifamily	$350,000.00	$126,000.00				x		
2-02-026	x			Lake Como Area Council	Lake Como Estates	5700-5800 Blk.Farnsworth	Ft Worth	Tarrant	3	Single-family	$470,725.00			x	x			
2-02-027	x			DF Cedar View Apartments, L.P.	Cedar View Apartments	NE2nd St. &NE24th St	Mineral Wells	Palo Pinto	3	Multifamily	$175,000.00					x		x
2-02-028	x			New Disciples of Christ	Cove Apartments	539 McCarty Rd.	San Antonio	Bexar	8A	Multifamily	$500,000.00				x			
2-20-029			x	FC Ashford Housing Corp.	Ashford Park	811 W. Slaughter Ln.	Austin	Travis	7	Multifamily	$350,000.00	$120,000.00			x			
2-02-030			x	Plano Community Homes Sponsor, Inc.	Douglass Place Senior Housing	14th St & Ave. G	Plano	Collin	3	Multifamily	$175,000.00	$94,500.00			x			
2-02-031			x	DMA Community Partners II, Inc.	Mission Oaks	400 Blk of Swift St.	Refugio	Refugio	8B	Multifamily	$175,000.00	$48,000.00				x		x

2002 HOUSING TRUST FUND

PROPOSAL SUMMARY

Applicant: Community Retirement Center of Aransas Pass, LP
Applicant Type: For Profit

Contact: Charles Holcomb

Phone #: 713-522-1414
Fax #: 713-522-9775

Proposed type of project: New construction of 76 units of elderly affordable housing.
Proposed project name: Aransas Pass Retirement Center
Proposed project address: 2100 Block West Wheeler
Aransas Pass, Texas 78336

San Patricio County CHAS Region 8B

Proposed contract amount:	$58,900 Development Funding $26,600 HTF/SECO Energy Efficiency Funding
Proposed number of low units:	0
Proposed number of very low units:	74
Proposed number of extremely low units:	2
Proposed number of special needs units:	76
Elderly (60+)	*70*
Homeless	*0*
Persons with HIV	*0*
Wheelchair Accessible Housing	*4*
Sight or Hearing Impaired	*2*
Housing for Person with other Disabilities	*0*

Summary of proposal: The Applicant is proposing the new construction of 76 units of elderly affordable housing. This development consists of 10 one-story buildings and one Community Building. Amenities include energy saving features such as ceiling fans and energy efficient appliances. The Applicant has contracted with North Bay Hospital to provide heath services and activities for the seniors. The Applicant is also proposing to extend the affordability period beyond the required 30 years for a total of 40 years.

HTF Recommendation: Staff recommends approval of the project subject to all conditions deemed necessary by TDHCA.

2002 HOUSING TRUST FUND

PROPOSAL SUMMARY

Applicant: Affordable Housing of Kingsville, Ltd.
Applicant Type: For Profit

Contact: Mark Musemeche

Phone #: 713-522-1414
Fax #: 713-522-9775

Proposed type of project: New construction of 120 units of multifamily affordable housing.
Proposed project name: Kings Crossing Apartments
Proposed project address: 1700 block Corral Avenue
Kingsville, Texas 78363

Kleberg County CHAS Region 8B

Proposed contract amount:	$110,000 Development Funding
	$ 30,000 HTF/SECO Energy Efficiency Funding
Proposed number of low units:	0
Proposed number of very low units:	118
Proposed number of extremely low units:	2
Proposed number of special needs units:	12
Elderly (60+)	*3*
Homeless	*0*
Persons with HIV	*0*
Wheelchair Accessible Housing	*6*
Sight or Hearing Impaired	*3*
Housing for Person with other Disabilities	*0*

Summary of proposal: The Applicant is proposing the new construction of 120 units of multifamily affordable housing in a rural area. This development consists of 10 two-story buildings and two Community Buildings. Amenities include energy saving features such as ceiling fans and energy efficient heating/air conditioning and appliances. The Clubhouses will contain a clubroom, kitchen, library, health club, and laundry facility and maintenance area. The Applicant has contracted with Community Action of South Texas to provide daycare through Head Start. The Applicant is also proposing to extend the affordability period beyond the required 30 years for a total of 55 years.

HTF Recommendation: Staff recommends approval of the project subject to all conditions deemed necessary by TDHCA.

2002 HOUSING TRUST FUND

PROPOSAL SUMMARY

Applicant: Paris Retirement Village, Ltd.
Applicant Type: For Profit

Contact: Joe Chamy

Phone #: 817-285-6315 extension 11
Fax #: 817-285-7157

Proposed type of project: New construction of 76 units of elderly housing
Proposed project name: Paris Retirement Village
Proposed project address: 1400 Washington Street
Paris, Texas 75460

Lamar County CHAS Region 4

Proposed contract amount:	$45,000 Development Funding
Proposed number of low units:	0
Proposed number of very low units:	67
Proposed number of extremely low units:	1
Proposed number of special needs units:	68
Elderly (60+)	*68*
Homeless	*0*
Persons with HIV	*0*
Wheelchair Accessible Housing	*4*
Sight or Hearing Impaired	*2*
Housing for Person with other Disabilities	*0*

Summary of proposal: The Applicant is proposing the new construction of a 76-unit elderly housing development in Paris, Texas. This rural development consists of 19 four-plex units and a Community/Dining/Office space. Amenities include energy star rated dishwashers, disposers, ranges, refrigerators and microwave ovens as well as other energy saving features such as high efficiency HVAC systems. The Applicant has contracted with Consumer Credit Counseling to provide budgeting seminars and money management classes. Lamar Human Resource Council will provide transportation to medical and shopping and as many as 16 meals, 5 days a week in addition to entertainment. The Applicant is also proposing to extend the affordability period beyond the required 30 years.

HTF Recommendation: Staff recommends approval of the project subject to all conditions deemed necessary by TDHCA.

2002 HOUSING TRUST FUND

PROPOSAL SUMMARY

Applicant: Housing Associates of Kyle, Ltd.
Applicant Type: For Profit

Contact: Mark Musemeche

Phone #: 713-522-4141
Fax #: 713-522-9775

Proposed type of project: New construction of 104 units of multifamily affordable housing.
Proposed project name: Steeple Chase Apartments
Proposed project address: 21199 block of N. IH 35
Kyle, Texas 78640

Hays County CHAS Region 7

Proposed contract amount: $30,000 Development Funding
$10,000 HTF/SECO Energy Efficiency Funding
Proposed number of low units: 0
Proposed number of very low units: 78
Proposed number of extremely low units: 2
Proposed number of special needs units: 11

Elderly (60+) *2*
Homeless *0*
Persons with HIV *0*
Wheelchair Accessible Housing *6*
Sight or Hearing Impaired *3*
Housing for Person with other Disabilities *0*

Summary of proposal: The Applicant is proposing the new construction of 104 units of multifamily affordable housing. This development consists of 8 two-story buildings and two Community/Office buildings. Amenities include energy saving features such as ceiling fans and energy efficient appliances. The clubhouse will have a kitchen, library, health club, laundry facility and maintenance area. The Applicant has contracted with Community Action of Kyle, Inc. to provide adult learning services. The Applicant is also proposing to extend the affordability period beyond the required 30 years for a total of 55 years.

HTF Recommendation: Staff recommends approval of the project subject to all conditions deemed necessary by TDHCA.

2002 HOUSING TRUST FUND

PROPOSAL SUMMARY

Applicant: Augusta Hills, LP
Applicant Type: For Profit

Contact: R.J. Collins

Phone #: 512-249-6240
Fax #: 512-249-6660

Proposed type of project: New construction of 76 units of multifamily affordable housing.
Proposed project name: Riverwalk Townhomes
Proposed project address: 1001 East Washington Street
Stephenville, Texas 76401

Erath County CHAS Region 3

Proposed contract amount:	$456,000 Development Funding
Proposed number of low units:	0
Proposed number ofvery lowunits:	73
Proposed number of extremely low units:	3
Proposed number of special needs units:	8
Elderly (60+)	*2*
Homeless	*0*
Persons with HIV	*0*
Wheelchair Accessible Housing	*4*
Sight or Hearing Impaired	*2*
Housing for Person with other Disabilities	*0*

Summary of proposal: The Applicant is proposing the new construction of 76 units of multifamily affordable housing. This development consists of 19 two-story buildings and one Community/office space building. Amenities include saving features such as high efficiency HVAC systems, ceiling fans and energy efficient appliances. The Applicant has contracted with Texas Inter-Faith Management Corporation to provide personal, family and educational programs. The Applicant is also proposing to extend the affordability period beyond the required 30 years.

HTF Recommendation: Staff recommends approval of the project subject to all conditions deemed necessary by TDHCA.

2002 HOUSING TRUST FUND

PROPOSAL SUMMARY

Applicant: Fountains at Tidwell, Ltd.
Applicant Type: For Profit

Contact: Isaac Matthews

Phone #: 713-290-1802
Fax #: 713-290-1842

Proposed type of project: New construction of 188 units of multifamily affordable housing.
Proposed project name: Fountains at Tidwell
Proposed project address: 2500 block of W. Tidwell @ Rosslyn
Houston, Texas 77091

Harris County CHAS Region 6

Proposed contract amount:	$225,000 Development Funding
	$ 75,000 HTF/SECO Energy Efficiency Funding
Proposed number of low units:	0
Proposed number of very low units:	131
Proposed number of extremely low units:	10
Proposed number of special needs units:	19
Elderly (60+)	*5*
Homeless	*0*
Persons with HIV	*0*
Wheelchair Accessible Housing	*10*
Sight or Hearing Impaired	*4*
Housing for Person with other Disabilities	*0*

Summary of proposal: The Applicant is proposing the new construction of 188 units of multifamily affordable housing. This development consists of 47 two-story buildings and a Community/Office space. A playground and pool will also be available. Amenities include energy saving features such as ceiling fans and energy efficient appliances. The Applicant has contracted with Child and Adult Center of Houston and the Acres Homes Youth Association to provide youth services and activities. The Applicant is also proposing to extend the affordability period beyond the required 30 years for a total of 40 years.

HTF Recommendation: Staff recommends approval of the project subject to all conditions deemed necessary by TDHCA.

2002 HOUSING TRUST FUND

PROPOSAL SUMMARY

Applicant: National Church Residences of Seguin
Applicant Type: Non Profit

Contact: Thomas Slemmer

Phone #: 614-451-2151
Fax #: 614-451-0351

Proposed type of project: New construction of 60 units of elderly housing
Proposed project name: Eden Place Senior Housing
Proposed project address: 1200 Block of Jefferson Avenue; NW corner of Jefferson & Wallace
Seguin, Texas 78155

Guadalupe County CHAS Region 8A

Proposed contract amount:	$350,000 Development Funding $ 84,000 HTF/SECO Energy Efficiency Funding
Proposed number of low units:	0
Proposed number of very low units:	54
Proposed number of extremely low units:	2
Proposed number of special needs units:	56
Elderly (60+)	*56*
Homeless	*0*
Persons with HIV	*0*
Wheelchair Accessible Housing	*3*
Sight or Hearing Impaired	*2*
Housing for Person with other Disabilities	*0*

Summary of proposal: The Applicant is proposing the new construction of a 60-unit elderly housing development in Seguin, Texas. This rural development consists of 10 one-story buildings and 2 Community/Dining/Office buildings. Amenities include energy efficient appliances as well as other energy saving features. The Applicant has contracted with Eden Home, Inc. to provide social, educational, informational, nutritional and housekeeping activities and services. The Applicant is also proposing to extend the affordability period beyond the required 30 years for a total of 40 years.

HTF Recommendation: Staff recommends approval of the project subject to all conditions deemed necessary by TDHCA.

2002 HOUSING TRUST FUND

PROPOSAL SUMMARY

Applicant: The Greens on Turtle Creek, LTD
Applicant Type: For Profit

Contact: R.R. Kilday

Phone #: 713-914-9400
Fax #: 713-914-9439

Proposed type of project: New construction of 84 units of affordable multifamily housing
Proposed project name: The Greens on Turtle Creek
Proposed project address: 3100/3200 Turtle Creek
Port Arthur, Texas 77642

Jefferson County CHAS Region 5

Proposed contract amount:	$350,000 Development Funding $126,000 HTF/SECO Energy Efficiency Funding
Proposed number of low units:	0
Proposed number of very low units:	81
Proposed number of extremely low units:	3
Proposed number of special needs units:	23
Elderly (60+)	*16*
Homeless	*0*
Persons with HIV	*0*
Wheelchair Accessible Housing	*5*
Sight or Hearing Impaired	*2*
Housing for Person with other Disabilities	*0*

Summary of proposal: The Applicant is proposing the new construction of an 84-unit affordable multifamily housing development in Port Arthur, Texas. This rural development consists of 16 townhome units and a Community/Dining/Office space. Amenities include saving features such as energy efficient appliances, HVAC systems, and ceiling fans. There will be a separate community center with offices, a clubroom, kitchen, dining area, health club, and laundry facility. The Applicant has contracted with Texas Inter-Faith Management Corporation to provide services such as quality of life programs, educational and supportive programs. The Applicant is also proposing to extend the affordability period beyond the required 30 years for a total of 40 years.

HTF Recommendation: Staff recommends approval of the project subject to all conditions deemed necessary by TDHCA.

2002 HOUSING TRUST FUND

PROPOSAL SUMMARY

Applicant: DMA Community Partners II, Inc.
Applicant Type: For Profit

Contact: Diana McIver

Phone #: 512-328-3232
Fax #: 512-328-4584

Proposed type of project: New construction of 32 units of multifamily affordable housing.
Proposed project name: Mission Oaks
Proposed project address: 400 Block of Swith Street (west side)
Refugio, Texas 78363

Refugio County CHAS Region 8B

Proposed contract amount:	$175,000 Development Funding $ 48,000 HTF/SECO Energy Efficiency Funding
Proposed number of low units:	0
Proposed number of very low units:	31
Proposed number of extremely low units:	1
Proposed number of special needs units:	7
Elderly (60+)	*4*
Homeless	*0*
Persons with HIV	*0*
Wheelchair Accessible Housing	*2*
Sight or Hearing Impaired	*1*
Housing for Person with other Disabilities	*0*

Summary of proposal: The Applicant is proposing the new construction of 32 units of multifamily affordable housing in a rural area. This development consists of 6 two-story buildings and one Community Building. Amenities include energy saving features such as ceiling fans and energy efficient heating/air conditioning. The Clubhouses will contain a clubroom, and laundry facility and maintenance area. The Applicant is also proposing to extend the affordability period beyond the required 30 years for a total of 40 years.

HTF Recommendation: Staff recommends approval of the project subject to all conditions deemed necessary by TDHCA.

2002 HOUSING TRUST FUND

PROPOSAL SUMMARY

Applicant: Boerne Park Meadows Apartments, LP
Applicant Type: For Profit

Contact: Leslie Clark

Phone #: 830-257-5323
Fax #: 830-257-3168

Proposed type of project: New construction of 100 units of elderly housing
Proposed project name: Park Meadows Apartments
Proposed project address: Calk Land and W. San Antonio St.
Boerne, Texas 78006

Kendall County CHAS Region 8A

Proposed contract amount:	$375,000 Development Funding
Proposed number of low units:	0
Proposed number of very low units:	97
Proposed number of extremely low units:	3
Proposed number of special needs units:	100
Elderly (60+)	*100*
Homeless	*0*
Persons with HIV	*0*
Wheelchair Accessible Housing	*6*
Sight or Hearing Impaired	*2*
Housing for Person with other Disabilities	*0*

Summary of proposal: The Applicant is proposing the new construction of a 100-unit elderly housing development in Boerne, Texas. This rural development consists of 25 one-story buildings and 1 Community/Dining/Office building. Amenities include energy efficient appliances. The complex will also have a clubhouse that will provide an exercise room, game room, outdoor pool and a full kitchen. The Applicant has contracted with Community Council of South Central Texas, Inc. to provide social, educational, informational, and nutritional services. The Applicant is also proposing to extend the affordability period beyond the required 30 years.

HTF Recommendation: Staff recommends approval of the project subject to all conditions deemed necessary by TDHCA.

2002 HOUSING TRUST FUND

PROPOSAL SUMMARY

Applicant: Houston Copperwood Apartments, L.P.
Applicant Type: Non Profit

Contact: Mike Robinson

Phone #: 713-850-7168
Fax #: 713-621-9166

Proposed type of project: New construction of 280 units of multifamily affordable housing.
Proposed project name: Copperwood Ranch Apartments
Proposed project address: 6833 Lakeview Haven Drive
Houston, Texas 77084

Harris County CHAS Region 6

Proposed contract amount:	$350,000 Development Funding $325,000 HTF/SECO Energy Efficiency Funding
Proposed number of low units:	0
Proposed number of very low units:	278
Proposed number of extremely low units:	2
Proposed number of special needs units:	66
Elderly (60+)	*0*
Homeless	*0*
Persons with HIV	*0*
Wheelchair Accessible Housing	*14*
Sight or Hearing Impaired	*6*
Housing for Person with other Disabilities	*46*

Summary of proposal: The Applicant is proposing the new construction of 280 units of multifamily affordable housing. This development consists of 17 three-story buildings and a Community/Office space. Amenities include energy saving features such as ceiling fans and energy efficient appliances. The Applicant has contracted with Texas Inter-Faith Management Corporation to provide services such as family skills development, education development and neighborhood advancement. The Applicant is also proposing to extend the affordability period beyond the required 30 years for a total of 40 years.

HTF Recommendation: Staff recommends approval of the project subject to all conditions deemed necessary by TDHCA.

2002 HOUSING TRUST FUND

PROPOSAL SUMMARY

Applicant: Grove Place Partners
Applicant Type: For Profit

Contact: Kelly White

Phone #: 512-385-5181
Fax #: 512-385-0662

Proposed type of project: New construction of 184 units of multifamily affordable housing.
Proposed project name: Grove Place Apartments
Proposed project address: 1881 Grove Boulevard
Austin, Texas 78741

Travis County CHAS Region 7

Proposed contract amount:	$100,000
Proposed number of low units:	0
Proposed number of very low units:	102
Proposed number of extremely low units:	44
Proposed number of special needs units:	22
Elderly (60+)	*0*
Homeless	*0*
Persons with HIV	*0*
Wheelchair Accessible Housing	*18*
Sight or Hearing Impaired	*4*
Housing for Person with other Disabilities	*0*

Summary of proposal: The Applicant is proposing the new construction of 184 units of multifamily affordable housing. This development consists of 14 three-story buildings and one Community/office space building. Amenities include saving features such as insulation, ceiling fans and energy efficient appliances. All units will be carpeted and ceramic tiled. The Applicant has contracted SafePlace to provide personal, family and educational programs. The Applicant is also proposing to extend the affordability period beyond the required 30 years for a period of 55 years.

HTF Recommendation: Staff recommends approval of the project subject to all conditions deemed necessary by TDHCA.

2002 HOUSING TRUST FUND

PROPOSAL SUMMARY

Applicant: Mineola Housing Authority
Applicant Type: Housing Authority

Contact: J.A. Edwards

Phone #: (903) 569-3519
Fax #: N/A

Proposed type of project: Energy efficiency upgrades for 20-unit development
Proposed project name: West Meadow
Proposed project address: 784 Goodson Circle
Mineola, Texas 75773

Wood County CHAS Region 4

Proposed contract amount:	$42,438 HTF/SECO Energy Efficiency Funding
Proposed number of low units:	0
Proposed number of very low units:	6
Proposed number of extremely low units:	14
Proposed number of special needs units:	1
Elderly (60+)	*0*
Homeless	*0*
Persons with HIV	*0*
Wheelchair Accessible Housing	*1*
Sight or Hearing Impaired	*0*
Housing for Person with other Disabilities	*0*

Summary of proposal: The Applicant is proposing to utilize HTF/SECO funding to upgrade HVAC systems and install ceiling fans in an existing 20-unit housing development in Mineola, Texas. This development consists of 1 residential building including 12 one-bedroom and 8 two-bedroom units.

HTF Recommendation: Staff recommends approval of the project subject to all conditions deemed necessary by TDHCA.

2002 HOUSING TRUST FUND

PROPOSAL SUMMARY

Applicant: Denton Affordable Housing
Applicant Type: Non Profit

Contact: Jane Burda Provo

Phone #: 940-484-7049
Fax #: 940-484-7032

Proposed type of project: New construction of 11 units of multifamily affordable housing.
Proposed project name: Transitional Housing for Victims of Domestic Violence
Proposed project address: 111 Sawyer, 320 Mill, 410 Mill
Denton, Texas 76201

Denton County CHAS Region 3

Proposed contract amount:	$604,000 Development Funding
	$ 16,500 HTF/SECO Energy Efficiency Funding
Proposed number of low units:	0
Proposed number of very low units:	3
Proposed number of extremely low units:	8
Proposed number of special needs units:	11
Elderly (60+)	*0*
Homeless	*11*
Persons with HIV	*0*
Wheelchair Accessible Housing	*1*
Sight or Hearing Impaired	*1*
Housing for Person with other Disabilities	*0*

Summary of proposal: The Applicant is proposing the new construction of 11 units of multifamily affordable housing. This development consists of 4 two-story buildings. Amenities include energy saving features such as ceiling fans and energy efficient appliances. The Applicant has contracted with Denton County Friends of the Family to provide support services to the victims of domestic violence. The Applicant is also proposing to extend the affordability period beyond the required 30 years for a total of 35 years.

HTF Recommendation: Staff recommends approval of the project subject to all conditions deemed necessary by TDHCA.

2002 HOUSING TRUST FUND

PROPOSAL SUMMARY

Applicant: Housing Authority of Travis County
Applicant Type: Non Profit

Contact: Wiley Hopkins

Phone #: 512-480-8245
Fax #: 512-480-0220

Proposed type of project: New construction of 33 units of elderly affordable housing.
Proposed project name: Manor Town Apartments
Proposed project address: 200-218 West Carrie Manor St.
Manor, Texas 78653

Travis County CHAS Region 7

Proposed contract amount:	$346,720 Development Funding $120,000 HTF/SECO Energy Efficiency Funding
Proposed number of low units:	0
Proposed number of very low units:	19
Proposed number of extremely low units:	14
Proposed number of special needs units:	33
Elderly (60+)	*33*
Homeless	*0*
Persons with HIV	*0*
Wheelchair Accessible Housing	*4*
Sight or Hearing Impaired	*1*
Housing for Person with other Disabilities	*0*

Summary of proposal: The Applicant is proposing the new construction of 33 units of elderly affordable housing. This development consists of 4 two-story buildings. Amenities include energy saving features such as ceiling fans and energy efficient appliances. The Applicant has contracted with East Rural Community Center to provide heath services and activities for the seniors. The Applicant is also proposing to extend the affordability period beyond the required 30 years for a total of 40 years.

HTF Recommendation: Staff recommends approval of the project subject to all conditions deemed necessary by TDHCA.

2002 HOUSING TRUST FUND

PROPOSAL SUMMARY

Applicant: Habitat for Humanity of San Antonio
Applicant Type: Non Profit

Contact: Stephanie C. Wiese

Phone #: 210-223-5203
Fax #: 2102235536

Proposed type of project: New construction of 85 single-family units of affordable housing.
Proposed project name: Vandewalle Property
Proposed project address: NE & NW corners of Gena Rd. and Old Hwy. 90
San Antonio, Texas 78227

Bexar County CHAS Region 8A

Proposed contract amount:	$1,050,000 Development Funding
Proposed number of low units:	0
Proposed number of very low units:	68
Proposed number of extremely low units:	17
Proposed number of special needs units:	18
Elderly (60+)	*0*
Homeless	*0*
Persons with HIV	*0*
Wheelchair Accessible Housing	*5*
Sight or Hearing Impaired	*13*
Housing for Person with other Disabilities	*0*

Summary of proposal: The Applicant is proposing the new construction of 85 single-family units of affordable housing. This development consists of 85 one-story buildings. Amenities include saving features such as ceiling fans and energy efficient appliances.

HTF Recommendation: Staff recommends approval of the project subject to all conditions deemed necessary by TDHCA.

Evaluation Factors for Application

Applications that successfully meet all threshold criteria (as defined in the Program Guidelines) will then be scored within the following areas. Maximum point values are listed below for each category. Scores will be based on the degree to which the proposed project is able to accomplish the following:

1) **Leveraging** **30 Points**

Housing Trust Fund financing as a percentage of total project cost:

Less than 25%	30
26% - 50%	20
51% - 75%	10
76% - 100%	5

2) **Area Need** **20 Points**

Points will be awarded based on area need as determined by a statistical assessment of the project's location.

3) **Services and Income Targeting** **70 Points**

- Extent to which the project has community involvement, including low, very-low, or extremely low income individuals who may later reside in the proposed housing project.	15	
- Project provides appropriate services for tenants.	5	
- Project provides housing for very-low, and/or extremely low income persons and families.		25
- Extent to which project provides housing for Special Needs individuals. Only projects that set aside 20% or more of their units will receive points.	10	
- Extension of Restrictive Use Period	10	
- HUB as Participant of Development Team	5	

4) **Market Area Served** **25 Points**

Project is located wholly or partly in (1) a federally designated urban enterprise community; (2) an urban enhanced enterprise community; (3) an economically distressed area or colonia or (4) a rural area as defined by HTF Rules.

5) **Design Innovation and Energy Conservation** **20 Points***

Project uses design or energy conservation measures that are innovative in their approach. ***A total of 30 points will be available in this category for applicants applying for HTF/SECO energy efficiency funds.**

Total Possible **165 Points**

- *A ten percent (10%) set-aside for persons with special needs is mandatory. Included in that ten percent, a five percent (5%) set-aside of fully wheelchair accessible units and a 2% set aside of sight and hearing impaired units is mandatory for all multifamily and single family rental properties. A five percent (5%) set aside of disability **adaptable** units is mandatory for all single family owner-occupied developments.*
- *Claims of committed funds or in-kind support must be evidenced by a written statement from the provider describing the nature of the contribution, equivalent dollar value, and conditions.*

6) **Program Design (Underwriting)**

- Financial Qualification - Feasibility - Development Team
- Construction Plan - Real Estate

HOUSING TRUST FUND
2002 Application Scoring Summary
Applications submitted on March 1, 2002

Source & Amount: ☐ **HTF $____________** ☐ **SECO $___________** ☐ **HTF & SECO**

Applicant ____ Region ______

Project Name ____

Project City _________________________ Project County ____________________________

File Number ______________ ☐ Rural ☐ Urban

Type of Applicant ______________ ☐ Multifamily ☐ Single Family

Number of Low Income Units ______ Number of Elderly (60+) Units ______

Number of Very Low Income Units ______ Number of Homeless Units ______

Number of Ext.Low Income Units ______ Number of HIV/AIDS Units ______

Total HTF Program Units ______ Number of Wheelchair Accss. Units ______

Total Units in Development ______ Number of Sight & Hearing Units ______

Number of Other Disabilities ______

Date ____________________ Total Special Needs Units ______

			HTF		SECO/HTF	
	Reviewer 1 By/Score	Reviewer 2 By/Score	Possible Points	Score	Possible Points	Score
Category 1 - Leveraging	___/___	___/___	30	_____	30	_____
Category 2 - Project Outline/Need score	___/___	___/___	20	_____	20	_____
Category 3 - Services and Income Targeting	___/___	___/___	70	_____	70	_____
Category 4 – Market Area Served	___/___	___/___	25	_____	25	_____
Category 5 - Design Innovation and Energy Conservation	___/___	___/___	20	_____	20	_____
TOTAL SCORE				_____		_____

Underwriting Evaluation

TDHCA	☐ Favorable	☐ Unfavorable	☐ N/A
SECO	☐ Favorable	☐ Unfavorable	☐ N/A

Category 1 - Leveraging

Total cost of project: ___________________

Amount requested from HTF: ___________________

HTF financing as a percentage of total project cost: ___________________

Points awarded for leveraging:
(based on HTF funds as a percentage of total project cost):

- Less than 25%	30
- 26% - 50%	20
- 51% - 75%	10
- 76% - 100%	5

REVIEWER'S COMMENTS: ____

____

____

____

Maximum available points - 30 **Total points awarded Category 1: _______________**

Category 2 - Project Outline

A. Provide a written project narrative detailing the development for which funding is requested. (No additional points – however, 5 points will be deducted from the applicants score if the required narrative is not provided.) (0 points or –5 points)

REVIEWER'S COMMENTS____

____

POINTS DEDUCTED?___________

Locate the project in the Needs Scoring Sheet – enter points below.

Maximum available points - 20 **Total points awarded Category 2: _______________**

Category 3 - Services and Income Targeting

A. Use the following breakdown to assign points in this section:

Number of methods used by organization to actively involve groups/families or units of governments/neighborhoods total – circle whichever applies:

1-2 methods = 2 points 3 methods = 3 points 4-5 methods = 5 points

Number of years the organization has served in the community in which the project will be located – circle whichever applies:

1-3 years = 2 points 4-6 years = 3 points 7 or more = 5 points

Are letters of support attached?

Yes = 5 points No = zero points

POINTS AWARDED FOR "A": ________

B. Affirmative Marketing Plan – plan attached?

Yes = 5 points No = zero points

POINTS AWARDED FOR "B": _________

C. Tenant Services – services are provided and agreements are attached?

Yes = 5 points No = zero points

POINTS AWARDED FOR "C": _________

D. Will the project provide housing for very low and extremely low income individuals? *(20 pts.)*

Total Units in the Development	______		
Number of Low Income Units	______	Percentage of Total Units (no points)	______
Number of Very Low Income Units	______	Percentage of Total Units *(**5** points for 20% or more of units)*	______
Number of Extremely Low Income Units	______	Percentage of Total Units *(**15** points for 20% or more of units)* (***10** points for 15-19% of units)* *(**5** points for 10-14% of units)*	______

NOTE: This unit mix must match the unit mix represented in the Uniform Application and on the Certification Affidavit – 2 point must be deducted if the unit mix on these documents do not match.

REVIEWER'S COMMENTS: ____

____

____

POINTS AWARDED FOR "D": _________

E. Does the project provide housing for special needs individuals? *(10 pts.)*

- *a minimum set aside of 10% for persons with special needs is mandatory. A minimum of 5% (at least one unit) must be wheelchair accessible and an additional 2% (at least one unit) must be adapted for the sight or hearing impaired.*
- *20% or more of the projects total units have been set aside for special needs.*

Total Units in the Development __________

Elderly Units	_____________	Percentage of Total Units ______
Homeless Units	_____________	Percentage of Total Units ______
HIV/AIDS Units	_____________	Percentage of Total Units ______
Wheelchair Units	_____________	Percentage of Total Units ______(>5%)
Sight & Hearing Units	_____________	Percentage of Total Units ______(>2%)
Other Disabilites Units	_____________	Percentage of Total Units ______(>10%)
Total Special Needs Units	_____________	Percentage of Total Units ______ (>20%)

NOTE: If “other” disabilities is listed, the applicant must describe the nature of the disability to receive the points. No points are to be awarded if “other disabilities” is not fully defined.

POINTS AWARDED FOR “E”:_________

REVIEWER’S COMMENTS: ____

____

____

____

G. If awarded, applicant elects to extend the unit mix income restrictions and special needs populations use period, as is stated in the Land Use Restrictive Covenants Agreement (LURA), past the required 30 years?

If NO – zero points

If YES = 10 points ***IF***– did they describe how they intend to accomplish the extension? (must provide some form of plan or explanation to get points).

POINTS AWARDED FOR “G”:

H. Is any member of the team a HUB? (to be eligible, a certificate issued by the General Services Commission must be attached) (5 points)

POINTS AWARDED FOR “H”:___________________________

POINTS AWARDED FOR ALL LETTERED SECTIONS IN CATEGORY 3: ________
Maximum available points - 70 _______________

Category 4 – Market Area Served

Is the project located wholly or partly in (1) a federally designated urban enterprise community; (2) an urban enhanced enterprise community; (3) an economically distressed area or colonia or (4) a rural area as defined by HTF Rules? *(25 pts.)* – If project is located in any of these four areas, applicant must attach to this page supporting documention – such as census data, reference a page in their Market Study, a letter from HUD, etc.

NOTE: The applicant must have provided a map somewhere in their application showing the location of the project – if they have not provided a map, deduct 5 points. This map is for staff information purposes only, but must still be provided.

REVIEWER'S COMMENTS: ____

____

____

Maximum available points - 25 **Total points awarded Category 4: _______________**

Category 5 - **<u>Design Innovation and Energy Conservation</u>**

To receive points in this section, the applicant must document the use of 4 of the 7 options for New Construction or 2 of the 4 options for Rehabilitation. **NOTE:** The proposal certification must be in the form of a letter signed by the applicant's Executive Director or Principal, describing in complete detail what measures will be used, what specific values must be met, and where the items will be used. Third-party documentation substantiating proof of savings over conventional and code-required measures is required for each proposed measure. If documentation is attached, and they have either 4 of the 7 options for new construction or 2 or the 4 for rehab, total points – 20.

POINTS AWARDED: ___________

Maximum available points - 20 **Total points awarded Category 5: _______/_______**

ADDITIONAL CONSIDERATIONS

COMMUNITY SERVICES & AMENITIES: ______________________________

ORGANIZATIONAL EXPERIENCE: ______________________________

RECENT PROJECT EXPERIENCE: ______________________________

ADDITIONAL COMMENTS: ______________________________

Housing Trust Fund
2002 Capacity Building Program
Proposal Recommendations

Background

The Housing Trust Fund (HTF) was created by the 72^{nd} Legislature to provide safe, decent, and sanitary housing for persons with special needs; and to provide technical assistance and capacity building to nonprofit organizations engaged in developing housing for persons and families of low, very low, and extremely low income; including persons with special needs. Ten percent of HTF funding is set aside for capacity building and technical assistance.

The HTF has pursued a number of avenues in fulfilling its mission to build the capacity of Texas nonprofit organizations to develop affordable housing. In the past, funds have been awarded directly to nonprofit organizations for capacity building activities; utilized to hire consultants to provide direct technical assistance to organizations awarded HOME and HTF funding; and utilized to support the East Texas Technical Assistance Center and the Texas Statewide Homebuyer Education Program. In both the 1998-1999 and 2000-2001 award cycle, Capacity Building Program funding was utilized to hire professional training organizations to provide training in affordable housing development to nonprofit organizations statewide.

In FY 2001, funds were awarded to nonprofit organizations for the hiring of experienced staff to increase capacity and/or a nonprofit could contract directly with technical assistance providers for the purpose of providing training specific to the needs of that particular nonprofit. As a result of the 2001 Capacity Building program, 13 nonprofit organizations received funds either for additional staff or technical assistance and more than 500 units of affordable housing either have been or by the end of the grant year will be created. Due to the success of this format, the HTF elected to continue the 2002 Capacity Building Program in the same manner as the 2001 with a few modifications based on public input.

Changes for 2002:

In keeping with the policies outline in the State Low Income Housing Plan to promote integrated housing, the HTF would not award Capacity Building funds to any organization that was developing housing that would be exclusively for persons with disabilities. As is stated in the 2001 SLIHP all affordable housing projects must be fully integrated.

The applicants would be scored not only on the number of years in existence, but also on the experience of the Executive Director and other relevant staff members. This would allow newer organizations to remain competitive provided that the staff itself was experienced.

All 2001 Awardees would allowed to apply again for those same positions funded in 2001, however they had to demonstrate additional benefits beyond those identified in their 2001 application.

Finally, the application itself was significantly simplified and every effort was made to remove duplication or unnecessary paperwork.

The maximum award amount was decreased from $50,000 per awardee to $35,000 per awardee to allow for more nonprofit organizations to benefit from the Capacity Building program. This resulted in approximately 4 additional awards being recommended that there would not have been funding available for otherwise.

Additional Benefits

The goal of the 2002 Capacity Building program is to advance the benefits of capacity building to address the needs that exist beyond the general training that has been provided by HUD, LISC and the HTF, among others, for the past several years. The benefits of doing so are evidenced in the projected creation *of 325 proposed units of affordable housing*.

The main purpose of the Housing Trust Fund is the creation of affordable housing. The scoring model was designed to allow more points for those nonprofits that could evidence the creation of affordable units as a direct result of the assistance received via the 2002 Capacity Building Program. This year 82% of the proposals being recommended have evidenced the direct creation of housing. The methodology utilized in designing the scoring model is discussed in the scoring section.

2002 Request for Proposals

On March 15, 2002, the Department published a Notice of Funding Availability (NOFA) to receive applications from nonprofit organizations with a need for experienced staff and/or technical assistance training. The ultimate goal and purpose of the NOFA was to provide funding to nonprofit housing providers which will allowing them to hire experienced staff and/or hire technical assistance providers for specific training needs that will increase their capacity for creating affordable housing.

Fifty-seven proposals were submitted in response to this request for proposals by the May 1, 2002 deadline. The information in the following pages describes the content of each of the 17 proposals being recommended for funding. Out of the fifty-seven proposals, 3 were disqualified for failing to produce integrated housing, one was returned because the applicant did not use the required application form, and one was returned because the applicant was applying for existing staff that was not part of the 2001 Capacity Building Program, which is an ineligible activity.

Scoring and Selecting Proposals for Recommendation

Housing Trust Fund staff reviewed the proposals, utilizing the scoring criteria outlined in the RFP proposal package and included in the “Scoring Criteria” section of this report. Two HTF staff members reviewed each proposal. Additionally, the HTF Senior Planner reviewed each proposal a second time with a final review by the Program Manager.

Based on the amounts of funds requested, the available funding is sufficient enough to award only the 17 highest ranking proposals. Since many of the applications scored 100 points it was necessary to break all applications out by service region and include the projected number of units created in the ranking process. Included in this report is a regional breakdown of all eligible applications. Beside each application are two numbers (example: 100/20). The first number represents the applicant's score. The second number represents the applicant's unit creation. Beginning with the region of greatest need and proceeding to the region of least need, the highest ranking application was then selected from each region. This process was repeated until all applications that could be fully funded had been selected.

2002 Capacity Building Application
Improvement Framework

To facilitate improvements to the 2002 Capacity Building Application, an assessment was conducted on the proposals received for the 2001 Capacity Building program to determine what areas of the application could be simplified, removed or improved to assist nonprofit applicants. Aside from the obvious obstacle of receiving $3,200,000 in requests (64 applications) for only $540,000 available, it appeared that the lower scoring applicants suffered from a lack of structure in their proposal. To remedy this, it was determined that rather than using the proposal method previously employed for this program, an actual application package would be developed in hopes of providing point by point directions for the applicants to submit their information. Below is a framework that directly links the identified weaknesses with the 2001 proposals to the new aspects of the 2002 application that should provide a resolution.

2001 Deficiency identified	**2002 Application remedy**
Applicants lacked a focused request or statement of their need. In several cases we found that applicants were submitting form letters or packages that had been created for another purpose, with dates and names changed.	Application Coversheet **– Questions 1 & 2** require that each applicant simply check the box corresponding with their request. Depending on the box checked, they are then guided to complete supplementary forms that ask for specific information regarding the benefits to be received from the new staff position.
Applicants failed to specify either their organization's experience or the level of experience and qualifications required of the proposed new staff.	Application Coversheet **– Question # 3** specifically asks the applicant to identify the number of years the organization has been in existence, and instructs the applicant to attach resumes of the ED and other relevant current staff. It is from both the organization's experience and the resume that an organizational score will be formed. **Question # 3,4, and 5** on supplementary form A require the applicant to clearly state how many years of experience and what level of education will be required of the new staff.

Additionally, a record of all applications would be kept to 1) help improve and update the HTF mailing list database and 2) have a organized and uniform print out of each applicant's organizational information with the applications.

Two other issues were identified in the 2001 cycle. 1) Some applicants felt that assigning a higher score for those organizations that were going to create housing as a result of the funds was unfair – however the Housing Trust Fund rules state that housing creation should be the anticipated benefit within two years of the expenditure of Capacity Building Funds. 2) Some applicants felt that not only should the number of years the organization had been in existence be considered, but also the experience of the executive director or other relevant staff. HTF also received public comment to this effect; as such, the 2002 application and scoring process will take into account not only the organization experience, but the executive director and other staff experience as well.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Housing Trust Fund
Capacity Building Program
Notice of Funds Available

The Texas Department of Housing and Community Affairs' (TDHCA) Housing Trust Fund is accepting applications for the Housing Trust Fund Capacity Building Program. Eligible activities under this application include hiring qualified persons who can provide technical assistance in developing safe, decent and sanitary housing for low, very low, and extremely low-income individuals and families, including persons with special needs. Funds may also be used to contract directly with qualified technical assistance providers with experience and training in the areas prescribed by this NOFA. A total of $558,642 is available through this NOFA with a maximum award of $35,000 per organization. Applications will be considered on a statewide basis. <u>These funds may not be used to pay for existing staff. Restructuring of staff duties, re-assignment of staff duties, or other changes to existing staff do not constitute the hiring of additional staff.</u> If the applicant is a current recipient for the 2001 Capacity Building Funds that were utilized for hiring additional staff, the staff paid for through the 2001 Capacity Building Funds will be eligible as additional staff under the 2002 Capacity Building Funds.

Respondents will complete an application that includes, but is not limited to, a detail of the type of staff needed for improving the organization's housing development capacity, or the type of training to be provided through the use of a qualified technical assistance consultant. The Capacity Building Program is designed to directly assist eligible organizations to increase their capacity to provide safe, decent, affordable housing in their communities. The application should demonstrate how the assistance received through this grant will either directly, or indirectly, facilitate this purpose. Applications demonstrating a direct creation of housing, as a benefit of the additional staff/technical assistance, will take priority. To receive points for the direct creation of housing, the applicant must be able to demonstrate that the proposed housing development outlined in the application will begin construction within the 12-month period covered by the grant. The application will also include a detailed breakdown of all costs associated with the staffing or provision of technical assistance associated with these funds. Contracts funded under this Notice of Funding Available will be limited to one year. Funding is available for the following areas of technical assistance:

Architectural Barrier Removal/Universal Design;
Comprehensive Capacity Building (including Planning, Resource Development, Internal Operations and Governance, Program Delivery, and Networking);
Construction Management;
Energy Efficiency and Alternative Building Methods;
Property Management;
Real Estate/Project Development;
Affordable Housing programs that utilize at-risk youth

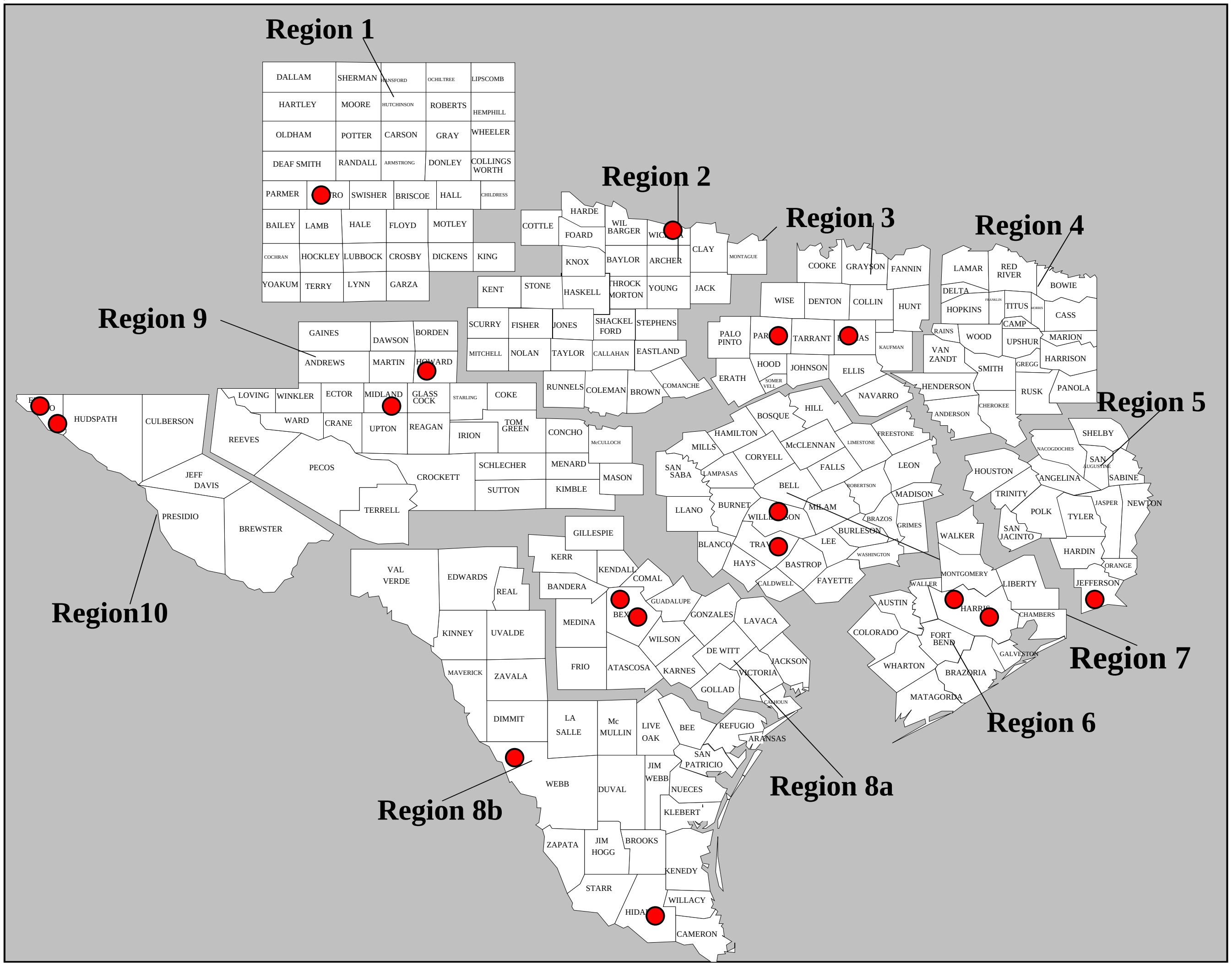
Applications must be received at TDHCA by 5:00 p.m. on May 1, 2002. Faxed applications will not be accepted.

The Housing Trust Fund plans to select a diverse group of applications that will serve nonprofit housing development organizations throughout the state. Applications will be selected based on criteria outlined in the application guidelines. Awards will be made as grants. TDHCA's Board of Directors reserves the right to change the award amount, or to award less than the requested amount.

All interested parties with a workable plan are encouraged to participate in the program. For more information or to request an application, please contact the Housing Trust Fund office at (512) 475-1458, or e-mail *shiggins@tdhca.state.tx.us*. Please direct your proposal to:

Texas Department of Housing and Community Affairs
Housing Trust Fund
Attn.: Stacy Higgins
P.O. Box 13941
Austin, Texas 78711-3941
Physical Address
507 Sabine, Suite 400
Austin, Texas 78701

Housing Trust Fund 2002 Capacity Building Recommended Proposals



CHAS Region 1
Azteca Complex

CHAS Region 2
Habitat for Humanity of Wichita Falls

CHAS Region 3
Central Dallas Ministries
Affordable Housing of Parker County

CHAS Region 5
Statewide CDC, Inc.

CHAS Region 6
Avenue CDC
Harmony House

CHAS Region 7
East Austin Economic Dev. Corp.
Williamson-Burnet Co. Opportunities

CHAS Region 8a
George Gervin Youth Center
Habitat for Humanity San Antonio

CHAS Region 8b
CDC of South Texas
Webb County Community Action

CHAS Region 9
Midland CDC
Crossroads Housing Development

CHAS Region 10
Northeast CDO
OPSE

2002 HOUSING TRUST FUND / CAPACITY BUILDING PROPOSALS

APPLICANT	CITY	AREA OF ASSISTANCE	AMOUNT REQUESTED	AMOUNT RECOMMENDED	***Final Score***
New Hope Housing, Inc.	Houston	Technical Assistance in design and construction	$ 35,000.00	**35,000**	***100***
Avenue Community Development Corporation	Houston	Director of Rental Housing	$ 35,000.00	**35,000**	***100***
Walker-Montgomery CDC	New Waverly	Construction manager	$ 35,000.00	**35,000**	***100***
Harmony House	Houston	Technical Assistance in construction	$ 22,300.00	**22,300**	***100***
Community Development of South Texas	McAllen	Technical Assistance in construction	$ 35,000.00	**35,000**	***100***
Organizacion Progresiva de San Elizario	San Elizario	Technical Assistance in self-help housing	$ 35,000.00	**35,000**	***100***
Webb County Community Action Agency	Laredo	Construction Technician	$ 35,000.00	**35,000**	***100***
Habitat for Humanity of Denton	Denton	Technical Assistance in construction	$ 35,000.00	**35,000**	***100***
Affordable Housing of Parker County, Inc.	Springtown	Leasing Manager and Technical Assistance in construction and design	$ 35,000.00	**35,000**	***100***
Central Dallas Ministries	Dallas	Project Manager	$ 35,000.00	**35,000**	***100***
Tarrant County Housing Partnership, Inc.	Ft. Worth	Construction Assistant	$ 35,000.00	**35,000**	***100***
George Gervin Youth Center, Inc.	San Antonio	Technical Assistance in predevelopment, design and construction	$ 35,000.00	**35,000**	***100***
The Center on Independent Living	San Antonio	Technical Assistance in acquisition and construction	$ 35,000.00	**35,000**	***100***
Economic Justice Foundation	Manor	Affordable Housing Project Manager	$ 35,000.00	**35,000**	***100***
East Austin Economic Development Corporation	Austin	Technical Assistance with home ownership	$ 35,000.00	**35,000**	***100***
Williamson-Burnet County Opportunities	Georgetown	Technical Assistance in construction	$ 25,000.00	**25,000**	***100***
YWCA El Paso Community Development Corporation	El Paso	Technical Assistance in predevelopment, design and construction	$ 35,000.00	**0**	***100***
Northeast Community Development Organization	El Paso	Technical Assistance in construction	$ 35,000.00	**0**	***100***
Azteca Economic Development Corporation	Dimmitt	Housing Development Coordinator and Technical Assistance in rehab planning	$ 34,690.00	**0**	***100***

2002 HOUSING TRUST FUND / CAPACITY BUILDING PROPOSALS

APPLICANT	CITY	AREA OF ASSISTANCE	AMOUNT REQUESTED	AMOUNT RECOMMENDED	***Final Score***
Statewide CDC, Inc.	Beaumont	Project Administrator	$ 35,000.00	**0**	***90***
Habitat for Humanity of San Antonio	San Antonio	Construction Leader	$ 35,000.00	**0**	***90***
TR Hoover CDC	Dallas	Project Manager	$ 35,000.00	**0**	***90***
Midland CDC	Midland	Construction Manager and Homebuyer/Loan counselor	$ 35,000.00	**0**	***90***
St. John Colony Neighborhood	Dale	CHDO Coordinator	$ 35,000.00	**0**	***90***
NHS of Ft. Worth and Tarrant County	Ft. Worth	Housing Counselor Trainer	$ 35,000.00	**0**	***85***
Ability Resources, Inc.	Ft. Worth	Technical Assistance	$ 35,000.00	**0**	***85***
Family Eldercare	Austin	Housing Manager and Tech. Assistance	$ 35,000.00	**0**	***85***
Habitat for Humanity of El Paso	El Paso	Construction and Volunteer Coordinator	$ 35,000.00	**0**	***85***
Big Bend Community Action Inc.	Marfa	Housing Coordinator and Tech. Assistance	$ 35,000.00	**0**	***85***
Fraizer Berean Group	Dallas	TA Consultant	$ 31,000.00	**0**	***85***
Community Council of SW Texas Inc.	Uvalde	Housing Program Director	$ 35,000.00	**0**	***85***
Dallas City Homes	Dallas	TA Consultant	$ 35,000.00	**0**	***85***
Neighborhood Centers, Inc.	Houston	TA Consultant	$ 35,000.00	**0**	***85***
Harlingen CDC	Harlingen	TA Consultant and Accounting Assistant	$ 35,000.00		***85***
South Plains Community Action	Levelland	Housing Assistant	$ 35,000.00	**0**	***85***
Accessible Communities	Corpus Christi	TA Consultant/Housing Coordinator	$ 35,000.00	**0**	***85***
United Cerebral Palsy of Texas	Austin	TA Consultant	$ 34,500.00	**0**	***85***
Empyrean Corp.	Austin	Office Manager and Tech. Assistance	$ 35,000.00	**0**	***80***
South Texas CDC	San Antonio	Director of Housing Development	$ 35,000.00	**0**	***80***
Habitat for Humanity of Wichita Falls	Wichita Falls	Director of Marketing and Development	$ 31,158.00	**0**	***75***
Grayson County CDC	Sherman	CHDO Exec. Dir and Tech Assistance Consultant	$ 35,000.00	**0**	***75***
Housing Assistance Corp.	Eagle Pass	TA for program development	$ 34,976.85	**0**	***75***
The Frank H. Brown Foundation	Garland	TA Consultant	$ 35,000.00	**0**	***75***
Project Vida CDC	El Paso	Property Manager Supervisor	$ 23,272.00	**0**	***75***
American Society for the Deaf	El Paso	Housing Project Manager	$ 35,000.00	**0**	***75***
Metropolis-AVC, Inc.	Austin	Community Resource Coordinator	$ 35,000.00	**0**	***70***
Alta Housing Corp.	Granbury	TA Consultant	$ 25,350.00	**0**	***70***

2002 HOUSING TRUST FUND / CAPACITY BUILDING PROPOSALS

APPLICANT	CITY	AREA OF ASSISTANCE	AMOUNT REQUESTED	AMOUNT RECOMMENDED	***Final Score***
CASSE, Inc.	Eagle Pass	Housing Program Coordinator	$ 35,000.00	**0**	***60***
Crossroads Housing Dev Corp.	Big Spring	Office Assistant	$ 21,716.00	**0**	***60***
Network Planning Corporation	Garland	Exec. Director and Exec. Assistant	$ 35,000.00	**0**	***60***
U-HEED	Dallas	Project Conception Coordinator	$ 35,000.00	**0**	***55***
YWCA of Beaumont	Beaumont	Residential Director	$ 35,000.00	**0**	***55***
Manchester Economic Development and CDC	Duncanville	Admin Assistant and TA	$ 35,000.00	**0**	***35***
TVP Non-Profit	El Paso	INELIGIBLE	$ 35,000.00	**0**	***0***
Resting Arms, Inc.	Houston	WRONG APPLICATION COMPLETED - COULD NOT SCORE	$ -	**0**	***0***
Volunteers of American	Arlington	INELIGIBLE	$ 35,000.00	**0**	***0***
Mary Lee Foundation	Austin	INELIGIBLE	$ 35,000.00	**0**	***0***

2002 HTF Capacity Building Recommendations

Applicant and Amount Requested by Region (Score/Units)	Region 1 Amount Available	Region 2 Amount Available	Region 3 Amount Available	Region 4 Amount Available	Region 5 Amount Available	Region 6 Amount Available	Region 7 Amount Available	Region 8A Amount Available	Region 8B Amount Available	Region 9 Amount Available	Region 10 Amount Available	TOTALS
Azteca Complex (100/60)	**$ 34,690**											
South Plains Community Action (85/0)	$ 35,000											
Habitat for Humanity of Wichita Falls, Inc. (75/0)		**$ 31,158**										
Central Dallas Ministeries (100/20)			**$ 35,000**									
Affordable Housing of Parker County (100/10)			**$ 35,000**									
Habitat for Humanity of Denton (100/8)			$ 35,000									
Tarrant County Housing Partnership (100/3)			$ 35,000									
T. R. Hoover CDC (90/20)			$ 35,000									
NHS of Ft. Worth and Tarrant Co. (85/0)			$ 35,000									
Ability Resources, Inc. (85/0)			$ 35,000									
Fraizer Berean Group (85/0)			$ 31,000									
Dallas City Homes (85/0)			$ 35,000									
Grayson County CDC (75/10)			$ 35,000									
The Frank H. Brown Foundation (75/4)			$ 35,000									
Alta Housing Corporation (70/0)			$ 25,350									
Network Planning Corporation (60/0)			$ 35,000									
U-HEED (55/0)			$ 35,000									
Manchester CDC (35/0)			$ 35,000									
Statewide CDC, Inc. (90/10)					**$ 35,000**							
YWCA of Beaumont (55/0)					$ 35,000							
Avenue CDC (100/19)						**$ 35,000**						
Harmony House (100/6)						**$ 22,300**						
Walker-Montgomery CDC (100/5)						$ 35,000						
New Hope Housing (100/3)						$ 35,000						
Neighborhood Centers, Inc. (85/0)						$ 35,000						
East Austin Economic Dev. Corp. (100/60)							**$ 35,000**					
Williamson/Burnet Co. Opportunities, Inc. (100/24)							**$ 25,000**					
Economic Justice Foundation (100/20)							$ 35,000					
Saint John Colony Neighborhood (90/36)							$ 35,000					
United Cerebral Palsy of Texas (85/0)							$ 34,500					
Family Eldercare (85/0)							$ 35,000					
Empyrean Corporation (80/8)							$ 35,000					
Metropolis-AVC, Inc. (70/0)							$ 35,000					

2002 HTF Capacity Building Recommendations

Applicant and Amount Requested by Region (Score/Units)	Region 1 Amount Available	Region 2 Amount Available	Region 3 Amount Available	Region 4 Amount Available	Region 5 Amount Available	Region 6 Amount Available	Region 7 Amount Available	Region 8A Amount Available	Region 8B Amount Available	Region 9 Amount Available	Region 10 Amount Available	TOTALS
George Gervin Youth Center (100/10)								**$ 35,000**				
Habitat for Humanity of San Antonio (90/8)								**$ 35,000**				
South Texas Housing and CDC (80/30)								$ 35,000				
CDC of South Texas (100/15)									**$ 35,000**			
Webb County Community Action Agency (100/3)									**$ 35,000**			
Accessible Communities, Inc. (85/2)									$ 35,000			
Harlingen CDC (85/0)									$ 35,000			
Community Council of Southwest Texas, Inc. (85/0)									$ 35,000			
Housing Assistance Corp. of Eagle Pass (75/0)									$ 34,977			
CASSE, Inc. (60/0)									$ 35,000			
Midland CDC (90/25)										**$ 35,000**		
Crossroads Housing Development Corp. (60/0)										**$ 21,716**		
Northeast CDO (100/40)											**$ 35,000**	
OPSE (100/15)											**$ 35,000**	
YWCA CDC (100/12)											$ 35,000	
Habitat for Humanity of El Paso (85/0)											$ 35,000	
Big Bend Community Action Committee, Inc. (85/0)											$ 35,000	
American Society for the Deaf (75/4)											$ 35,000	
Project VIDA CDC (75/0)											$ 23,272	
Total Amount Requested Per Region	$ 69,690	$ 31,158	$ 511,350	$ -	$ 70,000	$ 162,300	$ 269,500	$ 105,000	$ 244,977	$ 56,716	$ 233,272	**$ 1,788,963**

HOUSING TRUST FUND
2002 CAPACITY BUILDING PROGRAM
PROPOSAL SUMMARY

Applicant:	Azteca Complex
Contact:	Joe A. Franco
	910 E. Jones
	Dimmit, Texas 79027-0698

Area of Capacity Building: Staff/Technical Assistance

Proposal Score: 100
Unit Creation: 60

Proposed Contract Amount: $34,690

Summary of Proposal

Azteca Economic Development Corporation is applying for funds to pay for staff and a technical assistance provider. These positions will be directly tied to the substantial rehabilitation and related creation of 60 units of affordable housing. The TA provider will be responsible for developing a plan for the rehab of the units, the staff position of Housing Development Coordinator will be responsible for overseeing the entire rehab project.

Azteca Economic Development Corporation and the housing associated are located in Region 1. Site control is in place.

HOUSING TRUST FUND
2002 CAPACITY BUILDING PROGRAM
PROPOSAL SUMMARY

Applicant:	Habitat for Humanity of Wichita Falls, Inc.
Contact:	Dan Gray
	3910 Call Field Road Ste. B
	Wichita Falls , Texas 76308

Area of Capacity Building: Staff

Proposal Score: 75
Unit Creation: 0

Proposed Contract Amount: $31,158

Summary of Proposal

The Habitat for Humanity of Wichita Falls is requesting funds to hire a new staff person to serve as Director of Marketing and Development. The organization feels that their general capacity will be greatly enhanced by filling this position. Fund development, church relations, and public relations will also be the responsibility of the new staff member.

The Habitat for Humanity of Wichita Falls is in CHAS Region 2.

HOUSING TRUST FUND
2002 CAPACITY BUILDING PROGRAM
PROPOSAL SUMMARY

Applicant:	Central Dallas Ministries
Contact:	John Greenan 3902 Elm Street Dallas, Texas 75226

Area of Capacity Building:	Staff
Proposal Score:	100
Unit Creation	20
Proposed Contract Amount:	$35,000

Summary of Proposal

Central Dallas Ministries is applying for funds to pay the salary and related expenses for the staff position of Project Manager. This position will be directly tied to the creation of a multifamily project. Central Dallas Ministries is still in the design phase and has not determined as of the application date the exact number of units to be constructed. The project will contain two and three bedroom units suitable for families as well as some efficiency units for singles. A partner of Central Dallas Ministries, Dallas Services, will provide childcare and other services to the complex.

Central Dallas Ministries and the housing associated are located in Region 3. Site control is in place and partial funding has been secured.

HOUSING TRUST FUND
2002 CAPACITY BUILDING PROGRAM
PROPOSAL SUMMARY

Applicant:	Affordable Housing of Parker County, Inc.
Contact:	A.G. Swan PO Box 39 Springtown, Texas 76082

Area of Capacity Building:	Staff/TA Training
Proposal Score:	100
Unit Creation:	10
Proposed Contract Amount:	$35,000

Summary of Proposal

Affordable Housing of Parker County, Inc. is applying for funds to pay the salary and related expenses for the new staff position of Leasing Manager and to contract with a technical assistance provider for specialized training. This position will be directly tied to the creation of a minimum of one senior citizen, independent living complex consisting of a minimum of ten (10) one bedroom units. It is anticipated that the design of the housing will consist of five (5) duplex buildings located on a single site.

Parker County and the housing associated are located in Region 3. Affordable Housing of Parker County, Inc. has a contract on the property to be developed and has partial funding in place.

HOUSING TRUST FUND
2002 CAPACITY BUILDING PROGRAM
PROPOSAL SUMMARY

Applicant:	Statewide Consolidated CDC
Contact:	Rosetta Jones P O Box 1008 Beaumont, Texas 77704

Area of Capacity Building:	Staff
Proposal Score:	90
Unit Creation:	10
Proposed Contract Amount:	$35,000

Summary of Proposal

Statewide Consolidated CDC is seeking funds to hire a project administrator to assume full management responsibility for all construction services and activities. Statewide will then be in a suitable position to accomplish one of its major goals, that of constructing 10 rental properties in non-impacted neighborhoods for lease to Section 8 tenants.

Statewide Consolidated Community Development Corporation is located in Service Region 5.

HOUSING TRUST FUND
2002 CAPACITY BUILDING PROGRAM
PROPOSAL SUMMARY

Applicant:	Avenue Community Development Corporation
Contact:	Mary Lawler 2505 Washington, Suite 400 Houston, Texas 77007

Area of Capacity Building: Staff

Proposal Score: 100
Unit Creation: 19

Proposed Contract Amount: $35,000

Summary of Proposal

Avenue CDC is applying for funds to pay the salary and related expenses for the staff position of Director of Rental Housing. Avenue CDC is one of two applicants being recommended for award that also received Capacity Building funds during FY 2001. The program guidelines for the 2002 Capacity Building program provided for the 2001 awardees to apply again for the position created in 2001, provided that they could demonstrate benefits beyond those reported in 2001. This position will be directly tied to the creation of 19 rental units of affordable housing, 10 of which will be scattered site with the remaining 9 units being substantial rehabilitation. None of these units were part of Avenue CDC's 2001 proposal.

Avenue CDC and the housing associated are located in Region 6. Partial funding has already been obtained for both projects. The 9 units to be rehabilitated have been purchased and the sites for the 10 other units have been identified.

HOUSING TRUST FUND
2002 CAPACITY BUILDING PROGRAM
PROPOSAL SUMMARY

Applicant:	Harmony House
Contact:	Richard Bender 602 Girard Street Houston, Texas 77007

Area of Capacity Building:	Technical Assistance
Proposal Score:	100
Unit Creation	6
Proposed Contract Amount:	$22,300

Summary of Proposal

Harmony House is applying for funds to pay for technical assistance. This assistance will be directly tied to the creation of 6 efficiency units of affordable housing for veterans with AIDS and disabled veterans.

Harmony House and the housing associated are located in Region 6. Significant funding as well as site control is in place.

HOUSING TRUST FUND
2002 CAPACITY BUILDING PROGRAM
PROPOSAL SUMMARY

Applicant: East Austin Economic Development Corporation
Contact: Van Dyke Johnson
1009 East 11th Street Suite 103
Austin, Texas 78702

Area of Capacity Building: Technical Assistance

Proposal Score: 100
Unit Creation: 25

Proposed Contract Amount: $35,000

Summary of Proposal

East Austin Economic Development Corporation is applying for funds to pay technical assistance in the form of a Home Ownership Development Specialist. This technical assistance will be directly tied to the creation of 25 units of single-family affordable housing. The East Austin Economic Development Corporation purchases HUD properties, renovates, locates low-income owners, provides home-ownership training, and assists with the purchase. This assistance doubles the East Austin Economic Development Corporation unit production.

East Austin Economic Development Corporation and the housing associated are located in Region 7. Substantial funding has been secured.

HOUSING TRUST FUND
2002 CAPACITY BUILDING PROGRAM
PROPOSAL SUMMARY

Applicant:	Williamson-Burnet County Opportunities
Contact:	Rosetta Howard PO Box 740 Georgetown, Texas 78627-0704

Area of Capacity Building: Technical Assistance

Proposal Score: 100
Unit Creation: 24

Proposed Contract Amount: $25,000

Summary of Proposal

Williamson-Burnet County Opportunities is applying for funds to pay for technical assistance. This assistance will be directly tied to the creation of 24 units of multifamily affordable housing during the grant year and 72 units by the conclusion of the project. The project will be built in Leander, Texas.

Williamson-Burnet County Opportunities and the housing associated are located in Region 7. Site control is in place and substantial funding has been secured.

HOUSING TRUST FUND
2002 CAPACITY BUILDING PROGRAM
PROPOSAL SUMMARY

Applicant:	George Gervin Youth Center, Inc.
Contact:	Barbara Hawkins 6903 Sunbelt Drive San Antonio, Texas 78218-3336

Area of Capacity Building: Technical Assistance

Proposal Score: 100
Unit Creation: 10

Proposed Contract Amount: $35,000

Summary of Proposal

George Gervin Youth Center, Inc. is applying for funds to pay for a technical assistance provider. This position will be directly tied to the creation of 8 energy efficient transitional housing units for homeless youth and 2 energy efficient single-family homes. The TA provider will be responsible for predevelopment activities, project financing and construction management as well as training the existing staff on all areas of construction.

YWCA CDC and the housing associated are located in Region 8A. Site control is in place for both projects, funding has been secured for the single-family project and funding is pending for the transitional housing project.

HOUSING TRUST FUND
2002 CAPACITY BUILDING PROGRAM
PROPOSAL SUMMARY

Applicant: Habitat for Humanity of San Antonio
Contact: Dennis Bechold
311 Probandt
San Antonio, Texas 78204-1745

Area of Capacity Building: Staff

Proposal Score: 90
Unit Creation: 8

Proposed Contract Amount: $35,000

Summary of Proposal

Habitat for Humanity of San Antonio is requesting funds to add a construction leader to their staff. Their plan is to build 51 homes in 2002-2003 and with the addition of one more construction leader, they state that they can build 59 houses in that time period. They are pleased to announce that they have housed 254 families in need in the San Antonio area.

Habitat for Humanity of San Antonio is located in Service Region 8A.

HOUSING TRUST FUND
2002 CAPACITY BUILDING PROGRAM
PROPOSAL SUMMARY

Applicant:	Community Development Corporation of South Texas
Contact:	Robert Calvillo 600 S. 11th Street McAllen, Texas 78501-4922

Area of Capacity Building:	Technical Assistance
Proposal Score:	100
Unit Creation:	15
Proposed Contract Amount:	$35,000

Summary of Proposal

Community Development Corporation of South Texas is applying for funds to pay for technical assistance. This assistance will be directly tied to the creation of 15 units of affordable housing. In addition the low-income homebuyers will be provided with homebuyer education and long-term flexible financing.

Community Development Corporation of South Texas and the housing associated are located in Region 8b. Funding is in place for this project and the organization is currently reviewing appropriate sites.

HOUSING TRUST FUND
2002 CAPACITY BUILDING PROGRAM
PROPOSAL SUMMARY

Applicant:	Webb County Community Action Agency
Contact:	James Flores 1000 Houston Street 3rd floor Laredo, Texas 78040

Area of Capacity Building: Staff

Proposal Score: 100
Unit Creation: 3

Proposed Contract Amount: $35,000

Summary of Proposal

Webb County Community Action Agency is applying for funds to pay salary and related costs for a Construction Technician. This position will be directly tied to the rehabilitation of an additional three homes in addition to increasing the amount of rehabilitation possible for the existing homes.

Webb County Community Action Agency and the housing associated are located in Region 8b. Site control is in place and substantial funding has been secured.

HOUSING TRUST FUND
2002 CAPACITY BUILDING PROGRAM
PROPOSAL SUMMARY

Applicant:	Midland Community Development Corporation
Contact:	David Diaz 1410 N. Lamesa RD Midland,Texas 79702

Area of Capacity Building:	Staff
Proposal Score:	90
Unit Creation:	25
Proposed Contract Amount:	$35,000.00

Summary of Proposal

The Midland CDC is proposing to create two new staff positions: a Construction Specialist/Manager to be responsible for the administration and delivery of the organization's housing construction program; and a Homebuyer/Loan Counselor to provide guidance to prospective loan applicants and/or potential homeowners who have problems qualifying for traditional loans.

The Midland CDC is located in CHAS Region 9.

HOUSING TRUST FUND
2002 CAPACITY BUILDING PROGRAM
PROPOSAL SUMMARY

Applicant:	Crossroads Housing Development Corp.
Contact:	Paul Pryor 201 NE 7th Street Big Spring, Texas 79720

Area of Capacity Building: Staff

Proposal Score: 60
Unit Creation: 0

Proposed Contract Amount: $21,716

Summary of Proposal

Crossroads Housing Development Corporation is requesting funding to hire an office clerk. Currently, the Executive Director is responsible for all of the office duties. While no units will be the direct result of this grant, if freed of these responsibilities, the director can pursue project development and the securing of funds to bring about the creation of housing units.

Crossroads and its projects are located in Service Region 9.

HOUSING TRUST FUND
2002 CAPACITY BUILDING PROGRAM
PROPOSAL SUMMARY

Applicant:	Northeast Community Development Organization
Contact:	Martha Rodriguez 5250 Wren El Paso, Texas 79924

Area of Capacity Building:	Technical Assistance
Proposal Score:	100
Unit Creation:	40
Proposed Contract Amount:	$35,000

Summary of Proposal

Northeast Community Development Organization is applying for funds to pay for technical assistance. This assistance will be directly tied to the creation of 40 units of affordable housing.

Northeast Community Development Organization and the housing associated is located in Region 10. Site control is in place.

HOUSING TRUST FUND
2002 CAPACITY BUILDING PROGRAM
PROPOSAL SUMMARY

Applicant:	Organizacion Progresiva de San Elizario
Contact:	Antonio Araujo PO Box 423 San Elizario, Texas 79849

Area of Capacity Building: Technical Assistance

Proposal Score: 100
Unit Creation: 15

Proposed Contract Amount: $35,000

Summary of Proposal

Organizacion Progresiva de San Elizario (OPSE) is applying for funds to contract with a technical assistance provider in order to develop a self-help housing program and to provide assistance in applying for funding to facilitate the program. The TA provider will also assist in expanding the organization's passive solar energy demonstration program, provide Board Training, and organizational assistance. This contract will be directly tied to the creation of 15 single-family homes constructed through the self-help process.

San Elizario is located in El Paso County. This is part of Region 10. This organization has some housing experience and has participated in the Contract for Deed Conversion program. As part of a recent, final application to USDA, OPSE has developed a roster of potential homeowners, the lots on which development will take place, and proof of funding sources.

Housing Trust Fund
2002 Predevelopment Loan Program
Proposal Recommendations

Background

On March 15, 2002, the Department published a Notice of Funding Availability (NOFA) for an organization to administer $1,088,068 of predevelopment loan funds to nonprofit and community housing development organizations in the state of Texas. The purpose of these funds is to assist in the development and provision of safe, decent, and sanitary housing for low, very low, and extremely low income individuals and families, including those with special needs. The funds available consisted of two separate fiscal years available funds ($558,642 in FY2002 and $530,068 in FY2003). An administrative fee of 5% per year is available.

Through the use of these loan funds, organizations can overcome the costs of predevelopment expenses such as architectural work, market studies, appraisals and other cost intensive items associated with beginning a development. Many times, these expenses present real barriers to organization that want to begin working in affordable housing. Each loan applicant will be required to provide a 5% match. These predevelopment loans are repaid to the Department at the time the borrower closes on the permanent financing associated with the development. In this way, the supply of funds can replenish itself over time. During the first year of the contract, the administrator will make loans based upon a regional plan that will attempt place at least one loan in each service region. In the following year(s) of the contract funds will be made available on a first-come first-served basis.

Proposals

Two proposals were submitted in response to this request for proposals by the May 1, 2002 due date:

ARK-TEX Council of Governments
Texas Community Capital

Of the two proposals received, Ark-Tex Council of Governments (ATCOG) scored the highest with a total score of 95 points. Texas Community Capital scored 86 points.

ARK-TEX Council of Governments (ATCOG)

In their proposal ATCOG noted that they will place special emphasis on marketing the program to organizations and units of local government that have not participated in the past in programs provided by TDHCA. ATCOG will also place special emphasis on marketing the loan program to those entities developing affordable housing in areas impacted by Young vs. Martinez.

ATCOG has administered several programs on behalf of various government entities including HUD and the Small Business Administration. They are the current administrator of the HTF Predevelopment Loan Program and are doing a good job of providing predevelopment loans.

Texas Community Capital

Texas Community Capital (TCC) will be a newly established lending intermediary designed to provide lending and development services. TCC has applied for 501(c) 3 status and is an affiliate of the Texas Association of Community Development Corporations (TACDC). TCC is centrally located in Austin and its affiliation with TACDC provides an extensive network in which to market and allocate predevelopment funding. Additionally, TCC has applied for CDFI intermediary certification with the Department of the Treasury. Once certified, TCC will be only one of approximately 14 such intermediaries in the US and the only active one in Texas. HTF Predevelopment funds would also serve as matching funds for Treasury funding to TCC's loan intermediary program. This innovative approach will provide additional low-cost funding for development that is not provided by traditional lending sources.

Recommendation

Staff feels that a unique opportunity exists in this cycle to accomplish multiple objectives at once. Staff is recommending that the funding be split between the two applicants in order that the program may:

1. Continue providing predevelopment funding through an existing pipeline, without interruption, for an additional two years with ATCOG.

2. Take advantage of an opportunity to participate in the development of an innovative lending tool by allowing our funds to serve as leverage for the establishment of a new CDFI through TCC.

3. Create an additional statewide source of predevelopment lending in order that there will be two funding sources available at once. With TCC located centrally in Austin, organizations in the western portion of the state will be able to apply to a funding source that is closer and somewhat more accessible.

Staff recommends that ATCOG be awarded the predevelopment funds for FY 2002 in the amount of $558,642 and that TCC be awarded the predevelopment funds for FY 2003 in the amount of $530,068.

2002 Predevelopment Loan Fund Program
Score Sheet

Applicant:____

Contact Person:____

Scorer 1: ______________

Scorer 2: ______________

Did the applicant provide a timeline that includes **specific dates** and **milestones** for marketing and funding activities? (5 points)

Yes ☐ 5 points No ☐ 0 points

Marketing Section

Did the applicant define the characteristics of the customers the program will serve? (5 points)

Yes ☐ 5 points No ☐ 0 points

Did the applicant identify specific methods that will be used to market groups that have not participated TDHCA/HTF programs in the past such as units of local government? (5 points)

Yes ☐ 5 points No ☐ 0 points

How many methods for marketing will the applicant utilize? (15 points available)

☐ 1 to 2 methods 5 points

☐ 3 to 4 methods 10 points

☐ 5 or more methods 15 points

Application and Selection Criteria Section

Does the proposal describe the **content** of the application to be distributed to potential awardees? (5 points)

Yes ☐ 5 points No ☐ 0 points

Does the proposal describe the criteria that will be used to select the awardees and how the applicant will administer regional plan? (10 points)

Yes ☐ 5 points No ☐ 0 points

Did the applicant describe how they will verified the matching funds? (10 points)

Yes ☐ 10 points No ☐ 0 points

Administration of the Predevelopment Loan Section:

Does the applicant address and describe an abbreviated underwriting and program review to qualify potential applicants and developments? (10 points)

Yes ☐ 10 points No ☐ 0 points

Does the proposal identify who will be the contact person for this program? (5 points)

Yes ☐ 5 points No ☐ 0 points

Has the applicant ever administered on behalf of the state or other governmental entities or administered a predevelopment loan program?
(15 points)

Yes ☐ 15 points No ☐ 0 points

Note: must have administered the program(s); providing training or being paid to provide any service is not the same as administering a program on behalf of the state.

How many years of experience in either providing programs to non-profits or in the development of affordable housing does the applicant possess?

☐ 1-3 years 3 points

☐ 4-6 years 6 points

☐ 7-10 years 9 points

☐ 11-13 years 12 points

☐ 14 or more years 15 points

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Housing Trust Fund
Predevelopment Loan Program
Notice of Funds Available

The Texas Department of Housing and Community Affairs' (TDHCA) Housing Trust Fund is accepting proposals for the administration of One million eighty-eight thousand seven hundred and ten dollars ($558,642 in FY2002 and $530,068 in fiscal year 2003) through its Pre-development Loan Program. The purpose of the program is to provide financial assistance to eligible organizations that wish to develop safe, decent and affordable housing for low, very low, and extremely low-income individuals and families, including persons with special needs. Loan proceeds may be used to help pay for eligible pre-development expenses associated with affordable housing development. Nonprofit corporations, units of local government and community housing development organizations in the state of Texas are eligible to compete for this administrative contract.

Matching Funds of 5% will be required of all loan applicants and must be verified by the Program Administrator selected. The Housing Trust Fund will select one organization to administer these funds to local nonprofit organizations, units of local government and community housing development organizations throughout the state. The full amount of funds will be part of the contract awarded through this NOFA, however fiscal year 2003 funds will not actually be available for loan application until September 1, 2002.

Proposals will be selected based on criteria outlined in the proposal package. Administrative fees (5% of the total amount of funding available for each fiscal year) will be available to the successful candidate.

Proposals must be received at TDHCA by 5:00 p.m. on May 1, 2002.

Faxed proposals will not be accepted.

All interested parties are encouraged to participate in the program. For more information, or to request a proposal package, please contact the Housing Trust Fund office at (512) 475-1458, or e-mail *shiggins@tdhca.state.tx.us*. Please direct your proposal to:

Texas Department of Housing and Community Affairs
Housing Trust Fund
Attn.: Stacy Higgins
P.O. Box 13941
Austin, Texas 78711-3941
Physical Address
507 Sabine, Suite 400
Austin, Texas 78701

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTI FAMILY CREDIT UNDERWRITING ANALYSIS

DATE: May 11, 2002 **PROGRAM:** 9% LIHTC / Housing Trust Fund/SECO **FILE NUMBER:** 02011 / 2-02-004

DEVELOPMENT NAME

Aransas Pass Retirement Center

APPLICANT

Name: Community Retirement Center of Aransas Pass, L.P. **Type:** ☒ For Profit ☐ Non-Profit ☐ Municipal ☐ Other

Address: 1013 Van Buren Street **City:** Houston **State:** TX

Zip: 77019 **Contact:** Charles Holcomb **Phone:** (713) 522-4141 **Fax:** (713) 522-9775

PRINCIPALS of the APPLICANT

Name	(%)	Title
Community Retirement Centre, Inc. (CRCI)	.0075	75% Co-Managing G.P.
I-Integrity Management, Inc. (IMI)	.0025	25% Co-Managing G.P.
Midland Equity Corporation	99.99	Initial Limited Partner
Charles Holcomb	N/A	100% owner of CRCI
Star Nolley	N/A	100% owner of IMI

CO-GENERAL PARTNER

Name: Community Retirement Centre, Inc. **Type:** ☒ For Profit ☐ Non-Profit ☐ Municipal ☐ Other

Address: 1013 Van Buren Street **City:** Houston **State:** TX

Zip: 77019 **Contact:** Charles Holcomb **Phone:** (713) 522-4141 **Fax:** (713) 522-9775

CO-GENERAL PARTNER

Name: I-Integrity Management, Inc. **Type:** ☒ For Profit ☐ Non-Profit ☐ Municipal ☐ Other

Address: 17103 Preston Road, Suite 190N **City:** Dallas **State:** TX

Zip: 75248 **Contact:** Star Nolley **Phone:** (972) 991-8606 **Fax:** (972) 991-8766

PROPERTY LOCATION

Location: 2100 block of West Wheeler Avenue ☒ **QCT** ☐ **DDA**

City: Aransas Pass **County:** San Patricio **Zip:** 78336

REQUEST

Amount	Interest Rate	Amortization	Term
1. 414,031	N/A	N/A	N/A
2. $58,900	1-3%	30 yrs	30 yrs
3. $26,600	N/A	N/A	N/A

Other Requested Terms:
1. Annual ten-year allocation of low-income housing tax credits
2. Housing Trust Fund (HTF) housing development loan
3. State Energy Conservation Office (SECO) grant

Proposed Use of Funds: New construction **Set-Aside:** ☐ General ☒ Rural ☐ Non-Profit

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
CREDIT UNDERWRITING ANALYSIS

SITE DESCRIPTION

Size: 7.5 acres 326,700 square feet **Zoning/ Permitted Uses:** General Business, multifamily permitted

Flood Zone Designation: Zone C **Status of Off-Sites:** Partially Improved

DESCRIPTION of IMPROVEMENTS

Total Units: 76 **# Rental Buildings** 10 **# Common Area Bldngs** 1 **# of Floors** 1 **Age:** 0 yrs **Vacant:** N/A at / /

Number	Bedrooms	Bathroom	Size in SF
66	1	1	662
10	2	1	842

Net Rentable SF: 52,112 **Av Un SF:** 686 **Common Area SF:** 1,950 **Gross Bldng SF** 54,062

Property Type: ☒ Multifamily ☐ SFR Rental ☒ Elderly ☐ Mixed Income ☐ Special Use

CONSTRUCTION SPECIFICATIONS

STRUCTURAL MATERIALS

Wood frame on a post-tensioned concrete slab on grade, 76% brick veneer/24% vinyl siding exterior wall covering with wood trim, drywall interior wall surfaces, composite shingle roofing

APPLIANCES AND INTERIOR FEATURES

Carpeting & vinyl flooring, range & oven, hood & fan, garbage disposal, dishwasher, refrigerator, microwave oven, fiberglass tub/shower, washer & dryer connections, ceiling fans, laminated counter tops, individual water heaters

ON-SITE AMENITIES

1,950-SF community building with activity room, management offices, fitness facilities, kitchen, restrooms, nursing station; swimming pool, laundry facilities in residential buildings, perimeter fencing with limited access gate, monitored security

Uncovered Parking: 76 spaces **Carports:** 0 spaces **Garages:** 0 spaces

OTHER SOURCES of FUNDS

INTERIM CONSTRUCTION or GAP FINANCING

Source: Midland Mortgage Investment Corporation **Contact:** John Mullaney

Principal Amount: $1,108,782 **Interest Rate:** Wall Street Journal prime rate + 1%, 6% minimum, variable

Additional Information: Commitment amount $1,738,046

Amortization: N/A yrs **Term:** 2 yrs **Commitment:** ☐ None ☐ Firm ☒ Conditional

LONG TERM/PERMANENT FINANCING

Source: Midland Mortgage Investment Corporation **Contact:** John Mullaney

Principal Amount: $892.100 **Interest Rate:** 40 basis points over unspecified index rate, minimum 6.75%, maximum 9.125%, fixed, estimated & underwritten at 8%

Additional Information: Index & interest rate to be determined by lender at rate lock

Amortization: 30 yrs **Term:** 15 yrs **Commitment:** ☐ None ☐ Firm ☒ Conditional

Annual Payment: $77,645 **Lien Priority:** 1st **Commitment Date** 2/ 4/ 2002

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS

CREDIT UNDERWRITING ANALYSIS

LIHTC SYNDICATION

Source:	Midland Equity Corporation	**Contact:**	Mark George
Address:	33 N. Garden Avenue, Suite 1200	**City:**	Clearwater
State:	FL **Zip:** 33755	**Phone:** (727) 461-4801	**Fax:** (727) 443-6067
Net Proceeds:	$3,146,320	**Net Syndication Rate** (per $1.00 of 10-yr LIHTC)	76¢
Commitment	☐ None ☐ Firm ☒ Conditional	**Date:**	2/ 4/ 2002
Additional Information:			

APPLICANT EQUITY

Amount: $103,486 **Source:** Deferred developer fee

VALUATION INFORMATION

ASSESSED VALUE

Land:	Parcel "A":	$91,800	**Assessment for the Year of:**	2001
	Parcel "B":	$20,312 (prorated from larger 4.394-acre tract)		
Building:		$1,000	**Valuation by:**	San Patricio County Appraisal District
Total Assessed Value:		$113,112	**Tax Rate:**	3.01675

EVIDENCE of SITE or PROPERTY CONTROL

Parcel "A"

Seller: C. R. Yang **Related to Development Team Member:** No

Type of Site Control: Earnest money contract

Contract Expiration Date: 8/ 29/ 2002 **Anticipated Closing Date:** 8/ 29/ 2002

Acquisition Cost: $ 139,400 **Other Terms/Conditions:** $2,500 earnest money

Parcel "B"

Seller: Martha Truitt **Related to Development Team Member:** No

Type of Site Control: Earnest money contract

Contract Expiration Date: 11/ 20/ 2002 **Anticipated Closing Date:** 8/ 29/ 2002

Acquisition Cost: $ 37,100 **Other Terms/Conditions:** $2,500 earnest money

REVIEW of PREVIOUS UNDERWRITING REPORTS

No previous reports.

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Description: Aransas Pass Retirement Center is a proposed new construction development of 76 units of affordable elderly housing located in northwestern Aransas Pass. The development is comprised of ten residential buildings as follows:

- Eight Building Type A with seven one-bedroom units and one two-bedroom unit;
- Two Building Type B with five one-bedroom units and one two-bedroom unit.

Based on the site plan the apartment buildings are arranged in two rows down the length of the site, with parking around the site perimeter. The community building and swimming pool are to be located near the entrance to the site. The 1,950-square foot community building plan includes the management offices, a 430-square foot community room, exercise room, kitchen, restrooms, and a nursing station. Each of the residential buildings will have a 270-square foot interior sitting area, laundry facility, and a 500-square foot covered patio.

Supportive Services: The Applicant has contracted with North Bay Hospital to provide the following supportive services to tenants: health screening, recreational services, and coordination with state workforce development and welfare program agencies. These services will be provided at no cost to tenants. The hospital will also provide meals at reduced prices in its dining facility, and the Applicant intends to purchase a van to provide transportation services. Meal service is possible in the community building given sufficient tenant interest, but the Developer's experience with similar developments has been that few tenants will want to subscribe to this service. The Applicant also proposes establishing a "meal card" for residents which would be honored by local restaurants to provide discounted meals. The services contract requires the Applicant to provide facilities for provision of the services and to pay $750 per year (for 75 residents) for these support services.

Schedule: The Applicant anticipates construction to begin in February of 2003, to be completed and placed in service in December of 2003, and to be substantially leased-up in March of 2004.

POPULATIONS TARGETED

Income Set-Aside: The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside. All of the units (100% of the total) will be reserved for low-income elderly tenants. Two of the units (2%) will be reserved for households earning 30% or less of AMGI, 16 units (21%) will be reserved for households earning 40% or less of AMGI, 31 units (40%) will be reserved for households earning 50% or less of AMGI, and the remaining 27 units (35%) will be reserved for households earning 60% or less of AMGI.

Special Needs Set-Asides: Four units (5%) will be handicapped-accessible and two units will be equipped for tenants with hearing or visual impairments.

Compliance Period Extension: The Applicant has elected to extend the compliance period an additional 25 years.

MARKET HIGHLIGHTS

A market feasibility study dated February 25, 2002 was prepared by Ipser & Associates, Inc. and highlighted the following findings:

Definition of Market/Submarket: All of San Patricio County (p. 2-5)

Total Local/Submarket Demand for Rental Units: "…a demand analysis (based on projected growth, existing households, income limits, and turnover) indicates a figure of 135 income-qualified households with a person 55 or older in the next year (2002-2003) in San Patricio County." (p. 3-4)

ANNUAL INCOME-ELIGIBLE SUBMARKET DEMAND SUMMARY		
Type of Demand	**Units of Demand**	**% of Total Demand**
Household Growth	6	4%
Resident Turnover	121	89%
Other Sources	8	5%
TOTAL ANNUAL DEMAND	**135**	**100%**

Ref: Exhibit N-1

Capture Rate: "The proposed project's 76 LIHTC units represent a 56.3% capture of the estimated 135 income-qualified households." (p. 3-4) Since this is considered a rural location a capture rate up to 100% is acceptable. Based on this market analysis there would be room for an additional 59 units of affordable elderly units in this county and still be within the Department's concentration capture policy limits.

Local Housing Authority Waiting List Information: "Ingleside Housing Authority has 20 names on its waiting list (two are elderly/disabled persons), and the Aransas Pass Housing Authority has eight names on the waiting list (a total of 20 including twelve applicants at Loftin, the elderly location). The existing Section 8 Program has a waiting list containing 42 names, ten of which are elderly or disabled applicants (23.8%), however, the Section 8 waiting list has been closed since September 2001." (p. 2-21)

Market Rent Comparables: "I&A surveyed three elderly/retirement facilities [totaling 100 units] in the market area…Two of the three elderly/retirement facilities are RD-USDA complexes, while the other low-income housing elderly project is a public housing complex managed by the Aransas Pass Housing Authority…Besides the three elderly/retirement locations, I&A surveyed 14 multifamily apartment complexes [totaling 678 units], five of which are located in Aransas Pass, eight in Ingleside, and one in Rockport." (p. 2-18, Ex. I-2)

RENT ANALYSIS (net tenant-paid rents)					
Unit Type (% AMI)	**Proposed**	**Program Max**	**Differential**	**Market**	**Differential**
1-Bedroom (30%)	$197	$197	$0	$565	-$368
1-Bedroom (40%)	$276	$276	$0	$565	-$289
1-Bedroom (50%)	$355	$355	$0	$565	-$210
1-Bedroom (60%)	$434	$434	$0	$565	-$131
2-Bedroom (30%)	$230	$230	$0	$602	-$372
2-Bedroom (40%)	$325	$325	$0	$602	-$277
2-Bedroom (50%)	$420	$420	$0	$602	-$182
2-Bedroom (60%)	$515	$515	$0	$602	-$87

Ref: p. 2-22
(NOTE: Differentials are amount of difference between proposed rents and program limits and average market rents, e.g., proposed rent =$500, program max =$600, differential = -$100)

Submarket Vacancy Rates: "Physical occupancy, among a total of 678 units in Aransas Pass, Ingleside, and Rockport, was 96.3% and the economic occupancy was 97.6% leased, with four off-line units reported…Occupancy in 100 elderly/retirement units at three locations was 86%, however, two of the three elderly complexes are rental-assisted locations, which reported an overall occupancy rate of 100% in a total of 66 units." (p. 3-2)

Absorption Projections: "Average absorption for the subject is estimated at 12 to 15 units per month. It is expected that a five-month lease-up period will be required to achieve 92.5% occupancy of the 76 units." (p. 2-23)

Known Planned Development: No information provided.

Effect on Existing Housing Stock: "The proposed project, with its superior amenities, is expected to have some initial impact on existing rental properties. Elderly tenants who currently rent in the conventional apartments, including householders aged 55 and over, are expected to relocate to the new affordable housing, and any vacancies created should be readily filled." (p. 3-3)

The Underwriter found the market study to be acceptable.

SITE and NEIGHBORHOOD CHARACTERISTICS

Location: Aransas Pass is located in on the Gulf coast, approximately 20 miles northeast of Corpus Christi in San Patricio County. The site is a rectangularly-shaped parcel located in the northwestern area of the city, approximately two miles from the central business district. The site is situated on the southwest side of West Wheeler Avenue (State Highway 35 Business).

Population: The estimated 2000 population of Aransas Pass was 8,138 and is expected to increase by 6% to approximately 8,698 by 2005. The estimated 2000 population of San Patricio County was 67,138 and is expected to increase by 7% to approximately 71,863 by 2005. The estimated 2000 elderly population of San Patricio County was 12,473 and is expected to increase by 9% to approximately 13,582 by 2005.

Adjacent Land Uses: Land uses in the overall area in which the site is located are mixed, with vacant land, retail, light industrial/manufacturing, and older single family and apartment complexes. Adjacent land uses include:

- **Northeast:** West Wheeler Avenue with retail beyond
- **Southeast:** Retail and self storage units
- **Southwest:** Demory Lane with a public middle school beyond

- **Northwest:** Single-family residence on a large vacant lot with a drainage ditch and Gillespie Avenue beyond

Site Access: Access to the property is from the southeast or northwest along West Wheeler Avenue. The project is to have main entry from Wheeler Avenue. Wheeler Avenue provides connections to all other major roads serving the Aransas Pass area as well as Corpus Christi and other surrounding communities.
Public Transportation: Public transportation to the area is not available in Aransas Pass.
Shopping & Services: The site is within three miles of all the services and facilities available in Aransas Pass. A senior citizens' community center is located approximately one mile southeast.
Special Adverse Site Characteristics: The title commitment lists an abstract of judgment in the amount of $575.31 that must be cleared by the closing. Receipt, review, and acceptance of documentation verifying the resolution of this issue is a condition of this report.

Site Inspection Findings: The site has not been inspected by a TDHCA staff member, and receipt, review, and acceptance of an acceptable site inspection report is a condition of this report.

HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)

A Phase I Environmental Site Assessment report dated February 21, 2002 was prepared by Raba-Kistner Consultants, Inc. and contained the following findings and recommendations:
Findings: "Based on the information reviewed, there was no evidence that the site or adjacent properties are currently under environmental regulatory review or enforcement action. R-K's site reconnaissance, review of readily available public records and databases, and interviews with knowledgeable sources revealed no recognized environmental conditions involving the site with the exception of the following items:

- Abandoned septic tank system located behind the house foundation remnants.
- Two abandoned, uncapped domestic water wells located to the south of the house foundation. Open wells can provide a conduit for contaminants to impact ground water." (p. 14)

Recommendations: "Based on the information as presented herein, no further environmental assessment activities of the site are deemed warranted at this time with exception to the following:

- It is recommended that the abandoned septic tank system be removed and properly disposed of.
- It is recommended that the two uncapped domestic wells be properly abandoned in accordance with Chapter 76 of the Texas Water Code." (p. 14)

It is a condition of this report that the Applicant provide evidence that the environmental analyst's recommendations have been satisfactorily accomplished.

OPERATING PROFORMA ANALYSIS

Income: The Applicant's rent projections are the maximum rents allowed under LIHTC guidelines, and should be attainable according to the market analyst. Estimates of secondary income and vacancy and collection losses are in line with TDHCA underwriting guidelines.
Expenses: The Applicant's estimate of total operating expense is 1.3% lower than the Underwriter's TDHCA database-derived estimate, an acceptable deviation. The Applicant's budget shows several line item estimates, however, that deviate significantly when compared to the database averages, particularly general and administrative ($2.7K lower), management ($4K lower), payroll ($13.5K higher), water, sewer, and trash ($4.2K lower), and property tax ($8.8K lower).
Debt Service: The Applicant's proforma did not include any debt service for the requested Housing Trust Fund loan, which the Underwriter estimates at $2,980/year.
Conclusion: The Applicant's estimated income is consistent with the Underwriter's expectations and total operating expenses are within 5% of the database-derived estimate. Therefore, the Applicant's NOI should be used to evaluate debt service capacity. In both the Applicant's and the Underwriter's income and expense estimates there is sufficient net operating income to service the proposed first lien permanent mortgage at a debt coverage ratio that is within an acceptable range of TDHCA underwriting guidelines of 1.10 to 1.25.

CONSTRUCTION COST ESTIMATE EVALUATION

Land Value: The site cost of $175,300 ($0.54/SF or $23,347/acre) is substantiated by the tax assessed value of $112K and is assumed be reasonable since the two acquisition contracts appear to be arm's-length transactions.

Sitework Cost: The Applicant's claimed sitework costs of $5,419 per unit are considered reasonable compared to historical sitework costs for multifamily projects.

Direct Construction Cost: The Applicant's costs are more than 5% different than the Underwriter's Marshall & Swift *Residential Cost Handbook*-derived estimate after all of the Applicant's additional justifications were considered. This would suggest that the Applicant's direct construction costs are understated. The Applicant did not appear to include all of the covered patio and porch area in the application.

Fees: The Applicant's contractor's and developer's fees for general requirements, general and administrative expenses, and profit are all within the maximums allowed by TDHCA guidelines.

Conclusion: The Applicant's total development cost estimate is within 5% of the Underwriter's verifiable estimate and is therefore generally acceptable. Since the Underwriter has been able to verify the Applicant's projected costs to a reasonable margin, the Applicant's total cost breakdown is used to calculate eligible basis and determine the LIHTC allocation. Though it may not have been required, the Applicant deducted the amount of the proposed HTF loan and SECO grant ($85.5K) from eligible basis as a below market rate loan and grant proceeds. As a result an eligible basis of $3,796,012 is used to determine a credit allocation of $416,498 from this method. The resulting syndication proceeds will be used to compare to the gap of need using the Applicant's costs to determine the recommended credit amount.

FINANCING STRUCTURE ANALYSIS

The Applicant intends to finance the development with six types of financing from five sources: a conventional interim to permanent loan, a Housing Trust Fund loan, a State Energy Conservation Office (SECO) grant, syndicated LIHTC equity, and deferred developer's fees.

Conventional Interim to Permanent Loan : There is a commitment for interim to permanent financing through Midland Mortgage Investment Corporation in the amount of $1,738,046 during the interim period and $892,100 at conversion to permanent. The commitment letter indicated a term of 24 months for the construction portion and 15 years for the permanent, with a 30-year amortization schedule. The variable interest rate during the interim period is to be 1% above the Wall Street Journal prime rate, with a minimum of 6%. The permanent loan interest rate will be fixed at 40 basis points above an unspecified index to be selected at rate lock by the lender, with a minimum of 6.75%, a maximum of 9.125%, and a collar spread of 125 basis points. The Underwriter used an estimated interest rate of 8% in this analysis per the commitment.

Housing Trust Fund (HTF) Loan: The Applicant has requested a loan of $58,900 from the HTF to subsidize the development's two 30% AMI units. The Applicant requested an interest rate of from 1%-3% in the LIHTC application, and the Underwriter used a rate of 3% in this analysis. The HTF application appears to meet the program's threshold requirements but as of the date of this report, it is unknown if its score will be high enough to recommend it for funding.

SECO Grant: The Applicant has requested a grant of $26,600 in SECO funds to apply toward energy efficiency features. Likewise it is unknown as of the date of this underwriting if these funds will be recommended for allocation to this development.

LIHTC Syndication: Midland Equity Corporation has offered terms for syndication of the tax credits. The commitment letter shows net proceeds are anticipated to be $3,146,320 based on a syndication factor of 76%. The funds would be disbursed in a three-phased pay-in schedule:

1. 60% upon the later of: admission to the partnership, closing of the construction loan, or land acquisition;
2. 20% within 30 days of the later of: completion of construction or receipt of cost certification;
3. 20% within 30 days of the later of: closing of the permanent mortgage loan, receipt of IRS Forms 8609, 90% physical occupancy for three consecutive months, or attainment of a 1.15 DCR for 90 days.

Deferred Developer's Fees: The Applicant's proposed deferred developer's fees of $103,486 during the permanent phase amount to 20% of the total fees.

Financing Conclusions: Based on the Applicant's estimate of eligible basis, the LIHTC allocation should not exceed $416,498 annually for ten years. This is $2,467 more than the requested amount due to the Applicants use of a lower 8% applicable percentage rather than the 8.44% underwriting rate as of the application submission date. The resulting syndication proceeds of approximately $3,165,071 is $18,751 more than the Applicant included in their sources of funds. The Applicant's HTF and SECO requests are in compliance with programmatic threshold requirements and may score high enough to be funded, but these funds are not required for the feasibility of the development as sufficient developer fee exists for deferral to substitute for these sources. If HTF program staff elects to award the funds in the amounts requested, the HTF loan should bear an interest rate of 3% and have a term and amortization schedule of 30 years. With the HTF and SECO funds, the Applicant's deferred developer fee will be reduced to $84,735, which amounts to approximately 17% of available fees and should be repayable within seven years. Alternatively, without the HTF and SECO funds the deferred developer fee would increase to approximately $170,235 or 34% of the available fees, which would likely not be repayable until after year 10 but can be projected to be repaid in 15 years. It should be noted that the 30-year proforma reflects a downturn in debt coverage by year 15 and a debt coverage ratio below 1.10 by year 20 and below 1.00 by year 30. While this is a concern, it is a result of a relatively high expense-to-income ratio common in rural developments. It is also reflective of the proforma expectation that income will rise by 3% annually while expenses will rise by 4% every year for the period, where a more realistic expectation might not include such a large spread between the two rates, especially in a smaller rural development. Nonetheless, it does indicate that this development will need to be closely managed over the long term, especially if Housing Trust Funds are allocated to it.

REVIEW of ARCHITECTURAL DESIGN

The exterior elevations are simple and attractive, with pitched and hipped roofs and covered patios. The units are of average size for market rate and LIHTC units, and have both exterior entries from the patios and interior entries shared with the building's other units off an interior corridor.

IDENTITIES of INTEREST

The Developer, Community Retirement Centre, Inc., is also the 75% Co-General Partner. The 25% Co-General Partner, I-Integrity Management, Inc. is also the Property Manager. In addition, the principal of the majority general partner is also an employee of the architect. These are acceptable relationships for LIHTC-funded developments.

APPLICANT'S/PRINCIPALS' FINANCIAL HIGHLIGHTS, BACKGROUND, and EXPERIENCE

Financial Highlights:

- The Applicant is a single-purpose entity created for the purpose of receiving assistance from TDHCA and therefore has no material financial statement.
- The 75% Co-General Partner, Community Retirement Centre, Inc., submitted an unaudited financial statement as of February 15, 2002 reporting total assets of $179K and consisting of $3.3K in cash, $98K in real property, $66K in machinery, equipment, and fixtures, and $11.6K in partnership interests. Liabilities totaled $147K, resulting in a net worth of $32.3K.
- I-Integrity Management, Inc., the 25% Co-General Partner, submitted an unaudited financial statement as of February 6, 2002 reporting total assets of $14.7K and consisting of $3.5K in cash, $9.1K in receivables, and $2K in other assets. Liabilities totaled $1.6K, resulting in net equity of $13K.

Background & Experience:

- The Applicant is a new entity formed for the purpose of developing the project.
- Charles Holcomb, the sole owner of the 75% Co-General Partner, listed participation as general partner or developer/owner on six previous affordable housing developments totaling 499 units since 1978.
- Star Nolley, sole owner of the 25% Co-General Partner, listed no previous experience in housing development.
- The General Contractor, Alpha Construction Company, provided a TDHCA certificate of experience as evidence of having previously completed residential or comparable commercial property.

SUMMARY OF SALIENT RISKS AND ISSUES

- The development would need to capture a majority of the projected market area demand (i.e., capture rate exceeds 50%).
- Should the HTF/SECO funds not be awarded to this development, the recommended amount of deferred

developer fee cannot be repaid within ten years, and any amount unpaid past ten years would be removed from eligible basis.

RECOMMENDATION

☑ RECOMMEND APPROVAL OF AN LIHTC ALLOCATION NOT TO EXCEED $416,498 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

☑ IF THIS APPLICATION MEETS HTF PROGRAM SELECTION SCORING CONSTRAINTS FOR FUNDING, APPROVAL OF A HOUSING TRUST FUND AWARD NOT TO EXCEED $58,900, STRUCTURED AS A 30-YEAR TERM, FULLY AMORTIZING PERMANENT LOAN OVER A 30-YEAR PERIOD AT 3% INTEREST AFTER A NORMAL AND CUSTOMARY CONSTRUCTION LOAN PERIOD AND APPROVAL OF A GRANT OF STATE ENERGY CONSERVATION OFFICE FUNDS NOT TO EXCEED $26,600 IS RECOMMENDED

CONDITIONS

1. Receipt, review, and acceptance of evidence of removal and proper disposal of the abandoned septic tank system, prior to cost certification;
2. Receipt, review, and acceptance of evidence of proper disposition of the two abandoned domestic wells, prior to cost certification;
3. Receipt, review, and acceptance of a satisfactory TDHCA site inspection report;
4. Receipt, review, and acceptance of a copy of the release of lien on the property or an updated title commitment showing clear title, prior to carryover certification.
5. Should the HTF/SECO funds not be allocated to this development the remaining recommendations and conditions will remain unchanged

Credit Underwriting Supervisor:	*Jim Anderson*	**Date:**	May 11, 2002
Director of Credit Underwriting:	*Tom Gouris*	**Date:**	May 11, 2002

MULTIFAMILY FINANCIAL ASSISTANCE REQUEST: Comparative Analysis

Aransas Pass Retirement Center, 9% LIHTC #02011

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Net Rent per Unit	Rent per Month	Rent per SF	Tnt Pd Util	Wtr, Swr, Trsh
TC (30%)	1	1	1	662	$238	$197	$197	$0.30	$41.00	$42.00
TC (40%)	14	1	1	662	317	276	3,864	0.42	41.00	42.00
TC (50%)	27	1	1	662	396	355	9,585	0.54	41.00	42.00
TC (60%)	24	1	1	662	475	434	10,416	0.66	41.00	42.00
TC (30%)	1	2	1	842	286	230	230	0.27	56.00	46.00
TC (40%)	2	2	1	842	381	325	650	0.39	56.00	46.00
TC (50%)	4	2	1	842	476	420	1,680	0.50	56.00	46.00
TC (60%)	3	2	1	842	571	515	1,545	0.61	56.00	46.00
TOTAL:	76		AVERAGE:	686	$414	$371	$28,167	$0.54	$42.97	$42.53

INCOME	Total Net Rentable Sq Ft:	52,112		TDHCA	APPLICANT			
POTENTIAL GROSS RENT				$338,004	$338,004			
Secondary Income		Per Unit Per Month:	$10.00	9,120	9,120	$10.00	Per Unit Per Month	
Other Support Income: (describe)				0	0			
POTENTIAL GROSS INCOME				$347,124	$347,124			
Vacancy & Collection Loss		% of Potential Gross Income:	-7.50%	(26,034)	(26,040)	-7.50%	of Potential Gross Rent	
Employee or Other Non-Rental Units or Concessions				0	0			
EFFECTIVE GROSS INCOME				$321,090	$321,084			
EXPENSES	% OF EGI	PER UNIT	PER SQ FT			PER SQ FT	PER UNIT	% OF EGI
General & Administrative	6.71%	$283	$0.41	$21,531	$18,800	$0.36	$247	5.86%
Management	6.36%	269	0.39	20,409	16,342	0.31	215	5.09%
Payroll & Payroll Tax	18.22%	770	1.12	58,492	72,006	1.38	947	22.43%
Repairs & Maintenance	7.03%	297	0.43	22,586	24,000	0.46	316	7.47%
Utilities	3.11%	131	0.19	9,994	12,000	0.23	158	3.74%
Water, Sewer, & Trash	9.59%	405	0.59	30,801	26,605	0.51	350	8.29%
Property Insurance	3.14%	132	0.19	10,068	9,921	0.19	131	3.09%
Property Tax 3.01675	10.71%	453	0.66	34,391	25,549	0.49	336	7.96%
Reserve for Replacements	4.73%	200	0.29	15,200	15,200	0.29	200	4.73%
Other: spt svcs, compl., sec, cable	2.02%	86	0.12	6,500	6,500	0.12	86	2.02%
TOTAL EXPENSES	71.62%	$3,026	$4.41	$229,972	$226,923	$4.35	$2,986	70.67%
NET OPERATING INC	28.38%	$1,199	$1.75	$91,118	$94,161	$1.81	$1,239	29.33%
DEBT SERVICE								
First Lien Mortgage	24.46%	$1,034	$1.51	$78,551	$77,645	$1.49	$1,022	24.18%
Additional Financing	0.00%	$0	$0.00	0	0	$0.00	$0	0.00%
Housing Trust Fund Loan	0.93%	$39	$0.06	2,980	0	$0.00	$0	0.00%
NET CASH FLOW	2.99%	$126	$0.18	$9,587	$16,516	$0.32	$217	5.14%
AGGREGATE DEBT COVERAGE RATIO				1.12	1.21			
ALTERNATIVE DEBT COVERAGE RATIO					1.15			

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		4.01%	$2,307	$3.36	$175,300	$175,300	$3.36	$2,307	4.15%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		9.43%	5,419	7.90	411,860	411,860	7.90	5,419	9.74%
Direct Construction		53.12%	30,544	44.54	2,321,310	2,179,020	41.81	28,671	51.55%
Contingency	3.39%	2.12%	1,218	1.78	92,563	92,563	1.78	1,218	2.19%
General Requiremen	5.59%	3.50%	2,011	2.93	152,843	152,843	2.93	2,011	3.62%
Contractor's G & A	1.86%	1.17%	670	0.98	50,948	50,948	0.98	670	1.21%
Contractor's Profi	5.59%	3.50%	2,011	2.93	152,843	152,843	2.93	2,011	3.62%
Indirect Construction		4.01%	2,308	3.37	175,400	175,400	3.37	2,308	4.15%
Ineligible Expenses		1.24%	716	1.04	54,394	54,394	1.04	716	1.29%
Developer's G & A	3.41%	2.75%	1,579	2.30	120,000	120,000	2.30	1,579	2.84%
Developer's Profit	10.97%	8.83%	5,079	7.41	385,968	385,968	7.41	5,079	9.13%
Interim Financing		3.66%	2,106	3.07	160,067	160,067	3.07	2,106	3.79%
Reserves		2.66%	1,529	2.23	116,200	116,200	2.23	1,529	2.75%
TOTAL COST		100.00%	$57,496	$83.85	$4,369,696	$4,227,406	$81.12	$55,624	100.00%
Recap-Hard Construction Costs		*72.83%*	***$41,873***	***$61.07***	***$3,182,367***	***$3,040,077***	***$58.34***	***$40,001***	*71.91%*

SOURCES OF FUNDS

	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	RECOMMENDED	ALTERNATIVE
First Lien Mortgage	20.42%	$11,738	$17.12	$892,100	$892,100	$892,100	$892,100
LIHTC Syndication Proceeds	72.00%	$41,399	$60.38	3,146,320	3,146,320	3,165,071	3,165,071
Housing Trust Fund Loan	1.35%	$775	$1.13	58,900	58,900	58,900	
SECO Grant				26,600	26,600	26,600	
Deferred Developer Fees	2.37%	$1,362	$1.99	103,486	103,486	84,735	170,235
Additional (excess) Funds Requirec	3.26%	$1,872	$2.73	142,290	0	0	0
TOTAL SOURCES				$4,369,696	$4,227,406	$4,227,406	$4,227,406

MULTIFAMILY FINANCIAL ASSISTANCE REQUEST (continued)

Aransas Pass Retirement Center, 9% LIHTC #02011

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook

Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$43.51	$2,267,141
Adjustments				
Exterior Wall Finish	6.25%		$2.72	$141,696
Elderly	5.00%		2.18	113,357
Roofing			0.00	0
Subfloor			(1.96)	(102,140)
Floor Cover			1.82	94,844
Porches/Balconies	$28.10	5,472	2.95	153,763
Plumbing	$585		0.00	0
Built-In Appliances	$1,550	76	2.26	117,800
Stairs/Fireplaces	$1,400	1	0.03	1,400
Floor Insulation			0.00	0
Heating/Cooling			1.41	73,478
Corridors	$28.10	12,268	6.62	344,731
Comm &/or Aux Bldgs	$60.02	1,950	2.25	117,041
Other:			0.00	0
SUBTOTAL			63.77	3,323,112
Current Cost Multiplier	1.04		2.55	132,924
Local Multiplier	0.82		(11.48)	(598,160)
TOTAL DIRECT CONSTRUCTION COSTS			$54.84	$2,857,876
Plans, specs, survy, bld	3.90%		($2.14)	($111,457)
Interim Construction Inte	3.38%		(1.85)	(96,453)
Contractor's OH & Profit	11.50%		(6.31)	(328,656)
NET DIRECT CONSTRUCTION COSTS			$44.54	$2,321,310

PAYMENT COMPUTATION

Primary	$892,100	Term	360
Int Rate	8.000%	DCR	1.16

Secondary	$3,146,320	Term	
Int Rate	0.00%	Subtotal DCR	1.16

Additional	$58,900	Term	360
Int Rate	3.00%	Aggregate DCR	1.12

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	$78,551
Secondary Debt Service	0
Additional Debt Service	2,980
NET CASH FLOW	$9,587

Primary	$892,100	Term	360
Int Rate	8.000%	DCR	1.20

Secondary	$3,146,320	Term	0
Int Rate	0.00%	Subtotal DCR	1.20

Additional	$58,900	Term	360
Int Rate	3.00%	Aggregate DCR	1.15

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$338,004	$348,144	$358,588	$369,346	$380,426	$441,019	$511,261	$592,692	$796,529
Secondary Income	9,120	9,394	9,675	9,966	10,265	11,900	13,795	15,992	21,492
Other Support Income: (descr	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	347,124	357,538	368,264	379,312	390,691	452,918	525,056	608,684	818,020
Vacancy & Collection Loss	(26,034)	(26,815)	(27,620)	(28,448)	(29,302)	(33,969)	(39,379)	(45,651)	(61,352)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$321,090	$330,722	$340,644	$350,863	$361,389	$418,949	$485,677	$563,033	$756,669
EXPENSES at 4.00%									
General & Administrative	$21,531	$22,392	$23,288	$24,219	$25,188	$30,645	$37,285	$45,362	$67,147
Management	20,409	21,022	21,652	22,302	22,971	26,630	30,871	35,788	48,096
Payroll & Payroll Tax	58,492	60,831	63,265	65,795	68,427	83,252	101,289	123,233	182,415
Repairs & Maintenance	22,586	23,489	24,429	25,406	26,422	32,147	39,112	47,585	70,438
Utilities	9,994	10,394	10,809	11,242	11,692	14,225	17,306	21,056	31,168
Water, Sewer & Trash	30,801	32,033	33,314	34,647	36,033	43,839	53,337	64,893	96,058
Insurance	10,068	10,471	10,890	11,325	11,778	14,330	17,435	21,212	31,399
Property Tax	34,391	35,767	37,197	38,685	40,233	48,949	59,554	72,457	107,253
Reserve for Replacements	15,200	15,808	16,440	17,098	17,782	21,634	26,321	32,024	47,404
Other	6,500	6,760	7,030	7,312	7,604	9,252	11,256	13,695	20,271
TOTAL EXPENSES	$229,972	$238,967	$248,315	$258,031	$268,129	$324,902	$393,765	$477,305	$701,648
NET OPERATING INCOME	$91,118	$91,756	$92,329	$92,832	$93,260	$94,047	$91,912	$85,728	$55,020
DEBT SERVICE									
First Lien Financing	$78,551	$78,551	$78,551	$78,551	$78,551	$78,551	$78,551	$78,551	$78,551
Second Lien	0	0	0	0	0	0	0	0	0
Other Financing	2,980	2,980	2,980	2,980	2,980	2,980	2,980	2,980	2,980
NET CASH FLOW	$9,587	$10,225	$10,798	$11,301	$11,729	$12,516	$10,381	$4,197	($26,510)
DEBT COVERAGE RATIO	1.12	1.13	1.13	1.14	1.14	1.15	1.13	1.05	0.67

LIHTC Allocation Calculation - Aransas Pass Retirement Center, 9% LIHTC #02011

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
(1) Acquisition Cost				
Purchase of land	$175,300	$175,300		
Purchase of buildings				
(2) Rehabilitation/New Construction Cost				
On-site work	$411,860	$411,860	$411,860	$411,860
Off-site improvements				
(3) Construction Hard Costs				
New structures/rehabilitation ha	$2,179,020	$2,321,310	$2,179,020	$2,321,310
(4) Contractor Fees & General Requirements				
Contractor overhead	$50,948	$50,948	$50,948	$50,948
Contractor profit	$152,843	$152,843	$152,843	$152,843
General requirements	$152,843	$152,843	$152,843	$152,843
(5) Contingencies	$92,563	$92,563	$92,563	$92,563
(6) Eligible Indirect Fees	$175,400	$175,400	$175,400	$175,400
(7) Eligible Financing Fees	$160,067	$160,067	$160,067	$160,067
(8) All Ineligible Costs	$54,394	$54,394		
(9) Developer Fees				
Developer overhead	$120,000	$120,000	$120,000	$120,000
Developer fee	$385,968	$385,968	$385,968	$385,968
(10) Development Reserves	$116,200	$116,200		
TOTAL DEVELOPMENT COSTS	$4,227,406	$4,369,696	$3,881,512	$4,023,802

Deduct from Basis:				
All grant proceeds used to finance costs in eligible basis			$26,600	$26,600
B.M.R. loans used to finance cost in eligible basis			$58,900	$58,900
Non-qualified non-recourse financing				
Non-qualified portion of higher quality units [42(d)(3)]				
Historic Credits (on residential portion only)				
TOTAL ELIGIBLE BASIS			$3,796,012	$3,938,302
High Cost Area Adjustment			130%	130%
TOTAL ADJUSTED BASIS			$4,934,816	$5,119,792
Applicable Fraction			100%	100%
TOTAL QUALIFIED BASIS			$4,934,816	$5,119,792
Applicable Percentage			8.44%	8.44%
TOTAL AMOUNT OF TAX CREDITS			$416,498	$432,110
	Syndication Proceeds	**0.7599**	**$3,165,071**	**$3,283,710**

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTI FAMILY CREDIT UNDERWRITING ANALYSIS

DATE: June 5, 2002 **PROGRAM:** 9% LIHTC **FILE NUMBER:** 02043

DEVELOPMENT NAME

King's Crossing

APPLICANT

Name:	Affordable Housing of Kingsville II, LP	**Type:**	☒ For Profit ☐ Non-Profit ☐ Municipal ☐ Other
Address:	1013 Van Buren Street	**City:**	Houston **State:** TX
Zip:	77019 **Contact:** Mark Musemeche	**Phone:**	(712) 522-4141 **Fax:** (713) 522-9775

PRINCIPALS of the APPLICANT

Name	(%)	Title
Texas Housing Associates, Inc.	0.005	Managing General Partner
Housing Associates, Inc.	0.005	Co-General Partner
MuniMae Midland, LLC	99.99	Limited Partner
Laura Musemeche	N/A	51% owner of Managing GP
Mark Musemeche	N/A	49% owner of Managing GP
Dan Allgeier	N/A	100% owner of Co-GP

MANAGING GENERAL PARTNER

Name:	Texas Housing Associates, Inc.	**Type:**	☒ For Profit ☐ Non-Profit ☐ Municipal ☐ Other
Address:	1013 Van Buren Street	**City:**	Houston **State:** TX
Zip:	77019 **Contact:** Mark Musemeche	**Phone:**	(712) 522-4141 **Fax:** (713) 522-9775

CO-GENERAL PARTNER

Name:	Housing Associates, Inc.	**Type:**	☒ For Profit ☐ Non-Profit ☐ Municipal ☐ Other
Address:	17103 Preston Road, #109N	**City:**	Dallas **State:** TX
Zip:	75248 **Contact:** Dan Allgeier	**Phone:**	(972) 991-8606 **Fax:** (972) 991-8766

PROPERTY LOCATION

Location: 1700 block Corral Avenue ☒ **QCT** ☐ **DDA**

City: Kingsville **County:** Kleburg **Zip:** 78363

REQUEST

Amount	Interest Rate	Amortization	Term
① $779,906	N/A	N/A	N/A
② $110,000	1%	30 yrs	30 yrs
② $30,000	N/A	N/A	N/A

Other Requested Terms: ① Annual ten-year allocation of low-income housing tax credits; ② HTF; ② SECO

Proposed Use of Funds: New Construction **Set-Aside:** ☒ General ☐ Rural ☐ Non-Profit

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
CREDIT UNDERWRITING ANALYSIS

SITE DESCRIPTION

Size: 10 acres 435,600 square feet **Zoning/ Permitted Uses:** R-3/Multifamily

Flood Zone Designation: Zone X **Status of Off-Sites:** Partially Improved

DESCRIPTION of IMPROVEMENTS

Total Units: 120 **# Rental Buildings** 10 **# Common Area Bldngs** 2 **# of Floors** 2 **Age:** N/A yrs **Vacant:** N/A at / /

Number	Bedrooms	Bathroom	Size in SF
42	1	1	750
42	2	2	980
36	3	2	1,124

Net Rentable SF: 113,124 **Av Un SF:** 943 **Common Area SF:** 6,622 **Gross Bldng SF** 119,746

Property Type: ☒ Multifamily ☐ SFR Rental ☐ Elderly ☐ Mixed Income ☐ Special Use

CONSTRUCTION SPECIFICATIONS

STRUCTURAL MATERIALS

Wood frame on a post-tensioned concrete slab on grade, 75% masonry/brick veneer/25% Hardiplank siding exterior wall covering, drywall interior wall surfaces, composite shingle roofing

APPLIANCES AND INTERIOR FEATURES

Carpeting, other & vinyl flooring, range & oven, hood & fan, garbage disposal, dishwasher, refrigerator, fiberglass tub/shower, washer & dryer connections, ceiling fans, laminated counter tops, individual water heaters

ON-SITE AMENITIES

Community room, management offices, fitness facility, kitchen, restrooms, daycare facility, central mailroom, swimming pool, equipped children's play area

Uncovered Parking: 230 spaces **Carports:** N/A spaces **Garages:** N/A spaces

OTHER SOURCES of FUNDS

LONG TERM/PERMANENT FINANCING

Source: MuniMae Midland **Contact:** John Mullaney

Principal Amount: $1,181,645 **Interest Rate:** Lender Index + 40 bps, 125 bps collar, 8% lender underwriting rate

Additional Information: $1,942,219 for 24 months at Prime + 1%, minimum of 6%

Amortization: 30 yrs **Term:** 15 yrs **Commitment:** ☐ None ☐ Firm ☒ Conditional

Annual Payment: $104,040 **Lien Priority:** 1st **Commitment Date** 02/ 13/ 2002

LIHTC SYNDICATION

Source: MuniMae Midland **Contact:** Mark George

Address: 33 N Garden Avenue **City:** Clearwater

State: FL **Zip:** 33755 **Phone:** (727) 461-4801 **Fax:** (727) 443-6067

Net Proceeds: $5,921,355 **Net Syndication Rate** (per $1.00 of 10-yr LIHTC) 76¢

Commitment ☐ None ☒ Firm ☐ Conditional **Date:** 02/ 14/ 2002

Additional Information:

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
CREDIT UNDERWRITING ANALYSIS

APPLICANT EQUITY

Amount: $72,614 **Source:** Deffered Developer Fee

VALUATION INFORMATION

ASSESSED VALUE

Land: 22.64 acres	$113,920	**Assessment for the Year of:**	2001
1 acre:	$5,032	**Valuation by:**	Kleburg County Appraisal District
Prorated Land: 10 acre	$50,320	**Tax Rate:**	3.00715

EVIDENCE of SITE or PROPERTY CONTROL

Type of Site Control: Option Agreement (10 acres)

Contract Expiration Date: 10/ 15/ 2002 **Anticipated Closing Date:** 09/ 10/ 2002

Acquisition Cost: $ 50,000 **Other Terms/Conditions:** $500 option fee; $5K per acre price

Seller: GARCO **Related to Development Team Member:** No

REVIEW of PREVIOUS UNDERWRITING REPORTS

No previous reports.

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Description: King’s Crossing is a proposed new construction development of 120 units of affordable housing located in Kingsville, Kleburg County. The development is comprised of ten residential buildings as follows:

- Five Building Type I with eight one-bedroom units and eight two-bedroom units; and
- Four Building Type II with eight three-bedroom units; and
- One Building Type III with two one-bedroom units, two two-bedroom units and four three-bedroom units.

Based on the site plan the apartment buildings are distributed evenly throughout the site, with the community and supportive services buildings located on either end of the site. The 3,120 square foot community building plan includes a large club room, business center, theater/activity room, conference room, kitchen, fitness center and restrooms as well as leasing/management offices. The 3,575 square foot supportive services building plan includes three classrooms, a multipurpose room, kitchen and restrooms as well as a reception area.

Supportive Services: The Applicant has contracted with Community Action Corporation of South Texas to provide a daycare through the Early Head Start and Head Start. The development will be responsible for water, sewer and trash costs, which are estimated at $200 per month, and Community Action will pay nominal annual rent of $10 for use of the supportive services building.

Schedule: The Applicant anticipates construction to begin in February of 2003, to be completed in December of 2003, to be placed in service in December of 2003, and to be substantially leased-up in March of 2004.

POPULATIONS TARGETED

Income Set-Aside: The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside. All of the units (100%) will be reserved for low-income tenants. Two of the units (2%) will be reserved for households earning 30% or less of AMGI, 33 units (27.5%) will be reserved for households earning 40% or less of AMGI, 48 of the units (40%) will be reserved for households earning 50% or less of AMGI, and 34 units (28%) will be reserved for households earning 60% or less of AMGI.

Special Needs Set-Asides: None of the units are specifically designated to be handicapped-accessible or equipped for tenants with hearing or visual impairments.

Compliance Period Extension: The Applicant has elected to extend the compliance period an additional 25 years.

MARKET HIGHLIGHTS

A market feasibility study dated February 25, 2002 was prepared by Ipser and Associates and highlighted the following findings:

Definition of Market/Submarket: "A primary market area includes Kingsville and the remainder of Kleburg County with a secondary market extending north into the southern part of Nueces County near the community of Bishop." (p. 2-5)

ANNUAL INCOME-ELIGIBLE SUBMARKET DEMAND SUMMARY				
	Market Analyst		Underwriter	
Type of Demand	Units of Demand	% of Total Demand	Units of Demand	% of Total Demand
Household Growth	8	4%	8	1%
Resident Turnover	170	87%	688	99%
Other Sources: 10%	18	9%	0	0%
TOTAL ANNUAL DEMAND	**196**	**100%**	**696**	**100%**

Ref: p. 3-4

Capture Rate: "The proposed development's 120 LIHTC units represent a 53.3% capture of the estimated total 225 income-qualified households." (p. 3-3) The Underwriter calculated a concentration capture rate of 17% based upon a supply of unstabilized comparable affordable units of the subject 120 divided by a revised demand of 696. Either rate is acceptable since Kingsville is not a PMSA or MSA and therefore is a rural community for which the capture rate can be a maximum of 100% of demand.

Market Rent Comparables: The market analyst surveyed 21 comparable apartment projects including 17 private market conventional locations and four rental assisted projects. (p. 2-19)

RENT ANALYSIS (net tenant-paid rents)					
Unit Type (% AMI)	**Proposed**	**Program Max**	**Differential**	**Market**	**Differential**
1-Bedroom (40%)	$233	$235	-$2	$515	-$282
1-Bedroom (50%)	$303	$305	-$2	$515	-$212
1-Bedroom (60%)	$373	$375	-$2	$515	-$142
2-Bedroom (30%)	$196	$197	-$1	$611	-$415
2-Bedroom (40%)	$280	$282	-$2	$611	-$331
2-Bedroom (50%)	$364	$366	-$2	$611	-$247
2-Bedroom (60%)	$448	$450	-$2	$611	-$163
3-Bedroom (40%)	$323	$324	-$1	$671	-$348
3-Bedroom (50%)	$420	$421	-$1	$671	-$251
3-Bedroom (60%)	$517	$518	-$1	$671	-$154

(NOTE: Differentials are amount of difference between proposed rents and program limits and average market rents, e.g., proposed rent =$500, program max =$600, differential = -$100)

Submarket Vacancy Rates: "Physical occupancy among the 21…locations was 93.6%, while the economic or leased occupancy rate was 93.8%. Overall, 10 locations reported a physical occupancy rate of 100%, while 9 were 95% occupied or better, and two reported occupancy rates between 80% and 87.1%." (p. 2-21)

Absorption Projections: "Since 1998, no new apartment projects have opened in Kingsville. The best indication of absorption is the high occupancy at Courts of Las Palomas and Hawk's Landing, both of which were rated in excellent condition and built after 1996. Average absorption for the subject is estimated at 18 to 20 units per month with many prospective tenants from the waiting lists at Las Palomas and the housing authority. It is expected that a 6-month lease-up period will be required to achieve 92.5% occupancy of the 120 units." (p. 2-23)

Known Planned Development: None noted.

The Underwriter found the market study provided sufficient information on which to base a funding recommendation.

SITE and NEIGHBORHOOD CHARACTERISTICS

Location: The site is located on the south side of E Corral Avenue in the northeastern part of the City of Kingsville, approximately 1.5 miles from downtown. Kingsville is approximately 40 miles southwest of Corpus Christi and 90 miles north of Harlingen.

Population: The estimated 2000 population of Kingsville was 25,575 and is expected to increase to approximately 25,780 by 2005. The estimated 2000 population of Kleburg County was 31,549 and is expected to increase to approximately 32,274 by 2005. Within the primary market area (Kleburg County) there were estimated to be 10,896 households in 2000.

Adjacent Land Uses: Adjacent land uses include:

- **North:** scattered single family homes small industrial building
- **South:** open space, single family homes, Corral Villa Apartments
- **East:** undeveloped land, US 77
- **West:** open space, Kingsville Lulac Manor, single family homes

Site Access: The site is accessed north to south from E Corral Avenue. US Highway 77 runs north/south through Kleburg County and passes through Kingsville. Highway 77 meets I-37 northeast of Kingsville. State Highway 141 runs west through Kingsville to US Highway 281.

Public Transportation: The availability of public transportation is unknown.

Shopping & Services: City Hall, the Post Office and the library are about 2.25 miles southwest. The elementary, middle and high schools are located within four miles. Texas A&M Kingsville, a four year college with graduate programs, is three miles south of the site. Grocery and retail shopping can be found within four miles of the site, but for a full range of department and specialty shopping, residents commute to Corpus Christi. A hospital and associated clinics are less than five miles south.

Site Inspection Findings: The site has not been inspected by a TDHCA staff member, and receipt, review, and acceptance of an acceptable site inspection report is a condition of this report.

HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)

A Phase I Environmental Site Assessment report dated February 21, 2002 was prepared by Raba-Kistner Consultants, Inc. and contained the following findings and recommendations:

> "Based on information reviewed, there was no evidence that the SITE or adjacent properties are currently under environmental regulatory review or enforcement action. R-K's site reconnaissance and interview sources revealed no recognized environmental conditions involving the SITE. Based on the information as presented herein, no further environmental assessment activities of the SITE are deemed warranted at this time."

OPERATING PROFORMA ANALYSIS

Income: The Applicant's use of the 2002 LIHTC rent limits and secondary income and vacancy assumptions that are inline with underwriting guidelines result in an effective gross income estimate that is comparable to the Underwriter's estimate.

Expenses: The Applicant's total operating expense figure is $15K or 4% higher than the Underwriter's TDHCA database-derived estimate. The Underwriter's estimates were further adjusted based on a historical operating statement for a LIHTC development in the same area currently operated by a principal of the Applicant. However, several of the Applicant's line-item expense figures also vary by more than 5% or $1,500 as compared to the Underwriter's line item estimates. These include: payroll ($6K higher), repairs and maintenance ($20K higher), utilities ($2K higher), water, sewer and trash ($9K lower), and property tax ($6K lower).

Conclusion: Overall, the Applicant's net operating income is $13K or 9% lower than the Underwriter's estimate. Because this difference is greater than 5%, the Underwriter's proforma will be used to determine the development's ability to service debt. Based on the proposed financing structure and the Underwriter's net operating income estimate, the development will have a debt coverage ratio (DCR) of 1.30, which exceeds the Department's DCR guideline of 1.10 to 1.25. In order to limit the development's DCR to a maximum of 1.25, the total annual debt service should be increased to a minimum of $113,162.

CONSTRUCTION COST ESTIMATE EVALUATION

Land Value: The acquisition price is assumed be reasonable since the acquisition is an arm's-length transaction.
Sitework Cost: The Applicant's claimed sitework costs of $5,500 per unit are considered reasonable compared to historical sitework costs for multifamily projects.
Direct Construction Cost: The Applicant's direct construction cost estimate is 6.7% lower than the Underwriter's Marshall & Swift *Residential Cost Handbook*-derived estimate and therefore the Applicant's construction costs are considered understated.
Fees and Adjustments: No adjustments to fees or other expenses were noted.
Conclusion: The Applicant's total development cost figure is within 5% of the Underwriter's estimate; therefore, the Applicant's total costs will be used to determine the development's eligible basis and total funding need. The Applicant used an 8.47% applicable percentage, rather than the current 8.44%, and this lead to a slight overstatement ($2,434) of tax credits.

FINANCING STRUCTURE ANALYSIS

The Applicant intends to finance the development with four types of financing: a conventional interim to permanent loan, requested Housing Trust Funds, syndicated LIHTC equity, and deferred developer's fees.
Conventional Interim to Permanent Loan: There is a commitment for interim to permanent financing through MuniMae Midland in the amount of $1,942,219 during the interim period and $1,181,645 at conversion to permanent. The commitment letter indicated a term of 24 months for the construction portion and 15 years for the permanent. The permanent loan will be amortized over 30 years at a fixed interest rate based on the Lender Index plus 40 basis points with a 125 basis points collar. The 8% lender underwriting rate was used in this analysis.
Housing Trust Fund: The Applicant has requested an HTF loan in the amount of $110,000 with an interest rate of 1% and amortized over a term of 30 years and a SECO grant in the amount of $30,000 for energy efficient construction.
LIHTC Syndication: MuniMae Midland has offered terms for syndication of the tax credits. The commitment letter shows net proceeds are anticipated to be $5,921,355 based on a syndication factor of 76%. The funds would be disbursed in a three-phased pay-in schedule:

1. 36.5% upon admission to the partnership and closing of the construction loan;
2. 36.5% upon completion of the development and receipt of cost and credit certification; and
3. 27% upon closing of the permanent loan, receipt of Form 8609, 90% physical occupancy for 90 consecutive days, and 1.15 debt service coverage for 90 days.

Deferred Developer's Fees: The Applicant's proposed deferred developer's fees of $72,614 amount to 8% of the total proposed fees.
Financing Conclusions: As stated above, the Applicant's total development cost estimate was used to determine the development's eligible basis of $7,085,967. Based on this figure, the recommended annual tax credit allocation is $777,472, or $2,434 less than requested. This difference is due to the Applicant's use of an overstated applicable percentage of 8.47% rather than the current underwriting rate of 8.44%. The result is a decrease in anticipated syndication proceeds of $13,156.

As stated above, the Underwriter's net operating income estimate results in a debt coverage ratio (DCR) of 1.30, which exceeds the Department's DCR guideline of 1.10 to 1.25. In order to limit the development's DCR to a maximum of 1.25, the total annual debt service should be increased to a minimum of $113,162. A Housing Trust Fund loan in the requested amount of $110,000 is recommended, but with an interest rate of 3% and term of 15 years, amortized over 15 years. The resulting debt service provides for a total debt coverage ratio of 1.25, which is equal to the Department's maximum DCR guideline.

With the recommended HTF loan, SECO grant, and tax credit allocation, the developer would be required to defer $85,770 in fees. Deferred developer fees in this amount appear to be repayable from cashflow within three years of stabilized operation. However, should the requested Housing Trust Funds not be awarded to the development, the permanent loan structure must be revised to provide for a debt service of at least $113,162. Based on the proposed terms, the loan amount would increase sufficiently to maintain repayable deferred developer fees at less than 50% of the total eligible amount.

REVIEW of ARCHITECTURAL DESIGN

The submitted unit plans indicate ample storage space including walk-in closets in the majority of the bedrooms, a coat closet at the entrance and a pantry in the kitchen. The plans also include a built-in computer work station and washer/dryer closets. Each unit has a private balcony/porch and is accessed from a common breezeway. The building exteriors are typical combination brick/siding and reflect the architectural design elements common to recently-funded LIHTC developments. The two common area buildings are large and include many tenant-accessible areas. The proposed exteriors will conform with the residential buildings.

IDENTITIES of INTEREST

The Applicant, principals of the General Partners, developer, general contractor and architect are related entities. These identities of interest are common for LIHTC-funded developments.

APPLICANT'S/PRINCIPALS' FINANCIAL HIGHLIGHTS, BACKGROUND, and EXPERIENCE

Financial Highlights:

- The Applicant is a single-purpose entity created for the purpose of receiving assistance from TDHCA and therefore has no material financial statements.
- Texas Housing Associates, Inc., the managing General Partner, provided a financial statement as of February 20, 2002 indicating total assets of $2.2M comprised of cash, receivables and real property. Total liabilities equaled $31K for a net worth of $2.17M.
- Mark and Laura Musemeche, principals of the managing General Partner provided a joint financial statement.
- Dan Allgeier, principal of the co-General Partner, also provided a financial statement.

Background & Experience:

- The Applicant is a new entity formed for the purpose of developing the development.
- Principals of Texas Housing Associates, Inc., the managing General Partner, indicates participation in five LIHTC developments totaling 530 units since 1997 and 18 HUD developments totaling 1,061 units since 1991.
- Dan Allgeier, principal of the co-General Partner, indicates participation in six USDA and five LIHTC developments totaling 768 units since 1996.

SUMMARY OF SALIENT RISKS AND ISSUES

- The Applicant's operating proforma is more than 5% outside of the Underwriter's verifiable range.
- The development could potentially achieve an excessive profit level (i.e., a DCR above 1.25) if the maximum tax credit rents can be achieved in this market.
- The significant financing structure changes being proposed have not been reviewed/accepted by the Applicant, lenders, and syndicators, and acceptable alternative structures may exist.

RECOMMENDATION

☑ RECOMMEND APPROVAL OF AN LIHTC ALLOCATION NOT TO EXCEED $777,472 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

☑ RECOMMEND APPROVAL OF A HTF AWARD NOT TO EXCEED $110,000, STRUCTURED AS A 15-YEAR TERM LOAN, FULLY AMORTIZING OVER 15 YEARS AT 3% INTEREST AND A SECO GRANT OF $30,000, SUBJECT TO CONDITIONS.

CONDITIONS

1. Receipt, review, and acceptance of an acceptable TDHCA site inspection report;
2. Should the requested Housing Trust Funds not be awarded to the development, the permanent loan structure must be revised to provide for a debt service of at least $115,648.

Credit Underwriting Supervisor:	____________________ *Lisa Vecchietti*	**Date:**	June 5, 2002
Director of Credit Underwriting:	____________________ *Tom Gouris*	**Date:**	June 5, 2002

MULTIFAMILY FINANCIAL ASSISTANCE REQUEST: Comparative Analysis

King's Crossing, Kingsville, LIHTC 02043

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Net Rent per Unit	Rent per Month	Rent per SF	Tnt Pd Util	Wtr, Swr, Trsh
TC 40%	13	1	1	750	$280	$235	$3,050	$0.31	$45.41	$30.87
TC 50%	21	1	1	750	350	305	6,396	0.41	45.41	30.87
TC 60%	8	1	1	750	420	375	2,997	0.50	45.41	30.87
HTF/TC 30%	2	2	2	980	252	197	393	0.20	55.35	33.43
TC 40%	13	2	2	980	337	282	3,661	0.29	55.35	33.43
TC 50%	16	2	2	980	421	366	5,850	0.37	55.35	33.43
TC 60%	11	2	2	980	505	450	4,946	0.46	55.35	33.43
TC 40%	10	3	2	1,124	389	324	3,242	0.29	64.80	34.97
TC 50%	11	3	2	1,124	486	421	4,633	0.37	64.80	34.97
TC 60%	15	3	2	1,124	583	518	7,773	0.46	64.80	34.97
TOTAL:	120		AVERAGE:	943	$413	$358	$42,942	$0.38	$54.71	$33.00

INCOME	Total Net Rentable Sq Ft: 113,124				TDHCA	APPLICANT			
POTENTIAL GROSS RENT					$515,307	$513,180			
Secondary Income			Per Unit Per Month:	$10.00	14,400	18,720	$13.00	Per Unit Per Month	
Other Support Income: (describe)					0	0			
POTENTIAL GROSS INCOME					$529,707	$531,900			
Vacancy & Collection Loss		% of Potential Gross Income:		-7.50%	(39,728)	(39,888)	-7.50%	of Potential Gross Rent	
Employee or Other Non-Rental Units or Concessions					0	0			
EFFECTIVE GROSS INCOME					$489,979	$492,012			
EXPENSES		% OF EGI	PER UNIT	PER SQ FT			PER SQ FT	PER UNIT	% OF EGI
General & Administrative		4.48%	$183	$0.19	21,936	$22,500	$0.20	$188	4.57%
Management		5.00%	204	0.22	24,499	24,600	0.22	205	5.00%
Payroll & Payroll Tax		12.25%	500	0.53	60,031	65,700	0.58	548	13.35%
Repairs & Maintenance		10.66%	435	0.46	52,212	72,140	0.64	601	14.66%
Utilities		4.10%	167	0.18	20,088	22,000	0.19	183	4.47%
Water, Sewer, & Trash		9.70%	396	0.42	47,514	39,000	0.34	325	7.93%
Property Insurance		4.62%	189	0.20	22,625	24,000	0.21	200	4.88%
Property Tax	3.00715	14.73%	601	0.64	72,172	66,000	0.58	550	13.41%
Reserve for Replacements		4.90%	200	0.21	24,000	24,000	0.21	200	4.88%
Supportive Services, Compliance		0.80%	33	0.03	3,900	3,900	0.03	33	0.79%
TOTAL EXPENSES		71.22%	$2,908	$3.08	$348,976	$363,840	$3.22	$3,032	73.95%
NET OPERATING INC		28.78%	$1,175	$1.25	$141,003	$128,172	$1.13	$1,068	26.05%
DEBT SERVICE									
First Lien Mortgage		21.23%	$867	$0.92	$104,046	$109,442	$0.97	$912	22.24%
Housing Trust Fund		0.87%	$35	$0.04	4,246	0	$0.00	$0	0.00%
Housing Trust Fund		0.00%	$0	$0.00	0	0	$0.00	$0	0.00%
NET CASH FLOW		6.68%	$273	$0.29	$32,712	$18,730	$0.17	$156	3.81%
AGGREGATE DEBT COVERAGE RATIO					1.30	1.17			
ALTERNATIVE DEBT COVERAGE RATIO					1.25				

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		0.66%	$417	$0.44	$50,000	$50,000	$0.44	$417	0.68%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		8.67%	5,500	5.83	660,000	660,000	5.83	5,500	9.02%
Direct Construction		57.77%	36,642	38.87	4,397,080	4,100,745	36.25	34,173	56.05%
Contingency	4.29%	2.85%	1,809	1.92	217,090	217,090	1.92	1,809	2.97%
General Requiremer	5.65%	3.75%	2,380	2.53	285,645	285,645	2.53	2,380	3.90%
Contractor's G & /	1.88%	1.25%	793	0.84	95,215	95,215	0.84	793	1.30%
Contractor's Profi	5.65%	3.75%	2,380	2.53	285,645	285,645	2.53	2,380	3.90%
Indirect Construction		3.60%	2,286	2.42	274,277	274,277	2.42	2,286	3.75%
Ineligible Costs		0.32%	205	0.22	24,646	24,646	0.22	205	0.34%
Developer's G & A	1.30%	1.11%	702	0.74	84,268	0	0.00	0	0.00%
Developer's Profit	13.00%	11.03%	6,997	7.42	839,597	923,865	8.17	7,699	12.63%
Interim Financing		3.20%	2,029	2.15	243,486	243,486	2.15	2,029	3.33%
Reserves		2.04%	1,292	1.37	155,000	155,000	1.37	1,292	2.12%
TOTAL COST		100.00%	$63,433	$67.29	$7,611,949	$7,315,614	$64.67	$60,963	100.00%
Recap-Hard Construction Costs		*78.04%*	***$49,506***	***$52.51***	***$5,940,675***	***$5,644,340***	***$49.90***	***$47,036***	*77.15%*

SOURCES OF FUNDS

	%	PER UNIT	PER SQ FT	TDHCA	APPLICANT	WITH HTF	WITHOUT HTF
First Lien Mortgage	15.52%	$9,847	$10.45	$1,181,645	$1,181,645	$1,181,645	$1,285,171
Housing Trust Fund	1.45%	$917	$0.97	110,000	110,000	110,000	0
SECO Grant	0.39%	$250	$0.27	30,000	30,000	30,000	0
LIHTC Syndication Proceeds	77.79%	$49,345	$52.34	5,921,355	5,921,355	5,908,199	5,908,199
Deferred Developer Fees	0.95%	$605	$0.64	72,614	72,614	85,770	122,244
Additional (excess) Funds Require	3.89%	$2,469	$2.62	296,335	0	0	0
TOTAL SOURCES				$7,611,949	$7,315,614	$7,315,614	$7,315,614

King's Crossing, Kingsville, LIHTC 02043

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook
Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$40.80	$4,616,015
Adjustments				
Exterior Wall Finish	6.25%		$2.55	$288,501
Elderly			0.00	0
Roofing			0.00	0
Subfloor			(0.98)	(110,862)
Floor Cover			1.82	205,886
Porches/Balconies	$28.10	15,200	3.78	427,120
Plumbing	$585	234	1.21	136,890
Built-In Appliances	$1,550	120	1.64	186,000
Exterior Stairs	$1,350	30	0.36	40,500
Floor Insulation			0.00	0
Heating/Cooling			1.41	159,505
Garages/Carports			0.00	0
Comm &/or Aux Bldgs	$52.12	6,622	3.05	345,162
Other:			0.00	0
SUBTOTAL			55.64	6,294,717
Current Cost Multiplier	1.04		2.23	251,789
Local Multiplier	0.82		(10.02)	(1,133,049)
TOTAL DIRECT CONSTRUCTION COSTS			$47.85	$5,413,457
Plans, specs, survy, bld	3.90%		($1.87)	($211,125)
Interim Construction Inte	3.38%		(1.62)	(182,704)
Contractor's OH & Profit	11.50%		(5.50)	(622,548)
NET DIRECT CONSTRUCTION COSTS			$38.87	$4,397,080

PAYMENT COMPUTATION

Primary	$1,181,645	Term	360
Int Rate	8.00%	DCR	1.36

Secondary	$110,000	Term	360
Int Rate	1.00%	Subtotal DCR	1.30

Additional		Term	
Int Rate		Aggregate DCR	1.30

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	$104,046
Secondary Debt Service	9,116
Additional Debt Service	0
NET CASH FLOW	$27,842

Primary	$1,181,645	Term	360
Int Rate	8.00%	DCR	1.36

Secondary	$110,000	Term	180
Int Rate	3.00%	Subtotal DCR	1.25

Additional		Term	0
Int Rate	0.00%	Aggregate DCR	1.25

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$515,307	$530,767	$546,690	$563,090	$579,983	$672,359	$779,449	$903,595	$1,214,356
Secondary Income	14,400	14,832	15,277	15,735	16,207	18,789	21,781	25,250	33,935
Other Support Income: (desc	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	529,707	545,599	561,967	578,826	596,190	691,148	801,230	928,845	1,248,290
Vacancy & Collection Loss	(39,728)	(40,920)	(42,147)	(43,412)	(44,714)	(51,836)	(60,092)	(69,663)	(93,622)
Employee or Other Non-Renta	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$489,979	$504,679	$519,819	$535,414	$551,476	$639,312	$741,138	$859,182	$1,154,668
EXPENSES at 4.00%									
General & Administrative	$21,936	$22,814	$23,726	$24,675	$25,662	$31,222	$37,986	$46,216	$68,411
Management	24,499	25,234	25,991	26,771	27,574	31,966	37,057	42,959	57,733
Payroll & Payroll Tax	60,031	62,432	64,929	67,526	70,227	85,442	103,954	126,475	187,214
Repairs & Maintenance	52,212	54,300	56,472	58,731	61,080	74,314	90,414	110,002	162,830
Utilities	20,088	20,892	21,727	22,596	23,500	28,592	34,786	42,322	62,648
Water, Sewer & Trash	47,514	49,415	51,391	53,447	55,585	67,628	82,279	100,105	148,180
Insurance	22,625	23,530	24,471	25,450	26,468	32,202	39,179	47,667	70,559
Property Tax	72,172	75,058	78,061	81,183	84,431	102,723	124,978	152,055	225,078
Reserve for Replacements	24,000	24,960	25,958	26,997	28,077	34,159	41,560	50,564	74,848
Other	3,900	4,056	4,218	4,387	4,562	5,551	6,754	8,217	12,163
TOTAL EXPENSES	$348,976	$362,690	$376,946	$391,763	$407,166	$493,798	$598,946	$726,584	$1,069,665
NET OPERATING INCOME	$141,003	$141,988	$142,874	$143,650	$144,310	$145,514	$142,191	$132,598	$85,004
DEBT SERVICE									
First Lien Financing	$104,046	$104,046	$104,046	$104,046	$104,046	$104,046	$104,046	$104,046	$104,046
Second Lien	9,116	9,116	9,116	9,116	9,116	9,116	9,116	9,116	9,116
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	$27,842	$28,827	$29,712	$30,489	$31,148	$32,352	$29,030	$19,436	($28,158)
DEBT COVERAGE RATIO	1.25	1.25	1.26	1.27	1.28	1.29	1.26	1.17	0.75

LIHTC Allocation Calculation - King's Crossing, Kingsville, LIHTC 02043

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
(1) Acquisition Cost				
Purchase of land	$50,000	$50,000		
Purchase of buildings				
(2) Rehabilitation/New Construction Cost				
On-site work	$660,000	$660,000	$660,000	$660,000
Off-site improvements				
(3) Construction Hard Costs				
New structures/rehabilitation ha	$4,100,745	$4,397,080	$4,100,745	$4,397,080
(4) Contractor Fees & General Requirements				
Contractor overhead	$95,215	$95,215	$95,215	$95,215
Contractor profit	$285,645	$285,645	$285,645	$285,645
General requirements	$285,645	$285,645	$285,645	$285,645
(5) Contingencies	$217,090	$217,090	$217,090	$217,090
(6) Eligible Indirect Fees	$274,277	$274,277	$274,277	$274,277
(7) Eligible Financing Fees	$243,486	$243,486	$243,486	$243,486
(8) All Ineligible Costs	$24,646	$24,646		
(9) Developer Fees				
Developer overhead		$84,268		$84,268
Developer fee	$923,865	$839,597	$923,865	$839,597
(10) Development Reserves	$155,000	$155,000		
TOTAL DEVELOPMENT COSTS	$7,315,614	$7,611,949	$7,085,967	$7,382,303

Deduct from Basis:				
All grant proceeds used to finance costs in eligible basis				
B.M.R. loans used to finance cost in eligible basis				
Non-qualified non-recourse financing				
Non-qualified portion of higher quality units [42(d)(3)]				
Historic Credits (on residential portion only)				
TOTAL ELIGIBLE BASIS			$7,085,967	$7,382,303
High Cost Area Adjustment			130%	130%
TOTAL ADJUSTED BASIS			$9,211,757	$9,596,994
Applicable Fraction			100%	100%
TOTAL QUALIFIED BASIS			$9,211,757	$9,596,994
Applicable Percentage			8.44%	8.44%
TOTAL AMOUNT OF TAX CREDITS			$777,472	$809,986
	Syndication Proceeds	**0.7599**	**$5,908,199**	**$6,155,280**

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTI FAMILY CREDIT UNDERWRITING ANALYSIS

DATE: May 17, 2002 **PROGRAM:** 9% LIHTC
Housing Trust Fund **FILE NUMBER:** 02045

DEVELOPMENT NAME

Paris Retirement Village

APPLICANT

Name: Paris Retirement Village **Type:** ☒ For Profit ☐ Non-Profit ☐ Municipal ☐ Other

Address: 742 East Pipeline Road **City:** Hurst **State:** TX

Zip: 76053 **Contact:** Joe Chamy **Phone:** (817) 285-6315 **Fax:** (817) 285-7157

PRINCIPALS of the APPLICANT

Name	(%)	Title
SumTex Partners, Inc.	.01	Managing General Partner
Alliant Capital, Ltd.	99.99	Initial Limited Partner
Judy Chamy		58% Owner of MGP
Joe Chamy		42% Owner of MGP

GENERAL PARTNER

Name: SumTex Partners, Inc. **Type:** ☒ For Profit ☐ Non-Profit ☐ Municipal ☐ Other

Address: 742 East Pipeline Road **City:** Hurst **State:** TX

Zip: 76053 **Contact:** Joe Chamy **Phone:** (817) 285-6315 **Fax:** (817) 285-7157

PROPERTY LOCATION

Location: 1830 West Washington Street (application says 1400 Washington) ☒ **QCT** ☐ **DDA**

City: Paris **County:** Lamar **Zip:** 75460

REQUEST

Amount	Interest Rate	Amortization	Term
① 376,203	N/A	N/A	N/A
② $45,000	AFR (5.7%)	30 yrs	30 yrs

Other Requested Terms: ① Annual ten-year allocation of low-income housing tax credits
② Housing Trust Fund loan

Proposed Use of Funds: New construction **Set-Aside:** ☐ General ☒ Rural ☐ Non-Profit

SITE DESCRIPTION

Size: 9.31 acres 405,544 square feet **Zoning/ Permitted Uses:** PD-b (Multifamily Projects)*

Flood Zone Designation: X **Status of Off-Sites:** Raw Land

* Allows for 76 senior units subject to "site plan review" at the City Council level

DESCRIPTION of IMPROVEMENTS

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
CREDIT UNDERWRITING ANALYSIS

Total Units: 76 **# Rental Buildings** 19 **# Common Area Bldngs** 1 **# of Floors** 1 **Age:** 0 yrs

Number	Bedrooms	Bathroom	Size in SF
68	1	1	750
8	2	1	946

Net Rentable SF: 58,568 **Av Un SF:** 771 **Common Area SF:** 2,722 **Gross Bldng SF** 61,290

Property Type: ☒ Multifamily ☐ SFR Rental ☒ Elderly ☒ Mixed Income ☐ Special Use

CONSTRUCTION SPECIFICATIONS

STRUCTURAL MATERIALS

Wood frame on a post-tensioned concrete slab on grade, 75% brick veneer/20% Hardiplank siding/5% vinyl siding exterior wall covering, drywall interior wall surfaces, composite shingle roofing

APPLIANCES AND INTERIOR FEATURES

Carpeting & vinyl flooring, range & oven, hood & fan, garbage disposal, dishwasher, refrigerator, microwave oven, fiberglass tub/shower, washer & dryer connections, ceiling fans, laminated counter tops, individual water heaters high speed internet access, cable

ON-SITE AMENITIES

2,722 SF community building with community room, management offices, exercise room, kitchen, restrooms, central mail-area, swimming pool, play area, library, golf putting green, perimeter fencing with limited access gate, picnic area, walking trail

Uncovered Parking: 125 spaces **Carports:** 0 spaces **Garages:** 0 spaces

OTHER SOURCES of FUNDS

INTERIM CONSTRUCTION or GAP FINANCING

Source: Bank of America **Contact:** Sylvia Monsivais

Principal Amount: $1,700,000 **Interest Rate:** LIBOR + 3.25% , floating

Additional Information: Interest-only payments

Amortization: N/A yrs **Term:** 2 yrs **Commitment:** ☐ None ☐ Firm ☒ Conditional

LONG TERM/PERMANENT FINANCING

Source: Bank of America **Contact:** Sylvia Monsivais

Principal Amount: $1,100,000 **Interest Rate:** 7.95%, lender estimate as of date of terms letter

Additional Information:

Amortization: 30 yrs **Term:** 30 yrs **Commitment:** ☐ None ☐ Firm ☒ Conditional

Annual Payment: $96,393 **Lien Priority:** 1st **Commitment Date** 2/ 15/ 2002

LIHTC SYNDICATION

Source: Alliant Capital, Ltd. **Contact:** Scott L. Kotick

Address: 340 Royal Poinciana Way, Suite 305 **City:** Palm Beach

State: FL **Zip:** 33480 **Phone:** (561) 833-5795 **Fax:** (561) 833-3694

Net Proceeds: $2,811,783 **Net Syndication Rate** **(per $1.00 of 10-yr LIHTC)** 77.5¢

Commitment ☐ None ☐ Firm ☒ Conditional **Date:** 2/ 25/ 2002

Additional Information: Commitment letter reflects proceeds of $2,811,783 based on credits of $3,628,470

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTI FAMILY CREDIT UNDERWRITING ANALYSIS

APPLICANT EQUITY

Amount: $68,918* **Source:** Deferred developer fee

* The Applicant has indicated in the event that the HTF loan request is not successful, additional funding may be obtained from deferring up to 50% of the total developer fees. Any amount exceeding this 50% limit, up to $45K, will be loaned to the Applicant in the form of an unsecured promissory note to W. Joseph Chamy at 7.5% payable over 30 years

VALUATION INFORMATION

ASSESSED VALUE

Land: 20.40 ac. Mkt	$44,880	**Assessment for the Year of:**	2001
Land: 20.40 ac. Ag. Value	$2000	**Valuation by:**	Lamar County Appraisal District
Total: 9.31 ac. Prorated Market value	$20482	**Tax Rate:**	2.7364

EVIDENCE of SITE or PROPERTY CONTROL

Type of Site Control: Earnest money contract (20.40 acres)

Contract Expiration Date: 10/ 6/ 2002 **Anticipated Closing Date:** 9/ 15/ 2002

Acquisition Cost: $ 35,250* **Other Terms/Conditions:** $2,000 earnest money; $3,750 per acre purchase price

Seller: James R. and Mary L. Lane **Related to Development Team Member:** No

***** Purchase price should be $34,913 based on $3,750 per acre and 9.31 acres

REVIEW of PREVIOUS UNDERWRITING REPORTS

No previous reports.

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Description: Paris Retirement Village is a proposed new construction development of 76 units of mixed income housing located in southwest Paris. The development is comprised of 19 residential buildings as follows:

- (17) Building Type A with four one-bedroom units;
- (2) Building Type B with four two-bedroom units;

Based on the site plan the apartment buildings are distributed evenly throughout the site, with the community building, mailboxes, and swimming pool located near the entrance to the site. The 2,722-square foot community building plan includes the management office, community room, library, exercise room, kitchen, and restrooms. Special features include a golf putting green and walking trail.

Supportive Services: The Applicant has contracted with Consumer Credit Counseling Service of Greater Dallas, Inc. to provide the following supportive services to tenants: provide a financial seminar entitled "Dollars & Sense" three times per year as scheduled by the owner. These seminars will cover: money management, budgeting, saving, spending, credit reports, credit cards, credit bureaus and associated topics. In addition the Applicant has contracted with Lamar County Human Resources Council, Inc. to provide the following supportive services to tenants: home delivered meals and/or meals served at the multipurpose/dining room facility at the apartment community, as the need dictates. Meals served not to exceed 20 on any day; additional meals at a cost of $5 per meal, social and recreational programs, transportation to grocery store and medical services, referral services and counseling. These services will be provided at no cost to tenants. The contracts require the Applicant to provide, furnish, and maintain facilities in the community building for provision of the services. The Consumer Credit Counseling Service of Greater Dallas, Inc. requires an annual fee of $2,985 per year and the Lamar County Human Resources Council, Inc. requires an annual fee of $4,800, payable monthly and adjusted annually at a rate of 3%.

Schedule: The Applicant anticipates construction to begin in December of 2002, to be completed in June of 2004, to be placed in service in May of 2004, and to be substantially leased-up in May of 2004.

POPULATIONS TARGETED

Income Set-Aside: The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside. 68 of the units (89% of the total) will be reserved for low-income tenants. One of the units (1%) will be reserved for households earning 30% or less of AMGI, 14 units (18%) will be reserved for households earning 40% or less of AMGI, 28 units (37%) will be reserved for households earning 50% or less of AMGI, 25 units (33%) will be reserved for households earning 60% or less of AMGI, and the remaining eight units will be offered at market rents.
Special Needs Set-Asides: Six units (8%) will be handicapped-accessible.
Compliance Period Extension: The Applicant has elected to extend the compliance period an additional 25 years.

MARKET HIGHLIGHTS

A market feasibility study dated February 25, 2002 was prepared by Ipser & Associates, Inc. and highlighted the following findings:
Definition of Market/Submarket: "Lamar County, as the defined market area, encompasses several small towns and number of unincorporated communities." (p 2-5)

ANNUAL INCOME-ELIGIBLE SUBMARKET DEMAND SUMMARY				
	Market Analyst		Underwriter	
Type of Demand	Units of Demand	% of Total Demand	Units of Demand	% of Total Demand
Household Growth	2	1%	5	3%
Resident Turnover (Age 65 and over)	89	64%	155	97%
Other Sources: (Age 55 to 65)	40	29%	n/a	n/a
Other Sources: 10% other	9	6%	n/a	n/a
TOTAL ANNUAL DEMAND	**140**	**100%**	**160**	**100%**

Ref: Exhibit N-1

Capture Rate: "The proposed project's 68 LIHTC units (excluding 8 market-rate units) represents a 48.6% capture of the estimated 140 income-qualified households. For the market-rate units, up to 185 income-qualified households (with persons age 55 or older) is estimated to reside in Lamar County." (p. 3-4) Based on the Underwriter's total demand the capture rate is just under 50%. In either case the capture rate is acceptable for a rural area. It should be noted, however, that a second elderly development, Residence on Stillhouse Road is also currently being proposed. This would add 76 additional units to the market and raise the overall capture rate to 109% or 95%, depending on which demand calculation is used. It should also be noted that in both demand calculations nearly all of the demand is coming from turnover from existing units, and therefore would likely have a significant impact on the existing supply of housing.
Market Rent Comparables: The market analyst surveyed four comparable apartment projects totaling 309 units in the market area. "The subject's rents are all below the estimated market rents, including the subject's market rate units." (p. 2-22, Exhibit I-7)

RENT ANALYSIS (net tenant-paid rents)					
Unit Type (% AMI)	**Proposed**	**Program Max**	**Differential**	**Market***	**Differential**
1-Bedroom (30%)	$184	$185	-$1	$501	-$317
1-Bedroom (40%)	$261	$262	-$1	$501	-$240
1-Bedroom (50%)	$337	$338	-$1	$501	-$164
1-Bedroom (60%)	$413	$414	-$1	$501	-$88
1-Bedroom (MR)	$435	N/A	N/A	$501	-$66
2-Bedroom (40%)	$298	$298	$0	$553	-$255
2-Bedroom (50%)	$389	$389	$0	$553	-$164
2-Bedroom (60%)	$480	$480	$0	$553	-$73

(NOTE: Differentials are amount of difference between proposed rents and program limits and average market rents, e.g., proposed rent =$500, program max =$600, differential = -$100)
* Based on the adjusted rent per square foot times the square footage of the proposed units. These rents are higher than the highest rents found in the market currently. The highest priced one-bedroom unit in the market currently is actually only $460 and the most expensive two-bedroom/ one-bath unit is a tax credit unit at $480. The rents proposed as market rents reflect significant adjustments to the average rent per foot. Based on these rents not being achieved currently they are considered to be somewhat suspect by the Underwriter.

Submarket Vacancy Rates: "Apartments in Paris show an economic occupancy of 94.4% in the conventional market and 98.5% in the existing LIHTC complexes. Occupancy of the rental assisted units is low because many are in very poor condition (many appeared to be boarded up although not reported as such)." (p. 2-23)
Absorption Projections: "The expected absorption rate of approximately 12 to 15 units per month indicates a lease-up period of five months, which includes an estimated one to two months of leasing while construction is being completed." (p. 3-7)
Known Planned Development: No information provided. While the market analyst was also engaged by the competing 2002 tax credit applicant in Paris, he did not discuss this proposed development in his report. Also, Main Street Townhomes (LIHTC #01121) was awarded funds in 2001 for 76 family units.
Effect on Existing Housing Stock: "The construction of the proposed project may have some initial impact on the market, as some elderly residents of existing multifamily units may relocate to the new project." (p. 2-12) "The addition of 76 units for householders aged 55 and over is not expected to have any significant long-term impact on the existing rental market. Elderly tenants, who currently rent in the conventional apartments, are expected to relocate to the new affordable housing, and any vacancies created should be readily filled." (p. 3-3)
In both the market analyst's calculation and the Underwriter's estimate, a substantial amount of the demand, over 90%, comes from turnover from existing housing in the area. The same market analyst conducted the studies for both developments that are being proposed in Paris and has been asked by the Underwriter to re-evaluate the Department's concentration capture rate and effect on the existing supply and on each other if both developments are approved for funding. According to the market analyst there are a total of 1,158 multifamily housing units in Paris 181 of which are exclusively for the elderly and 231 of the remaining units house elderly residents. The current total number of vacant units in the market is 142 which equates to an overall 87.7% occupancy rate. The addition of the proposed 152 units could reduce the overall occupancy rate to 85% if no growth or elimination of substandard units is considered. It is also worth noting that since 1990 building permits for only 305 multi-family units have been issued with an average of 28 per year and no year with more than 34 units being permitted (Exhibit I-1). The 76 unit family development receiving tax credit funds will, itself, provide over two years of multifamily supply growth compare tot the City's ten year history. Since that development is a family development it is a different type than the proposed developments and therefore is not considered in the concentration capture calculation. It would appear from the Underwriter's demand that allocating tax credits to both proposed developments would be within the Department's concentration capture rate policy but it also would be an aggressive increase in the number of units in this market and may have unfavorable lingering consequences for the existing multi-family developments in Paris.

SITE and NEIGHBORHOOD CHARACTERISTICS

Location: Paris is located in northeast Texas, approximately 15 miles south of the Red River and the Oklahoma state border, 65 miles east of Sherman and 105 miles north of Tyler in Lamar County. The site is a rectangularly-shaped parcel located in the southwest area of Paris, approximately one mile from the central business district. The site is situated on the northwest corner of West Washington Street and 13th Street S.W.
Population: The estimated 2000 population of Lamar County was 48,499 and is expected to increase by 4% to approximately 50,559 by 2005. Within the primary market area there were estimated to be 19,077 households in 2000.
Adjacent Land Uses: Land uses in the overall area in which the site is located are predominantly mixed, with vacant land, industrial, single family and apartment complexes. Adjacent land uses include:

- **North:** Open spaces before reaching single family homes
- **South:** Open spaces
- **East:** The Gurst Paper Company plant
- **West:** Single family homes

Site Access: Access to the property is from the east or west along West Washington Street. The development is to have one main entry, from the south from West Washington Street. Paris is situated at the junction of U.S. Highways 271 and 82. Route 82 runs across northern Texas from Texarkana west through Lubbock; while Route 271 leads south to Gladewater and leads north into Oklahoma. The nearest Interstate Highway is I-30, 40 miles south of Paris.

Public Transportation: Availability of public transportation is unknown.

Shopping & Services: Two of the three large chain supermarket, Brookshire's and Kroger's are located on Clarksville Street southeast of downtown, about two miles east of the subject. Another supermarket, Piggly Wiggly, is on South Main Street less than one mile east. A variety of stores and service businesses are easily accessible, primarily in the center city around the courthouse, along Lamar Avenue and Clarksville Street with numerous restaurants and fast food outlets. For specialty goods shopping, Paris residents commute to Dallas.

Site Inspection Findings: TDHCA staff performed a site inspection on April 2, 2002 and found the location to be acceptable for the proposed development.

HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)

A Phase I Environmental Site Assessment report dated February 8, 2002 was prepared by Soiltech Engineering & Testing, Inc. and contained no evidence of recognized environmental conditions in connection with the property. (p. 9)

OPERATING PROFORMA ANALYSIS

Income: The Applicant's rent projections are the maximum rents allowed under LIHTC guidelines, and are achievable according to the market analyst. The market analyst also suggested that the proposed market rent for the one-bedroom unit is achievable in the market by making adjustments to the square footage rent of a selected number of comparables. The adjusted market rents that were concluded by the market analyst provide an adjusted market rent that is $41 more than the highest rent currently being achieved. The Applicant, however, did not use the maximum adjusted market rent in the rent schedule and instead used a rent that was less than the highest one-bedroom rent in the market and therefore this rent was also accepted by the Underwriter. The Underwriter utilized the current market maximums as the market rent in lieu of the market rent proposed. Estimates of secondary income and vacancy and collection losses are also in line with TDHCA underwriting guidelines.

Expenses: The Applicant's total expense estimate of $2,565 per unit is 8% less than the TDHCA database-derived estimate of $2,776 per unit for comparably-sized projects. The Applicant's budget shows several line item estimates that deviate significantly when compared to the database averages, particularly: general and administrative ($10.6K lower), management fee ($3.8K higher), repairs and maintenance ($9.8K higher), utilities ($6.3K lower), water, sewer, and trash ($8.2K lower), insurance ($3.8K higher), and property tax ($8.9K lower).

Conclusion: The Applicant's estimated operating expense is inconsistent with the Underwriter's expectations as it is not within 5% of the Underwriter's estimate. Therefore, the Underwriter's NOI will be used to evaluate debt service capacity. Due primarily to the difference in expenses, the Underwriter's estimated debt coverage ratio (DCR) of 1.04 is less than the program minimum standard of 1.10. Therefore, the maximum debt service for this project should be limited to $93,965 in order to maintain a minimum 1.10 DCR.

CONSTRUCTION COST ESTIMATE EVALUATION

Land Value: The acquisition price is assumed be reasonable as it is an arm's-length transaction.

Off-Site Costs: The Applicant claimed off-site costs of $27,450 for a lift pump and provided sufficient third party certification through a registered engineer to justify these costs.

Sitework Cost: The Applicant's claimed sitework costs of $6,000 per unit are considered reasonable compared to historical sitework costs for multifamily projects.

Direct Construction Cost: The Applicant's costs are more than 5% less than the Underwriter's Marshall & Swift *Residential Cost Handbook*-derived estimate after all of the Applicant's additional justifications were considered. This would suggest that the Applicant's direct construction costs are understated.

Ineligible Costs: The Applicant incorrectly included $20,000 in marketing as an eligible cost; the Underwriter moved this cost to ineligible costs, resulting in an equivalent reduction in the Applicant's eligible basis.

Fees: The Applicant's contractor's fees for general requirements, general and administrative expenses, and profit are all within the maximums allowed by TDHCA guidelines. Due to the excess eligible basis resulting from the misallocation of marketing fees, however, the Applicant's eligible developer fees exceed the maximum 15% allowed by $1,200 and were therefore adjusted downward accordingly.

Conclusion: The Underwriter regards total costs to be understated by $198K, or slightly less than the 5% margin of tolerance; therefore, the Applicant's cost estimate is used to size the total sources of funds needed for the development. The Applicant's requested credit amount, as adjusted for the current applicable percentage, is used to establish the eligible basis method of determining the credit amount. As a result, an adjusted eligible basis of $3,806,564 is used to determine a credit allocation of $373,692 from this method.

FINANCING STRUCTURE ANALYSIS

The Applicant intends to finance the development with four types of financing from four sources: a conventional interim to permanent loan, a Housing Trust Fund loan, syndicated LIHTC equity, and deferred developer's fees.

Conventional Interim to Permanent Loan: There is a commitment for interim to permanent financing through Bank of America in the amount of $1,700,000 during the interim period and $1,100,000 at conversion to permanent. The commitment letter indicated a term of 24 months for the construction portion and 30 years for the permanent at a fixed interest rate of 7.95%.

Housing Trust Fund (HTF) Loan: The Applicant has requested a loan of $45,000 from the HTF to subsidize the development's 30% AMI unit. The Applicant requested an interest rate of the applicable Federal rate, and the Underwriter used a rate of 5.7% in this analysis. The HTF application appears to meet the program's threshold requirements but as of the date of this report, it is unknown if its score will be high enough to recommend it for funding.

LIHTC Syndication: Alliant Capital has offered terms for syndication of the tax credits. The commitment letter shows net proceeds are anticipated to be $2,811,783 based on a syndication factor of 77.5% and a lower than requested amount of tax credits. The funds would be disbursed in a four-phased pay-in schedule:

1. 30% will be funded upon the latest to occur of: (a) the Limited Partner's admission into the Partnership, (b) closing and initial funding of all of the construction financing for the Project, (c) receipt of the commitments for all of the permanent financing for the Project, and (d) receipt of the LIHTC allocation; such funds to be used solely for site acquisition, development and construction costs, as reasonably acceptable to the Administrative Limited Partner;
2. 30% will be funded in monthly installments based upon the progress of construction, pari passu with advances for the proceeds of the construction financing for the Project; (b) no earlier than July 2003 and (c) satisfaction of all conditions precedent to the payment above;
3. 15% will be funded upon the latest to occur of: (a) lien-free completion of construction of all the improvements sufficient for all residential rental units to be "placed in service" pursuant to IRC Section 42, (b) the issuance of all required permanent certificates of occupancy permitting immediate occupancy of all 76 residential rental units, (c) receipt of the final cost certification by an independent firm of certified public accounts (acceptable to the 'administrative Limited Partner), (d) January 2004, and (e) satisfaction of all conditions precedent to the payments above;
4. 25% will be funded upon the latest to occur of: (a) Rental Achievements (as hereinafter defined) and 90% occupancy of the residential rental units by qualified tenants (i.e., tenants meeting the requirements of IRC Section 42), in each case for three consecutive months, (b) permanent loan closing, (c) the issuance of an IRS Form 8609 for each building in the Project, (d) July 2004, and (e) satisfaction of all conditions precedent to the payments above.

Deferred Developer's Fees: The Applicant's deferred developer's fees of $68,918 amount to 14% of the total proposed fees. The Applicant has indicated, in the event that the HTF loan request is not successful, additional funding may be obtained from deferring up to 50% of the total developer fees. Any amount exceeding this 50% limit, up to $45K, will be loaned to the Applicant in the form of an unsecured promissory note to W. Joseph Chamy at 7.5%, payable over 30 years.

Financing Conclusions: As indicated above, the Applicant's total development cost estimate was used to determine the development's funding needs and the Applicant's adjusted eligible basis calculation was used to determine the recommended tax credit allocation. The Applicant's lower eligible basis estimate qualifies the development for tax credits in the amount of $373,692 annually for ten years, or $2,511 less than requested. However, this still provides $84,044 more in syndication proceeds than indicated on the Applicant's sources and uses statement and will reduce the need for additional funds.

The Underwriter's proforma and the Applicant's proposed permanent financing structure results in a debt coverage ratio that falls below the Department's minimum guideline of 1.10, indicating a need to limit the development's annual debt service to not more than $94,730 and effectively reducing the conventional loan amount to $1,080,974 based on the terms proposed. The development's limited ability to service debt also leads to a restructure of the requested HTF loan from a $45,000 loan amortized over a term of 30 years at an interest rate at AFR to a loan of equal amount but with deferred payments as inadequate debt service capacity appears to be available to pay this loan and maintain a 1.10 DCR. It is recommended that, if awarded, the HTF loan is deferred for five years and restructured based upon the development's ability to service debt at that time.

With the HTF loan included and the adjustments to the first lien and syndication proceeds discussed above, the developer will be required to defer $12,627 in fees, or 3% of total qualified developer fees. Should the development not receive a HTF award, deferred developer fees would increase by $45K and deferral would reach 12%, still well below the 50% limit. In either case these fees are repayable out of cash flow in five years. Should the interest rate, term, or loan amount regarding the proposed permanent first lien change, a re-evaluation of the status of the HTF loan and the recommended credit amount should be conducted.

REVIEW of ARCHITECTURAL DESIGN

The exterior elevations are simple and functional, with varied rooflines. All units are of average size for market rate and LIHTC units, and have covered porches and small outdoor storage closets. Each unit has a semi-private exterior entry that is shared with one other unit. The units are in one-story fourplex structures with mixed brick/wood siding exterior finish and gabled roofs.

IDENTITIES of INTEREST

Mr. Joe Chamy, the 42% owner of the managing general partner, SumTex Partners, Inc., also owns the developer, general contractor, cost estimator, and management agent. These are common relationships for LIHTC-funded developments.

APPLICANT'S/PRINCIPALS' FINANCIAL HIGHLIGHTS, BACKGROUND, and EXPERIENCE

Financial Highlights:

- The Applicant is a single-purpose entity created for the purpose of receiving assistance from TDHCA and therefore has no material financial statements.
- The General Partner, SumTex Partners, Inc., submitted an unaudited financial statement as of February 27, 2002 reporting total assets of $168K and consisting of $28K in cash and $140K in real property with no liabilities, resulting in a net worth of $168K.
- The Developer, Valcrest Investments, Inc., submitted an unaudited financial statement as of February 27, 2002 reporting total assets of $2.4M and consisting of $59K in cash, $75 in receivables, and $2.2M in real property. Liabilities totaled $2M, resulting in a net worth of $400K.
- The Contractor, Compass Point Development Company Inc., submitted an unaudited financial statement as of February 27, 2002 reporting total assets of $29K and consisting of cash with no liabilities, resulting in a net worth of $29K.

Background & Experience:

- The Applicant is a new entity formed for the purpose of developing the project.
- The General Partner and Developer/Contractor, Mr. Joe Chamy, has completed 17 LIHTC/affordable

housing projects totaling 532 units since 1984.

SUMMARY OF SALIENT RISKS AND ISSUES

- The Applicant's estimated operating expenses and operating proforma are more than 5% outside of the Underwriter's verifiable ranges.
- The development would need to capture a majority of the projected market area demand (i.e., capture rate exceeds 50%).
- The recommended amount of deferred developer fee cannot be repaid within ten years, and any amount unpaid past ten years would be removed from eligible basis.
- The significant financing structure changes being proposed have not been reviewed/accepted by the Applicant, lenders, and syndicators, and acceptable alternative structures may exist.

RECOMMENDATION

☑ RECOMMEND APPROVAL OF AN LIHTC ALLOCATION NOT TO EXCEED $373,692 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

☑ RECOMMEND APPROVAL OF A HTF AWARD NOT TO EXCEED $45,000, STRUCTURED AS A SECOND LIEN, NON-AMORTIZING LOAN AT 0% INTEREST, TO MATURE IN FIVE YEARS AND TO BE RESTRUCTURED BASED ON ACTUAL NET OPERATING INCOME AT THAT TIME, SUBJECT TO CONDITIONS.

CONDITIONS

1. Receipt, review, and acceptance of a revised permanent loan commitment reflecting a decrease in the debt service to not more than $93,965; and
2. Should the interest rate, term, or loan amount regarding the proposed permanent first lien change, a re-evaluation of the status of the HTF loan and the recommended credit amount should be conducted.

Underwriter:	_Carl Hoover_	**Date:**	May 17, 2002
Credit Underwriting Supervisor:	_Lisa Vecchietti_	**Date:**	May 17, 2002
Director of Credit Underwriting:	_Tom Gouris_	**Date:**	May 17, 2002

MULTIFAMILY FINANCIAL ASSISTANCE REQUEST: Comparative Analysis

Paris Retirement Village, Paris, 9% LIHTC #02045

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Net Rent per Unit	Rent per Month	Rent per SF	Tnt Pd Util	Wtr, Swr, Trsh
TC 30%/HTF	1	1	1	750	$227	$185	$185	$0.25	$42.50	$39.97
TC 40%	13	1	1	750	304	262	3,400	0.35	42.50	39.97
TC 50%	24	1	1	750	380	338	8,100	0.45	42.50	39.97
TC 60%	22	1	1	750	456	414	9,097	0.55	42.50	39.97
MR	8	1	1	750	435	435	3,480	0.58	42.50	39.97
TC 40%	1	2	1	946	365	$298	298	0.32	66.94	53.59
TC 50%	4	2	1	946	456	$389	1,556	0.41	66.94	53.59
TC 60%	3	2	1	946	547	$480	1,440	0.51	66.94	53.59
TOTAL:	76		**AVERAGE:**	771	$403	$363	$27,555	$0.47	$45.07	$41.40

				TDHCA	APPLICANT			
INCOME	Total Net Rentable Sq Ft:	58,568						
POTENTIAL GROSS RENT				$330,666	$330,300			
Secondary Income		Per Unit Per Month:	$10.00	9,120	9,120	$10.00	Per Unit Per Month	
Other Support Income: (describe)				0	0			
POTENTIAL GROSS INCOME				$339,786	$339,420			
Vacancy & Collection Loss		% of Potential Gross Income:	-7.50%	(25,484)	(25,452)	-7.50%	of Potential Gross Rent	
Employee or Other Non-Rental Units or Concessions				0	0			
EFFECTIVE GROSS INCOME				$314,302	$313,968			
EXPENSES	% OF EGI	PER UNIT	PER SQ FT			PER SQ FT	PER UNIT	% OF EGI
General & Administrative	6.80%	$281	$0.36	$21,365	$10,800	$0.18	$142	3.44%
Management	6.84%	283	0.37	21,513	25,308	0.43	333	8.06%
Payroll & Payroll Tax	10.36%	428	0.56	32,564	33,130	0.57	436	10.55%
Repairs & Maintenance	8.46%	350	0.45	26,605	36,366	0.62	479	11.58%
Utilities	3.34%	138	0.18	10,482	4,200	0.07	55	1.34%
Water, Sewer, & Trash	10.33%	427	0.55	32,476	24,287	0.41	320	7.74%
Property Insurance	3.38%	140	0.18	10,618	14,462	0.25	190	4.61%
Property Tax 2.7364	9.93%	410	0.53	31,195	22,248	0.38	293	7.09%
Reserve for Replacements	4.84%	200	0.26	15,200	15,200	0.26	200	4.84%
Other Expenses: Comp. Fees, Supp. Ser	2.84%	117	0.15	8,925	8,925	0.15	117	2.84%
TOTAL EXPENSES	67.11%	$2,776	$3.60	$210,942	$194,926	$3.33	$2,565	62.08%
NET OPERATING INC	32.89%	$1,360	$1.76	$103,360	$119,042	$2.03	$1,566	37.92%
DEBT SERVICE								
Bank of America	30.67%	$1,268	$1.65	$96,397	$96,393	$1.65	$1,268	30.70%
TDHCA-HTF	1.00%	$41	$0.05	3,134	3,100	$0.05	$41	0.99%
LIHTC Syndication Proceeds	0.00%	$0	$0.00	0		$0.00	$0	0.00%
NET CASH FLOW	1.22%	$50	$0.07	$3,829	$19,549	$0.33	$257	6.23%
AGGREGATE DEBT COVERAGE RATIO				1.04	1.20			
ALTERNATIVE DEBT COVERAGE RATIO				1.10				

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		0.85%	$473	$0.61	$35,913	$36,250	$0.62	$477	0.90%
Off-Sites		0.65%	361	0.47	27,450	27,450	0.47	361	0.68%
Sitework		10.80%	6,000	7.79	456,000	456,000	7.79	6,000	11.33%
Direct Construction		56.47%	31,378	40.72	2,384,696	2,187,125	37.34	28,778	54.33%
Contingency	0.00%	0.00%	0	0.00	0		0.00	0	0.00%
General Requiremen	5.47%	3.68%	2,045	2.65	155,435	155,435	2.65	2,045	3.86%
Contractor's G & A	1.82%	1.23%	682	0.88	51,811	51,811	0.88	682	1.29%
Contractor's Profi	5.47%	3.68%	2,045	2.65	155,435	155,435	2.65	2,045	3.86%
Indirect Construction		4.28%	2,378	3.09	180,750	180,750	3.09	2,378	4.49%
Ineligible Expenses		1.40%	779	1.01	59,237	59,237	1.01	779	1.47%
Developer's G & A	1.19%	0.99%	549	0.71	41,717	0	0.00	0	0.00%
Developer's Profit	13.00%	10.80%	6,000	7.79	455,991	497,708	8.50	6,549	12.36%
Interim Financing		2.92%	1,625	2.11	123,500	123,500	2.11	1,625	3.07%
Reserves		2.25%	1,250	1.62	95,000	95,000	1.62	1,250	2.36%
TOTAL COST		100.00%	$55,565	$72.10	$4,222,935	$4,025,701	$68.74	$52,970	100.00%
Recap-Hard Construction Costs		*75.86%*	***$42,150***	***$54.69***	***$3,203,377***	***$3,005,806***	***$51.32***	***$39,550***	*74.67%*

SOURCES OF FUNDS

				TDHCA	APPLICANT	ALT 1 W/ HTF	ALT 2 W/OUT HTF
Bank of America	26.05%	$14,474	$18.78	$1,100,000	$1,100,000	$1,072,248	$1,072,248
TDHCA-HTF	1.07%	$592	$0.77	45,000	45,000	45,000	
LIHTC Syndication Proceeds	66.58%	$36,997	$48.01	2,811,783	2,811,783	2,895,827	2,895,827
Deferred Developer Fees	1.63%	$907	$1.18	68,918	68,918	12,627	57,627
Additional (excess) Funds Requirec	4.67%	$2,595	$3.37	197,234	0	0	0
TOTAL SOURCES				$4,222,935	$4,025,701	$4,025,701	$4,025,701

MULTIFAMILY FINANCIAL ASSISTANCE REQUEST (continued)

Paris Retirement Village, Paris, 9% LIHTC #02045

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook

Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$43.14	$2,526,595
Adjustments				
Exterior Wall Finish	6.25%		$2.70	$157,912
Elderly	5.00%		2.16	126,330
Roofing			0.00	0
Subfloor			(1.96)	(114,793)
Floor Cover			1.82	106,594
Porches/Balconies	$16.23	4,087	1.13	66,332
Plumbing	$585	0	0.00	0
Built-In Appliances	$1,550	76	2.01	117,800
Stairs/Fireplaces			0.00	0
Floor Insulation			0.00	0
Heating/Cooling			1.41	82,581
Garages/Carports	$0.00	0	0.00	0
Comm &/or Aux Bldgs	$57.65	2,722	2.68	156,928
Other:			0.00	0
SUBTOTAL			55.09	3,226,278
Current Cost Multiplier	1.04		2.20	129,051
Local Multiplier	0.87		(7.16)	(419,416)
TOTAL DIRECT CONSTRUCTION COSTS			$50.13	$2,935,913
Plans, specs, survy, bld p	3.90%		($1.96)	($114,501)
Interim Construction Inter	3.38%		(1.69)	(99,087)
Contractor's OH & Profit	11.50%		(5.76)	(337,630)
NET DIRECT CONSTRUCTION COSTS			$40.72	$2,384,696

PAYMENT COMPUTATION

Primary	$1,100,000	Term	360
Int Rate	7.95%	DCR	1.07

Secondary	$45,000	Term	360
Int Rate	5.70%	Subtotal DCR	1.04

Additional		Term	
Int Rate		Aggregate DCR	1.04

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	$93,965
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	$9,395

Primary	$1,072,248	Term	360
Int Rate	7.95%	DCR	1.10

Secondary	$45,000	Term	
Int Rate		Subtotal DCR	1.10

Additional	$0	Term	
Int Rate		Aggregate DCR	1.10

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$330,666	$340,586	$350,803	$361,327	$372,167	$431,444	$500,162	$579,824	$779,236
Secondary Income	9,120	9,394	9,675	9,966	10,265	11,900	13,795	15,992	21,492
Other Support Income: (descri	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	339,786	349,979	360,479	371,293	382,432	443,343	513,956	595,816	800,727
Vacancy & Collection Loss	(25,484)	(26,248)	(27,036)	(27,847)	(28,682)	(33,251)	(38,547)	(44,686)	(60,055)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$314,302	$323,731	$333,443	$343,446	$353,749	$410,093	$475,410	$551,130	$740,673
EXPENSES at 4.00%									
General & Administrative	$21,365	$22,220	$23,109	$24,033	$24,994	$30,409	$36,998	$45,013	$66,630
Management	21,513	22,158	22,823	23,507	24,213	28,069	32,540	37,722	50,696
Payroll & Payroll Tax	32,564	33,866	35,221	36,630	38,095	46,348	56,390	68,607	101,555
Repairs & Maintenance	26,605	27,669	28,776	29,927	31,124	37,867	46,071	56,052	82,971
Utilities	10,482	10,901	11,337	11,791	12,263	14,919	18,152	22,084	32,690
Water, Sewer & Trash	32,476	33,775	35,126	36,531	37,992	46,223	56,238	68,422	101,281
Insurance	10,618	11,042	11,484	11,943	12,421	15,112	18,386	22,370	33,113
Property Tax	31,195	32,443	33,740	35,090	36,494	44,400	54,020	65,723	97,286
Reserve for Replacements	15,200	15,808	16,440	17,098	17,782	21,634	26,321	32,024	47,404
Other	8,925	9,282	9,653	10,039	10,441	12,703	15,455	18,804	27,834
TOTAL EXPENSES	$210,942	$219,164	$227,709	$236,589	$245,818	$297,686	$360,570	$436,821	$641,459
NET OPERATING INCOME	$103,360	$104,567	$105,733	$106,857	$107,932	$112,407	$114,840	$114,309	$99,213
DEBT SERVICE									
First Lien Financing	$93,965	$93,965	$93,965	$93,965	$93,965	$93,965	$93,965	$93,965	$93,965
Second Lien	0	0	0	0	0	3,134	3,134	3,134	3,134
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	$9,395	$10,601	$11,768	$12,891	$13,966	$15,307	$17,741	$17,210	$2,114
DEBT COVERAGE RATIO	1.10	1.11	1.13	1.14	1.15	1.16	1.18	1.18	1.02

LIHTC Allocation Calculation - Paris Retirement Village, Paris, 9% LIHTC

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
(1) Acquisition Cost				
Purchase of land	$36,250	$35,913		
Purchase of buildings				
(2) Rehabilitation/New Construction Cost				
On-site work	$456,000	$456,000	$456,000	$456,000
Off-site improvements	$27,450	$27,450		
(3) Construction Hard Costs				
New structures/rehabilitation ha	$2,187,125	$2,384,696	$2,187,125	$2,384,696
(4) Contractor Fees & General Requirements				
Contractor overhead	$51,811	$51,811	$51,811	$51,811
Contractor profit	$155,435	$155,435	$155,435	$155,435
General requirements	$155,435	$155,435	$155,435	$155,435
(5) Contingencies				
(6) Eligible Indirect Fees	$180,750	$180,750	$180,750	$180,750
(7) Eligible Financing Fees	$123,500	$123,500	$123,500	$123,500
(8) All Ineligible Costs	$59,237	$59,237		
(9) Developer Fees			$496,508	
Developer overhead		$41,717		$41,717
Developer fee	$497,708	$455,991		$455,991
(10) Development Reserves	$95,000	$95,000		
TOTAL DEVELOPMENT COSTS	$4,025,701	$4,222,935	$3,806,564	$4,005,335

Deduct from Basis:				
All grant proceeds used to finance costs in eligible basis				
B.M.R. loans used to finance cost in eligible basis				
Non-qualified non-recourse financing				
Non-qualified portion of higher quality units [42(d)(3)]				
Historic Credits (on residential portion only)				
TOTAL ELIGIBLE BASIS			$3,806,564	$4,005,335
High Cost Area Adjustment			130%	130%
TOTAL ADJUSTED BASIS			$4,948,534	$5,206,935
Applicable Fraction			89.47%	89.47%
TOTAL QUALIFIED BASIS			$4,427,635	$4,658,836
Applicable Percentage			8.44%	8.44%
TOTAL AMOUNT OF TAX CREDITS			$373,692	$393,206
	Syndication Proceeds	**0.7749**	**$2,895,827**	**$3,047,040**

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTI FAMILY CREDIT UNDERWRITING ANALYSIS

DATE: June 5, 2002 **PROGRAM:** 9% LIHTC **FILE NUMBER:** 02042

DEVELOPMENT NAME

Saddle Creek Apartments at Kyle

APPLICANT

Name: Affordable Housing of Kyle, LP **Type:** ☒ For Profit ☐ Non-Profit ☐ Municipal ☐ Other
Address: 1013 Van Buren Street **City:** Houston **State:** TX
Zip: 77019 **Contact:** Mark Musemeche **Phone:** (712) 522-4141 **Fax:** (713) 522-9775

PRINCIPALS of the APPLICANT

Name	(%)	Title
Texas Housing Associates, Inc.	0.005	Managing General Partner
Housing Associates, Inc.	0.005	Co-General Partner
MuniMae Midland, LLC	99.99	Limited Partner
Laura Musemeche	N/A	51% owner of Managing GP
Mark Musemeche	N/A	49% owner of Managing GP
Dan Allgeier	N/A	100% owner of Co-GP

MANAGING GENERAL PARTNER

Name: Texas Houisng Associates, Inc. **Type:** ☒ For Profit ☐ Non-Profit ☐ Municipal ☐ Other
Address: 1013 Van Buren Street **City:** Houston **State:** TX
Zip: 77019 **Contact:** Mark Musemeche **Phone:** (712) 522-4141 **Fax:** (713) 522-9775

CO-GENERAL PARTNER

Name: Housing Associates, Inc. **Type:** ☒ For Profit ☐ Non-Profit ☐ Municipal ☐ Other
Address: 17103 Preston Road, #109N **City:** Dallas **State:** TX
Zip: 75248 **Contact:** Dan Allgeier **Phone:** (972) 991-8606 **Fax:** (972) 991-8766

PROPERTY LOCATION

Location: 21100 block of IH35 North ☐ **QCT** ☐ **DDA**
City: Kyle **County:** Hays **Zip:** 78640

REQUEST

Amount	Interest Rate	Amortization	Term
① $449,745	N/A	N/A	N/A
② $40,000	1%	30 yrs	30 yrs

Other Requested Terms: ① Annual ten-year allocation of low-income housing tax credits; ② HTF

Proposed Use of Funds: New Construction **Set-Aside:** ☒ General ☐ Rural ☐ Non-Profit

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
CREDIT UNDERWRITING ANALYSIS

SITE DESCRIPTION

Size: 12.8 acres 557,568 square feet **Zoning/ Permitted Uses:** C-2*

Flood Zone Designation: Zones X, AE** **Status of Off-Sites:** Partially Improved

* The site is in the process of rezoning to R-3-2

** The site is part of a large area along Plum Creek affected by a Conditional Letter of Map Revision (CLOMR)

DESCRIPTION of IMPROVEMENTS

Total Units: 104 **# Rental Buildings** 8 **# Common Area Bldngs** 2 **# of Floors** 2 **Age:** N/A yrs **Vacant:** N/A at

Number	Bedrooms	Bathroom	Size in SF
40	1	1	750
40	2	2	980
24	3	2	1,124

Net Rentable SF: 98,576 **Av Un SF:** 948 **Common Area SF:** 6,695 **Gross Bldng SF** 105,271

Property Type: ☒ Multifamily ☐ SFR Rental ☐ Elderly ☒ Mixed Income ☐ Special Use

CONSTRUCTION SPECIFICATIONS

STRUCTURAL MATERIALS

Wood frame on a post-tensioned concrete slab on grade, 75% masonry/brick veneer/25% Hardiplank siding exterior wall covering, drywall interior wall surfaces, composite shingle roofing

APPLIANCES AND INTERIOR FEATURES

Carpeting, other & vinyl flooring, range & oven, hood & fan, garbage disposal, dishwasher, refrigerator, tile tub/shower, washer & dryer connections, ceiling fans, laminated counter tops, individual water heaters

ON-SITE AMENITIES

Community room, management offices, fitness facility, kitchen, restrooms, daycare facility, central mailroom, swimming pool, equipped children's play area, picnic area, walking trails

Uncovered Parking: 238 spaces **Carports:** N/A spaces **Garages:** N/A spaces

OTHER SOURCES of FUNDS

INTERIM to PERMANENT FINANCING

Source: MuniMae Midland **Contact:** John Mullaney

Principal Amount: $4,117,275 **Interest Rate:** Lender Index + 40 bps, 125 bps collar, 8% lender underwriting rate

Additional Information: $5,329,292 for 24 months at Prime + 1%, minimum of 6%

Amortization: 30 yrs **Term:** 15 yrs **Commitment:** ☐ None ☐ Firm ☒ Conditional

Annual Payment: $362,532 **Lien Priority:** 1st **Commitment Date** 02/ 13/ 2002

LIHTC SYNDICATION

Source: MuniMae Midland **Contact:** Mark George

Address: 33 N Garden Avenue **City:** Clearwater

State: FL **Zip:** 33755 **Phone:** (727) 461-4801 **Fax:** (727) 443-6067

Net Proceeds: $3,418,062 **Net Syndication Rate** (per $1.00 of 10-yr LIHTC) 76¢

Commitment ☐ None ☒ Firm ☐ Conditional **Date:** 02/ 14/ 2002

Additional Information:

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
CREDIT UNDERWRITING ANALYSIS

APPLICANT EQUITY

Amount: $42,882 **Source:** Deffered Developer Fee

VALUATION INFORMATION

ASSESSED VALUE

Land: 74.781	$895,250	**Assessment for the Year of:**	2001
1 acre:	$11,972	**Valuation by:**	Hays County Appraisal District
Prorated Land: 12.8 acre	$153,237	**Tax Rate:**	2.4797

EVIDENCE of SITE or PROPERTY CONTROL

Type of Site Control: Earnest Money Contract (12.806 acres; 6.64 acres net of floodplain)

Contract Expiration Date: 08/ 13/ 2002 **Anticipated Closing Date:** 08/ 13/ 2002

Acquisition Cost: $ 433,858 **Other Terms/Conditions:** $5K earnest money

Seller: The Park at Steeplechase, LP **Related to Development Team Member:** No

REVIEW of PREVIOUS UNDERWRITING REPORTS

No previous reports.

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Description: Saddle Creek is a proposed new construction development of 104 units of mixed income housing located in Kyle, Hays County. The development is comprised of eight residential buildings as follows:

- Five Building Type I with eight one-bedroom units and eight two-bedroom units; and
- Three Building Type II with eight three-bedroom units.

Based on the site plan the apartment buildings are distributed evenly throughout the site, with the community and supportive services buildings located on either side of the entrance to the site. The 3,120 square foot community building plan includes a large club room, business center, theater/activity room, conference room, kitchen, fitness center and restrooms as well as leasing/management offices. The 3,575 square foot supportive services building plan includes three classrooms, a multipurpose room, kitchen and restrooms as well as a reception area.

Supportive Services: The Applicant has contracted with Community Action, Inc. to provide adult basic education, computer literacy, ESL courses, employment skills, family literacy, general education development, parenting skills, tutoring, workforce education and comprehensive information and referral services for a monthly fee of $200. The development will be responsible for water, sewer and trash costs and Community Action will pay nominal annual rent of $10 for use of the supportive services building.

Schedule: The Applicant anticipates construction to begin in February of 2003, to be completed in December of 2003, to be placed in service in December of 2003, and to be substantially leased-up in March of 2004.

POPULATIONS TARGETED

Income Set-Aside: The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside. Eighty of the units (77% of the total) will be reserved for low-income tenants. Two of the units (2%) will be reserved for households earning 30% or less of AMGI, 32 units (31%) will be reserved for households earning 40% or less of AMGI, 32 of the units (31%) will be reserved for households earning 50% or less of AMGI, 14 units (13%) will be reserved for households earning 60% or less of AMGI, and the remaining 24 units will be offered at market rents.

Special Needs Set-Asides: None of the units are specifically designated to be handicapped-accessible or equipped for tenants with hearing or visual impairments.

Compliance Period Extension: The Applicant has elected to extend the compliance period an additional 25 years.

MARKET HIGHLIGHTS

A market feasibility study dated February 25, 2002 was prepared by Ipser & Associates and highlighted the following findings:

Definition of Market/Submarket: "The primary market area for the proposed housing complex is considered to be Hays County, although some tenants could also be drawn from neighboring counties. Hays County…is part of the Austin-San Marcos Metropolitan Statistical Area (MSA), [which] is divided into three CCD's [including] the Kyle-Buda CCD." (p. 2-5) The choice of using all of Hays County from which to draw demand may be a questionable one. The Kyle-Buda CCD would equate to roughly an 8-10 mile radius around the site. However, the 2002 population of the Kyle-Buda CCD is only estimated to be 32,259 by the Analyst and 30,849 based on the Underwriter's model. The Department's market study guidelines give the responsibility to determine proper market area to the Market Analyst, but suggest that a population base of 50K to 250K is generally more informative. In this case, the county provides a base of 105,139 which is within the population of the guidelines whereas the CCD's population is not. An alternative method is to use a corridor along IH-35 from San Marcos to the southern reaches of Austin. Reaching into Travis county may have easily replaced population from the western parts of Hays county. A similar sized acceptable population base could have been drawn from this method. Regardless, the following chart reflects the Analyst's calculated demand and the Underwriter's recalculation with all of Hays County.

ANNUAL INCOME-ELIGIBLE SUBMARKET DEMAND SUMMARY				
	Market Analyst		Underwriter	
Type of Demand	Units of Demand	% of Total Demand	Units of Demand	% of Total Demand
Household Growth	170	14%	163	6%
Resident Turnover	948	77%	2,673	94%
Other Sources: 10%	112	9%	0	0%
TOTAL ANNUAL DEMAND	**1,230**	**100%**	**2,836**	**100%**

Ref: p. 3-4

The Underwriter also recalculated the potential demand based on Kyle-Buda CCD information provided in the market study and concluded only 536 units of income eligible targeted demand.

Capture Rate: "The proposed development's 80 LIHTC units (excluding 24 market-rate units) plus the 178 units yet to be absorbed in two LIHTC complexes in San Marcos (which may include some market-rate units) represents a 21.0% capture of the estimated total 1,230 income-qualified households." (p. 3-4) This is not the method of capture rate calculation prescribed by the Department's market study guidelines. The guidelines require that the numerator include all unstabilized comparable units and total annual demand as the denominator. In this case there are three other unstabilized family developments in Hays County: The Springs in Dripping Springs (76 units), Willow Springs in San Marcos (220 units), and Champions Crossing (FKA Sam Marcos Apartments with 156 units). The Analyst only considered the vacant affordable units in the last two developments in their capture rate analysis. With all three Hays County developments plus the subject, the Market Analysts concentration capture rate would be 45.2%.

The Underwriter calculated a concentration capture rate of 20% based upon the total supply of unstabilized comparable units of 556 divided by the Underwriter's revised demand of 2,836. This is below the 25% guideline for urban areas. The Underwriter also considered the smaller CCD estimated demand discussed above. Only one of the three Hays County unstabilized developments is within the CCD (Champions Crossing). Thus, based on 536 units of estimated demand the concentration rate would be 48%. While the Applicant did not apply as a rural property, the city of Kyle and the sites location would qualify as one. Moreover, the low CCD population would also suggest a rural label would be justified. Taken in this light, the 48% CCD capture rate would be acceptable as it is below the 100% threshold for rural developments.

Market Rent Comparables: "A survey of apartments in Kyle (Housing Authority units) was completed, along with surveys of conventional and LIHTC units in San Marcos and the Southern area of Austin." 1,440 apartment units in 10 complexes in San Marcos and 1,154 apartments in 5 complexes in Austin were surveyed. (p. 2-18)

RENT ANALYSIS (net tenant-paid rents)					
Unit Type (% AMI)	**Proposed**	**Program Max**	**Differential**	**Market**	**Differential**
1-Bedroom (30%)	$326	$330	-$4	$780	-$454
1-Bedroom (40%)	$447	$463	-$16	$780	-$333
1-Bedroom (50%)	$569	$596	-$27	$780	-$211
1-Bedroom (60%)	$691	$730	-$39	$780	-$89
1-Bedroom (MR)	$765	N/A	N/A	$780	-$15
2-Bedroom (30%)	$387	$405	-$18	$962	-$575
2-Bedroom (40%)	$532	$565	-$33	$962	-$430
2-Bedroom (50%)	$678	$725	-$47	$962	-$284
2-Bedroom (60%)	$824	$885	-$61	$962	-$138
2-Bedroom (MR)	$910	N/A	N/A	$962	-$52
3-Bedroom (40%)	$613	$651	-$38	$1,277	-$664
3-Bedroom (50%)	$782	$836	-$54	$1,277	-$495
3-Bedroom (60%)	$950	$1,021	-$71	$1,277	-$327

(NOTE: Differentials are amount of difference between proposed rents and program limits and average market rents, e.g., proposed rent =$500, program max =$600, differential = -$100)

Submarket Vacancy Rates: "The current survey of apartments in and near Kyle found 100% economic occupancy in the 51 units managed by the Kyle Housing Authority, 85% economic occupancy in 10 conventional and LIHTC locations in San Marcos, and 84% economic occupancy in 5 conventional complexes in southern Austin." (p. 3-2) This would suggest a very soft market.
Absorption Projections: "Average absorption for the subject is estimated at 16 units per month. It is expected that a 6-month lease-up period will be required to achieve 92.5% occupancy of the 104 units." (p. 2-22) The analyst also indicates, however, that Champions Crossing is leasing up at an average of only 11 units per month suggesting the prediction above may be overly aggressive.
Known Planned Development: Known planned developments were not specifically addressed in the submitted market study.

The Underwriter found the market study provided sufficient information on which to base a funding recommendation. However, the market analyst indicated a primary market area that is bound by the county lines of Hays, although the projected market rents are based on comparable units in Kyle, San Marcos and south Austin. It seems improbable that the proposed development will draw residents from the northwest portion of Hays county, but the analyst failed to include possible demand from south Austin. Therefore, the calculated demand from the entire county of Hays, although possibly understated, is acceptable.

SITE and NEIGHBORHOOD CHARACTERISTICS

Location: The subject site is located on the east side of the IH-35 frontage road in the northeastern section of the City of Kyle, less than two miles from downtown. Kyle is located along the IH-35 corridor, between Austin (25 miles north) and San Antonio (55 miles south). Kyle has been on the brink of becoming an explosive growth bedroom community next to Austin for a number of years, and on a percentage basis significant growth has been occurring but the base numbers are still relatively small. Therefore, the site is still rather remote and additional development here at this time runs the risk of pioneering.
Population: The estimated 2000 population of the Kyle-Buda CCD was 29,319 and is expected to increase to approximately 36,969 by 2005. The estimated 2000 population of the Hays County was 97,589 and is expected to increase to approximately 116,389 by 2005. Within the primary market area there were estimated to be 33,410 households in 2000.
Adjacent Land Uses:
- **North:** open space, office buildings, Hays Senior High School

- **South:** creek, single family houses, small businesses, Center Street
- **East:** open space, County Road 157
- **West:** IH-35

Site Access: Access to the property is from the north or south along the IH-35 frontage road, one-half mile south of Goforth Road and one mile north of Center Street.

Public Transportation: Kyle does not have a public transportation system.

Shopping & Services: At this time Kyle's shopping, medical facilities, churches and other community facilities are limited, but will be attracted and required following its rapid growth. City Hall, the police station, the volunteer fire station and library are in the downtown area, about 1.5 miles southwest of the subject. An elementary, middle and high school are located within 3 miles of the site, and Southwest State University is about 10 miles south while The University of Texas at Austin is less than 25 miles north. Kyle does not yet have a major supermarket. The closest supermarket is about seven miles north in Buda. For most major shopping, Kyle's residents commute to Buda, San Marcos or Austin. Kyle has one full-time doctor's office, but no hospital. Major medical facilities are located in San Marcos or Austin.

Special Adverse Site Characteristics:

- The site is currently zoned C-2/commercial, which no longer includes multifamily construction as a permitted use, and is in the process of rezoning to R-3-2/multifamily. A letter from the City of Kyle confirms that an application for rezoning has been received. At application for LIHTC, the Applicant anticipated a final reading of the approved zoning on April 2, 2002. As of the date of this report, the Applicant has not forwarded documentation indicating approval of the site's rezoning for multifamily use, and receipt, review and acceptance of such is a condition of this report.
- As of the date of this report, portions of the proposed site lie within Zone AE of the floodplain, areas of 100 year floods. The Applicant has indicated that the site is part of a 60 acre master planned community with single family residential, multifamily and commercial tracts whose developer is currently requesting a revision to the Federal Floodplain Management Agency (FEMA) floodplain map. As of April 30, 2002, FEMA has issued a Conditional Letter of Map Revision for the proposed Park at Steeplechase Subdivision Development. According to the letter, "The development will consist of placement fill in the floodway fringe, channelization, and the addition of four detention ponds." The data submitted by the subdivision developer meets the minimum floodplain criteria, and if the subdivision is built as proposed, a revision to the FIS and FIRM will be warranted. Receipt, review and acceptance of evidence that the subject site is located within the proposed Park at Steeplechase Subdivision Development affected by the submitted CLOMR is a condition of this report. In addition, receipt, review and acceptance at carryover of a LOMR or a revised FEMA floodplain map confirming that site access and all proposed residential buildings will be developed outside the 100-year floodplain is also a condition of this report.

Site Inspection Findings: The site was inspected by a TDHCA staff member on May 16, 2002 and the inspector found the site to be acceptable for the proposed development.

HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)

A Phase I Environmental Site Assessment report dated February 18, 2002 was prepared by Raba-Kistner Consultants, Inc. and contained the following findings and recommendations:

> "Based on the information reviewed, there was no evidence that the SITE or adjacent properties are currently under environmental regulatory review or enforcement action…Based on the information as presented herein, no further environmental assessment of the SITE is considered warranted at this time with the exception of the following:
>
> - The well on the site should be properly closed in accordance with State guidelines and all waste materials existing on site should be removed to a permitted landfill.
> - Plum creek is considered waters of the US, and the potential for wetlands exists on site. Therefore, any proposed development involving the floodplain of Plum Creek may require a wetlands delineation to evaluate the possibility that a 404 Permit the US Army Corps of Engineers is needed.
> - As the soil along Plum Creek has been determined to provide good wildlife habitat, there is a potential that threatened or endangered wildlife species may be present in this area. A survey for the presence of such species or their habitat should be conducted pursuant to the requirements of

the US EPA Storm Water Permit for construction activities."

Receipt, review and acceptance of evidence that all ESA I recommendations have been followed and completed is a condition of this report.

OPERATING PROFORMA ANALYSIS

Income: The Applicant utilized understated gross income limits to calculate a potential gross rent figure that is significantly less than the Underwriter's estimate. The Underwriter utilized the 2002 LIHTC gross rent limits and utility allowances, submitted by the Applicant subsequent to the application in follow-up correspondence. The revised utility allowance included only gas heat, water heat and cooking. Therefore, the Underwriter augmented these revised figures with electric costs for those items which were provided in the most previously provided Kyle PHA utility allowances. As a result, the Applicant's potential gross rent is $37K or 4% less than the Underwriter's estimate. The Applicant's secondary income and vacancy assumptions are inline with underwriting guidelines resulting in an effective gross income that is also 4% less than the Underwriter's estimate.

Expenses: The Applicant's total operating expense figure is 9% less than the Underwriter's TDHCA database-derived estimate. Several of the Applicant's line-item expense figures also deviated by more than 5% or $3,000 as compared to the Underwriter's line-items. These include: general and administrative ($4K lower), management ($10K lower), payroll ($10K lower), repair and maintenance ($17K higher), utilities ($13K lower), water, sewer and trash ($20K lower), and property insurance ($4K higher).

Conclusion: Overall, the Applicant's net operating income is within 5% of the Underwriter's verifiable range; however, since expenses were not within the 5% tolerance the Underwriter's estimate is used to determine the development's capacity to service debt. Both the Applicant's and the Underwriter's proformas result in a debt coverage ratio (DCR) that is within the Department's DCR guideline of 1.10 to 1.25.

CONSTRUCTION COST ESTIMATE EVALUATION

Land Value: The acquisition price is assumed be reasonable since the acquisition is an arm's-length transaction.

Sitework Cost: The Applicant's claimed sitework costs of $6,433 per unit are considered reasonable compared to historical sitework costs for multifamily projects. Although the Applicant has indicated that work will be done to raise the site above the current floodplain level, these costs appear to be the responsibility of another party and embedded in the purchase price. This was discussed in more detail in the site and neighborhood characteristics section of this report.

Direct Construction Cost: The Applicant's direct construction cost estimate is within 5% of the Underwriter's Marshall & Swift *Residential Cost Handbook*-derived estimate, and is therefore regarded as reasonable as submitted.

Fees: Due to the Underwriter's inclusion of an unspecified $4K in other construction costs in the contractor fee section of the project cost schedule, the Applicant's contractor's general and administrative fees exceed the 2% maximum allowed by LIHTC guidelines. Consequently the Applicant's eligible fees in this area have been reduced with the overage effectively moved to ineligible costs. The Applicant's contingency cost exceeds the 5% underwriting guideline for new construction developments by $4,256. Developer fees also exceed 15% of the Applicant's adjusted eligible basis, and the eligible potion of the Applicant's developer fee was reduced by $1,238.

Conclusion: The Applicant's total development cost figure is within 5% of the Underwriter's estimate; therefore, the Applicant's costs, adjusted for overstated fees and contingency, will be used to determine the development's eligible basis of $6,909,943 and overall funding need.

FINANCING STRUCTURE ANALYSIS

The Applicant intends to finance the development with four types of financing: a conventional interim to permanent loan, requested Housing Trust Funds, syndicated LIHTC equity, and deferred developer's fees.

Conventional Interim to Permanent Loan: There is a commitment for interim to permanent financing through MuniMae Midland in the amount of $5,329,292 during the interim period and $4,117,275 at conversion to permanent. The commitment letter indicated a term of 24 months for the construction portion and 15 years for the permanent. The permanent loan will be amortized over 30 years at a fixed interest rate based on the Lender Index plus 40 basis points with a 125 basis points collar. The lender's 8% underwriting rate was used in this analysis.

Housing Trust Fund: The Applicant has requested a HTF loan in the amount of $40,000 with an interest rate of 1% and amortized over a term of 30 years.

LIHTC Syndication: MuniMae Midland has offered terms for syndication of the tax credits. The commitment letter shows net proceeds are anticipated to be $3,418,062 based on a syndication factor of 76%. The funds would be disbursed in a three-phased pay-in schedule:

1. 21% upon admission to the partnership and closing of the construction loan;
2. 21% upon completion of the development and receipt of cost and credit certification; and
3. 58% upon closing of the permanent loan, receipt of Form 8609, 90% physical occupancy for 90 consecutive days, and 1.15 debt service coverage for 90 days.

Deferred Developer's Fees: The Applicant's proposed deferred developer's fees of $42,882 amount to 5% of the total proposed fees.

Financing Conclusions: As stated above, the Applicant's total development cost estimate, adjusted for overstated fees and contingency, was used to determine the development's eligible basis of $6,909,943. Based on this figure, the recommended annual tax credit allocation is $448,615, or $1,130 less than requested. While a portion of this decrease is due to ineligible costs, a portion is also due to the Applicant's use of a higher 8.45% applicable percentage versus the 8.44% used to underwrite all 2002 9% transactions. The resulting decrease in anticipated syndication proceeds points to a need to defer an additional $8,931 in developer fees for a total of $51,813. Deferred developer fees in this amount appear to be repayable from cashflow within the first year of stabilized operation. The above financing structure is based on an award of the requested Housing Trust Funds in the amount of $40,000 at a rate of 1%, amortized over a term of 30 years. Should the requested Housing Trust Funds not be awarded to the development, the developer would need to defer a total of $91,813 in fees, which appear to be repayable within two years of stabilized operation. This suggests the real need for HTF funds is limited; however, the Applicant appears to qualify for a HTF award and the financial structure requested is within acceptable underwriting guidelines. Because the HTF loam is so small, the repayment period could be reduced to five years and not have a significant impact on the DCR of the development.

REVIEW of ARCHITECTURAL DESIGN

The submitted unit plans indicate ample storage space including walk-in closets in the majority of the bedrooms, a coat closet at the entrance and a pantry in the kitchen. The plans also include a built-in computer work station and washer/dryer closets. Each unit has a private balcony/porch and is accessed from a common breezeway. The building exteriors are typical combination brick/siding and reflect the architectural design elements common to recently-funded LIHTC developments. The two common area buildings are large and include many tenant-accessible areas. The proposed exteriors will conform to the residential buildings.

IDENTITIES of INTEREST

The Applicant, principals of the General Partners, developer, general contractor and architect are related entities. These identities of interest are common for LIHTC-funded developments.

APPLICANT'S/PRINCIPALS' FINANCIAL HIGHLIGHTS, BACKGROUND, and EXPERIENCE

Financial Highlights:

- The Applicant is a single-purpose entity created for the purpose of receiving assistance from TDHCA and therefore has no material financial statements.
- Texas Housing Associates, Inc., the managing General Partner, provided a financial statement as of February 20, 2002 indicating total assets of $2.2M comprised of cash, receivables and real property. Total liabilities equaled $31K for a net worth of $2.17M.
- Mark and Laura Musemeche, principals of the managing General Partner provided a joint financial statement.
- Dan Allgeier, principal of the co-General Partner, also provided a financial statement.

Background & Experience:

- The Applicant is a new entity formed for the purpose of developing the development.
- Principals of Texas Housing Associates, Inc., the managing General Partner, indicates participation in

five LIHTC developments totaling 530 units since 1997 and 18 HUD developments totaling 1,061 units since 1991.

- Dan Allgeier, principal of the co-General Partner, indicates participation in six USDA and five LIHTC developments totaling 768 units since 1996.

SUMMARY OF SALIENT RISKS AND ISSUES

- The Applicant's operating expenses are more than 5% outside of the Underwriter's verifiable ranges.
- Significant environmental/locational risks exist regarding floodplain and zoning issues.

RECOMMENDATION

☑ RECOMMEND APPROVAL OF AN LIHTC ALLOCATION NOT TO EXCEED $448,615 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

☑ RECOMMEND APPROVAL OF A HTF AWARD NOT TO EXCEED $40,000, STRUCTURED AT NOT MORE THAN A 30-YEAR FULLY AMORTIZING TERM LOAN, AND NOT LESS THAN FIVE YEARS, AFTER A NORMAL AND CUSTOMARY CONSTRUCTION LOAN PERIOD AT 1% INTEREST, SUBJECT TO CONDITIONS.

CONDITIONS

1. Receipt, review and acceptance of evidence that all ESA I recommendations have been followed and completed;
2. Receipt, review, and acceptance of documentation indicating approval of the site's rezoning for multifamily use;
3. Receipt, review, and acceptance of evidence by carryover that the subject site is located within the proposed Park at Steeplechase Subdivision Development affected by the submitted CLOMR and a LOMR or a revised FEMA floodplain map indicating that site access and all proposed residential buildings will be developed outside the 100-year floodplain.

Credit Underwriting Supervisor:	______________________ *Lisa Vecchietti*	**Date:**	June 5, 2002
Director of Credit Underwriting:	______________________ *Tom Gouris*	**Date:**	June 5, 2002

MULTIFAMILY FINANCIAL ASSISTANCE REQUEST: Comparative Analysis

Saddle Creek, Kyle, LIHTC 02042

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Net Rent per Unit	Rent per Month	Rent per SF	Tnt Pd Util	Wtr, Swr, Trsh
HTF/TC 30%	1	1	1	750	$400	$330	$330	$0.44	$69.97	$44.57
TC 40%	10	1	1	750	533	463	4,630	0.62	69.97	44.57
TC 50%	10	1	1	750	666	596	5,960	0.79	69.97	44.57
TC 60%	7	1	1	750	800	730	5,110	0.97	69.97	44.57
MR	12	1	1	750	765	765	9,180	1.02	69.97	44.57
HTF/TC 30%	1	2	2	1,040	480	405	405	0.39	75.25	49.69
TC 40%	13	2	2	1,040	640	565	7,342	0.54	75.25	49.69
TC 50%	9	2	2	1,040	800	725	6,523	0.70	75.25	49.69
TC 60%	5	2	2	1,040	960	885	4,424	0.85	75.25	49.69
MR	12	2	2	1,040	910	910	10,920	0.88	75.25	49.69
TC 40%	9	3	2	1,124	739	651	5,858	0.58	88.16	54.81
TC 50%	13	3	2	1,124	924	836	10,866	0.74	88.16	54.81
TC 60%	2	3	2	1,124	1,109	1,021	2,042	0.91	88.16	54.81
TOTAL:	104		AVERAGE:	948		$708	$73,589	$0.75	$76.20	$48.90

INCOME		% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
Total Net Rentable Sq Ft:	98,576								
POTENTIAL GROSS RENT					$883,068	$846,372			
Secondary Income			Per Unit Per Month:	$10.00	12,480	12,480	$10.00	Per Unit Per Month	
Other Support Income: (describe)					0	0			
POTENTIAL GROSS INCOME					$895,548	$858,852			
Vacancy & Collection Loss			% of Potential Gross Income:	-7.50%	(67,166)	(64,416)	-7.50%	of Potential Gross Rent	
Employee or Other Non-Rental Units or Concessions					0	0			
EFFECTIVE GROSS INCOME					$828,382	$794,436			
EXPENSES		% OF EGI	PER UNIT	PER SQ FT			PER SQ FT	PER UNIT	% OF EGI
General & Administrative		4.16%	$331	$0.35	$34,436	$30,620	$0.31	$294	3.85%
Management		5.00%	398	0.42	41,419	31,777	0.32	306	4.00%
Payroll & Payroll Tax		11.36%	905	0.95	94,083	84,000	0.85	808	10.57%
Repairs & Maintenance		4.88%	388	0.41	40,400	57,240	0.58	550	7.21%
Utilities		2.93%	233	0.25	24,249	11,000	0.11	106	1.38%
Water, Sewer, & Trash		5.94%	473	0.50	49,222	29,500	0.30	284	3.71%
Property Insurance		1.94%	155	0.16	16,098	20,580	0.21	198	2.59%
Property Tax	2.4797	7.21%	574	0.61	59,747	59,000	0.60	567	7.43%
Reserve for Replacements		2.51%	200	0.21	20,800	20,800	0.21	200	2.62%
Supportive Services, Compliance		0.48%	38	0.04	3,950	3,960	0.04	38	0.50%
TOTAL EXPENSES		46.40%	$3,696	$3.90	$384,405	$348,477	$3.54	$3,351	43.86%
NET OPERATING INC		53.60%	$4,269	$4.50	$443,977	$445,959	$4.52	$4,288	56.14%
DEBT SERVICE									
First Lien Mortgage		43.76%	$3,486	$3.68	$362,533	$362,533	$3.68	$3,486	45.63%
Housing Trust Fund		0.19%	$15	$0.02	1,544	0	$0.00	$0	0.00%
Housing Trust Fund		0.00%	$0	$0.00	0	0	$0.00	$0	0.00%
NET CASH FLOW		9.65%	$768	$0.81	$79,900	$83,426	$0.85	$802	10.50%
AGGREGATE DEBT COVERAGE RATIO					1.22	1.23			
ALTERNATIVE DEBT COVERAGE RATIO					1.20				

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		5.67%	$4,172	$4.40	$433,858	$433,858	$4.40	$4,172	5.70%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		8.74%	6,433	6.79	669,000	669,000	6.79	6,433	8.78%
Direct Construction		49.49%	36,436	38.44	3,789,339	3,745,888	38.00	36,018	49.17%
Contingency	5.00%	2.91%	2,143	2.26	222,917	225,000	2.28	2,163	2.95%
General Requiremen	5.94%	3.46%	2,547	2.69	264,893	264,893	2.69	2,547	3.48%
Contractor's G & A	2.00%	1.16%	857	0.90	89,167	92,298	0.94	887	1.21%
Contractor's Profi	5.94%	3.46%	2,547	2.69	264,893	264,893	2.69	2,547	3.48%
Indirect Construction		4.75%	3,497	3.69	363,638	363,638	3.69	3,497	4.77%
Ineligible Costs		1.12%	826	0.87	85,924	85,924	0.87	826	1.13%
Developer's G & A	1.91%	1.51%	1,109	1.17	115,367	0	0.00	0	0.00%
Developer's Profit	13.00%	10.28%	7,569	7.99	787,168	902,535	9.16	8,678	11.85%
Interim Financing		5.11%	3,762	3.97	391,292	391,292	3.97	3,762	5.14%
Reserves		2.34%	1,721	1.82	179,000	179,000	1.82	1,721	2.35%
TOTAL COST		100.00%	$73,620	$77.67	$7,656,456	$7,618,219	$77.28	$73,252	100.00%
Recap-Hard Construction Costs		*69.23%*	***$50,964***	***$53.77***	***$5,300,209***	***$5,261,972***	***$53.38***	***$50,596***	*69.07%*
SOURCES OF FUNDS							**WITH HTF**	**WITHOUT HTF**	
First Lien Mortgage		53.78%	$39,589	$41.77	$4,117,275	$4,117,275	$4,117,275	$4,117,275	
Housing Trust Fund		0.52%	$385	$0.41	40,000	40,000	40,000	0	
LIHTC Syndication Proceeds		44.64%	$32,866	$34.67	3,418,062	3,418,062	3,409,131	3,409,131	
Deferred Developer Fees		0.56%	$412	$0.44	42,882	42,882	51,813	91,813	
Additional (excess) Funds Require		0.50%	$368	$0.39	38,237	0	0	0	
TOTAL SOURCES					$7,656,456	$7,618,219	$7,618,219	$7,618,219	

MULTIFAMILY FINANCIAL ASSISTANCE REQUEST (continued)

Saddle Creek, Kyle, LIHTC 02042

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook

Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$40.74	$4,015,529
Adjustments				
Exterior Wall Finish	6.25%		$2.55	$250,971
Elderly			0.00	0
Roofing			0.00	0
Subfloor			(1.96)	(193,209)
Floor Cover			1.82	179,408
Porches/Balconies	$28.10	13360	3.81	375,416
Plumbing	$585	192	1.14	112,320
Built-In Appliances	$1,550	104	1.64	161,200
Exterior Stairs	$1,350	26	0.36	35,100
Floor Insulation			0.00	0
Heating/Cooling			1.41	138,992
Garages/Carports			0.00	0
Comm &/or Aux Bldgs	$52.12	6,695	3.54	348,967
Other:			0.00	0
SUBTOTAL			55.03	5,424,694
Current Cost Multiplier	1.04		2.20	216,988
Local Multiplier	0.82		(9.91)	(976,445)
TOTAL DIRECT CONSTRUCTION COSTS			$47.33	$4,665,237
Plans, specs, survy, bld p	3.90%		($1.85)	($181,944)
Interim Construction Inter	3.38%		(1.60)	(157,452)
Contractor's OH & Profit	11.50%		(5.44)	(536,502)
NET DIRECT CONSTRUCTION COSTS			$38.44	$3,789,339

PAYMENT COMPUTATION

Primary	$4,117,275	Term	360
Int Rate	8.00%	DCR	1.22

Secondary	$40,000	Term	360
Int Rate	1.00%	Subtotal DCR	1.22

Additional	$3,418,062	Term	
Int Rate		Aggregate DCR	1.22

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	$362,533
Secondary Debt Service	8,205
Additional Debt Service	0
NET CASH FLOW	$73,239

Primary	$4,117,275	Term	360
Int Rate	8.00%	DCR	1.22

Secondary	$40,000	Term	60
Int Rate	1.00%	Subtotal DCR	360.00

Additional	$3,418,062	Term	0
Int Rate	0.00%	Aggregate DCR	1.20

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$883,068	$909,560	$936,847	$964,952	$993,901	$1,152,203	$1,335,720	$1,548,465	$2,081,008
Secondary Income	12,480	12,854	13,240	13,637	14,046	16,284	18,877	21,884	29,410
Other Support Income: (descr	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	895,548	922,414	950,087	978,589	1,007,947	1,168,487	1,354,597	1,570,349	2,110,418
Vacancy & Collection Loss	(67,166)	(69,181)	(71,257)	(73,394)	(75,596)	(87,637)	(101,595)	(117,776)	(158,281)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$828,382	$853,233	$878,830	$905,195	$932,351	$1,080,850	$1,253,002	$1,452,573	$1,952,136
EXPENSES at 4.00%									
General & Administrative	$34,436	$35,814	$37,246	$38,736	$40,286	$49,014	$59,633	$72,552	$107,395
Management	41,419	42,662	43,942	45,260	46,618	54,043	62,650	72,629	97,607
Payroll & Payroll Tax	94,083	97,846	101,760	105,830	110,063	133,909	162,921	198,218	293,411
Repairs & Maintenance	40,400	42,017	43,697	45,445	47,263	57,503	69,961	85,118	125,995
Utilities	24,249	25,219	26,228	27,277	28,368	34,514	41,992	51,090	75,625
Water, Sewer & Trash	49,222	51,191	53,238	55,368	57,583	70,058	85,236	103,703	153,506
Insurance	16,098	16,742	17,412	18,108	18,833	22,913	27,877	33,916	50,204
Property Tax	59,747	62,137	64,622	67,207	69,896	85,039	103,463	125,878	186,330
Reserve for Replacements	20,800	21,632	22,497	23,397	24,333	29,605	36,019	43,822	64,868
Other	3,950	4,108	4,272	4,443	4,621	5,622	6,840	8,322	12,319
TOTAL EXPENSES	$384,405	$399,367	$414,915	$431,072	$447,863	$542,218	$656,591	$795,248	$1,167,260
NET OPERATING INCOME	$443,977	$453,866	$463,915	$474,123	$484,489	$538,632	$596,411	$657,325	$784,876
DEBT SERVICE									
First Lien Financing	$362,533	$362,533	$362,533	$362,533	$362,533	$362,533	$362,533	$362,533	$362,533
Second Lien	8,205	8,205	8,205	8,205	8,205	8,205	8,205	8,205	8,205
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	$73,239	$83,128	$93,177	$103,385	$113,750	$167,894	$225,673	$286,586	$414,138
DEBT COVERAGE RATIO	1.20	1.22	1.25	1.28	1.31	1.45	1.61	1.77	2.12

LIHTC Allocation Calculation - Saddle Creek, Kyle, LIHTC 02042

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
(1) Acquisition Cost				
Purchase of land	$433,858	$433,858		
Purchase of buildings				
(2) Rehabilitation/New Construction Cost				
On-site work	$669,000	$669,000	$669,000	$669,000
Off-site improvements				
(3) Construction Hard Costs				
New structures/rehabilitation ha	$3,745,888	$3,789,339	$3,745,888	$3,789,339
(4) Contractor Fees & General Requirements				
Contractor overhead	$92,298	$89,167	$88,298	$89,167
Contractor profit	$264,893	$264,893	$264,893	$264,893
General requirements	$264,893	$264,893	$264,893	$264,893
(5) Contingencies	$225,000	$222,917	$220,744	$222,917
(6) Eligible Indirect Fees	$363,638	$363,638	$363,638	$363,638
(7) Eligible Financing Fees	$391,292	$391,292	$391,292	$391,292
(8) All Ineligible Costs	$85,924	$85,924		
(9) Developer Fees			$901,297	
Developer overhead		$115,367		$115,367
Developer fee	$902,535	$787,168		$787,168
(10) Development Reserves	$179,000	$179,000		
TOTAL DEVELOPMENT COSTS	$7,618,219	$7,656,456	$6,909,943	$6,957,674

Deduct from Basis:			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
TOTAL ELIGIBLE BASIS		$6,909,943	$6,957,674
High Cost Area Adjustment		100%	100%
TOTAL ADJUSTED BASIS		$6,909,943	$6,957,674
Applicable Fraction		76.92%	76.92%
TOTAL QUALIFIED BASIS		$5,315,341	$5,352,057
Applicable Percentage		8.44%	8.44%
TOTAL AMOUNT OF TAX CREDITS		$448,615	$451,714
Syndication Proceeds	**0.7599**	**$3,409,131**	**$3,432,680**

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTI FAMILY CREDIT UNDERWRITING ANALYSIS

DATE: July 22, 2002 **PROGRAM:** 9% LIHTC / Housing Trust Fund **FILE NUMBER:** 02100 / 2-02-018

DEVELOPMENT NAME

Grove Place Apartments

APPLICANT

Name: Grove Place Partners, Ltd. **Type:** ☒ For Profit ☐ Non-Profit ☐ Municipal ☐ Other

Address: 1881 Grove Boulevard **City:** Austin **State:** TX

Zip: 78741 **Contact:** Kelly White **Phone:** (512) 385-5181 **Fax:** (512) 385-0662

PRINCIPALS of the APPLICANT

Name	(%)	Title
Travis County Domestic Violence & Sexual Assault Survival Shelter, dba Safeplace	.01	Managing General Partner
Related Capital Company	99.99	Initial Limited Partner
Tekoa Partners, Ltd. (Bill Lee)		Consultant/Developer

GENERAL PARTNER

Name: Travis County Domestic Violence & Sexual Assault Survival Shelter, dba Safeplace **Type:** ☐ For Profit ☒ Non-Profit ☐ Municipal ☐ Other

Address: 1515A Grove Boulevard **City:** Austin **State:** TX

Zip: 78741 **Contact:** Kelly White **Phone:** (512) 385-5181 **Fax:** (512) 385-0662

PROPERTY LOCATION

Location: 1881 Grove Boulevard ☐ **QCT** ☐ **DDA**

City: Austin **County:** Travis **Zip:** 78741

REQUEST

	Amount	Interest Rate	Amortization	Term
1.	$776,216	N/A	N/A	N/A
2.	$100,000	3%	30 yrs	30 yrs

Other Requested Terms:
1. Annual ten-year allocation of low-income housing tax credits
2. Housing Trust Fund loan

Proposed Use of Funds: New construction **Set-Aside:** ☐ General ☐ Rural ☒ Non-Profit

SITE DESCRIPTION

Size: 9.88 acres 430,373 square feet **Zoning/ Permitted Uses:** MF-2 (multifamily residence low density) & LR (neighborhood commercial)

Flood Zone Designation: Zone X **Status of Off-Sites:** Partially Improved

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
CREDIT UNDERWRITING ANALYSIS

DESCRIPTION of IMPROVEMENTS

Total Units: 184 **# Rental Buildings** 14 **# Common Area Bldngs** 1 **# of Floors** 3 **Age:** 0 yrs **Vacant:** N/A at / /

Number	Bedrooms	Bathroom	Size in SF
16	0	1	502
48	1	1	750
48	2	1	900
32	2	2	901
40	3	2	1,080

Net Rentable SF: 159,264 **Av Un SF:** 866 **Common Area SF:** 6,087 **Gross Bldng SF** 165,351

Property Type: ☒ Multifamily ☐ SFR Rental ☐ Elderly ☒ Mixed Income ☐ Special Use

CONSTRUCTION SPECIFICATIONS

STRUCTURAL MATERIALS

Wood frame on a post-tensioned concrete slab on grade, 50% masonry veneer/50% cement siding exterior wall covering, drywall interior wall surfaces, composite shingle roofing

APPLIANCES AND INTERIOR FEATURES

Carpeting & ceramic tile flooring, range & oven, hood & fan, garbage disposal, dishwasher, refrigerator, microwave oven, tile tub/shower, washer & dryer connections, ceiling fans, laminated counter tops, individual water heaters

ON-SITE AMENITIES

6,087-SF community building with activity room, management offices, fitness & laundry facilities, kitchen, restrooms, swimming pool, equipped children's play area, basketball court, perimeter fencing with limited access gate

Uncovered Parking: 247 spaces **Carports:** 112 spaces **Garages:** 0 spaces

OTHER SOURCES of FUNDS

INTERIM CONSTRUCTION or GAP FINANCING

Source: American Mortgage Acceptance Company **Contact:** Steven Wendel

Principal Amount: $7,750,000 **Interest Rate:** Approximately 319 basis points over 10-year U.S Treasury rate, estimated at 8%

Additional Information: Interest-only payments, two 3-month extensions available

Amortization: N/A yrs **Term:** 1 yrs **Commitment:** ☐ None ☐ Firm ☒ Conditional

LONG TERM/PERMANENT FINANCING

Source: American Mortgage Acceptance Company **Contact:** Steven Wendel

Principal Amount: $7,750,000 **Interest Rate:** Approximately 289 basis points over 10-year U.S. Treasury rate, estimated & underwritten at 7.76%

Additional Information:

Amortization: 30 yrs **Term:** 18 yrs **Commitment:** ☐ None ☐ Firm ☒ Conditional

Annual Payment: $666,906 **Lien Priority:** 1st **Commitment Date** 2/ 25/ 2002

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS

CREDIT UNDERWRITING ANALYSIS

LIHTC SYNDICATION

Source: Related Capital Company **Contact:** Justin Ginsberg

Address: 625 Madison Avenue **City:** New York

State: NY **Zip:** 10022 **Phone:** (212) 521-6369 **Fax:** (212) 751-3454

Net Proceeds: $5,889,000 **Net Syndication Rate** (per $1.00 of 10-yr LIHTC) 76¢

Commitment ☐ None ☐ Firm ☒ Conditional **Date:** 2/ 25/ 2002

Additional Information:

APPLICANT EQUITY

Amount: $213,081 **Source:** Deferred developer fee

VALUATION INFORMATION

APPRAISED VALUE

Land Only: $1,570,000 **Date of Valuation:** 2/ 28/ 2002

Appraiser: Ezell & Smith, Inc. **City:** Austin **Phone:** (512) 477-8024

ASSESSED VALUE

Land: $114,864 **Assessment for the Year of:** 2001

Building: N/A **Valuation by:** Travis County Appraisal District

Total Assessed Value: $114,864

EVIDENCE of SITE or PROPERTY CONTROL

Type of Site Control: Purchase and sale agreement

Contract Expiration Date: 11/ 15/ 2001 **Anticipated Closing Date:** 10/ 31/ 2002

Acquisition Cost: $ 1,214,000 **Other Terms/Conditions:**

Seller: Vaquillas Development, Ltd. **Related to Development Team Member:** Yes

REVIEW of PREVIOUS UNDERWRITING REPORTS

No previous reports.

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Description: Grove Place Apartments is a proposed new construction development of 184 units of mixed income housing located in southeast Austin. The development is comprised of 14 residential buildings as follows:

- Four Building Type 1 with 12 one-bedroom units and eight two-bedroom units;
- Two Building Type 2 with eight efficiency units;
- Three Building Type 3 with 16 two-bedroom units; and
- Five Building Type 5 with eight three-bedroom units.

Based on the site plan the apartment buildings are distributed fairly evenly throughout the site, with the community building and swimming pool located near the entrance to the site. The two-story, 6,087-square foot community building plan includes the management offices, two 1,130-square foot community rooms, a classroom, exercise room, kitchen, restrooms, laundry and maintenance facilities, and offices for the general partner/supportive services provider.

The site is adjacent to a large existing domestic violence and sexual assault survival shelter facility owned and operated by Safeplace, the General Partner. This facility includes 39 units of transitional housing, a 105-unit emergency shelter, and a 13,000-square foot resource center including non-residential services and administrative staff offices. The subject is intended to provide an opportunity for residents of the transitional housing at Safeplace to move up to affordable housing, in a site close enough for families to benefit from services available on the Safeplace campus.

Supportive Services: The Applicant has contracted with Safeplace, the nonprofit General Partner, to provide the following supportive services to tenants: case management, life skills training, parenting classes and support groups, health screenings and information, recreational activities, adult and youth counseling, computer time, and substance abuse presentations. These services will be provided at no cost to tenants. Child daycare will be available at Safeplace's adjacent daycare facility on a space available basis, with cost on a sliding scale based on ability to pay. The contract requires the Applicant to provide and furnish facilities in the community building for provision of the services and to pay $4,166 per month ($50,000/year) for these support services.

Schedule: The Applicant anticipates construction to begin in September of 2002, to be completed in September of 2003, and to be placed in service and to be substantially leased-up in October of 2003.

POPULATIONS TARGETED

Income Set-Aside: The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside. 146 of the units (79% of the total) will be reserved for low-income tenants. 44 of the units (24%) will be reserved for households earning 30% or less of AMGI, 30 units (17%) will be reserved for households earning 40% or less of AMGI, 44 units (24%) will be reserved for households earning 50% or less of AMGI, 28 units (16%) will be reserved for households earning 60% or less of AMGI, and the remaining 38 units will be offered at market rents.

Special Needs Set-Asides: 18 units (12%) will be handicapped-accessible.

Compliance Period Extension: The Applicant has elected to extend the compliance period an additional 25 years.

MARKET HIGHLIGHTS

A market feasibility study dated January 14, 2002 was prepared by Capitol Market Research, Inc. and highlighted the following findings:

Definition of Market/Submarket: "…the market area chosen for this analysis is roughly bounded by IH-35 on the west, the Colorado River on the north, Highway 183 on the east, and SH-71 on the south. This area is comprised of [seven] census tracts." (p. 15)

Total Regional Market Demand for Rental Units: "Currently the market outlook for new apartment construction in the Austin metropolitan area is cautiously optimistic. Job growth continues in most sectors…and new employees and their families are still moving into the region in significant numbers. New apartment construction combined with lower job growth has caused a 7% decline in the occupancy rate, with the overall occupancy rate at 90.2% as of December 2001. Occupancy should remain near or above 90% through 2003 even if most of the proposed projects are completed. " (p. 58)

Total Local/Submarket Demand for Rental Units: "The potential for job growth in the area is excellent, which means that an increasing number of new employees will be moving to the area in search of affordable housing and lower taxes." (p. 58)

ANNUAL INCOME-ELIGIBLE SUBMARKET DEMAND SUMMARY				
	Market Analyst		Underwriter	
Type of Demand	Units of Demand	% of Total Demand	Units of Demand	% of Total Demand
Household Growth	192	13%	150	4%
Resident Turnover	1,298*	87%	3,486*	96%
TOTAL ANNUAL DEMAND	**1,490**	**100%**	**3,686**	**100%**

Ref: p. 29

The analyst calculated turnover demand using an annual turnover rate of 24.6%, based on market data. This rate seems significantly low in the Underwriter's experience, and the Underwriter used the IREM 2001 Austin turnover rate of 69% in calculating the estimated turnover demand.

Capture Rate: The analyst calculated a concentration capture rate of 9.1% based upon 464 units of supply (240 units from Riverside Meadows (#01448) and all 184 of the subject's units) divided by four years (2001-2004) of cumulative demand (5,127 units). Per Section 49.9(a)(5)(C)(ix) of the 2002 QAP, the Underwriter calculated a concentration capture rate of 18% based on a revised supply of unstabilized comparable affordable units of 666 units (240 from Riverside Meadows, 280 from Stonebridge, and the subject's 146 affordable units) divided by a the Underwriter's 2002 total income-qualified renter demand estimate of 3,686 units. (p. 53)

Market Rent Comparables: The market analyst surveyed five comparable apartment projects totaling 872 units in the market area. "Given the location of the proposed site and the lower than market average rents proposed for the subject, the subject property is considered to be well positioned in the market." (p. 59)

RENT ANALYSIS (net tenant-paid rents)

Unit Type (% AMI)	Proposed	Program Max	Differential	Market Avg.*	Differential
Efficiency (30%)	$315	$315	$0	$557	-$242
Efficiency (40%)	$440	$440	$0	$557	-$117
Efficiency (50%)	$564	$564	$0	$557	***+$7***
Efficiency (MR)	$620	N/A	$0	$557	***+$63***
1-Bedroom (30%)	$312	$312	$0	$690	-$378
1-Bedroom (40%)	$445	$445	$0	$690	-$245
1-Bedroom (50%)	$578	$578	$0	$690	-$112
1-Bedroom (60%)	$712	$712	$0	$690	***+$22***
1-Bedroom (MR)	$783	N/A	N/A	$690	***+$93***
2-Bedroom (30%)	$357	$357	$0	$766	-$409
2-Bedroom (40%)	$517	$517	$0	$766	-$249
2-Bedroom (50%)	$677	$677	$0	$766	-$89
2-Bedroom (60%)	$837	$837	$0	$766	***+$71***
2-Bedroom (MR)	$921	N/A	N/A	$766	***+$155***
3-Bedroom (30%)	$390	$390	$0	$972	-$582
3-Bedroom (40%)	$574	$574	$0	$972	-$398
3-Bedroom (50%)	$759	$759	$0	$972	-$213
3-Bedroom (60%)	$944	$944	$0	$972	-$286
3-Bedroom (MR)	$1,038	N/A	N/A	$972	***+$66***

Ref: p. 35

(NOTE: Differentials are amount of difference between proposed rents and program limits and average market rents, e.g., proposed rent =$500, program max =$600, differential = -$100)

*The market study was inconclusive in documenting average market rents, in that three different values were provided in the summary, the comparables adjustment grid, and the average rents per square foot table. The Underwriter used the highest set, which were the per square foot rents.

Submarket Vacancy Rates: "The most recent survey [of the Southeast Austin market area] (December 2001) revealed an average occupancy of 93.9%." (p. 33)

Absorption Projections: "Given the location and the strong demand for larger units in the market area, the subject should be able to achieve an absorption rate of at least 20 units per month" (p. 58)

Known Planned Development: "Including the subject site, [three affordable housing] tracts, identified in the market area, have potential to be developed as multifamily within the forecast time period…

- Riverside Meadows…is a proposed development of 248 units…The project is in a good position to receive 4% tax bond credits and has recently received rezoning and site plan approval from the City of Austin.

- [The] Riverside Drive Apartments [200 units]…site would have to be rezoned and the developer [Foundation Communities] says the opportunity is not being pursued at this time.
- Stonebridge Park…has received tax credits for 196 units…, however, the land was in dispute as of October 2001, when the developer filed bankruptcy and the owners of the land filed foreclosure on the same day. ” (p. 47-48)

The Underwriter found the market study provided sufficient information on which to base a funding recommendation. The analyst’s choice of a primary market area containing a population of only 40,555 does not meet TDHCA underwriting guidelines of 50,000-250,000 population, and has the effect of understating probable demand. This is exacerbated by the analyst’s very low turnover rate. The analyst’s use of four years of demand in calculating the concentration capture rate offsets these anomalies, but, is also not in compliance with QAP guidance. A significant, although unaddressed, factor in the case of this development is that some number of tenants will be “supplied” by the General Partner’s shelter operation. Although the Applicant did not have an estimate of the approximate number of units which would be likely to be occupied by Safeplace clients, this is likely to be a fairly significant portion (20%+) which would also have the effect of increasing demand.

SITE and NEIGHBORHOOD CHARACTERISTICS

Location: The site is an irregularly-shaped parcel located in the southeast area of Austin, approximately three miles from the central business district. The site is situated on the southeast corner of the intersection of Grove Boulevard and Fairway Drive, just north of Riverside Drive.

Population: The estimated 2001 population of the primary market area was 40,555 and is expected to increase by 14.6% to approximately 46,481 by 2006. Within the primary market area there were estimated to be 19,346 households in 2001.

Adjacent Land Uses: Land uses in the overall area in which the site is located are mixed, with vacant land, single-family residential and apartment complexes, and retail and commercial uses. Adjacent land uses include:

- **North:** Fairway Drive, with the Safeplace facility, single-family residential, and a community college campus beyond.
- **South:** Vacant land fronting Riverside Drive, with vacant land beyond.
- **East:** Clubview Street with single-family residential beyond.
- **West:** Grove Boulevard with vacant land (to be a public library) and a municipal golf course beyond.

Site Access: Access to the property is from the east or west along Fairway Drive or the north or south from Grove Boulevard or Clubview Street. The development is to have two entries, one from the north or south from Clubview Street and one from the east or west from Fairview Drive. Access to Interstate Highway 35 is 2.5 miles west, which provides connections to all other major roads serving the Austin area.

Public Transportation: Public transportation to the area is provided by the city bus system, with a stop adjacent to the site.

Shopping & Services: The site is within 1.6 miles of two major grocery/pharmacies and a variety of other retail establishments and restaurants. Schools, churches, and hospitals and health care facilities are located within a short driving distance from the site.

Site Inspection Findings: TDHCA staff performed a site inspection on May 20, 2002 and found the location to be acceptable for the proposed development.

HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)

A Phase I Environmental Site Assessment report dated February 2002 was prepared by Horizon Environmental Services, Inc. and contained the following findings and recommendations:

Findings: “Based upon a review of regulatory literature, historical information, and a site reconnaissance, the subject site was found to have a low probability for environmental risk or liability from hazardous materials and substances. (p. 7-1)

Recommendations: “Horizon recommends no additional investigations, studies, or sampling efforts for any hazardous substances or materials at this time; however, several debris piles consisting of common household trash, concrete, plastic, lumber, shopping carts, shingles, tires, and cans were observed in the southeastern portion of the subject site. Only the surfaces of the debris piles were investigated. All debris should be removed and disposed of in an approved landfill. In the event that potentially hazardous materials are encountered during excavation activities, soil sampling should be conducted to determine the extent of potential soil and/or groundwater contamination." (p. 7-1)

OPERATING PROFORMA ANALYSIS

Income: The Applicant's rent projections are the maximum rents allowed under LIHTC guidelines, and the large number of <60% AMI units are well below the highest set of market rents provided by the Market Analyst. Since all of the market rents, all of the 60% rents and the 50% efficiency rents are above average market rents, the Underwriter reduced these rents to the highest market average provided by the Analyst. This adjustment resulted in a reduction in potential gross rent of $56,880. Estimates of secondary income and vacancy and collection losses are in line with TDHCA underwriting guidelines.

Expenses: The Applicant's total expense estimate of $2,819 per unit is 26% lower than the Underwriter's adjusted TDHCA database-derived estimate of $3,811 per unit for comparably-sized developments. The Applicant's budget shows several line item estimates that deviate significantly when compared to the Underwriter's estimates, particularly:

- general and administrative ($12.9K lower)
- management fee ($17.4K lower than the customary 5% of effective gross income fee. This figure amounts to 3.5% of EGI; the Underwriter used a reduced fee rate of 4% in response to an equivocal commitment from the property manager to the 3.5% rate.)
- payroll ($22.7K lower)
- repairs and maintenance ($13.2K higher)
- utilities ($16.8K lower)
- insurance ($10.6K higher)
- property tax ($143.6K lower due to the Applicant's assumption that a CHDO tax exemption would be granted. As no evidence of CHDO status was provided, the Underwriter queried the Applicant and was informed that the General Partner (Safeplace) has formed a new nonprofit entity (Grove Place Partners, Ltd.) to replace Safeplace as general partner upon receipt of IRS recognition of Grove Place Partners as a Section 501(c)(3) organization. Although the Applicant also provided a commitment from the City of Austin that CHDO status would be awarded upon receipt of the IRS determination and from the Travis Central Appraisal District that a CHDO tax exemption would be likely to be granted, the fact remains that a CHDO designation has not been received and therefore the property tax exemption is uncertain. This constitutes a serious readiness to proceed issue.)

Conclusion: The Applicant's total estimated operating expense is inconsistent with the Underwriter's expectations and the Applicant's net operating income is not within 5% of the Underwriter's estimate. Therefore, the Underwriter's NOI will be used to evaluate debt service capacity. Due primarily to the difference in estimated operating expenses (most notably the CHDO property tax exemption), the Underwriter's estimated debt coverage ratio (DCR) of 0.82 is significantly less than the program minimum standard of 1.10. Therefore, the maximum debt service for this project should be limited to $502,960 by a reduction of the loan amount and/or a reduction in the interest rate and/or an extension of the term on the primary and/or secondary debt.

CONSTRUCTION COST ESTIMATE EVALUATION

Land Value: The seller, Vaquillas Development, Ltd., shares principals with the Developer, Tekoa Partners, Ltd., and acquired the site in October 2001 at a cost of $1,052,574. The Developer provided documentation of $37,773.82 in holding costs, which would yield a rate of return of 11.4% for the holding period (through October 2002). Although the assessed value is only $114,864, the Applicant provided an appraisal which estimated the market value at $1,570,000. Based upon the appraisal and the Applicant's anticipated $213,081 in deferred developer fee, no excess profit concerns are apparent.

Sitework Cost: The Applicant's claimed sitework costs of $5,400 per unit are considered reasonable compared to historical sitework costs for multifamily projects.

Direct Construction Cost: The Applicant's direct construction cost estimate is $168K or 2% lower than the Underwriter's Marshall & Swift *Residential Cost Handbook*-derived estimate, and is therefore regarded as reasonable as submitted.

Ineligible Costs: The Applicant incorrectly included $19,692 in marketing as an eligible cost; the Underwriter moved this cost to ineligible costs, resulting in an equivalent reduction in the Applicant's eligible basis.

Fees: The Applicant's general requirements, contractor's general and administrative fees, and contractor's profit exceed the 6%, 2%, and 6% maximums allowed by LIHTC guidelines based on their own construction costs. Consequently the Applicant's eligible fees in these areas have been reduced by $28K with the overage effectively moved to ineligible costs. The Applicant's developer fees also exceed 15% of the Applicant's adjusted eligible basis and therefore the eligible portion of the Applicant's developer fee must be reduced by $22,005. The Applicant's contingency allowance exceeds the 5% maximum guideline by $115K, with this amount moved to ineligible costs.

Conclusion: The Applicant's total development cost estimate is within 5% of the Underwriter's verifiable estimate and is therefore generally acceptable. Since the Underwriter has been able to verify the Applicant's projected costs to a reasonable margin, the Applicant's total cost breakdown, as adjusted, is used to calculate eligible basis and determine the LIHTC allocation. As a result an eligible basis of $11,789,075 is used to determine a credit allocation of $789,509 from this method. This is $13,293 more than initially requested due to the Applicant's use of a lower applicable percentage of 8.17% rather than the 8.44% underwriting rate used for applications received in March 2002. The resulting syndication proceeds will be used to compare to the gap of need using the Applicant's costs to determine the recommended credit amount.

FINANCING STRUCTURE ANALYSIS

The Applicant intends to finance the development with five types of financing from five sources: a conventional interim to permanent loan, a conventional construction bridge loan, the Housing Trust Fund loan, syndicated LIHTC equity, and deferred developer's fees.

Conventional Interim to Permanent Loan: There is a commitment for interim to permanent financing through American Mortgage Acceptance Company in the amount of $7,750,000 during both the interim period and at conversion to permanent. The construction funding is anticipated to be a FNMA forward commitment, to be secured with a letter of credit from PNC Bank. The commitment letter indicated a term of 12 months for the construction portion (with two three-month extensions available) and 18 years for the permanent, with a 30-year amortization schedule. The permanent loan's interest rate will be approximately 289 basis points over the ten-year U.S. Treasury rate, and is estimated at 7.76%. The construction loan's interest rate is to be 30 basis points above the permanent rate, and both rates are to be fixed at construction loan closing.

Construction Bridge Loan: The Applicant intends to use PNC Bank for a construction phase bridge loan of $351,944 to bridge a portion of the equity contribution. The term is to be 24 months (with one six-month extension available), and the floating interest rate is to be the higher of the lender's prime rate or the Federal funds rate plus 0.5%.

Housing Trust Fund (HTF) Loan: The Applicant has requested an HTF loan of $100,000, with a term and amortization schedule of 30 years and an interest rate of 3%. The funds are to be used to subsidize construction of the 118 units to be rent-restricted below 60% AMI.

LIHTC Syndication: Related Capital Company has offered terms for syndication of the tax credits. The commitment letter shows net proceeds are anticipated to be $5,889,000 based on a request of $775,000 (instead of the $776,021 amount in the project cost schedule) and a syndication factor of 76%. The funds would be disbursed in a five-phased pay-in schedule:

1. 35% upon admission to the partnership;
2. 15% upon 50% completion of construction;
3. 15% upon 75% completion of construction;
4. 15% upon completion of construction;
5. 20% upon the latest to occur of: final closing of the permanent mortgage loan, receipt of IRS Forms 8609, achievement of both 93% occupancy and a DCR of 1.15 for three consecutive months.

Deferred Developer's Fees: The Applicant's proposed deferred developer's fees of $213,081 amount to 14% of the total fees.

Financing Conclusions: Based on the Applicant's estimate of eligible basis, the LIHTC allocation should not exceed $789,509 annually for ten years, resulting in syndication proceeds of approximately $5,999,251. Due to the difference in estimated net operating income, the Underwriter's debt coverage ratio (DCR) of 0.82 is significantly less than the program minimum standard of 1.10. Therefore, the maximum debt service for this development should not exceed $502,960 by a reduction of the permanent loan amount and/or a reduction in the interest rate and/or an extension of the term. At the loan terms provided the loan amount would be reduced to a maximum of approximately $5,844,815 assuming the HTF loan was reduced to a non amortizing zero percent interest balloon loan. Therefore, any award of funds for this application should be conditioned upon a reduction in permanent debt as such. To compensate for the reduction in loan funds, however, the Applicant's deferred developer fee will be increased to $2,008,014, which amounts to 131% of the total fee and which is not be repayable in 15 years out of existing cash flow at zero percent interest. Based on the underwriting analysis, $1.7M could be repaid in 15 years. There would still exist a gap of funds of $315,977 for which no funding source was provided. Therefore, the development is deemed to be infeasible. If the proposed CHDO status of the General Partner were granted and the subsequent property tax exemption achieved it would appear that this infeasibility conclusion could be removed as the anticipated debt would rise. The entire proposed debt would still not be serviceable and the HTF loan would still be recommended as a non-amortizing debt but the deferred developer fee would be reduced to just below $500K.

REVIEW of ARCHITECTURAL DESIGN

The units are in two- and three-story walk-up structures with mixed masonry veneer and cement siding exterior finish and pitched roofs. The exterior elevations are simple and functional. All units are of average size for market rate and LIHTC units, and have covered patios or balconies, small outdoor storage closets, and utility closets with hookups for full-size appliances.

IDENTITIES of INTEREST

The principals of the seller of the property are also principals of the Developer. The Applicant has provided enough information to mitigate any concerns with regard to an overstated sales price with regard to this transfer as discussed above.

APPLICANT'S/PRINCIPALS' FINANCIAL HIGHLIGHTS, BACKGROUND, and EXPERIENCE

Financial Highlights:

- The Applicant is a single-purpose entity created for the purpose of receiving assistance from TDHCA and therefore has no material financial statements.
- Safeplace, the General Partner and Supportive Services Provider, submitted an unaudited financial statement as of December 31, 2001 reporting total assets of $14.4M and consisting of $761K in cash, $830K in receivables and prepaids, $1.2M in assets held for construction projects, $1.4M in construction in progress, $1.8M in real property, and $897K in machinery, equipment, and fixtures. Liabilities totaled $2.4M, resulting in net assets of $12M.
- The Developer, Tekoa Partners, Ltd., submitted an unaudited financial statement as of April 17, 2002 reporting total assets of $1.58M and consisting of $34K in cash and $1.5M in business interests. Liabilities totaled $410K, resulting in net assets of $1.17M.

Background & Experience:

- The Applicant is a new entity formed for the purpose of developing the project.
- The General Partner operates the largest domestic violence and sexual assault emergency shelter in the U.S. (the existing Safeplace facility adjacent to the subject) and since 1996 has completed approximately $10M in new facilities. No evidence of previous affordable housing development experience was provided.
- William Lee, William Skeen, and Donna Hammock, principals of the Developer, Tekoa Partners, Ltd., listed participation as officers of the general partner on five previous affordable housing developments totaling 475 units since 1997.

SUMMARY OF SALIENT RISKS AND ISSUES

- The Applicant's estimated operating expenses and operating proforma are more than 5% outside of the Underwriter's verifiable ranges.
- Significant inconsistencies in the application could affect the financial feasibility of the project.
- The recommended amount of deferred developer fee cannot be repaid within ten years, and any amount unpaid past ten years would be removed from eligible basis.
- The seller of the property has an identity of interest with the Developer.
- The significant financing structure changes being proposed have not been reviewed/accepted by the Applicant, lenders, and syndicators, and acceptable alternative structures may exist.

RECOMMENDATION

☑ NOT RECOMMENDED DUE TO THE FOLLOWING:

- The General Partner of the Applicant does not currently have the CHDO designation as described in the application and therefore is not ready to proceed with the development as proposed in the application.
- Without the CHDO designation the proposed property tax exemption can not be confirmed and the resulting reduction in debt capacity renders the project infeasible .
- The application provided no alternative source of financing for the significant gap of funds needed to complete the development without the proposed property tax exemption.

ALTERNATIVE

☑ ANY BOARD APPROVAL OF AN LIHTC ALLOCATION IS RECOMMENDED NOT TO EXCEED $789,509 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

☑ ANY RECOMMEND APPROVAL OF A HTF AWARD IS RECOMMEND NOT TO EXCEED $100,000, STRUCTURED AS A FIVE (5) YEAR NON-AMORTIZING LOAN AT ZERO (0) PERCENT INTEREST, SUBJECT TO CONDITIONS.

CONDITIONS

1. TDHCA Board waiver of readiness to proceed issues surrounding the lack of CHDO designation of the General Partner and subsequent uncertainty of the proposed property tax exemption.
2. Receipt, review, and acceptance of documentation evidencing the removal of debris located on the site as prescribed in the Phase I Environmental Site Assessment report and confirmation by that report provider that there is no condition or circumstance that warrants further investigation or analysis;
3. Should the terms of the proposed debt be altered, the conclusions and conditions of this report should be re-evaluated.

Credit Underwriting Supervisor:	______________________ *Jim Anderson*	**Date:**	July 22, 2002
Director of Credit Underwriting:	______________________ *Tom Gouris*	**Date:**	July 22, 2002

MULTIFAMILY FINANCIAL ASSISTANCE REQUEST: Comparative Analysis

Grove Place Apartments, 9% LIHTC #02100/HTF 2-02-018

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Net Rent per Unit	Rent per Month	Rent per SF	Tnt Pd Util	Trash Only
TC (30%)	2	0	1	502	$373	$315	$630	$0.63	$58.00	$20.00
TC (40%)	2	0	1	502	498	440	880	0.88	58.00	20.00
TC (50%)	4	0	1	502	622	557	2,228	1.11	58.00	20.00
MR	8	0	1	502		557	4,456	1.11	58.00	20.00
TC (30%)	15	1	1	750	400	312	4,680	0.42	88.00	20.00
TC (40%)	8	1	1	750	533	445	3,560	0.59	88.00	20.00
TC (50%)	10	1	1	750	666	578	5,780	0.77	88.00	20.00
<TC (60%)	5	1	1	750	800	690	3,450	0.92	88.00	20.00
MR	10	1	1	750		690	6,900	0.92	88.00	20.00
TC (30%)	10	2	1	900	480	357	3,570	0.40	123.00	20.00
TC (40%)	12	2	1	900	640	517	6,204	0.57	123.00	20.00
TC (50%)	15	2	1	900	800	677	10,155	0.75	123.00	20.00
<TC (60%)	11	2	1	900	960	766	8,426	0.85	123.00	20.00
TC (30%)	12	2	2	901	480	357	4,284	0.40	123.00	20.00
TC (50%)	7	2	2	901	800	677	4,739	0.75	123.00	20.00
<TC (60%)	5	2	2	901	960	766	3,830	0.85	123.00	20.00
MR	8	2	2	901		766	6,128	0.85	123.00	20.00
TC (30%)	5	3	2	1,080	555	390	1,950	0.36	165.00	23.00
TC (40%)	8	3	2	1,080	739	574	4,592	0.53	165.00	23.00
TC (50%)	8	3	2	1,080	924	759	6,072	0.70	165.00	23.00
TC (60%)	7	3	2	1,080	1109	944	6,608	0.87	165.00	23.00
MR	12	3	2	1,080		972	11,664	0.90	165.00	23.00
TOTAL:	184		AVERAGE:	866	$545	$602	$110,786	$0.70	$117.35	$20.65

INCOME				TDHCA	APPLICANT		
	Total Net Rentable Sq Ft: 159,264						
POTENTIAL GROSS RENT				$1,329,432	$1,386,312		
Secondary Income		Per Unit Per Month:	$12.00	26,496	26,496	$12.00	Per Unit Per Month
Other Support Income:				0	0		
POTENTIAL GROSS INCOME				$1,355,928	$1,412,808		
Vacancy & Collection Loss		% of Potential Gross Income:	-7.50%	(101,695)	(105,960)	-7.50%	of Potential Gross Rent
Employee or Other Non-Rental Units or Concessions				0	0		
EFFECTIVE GROSS INCOME				$1,254,233	$1,306,848		

EXPENSES		% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative		3.94%	$268	$0.31	$49,383	$36,500	$0.23	$198	2.79%
Management		4.00%	273	0.32	50,169	45,743	0.29	249	3.50%
Payroll & Payroll Tax		12.65%	862	1.00	158,657	136,000	0.85	739	10.41%
Repairs & Maintenance		5.69%	388	0.45	71,367	84,600	0.53	460	6.47%
Utilities		4.11%	280	0.32	51,579	34,800	0.22	189	2.66%
Water, Sewer, & Trash		3.82%	260	0.30	47,870	42,000	0.26	228	3.21%
Property Insurance		2.54%	173	0.20	31,853	42,500	0.27	231	3.25%
Property Tax	2.6006	11.45%	780	0.90	143,553	0	0.00	0	0.00%
Reserve for Replacements		2.93%	200	0.23	36,800	36,800	0.23	200	2.82%
Other: spt svcs,compl., sec, cable TV		4.76%	324	0.37	59,700	59,700	0.37	324	4.57%
TOTAL EXPENSES		55.89%	$3,809	$4.40	$700,932	$518,643	$3.26	$2,819	39.69%
NET OPERATING INC		44.11%	$3,007	$3.47	$553,301	$788,205	$4.95	$4,284	60.31%
DEBT SERVICE									
First Lien Mortgage		53.17%	$3,624	$4.19	$666,906	$666,623	$4.19	$3,623	51.01%
Housing Trust Fund Loan		0.40%	$27	$0.03	5,059	5,059	$0.03	$27	0.39%
Housing Trust Fund Loan		0.00%	$0	$0.00	0	0	$0.00	$0	0.00%
NET CASH FLOW		-9.46%	($645)	($0.75)	($118,664)	$116,523	$0.73	$633	8.92%
AGGREGATE DEBT COVERAGE RATIO					0.82	1.17			
ALTERNATIVE DEBT COVERAGE RATIO					1.10				

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		8.67%	$6,598	$7.62	$1,214,000	$1,214,000	$7.62	$6,598	8.70%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		7.09%	5,400	6.24	993,600	993,600	6.24	5,400	7.12%
Direct Construction		48.41%	36,859	42.58	6,781,988	6,614,038	41.53	35,946	47.41%
Contingency	5.00%	2.78%	2,113	2.44	388,779	495,035	3.11	2,690	3.55%
General Reqts	6.00%	3.33%	2,536	2.93	466,535	468,458	2.94	2,546	3.36%
Contractor's G & A	2.00%	1.11%	845	0.98	155,512	156,153	0.98	849	1.12%
Contractor's Profi	6.00%	3.33%	2,536	2.93	466,535	468,458	2.94	2,546	3.36%
Indirect Construction		3.26%	2,482	2.87	456,629	456,629	2.87	2,482	3.27%
Ineligible Costs		3.13%	2,381	2.75	438,122	438,122	2.75	2,381	3.14%
Developer's G & A	4.99%	3.72%	2,832	3.27	521,103	521,103	3.27	2,832	3.73%
Developer's Profit	9.94%	7.41%	5,645	6.52	1,038,607	1,038,607	6.52	5,645	7.44%
Interim Financing		5.29%	4,031	4.66	741,651	741,651	4.66	4,031	5.32%
Reserves		2.47%	1,882	2.17	346,226	346,226	2.17	1,882	2.48%
TOTAL COST		100.00%	$76,137	$87.96	$14,009,287	$13,952,080	$87.60	$75,827	100.00%
Recap-Hard Construction Costs		*66.05%*	***$50,288***	***$58.10***	***$9,252,949***	***$9,195,742***	***$57.74***	***$49,977***	*65.91%*

SOURCES OF FUNDS				TDHCA	APPLICANT	RECOMMENDED
First Lien Mortgage	55.32%	$42,120	$48.66	$7,750,000	$7,750,000	$5,844,815
Housing Trust Fund Loan	0.71%	$543	$0.63	100,000	100,000	100,000
LIHTC Syndication Proceeds	42.04%	$32,005	$36.98	5,889,000	5,889,000	5,999,251
Deferred Developer Fees	1.52%	$1,158	$1.34	213,081	213,081	2,008,014
Additional (excess) Funds Required	0.41%	$311	$0.36	57,206	(1)	0
TOTAL SOURCES				$14,009,287	$13,952,080	$13,952,080

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook
Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$41.31	$6,578,523
Adjustments				
Exterior Wall Finish	4.50%		$1.86	$296,034
Elderly			0.00	0
Roofing			0.00	0
Subfloor			(0.93)	(148,646)
Floor Cover			1.82	289,860
Porches/Balconies	$28.10	29,018	5.12	815,406
Plumbing	$585	304	1.12	177,840
Built-In Appliances	$1,550	184	1.79	285,200
Stairs	$1,550	51	0.50	79,050
Floor Insulation			0.00	0
Heating/Cooling			1.41	224,562
Carports	$7.53	20,900	0.99	157,377
Comm &/or Aux Bldgs	$52.65	6,087	2.01	320,481
Other:			0.00	0
SUBTOTAL			56.99	9,075,686
Current Cost Multiplier	1.04		2.28	363,027
Local Multiplier	0.88		(6.84)	(1,089,082)
TOTAL DIRECT CONSTRUCTION COSTS			$52.43	$8,349,631
Plans, specs, survy, bld p	3.90%		($2.04)	($325,636)
Interim Construction Inte	3.38%		(1.77)	(281,800)
Contractor's OH & Profit	11.50%		(6.03)	(960,208)
NET DIRECT CONSTRUCTION COSTS			$42.58	$6,781,988

PAYMENT COMPUTATION

Primary	$7,750,000	Term	360
Int Rate	7.76%	DCR	0.83

Secondary	$100,000	Term	360
Int Rate	3.00%	Subtotal DCR	0.82

Additional	$5,889,000	Term	
Int Rate		Aggregate DCR	0.82

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	$502,960
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	$50,341

Primary	$5,844,815	Term	360
Int Rate	7.76%	DCR	1.10

Secondary	$100,000	Term	0
Int Rate	0.00%	Subtotal DCR	1.10

Additional	$5,889,000	Term	0
Int Rate	0.00%	Aggregate DCR	1.10

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$1,329,432	$1,369,315	$1,410,394	$1,452,706	$1,496,287	$1,734,607	$2,010,885	$2,331,167	$3,132,894
Secondary Income	26,496	27,291	28,110	28,953	29,821	34,571	40,078	46,461	62,440
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	1,355,928	1,396,606	1,438,504	1,481,659	1,526,109	1,769,178	2,050,963	2,377,628	3,195,333
Vacancy & Collection Loss	(101,695)	(104,745)	(107,888)	(111,124)	(114,458)	(132,688)	(153,822)	(178,322)	(239,650)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$1,254,233	$1,291,860	$1,330,616	$1,370,535	$1,411,651	$1,636,490	$1,897,141	$2,199,306	$2,955,683
EXPENSES at 4.00%									
General & Administrative	$49,383	$51,359	$53,413	$55,549	$57,771	$70,288	$85,516	$104,043	$154,009
Management	50,169	51,674	53,225	54,821	56,466	65,460	75,886	87,972	118,227
Payroll & Payroll Tax	158,657	165,003	171,603	178,468	185,606	225,818	274,743	334,266	494,796
Repairs & Maintenance	71,367	74,222	77,191	80,279	83,490	101,578	123,585	150,360	222,570
Utilities	51,579	53,643	55,788	58,020	60,341	73,414	89,319	108,670	160,858
Water, Sewer & Trash	47,870	49,785	51,776	53,847	56,001	68,134	82,895	100,855	149,290
Insurance	31,853	33,127	34,452	35,830	37,263	45,336	55,159	67,109	99,338
Property Tax	143,553	149,295	155,267	161,478	167,937	204,321	248,588	302,445	447,692
Reserve for Replacements	36,800	38,272	39,803	41,395	43,051	52,378	63,726	77,532	114,766
Other	59,700	62,088	64,572	67,154	69,841	84,972	103,381	125,779	186,183
TOTAL EXPENSES	$700,932	$728,468	$757,090	$786,841	$817,766	$991,698	$1,202,796	$1,459,031	$2,147,730
NET OPERATING INCOME	$553,301	$563,393	$573,527	$583,694	$593,884	$644,792	$694,344	$740,275	$807,954
DEBT SERVICE									
First Lien Financing	$502,960	$502,960	$502,960	$502,960	$502,960	$502,960	$502,960	$502,960	$502,960
Second Lien	5,059	5,059	5,059	5,059	5,059	5,059	5,059	5,059	5,059
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	$45,282	$55,373	$65,507	$75,674	$85,865	$136,773	$186,325	$232,255	$299,934
DEBT COVERAGE RATIO	1.09	1.11	1.13	1.15	1.17	1.27	1.37	1.46	1.59

LIHTC Allocation Calculation - Grove Place Apartments, 9% LIHTC #02100/H

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
(1) Acquisition Cost				
Purchase of land	$1,214,000	$1,214,000		
Purchase of buildings				
(2) Rehabilitation/New Construction Cost				
On-site work	$993,600	$993,600	$993,600	$993,600
Off-site improvements				
(3) Construction Hard Costs				
New structures/rehabilitation ha	$6,614,038	$6,781,988	$6,614,038	$6,781,988
(4) Contractor Fees & General Requirements				
Contractor overhead	$156,153	$155,512	$152,153	$155,512
Contractor profit	$468,458	$466,535	$456,458	$466,535
General requirements	$468,458	$466,535	$456,458	$466,535
(5) Contingencies	$495,035	$388,779	$380,382	$388,779
(6) Eligible Indirect Fees	$456,629	$456,629	$456,629	$456,629
(7) Eligible Financing Fees	$741,651	$741,651	$741,651	$741,651
(8) All Ineligible Costs	$438,122	$438,122		
(9) Developer Fees			$1,537,705	
Developer overhead	$521,103	$521,103		$521,103
Developer fee	$1,038,607	$1,038,607		$1,038,607
(10) Development Reserves	$346,226	$346,226		
TOTAL DEVELOPMENT COSTS	$13,952,080	$14,009,287	$11,789,075	$12,010,939

Deduct from Basis:				
All grant proceeds used to finance costs in eligible basis				
B.M.R. loans used to finance cost in eligible basis				
Non-qualified non-recourse financing				
Non-qualified portion of higher quality units [42(d)(3)]				
Historic Credits (on residential portion only)				
TOTAL ELIGIBLE BASIS			$11,789,075	$12,010,939
High Cost Area Adjustment			100%	100%
TOTAL ADJUSTED BASIS			$11,789,075	$12,010,939
Applicable Fraction			79.35%	79.35%
TOTAL QUALIFIED BASIS			$9,354,374	$9,530,419
Applicable Percentage			8.44%	8.44%
TOTAL AMOUNT OF TAX CREDITS			$789,509	$804,367
	Syndication Proceeds	**0.7599**	**$5,999,251**	**$6,112,154**

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTI FAMILY CREDIT UNDERWRITING ANALYSIS

DATE: June 4, 2002 **PROGRAM:** 9% LIHTC / Housing Trust Fund **FILE NUMBER:** 02091 / 2-02-020

DEVELOPMENT NAME

Riverwalk Townhomes

APPLICANT

Name: Augusta Hills Limited Partnership **Type:** ☒ For Profit ☐ Non-Profit ☐ Municipal ☐ Other

Address: 8455 Lyndon Lane **City:** Austin **State:** TX

Zip: 78729 **Contact:** R.J. Collins **Phone:** (512) 249-6240 **Fax:** (512) 249-6660

PRINCIPALS of the APPLICANT

Name	(%)	Title
Tejas Housing II, Inc.	.009	90% Co-General Partner
Valentine Realtors, Inc.	.001	10% Co-General Partner
Columbia Housing Partners Limited	99.99	Initial Limited Partner
R.J. Collins	N/A	Owner of Tejas Housing II,
Ronni Hodges	N/A	Owner of Valentine Realtors, Inc.

90% CO-GENERAL PARTNER

Name: Tejas Housing II, Inc. **Type:** ☒ For Profit ☐ Non-Profit ☐ Municipal ☐ Other

Address: 8455 Lyndon Lane **City:** Austin **State:** TX

Zip: 78729 **Contact:** R.J. Collins **Phone:** (512) 249-6240 **Fax:** (512) 249-6660

10% CO-GENERAL PARTNER

Name: Valentine Realtors, Inc. **Type:** ☒ For Profit ☐ Non-Profit ☐ Municipal ☐ Other

Address: 8800-55 Hazelhurst Drive **City:** Austin **State:** TX

Zip: 78729 **Contact:** Ronnie Hodges **Phone:** (512) 918-9191 **Fax:** (512) 918-1891

PROPERTY LOCATION

Location: 1001 East Washington Street ☐ **QCT** ☐ **DDA**

City: Stephenville **County:** Erath **Zip:** 76401

REQUEST

Amount	Interest Rate	Amortization	Term
1. $542,766	N/A	N/A	N/A
2. $456,000	0%	30 yrs	30 yrs

Other Requested Terms:
1. Annual ten-year allocation of low-income housing tax credits
2. Housing Trust Fund loan to subsidize 30% AMI units

Proposed Use of Funds: New Construction **Set-Aside:** ☐ General ☒ Rural ☐ Non-Profit

SITE DESCRIPTION

Size: 13.621 acres 593,331 square feet **Zoning/ Permitted Uses:** R-3, Multiple Family Residential District

Flood Zone Designation: Zone X **Status of Off-Sites:** Partially Improved

DESCRIPTION of IMPROVEMENTS

Total Units: 76 **# Rental Buildings** 19 **# Common Area Bldngs** 1 **# of Floors** 2 **Age:** 0 yrs **Vacant:** N/A at / /

Number	Bedrooms	Bathroom	Size in SF
10	2	2	980
38	3	2	1,268
28	4	2	1,397

Net Rentable SF: 97,100 **Av Un SF:** 1,278 **Common Area SF:** 3,000 **Gross Bldng SF** 100,100

Property Type: ☒ Multifamily ☐ SFR Rental ☐ Elderly ☐ Mixed Income ☐ Special Use

CONSTRUCTION SPECIFICATIONS

STRUCTURAL MATERIALS

Wood frame on a post-tensioned concrete slab on grade, 50% brick veneer/50% Hardiplank siding exterior wall covering, drywall interior wall surfaces, composite shingle roofing

APPLIANCES AND INTERIOR FEATURES

Carpeting & ceramic tile flooring, range & oven, hood & fan, garbage disposal, dishwasher, refrigerator, microwave oven, fiberglass tub/shower, washer & dryer connections, laminated counter tops, individual water heaters, high-speed Internet access

ON-SITE AMENITIES

3,000-SF community building with activity room, management & social services offices, fitness & laundry facilities, kitchen, restrooms, computer center, daycare facility, central mailroom, swimming pool, equipped children's play area, sports court, perimeter fencing

Uncovered Parking: 90 spaces **Carports:** 0 spaces **Garages:** 76 spaces

OTHER SOURCES of FUNDS

INTERIM CONSTRUCTION or GAP FINANCING

Source: PNC Bank **Contact:** Robert Courtney

Principal Amount: $2,000,000 **Interest Rate:** Estimated at 7.9%, fixed, determined by lender

Additional Information: Rate locked at simultaneous closing of construction & permanent loans

Amortization: N/A yrs **Term:** 2 yrs **Commitment:** ☐ None ☐ Firm ☒ Conditional

LONG TERM/PERMANENT FINANCING

Source: PNC Bank **Contact:** Robert Courtney

Principal Amount: $2,000,000 **Interest Rate:** Estimated at 7.9%, fixed, determined by lender

Additional Information: Rate locked at simultaneous closing of construction & permanent loans

Amortization: 30 yrs **Term:** 18 yrs **Commitment:** ☐ None ☐ Firm ☒ Conditional

Annual Payment: $174,433 **Lien Priority:** 1st **Commitment Date** 2/ 22/ 2002

LIHTC SYNDICATION

Source: Columbia Housing Partners Limited Partnership **Contact:** Robert Courtney

Address: 500 W. Jefferson Street, Suite 400 **City:** Louisville

State: KY **Zip:** 40202 **Phone:** (502) 581-3262 **Fax:** (502) 581-2602

Net Proceeds: $4,287,422 **Net Syndication Rate** (per $1.00 of 10-yr LIHTC) 79¢

Commitment ☐ None ☐ Firm ☒ Conditional **Date:** 2/ 22/ 2002

Additional Information:

APPLICANT EQUITY

Amount: $151,207 **Source:** Deferred developer fee

VALUATION INFORMATION

ASSESSED VALUE

Land:	$111,479	**Assessment for the Year of:**	2001
Building:	$1,510	**Valuation by:**	Erath County Appraisal District
Total Assessed Value:	$112,990		

EVIDENCE of SITE or PROPERTY CONTROL

Type of Site Control: Earnest money contract

Contract Expiration Date: 10/ 15/ 2002 **Anticipated Closing Date:** 10/ 15/ 2002

Acquisition Cost: $ 195,778 **Other Terms/Conditions:** $100 earnest money

Seller: Myrtle V. Bailey Charitable Remainder Unitrust **Related to Development Team Member:** No

REVIEW of PREVIOUS UNDERWRITING REPORTS

No previous reports.

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Description: Riverwalk Townhomes is a proposed new construction development of 76 units of affordable housing located in eastern Stephenville. The development is comprised of 19 residential buildings as follows:

- Five Building Type 1 with two two-bedroom flat units and two three-bedroom townhouse units;
- Four Building Type 2 with two three-bedroom flat units and two three-bedroom townhouse units;
- Four Building Type 3 with two four-bedroom flat units and two four-bedroom townhouse units;
- Six Building Type 4 with two three-bedroom townhouse units and two four-bedroom townhouse units.

Based on the site plan the apartment buildings are distributed evenly throughout the site, with the community building, mailboxes, and swimming pool located near the entrance to the site. The 3,000-square foot community building plan includes the management and supportive services offices, a 1,037-square foot community room, exercise and computer rooms, kitchen, restrooms, and laundry and maintenance facilities.

Supportive Services: The Applicant has contracted with Texas Inter-Faith Management Corporation, dba Good Neighbor, to provide the following supportive services programs to tenants: personal growth opportunities, family skills development, education, fun and freedom activities, and neighborhood advancement. These services will be provided at no cost to tenants. The contract requires the Applicant to provide, furnish, and maintain facilities in the community building for provision of the services, to pay a one-

time startup fee of $1,000, plus $10.39/unit/month ($9,476/year) for these support services.
Schedule: The Applicant anticipates construction to begin in January of 2003, to be completed and placed in service in November of 2003, and to be substantially leased-up in February of 2004.

POPULATIONS TARGETED

Income Set-Aside: The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside. 76 of the units (100% of the total) will be reserved for low-income tenants. Three of the units (4%) will be reserved for households earning 30% or less of AMGI, five units (7%) will be reserved for households earning 40% or less of AMGI, 23 units (31%) will be reserved for households earning 50% or less of AMGI, and the remaining 45 units (60%) will be reserved for households earning 60% or less of AMGI.
Special Needs Set-Asides: Four units (6%) will be reserved for handicapped or developmentally disabled tenants and two units will be reserved for elderly tenants.
Compliance Period Extension: The Applicant has elected to extend the compliance period an additional 25 years.

MARKET HIGHLIGHTS

A market feasibility study dated February 12, 2002 was prepared by Butler-Burgher, LLC and highlighted the following findings:
Definition of Market/Submarket: The Analyst defined the "subject neighborhood" as the northeast quadrant of Spephenville (p. 8) but used demographic data from a five-mile radius of the site when calculating demand and capture rate (p. 22, 24).
Total Regional Market Demand for Rental Units: "For its size, the Stephenville area has minimal affordable multifamily housing (no LIHTC units) and the properties are generally at full occupancy with waiting lists." (p. 3)
Total Local/Submarket Demand for Rental Units: "Overall, the subject neighborhood is characterized as being in a growth stage. As a result, population and household growth should continue to occur, especially in the three- and five mile radii." (p. 9)

ANNUAL INCOME-ELIGIBLE SUBMARKET DEMAND SUMMARY

Type of Demand	Market Analyst		Underwriter	
	Units of Demand	% of Total Demand	Units of Demand	% of Total Demand
Household Growth	32	13%	11	2%
Resident Turnover	0	0%	967	0%
Other Sources: 10 yrs pent-up demand	200	87%	0	98%
TOTAL ANNUAL DEMAND	**232**	**100%**	**978**	**100%**

Ref: p. 24

Capture Rate: The analyst calculated a capture rate of 43.1% but this calculation used a project size of 100 units instead of 76. The Underwriter calculated a concentration capture rate of 33% based upon the analyst's methodology and the correct number of proposed units, and 6% using the TDHCA methodology. All are acceptable rates as Stephenville is a rural market.
Market Rent Comparables: The market analyst surveyed seven comparable apartment complexes totaling 721 units in the market area. "The unit and project amenities will be similar, or superior, to the existing units in the submarket and competitive to the direct competition in the adjoining submarkets." (p. 3)

RENT ANALYSIS (net tenant-paid rents)

Unit Type (% AMI)	Proposed	Program Max	Differential	Market	Differential
2-Bedroom (30%)	$230	$230	$0	$600	-$370
2-Bedroom (50%)	$418	$418	$0	$600	-$182
2-Bedroom (60%)	$512	$512	$0	$600	-$88

3-Bedroom (30%)	$260	$260	$0	$710	-$450
3-Bedroom (40%)	$369	$369	$0	$710	-$341
3-Bedroom (50%)	$478	$478	$0	$710	-$232
3-Bedroom (60%)	$586	$586	$0	$710	-$124
4-Bedroom (30%)	$279	$279	$0	$835	-$556
4-Bedroom (40%)	$401	$401	$0	$835	-$434
4-Bedroom (50%)	$522	$522	$0	$835	-$313
4-Bedroom (60%)	$643	$643	$0	$835	-$192

Ref: p. 32
(NOTE: Differentials are amount of difference between proposed rents and program limits and average market rents, e.g., proposed rent =$500, program max =$600, differential = -$100)

Submarket Vacancy Rates: "Our review of other multifamily complexes indicates a current average occupancy of 95%." (p. 24)
Absorption Projection and Effect on Existing Housing Stock: "Due to the fact that the subject should be quickly absorbed to full occupancy (estimated at six months), no long-term impact on area vacancy rates is anticipated." (p. 2)
Known Planned Development: "The only known proposed complex is a 55-unit senior housing property [Bunker Hill Senior Village, 2001 9% LIHTC/HTF #01106, 44 units] that will be located on the west side of Stephenville away from the subject." (p. 11)

The Underwriter found the market study provided sufficient information on which to base a funding recommendation.

SITE and NEIGHBORHOOD CHARACTERISTICS

Location: Stephenville is located in north central Texas, approximately 60 miles southwest of Fort Worth in Erath County. The site is an irregularly-shaped parcel located in the eastern area of the city, approximately one mile from the central business district. The site is situated on the northwest corner of the intersection of East Washington Street and U.S, Highway 281.
Population: The estimated 2000 population of Stephenville was 15,487 and is expected to increase by 2.5% to approximately 15,868 by 2005. Within the primary market area there were estimated to be 7,711 households in 2001.
Adjacent Land Uses: Land uses in the overall area in which the site is located are predominantly older single-family residential and commercial, along with vacant land. Adjacent land uses include:

- **North:** Vacant land with a golf course and commercial HVAC facility beyond
- **South:** Commercial buildings with East Washington Street and more commercial beyond
- **East:** Vacant land and U.S. Highway 281, with commercial beyond
- **West:** Clark Lane with single-family residential beyond

Site Access: Access to the property is from the north or south from U.S. Highway 281 (Morgan Mill Road) or from the east or west from East Washington Street (State Highway 195). Clark Lane also borders the site on the west. The development is to have two entries, one from the east from East Washington Street/Highway 195/Highway 281 and one from the west from Clark Lane. Highway 195 provides connections to all other major roads serving the Stephenville as well as Fort Worth and other surrounding communities.
Public Transportation: The availability of public transportation is unknown.
Shopping & Services: The site is within three miles of all the facilities and services available in Stephenville.
Special Adverse Site Characteristics: The market analyst referred to an "adjacent railroad line" as a possible hazard or nuisance (p. 14), but the nearest rail line appears to be approximately 0.4 miles northeast according to the topographical map and neither the environmental analyst nor the TDHCA site inspector noted an adjacent rail line.
Site Inspection Findings: TDHCA staff performed a site inspection on April 17, 2002 and found the location to be acceptable for the proposed development.

HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)

A Phase I Environmental Site Assessment report dated April 19, 2001 and an asbestos-containing materials addendum dated February 25, 2002 were prepared by Handex of Texas, Inc. and contained the following findings and recommendations:

Findings: "Visual observations and interviews indicate the site was previously developed with a gasoline service station." (p. 11)

Recommendations: "Since the site was previously developed with a gasoline service station, Handex recommends that the [underground storage tanks], associated piping, and dispenser islands be removed from the site by a licensed professional in compliance with all federal and state rules and regulations." (p. 12) It is a condition of this report that the Applicant provide evidence of compliance with this recommendation, as well as an opinion from a qualified environmental analyst that the site, following removal of the service station infrastructure, is free of recognized environmental conditions.

OPERATING PROFORMA ANALYSIS

Income: The Applicant's rent projections are the maximum rents allowed under LIHTC guidelines, and should be achievable according to the market analyst. The Applicant stated that tenants will pay water and sewer in this project, and rents and expenses were calculated accordingly. Estimates of secondary income and vacancy and collection losses are in line with TDHCA underwriting guidelines.

Expenses: The Applicant's total expense estimate of $3,304 per unit is within 2.5% of an adjusted TDHCA database-derived estimate of $3,388 per unit for comparably-sized developments. The Applicant's budget shows several line item estimates, however, that deviate significantly when compared to the database averages, particularly utilities ($6.1K lower) and property tax ($15.5K lower).

Conclusion: The Applicant's estimated income is consistent with the Underwriter's expectations and total operating expenses is within 5% of the database-derived estimate. Therefore, the Applicant's NOI should be used to evaluate debt service capacity. Due primarily to the difference in estimated operating expenses, the Underwriter's estimated debt coverage ratio (DCR) of 1.08 is less than the program minimum standard of 1.10. Therefore, the maximum debt service for this project should be limited to $187,017 by a reduction of the loan amount and/or a reduction in the interest rate and/or an extension of the term.

CONSTRUCTION COST ESTIMATE EVALUATION

Land Value: The site cost of $195,778 ($0.33/SF or $14.4K/acre), although 73% higher than the tax assessed value, is assumed to be reasonable since the acquisition is an arm's-length transaction.

Sitework Cost: The Applicant's claimed sitework costs of $6,500 per unit are the maximum allowable under TDHCA underwriting guidelines without third party substantiation.

Direct Construction Cost: The Applicant's direct construction cost estimate is $194K or 4.8% lower than the Underwriter's Marshall & Swift *Residential Cost Handbook*-derived estimate, and is therefore regarded as reasonable as submitted.

Indirect Construction Costs: The Applicant understated eligible indirect construction costs by $600 due to an addition error; the Underwriter corrected this error, resulting in an equivalent increase in the Applicant's eligible basis.

Fees: The Applicant's contractor's and developer's fees for general requirements, general and administrative expenses, and profit are all set at the maximums allowed by TDHCA guidelines.

Conclusion: The Applicant's total development cost estimate is within 5% of the Underwriter's verifiable estimate and is therefore generally acceptable. Since the Underwriter has been able to verify the Applicant's projected costs to a reasonable margin, the Applicant's total cost breakdown, as adjusted, is used to calculate eligible basis and determine the LIHTC allocation. As a result an eligible basis of $6,446,757 is used to determine a credit allocation of $544,106 from this method. This is $1,340 more than initially requested due to the Applicant's addition error and use of a lower applicable percentage of 8.42% rather than the 8.44% underwriting rate used for developments being presented to the Board in June 2002.

FINANCING STRUCTURE ANALYSIS

The Applicant intends to finance the development with four types of financing from four sources: a conventional interim to permanent loan, the Housing Trust Fund loan, syndicated LIHTC equity, and deferred developer's fees.

Conventional Interim to Permanent Loan: There is a commitment for interim to permanent financing through PNC Bank in the amount of $2,000,000 during both the interim period and at conversion to permanent. The commitment letter indicated a term of two years for the construction portion and 18 years for the permanent loan, with a 30-year amortization schedule for the permanent loan. The fixed interest rate for both loans will be determined by the lender, and is estimated and underwritten at 7.9%. The rate will be locked at the simultaneous closing of both loans.

Housing Trust Fund (HTF) Loan: The Applicant has requested a loan of $456,000 from the HTF to subsidize the development's three 30% AMI units. The Applicant requested a 0% interest rate and a term of 30 years,, and the Underwriter used those terms in this analysis. The HTF application appears to meet the program's threshold requirements but as of the date of this report, it is unknown if its score will be high enough to recommend it for funding.

LIHTC Syndication: Columbia Housing Partners Limited Partnership has offered terms for syndication of the tax credits. The commitment letter shows net proceeds are anticipated to be $4,287,422 based on a syndication factor of 79%. The funds would be disbursed in a -phased pay-in schedule:

1. 18% upon admission to the partnership;
2. 70% upon commencement of construction (funded as monthly draws);
3. 12% upon the latest of: completion of construction, cost certification, 100% initial occupancy, final closing of the permanent mortgage loan, or achievement of a 1.15 DCR for six consecutive months.

Deferred Developer's Fees: The Applicant's proposed deferred developer's fees of $151,207 amount to 18% of the total fees.

Financing Conclusions: Based on the Applicant's estimate of eligible basis, the LIHTC allocation should not exceed $544,106 annually for ten years. This is $1,340 more than the requested amount due to the Applicant's use of a lower 8.42% applicable percentage rather than the 8.44% underwriting rate as of the application submission date, along with an addition error which understated eligible basis. The resulting syndication proceeds of approximately $4,298,009 are $10,587 more than the Applicant included in their sources of funds. Due to the difference in estimated net operating income, the Underwriter's estimated debt coverage ratio (DCR) of 1.08 is less than the program minimum standard of 1.10. Therefore, the maximum debt service for this project should be limited to $187,017 by a reduction of the permanent loan amount and/or a reduction in the interest rate and/or an extension of the term. The Applicant's HTF request is in compliance with programmatic threshold requirements and may score high enough to be funded, but these funds are not required for the feasibility of the development as sufficient developer fee exists for deferral to substitute for this source. If HTF program staff elects to award the funds in the amount requested, the HTF loan should bear an interest rate of 0% and have a term and amortization schedule of 30 years. With the HTF funds, the Applicant's deferred developer fee will be reduced to $171,220, which amounts to approximately 20% of available fees and should be repayable within ten years. Alternatively, without the HTF funds the deferred developer fee would increase to approximately $597,220 or 71% of the available fees, which would be repayable within 10 years. However, if the HTF award is not made, LIHTC selection points for deep skewed rents should be re-evaluated.

REVIEW of ARCHITECTURAL DESIGN

The units are in mixed one- and two-story fourplex structures with brick veneer and cement siding exterior finish and pitched roofs. The exterior elevations are simple and functional. All units are of average size for market rate and LIHTC units, and have patios and/or porches and utility closets with hookups for full-size appliances. Both townhouse designs feature a bedroom and a full bathroom downstairs. Each unit has a one-car garage and a private exterior entry.

IDENTITIES of INTEREST

R.J. Collins owns the 90% Co-General Partner, the Developer, and the General Contractor. These are common relationships for LIHTC-funded developments.

APPLICANT'S/PRINCIPALS' FINANCIAL HIGHLIGHTS, BACKGROUND, and EXPERIENCE

Financial Highlights:

- The Applicant and the 90% Co-General Partner are single-purpose entities created for the purpose of receiving assistance from TDHCA and therefore have no material financial statements.

- The 10% Co-General Partner, Valentine Realtors, Inc., submitted an unaudited financial statement as of December 15, 2001 reporting total assets of $159K and consisting of $27K in cash, $103K in work in progress, and $29K in equipment and furniture. Liabilities totaled $64K, resulting in a net worth of $95K.
- The Developer, Tejas Housing and Development, Inc., submitted an unaudited financial statement as of December 31, 2001 reporting total assets of $2,500, consisting entirely of cash. No liabilities were listed, resulting in a net worth of $2,500.

Background & Experience:

- The Applicant and 90% Co-General Partner are new entities formed for the purpose of developing the project.
- The General Contractor, Charter Builders, submitted a TDHCA certificate of experience for the development of residential or comparable commercial property.
- R.J. Collins, owner of the 90% Co-General Partner, Developer, and General Contractor, listed participation as general partner and general contractor on six affordable and conventional housing developments totaling 1,174 units since 1973.
- Ronni Hodges, owner of the 10% Co-General Partner, listed participation as owner, realtor, and/or developer of three conventional single-family and duplex developments totaling 25 units since 1994.

SUMMARY OF SALIENT RISKS AND ISSUES

- Significant environmental risks exist regarding the existing gasoline service station infrastructure on the site which requires removal
- The significant financing structure changes being proposed have not been reviewed/accepted by the Applicant, lenders, and syndicators, and acceptable alternative structures may exist.

RECOMMENDATIONS

☑ RECOMMEND APPROVAL OF AN LIHTC ALLOCATION NOT TO EXCEED $544,106 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

☑ RECOMMEND APPROVAL OF A HOUSING TRUST FUND AWARD NOT TO EXCEED $456,000, STRUCTURED AS A 30-YEAR TERM LOAN, FULLY AMORTIZING OVER 30 YEARS, AT 0% INTEREST, SUBJECT TO CONDITIONS.

CONDITIONS

1. Receipt, review, and acceptance of evidence of removal and proper disposal of the abandoned gasoline service station infrastructure, as well as an opinion from a qualified environmental analyst that the site, following removal of the service station infrastructure, is free of recognized environmental conditions, prior to cost certification per the Phase I ESA;
2. Receipt, review, and acceptance of a revised permanent loan commitment reflecting a maximum debt service amount, in combination with any Housing Trust Fund debt service, of $187,017;
3. Should the HTF funds not be allocated to this development the remaining recommendations and conditions will remain unchanged, however LIHTC selection points for deep skewed rents must be re-evaluated as the deferred developer fee will exceed 50%.
4. Should the terms of the proposed debt be altered, the recommendations and conditions herein should be re-evaluated.

Credit Underwriting Supervisor:	*Jim Anderson*	**Date:**	June 4, 2002
Director of Credit Underwriting:	*Tom Gouris*	**Date:**	June 4, 2002

MULTIFAMILY FINANCIAL ASSISTANCE REQUEST: Comparative Analysis

Riverwalk Townhomes, 9% LIHTC #02091

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Net Rent per Unit	Rent per Month	Rent per SF	Tnt Pd Util	Trash Only
TC (30%)	1	2	2	980	$282	$230	$230	$0.23	$52.00	$5.00
TC (50%)	3	2	2	980	470	418	1,254	0.43	52.00	5.00
TC (60%)	6	2	2	980	564	512	3,072	0.52	52.00	5.00
TC (30%)	1	3	2	1,268	326	260	260	0.21	65.00	6.00
TC (40%)	3	3	2	1,268	434	369	1,107	0.29	65.00	6.00
TC (50%)	11	3	2	1,268	543	478	5,258	0.38	65.00	6.00
TC (60%)	23	3	2	1,268	651	586	13,478	0.46	65.00	6.00
TC (30%)	1	4	2	1,397	363	279	279	0.20	84.00	8.00
TC (40%)	2	4	2	1,397	485	401	802	0.29	84.00	8.00
TC (50%)	9	4	2	1,397	606	522	4,698	0.37	84.00	8.00
TC (60%)	16	4	2	1,397	727	643	10,288	0.46	84.00	8.00
TOTAL:	76		AVERAGE:	1,278	$606	$536	$40,726	$0.42	$70.29	$6.61

INCOME	Total Net Rentable Sq Ft: 97,100		TDHCA	APPLICANT		
POTENTIAL GROSS RENT			$488,712	$488,712		
Secondary Income	Per Unit Per Month:	$12.50	11,400	11,400	$12.50	Per Unit Per Month
Other Support Income:			0	0		
POTENTIAL GROSS INCOME			$500,112	$500,112		
Vacancy & Collection Loss	% of Potential Gross Income:	-7.50%	(37,508)	(37,512)	-7.50%	of Potential Gross Rent
Employee or Other Non-Rental Units or Concessions			0	0		
EFFECTIVE GROSS INCOME			$462,604	$462,600		

EXPENSES		% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative		6.43%	$391	$0.31	$29,737	$33,477	$0.34	$440	7.24%
Management		5.00%	304	0.24	23,130	23,130	0.24	304	5.00%
Payroll & Payroll Tax		11.85%	721	0.56	54,796	58,475	0.60	769	12.64%
Repairs & Maintenance		7.56%	460	0.36	34,955	39,216	0.40	516	8.48%
Utilities		2.81%	171	0.13	12,987	6,840	0.07	90	1.48%
Water, Sewer, & Trash		2.03%	123	0.10	9,384	13,376	0.14	176	2.89%
Property Insurance		3.78%	230	0.18	17,478	17,100	0.18	225	3.70%
Property Tax	2.5191	9.93%	605	0.47	45,948	30,400	0.31	400	6.57%
Reserve for Replacements		3.29%	200	0.16	15,200	15,200	0.16	200	3.29%
Other: spt svcs, compl. fees, sec		3.00%	183	0.14	13,875	13,875	0.14	183	3.00%
TOTAL EXPENSES		55.66%	$3,388	$2.65	$257,489	$251,089	$2.59	$3,304	54.28%
NET OPERATING INC		44.34%	$2,699	$2.11	$205,114	$211,511	$2.18	$2,783	45.72%
DEBT SERVICE									
First Lien Mortgage		37.71%	$2,295	$1.80	$174,433	$174,433	$1.80	$2,295	37.71%
Housing Trust Fund Loan		3.29%	$200	$0.16	15,200	15,200	$0.16	$200	3.29%
Housing Trust Fund Loan		0.00%	$0	$0.00	0	0	$0.00	$0	0.00%
NET CASH FLOW		3.35%	$204	$0.16	$15,481	$21,878	$0.23	$288	4.73%
AGGREGATE DEBT COVERAGE RATIO					1.08	1.12			
ALTERNATIVE DEBT COVERAGE RATIO					1.10				

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		2.76%	$2,576	$2.02	$195,778	$195,778	$2.02	$2,576	2.84%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		6.97%	6,500	5.09	494,000	494,000	5.09	6,500	7.16%
Direct Construction		56.71%	52,904	41.41	4,020,694	3,826,600	39.41	50,350	55.50%
Contingency	4.79%	3.05%	2,843	2.22	216,030	216,030	2.22	2,843	3.13%
General Requireme	5.74%	3.66%	3,411	2.67	259,236	259,236	2.67	3,411	3.76%
Contractor's G &	1.91%	1.22%	1,137	0.89	86,412	86,412	0.89	1,137	1.25%
Contractor's Prof	5.74%	3.66%	3,411	2.67	259,236	259,236	2.67	3,411	3.76%
Indirect Construction		2.83%	2,642	2.07	200,800	200,800	2.07	2,642	2.91%
Ineligible Costs		2.36%	2,199	1.72	167,094	167,094	1.72	2,199	2.42%
Developer's G & A	3.87%	3.16%	2,950	2.31	224,214	224,214	2.31	2,950	3.25%
Developer's Profit	10.63%	8.70%	8,113	6.35	616,589	616,589	6.35	8,113	8.94%
Interim Financing		3.72%	3,469	2.72	263,640	263,640	2.72	3,469	3.82%
Reserves		1.21%	1,126	0.88	85,600	85,600	0.88	1,126	1.24%
TOTAL COST		100.00%	$93,281	$73.01	$7,089,323	$6,895,229	$71.01	$90,727	100.00%
Recap-Hard Construction Costs		*75.26%*	***$70,205***	***$54.95***	***$5,335,608***	***$5,141,514***	***$52.95***	***$67,652***	*74.57%*

SOURCES OF FUNDS	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	WITH HTF	WITHOUT HTF
First Lien Mortgage	28.21%	$26,316	$20.60	$2,000,000	$2,000,000	$1,970,000	$2,000,000
Housing Trust Fund Loan	6.43%	$6,000	$4.70	456,000	456,000	456,000	0
LIHTC Syndication Proceeds	60.48%	$56,413	$44.15	4,287,422	4,287,422	4,298,009	4,298,009
Deferred Developer Fees	2.13%	$1,990	$1.56	151,207	151,207	171,220	597,220
Additional (excess) Funds Require	2.75%	$2,562	$2.01	194,694	600	0	(0)
TOTAL SOURCES				$7,089,323	$6,895,229	$6,895,229	$6,895,229

MULTIFAMILY FINANCIAL ASSISTANCE REQUEST (continued)

Riverwalk Townhomes, 9% LIHTC #02091

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook
Average Quality Townhouse Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$ 42.88	$4,163,733
Adjustments				
Exterior Wall Finish	4.50%		$1.93	$187,368
Elderly			0.00	0
Roofing			0.00	0
Subfloor			(1.78)	(173,226)
Floor Cover			2.43	235,953
Porches/Balconies	$28.10	6,743	1.95	189,478
Plumbing	$675	76	0.53	51,300
Built-In Appliances	$2,000	76	1.57	152,000
Stairs/Fireplaces			0.00	0
Floor Insulation			0.00	0
Heating/Cooling			1.83	177,693
Garages/Carports	$13.85	20,556	2.93	284,752
Comm &/or Aux Bldgs	$56.86	3,000	1.76	170,586
Other:			0.00	0
SUBTOTAL			56.02	5,439,637
Current Cost Multiplier	1.04		2.24	217,585
Local Multiplier	0.87		(7.28)	(707,153)
TOTAL DIRECT CONSTRUCTION COSTS			$50.98	$4,950,070
Plans, specs, survy, bld	3.90%		($1.99)	($193,053)
Interim Construction Int	3.38%		(1.72)	(167,065)
Contractor's OH & Profit	11.50%		(5.86)	(569,258)
NET DIRECT CONSTRUCTION COSTS			$41.41	$4,020,694

PAYMENT COMPUTATION

Primary	$2,000,000	Term	360
Int Rate	7.90%	DCR	1.18

Secondary	$456,000	Term	360
Int Rate	0.00%	Subtotal DCR	1.08

Additional	$4,287,422	Term	
Int Rate		Aggregate DCR	1.08

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	$171,817
Secondary Debt Service	15,200
Additional Debt Service	0
NET CASH FLOW	$18,097

Primary	$1,970,000	Term	360
Int Rate	7.90%	DCR	1.19

Secondary	$456,000	Term	360
Int Rate	0.00%	Subtotal DCR	1.10

Additional	$4,287,422	Term	0
Int Rate	0.00%	Aggregate DCR	1.10

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$488,712	$503,373	$518,475	$534,029	$550,050	$637,658	$739,221	$856,959	$1,151,682
Secondary Income	11,400	11,742	12,094	12,457	12,831	14,874	17,244	19,990	26,865
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	500,112	515,115	530,569	546,486	562,880	652,533	756,464	876,949	1,178,547
Vacancy & Collection Loss	(37,508)	(38,634)	(39,793)	(40,986)	(42,216)	(48,940)	(56,735)	(65,771)	(88,391)
Employee or Other Non-Renta	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$462,604	$476,482	$490,776	$505,499	$520,664	$603,593	$699,729	$811,178	$1,090,156
EXPENSES at 4.00%									
General & Administrative	$29,737	$30,926	$32,163	$33,450	$34,788	$42,324	$51,494	$62,650	$92,738
Management	23,130	23,824	24,539	25,275	26,033	30,180	34,986	40,559	54,508
Payroll & Payroll Tax	54,796	56,988	59,267	61,638	64,104	77,992	94,889	115,447	170,890
Repairs & Maintenance	34,955	36,353	37,807	39,319	40,892	49,752	60,531	73,645	109,012
Utilities	12,987	13,506	14,046	14,608	15,193	18,484	22,489	27,361	40,501
Water, Sewer & Trash	9,384	9,759	10,150	10,556	10,978	13,356	16,250	19,770	29,265
Insurance	17,478	18,177	18,904	19,660	20,447	24,877	30,266	36,824	54,508
Property Tax	45,948	47,786	49,698	51,686	53,753	65,399	79,568	96,806	143,297
Reserve for Replacements	15,200	15,808	16,440	17,098	17,782	21,634	26,321	32,024	47,404
Other	13,875	14,430	15,007	15,607	16,232	19,748	24,027	29,233	43,271
TOTAL EXPENSES	$257,489	$267,558	$278,022	$288,897	$300,200	$363,746	$440,821	$534,319	$785,393
NET OPERATING INCOME	$205,114	$208,924	$212,754	$216,602	$220,464	$239,847	$258,908	$276,860	$304,763
DEBT SERVICE									
First Lien Financing	$171,817	$171,817	$171,817	$171,817	$171,817	$171,817	$171,817	$171,817	$171,817
Second Lien	15,200	15,200	15,200	15,200	15,200	15,200	15,200	15,200	15,200
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	$18,097	$21,907	$25,738	$29,585	$33,447	$52,830	$71,892	$89,843	$117,746
DEBT COVERAGE RATIO	1.10	1.12	1.14	1.16	1.18	1.28	1.38	1.48	1.63

LIHTC Allocation Calculation - Riverwalk Townhomes, 9% LIHTC #02091

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
(1) Acquisition Cost				
Purchase of land	$195,778	$195,778		
Purchase of buildings				
(2) Rehabilitation/New Construction Cost				
On-site work	$494,000	$494,000	$494,000	$494,000
Off-site improvements				
(3) Construction Hard Costs				
New structures/rehabilitation ha	$3,826,600	$4,020,694	$3,826,600	$4,020,694
(4) Contractor Fees & General Requirements				
Contractor overhead	$86,412	$86,412	$86,412	$86,412
Contractor profit	$259,236	$259,236	$259,236	$259,236
General requirements	$259,236	$259,236	$259,236	$259,236
(5) Contingencies	$216,030	$216,030	$216,030	$216,030
(6) Eligible Indirect Fees	$200,800	$200,800	$200,800	$200,800
(7) Eligible Financing Fees	$263,640	$263,640	$263,640	$263,640
(8) All Ineligible Costs	$167,094	$167,094		
(9) Developer Fees				
Developer overhead	$224,214	$224,214	$224,214	$224,214
Developer fee	$616,589	$616,589	$616,589	$616,589
(10) Development Reserves	$85,600	$85,600		
TOTAL DEVELOPMENT COSTS	$6,895,229	$7,089,323	$6,446,757	$6,640,851

Deduct from Basis:			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
TOTAL ELIGIBLE BASIS		$6,446,757	$6,640,851
High Cost Area Adjustment		100%	100%
TOTAL ADJUSTED BASIS		$6,446,757	$6,640,851
Applicable Fraction		100%	100%
TOTAL QUALIFIED BASIS		$6,446,757	$6,640,851
Applicable Percentage		8.44%	8.44%
TOTAL AMOUNT OF TAX CREDITS		$544,106	$560,488
Syndication Proceeds	**0.7899**	**$4,298,009**	**$4,427,411**

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTI FAMILY CREDIT UNDERWRITING ADDENDUM

DATE: July 19, 2002 **PROGRAM:** 9% LIHTC
HTF **FILE NUMBER:** 01042
2-02-005

DEVELOPMENT NAME

Fountains at Tidwell

APPLICANT

Name: Fountains at Tidwell, Ltd. **Type:** ☒ For Profit ☐ Non-Profit ☐ Municipal ☐ Other

Address: 6605 Nuben **City:** Houston **State:** TX

Zip: 77091 **Contact:** Isaac Matthews **Phone:** (713) 688-1985 **Fax:** (713) 688-1880

PRINCIPALS of the APPLICANT

Name	(%)	Title
IVE Fountains, LLC	0.6	Managing General Partner
Hettig Development Group II, LTD	0.4	Class A Limited Partner
JER Hudson Housing Capital	99.0	Initial Limited Partner
Isaac & Vera Matthews		100% Owner of MGP
John E. Hettig		Principal of Class A L.P.
W. Barry Kahn		Principal of Class A L.P.

GENERAL PARTNER

Name: IVE Fountains, LLC **Type:** ☒ For Profit ☐ Non-Profit ☐ Municipal ☐ Other

Address: 6605 Nuben **City:** Houston **State:** TX

Zip: 77091 **Contact:** Isaac Matthews **Phone:** (713) 688-1985 **Fax:** (713) 688-1880

PROPERTY LOCATION

Location: South side of 2500 block of Tidwell Road at Rosslyn Road ☐ **QCT** ☐ **DDA**

City: Houston **County:** Harris **Zip:** 77091

REQUEST

Amount	Interest Rate	Amortization	Term
Previously Awarded			
① $830,255	N/A	N/A	N/A
Current Request			
②$225,000	N/A	N/A	N/A
③ $75,000	N/A	N/A	N/A

Other Requested Terms:
① Annual ten-year allocation of low-income housing tax credits
② HTF Grant
③ HTF/SECO Grant

Proposed Use of Funds: New construction **Set-Aside:** ☒ General ☐ Rural ☐ Non-Profit

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
CREDIT UNDERWRITING ADDENDUM

OTHER SOURCES of FUNDS

INTERIM CONSTRUCTION or GAP FINANCING

Source: Mitchell Mortgage **Contact:** Don Hickey

Principal Amount: $10,400,000 **Interest Rate:** Variable; LIBOR + 225 bps; 6% floor

Additional Information: Loan amount cannot exceed 75% of Property's appraised value; Closing date: 04/30/2002

Amortization: N/A yrs **Term:** 2 yrs **Commitment:** ☐ None ☒ Firm ☐ Conditional

PERMANANENT FINANCING

Source: Fannie Mae Forward Commitment/ Continental Wingate **Contact:** David Levy

Principal Amount: $7,300,000 **Interest Rate:** 8%

Additional Information: Loan not to exceed 90% of appraised value. A request has been made by the applicant to Fannie Mae to increase the loan amount to $7,600,000 and the applicant indicated this is the assumption they have used to underwrite this transaction.

Amortization: 30 yrs **Term:** 18 yrs **Commitment:** ☐ None ☒ Firm ☐ Conditional

LIHTC SYNDICATION

Source: JER Hudson Housing Capital LLC **Contact:** Sam Geneshan

Address: 630 Fifth Avenue **City:** New York

State: NY **Zip:** 10111 **Phone:** (212) 218-4469 **Fax:** (212) 218-4467

Net Proceeds: $6,558,122 **Net Syndication Rate** (per $1.00 of 10-yr LIHTC) 79¢

Commitment ☐ None ☐ Firm ☒ Conditional **Date:** 3/ 16/ 2001

Additional Information: Commitment letter reflects proceeds of $6,501,366 based on credits of $8,343,430

APPLICANT EQUITY

Amount: $197,662 **Source:** Deferred developer fee

Amount: $1,000 **Source:** Cash equity

EVIDENCE of SITE or PROPERTY CONTROL

Type of Site Control: Warranty Deed with Vendor's Lien (22.805 acres)

Date: 9/ 30/ 2001 **Acquisition Cost:** $ 633,143

Seller: The Stanley W. Ray, Jr. Philanthropic and Civic Trust **Related to Development Team Member:** No

ADDENDUM

In 2001, Fountains at Tidwell received an annual LIHTC allocation of $830,255. Currently, the Applicant is requesting HTF funds of $300,000 in the form of a $225,000 grant and $75,000 SECO grant.

A revised underwriting analysis based on the materials submitted with the HTF application indicates that both the Applicant's and the Underwriter's rental income and total operating expense estimates have increased. The original rent schedule submitted with the LIHTC application included sufficient units set-aside at 30% of AMGI to meet HTF program requirements; therefore, the development's anticipated rental income was not affected by the HTF request. Rather, the increase in rental income occurred due to the use of 2002 rent limits versus 2001 limits. However, while the Applicant' net operating income projection also increased, the Underwriter's estimate decreased, but the resulting debt coverage ratio is within the Department's guideline.

As was the case in the original analysis, the Applicant's total development cost was used to determine the need for permanent funds. The permanent loan provided by Continental Wingate Associates is purported to be in the process of being increased by $300K to $7,600,000. The underwriter completed this analysis with the assumption that the higher debt is agreed upon. Failure to obtain the higher debt amount will only increase the gap of need and further support the need for the requested Housing Trust Funds. Receipt review and acceptance of a revised final permanent loan commitment is a condition of this report. The syndication agreement indicates that the Applicant will receive $6,558,122 in proceeds based on the LIHTC award. These increases plus the requested HTF award result in a significant decrease in required deferred developer fees ($684K less than anticipated in the original underwriting report).

It is recommended that the development receive the full request for $300,000 in Housing Trust Funds. However, although the applicant requested $225,000 in the form of a grant, these funds can be fully amortized and repaid at a zero percent interest rate over 30 year and still result in an acceptable DCR. Therefore the HTF loan should be structured as a loan with 0% interest, fully amortizing over 30 years. The resulting deferred developer fee can be repaid out of cash flow in two years.

RECOMMENDATION

☑ RECOMMEND APPROVAL OF A HTF AWARD NOT TO EXCEED $300,000, STRUCTURED AS A $225,000 LOAN AT 0% INTEREST FULLY AMORTIZING OVER A TERM OF 30 YEARS AND A $75,000 SECO GRANT, SUBJECT TO CONDITIONS.

☑ RECOMMEND CONTINUED APPROVAL OF THE LIHTC ALLOCATION NOT TO EXCEED $830,255 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

CONDITIONS

1. Receipt, review, and acceptance of a final permanent loan commitment with terms materially the same as those outlined in the application.
2. Receipt, review, and acceptance of an executed LURA that evidences the restriction of ten units to both the 30% rent and income calculated limits.

Credit Underwriting Supervisor:	*Lisa Vecchietti*	**Date:**	July 19, 2001
Director of Credit Underwriting:	*Tom Gouris*	**Date:**	July 19, 2001

MULTIFAMILY FINANCIAL ASSISTANCE REQUEST: Comparative Analysis

***Fountains at Tidwell, Houston, LIHTC 01042/HTF 2-02-005* ADDENDUM**

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Net Rent per Unit	Rent per Month	Rent per SF	Tnt Pd Util	Trash Only
LIHTC (30%)	4	1	1	665	$335	$265	$1,061	$0.40	$69.68	$5.32
LIHTC (50%)	4	1	1	665	558	$488	1,953	0.73	69.68	5.32
LIHTC (60%)	7	1	1	665	670	$600	4,202	0.90	69.68	5.32
MR	5	1	1	665		$620	3,100	0.93	69.68	5.32
LIHTC (30%)	3	2	2	916	402	$321	964	0.35	80.68	5.32
LIHTC (50%)	20	2	2	916	670	$589	11,786	0.64	80.68	5.32
LIHTC (60%)	22	2	2	916	804	$723	15,913	0.79	80.68	5.32
MR	15	2	2	916		$750	11,250	0.82	80.68	5.32
LIHTC (30%)	3	3	2	1,207	465	$370	1,111	0.31	94.68	5.32
LIHTC (50%)	37	3	2	1,207	775	$680	25,172	0.56	94.68	5.32
LIHTC (60%)	41	3	2	1,207	930	$835	34,248	0.69	94.68	6.32
MR	27	3	2	1,207		$860	23,220	0.71	94.68	7.32
TOTAL:	188		**AVERAGE:**	1,056	$578	$713	$133,981	$0.67	$87.55	$5.83

INCOME					**TDHCA**	**APPLICANT**			
Total Net Rentable Sq Ft: 198,616									
POTENTIAL GROSS RENT					$1,607,773	$1,607,232			
Secondary Income		Per Unit Per Month:		$10.00	22,560	45,600	$20.21	Per Unit Per Month	
Other Support Income: (describe)					0				
POTENTIAL GROSS INCOME					$1,630,333	$1,652,832			
Vacancy & Collection Loss		% of Potential Gross Income:		-7.50%	(122,275)	(123,962)	-7.50%	of Potential Gross Rent	
Employee or Other Non-Rental Units or Concessions					0	0			
EFFECTIVE GROSS INCOME					$1,508,058	$1,528,870			
EXPENSES		% OF EGI	PER UNIT	PER SQ FT			PER SQ FT	PER UNIT	% OF EGI
General & Administrative		4.74%	$380	$0.36	$71,460	$38,700	$0.19	$206	2.53%
Management		5.00%	401	0.38	75,403	61,079	0.31	325	4.00%
Payroll & Payroll Tax		12.42%	996	0.94	187,234	167,640	0.84	892	10.96%
Repairs & Maintenance		5.51%	442	0.42	$83,092	86,664	0.44	461	5.67%
Utilities		2.67%	214	0.20	40,196	33,372	0.17	178	2.18%
Water, Sewer, & Trash		1.55%	124	0.12	23,313	36,120	0.18	192	2.36%
Property Insurance		2.11%	169	0.16	31,779	44,028	0.22	234	2.88%
Property Tax	2.90435	10.86%	871	0.82	163,805	194,760	0.98	1,036	12.74%
Reserve for Replacements		2.49%	200	0.19	37,600	37,608	0.19	200	2.46%
Other: Compl. fees & spt svcs		1.83%	147	0.14	27,588	27,588	0.14	147	1.80%
TOTAL EXPENSES		49.17%	$3,944	$3.73	$741,471	$727,559	$3.66	$3,870	47.59%
NET OPERATING INC		50.83%	$4,078	$3.86	$766,588	$801,311	$4.03	$4,262	52.41%
DEBT SERVICE									
Continental Wingate Associates,		44.37%	$3,560	$3.37	$669,193	$667,288	$3.36	$3,549	43.65%
HTF		0.00%	$0	$0.00	0		$0.00	$0	0.00%
Deferred Developer Fees		0.00%	$0	$0.00	0	15,000	$0.08	$80	0.98%
NET CASH FLOW		6.46%	$518	$0.49	$97,395	$119,023	$0.60	$633	7.79%
AGGREGATE DEBT COVERAGE RATIO					1.15	1.17			
ALTERNATIVE DEBT COVERAGE RATIO					1.13				

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	**TDHCA**	**APPLICANT**	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		5.24%	$3,986	$3.77	$749,446	$749,446	$3.77	$3,986	5.11%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		8.54%	6,500	6.15	1,222,000	1,243,800	6.26	6,616	8.49%
Direct Construction		51.87%	39,490	37.38	7,424,167	7,681,788	38.68	40,861	52.41%
Contingency	4.97%	3.00%	2,287	2.16	430,000	430,000	2.16	2,287	2.93%
General Reqts	6.00%	3.62%	2,759	2.61	518,770	529,650	2.67	2,817	3.61%
Contractor's G &	2.00%	1.21%	920	0.87	172,923	176,550	0.89	939	1.20%
Contractor's Prof	6.00%	3.62%	2,759	2.61	518,770	529,650	2.67	2,817	3.61%
Indirect Construction		1.89%	1,441	1.36	270,900	270,900	1.36	1,441	1.85%
Ineligible Costs		1.10%	840	0.80	158,000	158,000	0.80	840	1.08%
Developer's G & A	2.00%	1.59%	1,208	1.14	227,031	0	0.00	0	0.00%
Developer's Profit	13.00%	10.31%	7,849	7.43	1,475,699	1,743,000	8.78	9,271	11.89%
Interim Financing		5.55%	4,223	4.00	794,000	794,000	4.00	4,223	5.42%
Reserves		2.45%	1,862	1.76	350,000	350,000	1.76	1,862	2.39%
TOTAL COST		100.00%	$76,126	$72.06	$14,311,706	$14,656,784	$73.79	$77,962	100.00%
Recap-Hard Construction Costs		*71.88%*	***$54,716***	***$51.79***	***$10,286,631***	***$10,591,438***	***$53.33***	***$56,337***	*72.26%*

SOURCES OF FUNDS

	%	PER UNIT	PER SQ FT	TDHCA	APPLICANT	**RECOMMENDED**
Continental Wingate Associates,	53.10%	$40,426	$38.26	$7,600,000	$7,600,000	$7,600,000
HTF	1.57%	$1,197	$1.13	225,000	$225,000	225,000
HTF/SECO	0.52%	$399	$0.38	75,000	$75,000	75,000
LIHTC Syndication Proceeds	45.82%	$34,884	$33.02	6,558,122	6,558,122	6,558,122
IVE Fountains, LLC	0.01%	$5	$0.01	1,000	1,000	1,000
Deferred Developer Fees	1.38%	$1,051	$1.00	197,662	197,662	197,662
Additional (excess) Funds Requir	-2.41%	($1,836)	($1.74)	(345,078)	0	0
TOTAL SOURCES				$14,311,706	$14,656,784	$14,656,784

MULTIFAMILY FINANCIAL ASSISTANCE REQUEST (continued)

Fountains at Tidwell, Houston, LIHTC 01042/HTF 2-02-005 ADDENDUM

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook

Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$38.18	$7,583,096
Adjustments				
Exterior Wall Finish	1.07%		$0.41	$81,139
9-Foot Ceilings	4.00%		1.53	303,324
Roofing			0.00	0
Subfloor			(0.98)	(194,644)
Floor Cover			1.82	361,481
Porches/Balconies	$28.10	11,648	1.65	327,309
Plumbing	$585	504	1.48	294,840
Built-In Appliances	$1,550	188	1.47	291,400
Stairs/Fireplaces			0.00	0
Floor Insulation			0.00	0
Heating/Cooling			1.41	280,049
Garages/Carports		9,600	0.00	0
Comm &/or Aux Bldgs	$53.18	5,516	1.48	293,322
Other:			0.00	0
SUBTOTAL			48.44	9,621,315
Current Cost Multiplier	1.04		1.94	384,853
Local Multiplier	0.91		(4.36)	(865,918)
TOTAL DIRECT CONSTRUCTION COSTS			$46.02	$9,140,249
Plans, specs, survy, bld	3.90%		($1.79)	($356,470)
Interim Construction Int	3.38%		(1.55)	(308,483)
Contractor's OH & Profit	11.50%		(5.29)	(1,051,129)
NET DIRECT CONSTRUCTION COSTS			$37.38	$7,424,167

PAYMENT COMPUTATION

Primary	$7,600,000	Term	360
Int Rate	8.00%	DCR	1.15
Secondary	$225,000	Term	
Int Rate	0.00%	Subtotal DCR	1.15
Additional		Term	
Int Rate		Aggregate DCR	1.15

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	$669,193
Secondary Debt Service	7,500
Additional Debt Service	0
NET CASH FLOW	$89,895

Primary	$7,600,000	Term	360
Int Rate	8.00%	DCR	1.15
Secondary	$225,000	Term	360
Int Rate	0.00%	Subtotal DCR	1.13
Additional	$0	Term	0
Int Rate	0.00%	Aggregate DCR	1.13

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$1,607,773	##########	$1,705,687	$1,756,857	$1,809,563	$2,097,780	$2,431,902	$2,819,240	$3,788,823
Secondary Income	22,560	23,237	23,934	24,652	25,391	29,436	34,124	39,559	53,164
Other Support Income: (des	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	1,630,333	1,679,243	1,729,621	1,781,509	1,834,955	2,127,215	2,466,026	2,858,800	3,841,988
Vacancy & Collection Loss	(122,275)	(125,943)	(129,722)	(133,613)	(137,622)	(159,541)	(184,952)	(214,410)	(288,149)
Employee or Other Non-Rent	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$1,508,058	##########	$1,599,899	$1,647,896	$1,697,333	$1,967,674	$2,281,074	$2,644,390	$3,553,838
EXPENSES at 4.00%									
General & Administrative	$71,460	$74,319	$77,291	$80,383	$83,598	$101,710	$123,746	$150,556	$222,859
Management	75,403	77,665	79,995	82,395	84,867	98,384	114,054	132,219	177,692
Payroll & Payroll Tax	187,234	194,724	202,513	210,613	219,038	266,493	324,230	394,475	583,919
Repairs & Maintenance	83,092	86,416	89,872	93,467	97,206	118,266	143,889	175,062	259,135
Utilities	40,196	41,804	43,476	45,215	47,024	57,212	69,607	84,687	125,358
Water, Sewer & Trash	23,313	24,245	25,215	26,224	27,273	33,181	40,370	49,117	72,705
Insurance	31,779	33,050	34,372	35,747	37,176	45,231	55,030	66,953	99,106
Property Tax	163,805	170,358	177,172	184,259	191,629	233,146	283,658	345,113	510,852
Reserve for Replacements	37,600	39,104	40,668	42,295	43,987	53,517	65,111	79,218	117,261
Other	27,588	28,692	29,839	31,033	32,274	39,266	47,773	58,124	86,037
TOTAL EXPENSES	$741,471	$770,375	$800,414	$831,630	$864,072	$1,046,406	$1,267,467	$1,535,524	$2,254,925
NET OPERATING INCOME	$766,588	$782,925	$799,485	$816,266	$833,261	$921,269	$1,013,606	$1,108,866	$1,298,914
DEBT SERVICE									
First Lien Financing	$669,193	$669,193	$669,193	$669,193	$669,193	$669,193	$669,193	$669,193	$669,193
Second Lien	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	$89,895	$106,232	$122,792	$139,573	$156,568	$244,575	$336,913	$432,173	$622,220
DEBT COVERAGE RATIO	1.13	1.16	1.18	1.21	1.23	1.36	1.50	1.64	1.92

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTI FAMILY CREDIT UNDERWRITING ANALYSIS ADDENDUM

DATE: July 18, 2002 **PROGRAM:** 9% LIHTC / HTF **FILE NUMBER:** 01088 / 2-02-013

DEVELOPMENT NAME

Eden Place

APPLICANT

Name: National Church Residences of Seguin, TX **Type:** For Profit x Non-Profit ☐ Municipal ☐ Other

Address: 2335 North Bank Drive **City:** Columbus **State:** OH

Zip: 43220 **Contact:** Thomas Stemmer **Phone:** (614) 451-2151 **Fax:** (614) 451-0351

PRINCIPALS of the APPLICANT

Name: National Church Residences of Seguin, TX **(%):** n/a **Title:** Managing General Partner

Name: DMA Community Ventures, LLC **(%):** n/a **Title:** Developer General Partner

GENERAL PARTNER

Name: National Church Residences of Seguin, TX **Type:** ☐ For Profit ☒ Non-Profit ☐ Municipal ☐ Other

Address: 2335 North Bank Drive **City:** Columbus **State:** OH

Zip: 43220 **Contact:** Thomas Stemmer **Phone:** (614) 451-2151 **Fax:** (614) 451-0351

PROPERTY LOCATION

Location: 1200 block of Jefferson Avenue ☒ **QCT** ☐ **DDA**

City: Seguin **County:** Guadalupe **Zip:** 78155

REQUEST

Amount	Interest Rate	Amortization	Term
Previously Approved			
① 359,800	n/a	n/a	n/a
Current Request			
② $350,000	1%	30	30
③ $84,000	n/a	n/a	n/a

Other Requested Terms: ① previously awarded tax credit allocation, 2001 cycle; ② HTF loan; ③ SECO grant

Proposed Use of Funds: New construction **Set-Aside:** ☐ General ☐ Rural ☒ Non-Profit

OTHER SOURCES of FUNDS

INTERIM FINANCING

Source: JP Morgan Chase Bank **Contact:** Ellen Rourke

Principal Amount: $903,500 **Interest Rate:** 5.75%

Additional Information:

Amortization: n/a yrs **Term:** 24 mos **Commitment:** ☐ None ☐ Firm ☒ Conditional

PERMANENT FINANCING

Source: JP Morgan Chase Bank **Contact:** Ellen Rourke

Principal Amount: $903,500 **Interest Rate:** 7.9%

Additional Information:

Amortization: 30 yrs **Term:** 18 yrs **Commitment:** ☐ None ☐ Firm ☒ Conditional

Annual Payment: $79,555 **Lien Priority:** 1st **Commitment Date** 02/ 25/ 2002

LIHTC SYNDICATION

Source: National Affordable Housing Trust (NHT, I) **Contact:** Michael Dummermuth

Address: 2335 North Bank Drive **City:** Columbus

State: OH **Zip:** 43220 **Phone:** (614) 451-9929 **Fax:** (614) 451-3370

Net Proceeds: $2,806,159 **Net Syndication Rate (per $1.00 of 10-yr LIHTC)** 78¢

Commitment ☐ None ☒ Firm ☐ Conditional **Date:** 02/ 01/ 2002

Additional Information:

APPLICANT EQUITY

Amount: $173,696 **Source:** Deferred developer fee

ADDENDUM

The Applicant submitted a Housing Trust Fund Application for this development along with documentation in response to conditions set forth in the original underwriting report for the 2001 tax credit allocation. This report is an addendum to the original report and only considers issues that have changed or been altered from the original report. Therefore, this report should be read in conjunction with the original report. The development was awarded low income housing tax credits in 2001 with the condition that a revised permanent loan commitment reflects an increase in the debt by $163,646. In addition to the allocation received the development requires gap funding that the Housing Trust Fund can provide. The documentation includes a revised permanent loan commitment, construction loan commitment and syndication agreement. The condition set forth in the original allocation appears to have been satisfied with the submitted documentation.

The HTF application includes several revisions to the original application submitted during the 2001 tax credit cycle. Among those changes is a revised rent schedule that shows gross rents slightly below the maximum rents used. This results in a net rent that is less than the maximum for 2002. In addition, the market rent used by the Applicant was set at an amount equal to this understated rent, though the market study clearly reflected their expectation that a higher market rent will be achieved. Therefore, the maximum 60% rents will be used for the 60% units and the market units in the Underwriter's rent calculation. These rents are $10 and $4 higher than the Applicant indicated. Additionally, the Applicant has included two one-bedroom units at 30% of AMGI that were not included in the original rent schedule as required by Housing Trust Fund guidelines. The Applicant also utilized a lower utility allowance than proposed in the original tax credit allocation. While information from Seguin Housing Authority was available, the utility allowance sheet would suggest utility allowance deductions of $27 and $34 for one and two bedroom units, respectively. The Underwriter felt this allowance was too low compared to utility allowances for PHA's in the San Antonio MSA and determined that the Bexar County utility allowances of $54 and $70 were the most comparable. Additionally, the Applicant utilized a slightly lower secondary income estimate. As a result of all these differences, the Applicant's effective gross income estimate is $7K or $2% less than the Underwriter's estimate.

The Applicant's operating expenses also increased from the original expense estimate submitted during the 2001 tax credit cycle. The Applicant's total expense estimate of $3,420 per unit is 6% lower than the updated TDHCA database-derived estimate of $3,634 per unit. The Applicant's budget shows one line item estimate that deviates significantly when compared to the database averages, water, sewer and trash. Adjustments were made to the Underwriter's payroll and payroll tax estimates to reflect the IREM San Antonio average. Also, property tax was adjusted to use the market study assessed value for the property. As a result of these changes, the Applicant's net operating income is slightly over 5% of the Underwriter's estimate. Therefore, the Underwriter's NOI will be used to evaluate debt service capacity.

The Applicant's Housing Trust Fund Application also reflected several revisions made to the project cost schedule. First, site acquisition costs increased slightly due to the addition of $250 in closing costs. Additionally, sitework costs increased from $4,000 per unit to $5,833 per unit. Direct construction costs increased from $35,100 per unit to $37,925 per unit, a level of increase that is also reflected in the Underwriter's *Marshal and Swift* based estimate. The remainder of the Applicant's revised budget includes decreases in indirect construction costs and interim financing, and increases in ineligible expenses and reserves. As a result, the Applicant's total development cost estimate is $494K higher than originally submitted, but is still within the 5% tolerance range compared to the Underwriter's revised estimate.

At application for the tax credit cycle, the Applicant submitted an interim to permanent loan commitment for $1,500,000 for the interim portion and $890,000 for the permanent. The interest rate on the interim portion was based on the Wall Street Journal Prime rate plus 0.5% while the permanent loan interest rate was calculated to 8%. Based on these terms and the underwriting analysis, it was determined that the permanent loan amount should increase by at least $163,646 in order for the development's debt coverage ratio (DCR) to fall within the Department's guidelines of 1.10 to 1.25. The Applicant has provided a new commitment for interim to permanent financing through JP Morgan Chase Bank in the amount of $903,500 during both the interim and permanent phases of the loan. The commitment letter indicates a term of 24 months and an interest rate of 5.75% for the construction portion and 18 years and interest rate of 7.9% for the permanent. In addition, the Applicant also provided a revised syndication agreement from NHT I, Inc. wherein capital contributions will total $2,806,159 based on a syndication factor of 78%. With the new permanent loan commitment and the additional request for a Housing Trust Fund loan, the Applicant will satisfy the condition set forth in the original tax credit allocation and annual debt service will be increased by $363,500. Based on the proposed financing structure, the Underwriter's debt coverage ratio (DCR) of 1.14 is within the LIHTC guidelines. Therefore, the requested Housing Trust Fund loan and proposed new debt structure is acceptable. Without the HTF loan, the deferred developer fee required would exceed the amount that could be reasonably predicted to be repaid in 15 years and therefore the development would be characterized as infeasible. With the HTF awards, the anticipated deferred developer fee can be projected to be repaid in approximately ten years.

SUMMARY OF SALIENT RISKS AND ISSUES

- Applicants operating expenses is more than 5% outside of the Underwriter's verifiable range.

RECOMMENDATION

☑ RECOMMEND APPROVAL OF A HOUSING TRUST FUND LOAN IN THE AMOUNT OF $350,000 AND HOUSING TRUST FUND GRANT OF $84,000

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
CREDIT UNDERWRITING ANALYSIS ADDENDUM

Underwriter:	*Raquel Morales*	**Date:**	July 31, 2002
Director of Credit Underwriting:	*Tom Gouris*	**Date:**	July 31, 2002

MULTIFAMILY FINANCIAL ASSISTANCE REQUEST: Comparative Analysis

Eden Place, Seguin, HTF #2-02-013

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Net Rent per Unit	Rent per Month	Rent per SF	Tnt Pd Util	Wtr, Swr, Trsh
HTF/TC 30%	2	1	1	683	$260	$206	$411	$0.30	$54.42	$24.07
TC 50%/HTF	8	1	1	683	$433	$379	3,029	0.55	54.42	24.07
TC 60%/HTF	6	1	1	683	$519	$465	2,787	0.68	54.42	24.07
MR	2	1	1	683	$575	$465	930	0.68	54.42	24.07
TC 50%/HTF	18	2	1	876	$520	$450	8,101	0.51	69.97	28.89
TC 60%/HTF	22	2	2	929	$624	$554	12,189	0.60	69.97	28.89
MR	2	2	2	929	$660	$554	1,108	0.60	69.97	28.89
TOTAL:	60		**AVERAGE:**	839	$544	$476	$28,554	$0.57	$65.31	$27.44

					TDHCA	APPLICANT			
INCOME	Total Net Rentable Sq Ft: 50,358				**TDHCA**	**APPLICANT**			
POTENTIAL GROSS RENT					$342,654	$335,424			
Secondary Income		Per Unit Per Month:		$10.00	7,200	6,660	$9.25	Per Unit Per Month	
Other Support Income: (describe)					0	0			
POTENTIAL GROSS INCOME					$349,854	$342,084			
Vacancy & Collection Loss		% of Potential Gross Income:		-7.50%	(26,239)	(25,656)	-7.50%	of Potential Gross Rent	
Employee or Other Non-Rental Units or Concessions					0	0			
EFFECTIVE GROSS INCOME					$323,615	$316,428			
EXPENSES		% OF EGI	PER UNIT	PER SQ FT			PER SQ FT	PER UNIT	% OF EGI
General & Administrative		4.57%	$247	$0.29	$14,794	$15,600	$0.31	$260	4.93%
Management		6.37%	343	0.41	20,607	21,600	0.43	360	6.83%
Payroll & Payroll Tax		15.54%	838	1.00	50,276	49,750	0.99	829	15.72%
Repairs & Maintenance		6.56%	354	0.42	21,217	19,000	0.38	317	6.00%
Utilities		3.71%	200	0.24	11,990	8,000	0.16	133	2.53%
Water, Sewer, & Trash		6.11%	329	0.39	19,760	13,250	0.26	221	4.19%
Property Insurance		3.11%	168	0.20	10,072	11,000	0.22	183	3.48%
Property Tax	2.3532	11.53%	622	0.74	37,316	35,000	0.70	583	11.06%
Reserve for Replacements		3.71%	200	0.24	12,000	12,000	0.24	200	3.79%
Other Expenses: Compliances/Supp S		6.18%	333	0.40	20,000	20,000	0.40	333	6.32%
TOTAL EXPENSES		67.37%	$3,634	$4.33	$218,031	$205,200	$4.07	$3,420	64.85%
NET OPERATING INC		32.63%	$1,760	$2.10	$105,584	$111,228	$2.21	$1,854	35.15%
DEBT SERVICE									
JP Morgan Chase Bank		24.35%	$1,313	$1.56	$78,800	$78,800	$1.56	$1,313	24.90%
Housing Trust Fund Loan		4.17%	$225	$0.27	13,509	13,509	$0.27	$225	4.27%
Housing Trust Fund Loan		0.00%	$0	$0.00	0		$0.00	$0	0.00%
NET CASH FLOW		4.10%	$221	$0.26	$13,275	$18,919	$0.38	$315	5.98%
AGGREGATE DEBT COVERAGE RATIO					1.14	1.20			
ALTERNATIVE DEBT COVERAGE RATIO					1.14				

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		1.80%	$1,327	$1.58	$79,590	$79,590	$1.58	$1,327	1.84%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		7.93%	5,833	6.95	350,000	350,000	6.95	5,833	8.11%
Direct Construction		54.02%	39,719	47.32	2,383,142	2,275,500	45.19	37,925	52.71%
Contingency	5.00%	3.10%	2,278	2.71	136,657	150,000	2.98	2,500	3.47%
General Requirements	5.76%	3.57%	2,626	3.13	157,530	157,530	3.13	2,626	3.65%
Contractor's G & A	1.92%	1.19%	875	1.04	52,510	52,510	1.04	875	1.22%
Contractor's Profit	5.76%	3.57%	2,626	3.13	157,530	157,530	3.13	2,626	3.65%
Indirect Construction		3.81%	2,798	3.33	167,900	167,900	3.33	2,798	3.89%
Ineligible Costs		3.11%	2,287	2.73	137,245	137,245	2.73	2,287	3.18%
Developer's G & A	2.94%	2.37%	1,743	2.08	104,560	104,560	2.08	1,743	2.42%
Developer's Profit	11.77%	9.48%	6,971	8.31	418,240	418,240	8.31	6,971	9.69%
Interim Financing		3.39%	2,492	2.97	149,500	149,500	2.97	2,492	3.46%
Reserves		2.66%	1,954	2.33	117,250	117,250	2.33	1,954	2.72%
TOTAL COST		100.00%	$73,528	$87.61	$4,411,654	$4,317,355	$85.73	$71,956	100.00%
Recap-Hard Construction Costs		*73.38%*	***$53,956***	***$64.29***	***$3,237,369***	***$3,143,070***	***$62.41***	***$52,385***	*72.80%*

SOURCES OF FUNDS

	%	Per Unit	Per SF	TDHCA	APPLICANT	RECOMMENDED	
JP Morgan Chase Bank	20.48%	$15,058	$17.94	$903,500	$903,500	$903,500	**Maximum HTF Loan**
Housing Trust Fund Loan	7.93%	$5,833	$6.95	350,000	350,000	350,000	$350,000
LIHTC Syndication Proceeds	63.61%	$46,769	$55.72	2,806,159	2,806,159	2,806,159	
SECO Grant				84,000	84,000	84,000	
Deferred Developer Fees	3.94%	$2,895	$3.45	173,696	173,696	173,696	
Additional (excess) Funds Required	2.14%	$1,572	$1.87	94,299	0	0	
TOTAL SOURCES				$4,411,654	$4,317,355	$4,317,355	

Eden Place, Seguin, HTF #2-02-013

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook
Average Quality Town House Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$49.56	$2,495,865
Adjustments				
Exterior Wall Finish	5.80%		$2.87	$144,760
Elderly	5.00%		2.48	124,793
Roofing			0.00	0
Subfloor			(2.23)	(112,298)
Floor Cover			2.43	122,370
Porches/Balconies	$28.10	5,646	3.15	158,653
Plumbing	$675	(48)	(0.64)	(32,400)
Built-In Appliances	$2,000	60	2.38	120,000
Stairs/Fireplaces			0.00	0
Floor Insulation			0.00	0
Heating/Cooling			1.83	92,155
Garages/Carports		0	0.00	0
Comm &/or Aux Bldgs	$58.44	2,500	2.90	146,104
Other:			0.00	0
SUBTOTAL			64.74	3,260,001
Current Cost Multiplier	1.04		2.59	130,400
Local Multiplier	0.86		(9.06)	(456,400)
TOTAL DIRECT CONSTRUCTION COS			$58.26	$2,934,001
Plans, specs, survy, bld prmt	3.90%		($2.27)	($114,426)
Interim Construction Interest	3.38%		(1.97)	(99,023)
Contractor's OH & Profit	11.50%		(6.70)	(337,410)
NET DIRECT CONSTRUCTION COSTS			$47.32	$2,383,142

PAYMENT COMPUTATION

Primary	$903,500	Term	360
Int Rate	7.90%	DCR	1.34
Secondary	$350,000	Term	360
Int Rate	1.00%	Subtotal DCR	1.14
Additional		Term	
Int Rate		Aggregate DCR	1.14

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	$78,800
Secondary Debt Service	13,509
Additional Debt Service	0
NET CASH FLOW	$13,275

Primary	$903,500	Term	360
Int Rate	7.90%	DCR	1.34
Secondary	$350,000	Term	360
Int Rate	1.00%	Subtotal DCR	1.14
Additional	$0	Term	0
Int Rate	0.00%	Aggregate DCR	1.14

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$342,654	$352,933	$363,521	$374,427	$385,660	$447,085	$518,295	$600,845	$807,486
Secondary Income	7,200	7,416	7,638	7,868	8,104	9,394	10,891	12,625	16,967
Other Support Income: (describe)	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	349,854	360,349	371,160	382,295	393,763	456,480	529,185	613,471	824,453
Vacancy & Collection Loss	(26,239)	(27,026)	(27,837)	(28,672)	(29,532)	(34,236)	(39,689)	(46,010)	(61,834)
Employee or Other Non-Rental Uni	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$323,615	$333,323	$343,323	$353,623	$364,231	$422,244	$489,496	$567,460	$762,619
EXPENSES at 4.00%									
General & Administrative	$14,794	$15,386	$16,001	$16,641	$17,307	$21,057	$25,619	$31,169	$46,138
Management	20,607	21,225	21,862	22,518	23,193	26,887	31,170	36,134	48,561
Payroll & Payroll Tax	50,276	52,287	54,379	56,554	58,816	71,559	87,062	105,924	156,794
Repairs & Maintenance	21,217	22,065	22,948	23,866	24,821	30,198	36,741	44,700	66,168
Utilities	11,990	12,470	12,968	13,487	14,027	17,066	20,763	25,261	37,393
Water, Sewer & Trash	19,760	20,550	21,372	22,227	23,116	28,124	34,217	41,631	61,624
Insurance	10,072	10,474	10,893	11,329	11,782	14,335	17,441	21,219	31,410
Property Tax	37,316	38,808	40,361	41,975	43,654	53,112	64,619	78,618	116,374
Reserve for Replacements	12,000	12,480	12,979	13,498	14,038	17,080	20,780	25,282	37,424
Other	20,000	20,800	21,632	22,497	23,397	28,466	34,634	42,137	62,373
TOTAL EXPENSES	$218,031	$226,546	$235,395	$244,593	$254,151	$307,883	$373,044	$452,076	$664,257
NET OPERATING INCOME	$105,584	$106,777	$107,927	$109,030	$110,080	$114,361	$116,452	$115,384	$98,362
DEBT SERVICE									
First Lien Financing	$78,800	$78,800	$78,800	$78,800	$78,800	$78,800	$78,800	$78,800	$78,800
Second Lien	13,509	13,509	13,509	13,509	13,509	13,509	13,509	13,509	13,509
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	$13,275	$14,468	$15,618	$16,721	$17,771	$22,052	$24,143	$23,075	$6,053
DEBT COVERAGE RATIO	1.14	1.16	1.17	1.18	1.19	1.24	1.26	1.25	1.07

LIHTC Allocation Calculation - Eden Place, Seguin, HTF #2-02-013

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
(1) Acquisition Cost				
Purchase of land	$79,590	$79,590		
Purchase of buildings				
(2) Rehabilitation/New Construction Cost				
On-site work	$350,000	$350,000	$350,000	$350,000
Off-site improvements				
(3) Construction Hard Costs				
New structures/rehabilitation ha	$2,275,500	$2,383,142	$2,275,500	$2,383,142
(4) Contractor Fees & General Requirements				
Contractor overhead	$52,510	$52,510	$52,510	$52,510
Contractor profit	$157,530	$157,530	$157,530	$157,530
General requirements	$157,530	$157,530	$157,530	$157,530
(5) Contingencies	$150,000	$136,657	$131,275	$136,657
(6) Eligible Indirect Fees	$167,900	$167,900	$167,900	$167,900
(7) Eligible Financing Fees	$149,500	$149,500	$149,500	$149,500
(8) All Ineligible Costs	$137,245	$137,245		
(9) Developer Fees			$516,262	
Developer overhead	$104,560	$104,560		$104,560
Developer fee	$418,240	$418,240		$418,240
(10) Development Reserves	$117,250	$117,250		
TOTAL DEVELOPMENT COSTS	$4,317,355	$4,411,654	$3,958,007	$4,077,569

Deduct from Basis:				
All grant proceeds used to finance costs in eligible basis				
B.M.R. loans used to finance cost in eligible basis				
Non-qualified non-recourse financing				
Non-qualified portion of higher quality units [42(d)(3)]				
Historic Credits (on residential portion only)				
TOTAL ELIGIBLE BASIS			$3,958,007	$4,077,569
High Cost Area Adjustment			130%	130%
TOTAL ADJUSTED BASIS			$5,145,409	$5,300,840
Applicable Fraction			93%	93%
TOTAL QUALIFIED BASIS			$4,802,382	$4,947,451
Applicable Percentage			8.44%	8.44%
TOTAL AMOUNT OF TAX CREDITS			$405,321	$417,565
	Syndication Proceeds	**0.7799**	**$3,161,188**	**$3,256,680**

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTI FAMILY CREDIT UNDERWRITING ADDENDUM

DATE: July 18, 2002 **PROGRAM:** 9% LIHTC HTF **FILE NUMBER:** 01073 2-02-025

DEVELOPMENT NAME

The Greens on TurtleCreek

APPLICANT

Name: The Greens on TurtleCreek, Ltd. **Type:** ☒ For Profit ☐ Non-Profit ☐ Municipal ☐ Other

Address: 5005 Riverway, Suite 230 **City:** Houston **State:** Texas

Zip: 77056 **Contact:** Dick or Dianne Kilday **Phone:** (713) 914-9400 **Fax:** (713) 914-9439

PRINCIPALS of the APPLICANT

Name	(%)	Title
Kilday Realty Group	0.1	Managing General Partner
Paramount Financial Group, Inc.	99.9	Limited Partner
Dianne Kilday	n/a	51% owner of GP
RR Kilday	n/a	49% owner of GP

GENERAL PARTNER

Name: Kilday Realty Group **Type:** ☒ For Profit ☐ Non-Profit ☐ Municipal ☐ Other

Address: 5005 Riverway, Suite 230 **City:** Houston **State:** Texas

Zip: 77056 **Contact:** Dick or Dianne Kilday **Phone:** (713) 914-9400 **Fax:** (713) 914-9439

PROPERTY LOCATION

Location: 3100/3200 block of TurtleCreek Drive ☐ **QCT** ☐ **DDA**

City: Port Arthur **County:** Jefferson **Zip:** 77642

REQUEST

Amount	Interest Rate	Amortization	Term
Previously Approved			
① $477,408	n/a	n/a	n/a
Current Request			
② $350,000	3%	30 yrs.	18 yrs.
③ $126,000	n/a	n/a	n/a

Other Requested Terms: ① Annual ten-year allocation of low-income housing tax credits. Underwriting recommended $493,651 but the Board approved only the amount requested;
② HTF
③ HTF/SECO

Proposed Use of Funds: New construction **Set-Aside:** ☒ Elderly ☐ Rural ☐ Non-Profit

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
CREDIT UNDERWRITING ADDENDUM

OTHER SOURCES of FUNDS

INTERIM CONSTRUCTION FINANCING

Source: JP Morgan Chase **Contact:** Mahesh S Aiyer

Principal Amount: $3,925,000 **Interest Rate:** Chase Prime rate floating (4.75% currently) plus 1%

Additional Information:

Amortization: n/a yrs **Term:** 2 yrs **Commitment:** ☒ Proposal ☐ Firm ☐ Conditional

PERMANENT FINANCING

Source: JP Morgan Chase **Contact:** Mahesh S Aiyer

Principal Amount: $2,075,000 **Interest Rate:** Fixed at a spread over the 10 year US Treasury; 7.6% to 7.7%

Additional Information:

Amortization: 30 yrs **Term:** 18 yrs **Commitment:** ☐ Proposal ☒ Firm ☐ Conditional

Annual Payment: Unspecified **Lien Priority:** 1st **Commitment Date** 02/ 28/ 2002

LIHTC SYNDICATION

Source: Paramount Financial Group, Inc. **Contact:**

Address: 3825 Columbus Road. S.W., Building F **City:** Granville

State: OH **Zip:** 43023 **Phone:** (740) 587-4150 **Fax:** (740) 587-4626

Net Proceeds: $3,815,444 **Net Syndication Rate** (per $1.00 of 10-yr LIHTC) 80¢

Commitment ☐ None ☒ Firm ☐ Conditional **Date:** 10/ 04/ 2001

Additional Information:

APPLICANT EQUITY

Amount: $283,761 **Source:** Deferred developer fee

EVIDENCE of SITE or PROPERTY CONTROL

Type of Site Control: Deed Without Warranty or Covenant (6.125 acre)

Date: 10/ 15/ 2001 **Acquisition Cost:** $ 666,773

Seller: US Department of Commerce, NOAA **Related to Development Team Member:** No

ADDENDUM

In 2001, Greens on Turtle Creek received an annual tax credit allocation of $477,408. This report serves as an addendum to be read with the original report since the majority of the analysis has not changed and is not re-addressed. Currently, the Applicant is requesting a Housing Trust Fund loan of $350,000 with an interest rate of 3% and term of 30 years and a HTF/SECO grant of $126,000. Upon award of an HTF loan, the Applicant will set-aside two units with rents restricted at the 30% of AMGI level.

Revised interim and permanent financing as well as syndication commitments were provided. JPMorgan Chase proposes a $2,075,000 permanent loan and Paramount Financial Group has offered syndication proceeds in the amount of $3,815,444. Both are increases in the source of funds from the original report. The original report recommended that additional debt funds should be possible based on a then estimated debt coverage ratio in excess of 1.25. Including the requested HTF award as a source of funds results in a need for the developer to defer $283,761.

The additional extremely low rent restricted units come from units that were previously restricted at 60% of area median income. This, combined with the lack of growth in the maximum tax credit rents, result in a

$7K reduction in the potential gross rent from what was recommended a year ago. In addition, operating expenses have been adjusted upward based upon new 2001 information for comparable properties. As a result of a difference of more than 5% in net operating income estimates, the Underwriter's revised proforma was used to determine the development's capacity to service debt. The development's debt coverage ratio meets the Department's guideline, and the requested 3% interest rate and 30 year amortization schedule is recommended for the HTF loan of $350,000.

Further, it should be noted that the Applicant has submitted information documenting that the following conditions listed in the original underwriting report have either been satisfied or are no longer relevant:

1. Receipt, review and acceptance of revised floor plans for the 855-square foot unit, which provide for alternative access to both bedrooms;
2. Receipt, review and acceptance of a commitment for interim financing consistent with the terms indicated in this report;
3. Receipt, review and acceptance of a clarification from the syndicator that the additional allocation of credits will be acquired at the same rate of $0.78 per acquired credit;
4. Receipt, review and acceptance of a revised permanent loan commitment reflecting an increase in debt, additional initial deferred developer's fees or some combination of these sources totaling $362,553;
5. Applicant's acceptance of an additional increase in deferred developer's fees of $103,861 to fund a portion of the gap resulting from the failure of the HTF application;
6. Should the terms of the permanent loan be altered, the previous two conditions should be reviewed.

However, the condition relating to documentation of the proposed site work costs remains. It should also be noted that without the HTF allocation the transaction would still be financially feasible, however the amount of developer fee that would be anticipated to be deferred would only be marginally repayable in 15 years. With the Housing Trust Fund award, as recommended, the deferred developer fee anticipated can be repaid in less than ten years.

SUMMARY OF SALIENT RISKS AND ISSUES

- The Applicant's estimate for net operating income is more than 5% outside of the Underwriter's verifiable ranges.

RECOMMENDATION

☑ RECOMMEND APPROVAL OF A HTF AWARD NOT TO EXCEED $476,000, STRUCTURED AS A $350,000 18-YEAR TERM LOAN, FULLY AMORTIZING OVER 30 YEARS AT 3% INTEREST AFTER A NORMAL AND CUSTOMARY CONSTRUCTION PERIOD AND A $126,000 SECO GRANT, SUBJECT TO CONDITIONS.

☑ RECOMMEND CONTINUED APPROVAL OF AN LIHTC ALLOCATION NOT TO EXCEED $477,408.

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
CREDIT UNDERWRITING ADDENDUM

CONDITIONS

1. Receipt, review and acceptance of a third party detailed cost estimate certified by an architect or engineer familiar with the site work costs of the proposed project, to be accompanied by a letter from a certified public accountant stating which costs are includable in eligible basis.

Credit Underwriting Supervisor:	_Lisa Vecchietti_	**Date:**	July 18, 2002
Director of Credit Underwriting:	_Tom Gouris_	**Date:**	July 18, 2002

MULTIFAMILY FINANCIAL ASSISTANCE REQUEST: Comparative Analysis

***Greens on Turtle Creek, Port Arthur, LIHTC 01073/HTF 2-02-025* ADDENDUM**

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Net Rent per Unit	Rent per Month	Rent per SF	Tnt Pd Util	Wtr, Swr, Trsh
TC 50%/HTF 30%	1	2	1.5	855	$316	$263	$263	$0.31	$53.00	$26.00
TC 50%	20	2	1.5	855	526	473	9,460	0.55	53.00	26.00
TC 60%	19	2	1.5	855	631	578	10,982	0.68	53.00	26.00
TC 50%/HTF 30%	1	2	2	936	316	263	263	0.28	53.00	26.00
TC 50%	22	2	2	936	526	473	10,406	0.51	53.00	26.00
TC 60%	21	2	2	936	631	578	12,138	0.62	$53.00	26.00
TOTAL:	84		AVERAGE:	897	$571	$518	$43,512	$0.58	$53.00	$26.00

INCOME	Total Net Rentable Sq Ft: 75,384				TDHCA	APPLICANT			
POTENTIAL GROSS RENT					$522,144	$522,144			
Secondary Income		Per Unit Per Month:		$10.00	10,080	10,080	$10.00	Per Unit Per Month	
Other Support Income: (describe)					0	0			
POTENTIAL GROSS INCOME					$532,224	$532,224			
Vacancy & Collection Loss		% of Potential Gross Income:		-7.50%	(39,917)	(39,912)	-7.50%	of Potential Gross Rent	
Employee or Other Non-Rental Units or Concessions					0	0			
EFFECTIVE GROSS INCOME					$492,307	$492,312			
EXPENSES		% OF EGI	PER UNIT	PER SQ FT			PER SQ FT	PER UNIT	% OF EGI
General & Administrative		5.18%	$304	$0.34	$25,499	$15,100	$0.20	$180	3.07%
Management		5.00%	293	0.33	24,615	24,615	0.33	293	5.00%
Payroll & Payroll Tax		14.21%	833	0.93	69,972	61,000	0.81	726	12.39%
Repairs & Maintenance		6.44%	378	0.42	31,713	25,100	0.33	299	5.10%
Utilities		2.77%	162	0.18	13,623	18,000	0.24	214	3.66%
Water, Sewer, & Trash		5.32%	312	0.35	26,208	18,000	0.24	214	3.66%
Property Insurance		2.57%	150	0.17	12,642	16,500	0.22	196	3.35%
Property Tax	2.94	8.53%	500	0.56	41,983	42,000	0.56	500	8.53%
Reserve for Replacements		3.41%	200	0.22	16,800	16,800	0.22	200	3.41%
Supp.Serv./Compliance		2.20%	129	0.14	10,849	11,200	0.15	133	2.27%
TOTAL EXPENSES		55.64%	$3,261	$3.63	$273,906	$248,315	$3.29	$2,956	50.44%
NET OPERATING INC		44.36%	$2,600	$2.90	$218,401	$243,997	$3.24	$2,905	49.56%
DEBT SERVICE									
First Lien Mortgage		36.06%	$2,113	$2.35	$177,527	$212,167	$2.81	$2,526	43.10%
HTF/SECO		1.29%	$76	$0.08	6,375	0	$0.00	$0	0.00%
Additional Financing		0.00%	$0	$0.00	0	0	$0.00	$0	0.00%
NET CASH FLOW		7.01%	$411	$0.46	$34,500	$31,830	$0.42	$379	6.47%
AGGREGATE DEBT COVERAGE RATIO					1.19	1.15			
ALTERNATIVE DEBT COVERAGE RATIO					1.19				

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		9.93%	$7,938	$8.85	$666,773	$666,773	$8.85	$7,938	10.03%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		8.13%	6,500	7.24	546,000	616,050	8.17	7,334	9.26%
Direct Construction		50.44%	40,344	44.96	3,388,894	3,256,580	43.20	38,769	48.97%
Contingency	2.22%	1.30%	1,039	1.16	87,300	87,300	1.16	1,039	1.31%
General Requirement	6.00%	3.51%	2,811	3.13	236,094	242,302	3.21	2,885	3.64%
Contractor's G & A	1.95%	1.14%	912	1.02	76,600	76,600	1.02	912	1.15%
Contractor's Profit	5.84%	3.42%	2,737	3.05	229,900	229,900	3.05	2,737	3.46%
Indirect Construction		5.06%	4,048	4.51	340,000	340,000	4.51	4,048	5.11%
Ineligible Costs		1.26%	1,006	1.12	84,500	84,500	1.12	1,006	1.27%
Developer's G & A	2.74%	2.09%	1,675	1.87	140,698	151,200	2.01	1,800	2.27%
Developer's Profit	12.26%	9.36%	7,486	8.34	628,800	628,800	8.34	7,486	9.46%
Interim Financing		3.35%	2,681	2.99	225,200	225,200	2.99	2,681	3.39%
Reserves		1.00%	801	0.89	67,320	45,000	0.60	536	0.68%
TOTAL COST		100.00%	$79,977	$89.12	$6,718,078	$6,650,205	$88.22	$79,169	100.00%
Recap-Hard Construction Costs		*67.95%*	***$54,343***	***$60.55***	***$4,564,787***	***$4,508,732***	***$59.81***	***$53,675***	*67.80%*

SOURCES OF FUNDS

				TDHCA	APPLICANT	RECOMMENDED
First Lien Mortgage	30.89%	$24,702	$27.53	$2,075,000	$2,075,000	$2,075,000
HTF	5.21%	$4,167	$4.64	350,000	350,000	350,000
HTF/SECO	1.88%	$1,500	$1.67	126,000	126,000	126,000
LIHTC Syndication Proceeds	56.79%	$45,422	$50.61	3,815,444	3,815,444	3,815,444
Deferred Developer Fees	4.22%	$3,378	$3.76	283,761	283,761	283,761
Additional (excess) Funds Required	1.01%	$808	$0.90	67,873	0	0
TOTAL SOURCES				$6,718,078	$6,650,205	$6,650,205

MULTIFAMILY FINANCIAL ASSISTANCE REQUEST (continued)

Greens on Turtle Creek, Port Arthur, LIHTC 01073/HTF 2-02-025 ADDENDUM

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook
Average Quality Multiple/TH Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$44.15	$3,328,204
Adjustments				
Exterior Wall Finish	3.10%		$1.37	$103,174
Elderly	5.00%		2.21	166,410
Roofing			0.00	0
Subfloor			(1.96)	(147,753)
Floor Cover			1.82	137,199
Porches/Balconies	$28.10	9,206	3.43	258,689
Plumbing	$585	132	1.02	77,220
Built-In Appliances	$1,550	84	1.73	130,200
Stairs/Fireplaces			0.00	0
Floor Insulation			0.00	0
Heating/Cooling			1.41	106,291
Garages/Carports			0.00	0
Comm &/or Aux Bldgs	$55.28	4,200	3.08	232,187
Other:			0.00	0
SUBTOTAL			58.26	4,391,821
Current Cost Multiplier	1.04		2.33	175,673
Local Multiplier	0.91		(5.24)	(395,264)
TOTAL DIRECT CONSTRUCTION COSTS			$55.35	$4,172,230
Plans, specs, survy, bld pr	3.90%		($2.16)	($162,717)
Interim Construction Intere	3.38%		(1.87)	(140,813)
Contractor's OH & Profit	11.50%		(6.36)	(479,806)
NET DIRECT CONSTRUCTION COSTS			$44.96	$3,388,894

PAYMENT COMPUTATION

Primary	$2,075,000	Term	360
Int Rate	7.70%	DCR	1.23

Secondary	$126,000	Term	360
Int Rate	3.00%	Subtotal DCR	1.19

Additional	$3,815,444	Term	
Int Rate		Aggregate DCR	1.19

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	$177,527
Secondary Debt Service	6,375
Additional Debt Service	0
NET CASH FLOW	$34,500

Primary	$2,075,000	Term	360
Int Rate	7.70%	DCR	1.23

Secondary	$126,000	Term	360
Int Rate	3.00%	Subtotal DCR	1.19

Additional	$3,815,444	Term	0
Int Rate	0.00%	Aggregate DCR	1.19

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$522,144	$537,808	$553,943	$570,561	$587,678	$681,279	$789,790	$915,583	$1,230,467
Secondary Income	10,080	10,382	10,694	11,015	11,345	13,152	15,247	17,675	23,754
Other Support Income: (descril	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	532,224	548,191	564,636	581,576	599,023	694,432	805,037	933,258	1,254,221
Vacancy & Collection Loss	(39,917)	(41,114)	(42,348)	(43,618)	(44,927)	(52,082)	(60,378)	(69,994)	(94,067)
Employee or Other Non-Rental U	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$492,307	$507,076	$522,289	$537,957	$554,096	$642,349	$744,659	$863,264	$1,160,154
EXPENSES at 4.00%									
General & Administrative	$25,499	$26,519	$27,580	$28,683	$29,831	$36,294	$44,157	$53,723	$79,524
Management	24,615	25,354	26,114	26,898	27,705	32,117	37,233	43,163	58,008
Payroll & Payroll Tax	69,972	72,771	75,682	78,709	81,857	99,592	121,169	147,420	218,218
Repairs & Maintenance	31,713	32,982	34,301	35,673	37,100	45,138	54,917	66,815	98,903
Utilities	13,623	14,168	14,735	15,324	15,937	19,390	23,591	28,702	42,486
Water, Sewer & Trash	26,208	27,256	28,347	29,480	30,660	37,302	45,384	55,216	81,734
Insurance	12,642	13,148	13,673	14,220	14,789	17,993	21,892	26,634	39,426
Property Tax	41,983	43,663	45,409	47,225	49,114	59,755	72,701	88,452	130,931
Reserve for Replacements	16,800	17,472	18,171	18,898	19,654	23,912	29,092	35,395	52,393
Other	10,849	11,283	11,735	12,204	12,692	15,442	18,788	22,858	33,836
TOTAL EXPENSES	$273,906	$284,616	$295,747	$307,316	$319,339	$386,935	$468,923	$568,380	$835,458
NET OPERATING INCOME	$218,401	$222,461	$226,542	$230,642	$234,757	$255,414	$275,736	$294,883	$324,697
DEBT SERVICE									
First Lien Financing	$177,527	$177,527	$177,527	$177,527	$177,527	$177,527	$177,527	$177,527	$177,527
Second Lien	6,375	6,375	6,375	6,375	6,375	6,375	6,375	6,375	6,375
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	$34,500	$38,559	$42,640	$46,740	$50,855	$71,512	$91,834	$110,981	$140,795
DEBT COVERAGE RATIO	1.19	1.21	1.23	1.25	1.28	1.39	1.50	1.60	1.77

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTI FAMILY CREDIT UNDERWRITING ADDENDUM

DATE: July 18, 2002 **PROGRAM:** 9% LIHTC HTF **FILE NUMBER:** 01086 2-02-031

DEVELOPMENT NAME

Mission Oaks

APPLICANT

Name: Refugio DMA Housing, LP **Type:** ☒ For Profit ☐ Non-Profit ☐ Municipal ☐ Other

Address: 5100 Bee Caves Road **City:** Austin **State:** TX

Zip: 78746 **Contact:** Diana McIver **Phone:** (512) 328-3232 **Fax:** (512) 328-4584

PRINCIPALS of the APPLICANT

Name	(%)	Title
DMA Community Partners II, Inc.	0.01	Managing General Partner
Apollo Housing Capital, LLC	99.99	Limited Partner
Diana McIver	n/a	100% owner of GP

GENERAL PARTNER

Name: DMA Community Partners II, Inc. **Type:** ☒ For Profit ☐ Non-Profit ☐ Municipal ☐ Other

Address: 5100 Bee Caves Road **City:** Austin **State:** TX

Zip: 78746 **Contact:** Diana McIver **Phone:** (512) 328-3232 **Fax:** (512) 328-4584

PROPERTY LOCATION

Location: 400 block of Swift Street (west) ☐ **QCT** ☐ **DDA**

City: Refugio **County:** Refugio **Zip:** 78377

REQUEST

Amount	Interest Rate	Amortization	Term
Previously Awarded			
① $179,350	n/a	n/a	n/a
Current Request			
② $48,000	n/a	n/a	n/a
③ $175,000	1%	30 yrs.	30 yrs.

Other Requested Terms: ① Annual ten-year allocation of low-income housing tax credits (Awarded in 2001)
Originally requested 180,405
② HTF SECO
③ HTF

Proposed Use of Funds: New construction **Set-Aside:** ☒ Rural ☒ Energy Efficiency ☒ Housing Dev't

DESCRIPTION of IMPROVEMENTS

Number	Bedrooms	Bathroom	Size in SF
8	1	1	675
6	2	2	930
10	2	2	1,020
8	3	2	1,234

Net Rentable SF: 31,660 **Av Un SF:** 989 **Common Area SF:** 902 **Gross Bldng SF** 32,562

OTHER SOURCES of FUNDS

INTERIM to PERMANENT FINANCING

Source: JPMorgan Chase Bank **Contact:** Ellen Rourke

Principal Amount: $565,000 **Interest Rate:** 7.80% to 7.90%; calculated at a spread over the 10 year US Treasury

Additional Information: 24 month construction term at Chase Prime rate plus 1%, floating

Amortization: 30 yrs **Term:** 18 yrs **Commitment:** ☒ None ☐ Firm ☐ Conditional

Annual Payment: $49,277 **Lien Priority:** 1st **Proposal Date:** 02/ 25/ 2002

LIHTC SYNDICATION

Source: Apollo Housing Capital, LLC **Contact:** Kevin M Kilbane

Address: 600 Superior Avenue, Suite 2626 **City:** Cleveland

State: OH **Zip:** 44114 **Phone:** (216) 875-2626 **Fax:** (216) 875-2612

Net Proceeds: $1,400,000 **Net Syndication Rate** (per $1.00 of 10-yr LIHTC) 78.07¢

Commitment ☒ Proposal ☐ Firm ☐ Conditional **Date:** 09/ 21/ 2001

Additional Information:

APPLICANT EQUITY

Amount: $233,812 **Source:** Deferred developer fee

EVIDENCE of SITE or PROPERTY CONTROL

Type of Site Control: Special Warranty Deed

Date: 12/ 21/ 2001 **Cost:** $26,866 (Title Commitment)

ADDENDUM

Mission Oaks received a $179,350 annual LIHTC allocation in 2001. This addendum should be read in conjunction with the original report since the original report contains significant information which is not believed to have changed and therefore has not been reiterated. Since the development was underwritten in 2001, the proposed permanent loan amount has decreased from $695,000 to $565,000 as a result of a change in permanent lender and an increase in the anticipated interest rate. In addition, the estimated total development cost has increased from $2,200,270 to $2,421,811. The Applicant proposes to fill the resulting gap in funds with additional deferred developer fees and a request for a HTF loan in the amount of $175,000 and a HTF SECO grant of $48,000. The attached underwriting analysis indicates that the requested HTF award is needed and the proposed 1% interest rate and 30 year term for the loan is acceptable. The Applicant is now proposing to include one unit to be restricted to households earning 30% or less of the area median income. The reduction in rent in this unit is nearly offset by the combined increase in the maximum allowable rents from 2001 for the rest of the units, so that potential gross rent is virtually unchanged from the original report. Operating expenses have increased slightly providing less new operating income to service debt. As a result of these changes the transaction no longer appears to be viable without the requested HTF awards. It should be noted that according to the Underwriter's 30-year proforma with the HTF award the anticipated deferred developer fees of $233,811 are not repayable from residual cashflow until after year 10, but before year 15 of stabilized operation.

SUMMARY OF SALIENT RISKS AND ISSUES

- The recommended amount of deferred developer fee cannot be repaid within ten years, and any amount unpaid past ten years would be removed from eligible basis.

RECOMMENDATION

☑ RECOMMEND APPROVAL OF A HTF AWARD NOT TO EXCEED $223,000, STRUCTURED AS $175,000 30-YEAR TERM LOAN, FULLY AMORTIZING OVER 30 YEARS AT 1% INTEREST AFTER A NORMAL AND CUSTOMARY CONSTRUCTION LOAN PERIOD AND $48,000 SECO GRANT.

RECOMMEND APPROVAL OF THE 2001 LIHTC ALLOCATION NOT TO EXCEED $179,351 ANNUALLY FOR TEN YEARS.

Credit Underwriting Supervisor:	______________________ *Lisa Vecchietti*	**Date:**	July 18, 2002
Director of Credit Underwriting:	______________________ *Tom Gouris*	**Date:**	July 18, 2002

MULTIFAMILY FINANCIAL ASSISTANCE REQUEST: Comparative Analysis

***Mission Oaks, Refugio, LIHTC 01086/HTF 2-02-031* ADDENDUM**

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Net Rent per Unit	Rent per Month	Rent per SF	Tnt Pd Util	Wtr, Swr, Trsh
TC/HTF 30%	1	1	1	680	$203	$174	$174	$0.26	$29.00	$36.00
TC 50%	3	1	1	680	338	309	927	0.45	29.00	36.00
TC 60%	4	1	1	680	406	377	1,508	0.55	29.00	36.00
TC 60%	6	2	2	968	487	449	2,691	0.46	38.50	40.00
TC 60%	10	2	2	1,054	487	449	4,485	0.43	38.50	40.00
TC 60%	8	3	2	1,234	563	517	4,132	0.42	$46.50	$43.00
TOTAL:	32		AVERAGE:	989	$473	$435	$13,917	$0.44	$38.13	$39.75

INCOME	Total Net Rentable Sq Ft	31,660			TDHCA	APPLICANT			
POTENTIAL GROSS RENT					$167,004	$166,860			
Secondary Income			Per Unit Per Month:	$10.00	3,840	3,840	$10.00	Per Unit Per Month	
Other Support Income: (describe)					0	0			
POTENTIAL GROSS INCOME					$170,844	$170,700			
Vacancy & Collection Loss			% of Potential Gross Income:	-7.50%	(12,813)	(12,804)	-7.50%	of Potential Gross Rent	
Employee or Other Non-Rental Units or Concessions					0	0			
EFFECTIVE GROSS INCOME					$158,031	$157,896			
EXPENSES		% OF EGI	PER UNIT	PER SQ FT			PER SQ FT	PER UNIT	% OF EGI
General & Administrative		5.46%	$270	$0.27	$8,628	$9,960	$0.31	$311	6.31%
Management		5.00%	247	0.25	7,902	8,066	0.25	252	5.11%
Payroll & Payroll Tax		12.55%	620	0.63	19,840	19,973	0.63	624	12.65%
Repairs & Maintenance		7.84%	387	0.39	12,391	13,020	0.41	407	8.25%
Utilities		2.36%	117	0.12	3,733	3,000	0.09	94	1.90%
Water, Sewer, & Trash		9.66%	477	0.48	15,264	9,700	0.31	303	6.14%
Property Insurance		3.21%	158	0.16	5,066	7,900	0.25	247	5.00%
Property Tax	2.416	8.30%	410	0.41	13,123	13,000	0.41	406	8.23%
Reserve for Replacements		4.05%	200	0.20	6,400	8,000	0.25	250	5.07%
Compliance		0.51%	25	0.03	800	800	0.03	25	0.51%
TOTAL EXPENSES		58.94%	$2,911	$2.94	$93,146	$93,419	$2.95	$2,919	59.16%
NET OPERATING INC		41.06%	$2,028	$2.05	$64,884	$64,477	$2.04	$2,015	40.84%
DEBT SERVICE									
First Lien Mortgage		31.18%	$1,540	$1.56	$49,277	$56,058	$1.77	$1,752	35.50%
HTF		4.27%	$211	$0.21	6,754	0	$0.00	$0	0.00%
Other		0.00%	$0	$0.00	0	0	$0.00	$0	0.00%
NET CASH FLOW		5.60%	$277	$0.28	$8,852	$8,419	$0.27	$263	5.33%
AGGREGATE DEBT COVERAGE RATIO					1.16	1.15			
ALTERNATIVE DEBT COVERAGE RATIO					1.16				

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg		1.39%	$1,012	$1.02	$32,372	$32,372	$1.02	$1,012	1.34%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		7.83%	5,704	5.77	182,533	182,533	5.77	5,704	7.54%
Direct Construction		55.45%	40,415	40.85	1,293,278	1,363,775	43.08	42,618	56.31%
Contingency	3.58%	2.26%	1,650	1.67	52,800	52,800	1.67	1,650	2.18%
General Requireme	6.00%	3.80%	2,767	2.80	88,549	92,778	2.93	2,899	3.83%
Contractor's G &	2.00%	1.27%	922	0.93	29,516	30,926	0.98	966	1.28%
Contractor's Pro	6.00%	3.80%	2,767	2.80	88,549	92,778	2.93	2,899	3.83%
Indirect Construction		5.11%	3,728	3.77	119,300	119,300	3.77	3,728	4.93%
Ineligible Costs		1.36%	991	1.00	31,699	31,699	1.00	991	1.31%
Developer's G & A	2.63%	2.19%	1,596	1.61	51,056	60,000	1.90	1,875	2.48%
Developer's Profit	12.37%	10.29%	7,500	7.58	240,000	240,000	7.58	7,500	9.91%
Interim Financing		3.68%	2,683	2.71	85,850	85,850	2.71	2,683	3.54%
Reserves		1.59%	1,156	1.17	37,000	37,000	1.17	1,156	1.53%
TOTAL COST		100.00%	$72,891	$73.67	$2,332,502	$2,421,811	$76.49	$75,682	100.00%
Recap-Hard Construction Costs		*74.39%*	***$54,226***	***$54.81***	***$1,735,225***	***$1,815,590***	***$57.35***	***$56,737***	*74.97%*

SOURCES OF FUNDS

	%	PER UNIT	PER SQ FT	TDHCA	APPLICANT	RECOMMENDED
First Lien Mortgage	24.22%	$17,656	$17.85	$565,000	$565,000	$565,000
HTF	7.50%	$5,469	$5.53	175,000	175,000	175,000
HTF SECO	2.06%	$1,500	$1.52	48,000	48,000	48,000
LIHTC Syndication Proceeds	60.02%	$43,750	$44.22	1,400,000	1,400,000	1,400,000
Deferred Developer Fees	10.02%	$7,307	$7.39	233,812	233,812	233,811
Additional (excess) Funds Requi	-3.83%	($2,791)	($2.82)	(89,310)	(1)	0
TOTAL SOURCES				$2,332,502	$2,421,811	$2,421,811

Mission Oaks, Refugio, LIHTC 01086/HTF 2-02-031 ADDENDUM

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook
Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$46.16	$1,461,453
Adjustments				
Exterior Wall Finish	0.50%		$0.23	$7,307
Elderly			0.00	0
Roofing			0.00	0
Subfloor			(1.67)	(52,951)
Floor Cover			2.43	76,934
Porches/Balconies	$28.10	3916	3.48	110,040
Plumbing	$675	8	0.17	5,400
Built-In Appliances	$2,000	32	2.02	64,000
Stairs/Fireplaces			0.00	0
Floor Insulation			0.00	0
Heating/Cooling			1.83	57,938
Garages/Carports			0.00	0
Comm &/or Aux Bldgs	$65.29	902	1.86	58,888
Other:			0.00	0
SUBTOTAL			56.51	1,789,008
Current Cost Multiplier	1.04		2.26	71,560
Local Multiplier	0.85		(8.48)	(268,351)
TOTAL DIRECT CONSTRUCTION COSTS			$50.29	$1,592,217
Plans, specs, survy, bld	3.90%		($1.96)	($62,096)
Interim Construction Int	3.38%		(1.70)	(53,737)
Contractor's OH & Profit	11.50%		(5.78)	(183,105)
NET DIRECT CONSTRUCTION COSTS			$40.85	$1,293,278

PAYMENT COMPUTATION

Primary	$565,000	Term	360
Int Rate	7.90%	DCR	1.32

Secondary	$175,000	Term	360
Int Rate	1.00%	Subtotal DCR	1.16

Additional	$1,400,000	Term	
Int Rate		Aggregate DCR	1.16

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	$49,277
Secondary Debt Service	6,754
Additional Debt Service	0
NET CASH FLOW	$8,852

Primary	$565,000	Term	360
Int Rate	7.90%	DCR	1.32

Secondary	$175,000	Term	360
Int Rate	1.00%	Subtotal DCR	1.16

Additional	$1,400,000	Term	0
Int Rate	0.00%	Aggregate DCR	1.16

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$167,004	$172,014	$177,175	$182,490	$187,964	$217,902	$252,609	$292,843	$393,556
Secondary Income	3,840	3,955	4,074	4,196	4,322	5,010	5,808	6,733	9,049
Other Support Income: (des	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	170,844	175,969	181,248	186,686	192,286	222,913	258,417	299,576	402,605
Vacancy & Collection Loss	(12,813)	(13,198)	(13,594)	(14,001)	(14,421)	(16,718)	(19,381)	(22,468)	(30,195)
Employee or Other Non-Rent	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$158,031	$162,772	$167,655	$172,684	$177,865	$206,194	$239,036	$277,108	$372,410
EXPENSES at 4.00%									
General & Administrative	$8,628	$8,973	$9,332	$9,705	$10,093	$12,280	$14,941	$18,178	$26,908
Management	7,902	8,139	8,383	8,634	8,893	10,310	11,952	13,855	18,620
Payroll & Payroll Tax	19,840	20,634	21,459	22,317	23,210	28,239	34,356	41,800	61,874
Repairs & Maintenance	12,391	12,887	13,402	13,938	14,496	17,636	21,457	26,106	38,643
Utilities	3,733	3,883	4,038	4,199	4,367	5,314	6,465	7,865	11,643
Water, Sewer & Trash	15,264	15,875	16,510	17,170	17,857	21,725	26,432	32,159	47,603
Insurance	5,066	5,268	5,479	5,698	5,926	7,210	8,772	10,672	15,798
Property Tax	13,123	13,648	14,194	14,762	15,352	18,678	22,725	27,648	40,926
Reserve for Replacements	6,400	6,656	6,922	7,199	7,487	9,109	11,083	13,484	19,959
Other	800	832	865	900	936	1,139	1,385	1,685	2,495
TOTAL EXPENSES	$93,146	$96,793	$100,584	$104,523	$108,618	$131,640	$159,568	$193,454	$284,470
NET OPERATING INCOME	$64,884	$65,978	$67,071	$68,161	$69,247	$74,554	$79,467	$83,654	$87,940
DEBT SERVICE									
First Lien Financing	$49,277	$49,277	$49,277	$49,277	$49,277	$49,277	$49,277	$49,277	$49,277
Second Lien	6,754	6,754	6,754	6,754	6,754	6,754	6,754	6,754	6,754
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	$8,852	$9,947	$11,039	$12,129	$13,215	$18,523	$23,435	$27,622	$31,908
DEBT COVERAGE RATIO	1.16	1.18	1.20	1.22	1.24	1.33	1.42	1.49	1.57

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTI FAMILY CREDIT UNDERWRITING ADDENDUM

DATE: July 18, 2002 **PROGRAM:** 9% LIHTC HTF **FILE NUMBER:** 01086 2-02-031

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Originally requested 180,405
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TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS

CREDIT UNDERWRITING ADDENDUM

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Additional Information:

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Date: 12/ 21/ 2001 **Cost:** $26,866 (Title Commitment)

ADDENDUM

Mission Oaks received a $179,350 annual LIHTC allocation in 2001. This addendum should be read in conjunction with the original report since the original report contains significant information which is not believed to have changed and therefore has not been reiterated. Since the development was underwritten in 2001, the proposed permanent loan amount has decreased from $695,000 to $565,000 as a result of a change in permanent lender and an increase in the anticipated interest rate. In addition, the estimated total development cost has increased from $2,200,270 to $2,421,811. The Applicant proposes to fill the resulting gap in funds with additional deferred developer fees and a request for a HTF loan in the amount of $175,000 and a HTF SECO grant of $48,000. The attached underwriting analysis indicates that the requested HTF award is needed and the proposed 1% interest rate and 30 year term for the loan is acceptable. The Applicant is now proposing to include one unit to be restricted to households earning 30% or less of the area median income. The reduction in rent in this unit is nearly offset by the combined increase in the maximum allowable rents from 2001 for the rest of the units, so that potential gross rent is virtually unchanged from the original report. Operating expenses have increased slightly providing less new operating income to service debt. As a result of these changes the transaction no longer appears to be viable without the requested HTF awards. It should be noted that according to the Underwriter's 30-year proforma with the HTF award the anticipated deferred developer fees of $233,811 are not repayable from residual cashflow until after year 10, but before year 15 of stabilized operation.

SUMMARY OF SALIENT RISKS AND ISSUES

- The recommended amount of deferred developer fee cannot be repaid within ten years, and any amount unpaid past ten years would be removed from eligible basis.

RECOMMENDATION

☑ RECOMMEND APPROVAL OF A HTF AWARD NOT TO EXCEED $223,000, STRUCTURED AS $175,000 30-YEAR TERM LOAN, FULLY AMORTIZING OVER 30 YEARS AT 1% INTEREST AFTER A NORMAL AND CUSTOMARY CONSTRUCTION LOAN PERIOD AND $48,000 SECO GRANT.

RECOMMEND APPROVAL OF THE 2001 LIHTC ALLOCATION NOT TO EXCEED $179,351 ANNUALLY FOR TEN YEARS.

Credit Underwriting Supervisor:	*Lisa Vecchietti*	**Date:**	July 18, 2002
Director of Credit Underwriting:	*Tom Gouris*	**Date:**	July 18, 2002

MULTIFAMILY FINANCIAL ASSISTANCE REQUEST: Comparative Analysis

Mission Oaks, Refugio, LIHTC 01086/HTF 2-02-031 **ADDENDUM**

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Net Rent per Unit	Rent per Month	Rent per SF	Tnt Pd Util	Wtr, Swr, Trsh
TC/HTF 30%	1	1	1	680	$203	$174	$174	$0.26	$29.00	$36.00
TC 50%	3	1	1	680	338	309	927	0.45	29.00	36.00
TC 60%	4	1	1	680	406	377	1,508	0.55	29.00	36.00
TC 60%	6	2	2	968	487	449	2,691	0.46	38.50	40.00
TC 60%	10	2	2	1,054	487	449	4,485	0.43	38.50	40.00
TC 60%	8	3	2	1,234	563	517	4,132	0.42	$46.50	$43.00
TOTAL:	32		AVERAGE:	989	$473	$435	$13,917	$0.44	$38.13	$39.75

INCOME Total Net Rentable Sq Ft 31,660

			TDHCA	APPLICANT		
POTENTIAL GROSS RENT			$167,004	$166,860		
Secondary Income	Per Unit Per Month:	$10.00	3,840	3,840	$10.00	Per Unit Per Month
Other Support Income: (describe)			0	0		
POTENTIAL GROSS INCOME			$170,844	$170,700		
Vacancy & Collection Loss	% of Potential Gross Income:	-7.50%	(12,813)	(12,804)	-7.50%	of Potential Gross Rent
Employee or Other Non-Rental Units or Concessions			0	0		
EFFECTIVE GROSS INCOME			$158,031	$157,896		

EXPENSES		% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative		5.46%	$270	$0.27	$8,628	$9,960	$0.31	$311	6.31%
Management		5.00%	247	0.25	7,902	8,066	0.25	252	5.11%
Payroll & Payroll Tax		12.55%	620	0.63	19,840	19,973	0.63	624	12.65%
Repairs & Maintenance		7.84%	387	0.39	12,391	13,020	0.41	407	8.25%
Utilities		2.36%	117	0.12	3,733	3,000	0.09	94	1.90%
Water, Sewer, & Trash		9.66%	477	0.48	15,264	9,700	0.31	303	6.14%
Property Insurance		3.21%	158	0.16	5,066	7,900	0.25	247	5.00%
Property Tax	2.416	8.30%	410	0.41	13,123	13,000	0.41	406	8.23%
Reserve for Replacements		4.05%	200	0.20	6,400	8,000	0.25	250	5.07%
Compliance		0.51%	25	0.03	800	800	0.03	25	0.51%
TOTAL EXPENSES		58.94%	$2,911	$2.94	$93,146	$93,419	$2.95	$2,919	59.16%
NET OPERATING INC		41.06%	$2,028	$2.05	$64,884	$64,477	$2.04	$2,015	40.84%
DEBT SERVICE									
First Lien Mortgage		31.18%	$1,540	$1.56	$49,277	$56,058	$1.77	$1,752	35.50%
HTF		4.27%	$211	$0.21	6,754	0	$0.00	$0	0.00%
Other		0.00%	$0	$0.00	0	0	$0.00	$0	0.00%
NET CASH FLOW		5.60%	$277	$0.28	$8,852	$8,419	$0.27	$263	5.33%
AGGREGATE DEBT COVERAGE RATIO					1.16	1.15			
ALTERNATIVE DEBT COVERAGE RATIO					1.16				

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg		1.39%	$1,012	$1.02	$32,372	$32,372	$1.02	$1,012	1.34%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		7.83%	5,704	5.77	182,533	182,533	5.77	5,704	7.54%
Direct Construction		55.45%	40,415	40.85	1,293,278	1,363,775	43.08	42,618	56.31%
Contingency	3.58%	2.26%	1,650	1.67	52,800	52,800	1.67	1,650	2.18%
General Requireme	6.00%	3.80%	2,767	2.80	88,549	92,778	2.93	2,899	3.83%
Contractor's G &	2.00%	1.27%	922	0.93	29,516	30,926	0.98	966	1.28%
Contractor's Pro	6.00%	3.80%	2,767	2.80	88,549	92,778	2.93	2,899	3.83%
Indirect Construction		5.11%	3,728	3.77	119,300	119,300	3.77	3,728	4.93%
Ineligible Costs		1.36%	991	1.00	31,699	31,699	1.00	991	1.31%
Developer's G & A	2.63%	2.19%	1,596	1.61	51,056	60,000	1.90	1,875	2.48%
Developer's Profit	12.37%	10.29%	7,500	7.58	240,000	240,000	7.58	7,500	9.91%
Interim Financing		3.68%	2,683	2.71	85,850	85,850	2.71	2,683	3.54%
Reserves		1.59%	1,156	1.17	37,000	37,000	1.17	1,156	1.53%
TOTAL COST		100.00%	$72,891	$73.67	$2,332,502	$2,421,811	$76.49	$75,682	100.00%
Recap-Hard Construction Costs		*74.39%*	***$54,226***	***$54.81***	***$1,735,225***	***$1,815,590***	***$57.35***	***$56,737***	*74.97%*

SOURCES OF FUNDS

	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	RECOMMENDED
First Lien Mortgage	24.22%	$17,656	$17.85	$565,000	$565,000	$565,000
HTF	7.50%	$5,469	$5.53	175,000	175,000	175,000
HTF SECO	2.06%	$1,500	$1.52	48,000	48,000	48,000
LIHTC Syndication Proceeds	60.02%	$43,750	$44.22	1,400,000	1,400,000	1,400,000
Deferred Developer Fees	10.02%	$7,307	$7.39	233,812	233,812	233,811
Additional (excess) Funds Requi	-3.83%	($2,791)	($2.82)	(89,310)	(1)	0
TOTAL SOURCES				$2,332,502	$2,421,811	$2,421,811

MULTIFAMILY FINANCIAL ASSISTANCE REQUEST (continued)

Mission Oaks, Refugio, LIHTC 01086/HTF 2-02-031 ADDENDUM

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook

Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$46.16	$1,461,453
Adjustments				
Exterior Wall Finish	0.50%		$0.23	$7,307
Elderly			0.00	0
Roofing			0.00	0
Subfloor			(1.67)	(52,951)
Floor Cover			2.43	76,934
Porches/Balconies	$28.10	3916	3.48	110,040
Plumbing	$675	8	0.17	5,400
Built-In Appliances	$2,000	32	2.02	64,000
Stairs/Fireplaces			0.00	0
Floor Insulation			0.00	0
Heating/Cooling			1.83	57,938
Garages/Carports			0.00	0
Comm &/or Aux Bldgs	$65.29	902	1.86	58,888
Other:			0.00	0
SUBTOTAL			56.51	1,789,008
Current Cost Multiplier	1.04		2.26	71,560
Local Multiplier	0.85		(8.48)	(268,351)
TOTAL DIRECT CONSTRUCTION COSTS			$50.29	$1,592,217
Plans, specs, survy, bld	3.90%		($1.96)	($62,096)
Interim Construction Int	3.38%		(1.70)	(53,737)
Contractor's OH & Profit	11.50%		(5.78)	(183,105)
NET DIRECT CONSTRUCTION COSTS			$40.85	$1,293,278

PAYMENT COMPUTATION

Primary	$565,000	Term	360
Int Rate	7.90%	DCR	1.32

Secondary	$175,000	Term	360
Int Rate	1.00%	Subtotal DCR	1.16

Additional	$1,400,000	Term	
Int Rate		Aggregate DCR	1.16

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	$49,277
Secondary Debt Service	6,754
Additional Debt Service	0
NET CASH FLOW	$8,852

Primary	$565,000	Term	360
Int Rate	7.90%	DCR	1.32

Secondary	$175,000	Term	360
Int Rate	1.00%	Subtotal DCR	1.16

Additional	$1,400,000	Term	0
Int Rate	0.00%	Aggregate DCR	1.16

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$167,004	$172,014	$177,175	$182,490	$187,964	$217,902	$252,609	$292,843	$393,556
Secondary Income	3,840	3,955	4,074	4,196	4,322	5,010	5,808	6,733	9,049
Other Support Income: (des	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	170,844	175,969	181,248	186,686	192,286	222,913	258,417	299,576	402,605
Vacancy & Collection Loss	(12,813)	(13,198)	(13,594)	(14,001)	(14,421)	(16,718)	(19,381)	(22,468)	(30,195)
Employee or Other Non-Rent	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$158,031	$162,772	$167,655	$172,684	$177,865	$206,194	$239,036	$277,108	$372,410
EXPENSES at 4.00%									
General & Administrative	$8,628	$8,973	$9,332	$9,705	$10,093	$12,280	$14,941	$18,178	$26,908
Management	7,902	8,139	8,383	8,634	8,893	10,310	11,952	13,855	18,620
Payroll & Payroll Tax	19,840	20,634	21,459	22,317	23,210	28,239	34,356	41,800	61,874
Repairs & Maintenance	12,391	12,887	13,402	13,938	14,496	17,636	21,457	26,106	38,643
Utilities	3,733	3,883	4,038	4,199	4,367	5,314	6,465	7,865	11,643
Water, Sewer & Trash	15,264	15,875	16,510	17,170	17,857	21,725	26,432	32,159	47,603
Insurance	5,066	5,268	5,479	5,698	5,926	7,210	8,772	10,672	15,798
Property Tax	13,123	13,648	14,194	14,762	15,352	18,678	22,725	27,648	40,926
Reserve for Replacements	6,400	6,656	6,922	7,199	7,487	9,109	11,083	13,484	19,959
Other	800	832	865	900	936	1,139	1,385	1,685	2,495
TOTAL EXPENSES	$93,146	$96,793	$100,584	$104,523	$108,618	$131,640	$159,568	$193,454	$284,470
NET OPERATING INCOME	$64,884	$65,978	$67,071	$68,161	$69,247	$74,554	$79,467	$83,654	$87,940
DEBT SERVICE									
First Lien Financing	$49,277	$49,277	$49,277	$49,277	$49,277	$49,277	$49,277	$49,277	$49,277
Second Lien	6,754	6,754	6,754	6,754	6,754	6,754	6,754	6,754	6,754
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	$8,852	$9,947	$11,039	$12,129	$13,215	$18,523	$23,435	$27,622	$31,908
DEBT COVERAGE RATIO	1.16	1.18	1.20	1.22	1.24	1.33	1.42	1.49	1.57

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTI FAMILY CREDIT UNDERWRITING ANALYSIS SECOND ADDENDUM

DATE: July 18, 2002 **PROGRAM:** 4% LIHTC / HTF **FILE NUMBER:** 01466 / 2-02-016

DEVELOPMENT NAME

Copperwood Ranch Apartments

APPLICANT

Name: Houston Copperwood Apartments, LP **Type:** ☒ For Profit ☐ Non-Profit ☐ Municipal ☐ Other

Address: 4900 Woodway, Suite 880 **City:** Houston **State:** Texas

Zip: 77056 **Contact:** Michael Robinson **Phone:** (713) 850-7168 **Fax:** (713) 621-9166

PRINCIPALS of the APPLICANT

Name	(%)	Title
Copperwood Esperanza, LLC	0.01	Managing General Partner
SunAmerica Affordable Housing Partners, Inc.	99.99	Limited Partner
Paul Ramirez	N/A	GP Board President
Michael G Robinson	N/A	Developer

GENERAL PARTNER

Name: Copperwood Esperanza, LLC **Type:** ☐ For Profit ☒ Non-Profit ☐ Municipal ☐ Other

Address: 139 N Everton **City:** Houston **State:** TX

Zip: 77003 **Contact:** Paul Ramirez **Phone:** (713) 926-2794 **Fax:** (713) 481-2360

PROPERTY LOCATION

Location: 6833 Lakeview Haven Drive ☐ **QCT** ☐ **DDA**

City: Houston **County:** Harris **Zip:** 77084

REQUEST

Amount	Interest Rate	Amortization	Term
Previously Approved			
) $674,583	N/A	N/A	N/A
Current Request			
($325,000	N/A	N/A	N/A
) $350,000	N/A	N/A	N/A

Other Requested Terms:
) Annual ten-year allocation of low-income housing tax credits
(HTF/SECO Grant
) HTF Grant

Proposed Use of Funds: New construction

APPLICANT EQUITY

Amount: $918,430 **Source:** Deferred developer fee

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTI FAMILY CREDIT UNDERWRITING ANALYSIS SECOND ADDENDUM

ADDENDUM

In April of 2002, Copperwood Ranch received an annual LIHTC allocation of $674,583. This report serves as an addendum to the original underwriting report for that application. This report should be read in conjunction with the previous report and addendum, as issues that have remained unchanged from the previous reports have by and large not been re-addressed in this report. Currently, the Applicant is requesting a $350,000 HTF grant and $325,000 HTF/SECO grant. However, the proposed rent schedule does not include two units reserved for households with incomes at or below 30% of AMGI which would be the minimum required under program rules. The Underwriter has assumed that two one-bedroom units will be set aside at 30% of AMGI. In order to make this application conform with the HTF goal that 40% of the requested funds (up to $70K per unit) be utilized for units set aside for extremely low tenants. As a result, the underwriting analysis points to an aggregate debt coverage ratio (DCR) that slips from 1.03 to 1.02, which is below the Department's minimum guideline of 1.10. The Bonds only DCR, however remains at the 1.10 minimum. At the present time there is no debt service capacity available to safely service the HTF award. The Applicant's revised proforma includes significant garage, carport and washer rental income, an increased property tax assumption and no asset management fee, resulting in a DCR that exceeds the Department's maximum guideline of 1.25 which would potentially allow for repayment of HTF funds. Therefore, it is recommended that the non SECO portion of the HTF award be structured as a five year balloon note at a zero percent interest rate to be re-evaluated for repayment based on the developer's actual performance.

Without the proposed additional funding, the anticipated deferred developer fee amounts to 40% of the eligible fee and is repayable in less than ten years. An HTF allocation of $675,000 in the form of a $350,000 HTF loan and $325,000 HTF/SECO grant would decrease potential deferred developer fees to be repayable in less than four years without any repayment to HTF. A recommendation for approval of this award is conditioned upon two units set-aside at 30% of AMGI and all conditions set forth in the first addendum to the underwriting report dated April 12, 2002.

RECOMMENDATION

☑ RECOMMEND APPROVAL OF A HTF AWARD NOT TO EXCEED $675,000, STRUCTURED AS A $350,000 NON AMORTIZING LOAN WITH A FIVE YEAR MATURITY AT ZERO PERCENT INTEREST AND A $325,000 SECO GRANT, SUBJECT TO CONDITIONS.

CONDITIONS

1. Two units must have rents limited at the 30% of AMGI level and they must be set aside for households with incomes at or below 30% of AMGI per HTF program rules;
2. Receipt, review, and acceptance of an acceptable site inspection report completed by TDHCA staff;
3. Receipt, review, and acceptance of evidence of reduction in total debt service to no more than $977,985 annually; and
4. Receipt, review and acceptance of an executed Agreement for Payments in Lieu of Ad Valorem Taxes stating that the subject development will be responsible for only $132,128 annually in real estate taxes.

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTI FAMILY CREDIT UNDERWRITING ANALYSIS SECOND ADDENDUM

ALTERNATIVE
CONDITIONS IN ADDITION TO OR SUPERCEEDING THOSE ABOVE

1. Board acceptance of the reliance on garage income to support the development's debt service;
2. Reduction of the approved LIHTC allocation not to exceed $663,536 annually for ten years;
3. Receipt, review and acceptance of executed garage lease agreements, indicating rate and terms, and a current rent roll for Deerwood Pines that reflects at least a 50% lease rate of the garages included in the Deerwood Pines development; and
4. Receipt, review, and acceptance of evidence of reduction in total debt service to no more than $1,001,586 annually.

Credit Underwriting Supervisor:	*Lisa Vecchietti*	**Date:**	July 18, 2002
Director of Credit Underwriting:	*Tom Gouris*	**Date:**	July 18, 2002

MULTIFAMILY FINANCIAL ASSISTANCE REQUEST: Comparative Analysis

Copperwood Ranch, Houston, LIHTC 01466 ADDENDUM w/ Property Tax Exemption Only

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Net Rent per Unit	Rent per Month	Rent per SF	Tnt Pd Util	Wtr, Swr, Trsh
TC 50%/HTF 30%	2	1	1	645	$335	$283	$566	$0.44	$51.80	$17.68
TC 50%	46	1	1	645	558	506	23,285	0.78	51.80	17.68
TC 50%	168	2	2	901	670	609	102,324	0.68	60.93	17.68
TC 50%	64	3	2	1,100	775	704	45,048	0.64	71.13	17.68
TOTAL:	280		AVERAGE:	903	$673	$612	$171,223	$0.68	$61.70	$17.68

INCOME	Total Net Rentable Sq Ft:	252,728			TDHCA	APPLICANT			
POTENTIAL GROSS RENT					$2,054,676	$2,028,672			
Secondary Income			Per Unit Per Month:	$10.00	33,600	23,520	$7.00	Per Unit Per Month	
Other Support Income: 60 carports/ 100 garages/ 125 washers						100,800	$30.00	Per Unit Per Month	
POTENTIAL GROSS INCOME					$2,088,276	$2,152,992			
Vacancy & Collection Loss			% of Potential Gross Income:	-7.50%	(156,621)	129,180	6.00%	of Potential Gross Rent	
Employee or Other Non-Rental Units or Concessions					0	0			
EFFECTIVE GROSS INCOME					$1,931,656	$2,282,172			
EXPENSES		% OF EGI	PER UNIT	PER SQ FT			PER SQ FT	PER UNIT	% OF EGI
General & Administrative		4.12%	$284	$0.31	$79,488	$47,800	$0.19	$171	2.09%
Management		5.00%	345	0.38	96,583	101,191	0.40	361	4.43%
Payroll & Payroll Tax		11.25%	776	0.86	217,280	191,000	0.76	682	8.37%
Repairs & Maintenance		6.14%	423	0.47	118,547	112,600	0.45	402	4.93%
Utilities		2.74%	189	0.21	52,861	25,273	0.10	90	1.11%
Water, Sewer, & Trash		3.08%	212	0.24	59,405	69,120	0.27	247	3.03%
Property Insurance		2.09%	144	0.16	40,436	77,000	0.30	275	3.37%
Property Tax	3.62987	6.84%	472	0.52	132,128	125,000	0.49	446	5.48%
Reserve for Replacements		2.90%	200	0.22	56,000	70,000	0.28	250	3.07%
Asset Mgt		0.39%	27	0.03	7,500	0	0.00	0	0.00%
TOTAL EXPENSES		44.53%	$3,072	$3.40	$860,228	$818,984	$3.24	$2,925	35.89%
NET OPERATING INC		55.47%	$3,827	$4.24	$1,071,428	$1,463,188	$5.79	$5,226	64.11%
DEBT SERVICE									
First Lien Mortgage		52.89%	$3,649	$4.04	$1,021,634	$1,031,615	$4.08	$3,684	45.20%
HTF		0.00%	$0	$0.00	0	0	$0.00	$0	0.00%
Compliance & Supportive Services		1.44%	$99	$0.11	27,720	27,720	$0.11	$99	1.21%
NET CASH FLOW		1.14%	$79	$0.09	$22,074	$403,853	$1.60	$1,442	17.70%
AGGREGATE DEBT COVERAGE RATIO					1.02	1.38			
ALTERNATIVE BONDS-ONLY DEBT COVERAGE RATIO					1.10				

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		6.42%	$4,644	$5.14	$1,300,212	$2,123,550	$8.40	$7,584	10.22%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		8.88%	6,429	7.12	1,800,000	1,800,000	7.12	6,429	8.66%
Direct Construction		47.55%	34,419	38.13	9,637,343	9,496,410	37.58	33,916	45.69%
Contingency	5.00%	2.82%	2,042	2.26	571,867	648,696	2.57	2,317	3.12%
General Requirements	5.93%	3.34%	2,421	2.68	677,785	677,785	2.68	2,421	3.26%
Contractor's G & A	1.98%	1.11%	807	0.89	225,928	225,928	0.89	807	1.09%
Contractor's Profit	5.93%	3.34%	2,421	2.68	677,785	677,785	2.68	2,421	3.26%
Indirect Construction		3.30%	2,386	2.64	668,000	668,000	2.64	2,386	3.21%
Ineligible Expenses		0.73%	525	0.58	147,000	147,000	0.58	525	0.71%
Developer's G & A	1.86%	1.48%	1,071	1.19	300,000	300,000	1.19	1,071	1.44%
Developer's Profit	12.86%	10.25%	7,417	8.22	2,076,881	2,076,881	8.22	7,417	9.99%
Interim Financing		9.34%	6,762	7.49	1,893,395	1,893,395	7.49	6,762	9.11%
Reserves		1.43%	1,037	1.15	290,417	50,000	0.20	179	0.24%
TOTAL COST		100.00%	$72,381	$80.19	$20,266,613	$20,785,430	$82.24	$74,234	100.00%
Recap-Hard Construction Costs		*67.06%*	***$48,538***	***$53.78***	***$13,590,708***	***$13,526,604***	***$53.52***	***$48,309***	*65.08%*

SOURCES OF FUNDS

				TDHCA	APPLICANT	RECOMMENDED
First Lien Mortgage	70.07%	$50,714	$56.19	$14,200,000	$14,200,000	$13,593,306
HTF	1.73%	$1,250	$1.38	350,000	350,000	350,000
HTF/SECO	1.60%	$1,161	$1.29	325,000	325,000	325,000
LIHTC Syndication Proceeds	24.88%	$18,007	$19.95	5,042,000	5,042,000	5,307,758
Deferred Developer Fees	4.53%	$3,280	$3.63	918,430	918,430	386,028
Additional (excess) Funds Required	-2.81%	($2,031)	($2.25)	(568,817)	(50,000)	0
TOTAL SOURCES				$20,266,613	$20,785,430	$19,962,092

MULTIFAMILY FINANCIAL ASSISTANCE REQUEST (continued)

Copperwood Ranch, Houston, LIHTC 01466 ADDENDUM w/ Property Tax Exemption Only

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook

Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$40.85	$10,324,063
Adjustments				
Exterior Wall Finish	3.45%		$1.41	$356,180
Elderly			0.00	0
Roofing			0.00	0
Subfloor			(1.96)	(495,347)
Floor Cover			1.82	459,965
Porches/Balconies	$28.10		0.00	0
Plumbing	$585	642	1.49	375,570
Built-In Appliances	$1,550	280	1.72	434,000
Exterior Stairs	$1,350	88	0.47	118,800
Floor Insulation			0.00	0
Heating/Cooling			1.41	356,346
Garages	$13.23	20,000	1.05	264,600
Comm &/or Aux Bldgs	$55.28	3,707	0.81	204,932
Carports	$7.53	12,000	0.36	90,360
SUBTOTAL			49.42	12,489,470
Current Cost Multiplier	1.03		1.48	374,684
Local Multiplier	0.92		(3.95)	(999,158)
TOTAL DIRECT CONSTRUCTION COSTS			$46.95	$11,864,996
Plans, specs, survy, bld prmt	3.90%		($1.83)	($462,735)
Interim Construction Interest	3.38%		(1.58)	(400,444)
Contractor's OH & Profit	11.50%		(5.40)	(1,364,475)
NET DIRECT CONSTRUCTION COSTS			$38.13	$9,637,343

PAYMENT COMPUTATION

Primary	$14,200,000	Term	360
Int Rate	6.00%	DCR	1.05

Secondary	$350,000	Term	
Int Rate		Subtotal DCR	1.05

Additional	$5,042,000	Term	
Int Rate		Aggregate DCR	1.02

ALTERNATIVE FINANCING STRUCTURE:

Primary Debt Service	$977,985
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	$93,443

Primary	$13,593,306	Term	360
Int Rate	6.00%	DCR	1.10

Secondary	$350,000	Term	0
Int Rate	0.00%	Subtotal DCR	1.10

Additional	$5,042,000	Term	0
Int Rate	0.00%	Aggregate DCR	1.10

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$2,054,676	$2,116,317	$2,179,806	$2,245,200	$2,312,556	$2,680,887	$3,107,883	$3,602,888	$4,841,980
Secondary Income	33,600	34,608	35,646	36,716	37,817	43,840	50,823	58,918	79,181
Other Support Income: 60 carpor	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	2,088,276	2,150,925	2,215,453	2,281,916	2,350,374	2,724,727	3,158,706	3,661,805	4,921,160
Vacancy & Collection Loss	(156,621)	(161,319)	(166,159)	(171,144)	(176,278)	(204,355)	(236,903)	(274,635)	(369,087)
Employee or Other Non-Rental Un	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$1,931,656	$1,989,605	$2,049,294	$2,110,772	$2,174,096	$2,520,373	$2,921,803	$3,387,170	$4,552,073
EXPENSES at 4.00%									
General & Administrative	$79,488	$82,667	$85,974	$89,413	$92,989	$113,136	$137,647	$167,469	$247,895
Management	96,583	99,480	102,465	105,539	108,705	126,019	146,090	169,359	227,604
Payroll & Payroll Tax	217,280	225,971	235,010	244,410	254,187	309,257	376,259	457,776	677,621
Repairs & Maintenance	118,547	123,289	128,220	133,349	138,683	168,729	205,285	249,760	369,706
Utilities	52,861	54,976	57,175	59,462	61,840	75,238	91,539	111,371	164,856
Water, Sewer & Trash	59,405	61,781	64,252	66,822	69,495	84,552	102,870	125,157	185,263
Insurance	40,436	42,054	43,736	45,486	47,305	57,554	70,023	85,194	126,107
Property Tax	132,128	137,413	142,910	148,626	154,571	188,059	228,803	278,374	412,061
Reserve for Replacements	56,000	58,240	60,570	62,992	65,512	79,705	96,974	117,984	174,644
Other	7,500	7,800	8,112	8,436	8,774	10,675	12,988	15,801	23,390
TOTAL EXPENSES	$860,228	$893,671	$928,423	$964,536	$1,002,062	$1,212,924	$1,468,477	$1,778,244	$2,609,147
NET OPERATING INCOME	$1,071,428	$1,095,934	$1,120,870	$1,146,237	$1,172,034	$1,307,449	$1,453,326	$1,608,926	$1,942,926
DEBT SERVICE									
First Lien Financing	$977,985	$977,985	$977,985	$977,985	$977,985	$977,985	$977,985	$977,985	$977,985
Second Lien	0	0	0	0	0	0	0	0	0
Other Financing	27,720	27,720	27,720	27,720	27,720	27,720	27,720	27,720	27,720
NET CASH FLOW	$65,723	$90,229	$115,165	$140,532	$166,329	$301,744	$447,621	$603,221	$937,221
DEBT COVERAGE RATIO	1.07	1.09	1.11	1.14	1.17	1.30	1.45	1.60	1.93
						234,036	374,683	525,421	770,221
Cumulative Cash Flow	65,723	155,952	271,117	411,649	577,978	1,748,160	3,621,573	6,248,679	13,950,893

MULTIFAMILY FINANCIAL ASSISTANCE REQUEST: Comparative Analysis

Copperwood Ranch, Houston, LIHTC 01466 ADDENDUM w/Garages & Property Tax Exemption

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Net Rent per Unit	Rent per Month	Rent per SF	Tnt Pd Util	Wtr, Swr, Trsh
TC 50%	48	1	1	645	$558	$506	$24,298	$0.78	$51.80	$17.68
TC 50%	168	2	2	901	670	609	102,324	0.68	60.93	17.68
TC 50%	64	3	2	1,100	775	704	45,048	0.64	71.13	17.68
TOTAL:	280		AVERAGE:	903	$675	$613	$171,669	$0.68	$61.70	$17.68

					TDHCA	APPLICANT			
INCOME	Total Net Rentable Sq Ft:	252,728							
POTENTIAL GROSS RENT					$2,060,028	$2,022,816			
Secondary Income			Per Unit Per Month:	$10.00	33,600	53,520	$15.93	Per Unit Per Month	
Other Support Income: 60 carports/ 100 garages			50% of Garages @ $50	$8.93	30,000	70,800	$21.07	Per Unit Per Month	
POTENTIAL GROSS INCOME					$2,123,628	$2,147,136			
Vacancy & Collection Loss			% of Potential Gross Income:	-7.50%	(159,272)	(128,832)	-6.00%	of Potential Gross Rent	
Employee or Other Non-Rental Units or Concessions					0	0			
EFFECTIVE GROSS INCOME					$1,964,356	$2,018,304			
EXPENSES		% OF EGI	PER UNIT	PER SQ FT			PER SQ FT	PER UNIT	% OF EGI
General & Administrative		4.05%	$284	$0.31	$79,488	$40,300	$0.16	$144	2.00%
Management		5.00%	351	0.39	98,218	100,915	0.40	360	5.00%
Payroll & Payroll Tax		11.06%	776	0.86	217,280	200,000	0.79	714	9.91%
Repairs & Maintenance		6.03%	423	0.47	118,547	112,600	0.45	402	5.58%
Utilities		2.69%	189	0.21	52,861	25,273	0.10	90	1.25%
Water, Sewer, & Trash		3.02%	212	0.24	59,405	62,546	0.25	223	3.10%
Property Insurance		2.06%	144	0.16	40,436	77,000	0.30	275	3.82%
Property Tax	3.62987	6.73%	472	0.52	132,128	106,000	0.42	379	5.25%
Reserve for Replacements		2.85%	200	0.22	56,000	70,000	0.28	250	3.47%
Asset Mgt		0.38%	27	0.03	7,500	7,500	0.03	27	0.37%
TOTAL EXPENSES		43.88%	$3,078	$3.41	$861,863	$802,134	$3.17	$2,865	39.74%
NET OPERATING INC		56.12%	$3,937	$4.36	$1,102,493	$1,216,170	$4.81	$4,343	60.26%
DEBT SERVICE									
First Lien Mortgage		52.01%	$3,649	$4.04	$1,021,634	$1,021,634	$4.04	$3,649	50.62%
LIHTC Syndication Proceeds		0.00%	$0	$0.00	0	0	$0.00	$0	0.00%
Compliance & Supportive Services		1.41%	$99	$0.11	27,720	27,720	$0.11	$99	1.37%
NET CASH FLOW		2.71%	$190	$0.21	$53,139	$166,816	$0.66	$596	8.27%
AGGREGATE DEBT COVERAGE RATIO					1.05	1.16			
ALTERNATIVE BONDS-ONLY DEBT COVERAGE RATIO					1.10				

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		6.41%	$4,644	$5.14	$1,300,212	$2,123,550	$8.40	$7,584	10.22%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		8.87%	6,429	7.12	1,800,000	1,800,000	7.12	6,429	8.66%
Direct Construction		47.61%	34,506	38.23	9,661,719	9,496,410	37.58	33,916	45.69%
Contingency	5.00%	2.82%	2,047	2.27	573,086	648,696	2.57	2,317	3.12%
General Requireme	5.91%	3.34%	2,421	2.68	677,785	677,785	2.68	2,421	3.26%
Contractor's G &	1.97%	1.11%	807	0.89	225,928	225,928	0.89	807	1.09%
Contractor's Prof	5.91%	3.34%	2,421	2.68	677,785	677,785	2.68	2,421	3.26%
Indirect Construction		3.29%	2,386	2.64	668,000	668,000	2.64	2,386	3.21%
Ineligible Expenses		0.72%	525	0.58	147,000	147,000	0.58	525	0.71%
Developer's G & A	1.85%	1.48%	1,071	1.19	300,000	300,000	1.19	1,071	1.44%
Developer's Profit	12.84%	10.23%	7,417	8.22	2,076,881	2,076,881	8.22	7,417	9.99%
Interim Financing		9.33%	6,762	7.49	1,893,395	1,893,395	7.49	6,762	9.11%
Reserves		1.43%	1,037	1.15	290,417	50,000	0.20	179	0.24%
TOTAL COST		100.00%	$72,472	$80.29	$20,292,208	$20,785,430	$82.24	$74,234	100.00%
Recap-Hard Construction Costs		*67.10%*	***$48,630***	***$53.88***	***$13,616,303***	***$13,526,604***	***$53.52***	***$48,309***	*65.08%*

SOURCES OF FUNDS

	%	PER UNIT	PER SQ FT	TDHCA	APPLICANT	RECOMMENDED
First Lien Mortgage	69.98%	$50,714	$56.19	$14,200,000	$14,200,000	$13,921,349
LIHTC Syndication Proceeds	24.85%	$18,007	$19.95	5,042,000	5,042,000	5,307,758
Source #3	0.00%	$0	$0.00	0	0	0
Deferred Developer Fees	7.47%	$5,412	$6.00	1,515,430	1,515,430	732,985
Additional (excess) Funds Required	-2.29%	($1,662)	($1.84)	(465,222)	28,000	0
TOTAL SOURCES				$20,292,208	$20,785,430	$19,962,092

Copperwood Ranch, Houston, LIHTC 01466 ADDENDUM w/Garages & Property Tax Exemption

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook
Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$40.85	$10,324,063
Adjustments				
Exterior Wall Finish	3.45%		$1.41	$356,180
Elderly			0.00	0
Roofing			0.00	0
Subfloor			(1.96)	(495,347)
Floor Cover			1.82	459,965
Porches/Balconies	$28.10		0.00	0
Plumbing	$585	696	1.61	407,160
Built-In Appliances	$1,550	280	1.72	434,000
Exterior Stairs	$1,350	88	0.47	118,800
Floor Insulation			0.00	0
Heating/Cooling			1.41	356,346
Garages	$13.23	20,000	1.05	264,600
Comm &/or Aux Bldgs	$55.28	3,707	0.81	204,932
Carports	$7.53	12,000	0.36	90,360
SUBTOTAL			49.54	12,521,060
Current Cost Multiplier	1.03		1.49	375,632
Local Multiplier	0.92		(3.96)	(1,001,685)
TOTAL DIRECT CONSTRUCTION COSTS			$47.07	$11,895,007
Plans, specs, survy, bld	3.90%		($1.84)	($463,905)
Interim Construction Int	3.38%		(1.59)	(401,456)
Contractor's OH & Profit	11.50%		(5.41)	(1,367,926)
NET DIRECT CONSTRUCTION COSTS			$38.23	$9,661,719

PAYMENT COMPUTATION

Primary	$14,200,000	Term	360
Int Rate	6.00%	DCR	1.08
Secondary	$5,042,000	Term	
Int Rate		Subtotal DCR	1.08
Additional	$0	Term	
Int Rate		Aggregate DCR	1.05

ALTERNATIVE FINANCING STRUCTURE:

Primary Debt Service	$1,001,586
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	$100,907

Primary	$13,921,349	Term	360
Int Rate	6.00%	DCR	1.10
Secondary	$5,042,000	Term	0
Int Rate	0.00%	Subtotal DCR	1.10
Additional	$0	Term	0
Int Rate	0.00%	Aggregate DCR	1.10

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$2,060,028	$2,121,829	$2,185,484	$2,251,049	$2,318,580	$2,687,870	$3,115,978	$3,612,272	$4,854,592
Secondary Income	33,600	34,608	35,646	36,716	37,817	43,840	50,823	58,918	79,181
Other Support Income: 60 ca	30,000	30,900	31,827	32,782	33,765	39,143	45,378	52,605	70,697
POTENTIAL GROSS INCOME	2,123,628	2,187,337	2,252,957	2,320,546	2,390,163	2,770,853	3,212,179	3,723,795	5,004,470
Vacancy & Collection Loss	(159,272)	(164,050)	(168,972)	(174,041)	(179,262)	(207,814)	(240,913)	(279,285)	(375,335)
Employee or Other Non-Rent	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$1,964,356	$2,023,287	$2,083,986	$2,146,505	$2,210,900	$2,563,039	$2,971,265	$3,444,511	$4,629,134
EXPENSES at 4.00%									
General & Administrative	$79,488	$82,667	$85,974	$89,413	$92,989	$113,136	$137,647	$167,469	$247,895
Management	98,218	101,164	104,199	107,325	110,545	128,152	148,563	172,226	231,457
Payroll & Payroll Tax	217,280	225,971	235,010	244,410	254,187	309,257	376,259	457,776	677,621
Repairs & Maintenance	118,547	123,289	128,220	133,349	138,683	168,729	205,285	249,760	369,706
Utilities	52,861	54,976	57,175	59,462	61,840	75,238	91,539	111,371	164,856
Water, Sewer & Trash	59,405	61,781	64,252	66,822	69,495	84,552	102,870	125,157	185,263
Insurance	40,436	42,054	43,736	45,486	47,305	57,554	70,023	85,194	126,107
Property Tax	132,128	137,413	142,910	148,626	154,571	188,059	228,803	278,374	412,061
Reserve for Replacements	56,000	58,240	60,570	62,992	65,512	79,705	96,974	117,984	174,644
Other	7,500	7,800	8,112	8,436	8,774	10,675	12,988	15,801	23,390
TOTAL EXPENSES	$861,863	$895,355	$930,158	$966,322	$1,003,902	$1,215,057	$1,470,950	$1,781,111	$2,613,000
NET OPERATING INCOME	$1,102,493	$1,127,932	$1,153,828	$1,180,183	$1,206,998	$1,347,982	$1,500,315	$1,663,400	$2,016,134
DEBT SERVICE									
First Lien Financing	$1,001,586	$1,001,586	$1,001,586	$1,001,586	$1,001,586	$1,001,586	$1,001,586	$1,001,586	$1,001,586
Second Lien	0	0	0	0	0	0	0	0	0
Other Financing	27,720	27,720	27,720	27,720	27,720	27,720	27,720	27,720	27,720
NET CASH FLOW	$73,187	$98,625	$124,521	$150,877	$177,692	$318,676	$471,009	$634,094	$986,828
DEBT COVERAGE RATIO	1.07	1.10	1.12	1.15	1.17	1.31	1.46	1.62	1.96

LIHTC Allocation Calculation - Copperwood Ranch, Houston, LIHTC 01466 AD

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
(1) Acquisition Cost				
Purchase of land	$2,123,550	$1,300,212		
Purchase of buildings				
(2) Rehabilitation/New Construction Cost				
On-site work	$1,800,000	$1,800,000	$1,800,000	$1,800,000
Off-site improvements				
(3) Construction Hard Costs				
New structures/rehabilitation ha	$9,496,410	$9,661,719	$9,496,410	$9,661,719
(4) Contractor Fees & General Requirements				
Contractor overhead	$225,928	$225,928	$225,928	$225,928
Contractor profit	$677,785	$677,785	$677,785	$677,785
General requirements	$677,785	$677,785	$677,785	$677,785
(5) Contingencies	$648,696	$573,086	$564,821	$573,086
(6) Eligible Indirect Fees	$668,000	$668,000	$668,000	$668,000
(7) Eligible Financing Fees	$1,893,395	$1,893,395	$1,893,395	$1,893,395
(8) All Ineligible Costs	$147,000	$147,000		
(9) Developer Fees				
Developer overhead	$300,000	$300,000	$300,000	$300,000
Developer fee	$2,076,881	$2,076,881	$2,076,881	$2,076,881
(10) Development Reserves	$50,000	$290,417		
TOTAL DEVELOPMENT COSTS	$20,785,430	$20,292,208	$18,381,004	$18,554,579

Deduct from Basis:			
Commercial Improvements Garages + Carports)		$301,000	$203,659
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
TOTAL ELIGIBLE BASIS		$18,080,004	$18,350,920
High Cost Area Adjustment		100%	100%
TOTAL ADJUSTED BASIS		$18,080,004	$18,350,920
Applicable Fraction		100%	100%
TOTAL QUALIFIED BASIS		$18,080,004	$18,350,920
Applicable Percentage		3.67%	3.67%
TOTAL AMOUNT OF TAX CREDITS		$663,536	$673,479
Syndication Proceeds	**0.7999**	**$5,307,758**	**$5,387,291**

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTI FAMILY CREDIT UNDERWRITING ANALYSIS

DATE: July 19, 2002 **PROGRAM:** Housing Trust Fund **FILE NUMBER:** 2-02-009

DEVELOPMENT NAME

Transitional Housing for Victims of Domestic Violence

APPLICANT

Name: Denton Affordable Housing Corporation **Type:** ☐ For Profit ☒ Non-Profit ☐ Municipal ☐ Other

Address: 604 North Bell Street **City:** Denton **State:** TX

Zip: 76209 **Contact:** Jane Burda Provo **Phone:** (940) 484-7048 **Fax:** (940) 484-7032

PRINCIPALS of the APPLICANT

Name	(%)	Title
Linnie McAdams	N/A	Board President
Gary Hudson	N/A	Vice President
Jane Burda Provo	N/A	Executive Director

PROPERTY LOCATION

Location: Three scattered sites:

1. 111 Sawyer Street
2. 320 Mill Street
3. 410-412 Mill Street

☐ **QCT** ☐ **DDA**

City: Denton **County:** Denton **Zip:** 76201

REQUEST

Amount	Interest Rate	Amortization	Term
$604,000	0%	N/A	30 yrs

Other Requested Terms: Forgivable loan

Proposed Use of Funds: New Construction **Set-Aside:** ☒ Housing Development ☐ Rural ☐ Non-Profit

SITE DESCRIPTION

Size: 1.233 (total) acres 53,709 square feet **Zoning/ Permitted Uses:** Mill St.: MF-1, Multifamily Dwelling District; Sawyer St.: DR-2, Downtown Residential

Flood Zone Designation: Zone X **Status of Off-Sites:** Fully Improved

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
CREDIT UNDERWRITING ANALYSIS

DESCRIPTION of IMPROVEMENTS

Total Units: 11 **# Rental Buildings** 4 **# Common Area Bldngs** 1 **# of Floors** 2 **Age:** 0* yrs **Vacant:** N/A at / /

Number	Bedrooms	Bathroom	Size in SF
4	2	1	816
3	3	2	1,200
4	3	3	1,306

Net Rentable SF: 12,088 **Av Un SF:** 1,099 **Common Area SF:** 2,000* **Gross Bldng SF** 14,088

Property Type: ☒ Multifamily ☐ SFR Rental ☐ Elderly ☐ Mixed Income ☒ Special Use

* Daycare facility to be refurbished and leased for a fee

CONSTRUCTION SPECIFICATIONS

STRUCTURAL MATERIALS

Wood frame on concrete slabs on grade, 100% brick veneer exterior wall covering, drywall interior wall surfaces, composite shingle roofing

APPLIANCES AND INTERIOR FEATURES

Carpeting & vinyl flooring, range & oven, hood & fan, dishwasher, refrigerator, fiberglass tub/shower, ceiling fans, laminated counter tops, individual water heaters

ON-SITE AMENITIES

Child daycare facility, equipped playground, perimeter fencing

Uncovered Parking: 22 spaces **Carports:** 0 spaces **Garages:** 0 spaces

OTHER SOURCES of FUNDS

INTERIM CONSTRUCTION or GAP FINANCING

Source: First State Bank of Texas **Contact:** John van Son

Principal Amount: $590,000 **Interest Rate:** 7.5%

Additional Information: Lender purchased by Wells Fargo Bank since application submitted

Amortization: N/A yrs **Term:** Unknown **Commitment:** ☐ None ☒ Firm ☐ Conditional

LONG TERM/PERMANENT FINANCING

Source: First State Bank of Texas **Contact:** John van Son

Principal Amount: $300,000 **Interest Rate:** 7.5%

Additional Information: Lender purchased by Wells Fargo Bank since application submitted

Amortization: 15 yrs **Term:** 10 yrs **Commitment:** ☒ None ☐ Firm ☐ Conditional

Annual Payment: $33,372 **Lien Priority:** 1st **Commitment Date** / /

GRANT

Source: Federal Home Loan Bank of Dallas **Contact:** Criss D Murdoch

Principal Amount: $120,000 **Additional Information**: Funded though First State Bank of Texas

Commitment: ☐ None ☒ Firm ☐ Conditional **Commitment Date** 12/ 14/ 2001

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS

CREDIT UNDERWRITING ANALYSIS

GRANT

Source: Emergency Shelter Grant Program **Contact:** Dan Leal

Principal Amount: $20,000 **Additional Information:** Funded though City of Denton

Commitment: ☐ None ☒ Firm ☐ Conditional **Commitment Date** 05/ 02/ 2002

GRANT

Source: City of Denton **Contact:** Dan Leal

Principal Amount: $10,108 **Additional Information:** Impact Fee Incentive Grant

Commitment: ☐ None ☒ Firm ☐ Conditional **Commitment Date** 03/ 25/ 2002

GRANT

Source: Unspecified Foundations **Contact:** (None)

Principal Amount: $46,500 **Additional Information:**

Commitment: ☒ None ☐ Firm ☐ Conditional **Commitment Date** / /

APPLICANT EQUITY

Amount: $52,841 **Source:** Cash equity contribution

VALUATION INFORMATION

TOTAL APPRAISED VALUE

Land Only:	$75,000	**Date of Valuation:**	1/ 29/ 2002
Existing Building: as is	$65,000	**Date of Valuation:**	1/ 29/ 2002
Existing Building: as renovated	(Not provided)	**Date of Valuation:**	1/ 29/ 2002
Proposed Buildings: as completed	$770,000	**Date of Valuation:**	1/ 29/ 2002

Appraiser: The MacAskill Company, Inc. **City:** Lewisville **Phone:** (972) 353-5565

TOTAL ASSESSED VALUE

Land:	$83,788	**Assessment for the Year of:**	2001
Building:	$73,507	**Valuation by:**	Denton County Appraisal District
Total Assessed Value:	$157,295		

EVIDENCE of SITE or PROPERTY CONTROL (3 SITES)

Type of Site Control: Warranty deeds

Acquisition Cost: $ 179,052 **Other Terms/Conditions:** 30% HUD nonprofit discounts on 2 sites ($44,850)

Seller: 111 Sawyer & 320 Mill: HUD
410-412 Mill: L.D. & Ernestine J. Taylor **Related to Development Team Member:** No

REVIEW of PREVIOUS UNDERWRITING REPORTS

No previous reports.

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Description: The Transitional Housing for Victims of Domestic Violence proposal is a new construction development of 11 units of affordable housing located on three scattered sites in central Denton. The development is comprised of four residential buildings as follows:

- One one-story fourplex building with four two-bedroom units (320 Mill St.);
- Two two-story duplex buildings with two three-bedroom units (410-412 Mill St.); and
- One two-story triplex building with three three-bedroom units (111 Sawyer St.).

Two of the sites are currently vacant; there is an existing circa 1940's single-family residence on the 320 Mill Street site which is to be converted into a child daycare facility, and will also be used for evening classes and counseling sessions.

The Applicant intends for the units to serve as transitional housing for homeless families with children who have been victims of domestic violence. These families will be able to live in the units for up to two years, during which time they would be provided case management and other supportive services.

<u>Supportive Services</u>: The Applicant has entered into a memorandum of agreement with Friends of the Family and HOPE, Inc. to provide the following supportive services to tenants: vocational training and employment search assistance, nutrition information, budget and money management counseling, transportation on demand, and parenting training and child care assistance. Services other than child care will be provided at no cost to tenants; child care fees will be set by the provider (to be determined). However, the Applicant has indicated that it is their intent to raise funds to cover as much child care cost as possible. The contract for supportive services requires the Applicant to provide, furnish, and maintain facilities in the existing residence at 320 Mill Street for provision of the services. No payment from the Applicant to the service providers will be required.

<u>Schedule</u>: The Applicant indicated that construction on the Mill Street sites began in May 2002, and work on the Sawyer Street site is expected to begin in August, 2002. All structures are expected to be completed in December of 2002 and to be leased-up in January of 2003.

POPULATIONS TARGETED

<u>Income Set-Aside</u>: The Applicant will reserve eight (73%) of the units for families earning less than 30% of area median gross income (AMGI) and the remaining three (27%) units will be reserved for families earning less than 60% of AMGI.

<u>Special Needs Set-Asides</u>: All of the units will be reserved for homeless families with children who are victims of domestic violence.

MARKET HIGHLIGHTS

A market feasibility study dated February 15, 2002 was prepared by De Mayo Associates and highlighted the following findings:

<u>Definition of Market/Submarket</u>: The City of Denton.

<u>Demand for Transitional Rental Units for Homeless Families with Children</u>:

- "On March 6, 2001, the City undertook [a] homeless count. Based on this survey, the City counted…90 homeless people located in the City of Denton. Of those 90 people,…37 were adult men, 20 were adult women, and 33 were children."
- "The preliminary 2002 data shows a nearly 25% increase in the homeless population over the previous year. Data from local organizations providing services to low-income and homeless families corroborate the fact that the homeless and near-homeless population is growing in Denton."
- "The Friends of the Family (FOF) domestic violence shelter houses up to 28 women and children…In 2001, FOF served 398 people at its domestic violence shelter. This represents an increase of nearly 33% over the previous year."

<u>Local Housing Authority Waiting List Information</u>: "Because of the high demand for affordable housing in Denton County, the Denton Housing Authority currently maintains a waiting list of approximately 1,200 people for Section 8 certificates and vouchers. The average wait for a Section 8 certificate or voucher is more than two years."

<u>Rent Comparables</u>: "…the proposed rents are significantly below the rental range for subsidized units within the market area."

<u>Submarket Vacancy Rates</u>: "The City of Denton consistently maintains a high rental occupancy rate, which can be attributed partially to the large number of students in the area…The current overall occupancy rate is estimated to be approximately 95%. "

SITE and NEIGHBORHOOD CHARACTERISTICS

Location: Denton is located in the north central region of the state, approximately 30 miles north of downtown Fort Worth in Denton County. The three sites are located in existing single-family residential neighborhoods in central Denton.
Population: The 2000 population of Denton was 80,537 and is expected to increase by 15% to approximately 92,130 by 2005.
Adjacent Land Uses: The sites are surrounded by well-maintained single-family neighborhoods. The market study states: "The three sites are ideally suited for affordable housing for people with special needs. One of the reasons DAHC decided to focus on scattered sites was to avoid concentrating low-income people with special needs. The sites are located in neighborhoods that will foster independence and self-sufficiency, as well as avoid adverse segregation. All three sites are located in proximity of the downtown/university area and within walking distance to numerous amenities.
Site Access: The sites are all serviced by good quality residential streets. Access to Interstate Highway 35E is within four miles of all sites, which provides to all other major roads serving the Dallas-Fort Worth metropolitan area.
Public Transportation: The three sites are serviced by the city public bus system. In addition, tenants will be able to use transportation services provided by the supportive services providers.
Shopping & Services: The sites enjoy average or better access to retail establishments, restaurants, schools, churches, and hospitals and health care facilities.
Site Inspection Findings: The site has not been inspected by a TDHCA staff member, and receipt, review, and acceptance of an acceptable TDHCA site inspection report is a condition of this report.

HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)

Three Phase I Environmental Site Assessment reports dated February 25, 2002 were prepared by HBC Engineering, Inc. and contained the following findings and recommendations:

- 111 Sawyer Street and 410-412 Mill Street: "Based on the scope and limitations of this assessment, HBC did not identify recognized environmental conditions in connection with the site, which in our opinion, require additional investigation at this time."
- 320 Mill Street: "The site is currently occupied by a circa 1940's vacant residence…Based on the construction date of the on-site residence, HBC recommends that an asbestos survey be conducted for the on-site building." "Ms. Provo indicated that a lead-based paint survey has been conducted on the site; however, she indicated that the analytical results are not yet available. In light of the proposed use of this structure as a child daycare center, receipt, review, and acceptance of a survey report for both asbestos-containing materials and lead-based paint is a condition of this report.

OPERATING PROFORMA ANALYSIS

Income: The Applicant's rent projections are significantly ($386) lower than the maximum rents allowed under HTF guidelines for the 1,200-SF, 3-BR units, reflecting the Applicant's desire to maintain the affordability of the units. The other units are at or within $2 of the 30% AMI limit. There is the potential for additional income (approximately $17K) if the Applicant chooses to increase rents to the maximum allowed, and the market study information suggests that the market could support maximum rent limits. The Applicant stated that tenants will pay all utilities on the Sawyer Street units and all except water and sewer at the Mill Street properties, and rents and expenses were calculated accordingly.

Due to the nature of the development, the Underwriter has accepted the Applicant's estimate of no secondary income from sources including, but not limited to application fees, vending machines, and laundry facilities. The Applicant did not substantiate $600 in monthly rental income for the Daycare Facility; therefore, the underwriting analysis does not include this income. Upon receipt, review, and acceptance of such substantiation, this analysis should be reviewed. The Applicant's estimate of vacancy and collection losses, at 7%, is slightly lower than the TDHCA underwriting guideline of 7.5%. Overall, the Applicant's effective gross income estimate is $8.7K less than the Underwriter's estimate.

Expenses: The Applicant's total operating expense estimate is $8.5K, or 34%, less than the Underwriter's

TDHCA database-derived estimate. In addition, several of the Applicant's line item figures vary significantly as compared to the Underwriter's estimates. These include: general and administrative ($2.6K lower), payroll ($2.4K lower), and water, sewer and trash ($2.8K lower). It should be noted that both the Applicant's and the Underwriter's total operating expense estimates do not include property tax expense. A letter from the Denton Central Appraisal District states, DAHC "is entitled to an exemption from taxation on the Special Needs Housing units they propose to acquire. These units will continue to qualify for exemption from property taxes so long as they are owned by this charitable not-for-profit organization and are rented to low-to-moderate income households." It should be further noted that as a scattered site development, the operating expenses projected have considerably more uncertainty due to the lack of onsite management.

Conclusion: The Applicant's net operating income projection is within 1% of the Underwriter's estimate. Because this difference is within the 5% guideline, the Applicant's NOI will be used to determine the development's capacity to service debt. Both the Applicant's and the Underwriter's proformas and the proposed financing structure result in a debt coverage ratio that is within the Department's guideline of 1.10 to 1.25.

CONSTRUCTION COST ESTIMATE EVALUATION

Acquisition Cost: The Applicant indicated a total acquisition cost of $120,627 for three sites. However, the settlement statements provided point to a total cost of $165,477. It appears that the Applicant has included the acquisition cost net of HUD non-profit discounts totaling $44,850. The Underwriter has included the full $165,477 as the acquisition cost for the subject and included the $44,850 discount as a source of funds. The acquisition price is assumed to be reasonable since the acquisition is an arm's-length transaction.

Off-Site Costs: The Applicant claimed off-site costs of $3,000, but did not provide a third party engineering cost certification to justify these costs. Receipt, review, and acceptance of a third party engineering off-site cost certification is a condition of this report.

Sitework Cost: The Applicant claimed sitework costs of $8,379K per unit without providing any specific justification regarding why these costs are so high. The TDHCA acceptable range of sitework costs is $4.5K to $6.5K per unit. In the absence of any such substantiation, the Underwriter lowered the TDHCA sitework costs to $6.5K per unit for the purpose of estimating the project's total construction budget. A third party detailed cost estimate certified by an architect or engineer familiar with the sitework costs of this proposed project is required as a condition of his report. Should such an estimate verify the need for such high sitework costs, this analysis should be reviewed.

Direct Construction Cost: The Applicant's costs are more than 5% different than the Underwriter's Marshall & Swift *Residential Cost Handbook*-derived estimate for the new construction portion of the development plus rehab costs for the existing building to be used as a daycare facility. The cost breakdown for the rehab work was not certified by a third party; therefore, receipt, review and acceptance of a cost breakdown for the proposed rehab work, certified by a third party engineer, architect or general contractor is a condition of this report.

Fees: Due to the Applicant's nonprofit status and the inclusion of an understated contingency cost, the Underwriter included the contractor fees over the 6%, 2%, 6% limits in contingency. Proposed developer fees are well under half the allowable amount.

Conclusion: The Applicant's total development cost estimate is $57,866 higher than the Underwriter's estimate. Because this difference is greater than 5%, the Underwriter's estimate is used to determine the development's permanent financing need.

FINANCING STRUCTURE ANALYSIS

The Applicant intends to finance the development with the following sources: a conventional interim to permanent loan, the Housing Trust Fund loan, an Emergency Shelter Grant from the City of Denton, a Federal Home Loan grant, an impact fee grant from the City of Denton, additional grants form unspecified foundations and the Applicant's cash equity. Although not listed as a source of funds by the Applicant, the Underwriter included as a source $44,850 in nonprofit acquisition cost discounts applied by HUD to the acquisition cost of two of the sites.

Conventional Interim to Permanent Loan: The Applicant has already secured interim financing through the First State Bank of Texas in the amount of $590,000. The loan documents indicate a term of 5.5 years at a fixed interest rate of 7.5%. The commitment calls for six monthly interest-only payments, followed by 59 monthly principal and interest payments of $5,469, followed by a balloon payment of $469,819 at the expiration of the term. The Applicant has indicated that the interim loan will convert to a permanent loan in the amount of $300,000 with an interest rate of 7.5% and term of 15 years. Receipt, review and acceptance of a permanent loan commitment is a condition of this report. Upon receipt of the commitment, this analysis should be reviewed and the terms of any award administered by TDHCA adjusted accordingly.

Federal Home Loan Bank of Dallas Grant: The Applicant provided a commitment from the Federal Home Loan Bank of Dallas for a grant of $120,000 for the development to be administered by the interim loan provider, First State Bank of Texas.

City of Denton Grant: The City of Denton has awarded an Impact Fee Incentive Grant in the amount of $10,108. The Applicant anticipates a total award of $15,165; however, only the verified amount of $10,108 is included in the Underwriting analysis. Upon receipt, review and acceptance of a commitment for Impact Fee Incentives totaling $15,165 this analysis should be reviewed and the terms of any award administered by TDHCA adjusted accordingly.

Emergency Shelter Grant: The City of Denton has setaside $20,000 in Emergency Shelter Grant Funds for rehabiliatation work to be performed by the Applicant. However, it is not clear if these funds are specifically for the proposed development and if work done to the existing building for purposes of converting it into a daycare facility to be leased to a third party is a qualifying activity. Receipt, review and acceptance of a firm commitment for $20,000 in grant money specifically for the proposed development is a condition of this report.

Housing Trust Fund (HTF) Loan: The Applicant has requested $604,000 in HTF funds in the form of a 30-year term, 0% interest rate forgivable loan.

Applicant Equity: The Applicant proposes to make an equity contribution of $52,580 from internal sources.

Foundation Grants: The Applicant listed $46,500 in grants from foundations, but provided no commitments for this source. Therefore, this source of funds was not included in the underwriting analysis. Upon receipt, review, and acceptance of commitments for additional grant monies, this analysis should be reviewed and the terms of any award administered by TDHCA adjusted accordingly.

Financing Conclusions: As stated above, the Underwriter's total development cost estimate was used to determine the development's permanent financing need. It is recommended that the Applicant receive a Housing Trust Fund loan in the amount of $604,000 at 0% interest. However, the loan should be structured with a balloon payment at the end of five years to allow for a review of the terms and an analysis of any potential for repayment at that time. With the inclusion of the HTF loan, the Applicant's equity contribution is reduced to $46,532.

REVIEW of ARCHITECTURAL DESIGN

The exterior elevations are simple and functional, with mixed masonry veneer and wood siding exterior finish and pitched roofs. Each unit has a private exterior entry. The units are efficiently arranged, with adequate storage space.

IDENTITIES of INTEREST

The Applicant will develop, own, and manage the properties. These are typical relationships.

APPLICANT'S/PRINCIPALS' FINANCIAL HIGHLIGHTS, BACKGROUND, and EXPERIENCE

Financial Highlights: The Applicant, the Denton Affordable Housing Corporation, submitted an audited financial statement as of September 30, 2001 reporting total assets of $4.24M and consisting of $72K in cash, $47K in receivables and prepaids, $434K in inventory, $3.7M in real property and equipment, and $3K in deposits. Liabilities totaled $3.6M, resulting in net assets of $621K.

Background & Experience: The Applicant has been in existence since 1993 and currently owns and manages 75 affordable housing units. Jane Burda Provo, the Executive Director of the Applicant, lists over 20 years of experience in administering housing and community development programs in several areas of the country, including the acquisition, renovation, and sale of 41 single-family houses over the past three years as part of a first-time homebuyer program.

SUMMARY OF SALIENT RISKS AND ISSUES

- The Applicant's estimated income and operating expenses are more than 5% outside of the Underwriter's verifiable ranges.
- The Applicant's development costs differ from the Underwriter's verifiable estimate by more than 5%.
- Significant environmental/locational risks exist regarding asbestos and lead-based paint.

RECOMMENDATION

☑ RECOMMEND APPROVAL OF A HTF AWARD NOT TO EXCEED $604,000, STRUCTURED AS A NON-AMORTIZING LOAN AT 0% INTEREST WITH A BALLOON PAYMENT IN FIVE YEARS, SUBJECT TO CONDITIONS.

CONDITIONS

1. Receipt, review, and acceptance of an acceptable TDHCA site inspection report;
2. Receipt, review, and acceptance of a survey report for both asbestos-containing materials and lead-based paint for the existing building;
3. Receipt, review, and acceptance of a third party engineering off-site cost certification;
4. Receipt, review and acceptance of a cost breakdown for the proposed rehab work, certified by a third party engineer, architect or general contractor;
5. Receipt, review, and acceptance of documentation substantiating the $600 in monthly rental income for the proposed Daycare Facility;
6. Receipt review and acceptance of a third party detailed cost estimate certified by an architect or engineer familiar with the sitework costs;
7. Receipt, review and acceptance of a permanent loan commitment;
8. Receipt, review and acceptance of a commitment for Impact Fee Incentives totaling $15,165;
9. Receipt, review and acceptance of a firm commitment for $20,000 in City of Denton Energy grant funds specifically for the proposed development;
10. Receipt, review, and acceptance of commitments for additional grant monies;
11. Upon satisfaction of Conditions 5 through 10, this analysis should be reviewed and the terms of any award to the proposed development administered by TDHCA adjusted accordingly.

Credit Underwriting Supervisor:	*Lisa Vecchietti*	**Date:**	July 19, 2002
Director of Credit Underwriting:	*Tom Gouris*	**Date:**	July 19, 2002

MULTIFAMILY FINANCIAL ASSISTANCE REQUEST: Comparative Analysis

Transitional Housing for Victims of Domestic Violence, HTF #2-02-009

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Net Rent per Unit	Rent per Month	Rent per SF	Util	Wtr, Swr, Trsh
HTF 30%	4	2	1	816	$448	$332	$1,327	$0.41	$65.11	$51.20
HTF 60%	3	3	1.5	1,200	1,037	886	2,659	0.74	86.45	64.20
HTF <30%	4	3	2.5	1,306	518	430	1,721	0.33	76.15	64.20
TOTAL:	11		AVERAGE:	1,099	$634	$519	$5,707	$0.47	$74.94	$59.47

INCOME Total Net Rentable Sq Ft 12,088

				TDHCA	APPLICANT			
POTENTIAL GROSS RENT				$68,482	$51,600			
Secondary Income		Per Unit Per Month:	$0.00	0	0	$0.00	Per Unit Per Month	
Other Support Income: Childcare Center lease income				0	7,200			
POTENTIAL GROSS INCOME				$68,482	$58,800			
Vacancy & Collection Loss	% of Potential Gross Income:		-7.50%	(5,136)	(4,116)	-7.00%	of Potential Gross Rent	
Employee or Other Non-Rental Units or Concessions				0	0			
EFFECTIVE GROSS INCOME				$63,346	$54,684			
EXPENSES	% OF EGI	PER UNIT	PER SQ FT			PER SQ FT	PER UNIT	% OF EGI
General & Administrative	6.75%	$389	$0.35	$4,279	$1,648	$0.14	$150	3.01%
Management	5.00%	288	0.26	3,167	2,747	0.23	250	5.02%
Payroll & Payroll Tax	6.36%	366	0.33	4,029	1,648	0.14	150	3.01%
Repairs & Maintenance	5.41%	312	0.28	3,429	4,394	0.36	399	8.04%
Utilities	2.34%	135	0.12	1,484	1,099	0.09	100	2.01%
Water, Sewer, & Trash	5.23%	301	0.27	3,315	548	0.05	50	1.00%
Property Insurance	3.82%	220	0.20	2,418	2,747	0.23	250	5.02%
Property Tax	0.00%	0	0.00	0	0	0.00	0	0.00%
Reserve for Replacements	3.47%	200	0.18	2,200	1,648	0.14	150	3.01%
Other: compliance fees	0.43%	25	0.02	275	0	0.00	0	0.00%
TOTAL EXPENSES	38.83%	$2,236	$2.03	$24,597	$16,479	$1.36	$1,498	30.13%
NET OPERATING INC	61.17%	$3,523	$3.21	$38,749	$38,205	$3.16	$3,473	69.87%
DEBT SERVICE								
First State Bank of Texas	52.68%	$3,034	$2.76	$33,372	$33,372	$2.76	$3,034	61.03%
Federal Home Loan Bank	0.00%	$0	$0.00	0	0	$0.00	$0	0.00%
Federal Home Loan Bank	0.00%	$0	$0.00	0	0	$0.00	$0	0.00%
NET CASH FLOW	8.49%	$489	$0.44	$5,376	$4,833	$0.40	$439	8.84%
AGGREGATE DEBT COVERAGE RATIO				1.16	1.14			
ALTERNATIVE DEBT COVERAGE RATIO				1.16			$6,677	

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg		14.71%	$15,043	$13.69	$165,477	$165,477	$13.69	$15,043	13.75%
Off-Sites		0.27%	273	0.25	3,000	3,000	0.25	273	0.25%
Sitework		6.36%	6,500	5.91	71,500	92,170	7.62	8,379	7.66%
Direct Construction		53.64%	54,849	49.91	603,334	661,200	54.70	60,109	54.95%
Contingency	3.70%	3.43%	3,503	3.19	38,533	25,000	2.07	2,273	2.08%
General Reqts	6.00%	3.60%	3,681	3.35	40,490	44,499	3.68	4,045	3.70%
Contractor's G &	2.00%	1.20%	1,227	1.12	13,497	15,417	1.28	1,402	1.28%
Contractor's Pro	6.00%	3.60%	3,681	3.35	40,490	48,094	3.98	4,372	4.00%
Indirect Construction		4.87%	4,980	4.53	54,785	54,785	4.53	4,980	4.55%
Ineligible Costs		0.00%	0	0.00	0	0	0.00	0	0.00%
Developer's G & A	0.00%	0.00%	0	0.00	0	0	0.00	0	0.00%
Developer's Profit	4.32%	3.44%	3,519	3.20	38,714	38,714	3.20	3,519	3.22%
Interim Financing		2.93%	3,000	2.73	33,000	33,000	2.73	3,000	2.74%
Reserves		1.96%	2,000	1.82	22,000	22,000	1.82	2,000	1.83%
TOTAL COST		100.00%	$102,256	$93.05	$1,124,820	$1,203,356	$99.55	$109,396	100.00%
Recap-Hard Construction Costs		*71.82%*	***$73,440***	***$66.83***	***$807,844***	***$886,380***	***$73.33***	***$80,580***	*73.66%*

SOURCES OF FUNDS

	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	RECOMMENDED
First State Bank of Texas	26.67%	$27,273	$24.82	$300,000	$300,000	$300,000
Federal Home Loan Bank	10.67%	$10,909	$9.93	120,000	120,000	120,000
Housing Trust Fund Loan	53.70%	$54,909	$49.97	604,000	604,000	604,000
Emergency Shelter Grant				20,000	20,000	20,000
City of Denton Impact Fee Incentive Grant				10,108	15,165	10,108
HUD Nonprofit Discount to Site Cost				44,850	44,850	44,850
Foundations					46,500	
Applicant Cash Equity	4.70%	$4,804	$4.37	52,841	52,841	25,862
Additional (excess) Funds Requi	-2.40%	($2,453)	($2.23)	(26,979)	0	0
TOTAL SOURCES				$1,124,820	$1,203,356	$1,124,820

MULTIFAMILY FINANCIAL ASSISTANCE REQUEST (continued)

Transitional Housing for Victims of Domestic Violence, HTF #2-02-009

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook

Average Quality Duplex/Townhouse Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$ 46.88	$566,667
Adjustments				
Exterior Wall Finish	7.00%		$3.28	$39,667
Elderly			0.00	0
Roofing			0.00	0
Subfloor			(1.25)	(15,077)
Floor Cover			2.43	29,374
Porches/Balconies	$28.10	1,225	2.85	34,423
Plumbing	$675	4	0.22	2,700
Built-In Appliances	$2,000	11	1.82	22,000
Stairs/Fireplaces			0.00	0
Floor Insulation			0.00	0
Heating/Cooling			1.41	17,044
Garages/Carports			0.00	0
Comm &/or Aux Bldgs			0.00	0
Other:			0.00	0
SUBTOTAL			57.64	696,797
Current Cost Multiplier	1.04		2.31	27,872
Local Multiplier	0.92		(4.61)	(55,744)
TOTAL DIRECT CONSTRUCTION COSTS			$55.34	$668,925
Plans, specs, survy, bld	3.90%		($2.16)	($26,088)
Interim Construction Int	3.38%		(1.87)	(22,576)
Contractor's OH & Profit	11.50%		(6.36)	(76,926)
NET DIRECT CONSTRUCTION COSTS			$44.95	$543,334

PAYMENT COMPUTATION

Primary	$300,000	Term	180
Int Rate	7.50%	DCR	1.16

Secondary	$120,000	Term	
Int Rate		Subtotal DCR	1.16

Additional	$604,000	Term	
Int Rate		Aggregate DCR	1.16

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	$33,372
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	$5,376

Primary	$300,000	Term	180
Int Rate	7.50%	DCR	1.16

Secondary	$120,000	Term	
Int Rate	0.00%	Subtotal DCR	1.16

Additional	$604,000	Term	
Int Rate	0.00%	Aggregate DCR	1.16

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$68,482	$70,536	$72,652	$74,832	$77,077	$89,353	$103,585	$120,083	$161,382
Secondary Income	0	0	0	0	0	0	0	0	0
Other Support Income: Chil	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	68,482	70,536	72,652	74,832	77,077	89,353	103,585	120,083	161,382
Vacancy & Collection Loss	(5,136)	(5,290)	(5,449)	(5,612)	(5,781)	(6,701)	(7,769)	(9,006)	(12,104)
Employee or Other Non-Rent	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$63,346	$65,246	$67,203	$69,219	$71,296	$82,652	$95,816	$111,077	$149,278
EXPENSES at 4.00%									
General & Administrative	$4,279	$4,450	$4,628	$4,813	$5,005	$6,090	$7,409	$9,014	$13,344
Management	3,167	3,262	3,360	3,461	3,565	4,133	4,791	5,554	7,464
Payroll & Payroll Tax	4,029	4,191	4,358	4,532	4,714	5,735	6,978	8,489	12,566
Repairs & Maintenance	3,429	3,567	3,709	3,858	4,012	4,881	5,939	7,225	10,695
Utilities	1,484	1,543	1,605	1,669	1,736	2,112	2,570	3,126	4,628
Water, Sewer & Trash	3,315	3,448	3,586	3,729	3,879	4,719	5,741	6,985	10,340
Insurance	2,418	2,514	2,615	2,719	2,828	3,441	4,187	5,094	7,540
Property Tax	0	0	0	0	0	0	0	0	0
Reserve for Replacements	2,200	2,288	2,380	2,475	2,574	3,131	3,810	4,635	6,861
Other	275	286	297	309	322	391	476	579	858
TOTAL EXPENSES	$24,597	$25,549	$26,538	$27,566	$28,634	$34,633	$41,900	$50,703	$74,295
NET OPERATING INCOME	$38,749	$39,697	$40,665	$41,653	$42,662	$48,018	$53,916	$60,374	$74,983
DEBT SERVICE									
First Lien Financing	$33,372	$33,372	$33,372	$33,372	$33,372	$33,372	$33,372	$33,372	$33,372
Second Lien	0	0	0	0	0	0	0	0	0
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	$5,376	$6,325	$7,293	$8,281	$9,289	$14,646	$20,544	$27,002	$41,611
DEBT COVERAGE RATIO	1.16	1.19	1.22	1.25	1.28	1.44	1.62	1.81	2.25

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTI FAMILY CREDIT UNDERWRITING ANALYSIS

DATE: July 31, 2002 **PROGRAM:** HTF **FILE NUMBER:** 2-02-012

DEVELOPMENT NAME

Manor Town Apartments

APPLICANT

Name: Housing Authority of Travis County **Type:** ☐ For Profit ☐ Non-Profit ☒ Municipal ☐ Other

Address: 2200 East Martin Luther King Boulevard **City:** Austin **State:** Texas

Zip: 78702 **Contact:** Wiley Hopkins **Phone:** (512) 480-8245 **Fax:** (512) 480-0220

PRINCIPALS of the APPLICANT

Name: Wiley Hopkins **(%):** **Title:** Executive Director

Name: Housing Authority of Travis County **(%):** **Title:** Developer

Name: **(%):** **Title:**

PROPERTY LOCATION

Location: 200-218 West Carrie Manor Lane ☐ **QCT** ☐ **DDA**

City: Manor **County:** Travis **Zip:** 78653

REQUEST

Amount	Interest Rate	Amortization	Term
①$460,000	2.0%	30 yrs	30 yrs
②$120,000	N/A	N/A	N/A

Other Requested Terms: ①$460,000 in HTF with $265,000 in the form of a deferred forgivable loan; ②$120,000 in HTF/SECO

Proposed Use of Funds: New Construction

SITE DESCRIPTION

Size: 0.662 acres 28,837 square feet **Zoning/ Permitted Uses:** R-3-Allowing for 21 units per acre. Applicant working on R-4 zoning to satisfy the project.

Flood Zone Designation: Zone X **Status of Off-Sites:** Raw Land

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
CREDIT UNDERWRITING ANALYSIS

DESCRIPTION of IMPROVEMENTS

Total Units: 33 **# Rental Buildings** 1 **# Common Area Bldngs** 0 **# of Floors** 2 **Age:** 0 yrs **Vacant:** n/a at / /

Number	Bedrooms	Bathroom	Size in SF
18	1	1	520
12	2	1	687
2	2	1	723
1	2	1	950

Net Rentable SF: 20,000 **Av Un SF:** 606 **Common Area SF:** 4,888 **Gross Bldng SF** 24,888

Property Type: ☒ Multifamily ☐ SFR Rental ☒ Elderly ☐ Mixed Income ☐ Special Use

CONSTRUCTION SPECIFICATIONS

STRUCTURAL MATERIALS

Wood frame on a concrete slab on grade, 100% Hardiplank siding exterior wall covering, drywall interior wall surfaces, composite shingle roofing

APPLIANCES AND INTERIOR FEATURES

Carpeting & vinyl flooring, range & oven, hood & fan, garbage disposal, dishwasher, refrigerator, fiberglass tub/shower, ceiling fans, laminated counter tops, individual water heaters

ON-SITE AMENITIES

Laundry facilities Get with Tom about Page 6 of Market Study

Uncovered Parking: 33 spaces **Carports:** NA spaces **Garages:** NA spaces

OTHER SOURCES of FUNDS

INTERIM TO PERMANENT FINANCING

Source: Wells Fargo **Contact:** Anna Sanchez

Principal Amount: $1,150,000 **Interest Rate:** 5.25%

Additional Information:

Amortization: 25 yrs **Term:** 10 yrs **Commitment:** ☐ None ☐ Firm ☒ Conditional

Annual Payment: $91,345 **Lien Priority:** 1st **Commitment Date** 2/ 27/ 2002

APPLICANT EQUITY

Amount: $12,838 **Source:** Deferred developer fee

ASSESSED VALUE

Land: $40,000 **Assessment for the Year of:** 2001

Building: n/a **Valuation by:** Travis County Appraisal District

Total Assessed Value: $40,000 **Tax Rate:** n/a

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTI FAMILY CREDIT UNDERWRITING ANALYSIS

EVIDENCE of SITE or PROPERTY CONTROL

Type of Site Control: General Warranty Deed

Contract Expiration Date: / / **Anticipated Closing Date:** 12/ 27/ 2001

Acquisition Cost: $ 85,000 **Other Terms/Conditions:**

Seller: Janet Hurst **Related to Development Team Member:** No

REVIEW of PREVIOUS UNDERWRITING REPORTS

No previous reports.

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Description: Manor Town Apartments is a proposed new construction development of 33 units of affordable housing located in Manor. The development is comprised of 4 residential buildings as follows:

- (1) Building Type A with six 1-bedroom units and two 2-bedroom units;
- (1) Building Type B with six 1-bedroom units and two 2-bedroom units;
- (1) Building Type C with eight 2-bedroom units (687 sf) and one 2-bedroom unit (950sf);
- (1) Building Type D with six 1-bedroom units and two 2-bedroom units.

Based on the site plan the apartment buildings are distributed evenly, with the laundry room located near the center of the site attached to the two-bedroom townhome.

Supportive Services: No supportive services contract was included with the HTF application. The Applicant did indicate in a narrative that the nearby East Rural Community Center and Health Clinic (ERCC) will provide community services to Manor Town Apartment residents. These services will include hot meals, informal and formal social interaction events, a learning resource center, arts, crafts and field trips. The cost for these services will be free.

Schedule: The Applicant anticipates construction to begin in September of 2002, to be completed and placed in service in June of 2003 and to be substantially leased-up in December of 2003.

POPULATIONS TARGETED

Income Set-Aside: The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside. All of the units (100% of the total) will be reserved for low-income/elderly tenants. Fourteen of the units (42%) will be reserved for households earning 30% or less of AMGI, six units (18%) will be reserved for households earning 50% or less of AMGI, and the remaining thirteen units (will be offered at market rents.

Special Needs Set-Asides: Four units (12%) will be handicapped-accessible.

MARKET HIGHLIGHTS

A market feasibility study dated February 20, 2002 was prepared by The Siegel Group and highlighted the following findings:

Definition of Market/Submarket: "The Primary Market is defined as U.S. Highway 79 to the north, slightly beyond Highway 95 to the east, Highway 71 to the south and Interstate Highway 35 to the west. (p. 101)

ANNUAL INCOME-ELIGIBLE SUBMARKET DEMAND SUMMARY

Type of Demand	Market Analyst		Underwriter	
	Units of Demand	% of Total Demand	Units of Demand	% of Total Demand
Household Growth	203	13%	153	9%
Resident Turnover	1,374	87%	1,492	91%
TOTAL ANNUAL DEMAND	**1,577**	**100%**	**1,645**	**100%**

Ref: p. 103

Capture Rate: The analyst's capture rate was 3.2% (33 units/1,018 income eligible households). (p. 102) The Analyst's calculation failed to take into account the existing unstabilized units in the market. The Underwriter determined a capture rate of 48% based on a demand of 1,645 units in the primary market area and a supply of 789 units. The Underwriter included Primrose at Shadow Creek (174 units), Heatherwilde Park (168 units), Collinwood Village (174 units) and Eagle's Point (240 units). The 48% calculation exceeds the 25% threshold for non-rural areas. Even without Eagles Point the capture rate would be 33%. However, the market area derived for subject may not be appropriate for this development. The proposed development will draw primarily from far Eastern parts of Travis County to the extent that demand comes from as far north as Pfluggerville and as far west as IH35, it will draw in similar fashion from all of the Austin MSA. If the entire MSA were used to determine the income eligible targeted demand for the project the concentration ratio would be 18%.
Local Housing Authority Waiting List Information: "The Housing Authority of Travis County administers a Section 8 "Certificate" and Housing "Voucher" Program for which they report a waiting list, indicating a need for additional affordable housing options" (p. 99)
Market Rent Comparables: The market analyst surveyed 15 comparable apartment projects totaling 3,906 units in the market area. (p. 61)

RENT ANALYSIS (net tenant-paid rents)					
Unit Type (% AMI)	**Proposed**	**Program Max**	**Differential**	**Market**	**Differential**
1-Bedroom (30%)	$335	$335	$0	$499	-$164
1-Bedroom (50%)	$499	$499	$0	$499	$0
2-Bedroom (50%)	$659	$725	-$66	$675	-$16
2-Bedroom (60%)	$659	$885	-$226	$675	-$16
2-Bedroom (60%)	$669	$885	-$226	$675	-$6

(NOTE: Differentials are amount of difference between proposed rents and program limits and average market rents, e.g., proposed rent =$500, program max =$600, differential = -$100)

Submarket Vacancy Rates: "…..housing units in the primary market area were 91.5% occupied in 2000." (p. 56)
Absorption Projections: "….5 to 6 units per month." (p. 100)
Known Planned Development: "The only other senior development under construction in the Primary Market Area is Primrose at Shadow Creek, a 174-unit development….with construction completion anticipated by the spring 2002. Heatherwilde Park, a 168-unit development….has completed construction and is in the pre-leasing stage with lease-up beginning March of 2002." (p. 99) The Department had several developments in consideration of 9% LIHTC awards in the 2002 application cycle. The aforementioned Eagles Point would be the most likely to receive a reservation of a forward commitment for 2003.
The Underwriter found the market study to provide sufficient information to make a funding recommendation.

SITE and NEIGHBORHOOD CHARACTERISTICS

Location: Manor is located in central Texas, approximately 12 miles east of Austin in Travis County. The site is a rectangular-shaped parcel located in the southwest area of Manor, approximately 1/8 miles from the central business district. The site is situated on the east side of Bastrop Street.
Population: The estimated 2000 population of the primary market area was 142,880 in 2000 and is expected to increase by 21.1% to approximately 172,993 by 2005.
Adjacent Land Uses: Land uses in the overall area in which the site is located are predominantly vacant land and older single family housing. Adjacent land uses include:

- **North:** the Texas New Orleans Railroad
- **South:** an older, single family residence
- **East:** several older single-family residence
- **West:** vacant land

Site Access: Access to the property is accomplished by going south on South Bastrop Street from Old SR-20 to East Carrie Manor Street. The development has street parking on Caldwell and Bastrop Streets and along an alley. Access to Highway 290 is 0.2 miles north, which provides connections to all other major roads serving the Manor area.

Public Transportation: Public transportation to the area is provided by Capital Metro with a bus stop located approximately two blocks east.

Shopping & Services: The site is within 0.2 miles of grocery/pharmacies, shopping centers, and a variety of other retail establishments and restaurants are located nearby. Schools, churches, and hospitals and health care facilities are located within a short driving distance from the site.

Special Adverse Site Characteristics: Site is zoned R-3 which allows for a density of up to 21 units per acre. The Applicant is in the process of getting the site rezoned to R-4 which will allow for the proposed development.

Site Inspection Findings: The site has not been inspected by a TDHCA staff member, and receipt, review, and acceptance of an acceptable site inspection report is a condition of this report.

HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)

A Phase I Environmental Site Assessment report dated October 2001 was prepared by Hill Country Environmental, Inc. and contained the following findings and recommendations:

Findings: Three underground storage tanks were located 0.19 miles northeast and a site listed under the RCRIS list was located 0.23 miles northeast. Neither issue should impact the site. Manor Cotton Gin was located on the site several years ago. However, the engineer does not believe that the site has any contamination problems as a result of the gin.

Recommendations: The current owner be required to remove all material from the property prior to receipt of the property by Travis County Housing Authority.

OPERATING PROFORMA ANALYSIS

Income: The Applicant's rent projections are set at the maximum rents allowed under Housing Trust Fund guidelines. Estimates of secondary income and vacancy and collection losses are in line with TDHCA underwriting guidelines.

Expenses: The Applicant's estimate of total operating expense is within an acceptable deviation of the Underwriter's TDHCA database-derived estimate. Several adjustments were made to the Underwriter's database-derived estimate including an adjustment of the general and administrative expense to reflect the Austin IREM average. Repairs and maintenance expense was also adjusted to reflect the Austin IREM average and water, sewer and trash expense was adjusted to use the Austin IREM per unit cost.

Conclusion: The Applicant's estimated income is consistent with the Underwriter's expectations and total operating expenses are within 5% of the database-derived estimate. Therefore, the Applicant's NOI should be used to evaluate debt service capacity. Based on the proposed financing structure the development's total debt coverage ratio (DCR) is below breakeven and less than the minimum standard of 1.10. In order to raise the DCR to a 1.10, maximum debt service for this project should be limited to $91,364 by a reduction of the loan amount and a reduction in the interest rate and extension of the term.

CONSTRUCTION COST ESTIMATE EVALUATION

Land Value: The Applicant submitted a warranty deed wherein the subject property was sold at a purchase price of $85,000. The acquisition price is assumed to be reasonable since the acquisition is an arm's-length transaction.

Sitework Cost: The Applicant's claimed sitework costs of $6,275 per unit are considered reasonable compared to historical sitework costs for multifamily projects.

Direct Construction Cost: The Applicant's costs are more than 5% different than the Underwriter's Marshall & Swift *Residential Cost Handbook*-derived estimate after all of the Applicant's additional justifications were considered. This would suggest that the Applicant's direct construction costs are overstated.

Fees: Housing consultant fees of $5,000 that were originally included in Indirect Construction Costs were moved to Developer fees. The Applicant's general requirements, contractor's general and administrative fees, and contractor's profit exceed the 6%, 2%, and 6% maximums allowed by LIHTC guidelines based on their own construction costs. Consequently the Applicant's eligible fees in these areas have been reduced with the overage effectively moved to developer fees. It is common for developments that involve housing authorities to require more development work from general contractors especially when the housing authority is acting as the developer.

Conclusion: Due to the Applicant's higher direct construction compared to the Underwriter's estimate, the Applicant's total development cost is more than 5% higher than the Underwriter's costs and is considered to be overstated. Therefore, the Underwriter's cost estimate is used to size the debt service capacity for this development. Based on the Underwriter's analysis the property's total need for funds is overstated by $126,118. This amount will be reduced first from any deferred developer fee then from the repayable portion of the requested HTF funds.

FINANCING STRUCTURE ANALYSIS

The Applicant intends to finance the development with four types of financing from four sources: a conventional interim to permanent loan, a Housing Trust Fund loan and grant, a private grant, and deferred developer's fees.

Conventional Interim to Permanent Loan: There is a commitment for interim to permanent financing through Wells Fargo in the amount of $1,150,000 during the interim period and at conversion to permanent. The commitment letter indicated a term of 25 years for the permanent. The interest rate will be 5.25%.

Private Grant: The Applicant has received a grant from the Federal Home Loan Bank of Dallas in the amount of $330,000 to be used for this development.

Housing Trust Fund Loan and Grant: The Applicant has applied for a Housing Trust Fund Loan in the amount of $460,000 at a 2% interest rate and a term of 30 years. The Applicant is requesting that $265,000 of the loan be in the form of a no interest loan that is forgivable upon satisfaction of affordability requirements. The Department's historical preference has been to reduce the interest rate and maximize principal repayment so that the funds can be recycled by the Department. Thus the Underwriter has explored an alternative structure which allows a zero percent interest rate on the entire loan balance extended over a 40 year term. The Applicant has also requested a HTF/SECO grant in the amount of $120,000.

Deferred Developer's Fees: The Applicant's proposed deferred developer's fees of $12,838 amount to 10% of the total fees.

Financing Conclusions: As a result of the Underwriter's lower anticipated need for funds the proposed deferred developer fees are eliminated and a $113,280 reduction in the HTF loan is required. Based on the proposed financing structure, the debt coverage ratio (DCR) of .97 is less than the minimum standard of 1.10. In order to raise the DCR to a 1.10, maximum debt service for this project should be limited to $91,364 by a reduction of the loan amount and a reduction in the interest rate and extension of the term. Therefore, the loan amount should be decreased to $346,720 at a 0% interest rate and a term of 40 years.

REVIEW of ARCHITECTURAL DESIGN

The exterior elevations are functional, with varied rooflines. All units are of average size for market rate and LIHTC units. Each unit has a semi-private exterior entry that is off an interior breezeway that is shared with other units. The units are in two-story structures with HardiPlank siding exterior finish and gabled roofs.

IDENTITIES of INTEREST

The Applicant, developer and property manager of the development are related entities. These relationships are not prohibited under HTF program guidelines.

APPLICANT'S/PRINCIPALS' FINANCIAL HIGHLIGHTS, BACKGROUND, and EXPERIENCE

Financial Highlights: The Applicant, Housing Authority of Travis County, submitted financial statements. As of September 30, 2001, the company had total assets of $6.2M consisting of cash, receivables and property and equipment. Total liabilities equaled $1.9M resulting in $4.3M in equity.

Background & Experience: The Housing Authority of Travis County owns and operates three low rent housing complexes totaling 105 units, and also owns eight duplexes and an apartment complex totaling 152 units.

SUMMARY OF SALIENT RISKS AND ISSUES

1. The Applicant's development costs differ from the Underwriter's verifiable estimate by more than 5%.
2. Capture rate exceeds 25%

RECOMMENDATION

☑ NOT RECOMMENDED DUE TO THE FOLLOWING:

1. The development exceeds the capture concentration rate of 25% based on the primary market area used by the Applicant

ALTERNATIVE

ANY ALLOCATION OF FUNDS FOR THIS PROJECT SHOULD BE CONDITIONED UPON THE FOLLOWING:

1. Board acceptance of the entire Austin MSA being used to derive demand, and therefore acceptance of a reduced 18% concentration capture rate.

CONDITIONS

1. Receipt, review, and acceptance of a satisfactory TDHCA site inspection report;
2. Receipt, review and acceptance of documentation indicating that the site is zoned for the development;
3. Should the terms of the proposed debt be altered, the recommendation and condition herein should be re-evaluated.

Underwriter:	______________ *Raquel Morales*	**Date:**	July 29, 2002
Director of Credit Underwriting:	______________ *Tom Gouris*	**Date:**	July 29, 2002

MULTIFAMILY FINANCIAL ASSISTANCE REQUEST: Comparative Analysis

Manor Town Apartments, Austin, HTF file #2-02-012

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Net Rent per Unit	Rent per Month	Rent per SF	Tnt Pd Util	Wtr, Swr, Trsh
HTF30%	14	1	1	520	$400	$335	$4,690	$0.64	$65.00	$38.00
<HTF50%	4	1	1	520	666	499	1,996	0.96	65.00	38.00
<HTF50%	2	2	1	687	800	659	1,318	0.96	75.00	45.00
<HTF60%	10	2	1	687	960	659	6,590	0.96	75.00	45.00
<HTF60%	2	2	1	723	960	659	1,318	0.91	75.00	45.00
<HTF60%	1	2	1	950	960	669	669	0.70	75.00	45.00
TOTAL:	33		AVERAGE:	606	$677	$502	$16,581	$0.83	$69.55	$41.18

INCOME			Total Net Rentable Sq Ft: 20,000	TDHCA	APPLICANT			
POTENTIAL GROSS RENT				$198,972	$198,972			
Secondary Income		Per Unit Per Month:	$10.00	3,960	3,960	$10.00	Per Unit Per Month	
Other Support Income: (describe)				0				
POTENTIAL GROSS INCOME				$202,932	$202,932			
Vacancy & Collection Loss		% of Potential Gross Income:	-7.50%	(15,220)	(15,216)	-7.50%	of Potential Gross Rent	
Employee or Other Non-Rental Units or Concessions				0				
EFFECTIVE GROSS INCOME				$187,712	$187,716			
EXPENSES	% OF EGI	PER UNIT	PER SQ FT			PER SQ FT	PER UNIT	% OF EGI
General & Administrative	3.97%	$226	$0.37	$7,447	$7,755	$0.39	$235	4.13%
Management	5.15%	293	0.48	9,662	9,386	0.47	284	5.00%
Payroll & Payroll Tax	12.81%	729	1.20	24,045	22,275	1.11	675	11.87%
Repairs & Maintenance	7.59%	432	0.71	14,244	13,200	0.66	400	7.03%
Utilities	2.93%	167	0.28	5,508	6,146	0.31	186	3.27%
Water, Sewer, & Trash	8.64%	491	0.81	16,216	16,210	0.81	491	8.64%
Property Insurance	2.11%	120	0.20	3,960	6,000	0.30	182	3.20%
Property Tax NA	0.00%	0	0.00	0	0	0.00	0	0.00%
Reserve for Replacements	3.52%	200	0.33	6,600	6,600	0.33	200	3.52%
Other Expenses:	0.00%	0	0.00	0		0.00	0	0.00%
TOTAL EXPENSES	46.71%	$2,657	$4.38	$87,681	$87,572	$4.38	$2,654	46.65%
NET OPERATING INC	53.29%	$3,031	$5.00	$100,031	$100,144	$5.01	$3,035	53.35%
DEBT SERVICE								
First Lien Mortgage	44.05%	$2,506	$4.13	$82,696	$91,345	$4.57	$2,768	48.66%
HTF Loan	10.87%	$618	$1.02	20,403		$0.00	$0	0.00%
Additional Financing	0.00%	$0	$0.00	0		$0.00	$0	0.00%
NET CASH FLOW	-1.63%	($93)	($0.15)	($3,068)	$8,799	$0.44	$267	4.69%
AGGREGATE DEBT COVERAGE RATIO				0.97	1.10			
ALTERNATIVE DEBT COVERAGE RATIO					1.10			

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		5.14%	$3,030	$5.00	$100,000	$100,000	$5.00	$3,030	4.82%
Off-Sites		0.00%	0	0.00	0		0.00	0	0.00%
Sitework		10.64%	6,275	10.35	207,070	207,070	10.35	6,275	9.99%
Direct Construction		47.85%	28,230	46.58	931,582	1,057,699	52.88	32,051	51.03%
Contingency	5.00%	2.92%	1,725	2.85	56,933	63,238	3.16	1,916	3.05%
General Reqts	6.00%	3.51%	2,070	3.42	68,319	75,886	3.79	2,300	3.66%
Contractor's G & A	2.00%	1.17%	690	1.14	22,773	25,296	1.26	767	1.22%
Contractor's Prof:	6.00%	3.51%	2,070	3.42	68,319	75,886	3.79	2,300	3.66%
Indirect Construction		8.92%	5,260	8.68	173,581	173,581	8.68	5,260	8.37%
Ineligible Costs		0.00%	0	0.00	0		0.00	0	0.00%
Developer's G & A	3.01%	2.53%	1,493	2.46	49,257	25,295	1.26	767	1.22%
Developer's Profit	6.78%	5.78%	3,409	5.63	112,505	112,505	5.63	3,409	5.43%
Interim Financing		5.46%	3,224	5.32	106,381	106,381	5.32	3,224	5.13%
Reserves		2.57%	1,515	2.50	50,000	50,000	2.50	1,515	2.41%
TOTAL COST		100.00%	$58,992	$97.34	$1,946,720	$2,072,837	$103.64	$62,813	100.00%
Recap-Hard Construction Costs		*69.60%*	***$41,060***	***$67.75***	***$1,354,996***	***$1,505,075***	***$75.25***	***$45,608***	*72.61%*

SOURCES OF FUNDS						RECOMMENDED
First Lien Mortgage	59.07%	$34,848	$57.50	$1,150,000	$1,150,000	$1,150,000
HTF Loan	23.63%	$13,939	$23.00	460,000	460,000	346,720
HTF/SECO Grant	6.16%	$3,636	$6.00	120,000	120,000	120,000
FHLB Grant	16.95%	$10,000	$16.50	330,000	330,000	330,000
Deferred Developer Fees	0.66%	$389	$0.64	12,838	12,838	
Additional (excess) Funds Require	-6.48%	($3,822)	($6.31)	(126,118)	(1)	0
TOTAL SOURCES				$1,946,720	$2,072,837	$1,946,720

MULTIFAMILY FINANCIAL ASSISTANCE REQUEST (continued)

Manor Town Apartments, Austin, HTF file #2-02-012

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook

Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$45.05	$901,025
Adjustments				
Exterior Wall Finish	1.00%		$0.45	$9,010
Elderly	5.00%		2.25	45,051
Roofing			0.00	0
Subfloor			(0.98)	(19,600)
Floor Cover			1.82	36,400
Porches/Balconies	$30.71	4,888	7.51	150,107
Plumbing	$585		0.00	0
Built-In Appliances	$1,550	33	2.56	51,150
Stairs	$1,550	2	0.16	3,100
Floor Insulation			0.00	0
Heating/Cooling			1.66	33,200
Elevator	$34,500.00	1	1.73	34,500
Comm &/or Aux Bldgs	$45.05	60	0.14	2,703
Other:			0.00	0
SUBTOTAL			62.33	1,246,647
Current Cost Multiplier	1.04		2.49	49,866
Local Multiplier	0.88		(7.48)	(149,598)
TOTAL DIRECT CONSTRUCTION COSTS			$57.35	$1,146,915
Plans, specs, survy, bld	3.90%		($2.24)	($44,730)
Interim Construction Inte	3.38%		(1.94)	(38,708)
Contractor's OH & Profit	11.50%		(6.59)	(131,895)
NET DIRECT CONSTRUCTION COSTS			$46.58	$931,582

PAYMENT COMPUTATION

Primary	$1,150,000	Term	300
Int Rate	5.25%	DCR	1.21
Secondary	$460,000	Term	360
Int Rate	2.00%	Subtotal DCR	0.97
Additional		Term	
Int Rate		Aggregate DCR	0.97

RECOMMENDED FINANCING STRUCTURE APPLICANT'S NOI:

Primary Debt Service	$82,696
Secondary Debt Service	8,668
Additional Debt Service	0
NET CASH FLOW	$8,780

Primary	$1,150,000	Term	300
Int Rate	5.25%	DCR	1.21
Secondary	$346,720	Term	480
Int Rate	0.00%	Subtotal DCR	1.10
Additional	$0	Term	0
Int Rate	0.00%	Aggregate DCR	1.10

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE APPLICANT'S NOI

INCOME a 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$198,972	$204,941	$211,089	$217,422	$223,945	$259,613	$300,963	$348,899	$468,891
Secondary Income	3,960	4,079	4,201	4,327	4,457	5,167	5,990	6,944	9,332
Other Support Income: (desc	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	202,932	209,020	215,291	221,749	228,402	264,780	306,953	355,842	478,223
Vacancy & Collection Loss	(15,216)	(15,676)	(16,147)	(16,631)	(17,130)	(19,859)	(23,021)	(26,688)	(35,867)
Employee or Other Non-Renta	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$187,716	$193,343	$199,144	$205,118	$211,272	$244,922	$283,931	$329,154	$442,356
EXPENSES at 4.00%									
General & Administrative	$7,755	$8,065	$8,388	$8,723	$9,072	$11,038	$13,429	$16,339	$24,185
Management	9,386	9,952	10,250	10,558	10,874	12,606	14,614	16,942	22,769
Payroll & Payroll Tax	22,275	23,166	24,093	25,056	26,059	31,704	38,573	46,930	69,468
Repairs & Maintenance	13,200	13,728	14,277	14,848	15,442	18,788	22,858	27,810	41,166
Utilities	6,146	6,392	6,648	6,913	7,190	8,748	10,643	12,949	19,167
Water, Sewer & Trash	16,210	16,858	17,533	18,234	18,963	23,072	28,070	34,152	50,553
Insurance	6,000	6,240	6,490	6,749	7,019	8,540	10,390	12,641	18,712
Property Tax	0	0	0	0	0	0	0	0	0
Reserve for Replacements	6,600	6,864	7,139	7,424	7,721	9,394	11,429	13,905	20,583
Other	0	0	0	0	0	0	0	0	0
TOTAL EXPENSES	$87,572	$91,265	$94,816	$98,506	$102,341	$123,889	$150,007	$181,668	$266,603
NET OPERATING INCOME	$100,144	$102,078	$104,328	$106,612	$108,931	$121,032	$133,924	$147,486	$175,752
DEBT SERVICE									
First Lien Financing	$82,696	$82,696	$82,696	$82,696	$82,696	$82,696	$82,696	$82,696	$82,696
Second Lien	8,668	8,668	8,668	8,668	8,668	8,668	8,668	8,668	8,668
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	$8,780	$10,714	$12,963	$15,248	$17,567	$29,668	$42,560	$56,122	$84,388
DEBT COVERAGE RATIO	1.10	1.12	1.14	1.17	1.19	1.32	1.47	1.61	1.92

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
SINGLE FAMILY CREDIT UNDERWRITING ANALYSIS

DATE: July 18, 2002 **PROGRAM:** HTF **FILE NUMBER:** 2-02-021

DEVELOPMENT NAME

Vandewalle Property

APPLICANT

Name: Habitat for Humanity of San Antonio, Inc. **Type:** ☐ For Profit ☒ Non-Profit ☐ Municipal ☐ Other

Address: 311 Probandt **City:** San Antonio **State:** TX

Zip: 78204 **Contact:** Stephanie C. Wiese **Phone:** (210) 223-5203 **Fax:** (210) 223-5536

PRINCIPALS of the APPLICANT

Name: Dennis L. Bechhold **(%):** n/a **Title:** Executive Director

PROPERTY LOCATION

Location: NE & NW Corners of Gena Road and Old Highway 90 ☐ **QCT** ☐ **DDA**

City: San Antonio **County:** Bexar **Zip:** 78227

REQUEST

Program	Amount	Interest Rate	Amortization	Term
Housing Trust Fund Acq./Dev. Funds	$1,050,000	n/a	n/a	n/a

Other Requested Terms: Forgivable loan for infrastructure and development costs

SITE DESCRIPTION

Size: 18.0996 acres 788,419 sq. feet **Zoning:** B-3 and B-2, currently being rezoned

# of Lots: 85 **Average Lot Size:** 5,000 sf lots

Flood Zone Designation: Zone X, AE **Status of Off-Sites:** Raw Land

DESCRIPTION of IMPROVEMENTS

Plan #	Number	Bedrooms	Other Rms	Bathrooms	Size in SF	Sales Price
A	34	3		1	1,017*	$50,000*
B	33	4		1	1,129*	$52,000*
C	5	3		1	1,017*	$50,000*
D	13	3		1	1,017*	$50,000*

*** these are estimated averages by the applicant**

CONSTRUCTION SPECIFICATIONS

STRUCTURAL MATERIALS

Each house will be a wood frame building on a concrete slab. The interior will be finished in drywall, while the exterior will be Hardiplank siding. The roofing material will be composition shingles.

APPLIANCES AND INTERIOR FEATURES

The houses will have individual water heaters and wall units for air conditioning and heating. The kitchens will include a range & oven with a hood and fan and a refrigerator. A fiberglass tub/shower with an enclosure will be included in the bathrooms. Counter tops in the house will be laminated tops. Flooring will consist of vinyl flooring.

ON-SITE AMENITIES

None indicated

Uncovered Parking: n/a Spaces per unit **Carports:** n/a Spaces per unit **Garages:** n/a Spaces per unit

OTHER SOURCES of FUNDS

INTERIM CONSTRUCTION FINANCING

Source: Habitat for Humanity of San Antonio **Contact:** Stephanie C. Wiese

Principal Amount: $4,250,000 **Interest Rate:** n/a

Additional Information: Private donations to cover 0% loans at approximately $50,000 per house

Amortization: n/a yrs **Term:** n/a yrs **Commitment:** ☐ None ☐ Firm ☐ Conditional

Annual Payment: $n/a **Lien Priority:** n/a **Commitment Date** / /

APPLICANT EQUITY

Amount: Varies **Source:** Sweat equity

VALUATION INFORMATION

APPRAISED VALUE

Raw Land Only:	$240,000	**Date of Valuation:**	12/ 14/ 1998
Finished Lots Only:	Not provided	**Date of Valuation:**	/ /
Completed Residence and Lot:	Not provided	**Date of Valuation:**	/ /

Appraiser: Eckman, Groll, Runyan & Waters, Inc. **City:** San Antonio **Phone:** (210) 222-9128

ASSESSED VALUE

Land:	$172,650	**Assessment for the Year of:**	2001
Building:	n/a	**Valuation by:**	Bexar County Appraisal District
Total Assessed Value:	$172,650		

EVIDENCE of SITE or PROPERTY CONTROL

Type of Site Control: Gift Deed

Contract Expiration Date: / / **Closing Date:** 12/ / 2001

Acquisition Cost: $ donated **Other Terms/Conditions:**

Seller: Van de Walle Agricultural Properties, Ltd. **Related to Development Team Member:** No

REVIEW of PREVIOUS UNDERWRITING REPORTS

No previous reports.

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Habitat for Humanity of San Antonio (HFHSA) plans to develop an 85-unit single family development in San Antonio's west side. The site plan reflects 88 lots and there was no indication of what might become of the additional three lots. Receipt review and acceptance of a revised site plan showing 85 lots or an explanation of the anticipated disposition of the additional three lots is a condition of this report. Though only two floor plans were indicated in the Applicant's proforma floor plans for three series of units were provided. The three basic floor plans range from a two bedroom/one bath unit containing 961 square feet to a four bedroom/one bath unit containing 1,129 square feet. Each plan has an optional additional half bath. The homes will be placed on small lots of approximately 5,000 square feet. The purpose of the requested Housing Trust Fund forgivable loan is to develop the infrastructure on the site and help fund some new construction for the Van de Walle property.

The Applicant plans construction of the homes in the first quarter of 2004, with all units complete by the end of 2005.

POPULATIONS TARGETED

The Applicant has indicated that the sales price for 17 of the homes will be restricted to those affordable to families with incomes at or below 30% of AMFI. The sales price for the remaining 68 homes will be set to be affordable for households with incomes at or below 60% of AMFI. In addition, 5 units will be wheelchair accessible and 13 units will be designed for sight and/or hearing impaired individuals.

MARKET HIGHLIGHTS

The Applicant provided a market study published by O'Connor & Associates dated February 27, 2002. The following market information was included in the analysis:

- "The subject's primary market area is the West Side sector, as delineated in the *Housing Market Analysis, City of San Antonio, June 14, 2001*…For the purposes of this report, the subject's primary market area includes those properties bound by Loop 410 to the west, Interstate Highway 10/35 to the east, Culebra Road and Highway 90W to the south." (p. 38)
- "Based upon comparisons of population, households and change data, the areas of the Inner City with greatest need for affordable housing are the West side, East side and South side sectors." (p. 34)
- "CACI/IDS has estimated 52,149 households in the primary market area for 2000, and projected 55,236 for the year 2005." (p. 40)
- "The primary market area had an estimated 200 average household income of $32,786, with a median household income of $26,854, and a per capita income of $10,016." (p. 41)
- "Among the 92,560 renters within the Inner City in 2000, there is an estimated pool of 5,331 potential homebuyers from renters, if sufficient amounts of housing assistance were available." (p. 27)
- "Almost 69% of new Inner City housing is priced under $60,000. Demand in the lower price ranges is limited to the number of households that can be assisted, not the number of households that desire or need to purchase." (p. 35)
- "Inner City single-family housing market demand is projected to average 436 units annually and single family housing units with housing assistance will average 200 units annually based upon current capacity, and unmet demand (need) of 76 units annually, resulting in total demand/need averaging 712 units annually." (p. 34)

In addition to benefiting from the large demand in the Inner City Market Area discussed in the market study, HFHSA prequalifies potential homebuyers before beginning construction on the homes and has indicated they have a long waiting list of potential homebuyers. The market analysis supports the need for this development.

SITE and NEIGHBORHOOD CHARACTERISTICS

The Van de Walle Property is located in San Antonio along Gena Road and Highway 90. The population for the San Antonio MSA was estimated to be 1,592,383 in 2000. There were estimated to be 52,149 households within the primary market area for 2000.

The site is currently zoned as B-2 and B-3, but is in the process of requesting a zoning change to R-5. Receipt, review and acceptance of documentation indicating that the site is zoned properly for the proposed development will be a condition of this report.

The subject site is located in the Inner City area known as the West Side, bound by Loop 410 to the west, Interstate Highway 10/35 to the east, Culebra Road and Highway 90W to the south. This neighborhood includes other single-family residential development, industrial development, vacant land and a county park. The neighborhood is in the Northside Independent School District. The Rodriguez County Park, retail shops, local restaurants and grocery stores are all located within a short distance of the subject site.

A site inspection by TDHCA staff has not been performed. Therefore, the recommendations of this report will be subject to completion of such an acceptable inspection.

HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)

A Phase I Environmental Site Assessment was conducted by Clean Environments, Inc. dated October 8, 2001 and contained the following conclusions and recommendations:

Conclusions: "This assessment has revealed no evidence of recognized environmental conditions in connection with the Site, except the following:

- The City of San Antonio, Listing of Closed and Operating Landfills in Bexar County indicates that a non-permitted landfill was located at the northeast corner of the Site or adjoining the northeast corner of the Site.
- Several piles of waste material were observed on the north border of the Site, along Jerome Road. Scattered areas of dumped waster materials and fill material were also observed on the west end of the Site adjoining Leon Creek. The piles contain construction/demolition debris, municipal waste, tires and other waste materials. Suspect ACMs (construction/demolition waste, etc.) were observed in the waste piles."

Recommendations: " Based upon these findings and the limitations of the Phase I Environmental Site Assessment, the following recommendations are made in reference to the Site:

- A Phase II Subsurface Investigation should be conducted to determine if the Site has been impacted by the former landfill activities and to determine if waste material has been buried on the Site.
- The waste material located on the Site should be properly characterized in accordance with TNRCC Solid Waste Regulations (TAC Chapter 335)."

A subsequent report by Diamond Environmental Corporation dated December 18, 2001 details the property cleanup performed on the subject property. It appears that the Applicant retained Diamond Environmental for remediation services identified in the Phase I ESA. The summary and recommendations identified by Diamond Environmental includes the following:

"Diamond was contracted to remove surface debris and trash located across the sum of two plots of land previously identified in this report. Diamond was also asked to determine through exploratory trenching if further contamination might be located under the surface that might impact future construction on the site.

During the remedial activities, Diamond removed 2.04 tons of used tires and 80 cubic yards of construction, demolition, and household debris. All waste removed from the site were transported to appropriate facilities previously defined in the report.

The final site activity for the project was the trenching to determine if subsurface contamination might be present. Diamond picked six (6) representative sites. Sites 1, 2, 3, 4 and 6 were located in the open fields, and were found to be free from visible contamination. The five (5) site were excavated to a depth of approximately 9 feet deep, 2 feet wide, and 10 feet long.

Site 5 was located in the peninsula of undergrowth to the west of Gena Road. Diamond observed tires, clothing, trash, cloth, and other debris when testing the area. Other subsurface debris had been found in the area during the initial remedial activities. The trenching measured approximately 10 feet long, by 2 feet wide, by 6 feet deep. Diamond did not proceed further due to the visible presence of waste.

The trenching provides a basic representative sample for the area. The open fields appear to be free from buried debris as far as our sampling techniques demonstrates. The underbrush does appear to have signs of further debris. Trench 5 does not indicate a definite vertical or lateral extent of the debris field in the area. Further exploration is required for a definitive answer to the problem.

Diamond recommends the further excavation, transportation, and disposal of the remaining fill material."

There was no further indication in the application that the recommendation made by Diamond Environmental Corporation was addressed by the Applicant. Receipt, review and acceptance of plans to mitigate the recommendations made by Diamond Environmental Corporation will be a condition of this report.

DEVELOPMENT PROFORMA ANALYSIS

The Applicant included the $220,000 value of the property in the development cost budget but did not deduct for the fact that the property was donated to HFHSA. The Underwriter excluded the value of the land for purposes of determining if the proposed sales prices would be sufficient to cover the actual costs of the development.

The project's off-site and site work costs total $10,347 per home. A significant portion of this expense will be infrastructure work. The Applicant provided a detailed third party breakdown estimate of the infrastructure costs signed by the project engineer though it was not consistent with the TDHCA promulgated form it appeared to be an acceptable initial estimate. The estimate totaling $791,900 revealed inconsistencies with the Applicant's budgeted amount of $679,400, however. Also as mentioned above, the site plan reflects three more lots than are proposed throughout the rest of the application and it is unclear as to the number of lots in the engineers estimate. Since the proposed infrastructure costs cannot be verified at the present, this report is conditioned upon a detailed engineer's estimate and documentation of final plat approval from the City.

The Applicant's estimate for direct construction costs is $214K higher than the Underwriter's estimate based on the proposed proforma. The TDHCA direct construction cost estimate was calculated based on the information for fair quality, rather than average quality, single family homes in the *Marshall & Swift* Residential Cost Handbook. In addition, a 20% subdivision discount was included in the analysis to compensate for savings that may occur due to the total number of units in the subdivision and the large number of houses (43) anticipated constructed in each phase of the project. The Applicant included no contractor fees for the proposed development most likely due to the extensive labor support typically provided in a Habitat development. A Habitat homebuyer typically must contribute at least 300 hours of construction work on their home. These homebuyers, and other volunteers, provide 80% of the labor needed to build a unit. The actual hard costs for this development, therefore, may actually be somewhat lower than projected, possibly contributing to the much lower direct construction costs for the project. The Applicant also did not include developer fees, interim financing costs or sales commissions in their budget and none are expected to occur for this project though they would easily add an additional 10% to 25% to a conventional development.

The Applicant expects upon completion to break even on the proposed transaction, while the Underwriter's analysis results in a loss of $31K suggesting that it would be difficult to build what is proposed without significant donations and grant support.

FINANCING STRUCTURE ANALYSIS

In addition to the $1,050,000 forgivable loan requested in the HTF application, the sources of funds for this project include donations from private individuals and organizations, the Applicant's equity, and the sweat equity mentioned above.

Historically, local affiliates of HFHSA have been able to raise $1.3M to $2.0M needed annually to fund Habitat homes. Corporations, faith organizations, and individuals, collectively known as "House Sponsors," donate up to $50K for each house they wish to sponsor. The Applicant has indicated that they plan to raise

$4.25M over the next three years for this development. While past financial statements submitted by the Applicant reflect fundraising efforts for grants and donations totaling $978K in 1998, $1.3M in 1999, and $1.6M in 2000 the ongoing ability for HFHSA to maintain this level of fundraising is not certain and certainly more risky that conventional financing.

While HFHSA will stand by to cover any additional costs of the homes not met by housing sponsors and other contributors, the homebuyer will be responsible for repaying the cost of the homes, albeit at 0%, over 30 years. From a financial perspective, the cashflow from an average $50,000 home mortgage (0%, 30 year) discounted to a present value at 7% is $28,339. Therefore, on a discounted cashflow basis, the Applicant's investment in the homes is not overly compensated for in mortgage repayment by the purchaser. In fact Habitat's investment in these mortgages result in a significant interest rate opportunity loss which benefits the homebuyer.

As discussed above, the Applicant will use these funds, along with the HTF deferred forgivable loan, to finance infrastructure costs for the subdivision. Because of the nature of the funding sources for this project, there is no realistic ability for the HTF funds to be repaid in the near future. Applying a $13,529 second lien, with 0% interest, on the homebuyer would increase monthly payments by $56, making the units unaffordable to households at the extremely low-income level.

HOMEBUYER AFFORDABILITY ANALYSIS

Habitat for Humanity of San Antonio will hold the mortgages for all of the homes sold in the Van de Walle property. No downpayment is required for purchase of the homes, therefore, the loans will be for the full sales price with 0% interest and a term from 20 up to 25 years. To qualify, a prospective homebuyer must contribute sweat equity. They are also encouraged to attend homebuyer assistance training. Other assumptions affecting the affordability analysis include a 2.4043% tax rate, a property insurance rate of 0.35% and no mortgage insurance. Based on these factors the highest mortgage payment, including taxes and insurance premiums, will be $350.85

REVIEW of ARCHITECTURAL DESIGN

The Applicant plans to build 85 one-story homes: 52 with three bedrooms and 1 ½ baths, and 33 with four bedrooms and 1 ½ baths. While the Applicant provided construction plans and specifications for two-, three-, and four-bedroom homes, the Applicant's proforma indicated only three- and four-bedroom units. Each of the houses will include full kitchen packages (range/oven, refrigerator, and vent hood/fan), washer/dryer connections, energy efficient appliances, and ceiling fans. The construction plans also indicate covered front porches and pitched composition shingle roofs.

IDENTITIES of INTEREST

Habitat for Humanity of San Antonio will be the developer, general contractor, architect, and accountant for this project. All of these identities of interest are acceptable under HTF guidelines.

APPLICANT/PRINCIPALS FINANCIAL HIGHLIGHTS, BACKGROUND, and EXPERIENCE

As of December 31, 2000, HFHSA had $5.4M in total assets and $372K in liabilities for a net worth of $5.1M. Audited financial statements for the year ended December 31, 1999 indicate a net worth of $4.2M, comprised of $4.5M in assets and $337K in liabilities.

Habitat for Humanity of San Antonio is the oldest affiliate of Habitat for Humanity International. As the first affiliate in the United States they are celebrating their 26th year of service to the San Antonio community. They have been building new single family homes targeted for purchase by very low-income San Antonio/Bexar County families since 1976. To date, HFHSA has built 250 single-family homes representing $8 million worth of property.

RECOMMENDATION

☒ RECOMMEND APPROVAL SUBJECT TO THE FOLLOWING CONDITIONS:

1. Receipt, review, and acceptance of an acceptable site inspection by TDHCA staff;
2. Receipt, review and acceptance of a revised site plan showing 85 lots or an explanation of the

anticipated disposition of the additional three lots;

3. Receipt, review and acceptance of documentation indicating that the site is zoned properly for the proposed development;
4. Receipt, review, and acceptance of a Phase II Environmental Site Assessment by a third party engineer;
5. Receipt, review, and acceptance of a detailed infrastructure cost estimate provided by a third party engineer and documentation of final City of San Antonio plat approval;
6. Receipt, review, and acceptance of floorplans consistent with the specifications provided;
7. Board acceptance that $50K to $52K per house in construction and permanent financing will be obtained through annual donations that are not committed at this time; and
8. Award of Housing Trust Fund loan in the amount of $1,050,000 as a three-year, no-interest, forgivable loan. Lots should be released, and a prorated amount of the loan forgiven, as the Applicant provides verification of income eligible purchases. The Applicant should also be required to maintain a reasonable balance of income qualified purchases in accordance with the income targeting in the application.

Associate Underwriter: ______________________ **Date:** July 31, 2002
Raquel Morales

Director of Credit Underwriting: ______________________ **Date:** July 31, 2002
Tom Gouris

SINGLE FAMILY RESIDENCE DEVELOPMENT PROFORMA

Habitat For Humanity of San Antonio, Project Name, HTF #2-02-021
Vanderwalle Property San Antonio, 78227

FLOOR PLAN NUMBER		A	B	C	D	E	F	AVERAGE	TDHCA TOTAL	APPLICANT	
NUMBER PLOTTED		34	33	1	17				85		
SQUARE FOOTAGE		1,017	1,129	1,017	1,017			1,060	90,141	90,141	
DESCRIPTION	Max.	3 BD 1 BA	4 BD 1 BA	3 BD 1 BA	3 BD 1 BA	__ BD __ BA	__ BD __ BA				
Raw Land Acquisition Cost		$0	$0	$0	$0			$0	$0	$220,000	
Off-Sites		9,316	9,316	9,316	9,316			9,316	791,900	679,400	
Site Work		1,031	1,031	1,031	1,031			1,031	87,605	87,605	$ 0.97
Direct Construction Costs		32,377	35,066	32,377	32,377			33,421	2,840,763	3,054,895	$33.89
Indirect Construction Costs		14,026	14,026	14,026	14,026			14,026	1,192,200	1,192,200	$13.23
General Requirements & Ove	8.0%	2,673	2,888	2,673	2,673			2,756	234,269		
Contractor's Profit	6.0%	2,004	2,166	2,004	2,004			2,067	175,702		
Developer's Overhead											
Contingency	2.0%	854	908	854	854			875	74,405	65,900	2.10%
Financing											
Other:											
SUBTOTAL COSTS		$62,281	$65,400	$62,281	$62,281			$63,492	$5,396,845	$5,300,000	$58.80
Sales Commission											
Buyer's closing csts pd by Dev.											
TOTAL COST		$62,281	$65,400	$62,281	$62,281			$63,492	$5,396,845	$5,300,000	$58.80
Less: Grants & Gifts In-Kinc		(12,353)	(12,353)	(12,353)	(12,353)				(1,050,000)	(1,050,000)	
NET COST		$49,928	$53,047	$49,928	$49,928			$51,139	$4,346,845	$4,250,000	$47.15
GROSS SALES PROCEEDS		$50,000	$52,000	$50,000	$50,000			$50,776	4,316,000	$4,250,000	$47.15
NET PROFIT		$72	($1,047)	$72	$72			($363)	($30,845)		
DIRECT CONSTRUCTION COST per SF		$31.84	$31.06	$31.84	$31.84			$31.51	$31.51	$33.89	
SUBTOTAL COST per SQ FT		$61.24	$57.93	$61.24	$61.24			$59.87	$59.87	$58.80	
TOTAL COST per SQ FT		$61.24	$57.93	$61.24	$61.24			$59.87	$59.87	$58.80	
SALES PRICE per SQ FT		$49.16	$46.06	$49.16	$49.16			$47.88	$47.88	$47.15	
DEVELOPER PROFIT to COST RATIO		0.77%	-11.24%	0.77%	0.77%			-3.90%	-3.90%		
TOTAL PROFIT to COST RATIO		3.33%	1.71%	3.33%	3.33%			2.68%	2.68%		

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SINGLE FAMILY RESIDENCE DEVELOPMENT PROFORMA

Habitat For Humanity of San Antonio, Project Name, HTF #2-02-021
Vanderwalle Property San Antonio, 78227

Habitat For Huma
Van

DIRECT CONSTRUCTION COST ESTIMATE

Single Family Residence Average Quality Basis

Si

Plan A

CATEGORY	FACTOR	UNITS/SF	PER SF	AMOUNT
Base Cost		1,017	$50.11	$50,959
Adjustments				
Roofing				
Subfloor			(1.76)	(1,790)
Floor Cover			1.52	1,546
Plumbing	$660	1	0.65	660
Built-In Applian	$1,775	1	1.75	1,775
Heating/Cooling			0.35	356
Garages/Carports				
Porches	$4.04	46	0.18	186
Subdivision Disc	20.00%		(10.02)	(10,192)
Other:				
SUBTOTAL			$42.77	$43,500
Current Cost Multipl	1.04		44.48	45,240
Local Multiplier	0.86		(5.99)	(6,090)
TOTAL DIRECT CONSTRUCTION COSTS			$38.50	$39,150
Plans/specs, svy, pr	3.40%		($1.31)	(1,331)
Interim Construction	1.50%		($0.58)	(587)
Contractor's OH & Pr	12.40%		($4.77)	(4,855)
NET DIRECT CONSTRUCTION COSTS			$31.84	$32,377

Plan B

CATEGORY	FACTOR	UNITS/SF	PER SF	AMOUNT
Base Cost		1,129	$49.12	$55,459
Adjustments				
Roofing				
Subfloor			(1.76)	(1,987)
Floor Cover			1.52	1,716
Plumbing	$660	1	0.58	660
Built-In Applian	$1,775	1	1.57	1,775
Heating/Cooling			0.35	395
Garages/Carports				
Porches	$4.04	46	0.16	186
Subdivision Disc	20.00%		(9.82)	(11,092)
Other:				
SUBTOTAL			$41.73	$47,112
Current Cost Multipl	1.04		43.40	48,997
Local Multiplier	0.86		(5.84)	(6,596)
TOTAL DIRECT CONSTRUCTION COSTS			$37.56	$42,401
Plans/specs, svy, pr	3.40%		($1.28)	(1,442)
Interim Construction	1.50%		($0.56)	(636)
Contractor's OH & Pr	12.40%		($4.66)	(5,258)
NET DIRECT CONSTRUCTION COSTS			$31.06	$35,066

Plan C

CATEGORY	FACTOR	UNITS/SF	PER SF	AMOUNT
Base Cost		1,017	$50.11	$50,959
Adjustments				
Roofing				
Subfloor			(1.76)	(1,790)
Floor Cover			1.52	1,546
Plumbing	$660	1	0.65	660
Built-In Applian	$1,775	1	1.75	1,775
Heating/Cooling			0.35	356
Garages/Carports				
Porches	$4.04	46	0.18	186
Subdivision Disc	20.00%		(10.02)	(10,192)
Other:				
SUBTOTAL			$42.77	$43,500
Current Cost Multipl	1.04		44.48	45,240
Local Multiplier	0.86		(5.99)	(6,090)
TOTAL DIRECT CONSTRUCTION COSTS			$38.50	$39,150
Plans/specs, svy, pr	3.40%		($1.31)	(1,331)
Interim Construction	1.50%		($0.58)	(587)
Contractor's OH & Pr	12.40%		($4.77)	(4,855)
NET DIRECT CONSTRUCTION COSTS			$31.84	$32,377

Plan D

CATEGORY	FACTOR	UNITS/SF	PER SF	AMOUNT
Base Cost		1,017	$50.11	$50,959
Adjustments				
Roofing				
Subfloor			(1.76)	(1,790)
Floor Cover			1.52	1,546
Plumbing	$660	1	0.65	660
Built-In Applian	$1,775	1	1.75	1,775
Heating/Cooling			0.35	356
Garages/Carports				
Porches	$4.04	46	0.18	186
Subdivision Disc	20.00%		(10.02)	(10,192)
Other:				
SUBTOTAL			$42.77	$43,500
Current Cost Multipl	1.04		44.48	45,240
Local Multiplier	0.86		(5.99)	(6,090)
TOTAL DIRECT CONSTRUCTION COSTS			$38.50	$39,150
Plans/specs, svy, pr	3.40%		($1.31)	(1,331)
Interim Construction	1.50%		($0.58)	(587)
Contractor's OH & Pr	12.40%		($4.77)	(4,855)
NET DIRECT CONSTRUCTION COSTS			$31.84	$32,377

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HOMEBUYER AFFORDABILITY ANALYSIS EXHIBIT

0 DOWNPAYMENT ASSUMPTION

Habitat For Humanity of San Antonio, Project Name, HTF #2-02-021

ASSUMPTIONS			
Interest Rate:	0.00%	Tax Rate per $100:	2.4043
Loan Term (mos):	240	Property Insurance:	0.35%
Assessed Value (est.):	100%	Mortgage Insurance:	

LOAN CALCULATIONS	Plan A	Plan B	Plan C	Plan D		
Sales Price:	$50,000	$52,000	$50,000	$50,000		
0% Downpayment	-	-	-	-		
Loan Amount:	$50,000	$52,000	$50,000	$50,000		

MONTHLY PAYMENT						
P & I	$208.33	$216.67	$208.33	$208.33		
Taxes	100.18	104.19	100.18	100.18		
Insurance	30.00	30.00	30.00	30.00		
MIP	0.00	0.00	0.00	0.00		
TOTAL PAYMENT	**$338.51**	**$350.85**	**$338.51**	**$338.51**		

QUALIFYING INCOME	**1-Person**	**2-Person**	**3-Person**	**4-Person**	**5-Person**
30% of Median Annual Income	$9,700	$11,100	$12,450	$13,850	$14,950
Monthly Income	$808	$925	$1,038	$1,154	$1,246
PITI Affordability @ 30%	**$243**	**$278**	**$311**	**$346**	**$374**
50% of Median Annual Income	$16,150	$18,500	$20,800	$23,100	$24,950
Monthly Income	$1,346	$1,542	$1,733	$1,925	$2,079
PITI Affordability @ 30%	**$404**	**$463**	**$520**	**$578**	**$624**
60% of Median Annual Income	$19,380	$22,200	$24,960	$27,720	$29,940
Monthly Income	$1,615	$1,850	$2,080	$2,310	$2,495
PITI Affordability @ 30%	**$485**	**$555**	**$624**	**$693**	**$749**
80% of Median Annual Income	$25,850	$29,550	$33,250	$36,950	$39,900
Monthly Income	$2,154	$2,463	$2,771	$3,079	$3,325
PITI Affordability @ 30%	**$646**	**$739**	**$831**	**$924**	**$998**

SINGLE FAMILY RESIDENCE DEVELOPMENT
SOURCES and USES OF FUNDS EXHIBIT

Habitat For Humanity of San Antonio, Project Name, HTF #2-02-021

SOURCE OF FUNDS

	TYPE OF CREDIT FACILITY	RECYCLE FACTOR	TDHCA AMOUNT	APPLICANT AMOUNT	SOURCE/PRIORITY
1	HOME Loan	1			TDHCA
2	Neighborhood Partnership	1			TDHCA
3	Housing Trust Fund Loan	1	1,050,000	1,050,000	TDHCA
4	TX Community Dev. Program	1			TDHCA
5	Other TDHCA Program Loan	1			TDHCA
6	Cash Equity	1			
7	In-Kind Equity	1			
8	Other CDBG	1			
9	Other HOME Loan	1			
10	RECD Loan(s)	1			
11	Other Federal Loan or Grant	1			
12	Local Municipality Loan or G	1			
13	Private Loan or Grant	1	4,346,845	4,250,000	
14	Conventional Loan	1			
15	Conventional Loan	1			
TOTAL SOURCES OF FUNDS			$5,396,845	$5,300,000	

USES OF FUNDS

	DESCRIPTION	TDHCA AMOUNT	APPLICANT AMOUNT
1	Raw Land Acquisition Cost	$0	$220,000
2	Off-Sites	791,900	679,400
3	Site Work	87,605	87,605
4	Direct Construction Costs	2,840,763	3,054,895
5	Indirect Construction Costs	1,192,200	1,192,200
6	General Requirements & Overhead	234,269	-
7	Contractor's Profit	175,702	-
8	Developer's Overhead	-	-
9	Contingency	74,405	65,900
10	Financing	-	-
11	Other:	-	-
12	Other (describe):		
TOTAL USES OF FUNDS		$5,396,845	$5,300,000

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
SINGLE FAMILY CREDIT UNDERWRITING ANALYSIS

DATE: July 18, 2002 **PROGRAM:** HTF **FILE NUMBER:** 2-02-021

DEVELOPMENT NAME

Vandewalle Property

APPLICANT

Name: Habitat for Humanity of San Antonio, Inc. **Type:** ☐ For Profit ☒ Non-Profit ☐ Municipal ☐ Other

Address: 311 Probandt **City:** San Antonio **State:** TX

Zip: 78204 **Contact:** Stephanie C. Wiese **Phone:** (210) 223-5203 **Fax:** (210) 223-5536

PRINCIPALS of the APPLICANT

Name: Dennis L. Bechhold **(%):** n/a **Title:** Executive Director

PROPERTY LOCATION

Location: NE & NW Corners of Gena Road and Old Highway 90 ☐ **QCT** ☐ **DDA**

City: San Antonio **County:** Bexar **Zip:** 78227

REQUEST

Program	Amount	Interest Rate	Amortization	Term
Housing Trust Fund Acq./Dev. Funds	$1,050,000	n/a	n/a	n/a

Other Requested Terms: Forgivable loan for infrastructure and development costs

SITE DESCRIPTION

Size: 18.0996 acres 788,419 sq. feet **Zoning:** B-3 and B-2, currently being rezoned

# of Lots: 85 **Average Lot Size:** 5,000 sf lots

Flood Zone Designation: Zone X, AE **Status of Off-Sites:** Raw Land

DESCRIPTION of IMPROVEMENTS

Plan #	Number	Bedrooms	Other Rms	Bathrooms	Size in SF	Sales Price
A	34	3		1	1,017*	$50,000*
B	33	4		1	1,129*	$52,000*
C	5	3		1	1,017*	$50,000*
D	13	3		1	1,017*	$50,000*

*** these are estimated averages by the applicant**

CONSTRUCTION SPECIFICATIONS

STRUCTURAL MATERIALS

Each house will be a wood frame building on a concrete slab. The interior will be finished in drywall, while the exterior will be Hardiplank siding. The roofing material will be composition shingles.

APPLIANCES AND INTERIOR FEATURES

The houses will have individual water heaters and wall units for air conditioning and heating. The kitchens will include a range & oven with a hood and fan and a refrigerator. A fiberglass tub/shower with an enclosure will be included in the bathrooms. Counter tops in the house will be laminated tops. Flooring will consist of vinyl flooring.

ON-SITE AMENITIES

None indicated

Uncovered Parking: n/a Spaces per unit **Carports:** n/a Spaces per unit **Garages:** n/a Spaces per unit

OTHER SOURCES of FUNDS

INTERIM CONSTRUCTION FINANCING

Source: Habitat for Humanity of San Antonio **Contact:** Stephanie C. Wiese

Principal Amount: $4,250,000 **Interest Rate:** n/a

Additional Information: Private donations to cover 0% loans at approximately $50,000 per house

Amortization: n/a yrs **Term:** n/a yrs **Commitment:** ☐ None ☐ Firm ☐ Conditional

Annual Payment: $n/a **Lien Priority:** n/a **Commitment Date** / /

APPLICANT EQUITY

Amount: Varies **Source:** Sweat equity

VALUATION INFORMATION

APPRAISED VALUE

Raw Land Only: $240,000 **Date of Valuation:** 12/ 14/ 1998

Finished Lots Only: Not provided **Date of Valuation:** / /

Completed Residence and Lot: Not provided **Date of Valuation:** / /

Appraiser: Eckman, Groll, Runyan & Waters, Inc. **City:** San Antonio **Phone:** (210) 222-9128

ASSESSED VALUE

Land: $172,650 **Assessment for the Year of:** 2001

Building: n/a **Valuation by:** Bexar County Appraisal District

Total Assessed Value: $172,650

EVIDENCE of SITE or PROPERTY CONTROL

Type of Site Control: Gift Deed

Contract Expiration Date: / / **Closing Date:** 12/ / 2001

Acquisition Cost: $ donated **Other Terms/Conditions:**

Seller: Van de Walle Agricultural Properties, Ltd. **Related to Development Team Member:** No

REVIEW of PREVIOUS UNDERWRITING REPORTS

No previous reports.

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Habitat for Humanity of San Antonio (HFHSA) plans to develop an 85-unit single family development in San Antonio's west side. The site plan reflects 88 lots and there was no indication of what might become of the additional three lots. Receipt review and acceptance of a revised site plan showing 85 lots or an explanation of the anticipated disposition of the additional three lots is a condition of this report. Though only two floor plans were indicated in the Applicant's proforma floor plans for three series of units were provided. The three basic floor plans range from a two bedroom/one bath unit containing 961 square feet to a four bedroom/one bath unit containing 1,129 square feet. Each plan has an optional additional half bath. The homes will be placed on small lots of approximately 5,000 square feet. The purpose of the requested Housing Trust Fund forgivable loan is to develop the infrastructure on the site and help fund some new construction for the Van de Walle property.

The Applicant plans construction of the homes in the first quarter of 2004, with all units complete by the end of 2005.

POPULATIONS TARGETED

The Applicant has indicated that the sales price for 17 of the homes will be restricted to those affordable to families with incomes at or below 30% of AMFI. The sales price for the remaining 68 homes will be set to be affordable for households with incomes at or below 60% of AMFI. In addition, 5 units will be wheelchair accessible and 13 units will be designed for sight and/or hearing impaired individuals.

MARKET HIGHLIGHTS

The Applicant provided a market study published by O'Connor & Associates dated February 27, 2002. The following market information was included in the analysis:

- "The subject's primary market area is the West Side sector, as delineated in the *Housing Market Analysis, City of San Antonio, June 14, 2001*…For the purposes of this report, the subject's primary market area includes those properties bound by Loop 410 to the west, Interstate Highway 10/35 to the east, Culebra Road and Highway 90W to the south." (p. 38)
- "Based upon comparisons of population, households and change data, the areas of the Inner City with greatest need for affordable housing are the West side, East side and South side sectors." (p. 34)
- "CACI/IDS has estimated 52,149 households in the primary market area for 2000, and projected 55,236 for the year 2005." (p. 40)
- "The primary market area had an estimated 200 average household income of $32,786, with a median household income of $26,854, and a per capita income of $10,016." (p. 41)
- "Among the 92,560 renters within the Inner City in 2000, there is an estimated pool of 5,331 potential homebuyers from renters, if sufficient amounts of housing assistance were available." (p. 27)
- "Almost 69% of new Inner City housing is priced under $60,000. Demand in the lower price ranges is limited to the number of households that can be assisted, not the number of households that desire or need to purchase." (p. 35)
- "Inner City single-family housing market demand is projected to average 436 units annually and single family housing units with housing assistance will average 200 units annually based upon current capacity, and unmet demand (need) of 76 units annually, resulting in total demand/need averaging 712 units annually." (p. 34)

In addition to benefiting from the large demand in the Inner City Market Area discussed in the market study, HFHSA prequalifies potential homebuyers before beginning construction on the homes and has indicated they have a long waiting list of potential homebuyers. The market analysis supports the need for this development.

SITE and NEIGHBORHOOD CHARACTERISTICS

The Van de Walle Property is located in San Antonio along Gena Road and Highway 90. The population for the San Antonio MSA was estimated to be 1,592,383 in 2000. There were estimated to be 52,149 households within the primary market area for 2000.

The site is currently zoned as B-2 and B-3, but is in the process of requesting a zoning change to R-5. Receipt, review and acceptance of documentation indicating that the site is zoned properly for the proposed development will be a condition of this report.

The subject site is located in the Inner City area known as the West Side, bound by Loop 410 to the west, Interstate Highway 10/35 to the east, Culebra Road and Highway 90W to the south. This neighborhood includes other single-family residential development, industrial development, vacant land and a county park. The neighborhood is in the Northside Independent School District. The Rodriguez County Park, retail shops, local restaurants and grocery stores are all located within a short distance of the subject site.

A site inspection by TDHCA staff has not been performed. Therefore, the recommendations of this report will be subject to completion of such an acceptable inspection.

HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)

A Phase I Environmental Site Assessment was conducted by Clean Environments, Inc. dated October 8, 2001 and contained the following conclusions and recommendations:

Conclusions: "This assessment has revealed no evidence of recognized environmental conditions in connection with the Site, except the following:

- The City of San Antonio, Listing of Closed and Operating Landfills in Bexar County indicates that a non-permitted landfill was located at the northeast corner of the Site or adjoining the northeast corner of the Site.
- Several piles of waste material were observed on the north border of the Site, along Jerome Road. Scattered areas of dumped waster materials and fill material were also observed on the west end of the Site adjoining Leon Creek. The piles contain construction/demolition debris, municipal waste, tires and other waste materials. Suspect ACMs (construction/demolition waste, etc.) were observed in the waste piles."

Recommendations: " Based upon these findings and the limitations of the Phase I Environmental Site Assessment, the following recommendations are made in reference to the Site:

- A Phase II Subsurface Investigation should be conducted to determine if the Site has been impacted by the former landfill activities and to determine if waste material has been buried on the Site.
- The waste material located on the Site should be properly characterized in accordance with TNRCC Solid Waste Regulations (TAC Chapter 335)."

A subsequent report by Diamond Environmental Corporation dated December 18, 2001 details the property cleanup performed on the subject property. It appears that the Applicant retained Diamond Environmental for remediation services identified in the Phase I ESA. The summary and recommendations identified by Diamond Environmental includes the following:

"Diamond was contracted to remove surface debris and trash located across the sum of two plots of land previously identified in this report. Diamond was also asked to determine through exploratory trenching if further contamination might be located under the surface that might impact future construction on the site.

During the remedial activities, Diamond removed 2.04 tons of used tires and 80 cubic yards of construction, demolition, and household debris. All waste removed from the site were transported to appropriate facilities previously defined in the report.

The final site activity for the project was the trenching to determine if subsurface contamination might be present. Diamond picked six (6) representative sites. Sites 1, 2, 3, 4 and 6 were located in the open fields, and were found to be free from visible contamination. The five (5) site were excavated to a depth of approximately 9 feet deep, 2 feet wide, and 10 feet long.

Site 5 was located in the peninsula of undergrowth to the west of Gena Road. Diamond observed tires, clothing, trash, cloth, and other debris when testing the area. Other subsurface debris had been found in the area during the initial remedial activities. The trenching measured approximately 10 feet long, by 2 feet wide, by 6 feet deep. Diamond did not proceed further due to the visible presence of waste.

The trenching provides a basic representative sample for the area. The open fields appear to be free from buried debris as far as our sampling techniques demonstrates. The underbrush does appear to have signs of further debris. Trench 5 does not indicate a definite vertical or lateral extent of the debris field in the area. Further exploration is required for a definitive answer to the problem.

Diamond recommends the further excavation, transportation, and disposal of the remaining fill material."

There was no further indication in the application that the recommendation made by Diamond Environmental Corporation was addressed by the Applicant. Receipt, review and acceptance of plans to mitigate the recommendations made by Diamond Environmental Corporation will be a condition of this report.

DEVELOPMENT PROFORMA ANALYSIS

The Applicant included the $220,000 value of the property in the development cost budget but did not deduct for the fact that the property was donated to HFHSA. The Underwriter excluded the value of the land for purposes of determining if the proposed sales prices would be sufficient to cover the actual costs of the development.

The project's off-site and site work costs total $10,347 per home. A significant portion of this expense will be infrastructure work. The Applicant provided a detailed third party breakdown estimate of the infrastructure costs signed by the project engineer though it was not consistent with the TDHCA promulgated form it appeared to be an acceptable initial estimate. The estimate totaling $791,900 revealed inconsistencies with the Applicant's budgeted amount of $679,400, however. Also as mentioned above, the site plan reflects three more lots than are proposed throughout the rest of the application and it is unclear as to the number of lots in the engineers estimate. Since the proposed infrastructure costs cannot be verified at the present, this report is conditioned upon a detailed engineer's estimate and documentation of final plat approval from the City.

The Applicant's estimate for direct construction costs is $214K higher than the Underwriter's estimate based on the proposed proforma. The TDHCA direct construction cost estimate was calculated based on the information for fair quality, rather than average quality, single family homes in the *Marshall & Swift* Residential Cost Handbook. In addition, a 20% subdivision discount was included in the analysis to compensate for savings that may occur due to the total number of units in the subdivision and the large number of houses (43) anticipated constructed in each phase of the project. The Applicant included no contractor fees for the proposed development most likely due to the extensive labor support typically provided in a Habitat development. A Habitat homebuyer typically must contribute at least 300 hours of construction work on their home. These homebuyers, and other volunteers, provide 80% of the labor needed to build a unit. The actual hard costs for this development, therefore, may actually be somewhat lower than projected, possibly contributing to the much lower direct construction costs for the project. The Applicant also did not include developer fees, interim financing costs or sales commissions in their budget and none are expected to occur for this project though they would easily add an additional 10% to 25% to a conventional development.

The Applicant expects upon completion to break even on the proposed transaction, while the Underwriter's analysis results in a loss of $31K suggesting that it would be difficult to build what is proposed without significant donations and grant support.

FINANCING STRUCTURE ANALYSIS

In addition to the $1,050,000 forgivable loan requested in the HTF application, the sources of funds for this project include donations from private individuals and organizations, the Applicant's equity, and the sweat equity mentioned above.

Historically, local affiliates of HFHSA have been able to raise $1.3M to $2.0M needed annually to fund Habitat homes. Corporations, faith organizations, and individuals, collectively known as "House Sponsors," donate up to $50K for each house they wish to sponsor. The Applicant has indicated that they plan to raise

$4.25M over the next three years for this development. While past financial statements submitted by the Applicant reflect fundraising efforts for grants and donations totaling $978K in 1998, $1.3M in 1999, and $1.6M in 2000 the ongoing ability for HFHSA to maintain this level of fundraising is not certain and certainly more risky that conventional financing.

While HFHSA will stand by to cover any additional costs of the homes not met by housing sponsors and other contributors, the homebuyer will be responsible for repaying the cost of the homes, albeit at 0%, over 30 years. From a financial perspective, the cashflow from an average $50,000 home mortgage (0%, 30 year) discounted to a present value at 7% is $28,339. Therefore, on a discounted cashflow basis, the Applicant's investment in the homes is not overly compensated for in mortgage repayment by the purchaser. In fact Habitat's investment in these mortgages result in a significant interest rate opportunity loss which benefits the homebuyer.

As discussed above, the Applicant will use these funds, along with the HTF deferred forgivable loan, to finance infrastructure costs for the subdivision. Because of the nature of the funding sources for this project, there is no realistic ability for the HTF funds to be repaid in the near future. Applying a $13,529 second lien, with 0% interest, on the homebuyer would increase monthly payments by $56, making the units unaffordable to households at the extremely low-income level.

HOMEBUYER AFFORDABILITY ANALYSIS

Habitat for Humanity of San Antonio will hold the mortgages for all of the homes sold in the Van de Walle property. No downpayment is required for purchase of the homes, therefore, the loans will be for the full sales price with 0% interest and a term from 20 up to 25 years. To qualify, a prospective homebuyer must contribute sweat equity. They are also encouraged to attend homebuyer assistance training. Other assumptions affecting the affordability analysis include a 2.4043% tax rate, a property insurance rate of 0.35% and no mortgage insurance. Based on these factors the highest mortgage payment, including taxes and insurance premiums, will be $350.85

REVIEW of ARCHITECTURAL DESIGN

The Applicant plans to build 85 one-story homes: 52 with three bedrooms and 1 ½ baths, and 33 with four bedrooms and 1 ½ baths. While the Applicant provided construction plans and specifications for two-, three-, and four-bedroom homes, the Applicant's proforma indicated only three- and four-bedroom units. Each of the houses will include full kitchen packages (range/oven, refrigerator, and vent hood/fan), washer/dryer connections, energy efficient appliances, and ceiling fans. The construction plans also indicate covered front porches and pitched composition shingle roofs.

IDENTITIES of INTEREST

Habitat for Humanity of San Antonio will be the developer, general contractor, architect, and accountant for this project. All of these identities of interest are acceptable under HTF guidelines.

APPLICANT/PRINCIPALS FINANCIAL HIGHLIGHTS, BACKGROUND, and EXPERIENCE

As of December 31, 2000, HFHSA had $5.4M in total assets and $372K in liabilities for a net worth of $5.1M. Audited financial statements for the year ended December 31, 1999 indicate a net worth of $4.2M, comprised of $4.5M in assets and $337K in liabilities.

Habitat for Humanity of San Antonio is the oldest affiliate of Habitat for Humanity International. As the first affiliate in the United States they are celebrating their 26th year of service to the San Antonio community. They have been building new single family homes targeted for purchase by very low-income San Antonio/Bexar County families since 1976. To date, HFHSA has built 250 single-family homes representing $8 million worth of property.

RECOMMENDATION

☒ RECOMMEND APPROVAL SUBJECT TO THE FOLLOWING CONDITIONS:

1. Receipt, review, and acceptance of an acceptable site inspection by TDHCA staff;
2. Receipt, review and acceptance of a revised site plan showing 85 lots or an explanation of the

anticipated disposition of the additional three lots;

3. Receipt, review and acceptance of documentation indicating that the site is zoned properly for the proposed development;
4. Receipt, review, and acceptance of a Phase II Environmental Site Assessment by a third party engineer;
5. Receipt, review, and acceptance of a detailed infrastructure cost estimate provided by a third party engineer and documentation of final City of San Antonio plat approval;
6. Receipt, review, and acceptance of floorplans consistent with the specifications provided;
7. Board acceptance that $50K to $52K per house in construction and permanent financing will be obtained through annual donations that are not committed at this time; and
8. Award of Housing Trust Fund loan in the amount of $1,050,000 as a three-year, no-interest, forgivable loan. Lots should be released, and a prorated amount of the loan forgiven, as the Applicant provides verification of income eligible purchases. The Applicant should also be required to maintain a reasonable balance of income qualified purchases in accordance with the income targeting in the application.

Associate Underwriter:	*Raquel Morales*	**Date:**	July 31, 2002
Director of Credit Underwriting:	*Tom Gouris*	**Date:**	July 31, 2002

SINGLE FAMILY RESIDENCE DEVELOPMENT PROFORMA

Habitat For Humanity of San Antonio, Project Name, HTF #2-02-021
Vanderwalle Property San Antonio, 78227

FLOOR PLAN NUMBER		A	B	C	D	E	F	AVERAGE	TDHCA TOTAL	APPLICANT	
NUMBER PLOTTED		34	33	1	17				85		
SQUARE FOOTAGE		1,017	1,129	1,017	1,017			1,060	90,141	90,141	
DESCRIPTION	Max.	3 BD 1 BA	4 BD 1 BA	3 BD 1 BA	3 BD 1 BA	__ BD __ BA	__ BD __ BA				
Raw Land Acquisition Cost		$0	$0	$0	$0			$0	$0	$220,000	
Off-Sites		9,316	9,316	9,316	9,316			9,316	791,900	679,400	
Site Work		1,031	1,031	1,031	1,031			1,031	87,605	87,605	$ 0.97
Direct Construction Costs		32,377	35,066	32,377	32,377			33,421	2,840,763	3,054,895	$33.89
Indirect Construction Costs		14,026	14,026	14,026	14,026			14,026	1,192,200	1,192,200	$13.23
General Requirements & Ove	8.0%	2,673	2,888	2,673	2,673			2,756	234,269		
Contractor's Profit	6.0%	2,004	2,166	2,004	2,004			2,067	175,702		
Developer's Overhead											
Contingency	2.0%	854	908	854	854			875	74,405	65,900	2.10%
Financing											
Other:											
SUBTOTAL COSTS		$62,281	$65,400	$62,281	$62,281			$63,492	$5,396,845	$5,300,000	$58.80
Sales Commission											
Buyer's closing csts pd by Dev.											
TOTAL COST		$62,281	$65,400	$62,281	$62,281			$63,492	$5,396,845	$5,300,000	$58.80
Less: Grants & Gifts In-Kinc		(12,353)	(12,353)	(12,353)	(12,353)				(1,050,000)	(1,050,000)	
NET COST		$49,928	$53,047	$49,928	$49,928			$51,139	$4,346,845	$4,250,000	$47.15
GROSS SALES PROCEEDS		$50,000	$52,000	$50,000	$50,000			$50,776	4,316,000	$4,250,000	$47.15
NET PROFIT		$72	($1,047)	$72	$72			($363)	($30,845)		
DIRECT CONSTRUCTION COST per SF		$31.84	$31.06	$31.84	$31.84			$31.51	$31.51	$33.89	
SUBTOTAL COST per SQ FT		$61.24	$57.93	$61.24	$61.24			$59.87	$59.87	$58.80	
TOTAL COST per SQ FT		$61.24	$57.93	$61.24	$61.24			$59.87	$59.87	$58.80	
SALES PRICE per SQ FT		$49.16	$46.06	$49.16	$49.16			$47.88	$47.88	$47.15	
DEVELOPER PROFIT to COST RATIO		0.77%	-11.24%	0.77%	0.77%			-3.90%	-3.90%		
TOTAL PROFIT to COST RATIO		3.33%	1.71%	3.33%	3.33%			2.68%	2.68%		

SINGLE FAMILY RESIDENCE DEVELOPMENT PROFORMA

Habitat For Humanity of San Antonio, Project Name, HTF #2-02-021
Vanderwalle Property San Antonio, 78227

DIRECT CONSTRUCTION COST ESTIMATE

Single Family Residence Average Quality Basis

Habitat For Huma
Van

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Plan A

CATEGORY	FACTOR	UNITS/SF	PER SF	AMOUNT
Base Cost		1,017	$50.11	$50,959
Adjustments				
Roofing				
Subfloor			(1.76)	(1,790)
Floor Cover			1.52	1,546
Plumbing	$660	1	0.65	660
Built-In Applian	$1,775	1	1.75	1,775
Heating/Cooling			0.35	356
Garages/Carports				
Porches	$4.04	46	0.18	186
Subdivision Disc	20.00%		(10.02)	(10,192)
Other:				
SUBTOTAL			$42.77	$43,500
Current Cost Multipl	1.04		44.48	45,240
Local Multiplier	0.86		(5.99)	(6,090)
TOTAL DIRECT CONSTRUCTION COSTS			$38.50	$39,150
Plans/specs, svy, pr	3.40%		($1.31)	(1,331)
Interim Construction	1.50%		($0.58)	(587)
Contractor's OH & Pr	12.40%		($4.77)	(4,855)
NET DIRECT CONSTRUCTION COSTS			$31.84	$32,377

Plan B

CATEGORY	FACTOR	UNITS/SF	PER SF	AMOUNT
Base Cost		1,129	$49.12	$55,459
Adjustments				
Roofing				
Subfloor			(1.76)	(1,987)
Floor Cover			1.52	1,716
Plumbing	$660	1	0.58	660
Built-In Applian	$1,775	1	1.57	1,775
Heating/Cooling			0.35	395
Garages/Carports				
Porches	$4.04	46	0.16	186
Subdivision Disc	20.00%		(9.82)	(11,092)
Other:				
SUBTOTAL			$41.73	$47,112
Current Cost Multipl	1.04		43.40	48,997
Local Multiplier	0.86		(5.84)	(6,596)
TOTAL DIRECT CONSTRUCTION COSTS			$37.56	$42,401
Plans/specs, svy, pr	3.40%		($1.28)	(1,442)
Interim Construction	1.50%		($0.56)	(636)
Contractor's OH & Pr	12.40%		($4.66)	(5,258)
NET DIRECT CONSTRUCTION COSTS			$31.06	$35,066

Plan C

CATEGORY	FACTOR	UNITS/SF	PER SF	AMOUNT
Base Cost		1,017	$50.11	$50,959
Adjustments				
Roofing				
Subfloor			(1.76)	(1,790)
Floor Cover			1.52	1,546
Plumbing	$660	1	0.65	660
Built-In Applian	$1,775	1	1.75	1,775
Heating/Cooling			0.35	356
Garages/Carports				
Porches	$4.04	46	0.18	186
Subdivision Disc	20.00%		(10.02)	(10,192)
Other:				
SUBTOTAL			$42.77	$43,500
Current Cost Multipl	1.04		44.48	45,240
Local Multiplier	0.86		(5.99)	(6,090)
TOTAL DIRECT CONSTRUCTION COSTS			$38.50	$39,150
Plans/specs, svy, pr	3.40%		($1.31)	(1,331)
Interim Construction	1.50%		($0.58)	(587)
Contractor's OH & Pr	12.40%		($4.77)	(4,855)
NET DIRECT CONSTRUCTION COSTS			$31.84	$32,377

Plan D

CATEGORY	FACTOR	UNITS/SF	PER SF	AMOUNT
Base Cost		1,017	$50.11	$50,959
Adjustments				
Roofing				
Subfloor			(1.76)	(1,790)
Floor Cover			1.52	1,546
Plumbing	$660	1	0.65	660
Built-In Applian	$1,775	1	1.75	1,775
Heating/Cooling			0.35	356
Garages/Carports				
Porches	$4.04	46	0.18	186
Subdivision Disc	20.00%		(10.02)	(10,192)
Other:				
SUBTOTAL			$42.77	$43,500
Current Cost Multipl	1.04		44.48	45,240
Local Multiplier	0.86		(5.99)	(6,090)
TOTAL DIRECT CONSTRUCTION COSTS			$38.50	$39,150
Plans/specs, svy, pr	3.40%		($1.31)	(1,331)
Interim Construction	1.50%		($0.58)	(587)
Contractor's OH & Pr	12.40%		($4.77)	(4,855)
NET DIRECT CONSTRUCTION COSTS			$31.84	$32,377

HOMEBUYER AFFORDABILITY ANALYSIS EXHIBIT

0 DOWNPAYMENT ASSUMPTION

Habitat For Humanity of San Antonio, Project Name, HTF #2-02-021

ASSUMPTIONS			
Interest Rate:	0.00%	Tax Rate per $100:	2.4043
Loan Term (mos):	240	Property Insurance:	0.35%
Assessed Value (est.):	100%	Mortgage Insurance:	

LOAN CALCULATIONS	Plan A	Plan B	Plan C	Plan D		
Sales Price:	$50,000	$52,000	$50,000	$50,000		
0% Downpayment	-	-	-	-		
Loan Amount:	$50,000	$52,000	$50,000	$50,000		

MONTHLY PAYMENT						
P & I	$208.33	$216.67	$208.33	$208.33		
Taxes	100.18	104.19	100.18	100.18		
Insurance	30.00	30.00	30.00	30.00		
MIP	0.00	0.00	0.00	0.00		
TOTAL PAYMENT	**$338.51**	**$350.85**	**$338.51**	**$338.51**		

QUALIFYING INCOME	**1-Person**	**2-Person**	**3-Person**	**4-Person**	**5-Person**
30% of Median Annual Income	$9,700	$11,100	$12,450	$13,850	$14,950
Monthly Income	$808	$925	$1,038	$1,154	$1,246
PITI Affordability @ 30%	**$243**	**$278**	**$311**	**$346**	**$374**
50% of Median Annual Income	$16,150	$18,500	$20,800	$23,100	$24,950
Monthly Income	$1,346	$1,542	$1,733	$1,925	$2,079
PITI Affordability @ 30%	**$404**	**$463**	**$520**	**$578**	**$624**
60% of Median Annual Income	$19,380	$22,200	$24,960	$27,720	$29,940
Monthly Income	$1,615	$1,850	$2,080	$2,310	$2,495
PITI Affordability @ 30%	**$485**	**$555**	**$624**	**$693**	**$749**
80% of Median Annual Income	$25,850	$29,550	$33,250	$36,950	$39,900
Monthly Income	$2,154	$2,463	$2,771	$3,079	$3,325
PITI Affordability @ 30%	**$646**	**$739**	**$831**	**$924**	**$998**

SINGLE FAMILY RESIDENCE DEVELOPMENT
SOURCES and USES OF FUNDS EXHIBIT

Habitat For Humanity of San Antonio, Project Name, HTF #2-02-021

SOURCE OF FUNDS					
	TYPE OF CREDIT FACILITY	RECYCLE FACTOR	TDHCA AMOUNT	APPLICANT AMOUNT	SOURCE/PRIORITY
1	HOME Loan	1			TDHCA
2	Neighborhood Partnership	1			TDHCA
3	Housing Trust Fund Loan	1	1,050,000	1,050,000	TDHCA
4	TX Community Dev. Program	1			TDHCA
5	Other TDHCA Program Loan	1			TDHCA
6	Cash Equity	1			
7	In-Kind Equity	1			
8	Other CDBG	1			
9	Other HOME Loan	1			
10	RECD Loan(s)	1			
11	Other Federal Loan or Grant	1			
12	Local Municipality Loan or G	1			
13	Private Loan or Grant	1	4,346,845	4,250,000	
14	Conventional Loan	1			
15	Conventional Loan	1			
TOTAL SOURCES OF FUNDS			$5,396,845	$5,300,000	

USES OF FUNDS			
	DESCRIPTION	TDHCA AMOUNT	APPLICANT AMOUNT
1	Raw Land Acquisition Cost	$0	$220,000
2	Off-Sites	791,900	679,400
3	Site Work	87,605	87,605
4	Direct Construction Costs	2,840,763	3,054,895
5	Indirect Construction Costs	1,192,200	1,192,200
6	General Requirements & Overhead	234,269	-
7	Contractor's Profit	175,702	-
8	Developer's Overhead	-	-
9	Contingency	74,405	65,900
10	Financing	-	-
11	Other:	-	-
12	Other (describe):		
TOTAL USES OF FUNDS		$5,396,845	$5,300,000

Agenda Item No. 6(e)

TEXAS DEPARTMENT OF HOUSTING AND COMMUNITY AFFAIRS
BOARD OF DIRECTORS' MEETING
AUGUST 8, 2002

PRESENTATION, DISCUSSION AND POSSIBLE APPROVAL OF AMENDMENT TO 2002 STATE OF TEXAS CONSOLIDATED PLAN- ONE-YEAR ACTION PLAN SUBMITTED TO THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT(HUD) AS IT RELATES TO THE HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME)

HUD has recommended and Department staff agree that Program Years 2002 and 2003 should be combined for a competition in the Spring of 2003. The 2002 HOME allocation is $41,000,000 and the Department expects approximately the same allocation for Program Year 2003. During thorough discussions with HUD staff it has been recommended that the State of Texas combine the HOME allocations for Program Years 2002 and 2003 to allow Department staff to close out old contracts; address audit issues from past years; and conduct clean up on the Integrated Disbursement and Information System. Department staff agree that combining the two program years will allow them to focus on improvements to program processes and implement new procedures for current allocations.

A public hearing will be held to invite public comment and the item will be submitted to the Board at a future Board meeting for final approval.

RECOMMENDATION:

That the Board of Directors authorize staff to proceed with conducting a public hearing to invite comment on the proposed amendment to the 2002 State of Texas Consolidated Plan-One-Year Action Plan as it relates to the Home Investment Partnerships Program – to combine Program years 2002 and 2003 and conduct competition for funding in the Spring of 2003.

REPORT ITEMS

Executive Directors Report

Update on Sunset Requirement Market Study for Underserved Areas

Required by Senate Bill 322, Section 2.02, of the 77th Texas Legislative Session, the Texas Department of Housing and Community Affairs is to conduct a market study to determine the home mortgage credit needs in underserved economic and geographic submarkets of the State.

A public hearing was held on the proposed study methodology on June 26th and a public hearing is planned for August 23rd at 11am to receive comment on the results.

The results of the study will be used to determine the feasibility of the development of a new mortgage product to better serve identified underserved markets.

EXECUTIVE SESSION

Litigation and Anticipated Litigation (Potential or Threatened under Sec. 551.071 and 551.103, Texas Government Code Litigation Exception)

Consultation with Attorney Pursuant to Sec. 551.071(2), Texas Government Code

The Board may discuss any item listed on this agenda in Executive Session

OPEN SESSION

Action in Open Session on Items Discussed 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 the Board Secretary, Delores Groneck, TDHCA, 507 Sabine, Austin, Texas 78701, 512-475-3934 and request the information.

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

BOARD MEMBER TRAINING
August 7, 2002 6:00 p.m. - 8:30 pm
TDHCA Board Room, 507 Sabine, Room 437, Austin, Texas

CALL TO ORDER	Michael Jones, Chair
CERTIFICATION OF QUORUM	
PUBLIC COMMENT	Michael Jones, Chair

The Board of the Texas Department of Housing and Community Affairs will meet to receive training on and discuss:

Programs of the Texas Department of Housing and Community Affairs	
Housing Finance Division	
Down Payment Assistance	Eric Pike
Texas First-Tome Homebuyer Program	
Loan Servicing	
HOME Program	
Mutifamily Mortgage Revenue Bond Program	Robert Onion
Single Family Mortgage Revenue Bond Program	Byron Johnson
Housing Programs	David Burrell
Housing Trust Fund	
Section 8	
Office of Colonia Initiatives	Homer Cabello
Texas Bootstrap Owner-Builder Loan Program	
Contract for Deed Conversion Initiative	
Community Affairs	Eddie Fariss
Community Services Block Grant	
Comprehensive Energy Assistance Program	
Emergency Nutrition Temporary Emergency Relief Program	
Emergency Shelter Grants Program	
Weatherization Assistance Program	
Compliance	Suzanne Phillips
Administrative Divisions	
Financial Services	Bill Dally
Legal	Chris Wittmayer
Human Resources/Facilities	John Gonzales
Internal Audit	David Gaines
Information Systems	Curtis Howe
Office of Strategic Planning/Housing Resource Center	Sarah Anderson
Communications/GPI	Michael Lyttle
Executive	Edwina Carrington
ADJOURN	Michael Jones, Chair

[1] **Source:**

- (IA) - TDHCA Internal Auditing Division - Report #7.08 - Internal Audit on the Human Resources Section, dated August 29, 1997 - Note: The review results were sub-divided into 8 separate reports.
- Comptroller of Public Accounts - Expenditure audit (including payroll), dated April 30, 2001.