

BOARD BOOK OF JULY 28, 2016



J. Paul Ozer, Chair
Juan Muñoz, Vice-Chair
Leslie Bingham Escareño, Member
T. Tolbert Chisum, Member
Tom H. Gann, Member
J. B. Goodwin, Member

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
BOARD MEETING**

**A G E N D A
9:00 AM
July 28, 2016**

**John H. Reagan Building
JHR 140, 105 W 15th Street
Austin, Texas**

CALL TO ORDER

ROLL CALL

J. Paul Oxer, Chairman

CERTIFICATION OF QUORUM

Pledge of Allegiance - I pledge allegiance to the flag of the United States of America, and to the republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

Texas Allegiance - Honor the Texas flag; I pledge allegiance to thee, Texas, one state under God, one and indivisible.

CONSENT AGENDA

Items on the Consent Agenda may be removed at the request of any Board member and considered at another appropriate time on this agenda. Placement on the Consent Agenda does not limit the possibility of any presentation, discussion or approval at this meeting. Under no circumstances does the Consent Agenda alter any requirements under Chapter 551 of the Texas Government Code, Texas Open Meetings Act. Action may be taken on any item on this agenda, regardless of how designated.

ITEM 1: APPROVAL OF THE FOLLOWING ITEMS PRESENTED IN THE BOARD MATERIALS:

LEGAL

- a) Presentation, Discussion, and Possible Action regarding the adoption of an Agreed Final Order concerning Cullen Park Apartments (HTC 01410 / CMTS 420)
- b) Presentation, Discussion, and Possible Action regarding the adoption of an Agreed Final Order concerning Avalon Apartments (HTC 91036 / CMTS 954)

Jeffrey T. Pender
Deputy General Counsel

RULES

- c) Presentation, Discussion, and Possible Action on an order proposing amendments to 10 TAC §1.204 Reasonable Accommodations, and directing that they be published in the *Texas Register*
- d) Presentation, Discussion, and Possible Action on an order adopting amendments to 10 TAC Chapter 5, Community Affairs Program, Subchapter H, Section 8 Housing Choice Voucher Program, §5.802, Local Operator (“LO”) for the Housing Choice Voucher Program (“HCVP”), and directing that they be published in the *Texas Register*

Suzanne Hemphill
Manager, Fair Housing
Project

Michael DeYoung
Director, Community
Affairs

ASSET MANAGEMENT

- e) Presentation, Discussion and Possible Action regarding Material Amendments to the Housing Tax Credit Application
02483 Cypress View Villas Weatherford
- f) Presentation, Discussion and Possible Action regarding Ownership Transfer and Material Amendments to the Housing Tax Credit Land Use Restriction Agreement
97089 Prado, Ltd. El Paso
98091 NCDO Housing, Ltd. El Paso
04028 Heritage Park Denison

Raquel Morales
Director

MULTIFAMILY FINANCE

- g) Presentation, Discussion, and Possible Action on Determination Notices for Housing Tax Credits with another Issuer

16411 Charles E Graham Apartments	El Paso
16412 Rio Grande Apartments	El Paso
16413 Judson Williams Apartments	El Paso
16414 Father Carlos Pinto Memorial Apartments	El Paso
- h) Presentation, Discussion, and Possible Action of Qualified Trustee Services for Multifamily Bond Transactions

Teresa Morales
Manager

HOUSING RESOURCE CENTER

- i) Presentation, Discussion, and Possible Action on the 2017 Regional Allocation Formula Methodology

Elizabeth Yevich
Director

COMMUNITY AFFAIRS

- j) Presentation, Discussion, and Possible Action on Awards for Federal Fiscal Year (“FFY”) 2016 Community Services Block Grant (“CSBG”) Discretionary Funds for Services to Native American and Migrant Seasonal Farm Worker Population and 2016 CSBG Network Operational Investments and Intensive Community Action Agency Support Assessments
- k) Presentation, Discussion, and Possible Action on Approval of the Federal Fiscal Year 2017 Low Income Home Energy Assistance Program (“LIHEAP”) Application and State Plan for submission to the U.S. Department of Health and Human Services (“USHHS”) and Approval of the Associated 2017 LIHEAP Awards
- l) Presentation, Discussion, and Possible Action on the selection of Subrecipients to administer the U.S. Department of Energy (“DOE”) and Low Income Home Energy Assistance Program (“LIHEAP”) Weatherization Assistance Program (“WAP”) to provide services in Anderson, Collin, Denton, Ellis, Henderson, Hood, Hunt, Kaufman, Johnson, Navarro, Palo Pinto, Parker, Rockwall, Smith, and Van Zandt counties
- m) Presentation, Discussion, and Possible Action on Conditional Program Year (“PY”) 2016 Emergency Solutions Grants (“ESG”) Program Awards

Michael DeYoung
Director

BOND FINANCE

- n) Presentation, Discussion, and Possible Action adopting Resolution No. 16-019 authorizing application to the Texas Bond Review Board (“BRB”) for reservation of 2016 single family private activity bond authority
- o) Presentation, Discussion, and Possible Action on Resolution No. 16-021 authorizing Publication of Public Notice for Mortgage Credit Certificate Program (MCC) (“Program 86”)

Monica Galuski
Director

SINGLE FAMILY OPERATIONS & SERVICES

- p) Presentation, Discussion, and Possible Action on Colonia Self Help Center (“Colonia SHC”) Program Awards to Webb County and Hidalgo County in accordance with Tex. Gov’t Code §2306.582 through Community Development Block Grant (“CDBG”) Funding
- q) Presentation, Discussion, and Possible Action on extensions to Neighborhood Stabilization Program 1 (“NSP1”) Contracts and Program Income (“NSP1-PI”) Reservation Agreements and Neighborhood Stabilization Program 3 (“NSP3”) Contracts and Program Income (“NSP3-PI”) Reservation Agreements

77090000106	City of Irving	Irving
77090003106	City of Irving	Irving
77090000164	Frazier Revitalization, Inc.	Dallas
77090003164	Frazier Revitalization, Inc.	Dallas
77090000108	Affordable Homes of South Texas, Inc.	McAllen

Homero Cabello, Jr.
Director

77090003108	Affordable Homes of South Texas, Inc.	McAllen
77110000105	Community Development Corporation of Brownsville	Brownsville
77110003105	Community Development Corporation of Brownsville	Brownsville
77090000154	City of Port Arthur	Port Arthur
77090003154	City of Port Arthur	Port Arthur

CONSENT AGENDA REPORT ITEMS

ITEM 2: THE BOARD ACCEPTS THE FOLLOWING REPORTS:

- a) Report on Department’s Fair Housing Activities
- b) Report on the Department’s 3rd Quarter Investment Report in accordance with the Public Funds Investment Act (“PFIA”)
- c) Report on the Department’s 3rd Quarter Investment Report relating to funds held under Bond Trust Indentures
- d) Executive Report of Multifamily Program Amendments, Extensions and Ownership Transfers
- e) Status Report on Compilation of Agency Legislative Appropriations Request for SFY 2018-19

Suzanne Hemphill
Manager, Fair Housing Project

David Cervantes
Chief Financial Officer

Monica Galuski
Director, Bond Finance

Raquel Morales
Director, Asset Mgmt

Michael Lyttle
Chief, External Affairs

ACTION ITEMS

ITEM 3: INTERNAL AUDIT

- a) Report on the meeting of the Audit Committee
- b) Internal Audit Report 16-001 “Sources and Uses”

Mark Scott
Director

ITEM 4: BOND FINANCE

Presentation and Update Regarding the Selection of the Master Servicer for Single Family Homeownership Programs implemented through the Texas Homeownership Division, including the Texas First Time Homebuyer Program, the My First Texas Home Program, and Other Single Family Programs, as applicable

Monica Galuski
Director, Bond Finance

ITEM 5: REAL ESTATE ANALYSIS

Presentation, Discussion, and Possible Action on Timely Filed Underwriting Appeals under the Department’s Multifamily Program Rules

Brent Stewart
Director

16057 Silverleaf at Mason
16274 Rockview Manor

Mason
Fort Hancock

ITEM 6: MULTIFAMILY FINANCE

- a) Presentation, Discussion, and Possible Action on Timely Filed Scoring Notice Appeals under the Department’s Multifamily Program Rules
16011 Homestead Prairie Senior Apartments
- b) Presentation, Discussion, and Possible Action on Timely Filed Scoring Notice Appeals under the Department’s Multifamily Program Rules
16218 Sphinx at Sims Bayou
- c) Presentation, Discussion, and Possible Action on Timely Filed Scoring Notice Appeals under the Department’s Multifamily Program Rules
16319 The Residence at Coulter
- d) Presentation, Discussion, and Possible Action Regarding the Issuance of Multifamily Housing Revenue Bonds (Gateway at Hutchins Apartments) Series 2016 Resolution No. 16-022 and Determination Notice of Housing Tax Credits
- e) Presentation, Discussion, and Possible Action Regarding the Issuance of Multifamily Housing Revenue Bonds (Mercantile Apartments) Series 2016 Resolution No. 16-023 and Determination Notice of Housing Tax Credits
- f) Presentation, Discussion, and Possible Action regarding Awards of Direct Loan funds from the 2016-1 Multifamily Direct Loan Notice of Funding Availability to 9% Housing Tax Credit Layered Applications

Sharon Gamble
Administrator,
Competitive HTC
Program

Ponder

Houston

Amarillo

Marni Holloway
Director

g) Presentation, Discussion, and Possible Action regarding Awards from the 2016 State Housing Credit Ceiling and Approval of the Waiting List for the 2016 Housing Tax Credit Application Round

Sharon Gamble
 Administrator,
 Competitive HTC
 Program

16001	Rolling Hills	Fredericksburg
16003	Estacado Place	Lubbock
16008	Rachael Commons	McGregor
16009	Wheatley Family Apartments Phase II	San Antonio
16011	Homestead Prairie Senior Apartments	Ponder
16012	Mariposa Apartment Homes at Clear Creek	Webster
16015	The Standard at Boswell Marketplace	Fort Worth
16018	Abbingtion Place	Whitehouse
16019	The Estates of Copperas Cove	Copperas Cove
16020	Cedar Creek Villas	Henderson
16024	The Estates of Lindale	Lindale
16026	Laguna Hotel Lofts	Cisco
16029	Baxter Lofts	Harlingen
16032	Lantana Villas	Eagle Pass
16033	Hughes Springs Seniors Apartments	Hughes Springs
16034	Conrad Lofts	Plainview
16038	Orange Grove Seniors Apartments	Orange Grove
16040	Parklane Villas	Brenham
16043	SilverLeaf at Panhandle	Panhandle
16044	Pleasanton Seniors Apartments	Pleasanton
16045	South Homestead Palms	El Paso
16048	River Palms	El Paso
16049	Bishop Courts	Bishop
16052	Pellicano Palms	El Paso
16056	Northwest Apartments	San Antonio
16057	Silverleaf at Mason	Mason
16061	Easterling Culebra Apartments	San Antonio
16065	Northside Manor Apartments	Angleton
16066	Samuel Place Apartments	Corpus Christi
16068	Live Oak Apartments	Georgetown
16069	Huntington at Sienna Ranch	Sienna Plantation
16071	Bluff View Senior Village	Crandall
16075	Meadow View Senior Village	Taylor
16077	McKinney Manor Apartments	Sweeny
16078	Leatherwood Terrace Apartments	Yoakum
16080	Shady Shores Apartments	Lake Dallas
16082	Lake Ridge Apartments	Mabank
16090	Huntington at Brownsville	Brownsville
16091	Santa Fe Place	Temple
16094	Alberta Terrace Apartments	Edinburg
16098	Parkdale Villas	Denison
16099	SEA RAD Oaks	Austin
16100	Solano Park Apartments	Edinburg
16104	Villa Verde Estates	Weslaco
16105	Tuscany Park at Arcola	Arcola
16108	Timber Ridge Apartments	Chandler
16109	Waverly Village	New Waverly
16110	North Pine Villas	Kountze
16113	The Village at Main	Bullard
16114	The Veranda Townhomes	Plano

16115	The Reserve at Dry Creek	Hewitt
16116	The Cottages at Main	Bullard
16117	Indian Lake Apartment Homes	Indian Lake
16118	The Standard on the Creek	Houston
16121	Commerce Street Apartments	Belton
16124	Balcones Haus Apartments	New Braunfels
16128	Borgfeld Manor	Cibolo
16130	Cottages at San Saba	San Saba
16131	Plateau Ridge Apartments	Cleburne
16142	Spring Creek Apartments	Linden
16149	Country Place Apartments	Atlanta
16154	Hyde Estates	Killeen
16159	Palladium Garland	Garland
16160	Nash Senior Village	Nash
16161	Elysium Park	Georgetown
16162	EHA Liberty Village	Edinburg
16164	Saralita Senior Village	Kerrville
16165	Stonebridge of Paris	Paris
16167	Havens of Reno	Reno
16168	Stonebridge of Whitehouse	Whitehouse
16169	Havens of Hutto	Hutto
16170	Whitehouse Senior Village	Whitehouse
16172	Lumberton Senior Village	Lumberton
16175	Crosby Meadows Apartments	Crosby
16178	Palladium Anna	Anna
16184	Reserve at Hagan	Whitehouse
16185	Merritt Heritage	Georgetown
16188	Kaia Pointe	Georgetown
16196	Merritt Starlight	Wimberley
16197	BAH Taylor Senior Village	Mission
16200	Kirby Park Villas	San Angelo
16204	The Preserve at Wiederstein	Schertz
16210	Merritt Monument	Midland
16213	Villas on Flint	Wolfforth
16214	Heritage Pines	Texarkana
16218	Sphinx at Sims Bayou Villas	Houston
16223	Magnolia Gardens	Richmond
16226	Provision at Melissa	Melissa
16230	West Oaks Crossing	Houston
16231	Gala at Melissa	Melissa
16234	Stonebridge of Lamesa	Lamesa
16236	Hamilton Crossing	Waller
16237	Hawks Landing Apartments	Iowa Park
16242	Brooks Manor Apartments	West Columbia
16246	Gala at Four Corners	Four Corners
16248	Pelican Landing	Galveston
16256	Chapman Crossings	Houston
16258	Provision at West Bellfort	Houston
16259	Casitas Lantana at Inwood	Brownsville
16260	Churchill at Golden Triangle Community	Fort Worth
16263	Starlight	Murillo
16268	Emerald Manor	Horizon City
16273	Keystone Place	El Paso

16274	Rockview Manor	Fort Hancock
16275	Harmon Senior Villas	Fort Worth
16286	Ridgestone Estates	El Paso
16288	Morrison Place	Brownsville
16317	Blue Line Lofts	Rowlett
16319	The Residence at Coulter	Amarillo
16322	The Residence at Autumn Sage	Abilene
16326	Laurel Glen	San Antonio
16339	Hidalgo Vista	Hidalgo
16342	Robison Terrace	Texarkana
16343	Calallen Apartments	Corpus Christi
16352	Salazar Park	El Paso
16354	Gonzalez Apartments	El Paso
16361	Sunshine Village Apartments	Brownsville
16363	Mill Town Seniors	Silsbee
16370	The Villas	Lubbock
16373	Avondale Farms Seniors	Fort Worth
16374	The Avanti at Calallen	Corpus Christi
16376	New Haven	Athens
16379	Weslaco Villas	Weslaco
16380	Sierra Vista	Lopezville
16387	Cantabria Estates Apartments	Brownsville
16393	Palmera Heights Apartments	Elsa
16395	Cypress Creek Apartment Homes at Reed Rd	Houston

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

EXECUTIVE SESSION

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

J. Paul Oxer
Chairman

1. The Board may go into Executive Session Pursuant to Tex. Gov't Code §551.074 for the purposes of discussing personnel matters including to deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee;
2. Pursuant to Tex. Gov't Code §551.071(1) to seek the advice of its attorney about pending or contemplated litigation or a settlement offer;
3. Pursuant to Tex. Gov't Code §551.071(2) for the purpose of seeking the advice of its attorney about a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with Tex. Gov't Code Chapter 551; including seeking legal advice in connection with a posted agenda item;
4. Pursuant to Tex. Gov't Code §551.072 to deliberate the possible purchase, sale, exchange, or lease of real estate because it would have a material detrimental effect on the Department's ability to negotiate with a third person; and/or
5. Pursuant to Tex. Gov't Code §2306.039(c) the Department's internal auditor, fraud prevention coordinator or ethics advisor may meet in an executive session of the Board to discuss issues related to fraud, waste or abuse.

OPEN SESSION

If there is an Executive Session, the Board will reconvene in Open Session. Except as specifically authorized by applicable law, the Board may not take any actions in Executive Session.

ADJOURN

To access this agenda and details on each agenda item in the board book, please visit our website at www.tdhca.state.tx.us or contact Michael Lyttle, 512-475-4542, TDHCA, 221 East 11th Street, Austin, Texas 78701, and request the information.

If you would like to follow actions taken by the Governing Board during this meeting, please follow TDHCA account (@tdhca) on Twitter.

To access this agenda and details on each agenda item in the board book, please visit our website at www.tdhca.state.tx.us or contact Michael Lyttle, 512-475-4542, TDHCA, 221 East 11th Street, Austin, Texas 78701, and request the information.

If you would like to follow actions taken by the Governing Board during this meeting, please follow TDHCA account (@tdhca) on Twitter.

Individuals who require auxiliary aids, services or sign language interpreters for this meeting should contact Gina Esteves, ADA Responsible Employee, at 512-475-3943 or Relay Texas at 1-800-735-2989, at least three (3) days before the meeting so that appropriate arrangements can be made.

Non-English speaking individuals who require interpreters for this meeting should contact Elena Peinado, 512-475-3814, at least three (3) days before the meeting so that appropriate arrangements can be made.

Personas que hablan español y requieren un intérprete, favor de llamar a Elena Peinado al siguiente número 512-475-3814 por lo menos tres días antes de la junta para hacer los preparativos apropiados.

NOTICE AS TO HANDGUN PROHIBITION DURING THE OPEN MEETING OF A GOVERNMENTAL ENTITY IN THIS ROOM ON THIS DATE:

Pursuant to Section 30.06, Penal Code (trespass by license holder with a concealed handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not enter this property with a concealed handgun.

De acuerdo con la sección 30.06 del código penal (ingreso sin autorización de un titular de una licencia con una pistola oculta), una persona con licencia según el subcapítulo h, capítulo 411, código del gobierno (ley sobre licencias para portar pistolas), no puede ingresar a esta propiedad con una pistola oculta.

Pursuant to Section 30.07, Penal Code (trespass by license holder with an openly carried handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not enter this property with a handgun that is carried openly.

De acuerdo con la sección 30.07 del código penal (ingreso sin autorización de un titular de una licencia con una pistola a la vista), una persona con licencia según el subcapítulo h, capítulo 411, código del gobierno (ley sobre licencias para portar pistolas), no puede ingresar a esta propiedad con una pistola a la vista.

NONE OF THESE RESTRICTIONS EXTEND BEYOND THIS ROOM ON THIS DATE AND DURING THE MEETING OF THE GOVERNING BOARD OF THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

CONSENT AGENDA

1a

BOARD ACTION REQUEST

LEGAL DIVISION

JULY 28, 2016

Presentation, Discussion, and Possible Action regarding the adoption of an Agreed Final Order concerning Cullen Park Apartments (HTC 01410 / CMTS 420)

RECOMMENDED ACTION

WHEREAS, Cullen Park Apartments, owned by Cullen Park Apartments, L.P. (“Owner”), had uncorrected compliance findings relating to the applicable land use restriction agreement and the associated statutory and rule requirements;

WHEREAS, all findings that had been referred for an administrative penalty were resolved informally before consideration by the Enforcement Committee;

WHEREAS, Owner’s representatives have agreed, subject to Board approval, to enter into an Agreed Final Order stipulating that violations occurred, and assessing no administrative penalty;

WHEREAS, compliance findings included: Uniform Physical Condition Standards (“UPCS”) violations identified during the 2015 inspection; supportive services violations, an Affirmative Marketing Plan violation; lease violations relating to required lease notices; and lease violations for failure to execute required lease language; and

WHEREAS, staff has based its recommendations for an Agreed Final Order on the Department’s rules for administrative penalties and an assessment of each and all of the statutory factors to be considered in assessing such penalties, applied specifically to the facts and circumstances present in this case;

NOW, therefore, it is hereby

RESOLVED, that an Agreed Final Order, stipulating that violations occurred at Cullen Park Apartments (HTC 01410 / CMTS 420), substantially in the form presented at this meeting, and authorizing any non-substantive technical corrections, is hereby adopted as the order of this Board.

BACKGROUND

Cullen Park Apartments, L.P. ("Owner") is the owner of Cullen Park Apartments ("Property"), a low income apartment complex composed of 240 units, located in Houston, Harris County. Records of the Texas Secretary of State lists Cullen Park GP, LLC., as the general partner, with the following governing persons: The Jeffrey L. Kittle Trust and KHPKE LLC. Both appear to be controlled by Jeffrey. L. Kittle, who is also the primary contact for the Owner in CMTS. The property is managed by Herman & Kittle Properties, Inc., with Samir Yasa listed as the primary contact.

The Property is subject to a Land Use Restriction Agreement ("LURA") signed by Owner in 2002 in consideration for a housing tax credit allocation in the annual amount of \$720,010 to build and operate the Property.

The following compliance violations identified during 2015 were referred for an administrative penalty and have been resolved after intervention by the Enforcement Committee:

1. 2015 Uniform Physical Condition Standards ("UPCS") violations;
2. Violation for failure to provide evidence that required supportive services were being provided;
3. Violation for failure to maintain an Affirmative Marketing Plan and evidence of associated marketing efforts.
4. Lease violations relating to failure to provide and execute required notices, including:
 - a. Failure to post the Tenant Rights and Resources Guide in a common area in the office;
 - b. Failure to execute the Tenant Rights and Resources Guide Acknowledgment for one unit;
 - c. Failure to execute the Notice of Amenities and Services for 16 units;
2. Lease violation relating to failure to execute required no lock-out and good cause eviction language in leases.

Owner has not been previously referred for an administrative penalty and all violations were resolved after intervention by the Enforcement Committee, but before the scheduled informal conference. Because incomplete corrective documentation was submitted multiple times in response to the informal conference notice and final corrections were not received until after the Committee deadline, the Owner has agreed to sign an Agreed Final Order stipulating that violations had occurred, and assessing an administrative penalty of \$0 for noncompliance at Cullen Park Apartments.

Consistent with direction from the Department's Enforcement Committee, an Agreed Final Order stipulating that a violation occurred is recommended, with an administrative penalty in the amount of \$0. This will be a reportable item of consideration under previous participation for any new award to the principals of the owner.

ENFORCEMENT ACTION AGAINST
CULLEN PARK APARTMENTS, L.P.
WITH RESPECT TO CULLEN PARK
APARTMENTS (HTC FILE # 01410 /
CMTS # 420)

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BEFORE THE
TEXAS DEPARTMENT OF
HOUSING AND
COMMUNITY AFFAIRS

AGREED FINAL ORDER

General Remarks and official action taken:

On this 28th day of July, 2016, the Governing Board (“Board”) of the Texas Department of Housing and Community Affairs (“TDHCA”) considered the matter of whether enforcement action should be taken against **CULLEN PARK APARTMENTS, L.P.**, a Texas limited partnership (“Respondent”).

This Agreed Order is executed pursuant to the authority of the Administrative Procedure Act (“APA”), Tex. Gov’t Code §2001.056, which authorizes the informal disposition of contested cases. In a desire to conclude this matter without further delay and expense, the Board and Respondent agree to resolve this matter by this Agreed Final Order. The Respondent agrees to this Order for the purpose of resolving this proceeding only and without admitting or denying the findings of fact and conclusions of law set out in this Order.

Upon recommendation of the Enforcement Committee, the Board makes the following findings of fact and conclusions of law and enters this Order:

WAIVER

Respondent acknowledges the existence of their right to request a hearing as provided by Tex. Gov’t Code § 2306.044, and to seek judicial review, in the District Court of Travis County, Texas, of any order as provided by Tex. Gov’t Code § 2306.047. Pursuant to this compromise and settlement, the Respondent waives those rights and acknowledges the jurisdiction of the Board over Respondent.

FINDINGS OF FACT

Jurisdiction:

1. During 2002, Respondent was awarded an allocation of Low Income Housing Tax Credits by the Board, in an annual amount of \$720,010 to build and operate Cullen Park Apartments (“Property”) (HTC file No. 01410 / CMTS No. 420 / LLDL No. 584).
2. Respondent signed a land use restriction agreement (“LURA”) regarding the Property. The LURA was effective November 13, 2002, and filed of record at Document Number W281604 of the Official Public Records of Real Property of Harris County, Texas.

3. Respondent is a Texas limited partnership that is qualified to own, construct, acquire, rehabilitate, operate, manage, or maintain a housing development that is subject to the regulatory authority of TDHCA.

Compliance Violations¹:

4. A Uniform Physical Condition Standards ("UPCS") inspection was conducted on September 8, 2015. Inspection reports showed numerous serious property condition violations, a violation of 10 TAC § 10.621 (Property Condition Standards). Notifications of noncompliance were sent and a January 31, 2016, corrective action deadline was set. Partial corrective action was received but numerous violations were not corrected before the deadline. Proof that all corrections were made was submitted on April 21, 2016, 81 days past the deadline, after intervention by the Enforcement Committee.
5. An on-site monitoring review was conducted on July 14, 2015, to determine whether Respondent was in compliance with LURA requirements to lease units to low income households and maintain records demonstrating eligibility. The monitoring review found violations of the LURA and TDHCA rules. Notifications of noncompliance were sent and a November 18, 2015, corrective action deadline was set, however, the following violations were not corrected before the corrective action deadline:
 - a. Respondent failed to provide evidence that required supportive services were being provided, a violation of Appendix A of the LURA and 10 TAC §10.619 (Monitoring for Social Services). Acceptable corrective documentation was submitted on June 9, 2016, 204 days past the deadline, after intervention by the Enforcement Committee.
 - b. Respondent failed to provide a compliant affirmative marketing plan, a violation of 10 TAC §10.617 (Affirmative Marketing), which requires developments to maintain an affirmative marketing plan that meets minimum requirements and to distribute marketing materials to selected marketing organizations that reach groups identified as least likely to apply and to the disabled. An affirmative marketing plan was received in response to an administrative penalty informal conference notice, but the plan omitted the required marketing materials to prove that the development was carrying out marketing to the disabled. Acceptable corrective documentation was submitted on June 9, 2016, 204 days past the deadline, after intervention by the Enforcement Committee.
 - c. Respondent failed to post a laminated copy of the Tenant Rights and Resources Guide in a common area of the leasing office, a violation of 10 TAC §10.613 (Lease Requirements), which requires owners to post a laminated copy of the Guide in a common area of the leasing office and provide a copy to each household during the application process and upon any subsequent change to common amenities, unit amenities, or services. Acceptable corrective documentation was submitted on June 2, 2016, 197 days past the deadline, after intervention by the Enforcement Committee.

¹ Within this Agreed Final Order, all references to violations of TDHCA Compliance Monitoring rules at 10 Tex. Admin. Code, CHAPTERS 10 and 60 refer to the versions of the code in effect at the time of the compliance monitoring reviews and/or inspections that resulted in recording each violation. All past violations remain violations under the current code and all interim amendments.

- d. Respondent failed to provide a Tenant Rights and Resources Guide and get a signed Acknowledgment for unit 1014, a violation of 10 TAC §10.613 (Lease Requirements), which requires owners to post a laminated copy of the Guide in a common area of the leasing office and provide a copy to each household during the application process and upon any subsequent change to common amenities, unit amenities, or services. Acceptable corrective documentation was submitted on June 2, 2016, 197 days past the deadline, after intervention by the Enforcement Committee.
 - e. Respondent failed to provide a Notice of Amenities and Services to units 213, 328, 334, 335, 421, 423, 535, 615, 616, 713, 824, 1015, 1023, 1223, and 1231, a violation of 10 TAC §10.613 (Lease Requirements), which, at the time of move-in for these units, required owners to provide to each household, at the time of execution of an initial lease and whenever there was a subsequent change in amenities and services, a notice describing those amenities and services. This form was later combined with the Fair Housing Disclosure Notice into a replacement document called a "Tenant Rights and Resources Guide", which also had not been provided. Acceptable corrective documentation was submitted on June 2, 2016, 197 days past the deadline, after intervention by the Enforcement Committee.
 - f. Respondent failed to execute required lease provisions or exclude prohibited lease language, a violation of 10 TAC §10.613 (Lease Requirements), which requires leases to include specific language protecting tenants from eviction without good cause and prohibiting owners from taking certain actions such as locking out or seizing property, or threatening to do so, except by judicial process. Acceptable corrective documentation was submitted on June 2, 2016, 197 days past the deadline, after intervention by the Enforcement Committee.
6. All of the above violations are corrected as of the time of this order.

CONCLUSIONS OF LAW

1. The Department has jurisdiction over this matter pursuant to Tex. Gov't Code §§2306.041-.0503, and 10 TAC §2.
2. Respondent is a "housing sponsor" as that term is defined in Tex. Gov't Code §2306.004(14).
3. Pursuant to IRC §42(m)(1)(B)(iii), housing credit agencies are required to monitor for noncompliance with all provisions of the IRC and to notify the Internal Revenue Service of such noncompliance.
4. Respondent violated 10 TAC §10.621 in 2015 and I.R.C. §42, as amended, by failing to comply with HUD's Uniform Physical Condition Standards when major violations were discovered and not timely corrected.²

² HUD's Uniform Physical Condition Standards are the standards adopted by TDHCA pursuant to 10 TAC 10.621(a)

5. Respondent violated 10 TAC §10.619 in 2015, by failing to provide evidence that required supportive services were being provided.
6. Respondent violated 10 TAC §10.617 in 2015, by failing to provide a complete affirmative marketing plan and supporting marketing materials;
7. Respondent violated leasing requirements in 10 TAC §10.613 in 2015, by failing to post a laminated copy of the Tenant Rights and Resources Guide in a common area of the leasing office;
8. Respondent violated leasing requirements in 10 TAC §10.613 in 2015, by failing to provide a Tenant Rights and Resources Guide to one unit and have the household sign an acknowledgment form;
9. Respondent violated 10 TAC §10.613 in 2014 and 2015, by failing to execute the Notice of Amenities and Services for 16 units.
10. Respondent violated 10 TAC §10.613 in 2015, by failing to execute required lease provisions or exclude prohibited lease language.
11. Because Respondent is a housing sponsor with respect to the Property, and has violated TDHCA rules, the Board has personal and subject matter jurisdiction over Respondent pursuant to Tex. Gov't Code §2306.041 and §2306.267.
12. Because Respondent is a housing sponsor, TDHCA may order Respondent to perform or refrain from performing certain acts in order to comply with the law, TDHCA rules, or the terms of a contract or agreement to which Respondent and TDHCA are parties, pursuant to Tex. Gov't Code §2306.267.
13. Because Respondent has violated rules promulgated pursuant to Tex. Gov't Code § 2306 and has violated agreements with the Agency to which Respondent is a party, the Agency may impose an administrative penalty pursuant to Tex. Gov't Code §2306.041.
14. An administrative penalty of \$0 is an appropriate penalty in accordance with 10 TAC §2.

[Remainder of page intentionally blank]

Based upon the foregoing findings of fact and conclusions of law, and an assessment of the factors set forth in Tex. Gov't Code §2306.042 to be considered in assessing such penalties as applied specifically to the facts and circumstances present in this case, the Board of the Texas Department of Housing and Community Affairs orders the following:

IT IS HEREBY ORDERED that Respondent is assessed an administrative penalty in the amount of \$0.

IT IS FURTHER ORDERED that Respondent shall follow the requirements of 10 TAC 10.406, a copy of which is included at Attachment 1, and obtain approval from the Department prior to consummating a sale of the property, if contemplated.

IT IS FURTHER ORDERED that the terms of this Agreed Final Order shall be published on the TDHCA website.

[Remainder of page intentionally blank]

Approved by the Governing Board of TDHCA on _____, 2016.

By: _____
Name: J. Paul Oxer
Title: Chair of the Board of TDHCA

By: _____
Name: James "Beau" Eccles
Title: Secretary of the Board of TDHCA

THE STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

Before me, the undersigned notary public, on this 28th day of July, 2016, personally appeared J. Paul Oxer, proved to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

(Seal)

Notary Public, State of Texas

THE STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

Before me, the undersigned notary public, on this 28th day of July, 2016, personally appeared James "Beau" Eccles, proved to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

(Seal)

Notary Public, State of Texas

STATE OF TEXAS §
§
COUNTY OF _____ §

BEFORE ME, _____, a notary public in and for the State of _____, on
this day personally appeared _____, known to me or proven to me through
_____ to be the person whose name is subscribed to the foregoing
instrument, and acknowledged to me that (he/she) executed the same for the purposes and
consideration therein expressed, who being by me duly sworn, deposed as follows:

1. "My name is _____, I am of sound mind, capable of making this
statement, and personally acquainted with the facts herein stated.
2. I hold the office of _____ for the entity indicated below.
I am an authorized representative of Respondent, owner of the Property, which is subject to a
Land Use Restriction Agreement monitored by the TDHCA in the State of Texas, and I am duly
authorized by Respondent to execute this document.
3. Respondent knowingly and voluntarily enters into this Agreed Final Order, and agrees with and
consents to the issuance and service of the foregoing Agreed Order by the Board of the Texas
Department of Housing and Community Affairs."

RESPONDENT:

CULLEN PARK APARTMENTS, L.P., a Texas limited
partnership

CULLEN PARK GP, LLC, its general partner, an
Indiana limited liability company

**THE JEFFREY L. KITTLE TRUST
AGREEMENT**, its co-governing person,
an Indiana Trust,

By: _____
Name: _____
Title: _____

Given under my hand and seal of office this _____ day of _____, 2016.

Signature of Notary Public

Printed Name of Notary Public

NOTARY PUBLIC IN AND FOR THE STATE OF _____

My Commission Expires: _____

STATE OF TEXAS §
 §
COUNTY OF _____§

BEFORE ME, _____, a notary public in and for the State of _____, on this day personally appeared _____, known to me or proven to me through _____ to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that (he/she) executed the same for the purposes and consideration therein expressed, who being by me duly sworn, deposed as follows:

1. "My name is _____, I am of sound mind, capable of making this statement, and personally acquainted with the facts herein stated.
2. I hold the office of _____ for the entity indicated below. I am an authorized representative of Respondent, owner of the Property, which is subject to a Land Use Restriction Agreement monitored by the TDHCA in the State of Texas, and I am duly authorized by Respondent to execute this document.
3. Respondent knowingly and voluntarily enters into this Agreed Final Order, and agrees with and consents to the issuance and service of the foregoing Agreed Order by the Board of the Texas Department of Housing and Community Affairs."

RESPONDENT:

CULLEN PARK APARTMENTS, L.P., a Texas limited partnership

CULLEN PARK GP, LLC, its general partner,
an Indiana limited liability company

HKPKE LLC, its co-governing person,
an Indiana corporation,

By: _____
Name: _____
Title: _____

Given under my hand and seal of office this _____ day of _____, 2016.

Signature of Notary Public

Printed Name of Notary Public

NOTARY PUBLIC IN AND FOR THE STATE OF _____

My Commission Expires: _____

Attachment 1

Texas Administrative Code

<u>TITLE 10</u>	COMMUNITY DEVELOPMENT
<u>PART 1</u>	TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
<u>CHAPTER 10</u>	UNIFORM MULTIFAMILY RULES
<u>SUBCHAPTER E</u>	POST AWARD AND ASSET MANAGEMENT REQUIREMENTS
<u>RULE §10.406</u>	Ownership Transfers (§2306.6713)

(a) **Ownership Transfer Notification.** All multifamily Development Owners must provide written notice to the Department at least thirty (30) calendar days prior to any sale, transfer, or exchange of the Development or any portion of or Controlling interest in the Development. Transfers that are the result of an involuntary removal of the general partner by the investment limited partner must be reported to the Department, as soon as possible due to the sensitive timing and nature of this decision. If the Department determines that the transfer, involuntary removal, or replacement was due to a default by the General Partner under the Limited Partnership Agreement, or other detrimental action that put the Development at risk of failure, staff may make a recommendation to the Board for the debarment of the entity and/or its Principals and Affiliates pursuant to the Department's debarment rule. In addition, a record of transfer involving Principals in new proposed awards will be reported and may be taken into consideration by the Executive Award and Review Committee, in accordance with §1.5 of this title (relating to Previous Participation Reviews), prior to recommending any new financing or allocation of credits.

(b) **Requirement.** Department approval must be requested for any new member to join in the ownership of a Development. Exceptions include changes to the investment limited partner, non-controlling limited partner, or other partners affiliated with the investment limited partner, or changes resulting from foreclosure wherein the lender or financial institution involved in the transaction is the resulting owner. Any subsequent transfer of the Development will be required to adhere to the process in this section. Furthermore, a Development Owner may not transfer an allocation of tax credits or ownership of a Development supported with an allocation of tax credits to any Person or entity unless the Development Owner obtains the Executive Director's prior, written approval of the transfer. The Executive Director may not unreasonably withhold approval of the transfer requested in compliance with this section. Notwithstanding the foregoing, a Development Owner shall be required to notify the Department but shall not be required to obtain Executive Director approval when the transferee is an Affiliate of the Development Owner with no new members or the transferee is a Related Party who does not Control the Development and the transfer is being made for estate planning purposes.

(c) **Transfers Prior to 8609 Issuance or Construction Completion.** Transfers (other than those that do not require Executive Director approval, as set forth in subsection (b) of this section) will not be approved prior to the issuance of IRS Form(s) 8609 (for Housing Tax Credits) or the completion of construction (for all Developments funded through other Department programs) unless the Development Owner can provide evidence that the need for the transfer is due to a hardship (ex. potential bankruptcy, removal by a partner, etc.). The Development Owner must provide the Department with a written explanation describing the hardship and a copy of any applicable agreement between the parties to the transfer, including any Third-Party agreement.

(d) **Non-Profit Organizations.** If the ownership transfer request is to replace a non-profit organization within the Development ownership entity, the replacement non-profit entity must adhere to the requirements in paragraph (1) or (2) of this subsection.

(1) If the LURA requires ownership or material participation in ownership by a Qualified Non-Profit Organization, and the Development received Tax Credits pursuant to §42(h)(5) of the Code, the transferee must be a Qualified Non-Profit Organization that meets the requirements of §42(h)(5) of the Code and Texas Government Code §2306.6706.

(2) If the LURA requires ownership or material participation in ownership by a qualified non-profit organization, but the Development did not receive Tax Credits pursuant to §42(h)(5) of the Code, the

Development Owner must show that the transferee is a non-profit organization that complies with the LURA.

(e) Historically Underutilized Business ("HUB") Organizations. If a HUB is the general partner of a Development Owner and it (i) is being removed as the result of a default under the organizational documents of the Development Owner or (ii) determines to sell its ownership interest, in either case, after the issuance of 8609s, the purchaser of that general partnership interest is not required to be a HUB as long as the LURA does not require such continual ownership or a material LURA amendment is approved. Such approval can be obtained concurrent with Board approval described herein. All such transfers must be approved by the Board and require that the Board find that:

(1) the selling HUB is acting of its own volition or is being removed as the result of a default under the organizational documents of the Development Owner;

(2) the participation by the HUB has been substantive and meaningful, or would have been substantial and meaningful had the HUB not defaulted under the organizational documents of the Development Owner, enabling it to realize not only financial benefit but to acquire skills relating to the ownership and operation of affordable housing; and

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

(f) Documentation Required. A Development Owner must submit documentation requested by the Department to enable the Department to understand fully the facts and circumstances that gave rise to the need for the transfer and the effects of approval or denial. Documentation includes but is not limited to:

(1) a written explanation outlining the reason for the request;

(2) a list of the names of transferees and Related Parties;

(3) detailed information describing the experience and financial capacity of transferees and related parties holding an ownership interest of 10 percent or greater in any Principal or Controlling entity;

(4) evidence and certification that the tenants in the Development have been notified in writing of the proposed transfer at least thirty (30) calendar days prior to the date the transfer is approved by the Department. The ownership transfer approval letter will not be issued until this 30 day period has expired.

(g) Within five (5) business days after the date the Department receives all necessary information under this section, staff shall initiate a qualifications review of a transferee, in accordance with §1.5 of this title, to determine the transferee's past compliance with all aspects of the Department's programs, LURAs and eligibility under this chapter.

(h) Credit Limitation. As it relates to the Housing Tax Credit amount further described in §11.4(a) of this title (relating to Tax Credit Request and Award Limits), the credit amount will not be applied in circumstances described in paragraphs (1) and (2) of this subsection:

(1) in cases of transfers in which the syndicator, investor or limited partner is taking over ownership of the Development and not merely replacing the general partner; or

(2) in cases where the general partner is being replaced if the award of credits was made at least five (5) years prior to the transfer request date.

(i) Penalties. The Development Owner must comply with any additional documentation requirements as stated in Subchapter F of this chapter (relating to Compliance Monitoring). The Development Owner, as on record with the Department, will be liable for any penalties imposed by the Department even if such penalty can be attributable to the new Development Owner unless such ownership transfer is approved by the Department.

(j) Ownership Transfer Processing Fee. The ownership transfer request must be accompanied by corresponding ownership transfer fee as outlined in §10.901 of this chapter (relating to Fee Schedule).

Source Note: The provisions of this §10.406 adopted to be effective December 9, 2014, 39 TexReg 9518

1b

BOARD ACTION REQUEST

LEGAL DIVISION

JULY 28, 2016

Presentation, Discussion, and Possible Action on the adoption of an Agreed Final Order concerning Avalon Apartments (HTC# 91036 / CMTS 954)

RECOMMENDED ACTION

WHEREAS, Avalon Apartments in Arlington, Tarrant County, owned by Avalon Apartments, LLC (“Owner”), has a history of uncorrected compliance findings relating to the applicable land use restriction agreement and the associated statutory and rule requirements;

WHEREAS, representatives of Avalon have attended multiple informal conferences and executed prior Agreed Final Orders in 2012 and 2014;

WHEREAS, both prior Agreed Final Orders were violated and the following violations remain unresolved: 2009 Uniform Physical Condition Standards (“UPCS”) violations, 2011 Annual Owners Compliance Report (Part B), 2012 Annual Owners Compliance Report (Part B), failure to make units 121 and 234 ready for occupancy, failure to submit tenant files for five units that were above the income limit upon initial occupancy, failure to provide lease addenda for nine units, failure to provide pre-onsite documentation, failure to provide annual eligibility certifications for 49 units;

WHEREAS, administrative penalties of \$5,000 and \$10,000, respectively, came due under the prior Agreed Final Orders as a result of owner’s failure to remedy the above violations, and demand was made for the full penalty amounts;

WHEREAS, Avalon failed to submit the demanded payments and each was referred to the Office of the Attorney General for collection, where payment plans were negotiated, and the final payment for the 2012 Agreed Final Order was submitted on November 6, 2014, and payments are ongoing for the 2014 Agreed Final Order;

WHEREAS, TDHCA identified the following new violations that were not timely resolved and remain unresolved today: 2015 UPCS violations; failure to submit 2014 and 2015 Annual Owners Compliance Reports, failure to provide tenant files during the scheduled 2015 onsite review resulted in a finding for failure allow onsite monitoring, and failure to submit pre-onsite documentation, and in addition, one of the purposes of the 2015 onsite file monitoring review was to re-check prior file monitoring violations listed above, all of which remained outstanding and are considered new violations;

WHEREAS, on February 23, 2016, Owner’s representative met with the Enforcement Committee and agreed, subject to Board approval, to enter into an Agreed Final Order assessing an administrative penalty of \$62,000, with a \$42,000 portion to be forgiven if all violations are resolved on or before August 26, 2016;

WHEREAS, on April 28, 2016, this Board approved and signed the above referenced 2016 Agreed Final Order;

WHEREAS, Owner did not sign the Agreed Final Order and entered into a contract to sell Property to Avalon Living LLC ("Buyer");

WHEREAS, Buyer has submitted an application to transfer ownership and paid the required application fee;

WHEREAS, with Owner's permission, Buyer requested and the Enforcement Committee approved changes to the Agreed Final Order, with Seller paying a \$20,000 administrative penalty at closing, and Buyer assuming the remaining \$42,000 portion of the administrative penalty, to be forgiven if all violations are resolved by Buyer within 180 days of closing;

WHEREAS, this Agreed Final Order is intended to be a complete replacement for the Agreed Final Order previously approved and signed by the Board on April 28, 2016, but not signed by Owner; and

WHEREAS, staff has based its recommendations for an Agreed Final Order on the Department's rules for administrative penalties and an assessment of each and all of the statutory factors to be considered in assessing such penalties, applied specifically to the facts and circumstances present in this case;

NOW, therefore, it is hereby

RESOLVED, that a replacement Agreed Final Order assessing an administrative penalty of \$62,000, subject to partial forgiveness as outlined above for noncompliance at Avalon Apartments (HTC 91036 / CMTS 954), substantially in the form presented at this meeting, and authorizing any non-substantive technical corrections, is hereby adopted as the order of this Board.

BACKGROUND

Avalon Apartments, LLC is the owner of Avalon Apartments, a low income apartment complex composed of 75 units, located in Arlington, Tarrant County. Records of the Texas Secretary of State list Dzeladin Jadaroski (a/k/a Xheladin Jasari and Xeladin Jasaroski in CMTS) as the Director/President/Treasurer and Flaza Jasaroski as the Vice President/Secretary of Avalon Apartments, LLC. The property is self-managed.

Avalon Apartments is subject to a land use restriction agreement ("LURA") signed by the prior owner in 1993 in consideration for an allocation of housing tax credits in the amount of \$857,230 to acquire and rehabilitate the Property. Current owner acquired the property in 2004 and did not receive prior Department approval, but the LURA remains in effect per Section 2 of the LURA which stipulates that its restrictions run with the land.

Despite numerous attempts by the Compliance Division, Legal Division, and Enforcement Committee to provide technical assistance and obtain acceptable corrective action, Avalon has been unable to operate the property in compliance with LURA requirements and does not respond to monitoring deadlines. Avalon first discussed the property with the Administrative Penalty Committee via teleconference during 2009, after which the Committee voted to refer the property to the Compliance Division for technical support. The property was referred back to the Committee during 2012 and an informal conference was held. The Board subsequently approved an Agreed Final Order calling for an administrative penalty in the amount of \$5,000.00, which was to be fully deferred and forgiven provided that Avalon met the requirements of the Agreed Final Order. Avalon signed the order, but did not fully comply and the \$5,000.00 penalty was declared due and payable, then referred to the Office of the Attorney General ("OAG") for collection. The OAG accepted a payment agreement and the final payment was made in November 2014.

New violations were referred to the Committee for consideration and a second informal conference was held on March 25, 2014. Avalon agreed to pay a maximum penalty of \$10,000.00, which was to be fully deferred and forgiven provided that Avalon met the requirements of the Agreed Final Order. Avalon signed the order, but did not submit any corrective documentation and the \$10,000.00 penalty was declared due and payable, then referred to the Office of the Attorney General ("OAG") for collection. The OAG accepted a payment agreement and payments are ongoing.

The following compliance violations referred for an administrative penalty under the two prior Agreed Final Orders outlined above remain unresolved:

1. Failure to document resolution of 2009 UPCS Violations;
2. Failure to make unit 234 ready for occupancy and available for rent;
3. Failure to make unit 121 ready for occupancy and available for rent;
4. Failure to execute required lease provisions for nine units;
5. Failure to submit pre-onsite documentation;
6. Failure to ensure that household incomes are at or below applicable limits upon initial occupancy for five units;
7. Failure to execute Annual Eligibility Certification forms for 49 units;

8. Failure to fully submit 2011 Annual Owners Compliance Report; and
9. Failure to fully submit 2012 Annual Owners Compliance Report.

The following compliance violations were identified by the Compliance Division during 2015. New corrective action deadlines were set, but no response was received. The violations were referred for an administrative penalty, remain unresolved, and are part of the new administrative penalty recommendation:

1. Failure to resolve 2009 or 2015 UPCS violations;
2. Failure to submit 2014 and 2015 Annual Owner's Compliance Reports;
3. Owner was present for the 2015 onsite file monitoring review, but indicated that there were no tenant files to review; as a result, a finding for failure to allow onsite monitoring was recorded;
4. Failure to submit pre-onsite documentation;
5. One of the purposes of the 2015 onsite file monitoring review was to determine whether prior file monitoring violations had been corrected or whether they remained out of compliance, in which case they are recorded as a new violation. All violations remained uncorrected as there were no tenant files:
 - a. Failure to make unit 234 ready for occupancy and available for rent;
 - b. Failure to make unit 121 ready for occupancy and available for rent;
 - c. Failure to execute required lease provisions for nine units;
 - d. Failure to ensure that household incomes are at or below applicable limits upon initial occupancy for five units;
 - e. Failure to execute Annual Eligibility Certification forms for 49 units;
 - f. Failure to fully submit 2011 Annual Owners Compliance Report; and
 - g. Failure to fully submit 2012 Annual Owners Compliance Report.

Owner met with the Administrative Penalty Committee on February 23, 2016, and agreed to sign an Agreed Final Order with the following terms:

1. An administrative penalty in the amount of \$62,000, subject to partial forgiveness as indicated below;
2. Owner must correct all violations as indicated in the attachments to the Agreed Final Order and submit full documentation of the corrections to TDHCA on or before August 26, 2016;
3. Owner must attend 1st Thursday Income Eligibility Training and HTC Compliance Training, and submit completion certificates to the Department on or before August 26, 2016;
4. If Owner complies with all requirements and addresses all violations as required by the attachments to the Agreed Final Order, a \$42,000 portion of the administrative penalty will be forgiven and a demand will be sent for the remaining \$20,000 due under the Order; and
5. If Owner violates any provision of the Agreed Final Order, the full \$62,000 administrative penalty would immediately come due and payable.

The recommended Agreed Final Order was approved by the Board on April 28, 2016, however, Owner has not yet signed and has since negotiated a contract to sell the property to Avalon Living LLC ("Buyer"). Buyer is controlled by Dante Andrade and an ownership transfer request is currently being processed by Asset Management, with closing planned for August 2016. Mr. Andrade is aware of the outstanding violations and corrective requirements. He has identified a property management company to ensure proper maintenance and management under his ownership, and he intends to resolve all TDHCA violations.

Buyer requested and the Enforcement Committee approved changes to the Agreed Final Order, with Owner paying a \$20,000 portion of the total \$62,000 administrative penalty at closing, to be distributed by the title company, and Buyer assuming the remaining \$42,000 portion of the administrative penalty, to be forgiven if all violations are resolved by Buyer within 180 days of closing. Buyer negotiated a sales price discount in exchange for assuming this level of liability. If the transfer request is rejected, Property is sold without TDHCA permission, or the sale is not completed on or before September 30, 2016, the original Agreed Final Order terms shall apply and the Owner shall be liable for all corrections and the full administrative penalty payment. Given Owner's poor compliance history and frequent statements indicating that they are unable to comply, Enforcement Committee members and staff are in favor of the proposed sale and replacement Agreed Final Order.

Consistent with direction from the Department's Enforcement Committee, a probated and, upon successful completion of probation, partially forgivable administrative penalty in the amount of \$62,000 is recommended. This will be a reportable item of consideration under previous participation for any new award to the principals of the Owner and Buyer.

ENFORCEMENT ACTION AGAINST
AVALON APARTMENTS, L.L.C. WITH
RESPECT TO
AVALON APARTMENTS
(LIHTC FILE # 91036 / CMTS # 954)

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BEFORE THE
TEXAS DEPARTMENT OF
HOUSING AND
COMMUNITY AFFAIRS

AGREED FINAL ORDER

General Remarks and official action taken:

On this 28th day of July, 2016, the Governing Board (“Board”) of the Texas Department of Housing and Community Affairs (“TDHCA”) considered the matter of whether enforcement action should be taken against **AVALON APARTMENTS, L.L.C.**, a Texas limited liability corporation (“Respondent”).

This Agreed Order is executed pursuant to the authority of the Administrative Procedure Act (“APA”), Tex. Gov’t Code §2001.056, which authorizes the informal disposition of contested cases. In a desire to conclude this matter without further delay and expense, the Board and Respondent agree to resolve this matter by this Agreed Final Order. The Respondent agrees to this Order for the purpose of resolving this proceeding only and without admitting or denying the findings of fact and conclusions of law set out in this Order.

Upon recommendation of the Enforcement Committee, the Board makes the following findings of fact and conclusions of law and enters this Order:

WAIVER

Respondent acknowledges the existence of their right to request a hearing as provided by Tex. Gov’t Code § 2306.044, and to seek judicial review, in the District Court of Travis County, Texas, of any order as provided by Tex. Gov’t Code § 2306.047. Pursuant to this compromise and settlement, the Respondent waives those rights and acknowledges the jurisdiction of the Board over Respondent.

FINDINGS OF FACT

Jurisdiction:

1. During 1993, Texas Avalon, Ltd. (“Prior Owner”) was awarded an allocation of Low Income Housing Tax Credits by the Board, in the total amount of \$857,230 to build and operate Avalon Apartments (“Property”) (HTC file No. 91036 / CMTS No. 954 / LDDL No. 102).

2. Prior Owner signed a land use restriction agreement (“LURA”) regarding the Property. The LURA was effective February 4, 1993, and filed of record at Volume 10941, Page 396 of the Official Public Records of Real Property of Tarrant County, Texas (“Records”). In accordance with Section 2(b) of the LURA, the LURA is a restrictive covenant/deed restriction encumbering the property and binding on all successors and assigns for the full term of the LURA.
3. Respondent took ownership of the Property on March 31, 2004 and is subject to the continuing requirements of the LURA.
4. Respondent is a Texas limited liability corporation that is qualified to own, construct, acquire, rehabilitate, operate, manage, or maintain a housing development that is subject to the regulatory authority of TDHCA.
5. Respondent has entered into a contract to sell Property to Avalon Living LLC (“Buyer”), and that entity is incorporated into the terms of this Agreed Final Order as part of the sale.

Compliance Violations¹:

6. Respondent has a history of violations and previously signed two Agreed Final Orders:
 - a. The first was effective May 25, 2012, with Respondent agreeing to pay a \$5,000 administrative penalty which was to be fully forgivable provided that Respondent attended training and complied with the terms of the Agreed Final Order. Multiple violations were not resolved as required and a penalty demand letter was sent. Respondent failed to submit the required \$5,000 penalty payment on or before the February 21, 2013 payment deadline. The Department referred the file to the Office of the Attorney General and they negotiated a payment plan with Respondent. The full administrative penalty was paid under that plan, but all violations remain unresolved.
 - b. The second was effective July 17, 2014, with Respondent agreeing to comply with all requirements of the Order on or before August 6, 2015, and pay a \$10,000 administrative penalty, of which \$2,500 was forgivable provided that Respondent complied with terms of the Agreed Final Order. No corrections were submitted and a penalty demand letter was sent. Respondent failed to submit the required \$10,000 penalty payment on or before the December 18, 2014 payment deadline. The Department referred the file to the Office of the Attorney General and they negotiated a payment plan with Respondent. Payments are continuing in the amount of \$416 per month, but all violations remain unresolved.

¹ Within this Agreed Final Order, all references to violations of TDHCA Compliance Monitoring rules at 10 Tex. Admin. Code, Chapters 10 and 60 refer to the versions of the code in effect at the time of the compliance monitoring reviews and/or inspections that resulted in recording each violation. All past violations remain violations under the current code and all interim amendments.

7. A Uniform Physical Condition Standards ("UPCS") inspection was conducted on June 10, 2015. Inspection reports showed numerous serious property condition violations, a violation of 10 TAC §10.621 (Property Condition Standards). Notifications of noncompliance were sent and a September 21, 2015, corrective action deadline was set. One violation was resolved during the inspection and no further corrections have been received. The list of violations is at *Attachment 1*.
8. On May 8, 2015 and July 1, 2015, TDHCA sent notice that Respondent had failed to timely submit their 2014 Annual Owner's Compliance Report, a violation of 10 TAC §10.607 (Reporting Requirements), which requires each development to submit an Annual Owner's Compliance Report. All parts of that report remain outstanding.
9. On May 11, 2016, TDHCA sent notice that Respondent had failed to timely submit their 2015 Annual Owner's Compliance Report, a violation of 10 TAC §10.607 (Reporting Requirements), which requires each development to submit an Annual Owner's Compliance Report. All parts of that report remain outstanding.
10. An on-site monitoring review was attempted on July 16, 2015, to determine whether Respondent was in compliance with LURA requirements to lease units to low income households and maintain records demonstrating eligibility. TDHCA staff was unable to complete a review because owner had no tenant files. Notifications of noncompliance were sent and a November 17, 2015, corrective action deadline was set, however, the following violations were not corrected before the deadline:
 - a. By failing to provide tenant files, Respondent failed to allow on-site monitoring, a violation of 10 TAC §10.618 (Onsite Monitoring), which requires owners to permit a review by the Department and provide records for review;
 - b. Respondent failed to submit pre-onsite documentation, including entrance questionnaire, unit status report, utility allowance, affirmative marketing plan, written leasing criteria (including required deposits and refund policies), written wait list policy, documents supporting application fees or charges; verification of contact information, a violation of 10 TAC §10.607 (Reporting Requirements) and §10.618 (Onsite Monitoring), which require all developments to submit necessary documentation as requested in preparation for an upcoming monitoring review;
 - c. The following prior file monitoring violations were to be rechecked during the on-site review. The violations were not resolved and are considered new violations:
 - i. Respondent failed to make Unit 234 ready for occupancy and available for rent, a violation of the Section 3(g) of the LURA, which requires all of the units to be made available for occupancy, and a violation of 10 TAC § 10.621 (Property Condition Standards) which requires units to be decent, safe, sanitary and in good repair.
 - ii. Respondent failed to execute required lease provisions or exclude prohibited lease language for units 129, 132, 227, 115, 117, 110, 137, 237, and 241, a violation of 10 TAC §10.613 (Lease Requirements), which requires certain lease language;

- iii. Respondent failed to make Unit 121 ready for occupancy and available for rent, a violation of the Section 3(g) of the LURA, which requires all of the units to be made available for occupancy, and a violation of 10 TAC §10.621 (Property Condition Standard) which requires units to be decent, safe, sanitary and in good repair;
 - iv. Respondent failed to provide documentation that household incomes were within prescribed limits upon initial occupancy for units 129, 132, 227, 115, and 110, a violation of 10 TAC §10.611 (Determination, Documentation and Certification of Annual Income) which outlines how to properly determine household income.
 - v. Respondent failed to provide Annual Eligibility Certifications for units 122, 123, 124, 125, 126, 127, 130, 133, 224, 225, 226, 227, 228, 229, 230, 114, 115, 116, 118, 119, 120, 217, 104, 105, 107, 108, 109, 111, 112, 202, 204, 205, 207, 208, 209, 211, 212, 134, 135, 136, 139, 140, 141, 235, 236, 238, 239, 240, and 241, a violation of 10 TAC §10.612 (Tenant File Requirements), which requires developments to annually collect an Annual Eligibility Certification form from each household.
11. All of the violations indicated above remain outstanding at the time of this order.

CONCLUSIONS OF LAW

1. The Department has jurisdiction over this matter pursuant to Tex. Gov't Code §§2306.041-.0503, 10 TAC § 1.14 and 10 TAC Chapter 60, both of which were replaced by 10 TAC §2 as of November 19, 2014.
2. Respondent is a "housing sponsor" as that term is defined in Tex. Gov't Code §2306.004(14).
3. Pursuant to IRC §42(m)(1)(B)(iii), housing credit agencies are required to monitor for noncompliance with all provisions of the IRC and to notify the Internal Revenue Service of such noncompliance.
4. Respondent violated 10 TAC §10.618 in 2015, by failing to comply with onsite monitoring requirements when files were requested and not provided.
5. Respondent violated 10 TAC §10.607 and 10.618 in 2015 by failing to provide required pre-onsite documentation.
6. Respondent violated 10 TAC §10.621 in 2015, and I.R.C. §42, as amended, by failing to comply with HUD's Uniform Physical Condition Standards when major violations were discovered and not timely corrected.
7. Respondent violated 10 TAC §60.105 in 2015 by failing to submit Annual Owner's Compliance Report due for the year 2014;

8. Respondent violated Section 3(g) of the LURA and 10 TAC § 10.621 (Property Condition Standards), by failing to make two units suitable for occupancy and available for rent.
9. Respondent violated 10 TAC §10.613 in 2015 by failing to execute required lease provisions for 9 units.
10. Respondent violated representations made on page 1 of the LURA and 10 TAC §10.611 in 2015 by failing to provide documentation that household incomes were within prescribed limits upon initial occupancy for 5 units.
11. Respondent violated 10 TAC §10.612 by failing to annually collect Annual Eligibility Certification forms for 49 units.
12. Because Respondent is a housing sponsor with respect to the Property, and has violated TDHCA rules and agreements, the Board has personal and subject matter jurisdiction over Respondent pursuant to Tex. Gov't Code §2306.041 and §2306.267.
13. Because Respondent is a housing sponsor, TDHCA may order Respondent to perform or refrain from performing certain acts in order to comply with the law, TDHCA rules, or the terms of a contract or agreement to which Respondent and TDHCA are parties, pursuant to Tex. Gov't Code §2306.267.
14. Because Respondent has violated rules promulgated pursuant to Tex. Gov't Code Chapter 2306 and has violated agreements with the Agency to which Respondent is a party, the Agency may impose an administrative penalty pursuant to Tex. Gov't Code §2306.041.
15. An administrative penalty of \$62,000 is an appropriate penalty in accordance with 10 TAC §2.

Based upon the foregoing findings of fact and conclusions of law, and an assessment of the factors set forth in Tex. Gov't Code §2306.042 to be considered in assessing such penalties as applied specifically to the facts and circumstances present in this case, the Board of the Texas Department of Housing and Community Affairs orders the following:

IT IS HEREBY ORDERED that this Agreed Final Order is substituted for the Agreed Final Order previously approved and signed by the Board of the Texas Department of Housing and Community Affairs (the "Board") on April 28, 2016, but not signed by Respondent.

IT IS FURTHER ORDERED that Respondent is assessed an administrative penalty in the amount of \$62,000, subject to partial deferral as further ordered below.

IT IS FURTHER ORDERED that in the event that the ownership transfer request submitted by Buyer is rejected by the Department, the Property is sold without approval, and/or the approved sale to Buyer is not completed on or before September 30, 2016:

1. Flaza Jasaroski shall attend HTC Compliance Training and 1st Thursday Income Eligibility Training, and submit completion certificates for each to TDHCA on or before August 26, 2016, as previously ordered by the Board on April 28, 2016.
2. Respondent shall repair all UPCS violations as indicated in *Attachment 1*, and submit work orders in the correct format, and including all necessary parts, to document the corrections to TDHCA on or before August 26, 2016.
3. Respondent shall fully correct the file monitoring violations as indicated in *Attachments 2* and *3* and submit full documentation of the corrections to TDHCA on or before August 26, 2016.
4. Respondent shall follow the requirements of 10 TAC 10.406, a copy of which is included at *Attachment 4*, and obtain approval from the Department prior to consummating a sale of the Property.
5. If Respondent timely and fully complies with the above terms and conditions of this Agreed Final Order, correcting all violations as required, the satisfactory performance under this Order will be accepted in lieu of a \$42,000 portion of the assessed administrative penalty and that amount will be deferred and forgiven. In that circumstance, only the remaining \$20,000 portion of the administrative penalty shall be due and payable to the Department. Such payment shall be made by cashier's check payable to the "Texas Department of Housing and Community Affairs" upon the earlier of (1) within thirty days of the date the Department sends written notice to Respondent that it has violated a provision of this Order, or (2) the property closing date if sold before the terms and conditions of this Agreed Final Order have been fully satisfied.
6. If Respondent fails to satisfy any of the above conditions or otherwise violates any provision of this order, then the full administrative penalty in the amount of \$62,000 shall be immediately due and payable to the Department. Such payment shall be made by cashier's check payable to the "Texas Department of Housing and Community Affairs" upon the earlier of (1) within thirty days of the date the Department sends written notice to Respondent that it has violated a provision of this Order, or (2) the property closing date if sold before the terms and conditions of this Agreed Final Order have been fully satisfied. If Property is sold without permission, any administrative penalty payment due from Respondent shall be distributed to TDHCA at closing.

IT IS FURTHER ORDERED that if the ownership transfer request submitted by Buyer is approved by the Department and the property is sold on or before September 30, 2016:

1. Respondent shall transfer to Buyer copies of all tenant files and financial documentation responsive to the requirements in this Order at or before closing.
2. Respondent shall pay a \$20,000 portion of the administrative penalty at closing, to be distributed to TDHCA by the title company, Lawyers Title Company at 5950 Berkshire Lane, Ste 1050, Dallas, TX 75225, or their successor or replacement.
3. Buyer representatives shall attend HTC Compliance Training and 1st Thursday Income Eligibility Training, and submit completion certificates for each to TDHCA, within 180 days of closing.
4. Buyer shall repair all UPCS violations as indicated in *Attachment 1*, and submit work orders in the correct format, and including all necessary parts, to document the corrections to TDHCA within 180 days of closing.
5. Buyer shall fully correct the file monitoring violations as indicated in *Attachments 2 and 3* and submit full documentation of the corrections to TDHCA within 180 days of closing.
6. Buyer shall follow the requirements of 10 TAC 10.406, a copy of which is included at *Attachment 4*, and obtain approval from the Department prior to consummating its purchase of the Property, and prior to any subsequent sale of the Property.
7. If Buyer timely and fully complies with the terms and conditions of this Agreed Final Order, correcting all violations as required, the satisfactory performance under this Order will be accepted in lieu of a \$42,000 portion of the assessed administrative penalty and that amount will be deferred and forgiven.
8. If Respondent fails to satisfy any conditions or otherwise violates any provision of this order, then the remaining administrative penalty in the amount of \$42,000 shall be immediately due and payable to the Department. Such payment shall be made by cashier's check payable to the "Texas Department of Housing and Community Affairs" upon the earlier of (1) within thirty days of the date the Department sends written notice to Respondent that it has violated a provision of this Order.

IT IS FURTHER ORDERED that corrective documentation must be uploaded to the Compliance Monitoring and Tracking System ("CMTS") by following the instructions at this link: <http://www.tdhca.state.tx.us/pmcdocs/CMTSUserGuide-AttachingDocs.pdf>. After the upload is complete, an email must be sent to Ysella Kaseman at ysella.kaseman@tdhca.state.tx.us to inform her that the documentation is ready for review. Any penalty payment must be submitted to the following address:

If via overnight mail (FedEx, UPS):	If via USPS:
TDHCA Attn: Ysella Kaseman 221 E 11 th St Austin, Texas 78701	TDHCA Attn: Ysella Kaseman P.O. Box 13941 Austin, Texas 78711

IT IS FURTHER ORDERED that the terms of this Agreed Final Order shall be published on the TDHCA website.

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Approved by the Governing Board of TDHCA on _____, 2016.

By: _____
Name: J. Paul Oxer
Title: Chair of the Board of TDHCA

By: _____
Name: James "Beau" Eccles
Title: Secretary of the Board of TDHCA

THE STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

Before me, the undersigned notary public, on this 28th day of July, 2016, personally appeared J. Paul Oxer, proved to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

(Seal)

Notary Public, State of Texas

THE STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

Before me, the undersigned notary public, on this 28th day of July, 2016, personally appeared James "Beau" Eccles, proved to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

(Seal)

Notary Public, State of Texas

STATE OF TEXAS §
 §
COUNTY OF _____§

BEFORE ME, _____, a notary public in and for the State of _____, on this day personally appeared _____, known to me or proven to me through _____ to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that (he/she) executed the same for the purposes and consideration therein expressed, who being by me duly sworn, deposed as follows:

1. "My name is _____, I am of sound mind, capable of making this statement, and personally acquainted with the facts herein stated.
2. I hold the office of _____ for Respondent. I am the authorized representative of Respondent, owner of the Property, which is subject to a Land Use Restriction Agreement monitored by the TDHCA in the State of Texas, and I am duly authorized by Respondent to execute this document.
3. Respondent knowingly and voluntarily enters into this Agreed Final Order, and agrees with and consents to the issuance and service of the foregoing Agreed Order by the Board of the Texas Department of Housing and Community Affairs."

RESPONDENT:

AVALON APARTMENTS, L.L.C., Texas limited liability corporation

By: _____
Name: _____
Title: _____

Given under my hand and seal of office this _____ day of _____, 2016.

Signature of Notary Public

Printed Name of Notary Public

NOTARY PUBLIC IN AND FOR THE STATE OF _____

My Commission Expires: _____

STATE OF TEXAS

§
§
§

COUNTY OF _____

BEFORE ME, _____, a notary public in and for the State of _____, on this day personally appeared Dante Andrade, known to me or proven to me through _____ to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, who being by me duly sworn, deposed as follows:

1. "My name is Dante Andrade, I am of sound mind, capable of making this statement, and personally acquainted with the facts herein stated.
2. I hold the office of Manager for Buyer. I am the authorized representative of Buyer and I am duly authorized by Buyer to execute this document.
3. Buyer knowingly and voluntarily enters into this Agreed Final Order, and agrees with and consents to the issuance and service of the foregoing Agreed Order by the Board of the Texas Department of Housing and Community Affairs."

BUYER:

AVALON LIVING LLC, Texas limited liability corporation

TOURO ENTERPRISES LLC, a Texas limited liability corporation, its manager

By: _____

Name: Dante Andrade

Title: Manager

Given under my hand and seal of office this _____ day of _____, 2016.

Signature of Notary Public

Printed Name of Notary Public

NOTARY PUBLIC IN AND FOR THE STATE OF _____

My Commission Expires: _____

Attachment 1

2009 UPCS Violations:

1. Building – downspout and gutter joint damaged and leaking, downspouts missing throughout;
2. Units 122, 125, 230 – pest infestations (exterminator invoices required);
3. Units 217 and 230 - range hood filters missing;
4. Unit 230 – health and safety violation for double cylinder deadbolt on entry door preventing egress.

2015 UPCS Violations:

Inspectable Area Inspectable Item	Deficiency	C	S	S	Comments
Avalon Apartments 1215 North Cooper Street Arlington, TX 76011					
Building: Bldg 1-A					
Unit:					
Building Exterior					
Health & Safety	Electrical Hazards - Exposed Wires/Open Panels			L3	cover missing on gfi outlet, exposed wires
Building Systems					
Health & Safety	Electrical Hazards - Exposed Wires/Open Panels			L3	6 knockouts missing on distribution boxes, exposed wires
Unit: 127					
Bathroom	Lavatory Sink - Damaged/Missing		L1		sink stopper missing
Electrical	GFI Inoperable			L3	bathroom gfi will not test
Kitchen	Range/Stove - Missing/Damaged/Inoperable		L2		one burner inop
Outlets/Switches	Missing/Broken Cover Plates		L1		kitchen outlet cover damaged
Smoke Detector	Missing/Inoperable			L3	hall unplugged
Unit: 228-noky-alt230					
Bathroom	Lavatory Sink - Damaged/Missing		L1		sink stopper disconnected
Electrical	GFI Inoperable			L3	bathroom gfi will not test
Smoke Detector	Missing/Inoperable			L3	hall unplugged
Building: Bldg 2-B					
Unit: 117					
Bathroom	Plumbing - Leaking Faucet/Pipes		L1		bedroom faucet leaking
Bathroom	Lavatory Sink - Damaged/Missing		L1		sink stopper missing
Doors	Damaged Hardware/Locks			L3	entry dead bolt missing
Outlets/Switches	Missing/Broken Cover Plates		L1		kitchen outlet cover damaged
Smoke Detector	Missing/Inoperable			L3	hall, unplugged
Unit: 220-vc1080dy					
Bathroom	Water Closet/Toilet - Damaged/Clogged/Missing			L3	toilet will not flush
Doors	Missing Door		L2		bedroom door missing
Electrical	Missing Breakers/Fuses			L3	breakers missing
Health & Safety	Flammable/Combustible Materials - Improperly Stored			L3	gas can in kitchen, improperly stored flammables corrected during inspection
Kitchen	Refrigerator-Missing/Damaged/Inoperable			L3	missing
Kitchen	Dishwasher/Garbage Disposal - Inoperable		L2		missing
Kitchen	Range/Stove - Missing/Damaged/Inoperable			L3	missing
Lighting	Missing/Inoperable Fixture			L3	ceiling light fixture missing

Building: Bldg 3-C				
Unit				
Building Systems				
Health & Safety	Electrical Hazards - Exposed Wires/Open Panels		L3	2 knockouts missing on distribution box, exposed wires
Unit: 106-vc1080dy				
Bathroom	Lavatory Sink - Damaged/Missing		L3	missing
Kitchen	Range/Stove - Missing/Damaged/Inoperable		L3	missing
Kitchen	Refrigerator-Missing/Damaged/Inoperable		L3	missing
Unit: 201-vc 730dy				
Bathroom	Lavatory Sink - Damaged/Missing		L3	missing
Doors	Damaged Hardware/Locks		L3	bathroom and closet door knobs missing
Health & Safety	Hazards - Sharp Edges		L3	broken glass on floor presents sharp edges
Kitchen	Refrigerator-Missing/Damaged/Inoperable		L3	missing
Kitchen	Range/Stove - Missing/Damaged/Inoperable		L3	missing
Kitchen	Dishwasher/Garbage Disposal - Inoperable	L2	L3	missing
Kitchen	Sink - Damaged/Missing		L3	missing
Building: Bldg 4-D				
Unit				
Building Systems				
Health & Safety	Electrical Hazards - Exposed Wires/Open Panels		L3	2 knockouts missing on bottom of distribution box, exposed wires
Unit: 138				
Bathroom	Lavatory Sink - Damaged/Missing	L1		sink stopper disconnected
Bathroom	Plumbing - Leaking Faucet/Pipes		L3	hot water faucet missing
Electrical	Missing Breakers/Fuses		L3	breaker missing, exposed wires
Electrical	GFI Inoperable		L3	bathroom gfi will not test
Smoke Detector	Missing/Inoperable		L3	hall, unplugged
Unit: 238				
Kitchen	Range/Stove - Missing/Damaged/Inoperable	L2		one burner inop
Smoke Detector	Missing/Inoperable		L3	hall unplugged

Instruction: Each 2009 and 2015 violation indicated above must be fixed and you must prepare and submit sufficient documentation of correction as indicated by the guidelines below via CMTS. Assistance regarding how to submit via CMTS is available at this link: <http://www.tdhca.state.tx.us/pmcdocs/CMTSUserGuide-AttachingDocs.pdf>.

Guidelines: Ideally, a separate work order is created by Building or Unit for deficiencies found in each area. For example, the work order for a single unit may indicate all identified deficiencies listed for that unit if each correction is individually described. However, most developments generate a separate work order for each deficiency to ensure the response is adequately complete and the description of each corrective action is clearly detailed. Five pieces of information are needed on work orders or invoices:

1. The location of the deficiency, i.e. Bldg. 5 Unit 502 or Site- near outside gate, etc.
2. Description of the deficiency, i.e. Damaged Doors, Hardware, locks – Bedroom door won't latch properly. Site-Hazards Other- Broken Glass.
3. How the deficiency was corrected. Just a few quick words are sufficient, i.e. "replaced bedroom door latch" or "adjusted bedroom door latch". "Removed broken glass." "Sheetrock repair, taped, floated, and painted". Conversely, words such as "fixed," "done," "complete" are inadequate and are NOT acceptable.
4. The date the deficiency was corrected. The department requires a correction date in order to accept the documentation. If there is no date of correction listed, the deficiency is not considered corrected.
5. The signature of the person who either performed the repair or acknowledges that the repair was performed satisfactorily. This is very important. Someone must certify that the correction was acceptably completed.

Please submit all of the work orders in the same order that they appear in the list above. This facilitates faster processing and increases the chances that all violations will be fully addressed.

For repairs such as concrete repairs, roofing, etc. where vendors are utilized instead of onsite maintenance staff, please include the scope of work with the dated invoice of the contractor that performed the work.

For pest control, the Structural Pest Control Act (Chapter 1951 of the Occupations Code) requires licensing of businesses and individuals that perform structural pest control for hire. Additionally, persons performing pest control at an apartment building must be licensed. As a result, you must submit a pest control invoice by a licensed contractor that includes a date, contractor signature, units treated and the type of pest treated.

Finally, you may submit photographs in support of the above if you wish. However, they are only necessary if the TDHCA asks for them as specific support for a deficiency still in question. If you do submit photographs, please make sure that they are labeled and supporting work orders and or invoices are attached. Photographs, by themselves, are not acceptable documentation of correction.

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Attachment 2

Tenant File Instructions

Refer to the following link for all references to the rules at 10 TAC §10 that are referenced below:

[http://texreg.sos.state.tx.us/public/readtac\\$ext.ViewTAC?tac_view=5&ti=10&pt=1&ch=10&sch=F&rl=Y](http://texreg.sos.state.tx.us/public/readtac$ext.ViewTAC?tac_view=5&ti=10&pt=1&ch=10&sch=F&rl=Y)

Refer to the following link for copies of forms that are referenced below:

<http://www.tdhca.state.tx.us/pmcomp/forms.htm>

Technical support and training presentations are available at the following links:

Video/Audio Training: <http://www.tdhca.state.tx.us/pmcomp/presentations.htm>

Income and Rent Limits: <http://www.tdhca.state.tx.us/pmcomp/irl/index.htm>

Utility Allowance: <http://www.tdhca.state.tx.us/pmcomp/utility-allowance.htm>

Online Reporting: <http://www.tdhca.state.tx.us/pmcomp/reports.htm>

FAQ's: <http://www.tdhca.state.tx.us/pmcomp/compFaqs.htm>

You must submit the following fully acceptable file monitoring documentation via CMTS. The applicable deadline will depend upon the circumstances at pages 15 and 16 of this Agreed Final Order. Assistance regarding how to submit via CMTS is available at this link: <http://www.tdhca.state.tx.us/pmcdocs/CMTSUserGuide-AttachingDocs.pdf>.

1. Part B of the 2011 and 2012 Annual Owner's Compliance Reports. Reports are submitted within CMTS at <https://pox.tdhca.state.tx.us/aims2/pox>. The system does not collect historical data for Part B, so you can input current occupancy data for both years. Technical support and training resources are available at: <http://www.tdhca.state.tx.us/pmcomp/reports.htm>. If you have technical problems with the system, please contact Stephanie Naquin, Director of Multifamily Compliance, at 512.475.2330 or stephanie.naquin@tdhca.state.tx.us, but please do not contact her until you have reviewed the technical support. If completed by Buyer after the sale, please complete to the best of your ability using documentation provided by Respondent.
2. All parts of the 2014 and 2015 Annual Owner's Compliance Reports. See above for instructions and technical support. If completed by Buyer after the sale, please complete to the best of your ability using documentation provided by Respondent.
3. Unit 234:
 - (a) The conversion must be complete and you must submit related work orders regarding the make-ready process, along with a letter certifying that the unit is ready for occupancy and photographs of the unit. In addition:
 - i. If the unit is occupied as of the applicable deadline, you must submit copies of the full tenant file, including the tenant application, verifications of all sources of income and assets, tenant income certification, lease, lease addendum, and Tenant Rights and Resources Guide Acknowledgment.
 - ii. If the unit is vacant as of the applicable deadline, you must submit a letter confirming that the unit is ready for occupancy, along with photographs of the unit. You must then submit the full tenant file as soon as the unit is occupied by a qualified household. A complete tenant file includes: tenant application, verifications of all sources of income and assets, tenant income certification, lease, lease addendum, and Tenant Rights and Resources Guide Acknowledgment. *Receipt of the tenant file after the applicable deadline is*

acceptable for this circumstance provided that a letter is received along with photographs, certifying that the unit is ready for occupancy as of the applicable deadline.

4. Unit 121: Choose option (a) or (b):

- (a) If you choose to submit a material LURA amendment request in order to reduce the number of residential units and continue using the full unit as an office, you must:
- i. Submit the \$2,500 processing fee;
 - ii. Follow the material LURA amendment instructions beginning at page 21 of <http://www.tdhca.state.tx.us/asset-management/docs/16-PostAwardActivitiesManual.pdf> and submit the required documentation to TDHCA.
- (b) If you choose to submit a material application amendment request in order to divide the unit into a fully separate 1-bedroom unit and an office, you must:
- i. Submit the \$2,500 processing fee;
 - ii. Follow the material application amendment instructions beginning at page 18 of <http://www.tdhca.state.tx.us/asset-management/docs/16-PostAwardActivitiesManual.pdf> and submit the required documentation to TDHCA.
 - iii. Follow the same instructions in 4(c) below.
- (c) If you choose to convert unit 121 from an office to a residential unit instead of submitting a material LURA amendment request:
- i. The conversion must be complete and you must submit related work orders regarding the make-ready process, along with a letter certifying that the unit is ready for occupancy and photographs of the unit.
 - ii. In addition:
 1. If the unit is occupied as of the applicable deadline, you must submit copies of the full tenant file, including the tenant application, verifications of all sources of income and assets, tenant income certification, lease, lease addendum, and Tenant Rights and Resources Guide Acknowledgment.
 2. If the unit is vacant as of the applicable deadline, you must submit a letter confirming that the unit is ready for occupancy, along with photographs of the unit. You must then submit the full tenant file as soon as the unit is occupied by a qualified household. A complete tenant file includes: tenant application, verifications of all sources of income and assets, tenant income certification, lease, lease addendum, and Tenant Rights and Resources Guide Acknowledgment. *Receipt after the applicable deadline is acceptable for this circumstance provided that a letter is received along with photographs, certifying that the unit is ready for occupancy as of the applicable deadline.*

5. Lease violations for units 129, 132, 227, 115, 117, 110, 137, 237, and 241: 10 TAC §10.613 prohibits the eviction or termination of tenancy of low income households for reasons other than good cause throughout the affordability period and for 3 years after termination of a LURA in accordance with Revenue Ruling 2004-82. In addition, HTC developments are prohibited from locking out or threatening to lock out any development resident, or seizing or threatening to seize personal property of a resident, except by judicial process, for purposes of performing necessary repairs or construction work, or in case of emergency. These prohibitions must be included in the lease or a lease addendum. The Texas Apartment Association has an affordable lease addendum that has incorporated this required language and may be used if you are a TAA member.

Execute an appropriate lease addendum for all units in the Development, including the units listed above, and submit a sample lease addendum to TDHCA along with a letter indicating that the addendum has been signed by all households. If you do not use TAA forms and are uncertain whether your lease addendum form is acceptable, please submit a sample as soon as possible so that TDHCA staff can review and approve it in time for you to implement the form as required by this Order.

6. Pre-onsite documentation violation. Submit all of the following documentation for (a) through (h):
- (a) Entrance Interview Questionnaire (form is available via CMTS);
 - (b) Unit Status Report (USR) reporting current occupancy (report is available in CMTS);
 - (c) Copies of current Utility Allowance (Public Housing Authority schedule, letter from local provider or other Department approved documentation) and documentation of allowance used for the two years prior;
 - (d) Delinquent quarterly vacancy reports. Quarterly vacancy reports are due on the 10th of January, April, July, and October. Quarterly vacancy reports have not been submitted since 2010 and that data must be brought up to date before you use the Affirmative Marketing Web Tool discussed below. That tool uses the data entered in your quarterly vacancy report for its calculations. CMTS does not collect historical data for quarterly vacancy reports, so you do not need to collect past information to complete this requirement. Enter your current occupancy data into CMTS for the quarterly vacancy report that was due on 10/10/2010, then submit. Once submitted, the report for January 2011 will be released by the system. Submit the current occupancy data again. Continue submitting through the current report due.
 - (e) Current Affirmative Marketing Plan, along with evidence of special outreach to those identified as being least likely to apply and the disabled. 10 TAC A training webinar is available at: <http://www.tdhca.state.tx.us/pmcomp/presentations.htm>.

Steps to complete Affirmative Marketing Plan requirements:

- Identify the appropriate housing market in which outreach efforts will be made.
- Determine the groups that are least likely to apply. The Affirmative Marketing Web Tool referenced at 10 TAC §10.617(d)(5) to determine groups that are least likely to apply is available online at: <http://www.tdhca.state.tx.us/pmcomp/forms.htm>. Persons with disabilities must always be selected as a group least likely to apply.
- Identify specific organizations, media, and community contacts in the housing market to send marketing outreach materials. The organizations must specifically reach those groups designated as least likely to apply, including organizations that assist persons with disabilities. For example, a local housing authority serves the general public, not a specific racial or ethnic demographic; therefore, marketing to the housing authority is not affirmative marketing. The same is true for the Department Of Human Services, Texas Work Force Solutions, and Texas Neighborhood Service. A Hispanic Chamber of Commerce or Hispanic publication could be an avenue to market to the Hispanic population if that group is identified as one that is least likely to apply. Similarly, local groups that focus on helping the mentally disabled, physically disabled, disabled veteran affairs groups, etc, could be a way to market to the disabled community. Some examples of groups that focus on the disabled: Easter Seals, United Cerebral Palsy, American Council of the Blind, The Blinded Veterans Association.
- Complete and execute an affirmative marketing plan using any version of HUD Form 935.2A, including the groups and organizations identified above;
- Comply with all requirements of 10 TAC §10.617, which we recommend using as a checklist;

- Send marketing outreach materials to the identified organizations, ensuring that said marketing materials comply with all requirements of 10 TAC §10.617.
- Submit all documentation to the Department via CMTS for review.

Frequent Affirmative Marketing mistakes to avoid include, but are not limited to:

- Not using HUD Form 935.2A.
 - Not identifying populations that are “least likely to apply”. In general, populations that are least likely to apply *might* include: African Americans, Native Americans, Alaskan Natives, Asians, Native Hawaiians, Other Pacific Islanders, Caucasians (non-Hispanic), Hispanics or Latinos, families with children, and the disabled. You will use the Affirmative Marketing Web Tool to identify specific groups from the list above that are considered least likely to apply. Persons with disabilities must always be selected.
 - Not identifying organizations that are associated with groups that are least likely to apply. For example, putting ads in Craigslist. This is general marketing, not affirmative marketing, because Craigslist serves all persons living in the area.
 - Not including evidence of special outreach efforts to those “least likely to apply” populations through specific media, organizations, or community contacts that work with “least likely to apply” populations or work in areas where “least likely to apply” populations live.
 - Not including reasonable accommodation language in English and Spanish. 10 TAC §10.617(f)(5) requires marketing materials to include the Fair Housing Logo and give contact information that prospective tenants can access if reasonable accommodations are needed in order to complete the application process. This contact information sentence must include the terms “reasonable accommodation” and must be in English and Spanish. Here is a sample of an acceptable sentence recently included in marketing materials from another property: *“Individuals who need to request a reasonable accommodation to complete the application process should contact the apartment manager at XXX-XXX-XXXX. Personas con discapacidad que necesitan solicitar un acomodacion razonable para completar el proceso de aplicacion deben comunicarse con el Administrador del apartment al XXX-XXX-XXXX.”*
- (f) Written leasing criteria, including required deposits and refund policy, and wait list policy. These criteria must meet all requirements of 10 TAC §10.610 (Written Policies and Procedures), which we recommend using as a checklist;
- (g) Documents supporting the costs charged to tenants for any application fees or charges; and
- (h) Verification that the contact information currently entered into CMTS is correct.

7. Household income above limit upon initial occupancy violations for units 110, 115, 129, 132, and 227. If units are occupied by a qualified household that occupied the unit as of the date of the last successful onsite review conducted on July 25, 2012, follow the instructions below.

Unit # 110	Bldg. # C	BIN # TX9100160	
Finding	Household income above income limit upon initial occupancy		
Noncompliance Date	04/01/2012	Current Status Uncorrected - Not Reportable to IRS	Correction Date
Reason	The Department approved Income Certification form must be used. Complete each section of the form. Each adult household member must sign and date the form. All verifications obtained to demonstrate household eligibility must be dated within 120 days of the effective date of the certification. All new move-ins, household eligibility must be demonstrated with supporting income and asset documentation. No household should occupy a low-income unit without being properly certified. During the review it was determined that the household did not sign or date the initial Income Certification form.		
Corrective Action	When the unit becomes available, occupy the unit with an eligible household and provide copies of the: application, necessary verifications, Income Certification and first page and signatory page of the lease.		
Supplemental Corrective Action	Households to sign and date initial Income Certification form. Do not back date. Submit a copy to the Department for review.		
Unit # 115	Bldg. # B	BIN # TX9100159	
Finding	Household income above income limit upon initial occupancy		
Noncompliance Date	04/01/2012	Current Status Uncorrected - Not Reportable to IRS	Correction Date
Reason	The Department approved Income Certification form must be used. Complete each section of the form. Each adult household member must sign and date the form. All verifications obtained to demonstrate household eligibility must be dated within 120 days of the effective date of the certification. All new move-ins, household eligibility must be demonstrated with supporting income and asset documentation. No household should occupy a low-income unit without being properly certified. During the review it was determined that the household did not sign or date the initial Income Certification form.		
Corrective Action	When the unit becomes available, occupy the unit with an eligible household and provide copies of the: application, necessary verifications, Income Certification and first page and signatory page of the lease.		
Supplemental Corrective Action	Households to sign and date initial Income Certification form. Do not back date. Submit a copy to the Department for review.		
Unit # 129	Bldg. # A	BIN # TX9100158	
Finding	Household income above income limit upon initial occupancy		
Noncompliance Date	02/01/2012	Current Status Uncorrected - Not Reportable to IRS	Correction Date
Reason	The Department calculated household income using the employment verification provided for the Head of Household. The total household income equals \$30940, which exceeds the income limit of \$29100 for a one person household. The Household did not execute the Department approved Income Certification form.		
Corrective Action	When the unit becomes available, occupy the unit with an eligible household and provide copies of the: application, necessary verifications, Income Certification and first page and signatory page of the lease.		
Supplemental Corrective Action	Follow the above listed corrective action. If the household's status has changed since move in, in accordance with Chapter 4 (page 4-35) of the IRS 8823 Audit Guide, the owner has the option to certify the household using current income and asset sources and current income limits to correct. If the household is currently eligible complete and execute an Income Certification form.		
Unit # 132	Bldg. # A	BIN # TX9100158	
Finding	Household income above income limit upon initial occupancy		
Noncompliance Date	04/01/2012	Current Status Uncorrected - Not Reportable to IRS	Correction Date
Reason	The Department approved Income Certification form must be used. Complete each section of the form. Each adult household member must sign and date the form. All verifications obtained to demonstrate household eligibility must be dated within 120 days of the effective date of the certification. All new move-ins, household eligibility must be demonstrated with supporting income and asset documentation. No household should occupy a low-income unit without being properly certified. During the review it was determined that the household did not sign or date the initial Income Certification form.		
Corrective Action	When the unit becomes available, occupy the unit with an eligible household and provide copies of the: application, necessary verifications, Income Certification and first page and signatory page of the lease.		
Supplemental Corrective Action	Households to sign and date initial Income Certification form. Do not back date. Submit a copy to the Department for review.		
Unit # 227	Bldg. # A	BIN # TX9100158	
Finding	Household income above income limit upon initial occupancy		
Noncompliance Date	04/01/2012	Current Status Uncorrected - Not Reportable to IRS	Correction Date
Reason	The Department approved Income Certification form must be used. Complete each section of the form. Each adult household member must sign and date the form. All verifications obtained to demonstrate household eligibility must be dated within 120 days of the effective date of the certification. All new move-ins, household eligibility must be demonstrated with supporting income and asset documentation. No household should occupy a low-income unit without being properly certified. During the review it was determined that the household did not sign or date the initial Income Certification form.		
Corrective Action	When the unit becomes available, occupy the unit with an eligible household and provide copies of the: application, necessary verifications, Income Certification and first page and signatory page of the lease.		
Supplemental Corrective Action	Households to sign and date initial Income Certification form. Do not back date. Submit a copy to the Department for review.		

[instruction continued from prior page] If units 110, 115, 129, 132, or 227 are not occupied by a qualified household or the residents have changed since July 25, 2012, follow instructions in the chart below.

8. **Annual Eligibility Certification violations** for units 122, 123, 124, 125, 126, 127, 130, 133, 224, 225, 226, 227, 228, 229, 230, 114, 115, 116, 118, 119, 120, 217, 104, 105, 107, 108, 109, 111, 112, 202, 204, 205, 207, 208, 209, 211, 212, 134, 135, 136, 139, 140, 141, 235, 236, 238, 239, 240, and 241. If unit is occupied by a qualified household that occupied the unit as of the date of the last successful onsite review conducted on July 25, 2012, complete an Annual Eligibility Certification for the current year and submit for review. If unit is not occupied by a qualified household or the residents have changed since July 25, 2012, follow instructions in the chart below.

Circumstance with respect to units listed above	Required Action
If unit is occupied by a new qualified household that occupied the unit after July 25, 2012	Submit the full tenant file*.
If unit is occupied by a nonqualified household on a month-to-month lease	<ol style="list-style-type: none"> 1. Follow your normal procedures for terminating residency and provide a copy of documentation to TDHCA. 2. As soon as the unit is occupied by a qualified household, you must submit the full tenant file*. <i>Receipt after the applicable deadline is acceptable for this circumstance provided that Requirement 1 is fulfilled.</i>
If unit is occupied by a nonqualified household with a non-expired lease	<ol style="list-style-type: none"> 1. Issue a nonrenewal notice to tenant and provide a copy to TDHCA. 2. As soon as the unit become available and is occupied by a qualified household, you must submit the full tenant file*. <i>Receipt after the applicable deadline is acceptable for this circumstance provided that Requirement 1 is fulfilled.</i>
If unit is vacant	<ol style="list-style-type: none"> 1. Unit must be made ready for occupancy and a letter certifying to that effect must be submitted to TDHCA. 2. As soon as the unit is occupied by a qualified household, you must submit the full tenant file*. <i>Receipt after the applicable deadline is acceptable for this circumstance provided that Requirement 1 is fulfilled.</i>

*A full tenant file must include, at a minimum, a tenant application, verifications of all sources of income and assets, tenant income certification, lease, lease addendum and Tenant Rights and Resources Guide Acknowledgment. See Attachment 3 for brief explanations of each if you are unfamiliar.

Attachment 3

Tenant File Guidelines

The following technical support does not represent a complete list of all file requirements and is intended only as a guide. You are required to attend First Thursday Training, which will provide a fuller overview of the process. Sign up at <http://www.tdhca.state.tx.us/pmcomp/COMPtrain.html>. Forms discussed below are available at: <http://www.tdhca.state.tx.us/pmcomp/forms.htm>.

1. **Intake Application:** The Department does not have a required form to screen households, but we make this form available for that purpose. It is required that households be screened for household composition, income and assets. Applicants must complete all blanks on the application and answer all questions. Any lines left intentionally blank should be marked with "none" or "n/a." The application must be signed and dated by all adult household members, using the date that the form is actually completed.
2. **Verify Income:** Each source of income and asset must be documented for every adult household member based upon the information disclosed on the application. There are multiple methods:
 - a. **First hand verifications:** Paystubs or payroll print-outs that show gross income. If you choose this method, ensure that you consistently collect a specified number of consecutive check stubs as defined in your management plan;
 - b. **Employment Verification Form:** Part 1 must be completed by you and signed by the tenant. Part 2 must be completed by the employer. To prevent fraud, you must submit the form directly to the employer and must not allow the tenant to handle it. You should ensure that the person completing the employer portion has authority to do so and has access to all applicable information in order to verify the employment income. If you receive the verification via mail, retain the envelope. If you receive it via fax, ensure that the fax stamp is on it;
 - c. **Verification of non-employment income:** You must obtain verifications for all other income sources, such as child support, social security, and/or unemployment benefits;
 - d. **Telephone Verifications:** these are acceptable *only* for clarifying discrepancies and cannot be used as primary form of verification. Include your name, the date, the name of the person with whom you spoke, and your signature;
 - e. **Certification of Zero Income:** If an adult household member does not report any sources of income on the application, this form can be used to document thorough screening and to document the source of funds used to pay for rent, utilities, and/or other necessities.

3. **Verify Assets:** Regardless of their balances, applicants must report all assets owned, including assets such as checking or savings accounts. The accounts are typically disclosed on the application form, but you must review all documentation from the tenant to ensure proper documentation of the household's income and assets. For instance, review the credit report (if you pull one), application, pay stubs, and other documents to ensure that all information is consistent. Examples of ways to find assets that are frequently overlooked: Review pay stubs for assets such as checking and retirement accounts that the household may have forgotten to include in the application. These accounts must also be verified. Format of verifications:
 - a. **Under \$5000 Asset Certification Form:** If the total cash value of the assets owned by members of the household is less than \$5,000, as reported on the Intake Application, the TDHCA Under \$5,000 Asset Certification form may be used to verify assets. If applicable, follow the instructions to complete one form per household that includes everyone's assets, even minors, and have all adults sign and date using the date that the form is actually completed.
 - b. **First hand verifications** such as bank statements to verify a checking account. Ensure that you use a consistent number of consecutive statements, as identified in your management plan.
 - c. **3rd party verifications** using the TDHCA Asset Verification form. As with the "Employment Verification Form" discussed above, Part 1 must be completed by you and signed by the tenant. Part 2 must be completed by the employer. To prevent fraud, you must submit the form directly to the employer and must not allow the tenant to handle it. You should ensure that the person completing the employer portion has authority to do so and has access to all applicable information in order to verify the employment income. If you receive the verification via mail, retain the envelope. If you receive it via fax, ensure that the fax stamp is on it.
4. **Tenant Income Certification Form:** Upon verification of all income and asset sources disclosed on the application and any additional information found in the documentation submitted by the tenant, the next step is to annualize the sources on the Income Certification Form, add them together, and compare to the applicable income limit for household size which can be found at <http://www.tdhca.state.tx.us/pmcomp/irl/index.htm>. Be sure to include any income derived from assets. The form must include (and be signed by) each adult household member.
5. **Lease:** Must conform with your LURA and TDHCA requirements and indicate a rent below the maximum rent limits, which can be found at <http://www.tdhca.state.tx.us/pmcomp/irl/index.htm>. When determining the rent, ensure that the tenant's rent, plus the utility allowance, plus any housing subsidies, plus any mandatory fees, are below the maximum limits set by TDHCA. 10 TAC §10.613(a) prohibits the eviction or termination of tenancy of low income households for reasons other than good cause throughout the affordability period in accordance with Revenue Ruling 2004-82. In addition, 10 TAC §10.613(e) prohibits HTC developments from locking out or threatening to lock out any development resident, or seizing or threatening to seize personal property of a resident, except by judicial process, for purposes of performing necessary repairs or construction work, or in case of emergency. The prohibitions must be included in the lease or lease addendum. The Texas Apartment Association has an affordable lease addendum that has incorporated this required language. If you are not a TAA member, you can draft a lease addendum using the requirements outlined above.

6. **Tenant Rights and Resources Guide:** Replaced Fair Housing Disclosure Notice and Notice of Amenities and Services per 10 Texas. Admin. Code §10.613, which became effective 1/9/2015. Customize Tenant Rights and Resources Guide available at this link <http://www.tdhca.state.tx.us/pmcomp/forms.htm> to fit your property (specifically, information regarding common amenities, unit amenities, and required services). Post a laminated copy of the customized guide in a common area of the leasing office. Customized guide must be provided to each household during the application process (but no more than 120 days prior to initial lease execution) and upon any subsequent changes to common amenities, unit amenities, and services. If you have a file violation that requires submission of a full tenant file, you will be expected to include this form unless the forms it replaced (the Fair Housing Disclosure Notice and Notice of Amenities and Services) were timely signed.

[remainder of page intentionally blank]

Attachment 4:

Texas Administrative Code

<u>TITLE 10</u>	COMMUNITY DEVELOPMENT
<u>PART 1</u>	TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
<u>CHAPTER 10</u>	UNIFORM MULTIFAMILY RULES
<u>SUBCHAPTER E</u>	POST AWARD AND ASSET MANAGEMENT REQUIREMENTS
<u>RULE §10.406</u>	Ownership Transfers (§2306.6713)

(a) Ownership Transfer Notification. All multifamily Development Owners must provide written notice to the Department at least thirty (30) calendar days prior to any sale, transfer, or exchange of the Development or any portion of or Controlling interest in the Development. Transfers that are the result of an involuntary removal of the general partner by the investment limited partner must be reported to the Department, as soon as possible due to the sensitive timing and nature of this decision. If the Department determines that the transfer, involuntary removal, or replacement was due to a default by the General Partner under the Limited Partnership Agreement, or other detrimental action that put the Development at risk of failure, staff may make a recommendation to the Board for the debarment of the entity and/or its Principals and Affiliates pursuant to the Department's debarment rule. In addition, a record of transfer involving Principals in new proposed awards will be reported and may be taken into consideration by the Executive Award and Review Committee, in accordance with §1.5 of this title (relating to Previous Participation Reviews), prior to recommending any new financing or allocation of credits.

(b) Requirement. Department approval must be requested for any new member to join in the ownership of a Development. Exceptions include changes to the investment limited partner, non-controlling limited partner, or other partners affiliated with the investment limited partner, or changes resulting from foreclosure wherein the lender or financial institution involved in the transaction is the resulting owner. Any subsequent transfer of the Development will be required to adhere to the process in this section. Furthermore, a Development Owner may not transfer an allocation of tax credits or ownership of a Development supported with an allocation of tax credits to any Person or entity unless the Development Owner obtains the Executive Director's prior, written approval of the transfer. The Executive Director may not unreasonably withhold approval of the transfer requested in compliance with this section. Notwithstanding the foregoing, a Development Owner shall be required to notify the Department but shall not be required to obtain Executive Director approval when the transferee is an Affiliate of the Development Owner with no new members or the transferee is a Related Party who does not Control the Development and the transfer is being made for estate planning purposes.

(c) Transfers Prior to 8609 Issuance or Construction Completion. Transfers (other than those that do not require Executive Director approval, as set forth in subsection (b) of this section) will not be approved prior to the issuance of IRS Form(s) 8609 (for Housing Tax Credits) or the completion of construction (for all Developments funded through other Department programs) unless the Development Owner can provide evidence that the need for the transfer is due to a hardship (ex. potential bankruptcy, removal by a partner, etc.). The Development Owner must provide the Department with a written explanation describing the hardship and a copy of any applicable agreement between the parties to the transfer, including any Third-Party agreement.

(d) Non-Profit Organizations. If the ownership transfer request is to replace a non-profit organization within the Development ownership entity, the replacement non-profit entity must adhere to the requirements in paragraph (1) or (2) of this subsection.

(1) If the LURA requires ownership or material participation in ownership by a Qualified Non-Profit Organization, and the Development received Tax Credits pursuant to §42(h)(5) of the Code, the transferee must be a Qualified Non-Profit Organization that meets the requirements of §42(h)(5) of the Code and Texas Government Code §2306.6706.

(2) If the LURA requires ownership or material participation in ownership by a qualified non-profit

organization, but the Development did not receive Tax Credits pursuant to §42(h)(5) of the Code, the Development Owner must show that the transferee is a non-profit organization that complies with the LURA.

(e) Historically Underutilized Business ("HUB") Organizations. If a HUB is the general partner of a Development Owner and it (i) is being removed as the result of a default under the organizational documents of the Development Owner or (ii) determines to sell its ownership interest, in either case, after the issuance of 8609s, the purchaser of that general partnership interest is not required to be a HUB as long as the LURA does not require such continual ownership or a material LURA amendment is approved. Such approval can be obtained concurrent with Board approval described herein. All such transfers must be approved by the Board and require that the Board find that:

(1) the selling HUB is acting of its own volition or is being removed as the result of a default under the organizational documents of the Development Owner;

(2) the participation by the HUB has been substantive and meaningful, or would have been substantial and meaningful had the HUB not defaulted under the organizational documents of the Development Owner, enabling it to realize not only financial benefit but to acquire skills relating to the ownership and operation of affordable housing; and

(3) the proposed purchaser meets the Department's standards for ownership transfers

(f) Documentation Required. A Development Owner must submit documentation requested by the Department to enable the Department to understand fully the facts and circumstances that gave rise to the need for the transfer and the effects of approval or denial. Documentation includes but is not limited to:

(1) a written explanation outlining the reason for the request;

(2) a list of the names of transferees and Related Parties;

(3) detailed information describing the experience and financial capacity of transferees and related parties holding an ownership interest of 10 percent or greater in any Principal or Controlling entity;

(4) evidence and certification that the tenants in the Development have been notified in writing of the proposed transfer at least thirty (30) calendar days prior to the date the transfer is approved by the Department. The ownership transfer approval letter will not be issued until this 30 day period has expired.

(g) Within five (5) business days after the date the Department receives all necessary information under this section, staff shall initiate a qualifications review of a transferee, in accordance with §1.5 of this title, to determine the transferee's past compliance with all aspects of the Department's programs, LURAs and eligibility under this chapter.

(h) Credit Limitation. As it relates to the Housing Tax Credit amount further described in §11.4(a) of this title (relating to Tax Credit Request and Award Limits), the credit amount will not be applied in circumstances described in paragraphs (1) and (2) of this subsection:

(1) in cases of transfers in which the syndicator, investor or limited partner is taking over ownership of the Development and not merely replacing the general partner; or

(2) in cases where the general partner is being replaced if the award of credits was made at least five (5) years prior to the transfer request date.

(i) Penalties. The Development Owner must comply with any additional documentation requirements as stated in Subchapter F of this chapter (relating to Compliance Monitoring). The Development Owner, as on record with the Department, will be liable for any penalties imposed by the Department even if such penalty can be attributable to the new Development Owner unless such ownership transfer is approved by the Department.

(j) Ownership Transfer Processing Fee. The ownership transfer request must be accompanied by corresponding ownership transfer fee as outlined in §10.901 of this chapter (relating to Fee Schedule).

Source Note: The provisions of this §10.406 adopted to be effective December 9, 2014, 39 TexReg 9518

1c

BOARD ACTION REQUEST
FAIR HOUSING, DATA MANAGEMENT, & REPORTING
JULY 28, 2016

Presentation, Discussion, and Possible Action on an order proposing amendments to 10 TAC §1.204 Reasonable Accommodations, and directing that they be published in the Texas Register.

RECOMMENDED ACTION

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

WHEREAS, program participants can request reasonable accommodations to policies, practices, or services of Department programs; and

WHEREAS, the Department has identified some Land Use Restriction Agreements ("LURA") for multifamily awards prior to 2001 whereby the owner agreed to comply with Section 504 of the Rehabilitation Act of 1973, and the prior rule appeared to conflict with these LURAs;

WHEREAS, the Department has identified the need to clarify by rule those items identified by the U.S. Department of Justice that have a de minimis cost but are the responsibility of the housing provider to pay for; and

WHEREAS, the Department has identified the need to clarify by rule the acceptable response times for a recipient of Department funds/awards to respond to reasonable accommodation requests to ensure persons with disabilities have full and equal access to programs, and the proposed amendments to 10 TAC §1.204 provide such clarification;

NOW, therefore, it is hereby

RESOLVED, that the Executive Director and his designees be and each of them hereby are authorized, empowered, and directed, for and on behalf of the Department, to cause the proposed amendments to 10 TAC §1.204 Reasonable Accommodations, in the form presented to this meeting, to be published in the Texas Register for review and public comment, and in connection therewith, make such non-substantive technical corrections as they may deem necessary to effectuate the foregoing.

BACKGROUND

Staff regularly receives and responds to complaints from participants in its programs (including, but not limited to from tenants of properties receiving funds/awards from TDHCA), and some of those complaints relate to Reasonable Accommodation requests. For the benefit of Owners, subrecipients, the public, and Department staff, amendments are being proposed to the Department's existing rule on Reasonable

Accommodation to provide greater specificity on the timeframe within which a response by the property or the Subrecipient (as applicable) to the person requesting the accommodation must be made. This rule amendment ensures people with disabilities have access to Department programs, housing, and services.

Preamble and Proposed Amendments to 10 TAC Chapter 1, Administration, Subchapter B, Section 504 of the Rehabilitation Act of 1973 and the Fair Housing Act, §1.204 Reasonable Accommodations

The Texas Department of Housing and Community Affairs (the "Department") proposes amendments to 10 TAC Chapter 1, Administration, Subchapter B, Section 504 of the Rehabilitation Act of 1973 and the Fair Housing Act, §1.204 Reasonable Accommodations.

The purpose of the amendment to 10 TAC §1.204 is to clarify the timeframe within which a response by a entity to a person requesting a reasonable accommodation must be made. This rule amendment ensures people with disabilities have access to Department programs, housing, and services.

The proposed amendment also clarifies that things identified by the U.S. Department of Justice with a de minimis cost are a reasonable accommodation under the Fair Housing Act that the tenant/participant does not have to pay for.

The proposed amendment also corrects an error in the prior rule, for multifamily awards prior to 2001 whereby the owner agreed to comply with Section 504 of the Rehabilitation Act of 1973, and the prior rule appeared to be in conflict with these agreements

FISCAL NOTE. Timothy K. Irvine, Executive Director, has determined that, for each year of the first five years the amendments are in effect, enforcing or administering the amendments does not have any foreseeable implications related to costs or revenues of the state or local governments.

PUBLIC BENEFIT/COST NOTE. Mr. Irvine also has determined that, for each year of the first five years the amendments are in effect, the public benefit anticipated as a result of the amendments will be clarification of program requirements. There will not be any economic cost to any individuals required to comply with the amendments.

ADVERSE IMPACT ON SMALL OR MICRO-BUSINESSES. The Department has determined that there will be no economic effect on small or micro-businesses.

REQUEST FOR PUBLIC COMMENT. The public comment period will be held August 12, 2016 to September 12, 2016, to receive input on the proposed amendments. Written comments may be submitted to the Texas Department of Housing and Community Affairs, Attention: Suzanne Hemphill, Rule Comments, P.O. Box 13941, Austin, Texas 78711-3941, by email to the following address: Suzanne.Hemphill@tdhca.state.tx.us, or by fax to (512) 475-3935. ALL COMMENTS MUST BE RECEIVED BY 5:00 P.M. Austin Local Time, September 12, 2016 .

STATUTORY AUTHORITY. The amendments are proposed pursuant to Tex. Gov't Code, §2306.053, which authorizes the Department to adopt rules. The proposed amendments affect no other code, article, or statute.

§1.204. Reasonable Accommodations.

- (a) To show that a requested Reasonable Accommodation may be necessary, there must be an identifiable relationship between the requested accommodation and the individual's Disability.

- (b) Responses to Reasonable Accommodation requests must be provided within a reasonable amount of time, not to exceed 15 calendar days. The response must either be to grant the request, deny the request, offer alternatives to the request, or request additional information to clarify the Reasonable Accommodation request.
- (1) EXAMPLE: A resident requests to move their rent due date to coincide with their social security disability check. It would not be considered reasonable to wait 15 calendar days to respond to this request.
 - (2) EXAMPLE: A resident requests a designated accessible parking space. An individual's Disability status and the connection to the Reasonable Accommodation request are not clear. Documentation must be requested within 15 calendar days to clarify the resident's request, engaging in an interactive process to determine the nature of the request and the needs of the resident.
 - (3) EXAMPLE: An applicant with a Disability requires a service animal to alert of impending seizures. The shelter has a no pets policy. It would not be reasonable to wait 15 calendar days to respond to this request.
 - (4) EXAMPLE: A person with a Disability requests modifying door knobs to levers. The property must respond to the request within 15 calendar days, although it is reasonable that it may take additional time to install the modified door knobs.
 - (5) EXAMPLE: A housing provider requires that tenants sign 12 month leases. A household signs the lease, but after a few months has to move out in order to live in a nursing home. The household requests a reasonable accommodation to be let out of his lease early without a fee. The property may request additional information if the Disability and relationship between the request is not clear, but must ask for this information within 15 calendar days.
 - (6) EXAMPLE: An applicant requests a reasonable accommodation to have assistance in filling out a program application for the Housing Trust Fund Program. It would not be reasonable to wait 15 calendar days to respond to this request.

(c)-(b) When a resident or applicant requires an accessible unit, feature, space or element, or a policy modification, or other Reasonable Accommodation to accommodate a Disability, the Recipient must provide and pay for the requested accommodation, unless doing so would result in a fundamental alteration in the nature of the program or an undue financial and administrative burden. A fundamental alteration is an accommodation that is so significant that it alters the essential nature of the Recipient's operations. A Recipient that owns a LIHTC or Multifamily Bond Development with no federal or state funds awarded before September 1, 2001 must allow, but need not pay for the Reasonable Accommodation, (unless otherwise required to comply with Section 504 of the Rehabilitation Act of 1973 through language in the Land Use Restriction Agreement), unless except if the accommodation requested should have been made as part of the original design and construction requirements under the Fair Housing Act, or is a Reasonable Accommodation identified by the U.S. Department of Justice with a de minimis cost (e.g. assigned parking spot, no deposits for service/assistance animals etc).

~~(d)~~ ~~(e)~~—A Recipient may not charge a fee or place conditions on a resident or applicant in exchange for making the accommodation. For example, while housing providers may require applicants or residents to pay a pet deposit, they may not require applicants and residents to pay a deposit for a service/assistance animal.

~~(e)~~ ~~(d)~~ A Reasonable Accommodation request of an individual with a Disability that amounts to an alteration should be made to meet the needs of the individual with a Disability, rather than any particular accessible code specification.

- (1) Recipients are not required to make structural changes where other methods, which may not cost as much, are effective in making ~~federally assisted~~ housing programs or activities readily accessible to and usable by persons with Disabilities.
- (2) In choosing among available methods for meeting the requirements of this section, the Recipient shall give priority to those methods that offer programs and activities to qualified individuals with Disabilities in the most integrated setting appropriate.
- (3) Undue burden.

(A) The determination of undue financial and administrative burden will be made by the Department on a case-by-case basis, involving various factors, such as the cost of the reasonable accommodation, the financial resources of the Development, the benefits the accommodation would provide to the requester, and the availability of alternative accommodations that would adequately meet the requester's Disability-related needs. *(For more examples of undue financial and administrative burden, see HUD Handbook 4350.3, Exhibit 2-6.)*

(B) In considering whether an expense would constitute an undue burden:

(i) Payment for alterations from operating funds, residual receipts accounts, or reserve replacement accounts must be sought using appropriate approval procedures.

(ii) The approved amount must normally be able to be replenished through property rental income within one year without a corresponding raise in rental rates.

(iii) A projected inability to replenish an operating fund account or the reserve for replacement account within one year for funds spent in providing alterations under this subchapter is some evidence that the Alteration would be an undue financial and administrative burden. *(Source: HUD Handbook 4350.3, §2-43(C), and §2-43(D, Example A))*

(C) If providing accessibility would result in an undue financial and administrative burden, the recipient must still take other reasonable steps to achieve accessibility.

(D) If a structural change would constitute an undue financial and administrative burden, and the tenant still wants that particular change to be made, the tenant must be allowed to make and pay for the accommodation. *(Source: HUD Handbook 4350.3, §2-45-6)*

(4) Recipients are not required to install an elevator solely for the purpose of making units accessible. (Source: HUD Handbook 4350.3, §2-37(E))

(5) Recipients do not have to make mechanical rooms and similar spaces accessible when, because of their intended use, they do not require accessibility by the public, by tenants, or by employees with physical disabilities. (Source: HUD Handbook 4350.3, §2-37(D))

(6) Recipients are not required to make building alterations that have little likelihood of being accomplished without removing or altering a load-bearing structural member. (Source: 24 CFR §8.32(c). HUD Handbook 4350.3, §2-37(B))

~~(f)~~(e) If a Recipient refuses to provide a requested accommodation because it is either an undue financial and administrative burden or would result in a fundamental alteration to the nature of the program, the Recipient must make a reasonable attempt to engage in an interactive dialogue with the requester to determine if there is an alternative accommodation that would adequately address the requester's Disability-related needs. If an alternative accommodation would meet the individual's needs and is reasonable, the Recipient must provide it.

(1) EXAMPLE: A resident requires an accessible parking space that will accommodate her wheel chair equipped van. A Reasonable Accommodation includes relocating and enlarging an existing parking space that will serve the van.

~~(2) EXAMPLE: A colonia self help center operates a tool lending program. The tools are located on the second floor of a building with no elevator. As an alternative to installing a lift or elevator, center staff may retrieve tools for residents who use wheelchairs. The aides must be available during the operating hours of the center. A Colonia Self-Help Center provides a construction skills training class for eligible Colonia residents to learn how to repair their home. A participant with a hearing impairment needs a sign language interpreter during the class to fully participate. Providing a sign language interpreter is a reasonable accommodation because it allows the prospective participant who is hearing impaired to fully participate in the Colonia Self-Help Center program. Unless it imposes an undue financial and administrative burden or fundamental alteration in the nature of its program, the Colonia Self-Help Center must pay for this service.~~

(3) EXAMPLE: A family has a young child with asthma. A certain sealant used by a weatherization provider has been known to trigger asthma attacks. The weatherization provider should see if a comparable sealant could be used that would not trigger asthma.

(4) EXAMPLE: A Development has five parking spaces located outside the main entrance to the building and another parking lot with 20 spaces a half block away. All five of the parking spaces near the entrance to the building have been assigned to residents with Disabilities who need a parking space near their door because of their Disabilities. A sixth tenant with difficulty in walking long distances moves into the Development and requests a parking space near his door. The Recipient has explored the

options and concluded that the only way to provide more parking spaces near the door would be to widen the parking area by purchasing valuable real estate next door. It would be an undue financial and administrative burden for the Recipient to provide the sixth tenant with a parking space near the entrance. An alternative accommodation could be to provide the sixth tenant with an assigned parking space in the lot half block away until such time as one of the five spaces near the door becomes available.

(5) EXAMPLE: A resident needs grab bars at the toilet in her bathroom. She does not require other accessible features. The Recipient must install grab bars consistent with the resident's needs in the bathroom.

(6) EXAMPLE: A resident needs a ramped entrance to her ground floor unit to accommodate her wheelchair. She does not wish to move to an accessible unit. The Recipient must provide an accessible entrance at the resident's current unit, unless it would be an undue financial and administrative hardship or a fundamental alteration of the program to do so.

(7) EXAMPLE: A resident uses a scooter type wheelchair which is 38 inches in width. She requests a ramp to enter her ground floor unit. The ramp which she requests must be at least 40 inches wide, it must have a slope of no more than 3%, and the landing at the front door, which opens outward, must be enlarged to provide adequate maneuvering space to enter the doorway. The changes must be provided, even though they may exceed the usual specifications for such alterations.

(8) EXAMPLE: A resident with quadriplegia requests replacement of a bathtub in his unit with a roll-in shower. Due to the location of existing plumbing in the building and the size of the existing bathroom, a plumber confirms that installation of a roll-in shower in that unit is impossible. The on-site manager should meet with the resident to explain why the roll-in shower cannot be installed and to explore alternative accommodations with the resident.

(g)~~(f)~~Recipients must follow federal regulations regarding service/assistance animals.

1d

BOARD ACTION REQUEST
COMMUNITY AFFAIRS DIVISION

JULY 28, 2016

Presentation, Discussion, and Possible Action on an order adopting amendments to 10 TAC Chapter 5, Community Affairs Programs, Subchapter H, Section 8 Housing Choice Voucher Program, §5.802, Local Operators (“LO”) for the Housing Choice Voucher Program (“HCVP”), and directing that they be published in the *Texas Register*

RECOMMENDED ACTION

WHEREAS, the Texas Department of Housing and Community Affairs (the “Department”) operates a Section 8 Housing Choice Voucher Program in certain areas of the State;

WHEREAS, at the Board meeting of May 26, 2016, the Board approved the proposed amendments to 10 TAC §5.802, Local Operators (“LO”) for the Housing Choice Voucher Program, for publication and receipt of public comment and the amendments were published in the *Texas Register* on June 10, 2016;

WHEREAS, pursuant to Texas Gov’t Code §2306.053, the Department is authorized to adopt rules governing the administration of the Department and its programs; and

WHEREAS, public comments were accepted from June 6, 2016, through July 6, 2016, and no comments were received;

NOW, therefore, it is hereby

RESOLVED, that the Executive Director and his designees be and each of them hereby are authorized, empowered, and directed, for and on behalf of the Department, to cause the adoption, of these amendments in the form presented to this meeting and publish in the *Texas Register*, and in connection therewith, make such non-substantive technical corrections as they may deem necessary to effectuate the foregoing.

BACKGROUND

The Board approved the proposed rule amendments for public comment to 10 TAC §5.802, Local Operator (“LO”) for the Housing Choice Voucher Program at the Board meeting of May 26, 2016. The proposed amendments remove definitions, eligibility criteria and the application process and requirements to procure new LOs, because, with the exception of several existing LOs, the Department is now administering its own program and is no longer adding LOs, and clarifies the performance requirements for existing LOs.

Through this action, the Department adopts the proposed amendments to 10 TAC §5.802, Local Operators for the Section 8 Housing Choice Voucher Program.

Attachment 1: Preamble and Adopted Amendment to 10 TAC Chapter 5 Community Affairs Programs, Subchapter H, Section 8 Housing Choice Voucher Program, §5.802, Local Operators for the Section 8 Housing Choice Voucher Program

The Texas Department of Housing and Community Affairs (the “Department”) adopts an amendment to 10 TAC Chapter 5 Community Affairs Programs, Subchapter H, Section 8 Housing Choice Voucher Program, §5.802, Local Operators for the Section 8 Housing Choice Voucher Program without changes to the proposed text as published in the June 10, 2016, issue of the *Texas Register* (41 TexReg 4136).

REASONED JUSTIFICATION. The purpose of the amendments to 10 TAC §5.802 is to remove definitions, eligibility criteria, the application process, and requirements relating to procuring new Local Operators because the Department is no longer utilizing new Local Operators, and clarifies the responsibilities and eligibility criteria and performance requirements for Local Operators.

SUMMARY OF PUBLIC COMMENT AND STAFF RECOMMENDATIONS. The public comment period was held June 6, 2016, through July 6, 2016. No comment was received during this period.

STATUTORY AUTHORITY. The amendment is adopted pursuant to Texas Government Code §2306.053, which authorizes the Department to adopt rules, and Chapter 2306, Subchapter E, which authorizes the Department to administer its Community Affairs programs.

The adopted amendment affects no other code, article, or statute.

§5.802. Local Operators for the Section 8 Housing Choice Voucher Program

a) Purpose. This chapter clarifies the performance responsibilities and duties of the Local Operators for Housing Choice Vouchers administered by the Texas Department of Housing and Community Affairs and outlines the procedures for the Department to renew existing LOs.

(b) Definitions.

(1) Board--The governing board of the Texas Department of Housing and Community Affairs.

(2) Contract--The executed written agreement between the Department and a Local Operator performing an activity related to a program that outlines performance requirements and responsibilities as identified in the document.

(3) Department--The Texas Department of Housing and Community Affairs.

(4) Housing Quality Standards--(HQS) are minimum standards for tenant-based programs and are required both at initial occupancy and during the term of the lease. HQS standards apply to the building and premises, as well as to the unit.

(5) HUD--U.S. Department of Housing and Urban Development.

(6) Local Operators (LOs)--LOs are the local administrators who perform unit inspections, provide client processing, and perform other administrative duties on the Department's behalf as Housing Choice Vouchers are issued and maintained in some of the local communities served by the Department's Housing Choice Voucher Program.

(7) Owner--The Person who owns a unit for which a Section 8 Housing Choice Voucher is being considered or being used.

(8) Program--The Section 8 Housing Choice Voucher Program operated by the Department.

(c) Performance Requirements. The duties and expectations of the LO include the following and will be included in the LO contract. LO must:

- (1) follow and comply with HUD's rules and regulations, including the U.S. Housing Act of 1937, the Annual Contributions Contract between the Department and HUD, the Housing Assistance Program contract between the Department and the owner of the unit occupied by an assisted family, as well as the Department's Administrative Plan and other applicable laws covering the Program;
- (2) designate a specific contact to serve as a liaison with the Department;
- (3) disseminate information concerning the availability and nature of housing assistance for lower-income families;
- (4) seek to increase the number of local property Owners willing to make dwelling units available for leasing to eligible families;
- (5) assist in the issuance of Housing Choice Vouchers to selected eligible families and provide the family with necessary information regarding the program in accordance with 24 CFR §982.301;
- (6) certify rent reasonableness under 24 CFR §982.507;
- (7) assist in facilitation of the Owner's execution of the Housing Choice Voucher Contract in a form prescribed by HUD under 24 CFR §982.451;
- (8) annually, assist in re-determination of eligibility and calculation of the amount of housing assistance payment in accordance with HUD established schedules and under 24 CFR §982.516, and submit redetermination information to the Department within ninety (90) to one-hundred-twenty (120) days of request;
- (9) perform any necessary Housing Quality Standard inspections (or other inspections required by HUD) and notify Owners and families of property inspection determinations;
- (10) perform any necessary Housing Quality Standard inspections for new admissions within sixty (60) days, or within one-hundred-twenty (120) days with Department approval of sixty (60) day extension;
- (11) assist in coordination of portability requests in accordance with Department policies;
- (12) assist in processing changes in income and changes in household requests in accordance with Department policies;
- (13) maintain confidential client files in a manner that protects the privacy of each client and maintains the same for future reference;
- (14) store physical client files in a secure space in a manner that ensures confidentiality and in accordance with program policies and procedures; and
- (15) perform such other functions as directed by the Department.

(d) Eligibility of Local Operators.

(1) Eligibility Criteria for LO Contract Renewals. Currently designated LOs wishing to renew their contract must meet the following eligibility criteria:

(A) Eligible organizations must have a publicly accessible confidential meeting space available to meet with Housing Choice Voucher families.

(B) Eligible organizations must have access to the internet, electronic mail, and a telephone for communication with the Department.

(2) Ineligibility Criteria for LOs. The following conditions will cause a currently designated LO wishing to renew their contract, to be ineligible:

(A) Failure to comply with federal and state law and/or failure to comply with the terms outlined in the LO contract; or refusal by the LO to assist in issuing Housing Choice Vouchers in a timely manner and/or unwillingness to add vouchers to the LO service area.

(B) The LO has failed to perform the performance requirements outlined in subsection (c) of this section.

- (C) The LO had a previously funded Contract for which Department funds have been partially or fully de-obligated due to failure to meet contractual obligations during the prior 12 months.
- (D) The LO has failed to submit or is delinquent in a response to provide an explanation, or evidence of corrective action as a result of a technical assistance visit by the Department.
- (E) The LO has been or is barred, suspended, or terminated from procurement in a state or federal program or listed in the "List of Parties Excluded from Procurement of Non-procurement Programs" or has otherwise been debarred by HUD or the Department.
- (F) The LO has violated the state's revolving door policy.
- (G) The LO has been convicted of a state or federal felony crime involving fraud, bribery, theft, misrepresentation of material fact, misappropriation of funds, or other similar criminal offenses.
- (H) The LO at the time of renewal is:
 - (i) subject to an enforcement or disciplinary action under state or federal securities law or by the Financial Industry Regulatory Authority (FINRA) is subject to a federal tax lien; or
 - (ii) is the subject of an enforcement proceeding with any governmental entity.

(e) Local Operator Contract Execution and Renewal.

- (1) Upon determination that a renewal is eligible and desired by both parties, the Department's Executive Director or Deputy Executive Director that oversees the Section 8 Housing Choice Voucher Program and the LO shall enter into and execute an agreement for the administration of the Housing Choice Voucher program. The Department, acting by and through its Executive Director or his/her designee, may authorize, execute, and deliver modifications, amendments or extensions to the contract.
- (2) Contracts will be for a one year period.
- (3) LOs in an existing contract will, upon expiration of the current contract, be eligible to execute a contract under paragraph (2) of this subsection so long as they are maintaining compliance with the eligibility criteria in subsection (d) of this section and have performed according to the performance requirements outlined in subsection (c) of this section.

1e

BOARD ACTION REQUEST

ASSET MANAGEMENT

JULY 28, 2016

Presentation, Discussion, and Possible Action regarding a material amendment to the Housing Tax Credit (“HTC”) Application for Cypress View Villas in Weatherford (#02483)

RECOMMENDED ACTION

WHEREAS, Cypress View Villas (the “Development”) was approved for a 4% Housing Tax Credit award in 2002 to construct 192 new units in Weatherford;

WHEREAS, as a result of a refinancing of the Development, a HUD Rider/Amendment to Restrictive Covenants has been requested from the Department by the Development Owner;

WHEREAS, the legal description in the HUD Rider is for a 14.265 acre tract rather than the 16.485 acres identified in the HTC application and reflected in the Land Use Restriction Agreement (“LURA”), and this reduction of 2.22 acres (13.47%) resulted in a 15.56% increase in residential density;

WHEREAS, Board approval is required for a modification of the residential density of at least 5% under Tex. Gov’t Code §2306.6712(d)(6) and 10 TAC §10.405(a)(3)(F); and

WHEREAS, the site acreage and change in residential density do not negatively affect the Development, impact the viability of the transaction, or affect the amount of housing tax credits awarded;

NOW, therefore, it is hereby

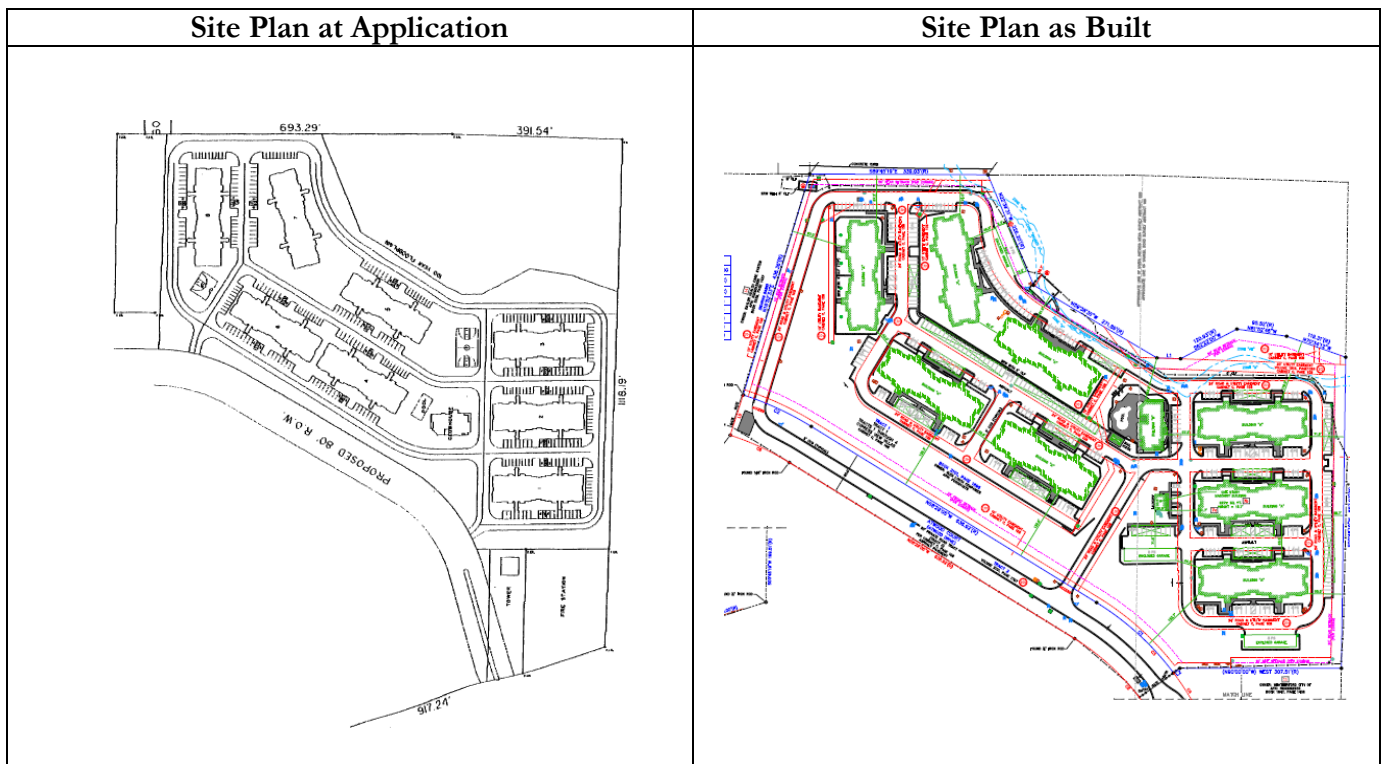
RESOLVED, that the requested material amendment to the HTC Application for Cypress View Villas is approved as presented to this meeting and the Executive Director and his designees are each authorized, directed, and empowered to take all necessary action to effectuate the foregoing.

BACKGROUND

Cypress View Villas was submitted for a 4% HTC award in 2002 to construct 192 new multifamily units in Weatherford, Parker County. The HTC application identified a proposed development site of 16.485 acres, and this acreage is reflected in the legal description in the HTC LURA for the Development. However, as a result of a refinancing of the Development, the Development Owner, Cypress View Villas, LP (Alden Torch), submitted a HUD Rider/Amendment to Restrictive Covenants to the Department for review. The HUD Rider reflects the platted legal description, which is for a 14.265 acre tract rather than the 16.485 acres reflected in the HTC LURA. The legal description in the HUD Rider also identifies an Easement Estate.

The Owner explained that the incorrect legal description was attached at the time of the execution of the HTC LURA in late 2004. The Owner indicated that the correct legal description delineates the property as 14.265 acres owned as fee simple by the Development Owner and 2.06 acres granted to the Development Owner via an Easement Agreement. The Owner indicated that the Development has never operated in any different fashion and that the Regulatory and Land Use Restriction Agreement dated as of April 29, 2003, with Northwest Central Texas Housing Finance Corporation, the bond issuer, reflects the correct legal description.

At application underwriting, the Department's understanding was that the City of Weatherford would create a finished access road to provide access to the property from I-20 to the Fire Station (Atwood Drive) and that the City would have to construct the road as soon as the developer began development on the site. There was no indication that the acreage of the development site would be reduced. However, the Special Warranty Deed for the transfer of the land to the Development Owner indicates that 14.265 acres were transferred, and there was an Improvements and Easement Agreement dated May 29, 2003 between the Development Owner and Glenn Lynch Companies, a related party, for a 2.06 acre tract of land that would provide the Development access to I-20. The Easement Agreement indicated that upon completion of the Access Easement (Atwood Drive), the easement would be dedicated to the City of Weatherford. The dedication of Atwood Drive to the public's use is evidenced by the plat recorded on March 15, 2004. The HTC LURA for the Development was done as of November 19, 2004 and recorded on December 27, 2004, but the LURA erroneously identifies 16.485 acres in the legal description even though the dedication of Atwood Drive had already occurred by the time the LURA was processed. A comparison of the two plans below reflects that the primary reason for the change in acreage is attributed to the proposed right of way.



Due to changes to the ownership structure of the Development that have occurred over the years, it is not clear why the change occurred from the originally proposed 16.485 acres owned as fee simple to 14.265

acres owned as fee simple and 2.06 acres granted via easement. A representative for the Development Owner explained that the original owner of General Partner, Glenn Lynch, transferred his interest to Operation Relief Center, Inc. in 2003. However, the Department's records indicate that a request for this proposed change was submitted in December of 2005 and approved by the Department on March 28, 2006. In 2016, the Department approved a request to replace the general partner with, Alden GP-Cypress View Villas, LLC, an affiliate of the limited partner. According to the Owner, Alden Torch Financial, LLC, an affiliate of the current limited partner, purchased the original limited partner in 2011.

The reduction in the acreage did not affect the design of the development.

Staff recommends approval of the material amendment request.

**ALDEN
TORCH
FINANCIAL**

June 27, 2016

VIA FEDERAL EXPRESS AND EMAIL (rosalio.banuelos@tdhca.state.tx.us)

Rosalio Banuelos
Texas Dept. of Housing and Community Affairs
221 E. 11th Street
Austin, TX 78701

Re: Cypress View Villas, L.P. (the "Partnership")

Dear Mr. Banuelos,

Reference is made to that certain Declaration of Land Use Restrictive Covenants/Land Use Restriction Agreement for Low-Income Housing Credits, dated as of November 19, 2004 (the "Agreement"), by and between the Partnership and The Texas Department of Housing and Community Affairs, an instrumentality of the State of Texas and a public corporation (together with any successors to its rights, duties, and obligations, the "Department"). All capitalized terms used but not defined herein shall have the meanings given to such terms in the Agreement.

The Partnership and the Department currently are in the process of amending the Agreement to reflect the Partnership's refinancing of its senior debt. The proposed HUD Rider/Amendment to Restrictive Covenants (the "Amendment") is attached hereto as Schedule A. The Agreement's Exhibit A reflects the incorrect legal description for the Project. Schedule B, attached hereto, reflects the correct legal description. The Partnership hereby requests the Department's approval for further amending the Agreement, specifically Exhibit A to Declaration – Legal Description ("Exhibit A"), to reflect the correct legal description.

The request is clerical. In brief, the incorrect legal description was attached at the time of execution. The correct legal description clearly delineates the property into the 14.265 acres owned as fee simple by the Partnership and the 2.06 acres granted to the Partnership via easement. The Project has never been operated in any different fashion, as evidenced by the correct legal description being attached to that certain Regulatory and Land Use Restriction Agreement, dated as of April 29, 2003, attached hereto as Schedule C, executed 19 months prior to the Agreement. The requested Amendment will have no financial impact on the development or its owners.

Should you have any questions, please contact, Michael Dalen, at 303.927.5371 or michael.dalen@aldentorch.com.

Sincerely,

Cypress View Villas, L.P.

By: Cypress View General Inc., its General Partner

By: TCH II Pledge Pool, LLC, as its Attorney-in-Fact under that certain power of attorney granted in the Second Amendment to Amended and Restated Agreement of Limited Partnership, dated July 8, 2014

By: Tax Credit Holdings II, LLC, its sole member

By: Alden Pacific Holdings, LLC, its sole member

By: _____

Name: Jill Brooks-Garnett

Title: Chief Operating Officer

cc: Shannon Mullin, *via email*(shannon.mullin@aldentorch.com)

IMPROVEMENTS AND EASEMENT AGREEMENT

STATE OF TEXAS §
 § KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF PARKER §

THIS IMPROVEMENTS AND EASEMENT AGREEMENT (the "Agreement") is made and entered into this 29th day of May, 2003, by and between GLENN LYNCH COMPANIES, INC., a Texas corporation ("GLC"), and CYPRESS VIEW VILLAS, L.P., a Texas limited partnership ("Cypress").

RECITALS

A. GLC is the owner of that certain real property described on Exhibit "A" attached hereto ("GLC's Property").

B. Cypress is the owner of that certain real property described on Exhibit "B" attached hereto ("Cypress's Property").

C. To facilitate development of GLC's Property and Cypress's Property, the parties desire to set forth their respective rights, privileges, duties, obligations, liabilities and responsibilities, as more fully described and provided for in this Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

AGREEMENT

1. Grant of Access Easement. GLC hereby grants, bargains, sells and conveys to Cypress and Cypress's successors and assigns, a non-exclusive perpetual easement on, over, across, along, under and through GLC's Property, as the "Access Easement", for the purposes of access, right of way, and ingress and egress for unobstructed pedestrian and vehicular traffic to and from Cypress's Property and Interstate Highway 20 (the "Access Easement"). GLC agrees that the Access Easement is for the use and benefit of Cypress, Cypress's tenants, customers, invitees, guests, employees, agents, representatives, patrons, licensees, contractors, subcontractors, suppliers, successors and assigns. GLC hereby binds itself and its successors and assigns to warrant and forever defend title to the Access Easement, the rights and appurtenances thereto in Cypress and Cypress's successors and assigns, against every person whomsoever lawfully claiming or to claim the Access Easement, the rights or appurtenances thereto, or any part thereof. Upon completion of the Access Easement, Cypress and GLC shall dedicate to the City of Weatherford, Texas (the "City"), the Access Easement and cause it to be named "Atwood Drive".

Notwithstanding the foregoing, GLC reserves the right to use the Access Easement for itself and the future owners of GLC's Property and for the benefit of GLC's successors and assigns, and their respective tenants, customers, invitees, guests, employees, agents, representatives, patrons, licensees, contractors, subcontractors and suppliers for unobstructed pedestrian and vehicular passage on, over, across, along, under and through the Access Easement.

2. Grant of Utilities Easement. GLC hereby grants, bargains, sells and conveys to Cypress and Cypress's successors and assigns, a non-exclusive perpetual easement on, over, across, along, under and through GLC's Property, as the "Utilities Easement", for the purposes of providing utility services, including, but not limited to, telephone, electricity, water, natural gas, cable television, storm and sanitary sewers and systems to and from Cypress's Property (the "Utilities Easement"). GLC agrees that the Utilities Easement is for the use and benefit of Cypress, Cypress's tenants, customers, invitees, guests, employees, agents, representatives, patrons, licensees, contractors, subcontractors, suppliers, successors and assigns. GLC hereby binds itself and its successors and assigns to warrant and forever defend title to the Utilities Easement, the rights and appurtenances thereto in Cypress and Cypress's successors and assigns, against every person whomsoever lawfully claiming or to claim the Utilities Easement, the rights or appurtenances thereto, or any part thereof.

3. Temporary Construction and Maintenance Easement. GLC hereby grants, bargains, sells and conveys to Cypress and Cypress's successors and assigns, a non-exclusive, thirty (30) foot wide, temporary construction and maintenance easement (the "Construction Easement") on, over, across, along, under and through GLC's Property, as the "Construction Easement," for the purposes of construction, maintenance, paving, laying, opening, operating, inspecting, excavating, grading, inspecting, replacing and repairing, together with all necessary incidentals, and use of all apparatus necessary for the construction and maintenance of the Access Easement and the Utilities Easement. Without limiting the generality of the foregoing, the Construction Easement will be for all purposes reasonably related to the development, completion and maintenance of improvements in the Access Easement and the Utilities Easement, including, without limitation: (i) a temporary slope and construction easement; (ii) easements for the temporary storage of reasonable supplies of building materials and equipment necessary to complete improvements; (iii) grading; and (iv) such other easements as may be reasonably necessary for the construction, installation and maintenance of improvements (e.g., roadways, landscaping, lights, signage, etc.). The Construction Easement shall be for the use and benefit of Cypress's Property, Cypress and its tenants, customers, invitees, guests, employees, agents, representatives, patrons, licensees, contractors, subcontractors, suppliers, successors and assigns. GLC hereby binds itself and its successors and assigns to warrant and forever defend title to the Construction Easement, the rights and appurtenances thereto in Cypress and Cypress's successors and assigns against every person whomsoever lawfully claiming or to claim the Construction Easement, the rights or appurtenances thereto, or any part thereof.

4. Easements Run With Property. All easements provided for in this Agreement are appurtenant to and run with GLC's Property and Cypress's Property, whether or not the easements are referenced or described in any conveyance of GLC's Property or Cypress's

Property, or any portion thereof. The easements are for the benefit of the parties hereto and their respective successors and assigns, who at any time own GLC's Property or Cypress's Property or any interest therein.

5. Construction of Access Improvements. Developer shall cause to be constructed, the Access Easement improvements (the "Access Improvements"), to be known as Atwood Drive, in accordance with plans and specifications provided by GLC and the City (collectively, the "AE Plans"). The parties to this Agreement acknowledge and agree that the AE Plans must be approved by the City. Notwithstanding the foregoing, prior to submission of the AE Plans to the City for approval, the Developer shall provide a copy of the AE Plans to Cypress and GLC, together with cost estimates for construction of Access Improvements in accordance with the AE Plans. The AE Plans will not be submitted to the City for approval until the design and cost estimates have been approved by Cypress and GLC, which approval will not be unreasonably withheld, delayed or conditioned.

6. Maintenance of Access Improvements. Cypress and GLC and their respective successors and assigns shall be responsible for the repair, maintenance and upkeep of the Access Improvements, which shall be performed in a workmanlike, diligent and efficient manner and shall include, without limitation:

- a. Maintenance of paved surfaces in a level and smooth condition, free of potholes, with the type of surface originally used or a substitute equal in quality;
- b. Removal of all trash and debris and washing or sweeping as reasonably necessary;
- c. Maintenance of appropriate entrances, exists, directional markers, and other traffic control signs as are reasonably necessary or required by the City;
- d. Erection and maintenance of lighting fixtures and facilities as reasonably necessary or required by the City;
- e. Maintenance and replacement of all landscaping and mowing and grooming of all sodded grass or ground covered area located within the Access Easement; and
- f. Restriping of the roadway improvements as required to keep same clearly visible.

The owners of GLC's Property and Cypress's Property, and their respective successors and assigns, shall each have the duty, obligation, responsibility and liability to pay fifty percent (50%) of all costs and expenses incurred to maintain, repair and upkeep the Access Improvements, except and unless the City undertakes such duty, obligation, responsibility and liability. The maintenance, repair and upkeep of the Access Improvements may be made by either the owner of GLC's Property or the owner of Cypress's Property, or their respective successors and assigns, and the non-repairing party shall pay the repairing party fifty percent (50%) of the costs incurred with such maintenance, repair or upkeep within thirty (30) days following completion thereof. Prior to incurring any such costs, the party contemplating the maintenance, repair and upkeep of the Access Improvements will submit an estimate of the costs

to the other party, and the other party shall have ten (10) days to object to the estimated costs. If such other party objects, then such party must complete the maintenance, upkeep and repair at costs less than the estimate submitted by the first party contemplating doing so, and as soon as reasonably practicable. In such event, the party performing the maintenance, repair and upkeep shall be entitled to reimbursement from the other party for fifty percent (50%) of such costs.

7. Priority of Agreement; Subordination by Mortgagees. The terms, provisions, and conditions set forth in this Agreement shall be prior and superior to any mortgage lien or liens encumbering either GLC's Property, Cypress's Property or any portion thereof. The respective owners of the GLC's Property, Cypress's Property or any portion thereof, shall cause any mortgagee or mortgagees which hold valid mortgage liens encumbering all or any portion of their respective properties as of the date of this Agreement to subordinate its or their lien or liens to the terms, provisions, and conditions set forth in this Agreement by written subordination agreement executed by such mortgagee or mortgagees in form and substance reasonably satisfactory to the party requesting such subordination, with such writing to be recorded in the Real Property Records of Parker County, Texas.

8. No Barriers. No owner of any portion of either GLC's Property or Cypress's Property shall construct or erect any barrier which obstructs or impedes ingress and egress on, over, across or through the Access Easement, the Utilities Easement, or the Construction Easement, or interferes with the use and enjoyment of any of the easements granted herein, except for a temporary interruption as may be reasonably necessary for the construction, maintenance and repair of the Access Improvements or the utilities; provided, however, that such construction, maintenance and repair is diligently pursued.

9. Notice. Any notice or communication required or permitted hereunder shall be given in writing, sent by (i) personal delivery, or (ii) United States mail, postage prepaid, registered or certified mail, return receipt requested or (iii) facsimile, addressed as follows:

To GLC: Glenn W. Lynch
 Glenn Lynch Companies, Inc.
 1675 Ft. Worth Highway
 Weatherford, Texas 76086
 Facsimile No.: 817-341-1391

To Cypress: Glenn W. Lynch
 Glenn Lynch Companies, Inc.
 1675 Ft. Worth Highway
 Weatherford, Texas 76086
 Facsimile No.: 817-341-1391

A copy to: John C. Shackelford, Esq.
Shackelford, Melton & McKinley, LLP
10100 North Central Expressway
Suite 600
Dallas, Texas 75231
Facsimile No.: 972-490-1650

or to such other address or to the attention of such other person as hereafter shall be designated in writing by the applicable parties sent in accordance herewith. Any such notice or communication shall be deemed to have been given either at the time of personal delivery or in the case of mail, as of three (3) days after postmark when sent by United States mail at the address and in the manner provided herein, or in the case of facsimile, upon receipt.

10. Texas Law to Apply. This Agreement shall be construed under and in accordance with the laws of the State of Texas, and all obligations of the parties created hereunder are performable in Parker County, Texas.

11. Parties Bound. This Agreement shall be binding upon and inure to the benefit of the parties hereto, and their respective heirs, executors, administrators, legal representatives, successors and assigns where permitted by this Agreement.

12. Legal Construction. In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

13. Prior Agreements Superseded. This Agreement constitutes the sole and only agreement of the parties hereto and supersedes any prior understandings or written or oral agreements between the parties respecting the within subject matter, save and except those agreements entered into contemporaneously herewith or as are referred to herein.

14. Headings. The headings used in this Agreement have been included only in order to make it easier to locate the subject covered by each provision and are not to be used in construing this Agreement.

15. Attorneys' Fees and Legal Expenses. Should either party hereto institute any action or proceeding in court to enforce any provision hereof or for damages by reason of any alleged breach of any provision of this Agreement or for any other judicial remedy, the prevailing party shall be entitled to receive from the losing party all reasonable attorneys' fees and all court costs in connection with said proceeding.

16. Counterparts and Facsimiles. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. In addition, this Agreement may be executed by facsimile signatures and such signatures shall be deemed an original.

17. Modification. This Agreement may not be modified or amended except by a written instrument signed by the parties hereto and referring specifically to this Agreement.

18. Other Instruments. Each party shall, upon the request of the other party, execute, acknowledge and deliver any and all instruments reasonably necessary or appropriate to carry into effect the intention of the parties as expressed in this Agreement.

19. Rule of Construction. The parties acknowledge that each party and its counsel have reviewed and revised this Agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or any amendments or exhibits hereto.

The remainder of this page is intentionally blank.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above set forth.

CYPRESS:

CYPRESS VIEW VILLAS, L.P.,
a Texas limited partnership

By: Cypress View General, Inc.,
a Texas corporation,
its General Partner

By: [Signature]
Name: Glenn W. Lynch, President

GLC:

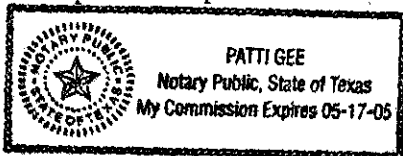
GLENN LYNCH COMPANIES, INC.,
a Texas corporation

By: [Signature]
Glenn W. Lynch, President

STATE OF TEXAS

COUNTY OF TARRANT

This instrument was acknowledged before me this 29 day of April, 2003, by Glenn W. Lynch, President of Cypress View General, Inc., a Texas corporation, General Partner of Cypress View Villas, L.P., a Texas limited partnership, on behalf of said limited partnership.

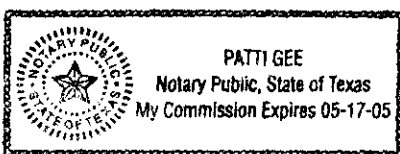


[Signature]
Signature Notary Public

STATE OF TEXAS

COUNTY OF TARRANT

This instrument was acknowledged before me this 29 day of April, 2003, by Glenn W. Lynch, President of Glenn Lynch Companies, Inc., a Texas corporation, on behalf of said corporation.



[Signature]
Signature Notary Public

LEGAL DESCRIPTION

14.265 Acres situated in and being a portion of the MARIA ANTONIO MESA SURVEY, ABSTRACT No. 856 AND THE SAMUEL BOND SURVEY, ABSTRACT No. 165, Parker County, Texas and being a portion of all those certain Lots, Tracts or Parcels of land conveyed to Cypress Abbey Company, a California Corporation by deeds recorded in Volume 1450, Page 81 and Volume 1411, Page 1282, Real Records, Parker County, Texas and being more particularly described by metes and bounds as follows:

COMMENCING from a steel fence post, said post being called by N 89°45'19" W, 294.26 feet to an iron rod set for the **POINT OF BEGINNING**;

THENCE S 22°39'31" E, 226.20 feet to an iron rod set;

THENCE S 59°38'35" E, 271.89 feet to an iron rod set;

THENCE S 87°53'19" E, 45.00 feet to an iron rod set;

THENCE N 62°22'00" E, 120.93 feet to an iron rod set;

THENCE S 81°52'46" E, 95.52 feet to an iron rod set;

THENCE S 70°34'12" E, 119.31 feet to an iron rod set;

THENCE S 00°48'19" W, on or about a fence line, 587.93 feet to an iron rod set in the north line of Fire Station No. 3, an addition to the City of Weatherford, Parker County, Texas, according to the plat recorded in Plat Cabinet B, Slide 519, Plat Records, Parker County, Texas;

THENCE West, 307.51 feet to an iron rod set;

THENCE S 52°51'48" W, 14.71 feet to an iron rod set in a non-tangent curve to the left with a radius of 533.43 feet and whose chord bears N 47°47'16" W, 198.03 feet;

THENCE with said curve to the left through a central angle of 21°23'39" and a distance of 199.18 feet to an iron rod set;

THENCE N 58°29'05" W, 636.92 feet to an iron rod set at the beginning of a curve to the left with a radius of 600.00 feet and whose chord bears N 65°18'23" W, 142.53 feet;

THENCE with said curve to the left through a central angle of 13°38'34" and a distance of 142.87 feet to an iron rod set;

THENCE N 16°52'33" E, 436.36 feet to an iron rod set in the north line of said Cypress Abbey Company Tract;

THENCE S 89°45'19" E, 339.03 feet to the **POINT OF BEGINNING** and containing 14.265 (621,372 square feet) acres of land.


David Harlan, Jr.

Registered Professional Land Surveyor, No. 2074

March 4, 2003



LEGAL DESCRIPTION

2.06 Acres situated in and being a portion of the MARIA ANTONIO MESA SURVEY, ABSTRACT No. 856 AND THE SAMUEL BOND SURVEY, ABSTRACT No. 165, Parker County, Texas and being a portion of all those certain Lots, Tracts or Parcels of land conveyed to Cypress Abbey Company, a California Corporation by deeds recorded in Volume 1450, Page 81 and Volume 1411, Page 1282, Real Records, Parker County, Texas and being more particularly described by metes and bounds as follows:

COMMENCING from a steel fence post, said post being called by deed to be the northwest corner of said Samuel Bond Survey; THENCE S 88°06'28" E, 391.54 feet; S 00°48'19" W, 1118.19 feet to an iron rod found in the north line of Interstate Highway No. 20; S 72°24'00" W, with the north line of said Interstate Highway No. 20, 280.44 feet to an iron rod set and N 23°46'57" W, 8.81 feet to the POINT OF BEGINNING;

THENCE N 23°36'48" W, 138.89 feet to an iron rod set at the beginning of a curve to the left with a radius of 453.43 feet and whose chord bears N 41°02'56" W, 271.73 feet;

THENCE with said curve to the left through a central angle of 34°52'18" and a distance of 275.97 feet to an iron rod set;

THENCE N 58°29'05" W, 636.92 feet to an iron rod set at the beginning of a curve to the left with a radius of 520.0 feet and whose chord bears N 65°18'22" W, 123.53 feet;

THENCE with said curve to the left through a central angle of 13°38'34" and a distance of 123.82 feet to an iron rod set;

THENCE N 17°52'20" E, 80.0 feet to an iron rod set in a non-tangent curve to the right with a radius of 600.0 feet and whose chord bears S 65°18'23" E, 142.53 feet;

THENCE with said curve to the right through a central angle of 13°38'34" and a distance of 142.87 feet to an iron rod set;

THENCE S 58°29'05" E, 636.92 feet to an iron rod set at the beginning of a curve to the right with a radius of 533.43 feet and whose chord bears S 42°55'24" E, 286.21 feet;

THENCE with said curve to the right through a central angle of 31°07'24" and a distance of 289.76 feet to a point;

THENCE S 00°48'15" W, 190.83 feet to the POINT OF BEGINNING and containing 2.06 acres (89720 square feet) of land.

David Harlan, Jr.
Registered Professional Land Surveyor, No. 2074
March 4, 2003

Return to:
Blue Star Title
6125 I-20, #118
St. Louis, MO 63132



Project No. 03120 - 2.06 acres

FILED AND RECORDED
OFFICIAL PUBLIC RECORDS
On: Apr 29, 2003 at 04:12P

Document Number: 00478377

Amount 25.00

By
Leann Franklin

STATE OF TEXAS COUNTY OF PARKER
I hereby certify that this instrument was
filed on the date and time stamped hereon by me
and was duly recorded in the volume and page
of the named records of: Parker County
as stamped hereon by me.

Apr 29, 2003

JESSE BRUNSON, COUNTY CLERK
PARKER COUNTY

SPECIAL WARRANTY DEED

**THE STATE OF TEXAS *
* KNOW ALL MEN BY THESE
PRESENTS:
COUNTY OF PARKER ***

DATE: Effective as of 4/28, 2003.

GRANTOR & ADDRESS: CYPRESS ABBEY COMPANY,
A California Corporation
600 Townsend, Suite 315W., San Francisco, California 94103

GRANTEE & ADDRESS: CYPRESS VIEW VILLAS, L.P.,
A Texas Limited Partnership
C/o 1675 Fort Worth Highway, Weatherford, Parker County, Texas 76086

CONSIDERATION: Ten and No/100 (\$10.00) Dollars and other good and valuable consideration, the full receipt and sufficiency of which is hereby acknowledged by the undersigned Grantor.

PROPERTY (INCLUDING ANY IMPROVEMENTS):

Being all of that certain 14.265 Acres Tract of land situated and being a portion of the MARIA ANTONIO MESA SURVEY, ABSTRACT NO. 856, and the SAMUEL BOND SURVEY, ABSTRACT NO. 165, Parker County, Texas, as more particularly described in the hereto attached Exhibit "A", which Exhibit is incorporated herein by this reference and made a part hereof for all purposes.

RESERVATION FROM AND EXCEPTIONS TO CONVEYANCE AND WARRANTY:

Any and all instruments of record, any easements, rights-of-way, and prescriptive rights, whether of record or not; all presently recorded restrictions, reservations, covenants, conditions, and subject to oil & gas leases, mineral severances, and other instruments that affect the property, rights of adjoining owners in any fences situated on a common boundary; and any discrepancies, conflicts, or shortages in area or boundary lines; and any encroachments or overlapping of improvements.

CONVEYANCE: Grantor, for the consideration and subject to the reservations from and exceptions to conveyance and warranty, GRANTS, SELLS, AND CONVEYS to Grantee the Property, together with all and singular the rights and appurtenances thereto in any wise belonging, TO HAVE AND TO HOLD it to Grantee, Grantee's successors and assigns forever. Grantor binds Grantor and Grantor's successors and assigns to warrant and forever defend all and singular the property to Grantee and Grantee's successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof, by, through or under Grantor, but not otherwise, save and except as

to the reservations from and exceptions to conveyance and warranty.

CONSTRUCTION: The terms Maker and Payee and other nouns and pronouns include the plural if more than one. This Deed and other instruments thereto shall be interpreted in accordance with the laws of the State of Texas.

GRANTOR:
CYPRESS ABBEY COMPANY,
A California Corporation:

By: _____
Dr. Thomas Atwood, President

Joseph Penning
Vice President

THE STATE OF _____ *
COUNTY OF _____ *

ACKNOWLEDGMENT:

This instrument was acknowledged before me, the undersigned Notary Public, this ___ day of April, 2003, by DR. THOMAS ATWOD, AS PRESIDENT OF CYPRESS ABBEY COMPANY, a California Corporation, on behalf of said Corporation and in the capacity therein stated.

Notary Public – State of _____

*After Recording Return To:
Glenn Lynch Companies, Inc.
1675 Fort Worth Hwy
Heatherford, TX 76086*

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

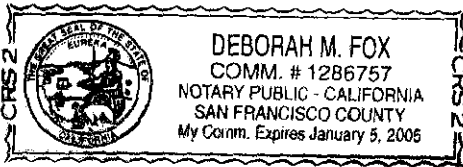
State of California

County of San Francisco

On April 28, 2003 before me, Deborah Fox, Notary Public
DATE NAME, TITLE OF OFFICER - E.G., "JANE DOE, NOTARY PUBLIC"

personally appeared Joseph Perry
NAME(S) OF SIGNER(S)

personally known to me - OR - proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.

Deborah M. Fox
SIGNATURE OF NOTARY

OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

CAPACITY CLAIMED BY SIGNER

- INDIVIDUAL
- CORPORATE OFFICER

TITLE(S)

- PARTNER(S) LIMITED
- ATTORNEY-IN-FACT GENERAL
- TRUSTEE(S)
- GUARDIAN/CONSERVATOR
- OTHER: _____

DESCRIPTION OF ATTACHED DOCUMENT

TITLE OR TYPE OF DOCUMENT

NUMBER OF PAGES

DATE OF DOCUMENT

SIGNER IS REPRESENTING:
NAME OF PERSON(S) OR ENTITY(IES)

SIGNER(S) OTHER THAN NAMED ABOVE

EXHIBIT "A"

14.265 Acres situated in and being a portion of the MARIA ANTONIO MESA SURVEY, ABSTRACT NO. 856 AND THE SAMUEL BOND SURVEY, ABSTRACT NO. 165, Parker County, Texas and being a portion of all those certain Lots, Tracts or Parcels of land conveyed to Cypress Abbey Company, a California Corporation by deed recorded in Volume 1450, Page 81 and Volume 1411, Page 1282, Real Records, Parker County, Texas and being more particularly described by metes and bounds as follows:

COMMENCING from a steel fence post, said post being called by deed to be the northwest corner of said Samuel Bond Survey, Thence North 89 degrees 45 minutes 19 seconds West, 294.26 feet to an iron rod set for the POINT OF BEGINNING;

THENCE South 22 degrees 39 minutes 31 seconds East, 226.20 feet to an iron rod set;

THENCE South 59 degrees 38 minutes 35 seconds East, 271.89 feet to an iron rod set;

THENCE South 87 degrees 53 minutes 19 seconds East, 45.00 feet to an iron rod set;

THENCE North 62 degrees 22 minutes 00 seconds East, 120.93 feet to an iron rod set;

THENCE South 81 degrees 52 minutes 46 seconds East, 95.52 feet to an iron rod set;

THENCE South 70 degrees 34 minutes 12 seconds East, 119.31 feet to an iron rod set;

THENCE South 00 degrees 48 minutes 19 seconds West, on or about a fence line, 587.93 feet to an iron rod set in the north line of Fire Station No. 3, an addition to the City of Weatherford, Parker County, Texas, according to the plat recorded in Plat Cabinet B, Slide 519, Plat Records, Parker County, Texas;

THENCE West, 307.51 feet to an iron rod set;

THENCE South 52 degrees 51 minutes 48 seconds West, 14.71 feet to an iron rod set in a non-tangent curve to the left with a radius of 533.43 feet and whose chord bears North 47 degrees 47 minutes 16 seconds West, 198.03 feet;

THENCE with said curve to the left through a central angle of 21 degrees 23 minutes 39 seconds and a distance of 199.18 feet to an iron rod set;

THENCE North 58 degrees 29 minutes 05 seconds West, 636.92 feet to an iron rod set at the beginning of a curve to the left with a radius of 600.00 feet and whose chord bears

Doc	Bk	Vol	Pg
00478375	OR	2101	1700

North 65 degrees 18 minutes 23 seconds West, 142.53 feet;

THENCE with said curve to the left through a central angle of 13 degrees 38 minutes and 34 seconds and a distance of 142.87 feet to an iron rod set;

THENCE North 16 degrees 52 minutes 33 seconds East, 436.36 feet to an iron rod set in the north line of said Cypress Abbey Company Tract;

THENCE South 89 degrees 45 minutes 19 seconds East, 339.03 feet to the POINT OF BEGINNING and containing 14.265 (621,372 square feet) acres of land.

FILED AND RECORDED
OFFICIAL PUBLIC RECORDS
On: Apr 29, 2003 at 04:12P

Document Number: 00478375
Amount 17.00

By
Leann Franklin

STATE OF TEXAS COUNTY OF PARKER
I hereby certify that this instrument was
filed on the date and time stamped hereon by me
and was duly recorded in the volume and page
of the named records of: Parker County
as stamped hereon by me.

Apr 29, 2003

JEANE BRUNSON, COUNTY CLERK
PARKER COUNTY

NOTE:
CONTROL BEARINGS DETERMINED FROM TEXAS
HIGHWAY DEPARTMENT REFERENCE BEARINGS.

WILLIAM COSLEY SURVEY
ABSTRACT No. 244

JIM W
VOLUME 1
R

KELLY VIEW ESTATES
PLAT CABINET A, SLIDE 298
P.R.P.C.T.

S 89°45'19" E

P.O.B.
STEEL POST

S 88°06'28" E

CYPRESS ABBEY COMPANY
REMAINDER TRACT 1
VOLUME 1411, PAGE 1282
R.R.P.C.T.

APPROXIMATE LIMITS OF 100 YEAR
FLOOD PLAIN
PER
(VESOLKA/MYOSKIE ENG.)

GLENN LYNCH COMPANIES, INC. (VOL. 2169, P. 927)

TRACT 2
4.281 ACRES
186,475 SQ.FT.

MARIA ANTONIO MESA SURVEY
ABSTRACT No. 856

TRACT 1
14.265 ACRES
621,372 SQ.FT.

GLENN LYNCH COMPANIES, INC. (VOL. 2101, P. 1696)

20' SS & UTILITY EASEMENT
VOLUME 1918, PAGE 1324

SAMUEL BOND SURV
ABSTRACT No. 16

ATWOOD TRACT 3 DRIVE
(PRIVATE ROAD TRACT)

TRACT 3
2.244 ACRES
98,707 SF (VOL. 2101, P. 1702)
0.183 AC / 8005 SF (VOL. 1910, P. 876)

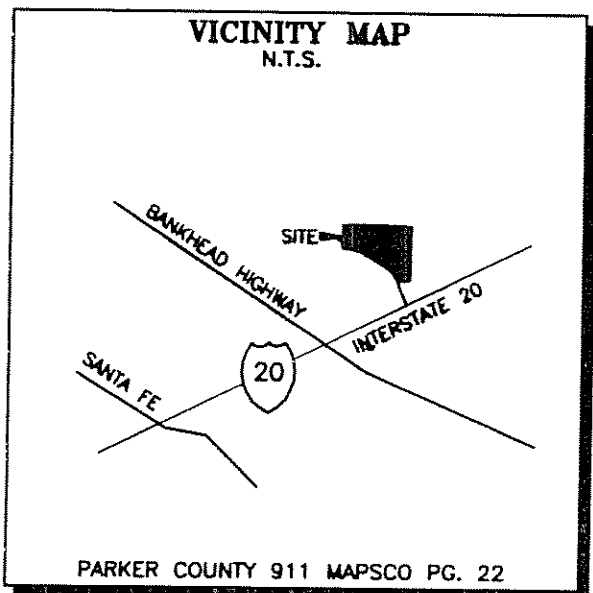
CYPRESS ABBEY COMPANY
REMAINDER TRACT 1
VOLUME 1411, PAGE 1282
R.R.P.C.T.

CITY OF WEATHE
0.050 ACRE
VOLUME 2188, P.

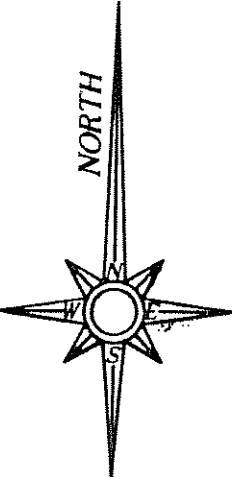
0.316 ACR
VOLUME 1910,
CITY OF WEAT

TRA
1.368
59.57

FORME
LOT 1, IN
FIRE STATION #
PLAT CABINET I
P.R.P.



SCALE: 1" = 100'



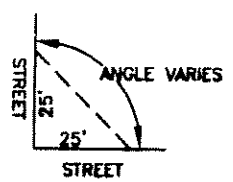
STATEMENT ACKNOWLEDGING VISIBILITY TRIANGLES

"There shall be provided at the intersections of all public streets, visibility triangles as required by Section 8.7 of the Subdivision Ordinance of the City."

NOTE: We do hereby waive all claims for damages against the City and occasioned by the establishment of grades or the alterations of the surface of any portion of the existing streets and alleys, or natural contours, to conform to the grades established in the subdivision.

ALL BUILDING SET BACK LINES SHALL CONFORM TO CURRENT ZONING ORDINANCES OF THE CITY OF WEATHERFORD, PARKER COUNTY, TEXAS

TYPICAL VISIBILITY TRIANGLE
PUBLIC OPEN SPACE EASEMENT (P.O.S.E.)



THIS is to certify that I, David Harlan Jr., a Registered Public Land Surveyor of the State of Texas, have platted the above subdivision from an actual survey on the ground and all lot corners, angle points and points of curve are properly marked on the ground, and that this plat correctly represents that survey made by me or under my supervision.

David Harlan, Jr.
Registered Professional Land Surveyor, No. 2074
OCTOBER, 2003



HARLAN LAND SURVEYING, INC.
215 EAST EUREKA
WEATHERFORD, TX 76086
METRO(817)596-9700-(817)599-0880
FAX: METRO(817) 341-2833

INTERSTATE HIGH
TWO WAY ACCESS ROAD VI

WHEREAS, CYPRESS VIEW VILLAS, L.P., A TEXAS LIMITED PARTNERSHIP AND THROUGH CYPRESS VIEW GENERAL, INC., A TEXAS GENERAL PARTNER acting by and through the undersigned authorized officer, is the sole owner of a portion of Tract 2 being a portion of the MARIA ANTONIO MESA SURVEY, ABSTRACT SAMUEL BOND SURVEY, ABSTRACT No. 165, Parker County, particularly described by metes and bounds as follows:

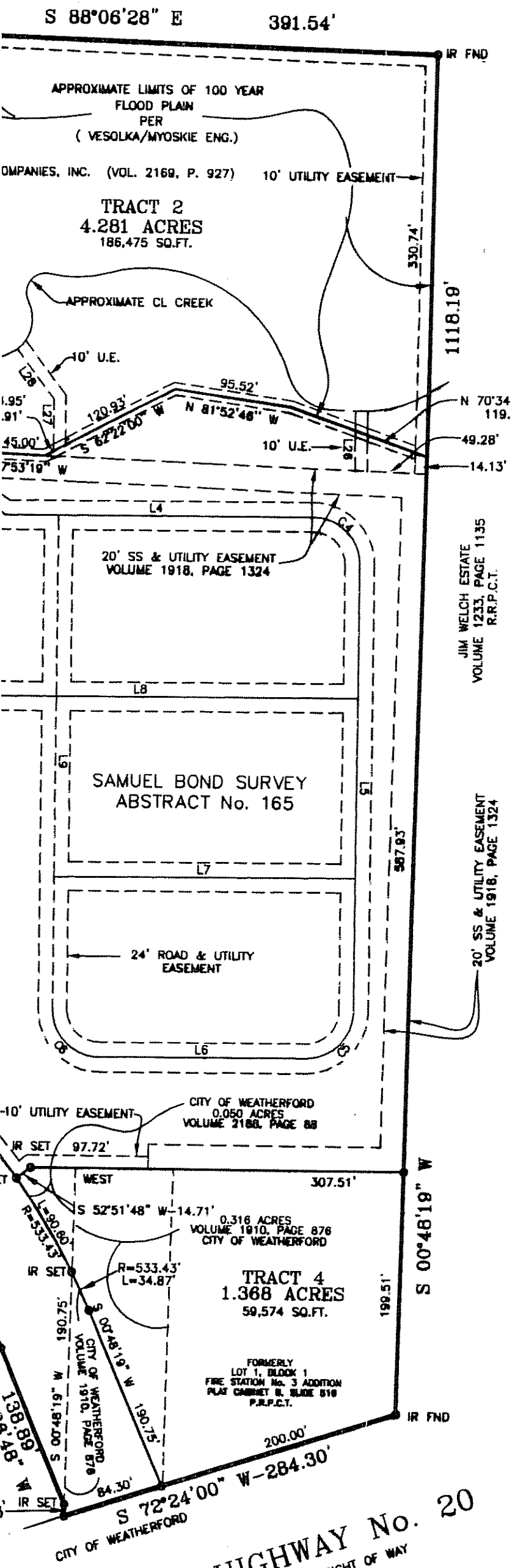
BEGINNING at a steel fence post, said post being called by the corner of said Samuel Bond Survey;
THENCE S 88°06'28" E, 391.54 feet to an iron rod found;
THENCE S 00°48'19" W, on or about a fence line, 1118.19 feet to the southeast corner of Fire Station No. 3, an addition to the City of Weatherford, Texas, according to the plat recorded in Plat Cabinet B Parker County, Texas in the north right of way line of Interstate THENCE S 72°24'00" W, 284.30 feet to an iron rod set at the in right of way line of Atwood Drive, a private road easement and Interstate Highway No. 20;
THENCE with the south line of said Atwood Drive the following:
N 00°46'44" E, 8.32 feet to an iron rod set;
N 23°36'00" W, 138.88 feet to an iron rod set at the beginning of left with a radius of 453.43 feet and whose chord bears N 41°00'27.97 feet to an iron rod set;
N 58°29'06" W, 636.92 feet to an iron rod set at the beginning of left with a radius of 520.0 feet and whose chord bears N 65°18'123.82 feet to an iron rod set;
THENCE N 17°52'20" E, crossing said Atwood Drive, 80.0 feet to THENCE N 16°52'33" E, 436.36 feet to an iron rod set;
THENCE S 89°48'18" E, 633.29 feet to the POINT OF BEGINNING acres (488142 square feet) of land.

FILED AND RECORDED
OFFICIAL PUBLIC RECORDS
On Mar 15, 2004 at 11:20A
Document Number: 00511618
Amount: 56.00
By: Patricia Nelson

STATE OF TEXAS COUNTY OF PARKER
I hereby certify that this instrument was filed on the date and time stamped hereon by me and was duly recorded in the volume and page of the named records of Parker County as stamped hereon by me.

Mar 15, 2004

JENNIE BALDWIN, COUNTY CLERK
PARKER COUNTY



LINE	LENGTH	BEARING
L1	371.15	N16°52'02"E
L2	249.20	S89°48'14"E
L3	275.86	S58°28'49"E
L4	253.59	N89°40'31"E
L5	372.21	S00°19'29"E
L6	173.98	S89°40'31"W
L7	248.00	S89°40'31"W
L8	355.92	S89°40'31"W
L9	405.27	N00°19'29"W
L10	520.78	S59°29'00"E
L11	154.36	N31°31'00"E
L12	212.22	S58°29'00"E
L13	136.71	N31°31'00"E
L14	216.98	N00°14'46"E
L15	269.91	N31°31'00"E
L16	22.43	N00°00'05"E
L17	24.70	S89°59'55"E
L18	74.44	N60°00'05"E
L19	258.45	N00°00'05"E
L20	114.27	N31°31'00"E
L21	75.66	S13°28'51"E
L23	126.56	N31°31'00"E
L24	27.67	N30°03'33"E
L25	81.68	N30°03'33"E
L26	48.99	N00°18'25"W
L27	42.59	N00°11'05"W
L28	51.92	N37°31'30"W
L29	61.46	N31°31'09"E
L30	111.76	N52°56'36"E
L31	187.74	S78°06'47"E
L32	245.28	S58°29'05"E

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS THAT, CYPRESS VIEW VILLAS, L.P., A TEXAS LIMITED PARTNERSHIP AND THROUGH CYPRESS VIEW GENERAL, INC., A TEXAS GENERAL PARTNER, by and through the undersigned, its authorized officer, do hereby adopt this plat designating the hereinafter property as TRACTS 1 THROUGH 4, CYPRESS VIEW VILLAS, THE CITY OF WEATHERFORD, PARKER COUNTY, TEXAS dedicate to the public's use the streets, (alleys, parks) shown thereon.

WITNESS my hand at THE CITY OF WEATHERFORD, Parker County, Texas this 14 day of FEBRUARY, 2004.

Cypress View Villas; A Texas Limited Partnership;
By: Cypress View General, Inc., A Texas Corporation, Its General Partner:
BY: Glenn W. Lynch, President

CITY OF WEATHERFORD FIRE DEPARTMENT:
BY: George Teague, FIRE CHIEF

STATE OF TEXAS)
COUNTY OF PARKER)
BEFORE ME, the undersigned authority, on this day personally appeared Glenn W. Lynch, known to me by the person whose name is subscribed to the above and foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE on this the 14 day of FEBRUARY, 2004.
CERRINA ANNETTE FAIN
MY COMMISSION EXPIRES JANUARY 2, 2008

STATE OF TEXAS)
COUNTY OF PARKER)
BEFORE ME, the undersigned authority, on this day personally appeared [Name], known to me by the person whose name is subscribed to the above and foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE on this the ___ day of ___, 2004.
Notary Public in and for the State of Texas

COVENANTS, CONDITIONS AND RESTRICTIONS:

- That the herein described PRIVATE ROAD, Tract No. 3 (called "Atwood Drive") shall be used as "Private Access" that will provide access, ingress and egress, at its intersection with the northern two-way frontage road of Interstate Highway 20 that will only serve exclusively (a) the 192 Unit Cypress View Villas Property (Tracts or Lots No. 1 and 2), and (b) City of Weatherford's Fire Station No. 3 (Tract or Lot No. 4, re-platted as herein shown), and hereby expressly excluding use of Atwood Drive for access by any other adjacent tracts of land unless written consent has been obtained from the City of Weatherford and the Texas Department of Transportation.
- That these COVENANTS, CONDITIONS AND RESTRICTIONS shall apply to each successive owner of the Subject Properties. These COVENANTS, CONDITIONS & RESTRICTIONS shall terminate and become null and void if and when the said PRIVATE ROAD, TRACT 3 (called Atwood Drive) shall become dedicated as a public right-of-way with the appropriate approvals and consents (or letters of No Objection) thereof from the City of Weatherford and the Texas Department of Transportation.
- That owners of the subject properties are subject to a Private Maintenance Agreement recorded in Volume 2101, Page 1707, Real Records, Parker County, Texas

W CITY
Approval by the Planning and Zoning Commission, Parker County, Texas, this 14 day of February, 2004.
Approved by the City Council, City of Weatherford, Texas, this 14 day of February, 2004.

CURVE	LENGTH	RADIUS	DELTA	CHORD	CHORD DIST.
C1	47.40'	37.00'	73°29'53"	S53°33'40"W	44.22'
C2	58.29'	37.00'	90°16'14"	N45°11'41"E	52.45'
C3	211.05'	212.00'	37°02'24"	N30°02'59"W	202.43'
C4	60.27'	39.00'	88°32'37"	S47°30'20"E	54.45'
C5	57.37'	39.00'	84°17'16"	S44°40'31"W	52.34'
C6	65.20'	39.00'	95°47'25"	S45°17'09"E	57.87'
C7	57.37'	39.00'	84°17'16"	S13°29'00"E	52.34'

FINAL
TRACTS 1
CYPRESS
22.158 ACRES SITUATED
THE MARIA ANTONIO MESA SURVEY
AND THE SAMUEL BOND SURVEY
PARKER COUNTY, TEXAS

100

Doc 00511618 Bk OR Vol 2200 Pg 295

FILED AND RECORDED
OFFICIAL PUBLIC RECORDS
On Mar 15, 2004 at 11:20

Document Numbers: 00511618

Amount: 56.00

By Patricia Nelson

STATE OF TEXAS COUNTY OF PARKER
I hereby certify that this instrument was filed on the date and time stamped herein by me and was duly recorded in the volume and page of the named records of Parker County as stamped herein by me.

Mar 15, 2004

JEROME BALDWIN, COUNTY CLERK
PARKER COUNTY

STATE OF TEXAS)
COUNTY OF PARKER)

WHEREAS, CYPRESS VIEW VILLAS, L.P., A TEXAS LIMITED PARTNERSHIP BY AND THROUGH CYPRESS VIEW GENERAL, INC., A TEXAS CORPORATION, ITS GENERAL PARTNER acting by and through the undersigned, its duly authorized officer, is the sole owner of a portion of 22.158 Acres situated in and being a portion of the MARIA ANTONIO MESA SURVEY, ABSTRACT No. 856 AND THE SAMUEL BOND SURVEY, ABSTRACT No. 165, Parker County, Texas and being more particularly described by metes and bounds as follows:

BEGINNING at a steel fence post, said post being called by deed to be the northwest corner of said Samuel Bond Survey;
THENCE S 88°06'28" E, 391.54 feet to an Iron rod found;
THENCE S 00°48'19" W, on or about a fence line, 1118.19 feet to an Iron rod found at the southeast corner of Fire Station No. 3, an addition to the City of Weatherford, Parker County, Texas, according to the plat recorded in Plat Cabinet B, Slide 519, Plat Records, Parker County, Texas in the north right of way line of Interstate Highway No. 20;
THENCE S 72°24'00" W, 284.30 feet to an iron rod set at the intersection of the south-right of way line of Atwood Drive, a private road easement and the north line of said Interstate Highway No. 20;
THENCE with the south line of said Atwood Drive the following courses and distances:
N 00°48'44" E, 9.32 feet to an iron rod set;
N 23°38'59" W, 138.89 feet to an iron rod set at the beginning of a curve to the left with a radius of 453.43 feet and whose chord bears N 41°02'57" W, 271.73 feet;
With said curve to the left through a central angle of 34°52'18" and a distance of 275.97 feet to an iron rod set;
N 58°29'08" W, 636.92 feet to an iron rod set at the beginning of a curve to the left with a radius of 820.0 feet and whose chord bears N 65°18'23" W, 123.53 feet;
With said curve to the left through a central angle of 13°38'34" and a distance of 123.82 feet to an iron rod set;
THENCE N 17°52'29" E, crossing said Atwood Drive, 80.0 feet to an iron rod set;
THENCE N 16°52'33" E, 436.36 feet to an iron rod set;
THENCE S 88°48'19" E, 633.29 feet to the POINT OF BEGINNING and containing 22.158 acres (866142 square feet) of land.

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS: THAT, CYPRESS VIEW VILLAS, L.P., A TEXAS LIMITED PARTNERSHIP BY AND THROUGH CYPRESS VIEW GENERAL, INC., A TEXAS CORPORATION, ITS GENERAL PARTNER, by and through the undersigned, its duly authorized officer, do hereby adopt this plat designating the hereinabove described real property as TRACTS 1 THROUGH 4, CYPRESS VIEW VILLAS, AN ADDITION TO THE CITY OF WEATHERFORD, PARKER COUNTY, TEXAS and does hereby dedicate to the public's use the streets, (alleys, parks) and easements shown thereon.

WITNESS my hand at THE CITY OF WEATHERFORD, Parker County, Texas this 14 day of FEBRUARY, 2004.

Cypress View Villas;
A Texas Limited Partnership:
By: Cypress View General, Inc.,
A Texas Corporation, Its General Partner:
[Signature]
BY: Glenn W. Lynch, President

Glenn Lynch Companies, Inc.;
A Texas Corporation:
[Signature]
BY: Glenn W. Lynch, President

CITY OF WEATHERFORD FIRE DEPARTMENT:
[Signature]
BY: George Teague, FIRE CHIEF

CITY OF WEATHERFORD PLANNING DEPARTMENT
[Signature]
BY: JOHN HAMILTON, PLANNING DIRECTOR

STATE OF TEXAS)
COUNTY OF PARKER)
BEFORE ME, the undersigned authority, on this day personally appeared Glenn Lynch, known to me by the person whose name is subscribed to the above and foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE on this the 14 day of FEBRUARY, 2004.

[Signature]
Notary Public in and for the State of Texas
CERENA ANNETTE FAIN
MY COMMISSION EXPIRES
January 2, 2008

STATE OF TEXAS)
COUNTY OF PARKER)
BEFORE ME, the undersigned authority, on this day personally appeared John Hamilton, known to me by the person whose name is subscribed to the above and foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration expressed and in the capacity therein stated.

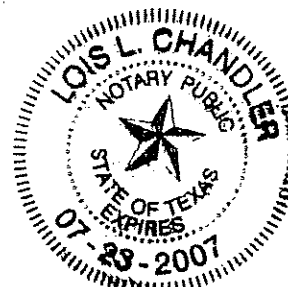
GIVEN UNDER MY HAND AND SEAL OF OFFICE on this the 14 day of FEBRUARY, 2004.

Notary Public in and for the State of Texas

STATE OF TEXAS)
COUNTY OF PARKER)
BEFORE ME, the undersigned authority, on this day personally appeared John Hamilton, known to me by the person whose name is subscribed to the above and foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE on this the 14 day of FEBRUARY, 2004.

[Signature]
Notary Public in and for the State of Texas



COVENANTS, CONDITIONS AND RESTRICTIONS:

- 1. That the herein described PRIVATE ROAD, Tract No. 3 (called "Atwood Drive") shall be used as "Private Access" that will provide access, ingress and egress, at its intersection with the northern two-way frontage road of Interstate Highway 20 that will only serve exclusively (a) the 192 Unit Cypress View Villas Property (Tracts or Lots No. 1 and 2), and (b) City of Weatherford's Fire Station No. 3 (Tract or Lot No. 4, re-platted as herein shown), and hereby expressly excluding use of Atwood Drive for access by any other adjacent tracts of land unless written consent has been obtained from the City of Weatherford and the Texas Department of Transportation.
- 2. That these COVENANTS, CONDITIONS AND RESTRICTIONS shall apply to each successive owner of the Subject Properties. These COVENANTS, CONDITIONS & RESTRICTIONS shall terminate and become null and void if and when the said PRIVATE ROAD, TRACT 3 (called Atwood Drive) shall become dedicated as a public right-of-way with the appropriate approvals and consents (or letters of No Objection) thereof from the City of Weatherford and the Texas Department of Transportation.
- 3. That owners of the subject properties are subject to a Private Maintenance Agreement recorded in Volume 2101, Page 1707, Real Records, Parker County, Texas

W CITY OF WEATHERFORD
Approved by the Planning and Zoning Commission, City of Weatherford, Parker County, Texas, this the 14 day of FEBRUARY, 2004.
[Signature]
Approved by the City Council, City of Weatherford, Parker County, Texas, this the 14 day of FEBRUARY, 2004.
[Signature]

807-108

FINAL PLAT
TRACTS 1 THROUGH 4
CYPRESS VIEW VILLAS

22.158 ACRES SITUATED IN AND BEING A PORTION OF THE MARIA ANTONIO MESA SURVEY, ABSTRACT NO. 856 AND THE SAMUEL BOND SURVEY, ABSTRACT NO. 165 PARKER COUNTY, TEXAS

CENTER LINE CURVE TABLE

CH	RADIUS	DELTA	CHORD	CHORD DIST.
1.40'	37.00'	73°23'53"	S53°33'40"W	44.22'
1.29'	37.00'	90°16'14"	N45°11'41"E	52.45'
1.05'	212.00'	57°02'24"	N30°02'59"W	202.45'
1.27'	39.00'	88°32'37"	S47°30'20"E	54.45'
1.37'	39.00'	84°17'16"	S44°40'31"W	52.34'
1.20'	39.00'	95°47'25"	S45°17'09"E	57.87'
1.37'	39.00'	84°17'16"	S13°29'00"E	52.34'

1f

BOARD ACTION REQUEST

ASSET MANAGEMENT

JULY 28, 2016

Presentation, Discussion, and Possible Action to approve the transfer of the HUB managing general partnership interest to a non-HUB general partner and a material amendment to the Housing Tax Credit (“HTC”) Land Use Restriction Agreement (“LURA”) for Prado, Ltd. (HTC # 97089)

RECOMMENDED ACTION

WHEREAS, Prado, Ltd. (“Prado I”) received an award of 9% HTC out of the Non-Profit Set Aside in 1997 to construct 64 new multifamily units in El Paso;

WHEREAS, the tax credit application for the Development received points and/or other preferences for having a Historically Underutilized Business (“HUB”), namely Investment Builders, Inc. (“the current HUB”), participate in the ownership of the Development;

WHEREAS, the LURA for the Development requires that throughout the Compliance Period, unless otherwise permitted by the Department, the HUB shall remain the Managing General Partner (“GP”) and must maintain regular, continuous, and substantial participation in the development and operation of the Project;

WHEREAS, the Development is within the Compliance Period, as defined and required in the LURA;

WHEREAS, the Development Owner is proposing a new ownership structure in conjunction with a proposed refinance of the Development whereby the previous Non-Profit Co-GP will be replaced with a new Non-Profit Co-GP, and the current HUB GP’s ownership interest will be assigned to the new Non-Profit GP, which is a non-HUB entity;

WHEREAS, the Development Owner requests approval to amend the LURA to eliminate the HUB requirement for this Development;

WHEREAS, 10 TAC §10.406(g) allows for a HUB general partner to sell its interest to a non-HUB general partner as long as the LURA does not require such continual ownership or a material LURA amendment is requested and approved, and Board approval of this transfer is being requested concurrent with a material LURA amendment; and

WHEREAS, the Owner has complied with the procedural amendment requirements in 10 TAC §10.405(b) to place this request before the Board;

NOW, therefore, it is hereby

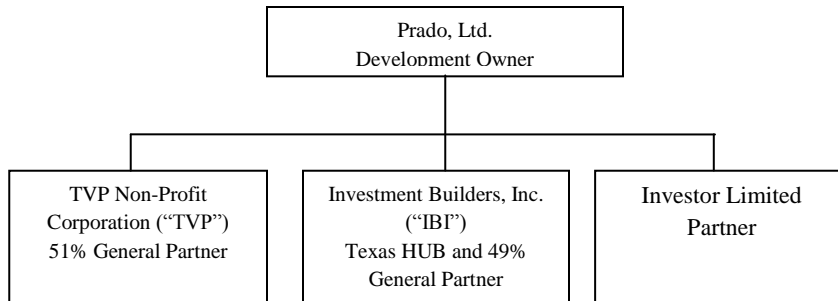
RESOLVED, that the material LURA amendment and ownership transfer for Prado I is approved, subject to certification from the Department that the new Non-Profit qualifies as a Community Housing Development Organization (“CHDO”) and no negative public

comment received at the hearing, as presented to this meeting and the Executive Director and his designees are hereby, authorized, empowered, and directed to take all necessary action to effectuate the foregoing.

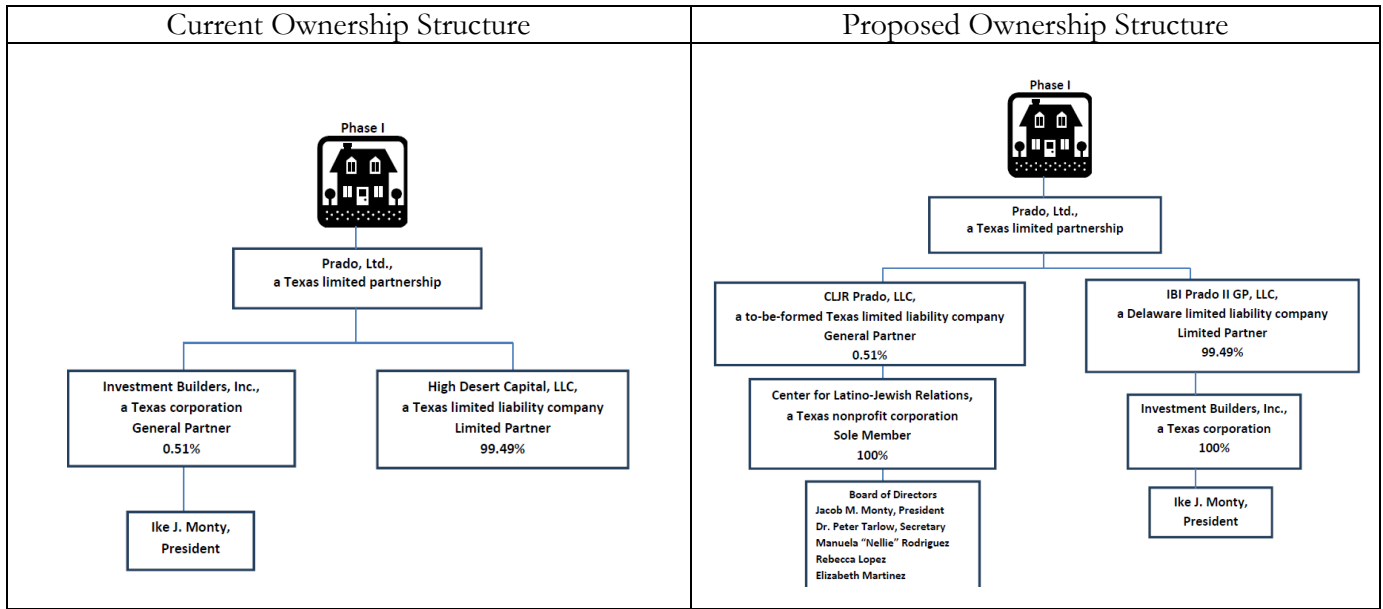
BACKGROUND

Prado I received an allocation of 9% HTC's in 1997 out of the Non-Profit Set Aside for the new construction of 64 multifamily units in El Paso (El Paso County). On June 16, 2016, the current HUB general partner acting on behalf of Prado, Ltd. (the "Development Owner"), through its representative Ike Monty, requested approval for the elimination of the requirement for a HUB to hold an ownership interest and maintain regular, continuous, and substantial participation in the development and operation of the Development.

The Application for Prado I proposed and was approved with an ownership structure that would include two co-general partners, TVP Non-Profit Corporation ("TVP") as 51% owner and Investment Builders, Inc. ("IBI") as 49% HUB owner. The LURA for the Development requires material participation by a qualified non-profit organization as well as a HUB acting as Managing GP throughout the Compliance Period. An organizational chart reflecting the ownership structure approved at Application follows:



On January 22, 2016, the Partnership, based on events of default under the Amended and Restated Limited Partnership Agreement, provided notice to TVP of its removal from the Partnership. At the same time, the GP interest previously held by TVP was assumed by IBI, the remaining HUB GP. In order to cure non-compliance for material participation by a qualified non-profit organization following the removal of TVP, the Development Owner has recently proposed an assignment of the non-profit's GP Interest to CLJR Prado, LLC, a Texas limited liability company whose sole member is the Center for Latino-Jewish Relations ("CLJR"), a non-profit entity. Additionally, IBI has requested to assume the Limited Partnership's ("LP") Interest as the sole member and owner of IBI Prado II GP, LLC (previously assigned to High Desert Capital, LLC, which is departing the transaction). Though the HUB will still be involved in the transaction as a Limited Partner, it would no longer meet the requirements of the LURA. The current ownership structure and the new structure proposed are reflected in the organizational charts below:



It should be noted that a similar ownership transfer has been requested of a related property located adjacent to this Development, Prado II Apartments (“Prado II”). Prado II was funded by the Department in 1999 with HOME Community Housing Development Organization (“CHDO”) funds and is currently undergoing the ownership transfer review process. Ultimately, Prado I and Prado II will be consolidated into the ownership under Prado, Ltd. to facilitate a refinancing of both properties under one loan.

The current HUB, IBI, has provided a statement confirming that the decision to exit the ownership is of its own volition and that its participation has been and will continue to be substantive and meaningful until the assignment of the GP Interest is complete.

Pursuant to 10 TAC §10.405(b)(4), the Owner notified the tenants, lenders, investors and State and local public officials of the impending change. A public hearing is scheduled for Monday, July 18, 2016 at 6:00 p.m. at the Development’s management office/clubhouse.

The owner has complied with the ownership transfer, amendment and notification requirements under the Department’s rule at Texas Government Code §2306.6712, 10 TAC §10.405(b) and 10 TAC §10.406(g).

Staff recommends approval of the proposed ownership transfer and material LURA amendment to eliminate the requirement for participation of a HUB in the ownership structure and operation of the Development, subject to certification from the Department that the new Non-Profit qualifies as a Community Housing Development Organization (“CHDO”) and no negative public comment received.

Prado, Ltd.
7400 Viscount Blvd., Suite 109
El Paso, Texas 79925

June 15, 2016

VIA HAND DELIVERY

Laura DeBellas
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701-2410

Re: Prado Apartments (the "**Property**")
TDHCA File No. 97089

Dear Laura:

The undersigned, being the General Partner (herein so called) of Prado, Ltd., a Texas limited partnership (the "**Owner**") and the current owner of the Property, hereby submits this letter as a notice of an ownership transfer in accordance with Section 10.406(f) of the Uniform Multifamily Rules (the "**Rules**") and a request for a material LURA amendment in accordance with Section 10.405(b) of the Rules. Specifically, the LURA for this Property requires ownership participation by historically underutilized business ("**HUB**"). The General Partner, acting on behalf of the Owner, requests elimination of that requirement for the reasons set forth below.

Background Information

The Owner is governed by a Second Amended and Restated Agreement of Limited Partnership dated January 1, 2016, and consists of the General Partner and High Desert Capital, LLC, a Texas limited liability company ("**HDC**"). In order to maintain compliance with a provision of the LURA requiring a nonprofit to control the Owner, the General Partner will assign its ownership interest in the Owner to CLJR Prado, LLC, a Texas limited liability company ("**CLJR Prado**"), whose sole member is Center for Latino-Jewish Relations, a Texas nonprofit corporation. (Concurrently with such assignment, HDC will assign its ownership interest in the Owner to IBI Prado II GP, LLC, a Delaware limited liability company.) CLJR Prado is ineligible for a HUB certification as it is controlled by a not-for-profit corporation. Further, it is the Owner's intent to merge Phases I and II of the Property later this year, and the LURA for Phase II requires a nonprofit general partner to maintain compliance with CHDO regulations. For these reasons, the General Partner is requesting that the HUB requirement be removed from the LURA.

Request

Based upon recent changes to Section 10.406(f) of the Rules, the General Partner, acting on behalf of the Owner, requests that TDHCA remove the HUB requirement from its LURA thereby allowing CLJR Prado to assume the General Partner's ownership interest in the Owner while maintaining compliance with the LURA. In accordance with the Rules:

- (1) The General Partner, as the current HUB, acted of its own volition in choosing to assign its interest to CLJR Prado. The General Partner was not removed from its position.
- (2) The participation of the General Partner as the HUB with regard to the Property is substantive and meaningful, and will continue to be so until the assignment of the General Partner's interest. TDHCA is well-familiar with the General Partner and the way in which it has actively participated when owning properties for multiple years.

LURA Amendment

In accordance with Section 10.405(b) of the Rules, the General Partner, acting on behalf of the Owner, is delivering a fee in the amount of \$2500. In addition, the General Partner, acting on behalf of the Owner, commits to hold a public hearing, as required by the Rules, and to notify all residents, investors, lenders, and appropriate elected officials. Drafts of the public hearing notices are attached for your consideration. Upon approval from TDHCA, the General Partner, acting on behalf of the Owner, will proceed to set a date and time for the Public Hearing and will provide TDHCA with evidence that the notice has been delivered and the hearing has been conducted. With that, the General Partner, acting on behalf of the Owner, requests staff recommendation, in support of this request, to be considered at the July 28, 2016 TDHCA Board meeting.

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

Sincerely,

Investment Builders, Inc.,
a Texas corporation,
its general partner

By: _____


Name: Ike J. Morley
Title: President

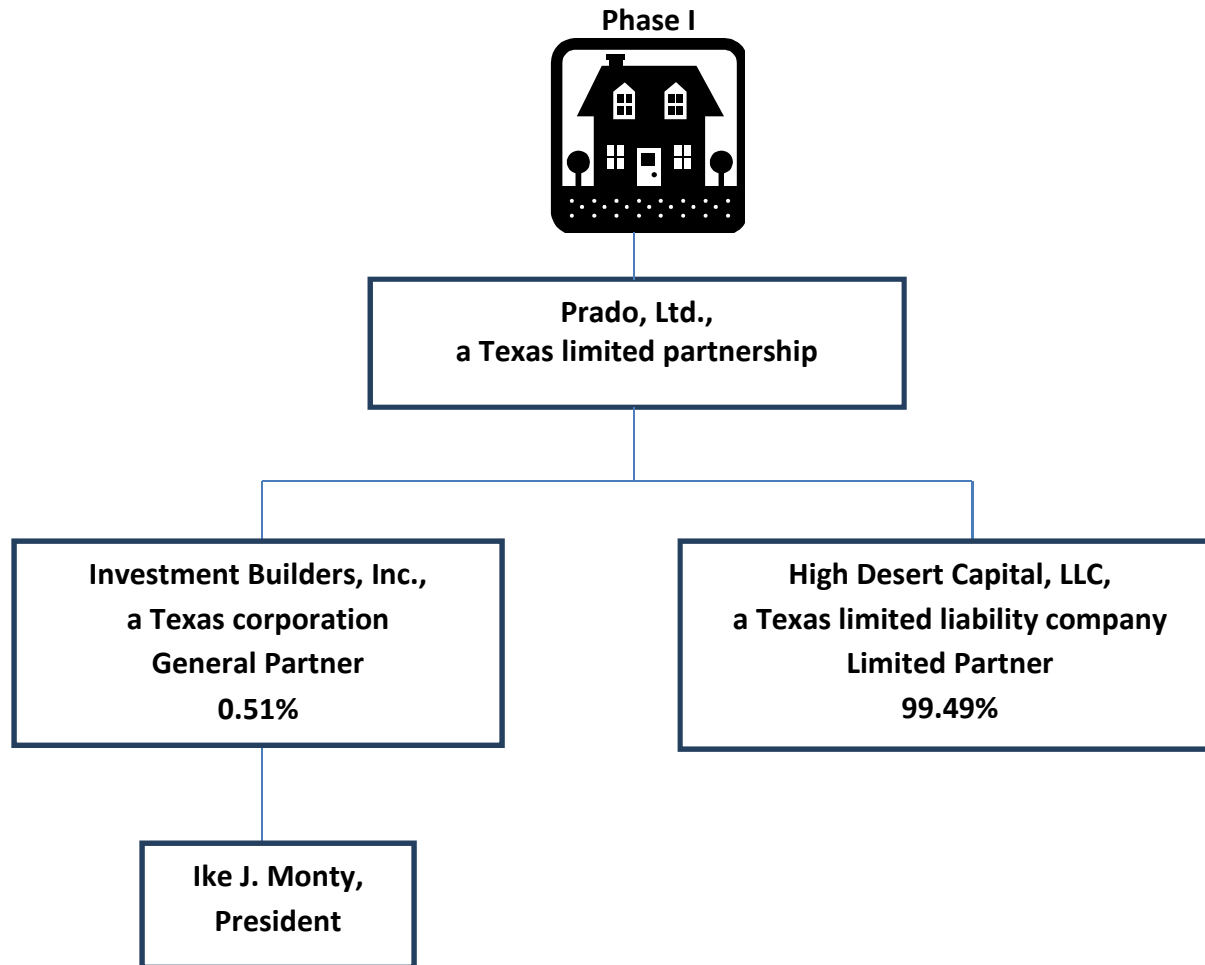
Attachments

cc: Raquel Morales
TDHCA w/ encl.

Ike J. Monty
Roy Lopez
Owner w/encl.

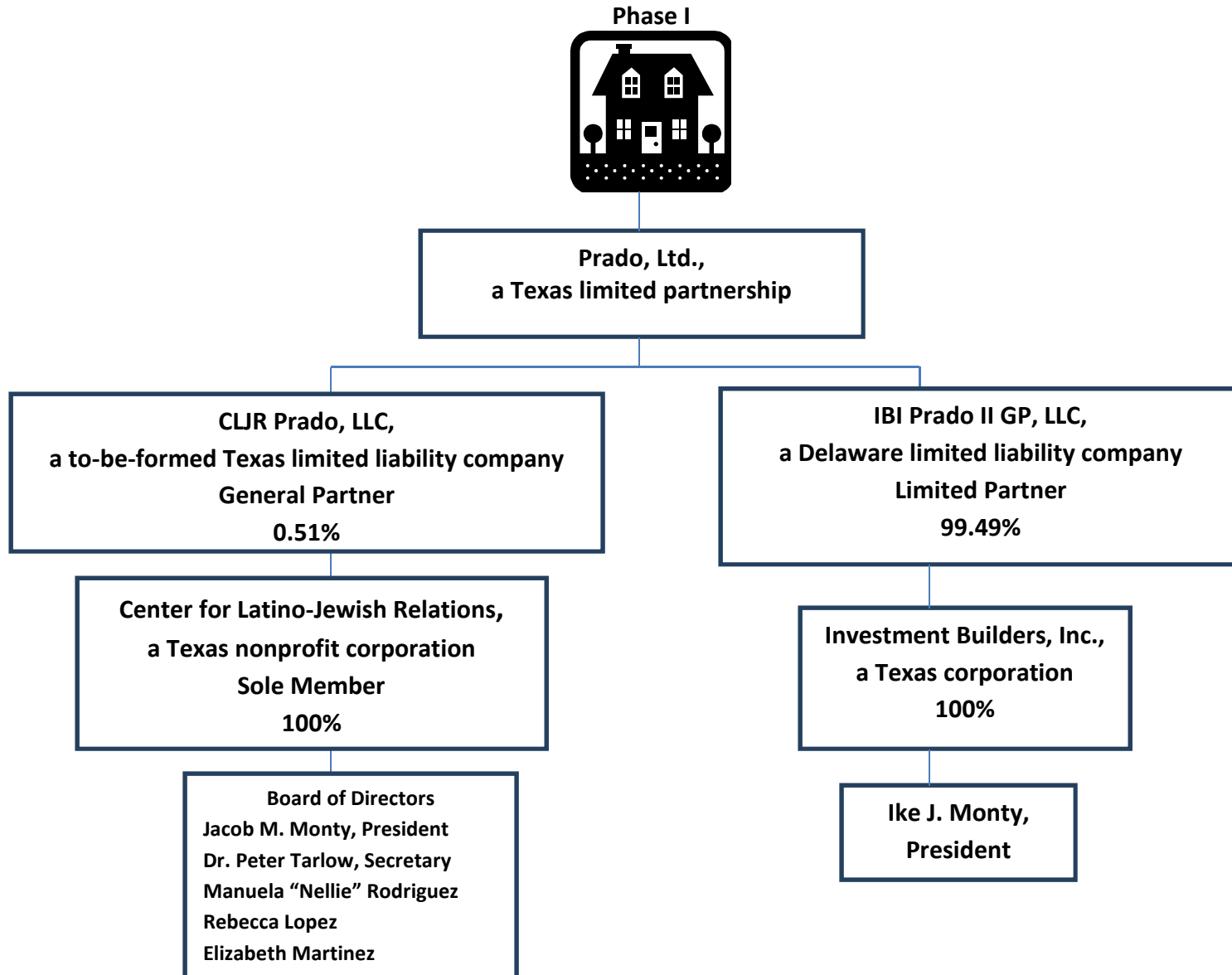
Cynthia L. Bast
Owner Counsel w/encl.

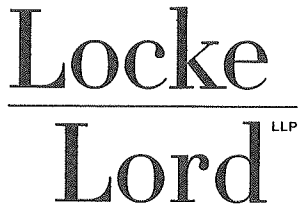
Prado Apartments Current Owner Organizational Chart



Prado Apartments

Proposed Owner Organizational Chart – Post-Merger, Pre-Land Contribution





Attorneys & Counselors

600 Congress, Suite 2200
Austin, TX 78701
Telephone: 512-305-4700
Fax: 512-305-4800
www.lockelord.com

Cynthia L. Bast
Direct Telephone: 512-305-4707
Direct Fax: 512-391-4707
cbast@lockelord.com

January 22, 2016

NOTICE OF REMOVAL

Via Certified Mail Return Receipt Requested

TVP Non-Profit Corp.
6501 Boeing Drive, Suite J1C
El Paso, Texas 79925
Attention: Sussette Kenney

Re: Prado, Ltd.

Ladies and Gentlemen:

Prado, Ltd. (the "**Partnership**") is the owner of the Prado apartments in El Paso, Texas (the "**Property**"). As of December 31, 2015, the Partnership was governed by that certain Amended and Restated Agreement of Limited Partnership dated as of January 1, 1998 (as amended, the "**Agreement**") by and between Investment Builders, Inc. (the "**Managing General Partner**"), TVP Non-Profit Corp. (the "**Nonprofit General Partner**") and High Desert Capital, LLC (the "**Investor Partner**" and successor-in-interest to Midland Corporate Tax Credit IV Limited Partnership). Capitalized terms used but not otherwise defined herein shall have the meanings given them in the Agreement. The Nonprofit General Partner has previously been notified that its failure to materially participate in the operations of the Partnership constitutes a material default under the Agreement. In correspondence as recent as November 2015, the Nonprofit General Partner indicated no intent to cure the default and no intent to materially participate. Consequently, the Nonprofit General Partner has been removed from the Partnership, effective as of January 1, 2016, in accordance with Section 8.13 of the Agreement. A copy of a Certificate of Amendment, being filed with the Texas Secretary of State, is enclosed for your records.

Nothing contained in this letter shall be deemed a waiver of any default or event of default by the Nonprofit General Partner, nor a waiver of any rights, remedies or recourses available to the Partners or the Partnership, nor any election of remedies resulting from the defaults which may exist with respect to the Agreement.

January 22, 2016
Page 2

Locke Lord LLP represents the Partnership in delivering this letter. If you have any questions, feel free to contact me.

Sincerely,



Cynthia L. Bast

CLB/bsh
Enclosure

cc: *Investment Builders, Inc.*
Ike J. Monty
Roy Lopez

High Desert Capital
Raul Ordaz
Patricia Jay

Prado, Ltd.
7400 Viscount Blvd., Suite 109
El Paso, Texas 79925

June 21, 2016

Dear Resident:

Prado Apartments (the "**Community**") is owned by Prado, Ltd. (the "**Owner**"). In order to help finance the construction and development of the Community, the Owner received federal funding through the Texas Department of Housing and Community Affairs (the "**Department**") (Phone: 512-475-3800; Website: www.tdhca.state.tx.us).

The Owner is structured to include Investment Builders, Inc., a Texas corporation ("**IBI**"), as the general partner and High Desert Capital, LLC, a Texas limited liability company, as the limited partner. IBI is certified by the State of Texas as a Historically Underutilized Business (a "**HUB**"). A contractual restriction imposed by the Department mandated that a HUB participate as the general partner in the ownership of the property for a designated period of time. Prior to the expiration of this mandatory period, the Owner and IBI have decided to change the ownership of the property such that IBI will serve as the limited partner and a nonprofit corporation, through a limited liability company, will serve as the general partner. Therefore, the Owner is requesting the Department's approval to remove the ongoing HUB requirement from its contract to facilitate that process.

In making its decision whether to approve Owner's request, the Department considers the opinions and views of the members of the Community. Accordingly, there will be a public meeting to discuss this matter. This meeting will take place at the Community's management office/clubhouse on Monday, July 18, 2016 at 6:00 p.m.

Please note that this proposal would not affect your current lease agreement, your rent payment, or your security deposit. You would *not* be required to move out of your home or take any other action because of this change. If the Department approves Owner's request, the Community will not change at all from its current form.

We appreciate that Prado Apartments is your home and we invite you to attend and give your input on this proposal.

Thank you for choosing Prado Apartments as your home.

Sincerely,

Investment Builders, Inc.,
a Texas corporation,
its general partner

By:



Name: Ike J. Monty
Title: President

Prado, Ltd.
7400 Viscount Blvd., Suite 109
El Paso, Texas 79925

Mayor Oscar Leeser
Mayor's Office
300 North Campbell
El Paso, Texas 79901

June 21, 2016

Dear Mayor Leeser:

Prado, Ltd. (the "**Owner**") is the owner of Prado Apartments (the "**Community**") which is located at 151 Prado Road, El Paso, Texas 79907. In order to help finance the construction and development of the Community, the Owner received federal funding through the Texas Department of Housing and Community Affairs (the "**Department**").

The Owner is structured to include Investment Builders, Inc., a Texas corporation ("**IBI**"), as the general partner and High Desert Capital, LLC, a Texas limited liability company, as the limited partner. IBI is certified by the State of Texas as a Historically Underutilized Business (a "**HUB**"). A contractual restriction imposed by the Department mandated that a HUB participate as the general partner in the ownership of the property for a designated period of time. Prior to the expiration of this mandatory period, the Owner and IBI have decided to change the ownership of the property such that IBI will serve as the limited partner and a nonprofit corporation, through a limited liability company, will serve as the general partner. Therefore, the Owner is requesting the Department's approval to remove the ongoing HUB requirement from its contract to facilitate that process.

In making its decision whether to approve Owner's request, the Department considers the opinions and views of the members of the Community and its elected representatives. Accordingly, there will be a public meeting to discuss this matter. This meeting will take place at the Community's management office/clubhouse on Monday, July 18, 2016 at 6:00 p.m.

We invite you or one of your staff to attend and give your input on this proposal.

Sincerely,

Investment Builders, Inc.,
a Texas corporation,
its general partner

By: 
Name: Ike J. Monty
Title: President

Prado, Ltd.
7400 Viscount Blvd., Suite 109
El Paso, Texas 79925

Senator José Rodríguez
100 N. Ochoa, Suite A
El Paso TX 79901

June 21, 2016

Dear Senator Rodríguez:

Prado, Ltd. (the "**Owner**") is the owner of Prado Apartments (the "**Community**") which is located at 151 Prado Road, El Paso, Texas 79907. In order to help finance the construction and development of the Community, the Owner received federal funding through the Texas Department of Housing and Community Affairs (the "**Department**").

The Owner is structured to include Investment Builders, Inc., a Texas corporation ("**IBI**"), as the general partner and High Desert Capital, LLC, a Texas limited liability company, as the limited partner. IBI is certified by the State of Texas as a Historically Underutilized Business (a "**HUB**"). A contractual restriction imposed by the Department mandated that a HUB participate as the general partner in the ownership of the property for a designated period of time. Prior to the expiration of this mandatory period, the Owner and IBI have decided to change the ownership of the property such that IBI will serve as the limited partner and a nonprofit corporation, through a limited liability company, will serve as the general partner. Therefore, the Owner is requesting the Department's approval to remove the ongoing HUB requirement from its contract to facilitate that process.

In making its decision whether to approve Owner's request, the Department considers the opinions and views of the members of the Community and its elected representatives. Accordingly, there will be a public meeting to discuss this matter. This meeting will take place at the Community's management office/clubhouse on Monday, July 18, 2016 at 6:00 p.m.

We invite you or one of your staff to attend and give your input on this proposal.

Sincerely,

Investment Builders, Inc.,
a Texas corporation,
its general partner

By:


Name: Ike J. Monty
Title: President

Prado, Ltd.
7400 Viscount Blvd., Suite 109
El Paso, Texas 79925

Representative César Blanco
9440 Viscount, Ste. 205
Austin TX 78768

June 21, 2016

Dear Representative Blanco:

Prado, Ltd. (the "**Owner**") is the owner of Prado Apartments (the "**Community**") which is located at 151 Prado Road, El Paso, Texas 79907. In order to help finance the construction and development of the Community, the Owner received federal funding through the Texas Department of Housing and Community Affairs (the "**Department**").

The Owner is structured to include Investment Builders, Inc., a Texas corporation ("**IBI**"), as the general partner and High Desert Capital, LLC, a Texas limited liability company, as the limited partner. IBI is certified by the State of Texas as a Historically Underutilized Business (a "**HUB**"). A contractual restriction imposed by the Department mandated that a HUB participate as the general partner in the ownership of the property for a designated period of time. Prior to the expiration of this mandatory period, the Owner and IBI have decided to change the ownership of the property such that IBI will serve as the limited partner and a nonprofit corporation, through a limited liability company, will serve as the general partner. Therefore, the Owner is requesting the Department's approval to remove the ongoing HUB requirement from its contract to facilitate that process.

In making its decision whether to approve Owner's request, the Department considers the opinions and views of the members of the Community and its elected representatives. Accordingly, there will be a public meeting to discuss this matter. This meeting will take place at the Community's management office/clubhouse on Monday, July 18, 2016 at 6:00 p.m.

We invite you or one of your staff to attend and give your input on this proposal.

Sincerely,

Investment Builders, Inc.,
a Texas corporation,
its general partner

By: _____


Name: Ike J. Monty
Title: President

Prado, Ltd.
7400 Viscount Blvd., Suite 109
El Paso, Texas 79925

June 21, 2016

Mr. Edward Escudero
High Desert Capital, LLC
6080 Surety Drive, Suite 101
El Paso, TX 79905

Dear Mr. Escudero:

Prado, Ltd. (the "**Owner**") is the owner of Prado Apartments (the "**Community**") which is located at 151 Prado Road, El Paso, Texas 79907. In order to help finance the construction and development of the Community, the Owner received federal funding through the Texas Department of Housing and Community Affairs (the "**Department**").

The Owner is structured to include Investment Builders, Inc., a Texas corporation ("**IBI**"), as the general partner and High Desert Capital, LLC, a Texas limited liability company, as the limited partner. IBI is certified by the State of Texas as a Historically Underutilized Business (a "**HUB**"). A contractual restriction imposed by the Department mandated that a HUB participate as the general partner in the ownership of the property for a designated period of time. Prior to the expiration of this mandatory period, the Owner and IBI have decided to change the ownership of the property such that IBI will serve as the limited partner and a nonprofit corporation, through a limited liability company, will serve as the general partner. Therefore, the Owner is requesting the Department's approval to remove the ongoing HUB requirement from its contract to facilitate that process.

In making its decision whether to approve Owner's request, the Department considers the opinions and views of the members of the Community, its elected representatives and the Owner's other financing partners. Accordingly, there will be a public meeting to discuss this matter. This meeting will take place at the Community's management office/clubhouse on Monday, July 18, 2016 at 6:00 p.m.

We invite you to attend and give your input on this proposal.

Sincerely,

Investment Builders, Inc.,
a Texas corporation,
its general partner

By: 

Name: Ike J. Monty
Title: President

Prado, Ltd.
7400 Viscount Blvd., Suite 109
El Paso, Texas 79925

June 21, 2016

Ms. Katie Farrell
Boston Financial Investment Management, LP
101 Arch Street
Boston, MA 02110

Dear Ms. Farrell:

Prado, Ltd. (the "**Owner**") is the owner of Prado Apartments (the "**Community**") which is located at 151 Prado Road, El Paso, Texas 79907. In order to help finance the construction and development of the Community, the Owner received federal funding through the Texas Department of Housing and Community Affairs (the "**Department**").


The Owner is structured to include Investment Builders, Inc., a Texas corporation ("**IBI**"), as the general partner and High Desert Capital, LLC, a Texas limited liability company, as the limited partner. IBI is certified by the State of Texas as a Historically Underutilized Business (a "**HUB**"). A contractual restriction imposed by the Department mandated that a HUB participate as the general partner in the ownership of the property for a designated period of time. Prior to the expiration of this mandatory period, the Owner and IBI have decided to change the ownership of the property such that IBI will serve as the limited partner and a nonprofit corporation, through a limited liability company, will serve as the general partner. Therefore, the Owner is requesting the Department's approval to remove the ongoing HUB requirement from its contract to facilitate that process.

In making its decision whether to approve Owner's request, the Department considers the opinions and views of the members of the Community, its elected representatives and the Owner's other financing partners. Accordingly, there will be a public meeting to discuss this matter. This meeting will take place at the Community's management office/clubhouse on Monday, July 18, 2016 at 6:00 p.m.

We invite you to attend and give your input on this proposal.

Sincerely,

Investment Builders, Inc.,
a Texas corporation,
its general partner

By: 
Name: Ike J. Monty
Title: President

BOARD ACTION REQUEST

ASSET MANAGEMENT

JULY 28, 2016

Presentation, Discussion, and Possible Action to approve the transfer of the HUB managing general partnership interest to a non-HUB general partner and a material amendment to the Housing Tax Credit (“HTC”) Land Use Restriction Agreement (“LURA”) for NCDO Housing, Ltd. (HTC # 98091).

RECOMMENDED ACTION

WHEREAS, NCDO Housing, Ltd. (the “NCDO I”) received an award of 9% Housing Tax Credits in 1998 to construct 32 new multifamily units in El Paso;

WHEREAS, the tax credit application for the Development received points and/or other preferences for having a Historically Underutilized Business (“HUB”), namely Investment Builders, Inc. (“the current HUB”), participate in the ownership of the Development;

WHEREAS, the LURA for the Development requires that throughout the Compliance Period, unless otherwise permitted by the Department, the HUB shall remain the Managing General Partner and must maintain regular, continuous, and substantial participation in the development and operation of the Project;

WHEREAS, the Development is within the Compliance Period, as defined and required in the LURA;

WHEREAS, the Development Owner is proposing a new ownership structure in conjunction with a proposed refinance of the Development whereby the previous Non-Profit Co-GP will be replaced with a new Non-Profit Co-GP, and the current HUB GP’s ownership interest will be assigned to the new Non-Profit GP, which is a non-HUB entity;

WHEREAS, the Development Owner requests approval to amend the LURA to eliminate the HUB requirement for this Development; and

WHEREAS, 10 TAC §10.406(g) allows for a HUB general partner to sell its interest to a non-HUB general partner as long as the LURA does not require such continual ownership or a material LURA amendment is requested and approved, and Board approval of this transfer is being requested concurrent with a material LURA amendment; and

WHEREAS, the Owner has complied with the procedural amendment requirements in 10 TAC §10.405(b) to place this request before the Board;

NOW, therefore, it is hereby

RESOLVED, that the material LURA amendment and ownership transfer for NCDO Housing, Ltd. is approved, subject to approval of the Previous Participation review related to the requested change in ownership pursuant to 10 TAC §1.301, certification from the

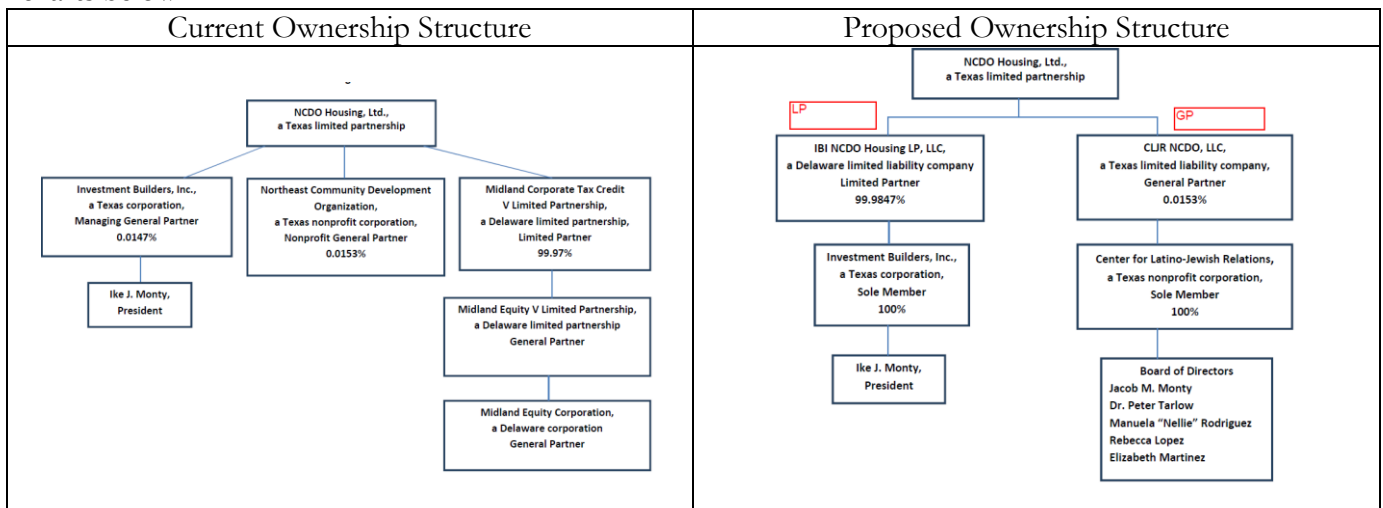
Department that the new Non-Profit qualifies as a Community Housing Development Organization (“CHDO”) and no negative public comment is received at the hearing, as presented to this meeting and the Executive Director and his designees are hereby, authorized, empowered, and directed to take all necessary action to effectuate the foregoing.

BACKGROUND

NCDO I received an allocation of 9% HTC’s in 1998 out of the Non-Profit Set Aside for the new construction of 32 multifamily units in El Paso (El Paso County). On June 17, 2016, the current HUB general partner acting on behalf of NCDO Housing, Ltd. (the “Development Owner”), through its representative Ike Monty, requested approval for the elimination of the requirement for a HUB to hold an ownership interest and maintain regular, continuous, and substantial participation in the development and operation of the Development.

The Application for NCDO I proposed and was approved with an ownership structure that would include two co-general partners, Northeast Community Development Organization (“NCDO”) as 51% owner and Investment Builders, Inc. (“IBI”) as 49% HUB owner. The LURA for the Development requires material participation by a qualified non-profit organization as well as a HUB acting as Managing GP throughout the Compliance Period.

The Development Owner provided information and staff has verified that the original non-profit General Partner, NCDO, involuntarily dissolved in September of 2013 and was removed by the Partnership on April 19, 2016 for events of default under the Limited Partnership Agreement because of the dissolution. In order to cure non-compliance for material participation by a qualified non-profit organization following the removal of NCDO, the Development Owner has proposed an assignment of the non-profit’s GP Interest to CLJR NCDO, LLC, a Texas limited liability company, whose sole member is the Center for Latino-Jewish Relations (“CLJR”), a non-profit entity. Additionally, IBI has requested to assume the Limited Partnership’s (“LP”) Interest as the sole member and owner of IBI NCDO Housing LP, LLC (previously assigned to Midland Corporate Tax Credit V, LP, which is departing the transaction). Though the HUB will still be involved in the transaction as a Limited Partner, it would no longer meet the requirements of the LURA. The current ownership structure and the new structure proposed are reflected in the organizational charts below:



It should be noted that a similar ownership transfer has been requested of a related property located adjacent to this Development, NCDO II. NCDO II was funded by the Department in 1999 with HOME Community Housing Development Organization (“CHDO”) funds and is currently undergoing the ownership transfer review process. Ultimately, NCDO I and NCDO II will be consolidated into the ownership under NCDO I to facilitate a refinancing of both properties under one loan.

The current HUB, IBI, has provided a statement confirming that the decision to exit the ownership is of its own volition and that its participation has been and will continue to be substantive and meaningful until the assignment of the GP Interest is complete.

Pursuant to 10 TAC §10.405(b)(4), the Owner notified the tenants, lenders, investors and State and local public officials of the impending change. A public hearing is scheduled for Tuesday, July 19, 2016 at 6:00 p.m. at the Development’s management office/clubhouse.

The owner has complied with the ownership transfer, amendment and notification requirements under the Department’s rule at Texas Gov’t Code §2306.6712, 10 TAC §10.405(b) and 10 TAC §10.406(g).

Staff recommends approval of the proposed ownership transfer and material LURA amendment to eliminate the requirement for participation of a HUB in the ownership structure and operation of the Development, subject to approval of the Previous Participation review related to the requested change in ownership pursuant to 10 TAC §1.301, certification from the Department that the new Non-Profit qualifies as a Community Housing Development Organization (“CHDO”) and no negative public comment received.

NCDO Housing, Ltd.
7400 Viscount Blvd., Suite 109
El Paso, Texas 79925

June 15, 2016

VIA HAND DELIVERY

Laura DeBellas
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701-2410

Re: NCDO Apartments (the "**Property**")
TDHCA File No. 98091

Dear Laura:

The undersigned, being the General Partner (herein so called) of NCDO Housing, Ltd., a Texas limited partnership (the "**Owner**") and the current owner of the Property, hereby submits this letter as a notice of an ownership transfer in accordance with Section 10.406(f) of the Uniform Multifamily Rules (the "**Rules**") and a request for a material LURA amendment in accordance with Section 10.405(b) of the Rules. Specifically, the LURA for this Property requires ownership participation by historically underutilized business ("**HUB**"). The General Partner, acting on behalf of the Owner, requests elimination of that requirement for the reasons set forth below.

Background Information

The Owner is governed by an Amended and Restated Agreement of Limited Partnership dated April 1, 1999, and consists of the General Partner, Northeast Community Development Organization, a Texas nonprofit corporation ("**NCDO**"), and Midland Corporate Tax Credit V Limited Partnership ("**Midland**"). NCDO has been involuntarily dissolved, and pursuant to a removal letter dated April 19, 2016, has been removed from the Owner. In order to maintain compliance with a provision of the LURA requiring a nonprofit to control the Owner, the General Partner will assign its ownership interest in the Owner to CLJR NCDO, LLC, a Texas limited liability company ("**CLJR NCDO**"), whose sole member is Center for Latino-Jewish Relations, a Texas nonprofit corporation. (Concurrently with such assignment, Midland will assign its ownership interest in the Owner to IBI NCDO Housing LP, LLC, a Delaware limited liability company.) CLJR NCDO is ineligible for a HUB certification as it is controlled by a not-for-profit corporation, therefore the General Partnership is requesting that the HUB requirement be removed from the LURA.

Request

Based upon recent changes to Section 10.406(f) of the Rules, the General Partner, acting on behalf of the Owner, requests that TDHCA remove the HUB requirement from its LURA thereby allowing CLJR NCDO to assume the General Partner's ownership interest in the Owner while maintaining compliance with the LURA. In accordance with the Rules:

- (1) The General Partner, as the current HUB, acted of its own volition in choosing to assign its interest to CLJR NCDO. The General Partner was not removed from its position.
- (2) The participation of the General Partner as the HUB with regard to the Property is substantive and meaningful, and will continue to be so until the assignment of the General Partner's interest. TDHCA is well-familiar with the General Partner and the way in which it has actively participated when owning properties for multiple years.

LURA Amendment


In accordance with Section 10.405(b) of the Rules, the General Partner, acting on behalf of the Owner, is delivering a fee in the amount of \$2500. In addition, the General Partner, acting on behalf of the Owner, commits to hold a public hearing, as required by the Rules, and to notify all residents, investors, lenders, and appropriate elected officials. Drafts of the public hearing notices are attached for your consideration. Upon approval from TDHCA, the General Partner, acting on behalf of the Owner, will proceed to set a date and time for the Public Hearing and will provide TDHCA with evidence that the notice has been delivered and the hearing has been conducted. With that, the General Partner, acting on behalf of the Owner, requests staff recommendation, in support of this request, to be considered at the July 28, 2016 TDHCA Board meeting.

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

Sincerely,

Investment Builders, Inc.,
a Texas corporation,
its general partner

By: _____


Name: Ike J. Monty
Title: President

Attachments

cc: Raquel Morales
TDHCA w/ encl.

Ike J. Monty
Roy Lopez
Owner w/encl.

Cynthia L. Bast
Owner Counsel w/encl.

NCDO Housing, Ltd.
7400 Viscount Blvd., Suite 109
El Paso, Texas 79925

Mayor Oscar Leeser
Mayor's Office
300 North Campbell
El Paso, Texas 79901

June 21, 2016

Dear Mayor Leeser:

NCDO Housing, Ltd. (the "**Owner**") is the owner of NCDO Apartments (the "**Community**") which is located at 5250 Wren Avenue, El Paso, Texas 79924. In order to help finance the construction and development of the Community, the Owner received federal funding through the Texas Department of Housing and Community Affairs (the "**Department**").

The Owner is structured to include Investment Builders, Inc., a Texas corporation ("**IBI**"), as the managing general partner Northeast Community Development Organization, a Texas nonprofit corporation, as the nonprofit general partner, and Midland Corporate Tax Credit V Limited Partnership, as the limited partner. IBI is certified by the State of Texas as a Historically Underutilized Business (a "**HUB**"). A contractual restriction imposed by the Department mandated that a HUB participate as the general partner in the ownership of the property for a designated period of time. Prior to the expiration of this mandatory period, the Owner has decided to change the ownership of the property such that IBI will serve as the limited partner through a limited liability company and a nonprofit corporation will serve as the general partner through a limited liability company. Therefore, the Owner is requesting the Department's approval to remove the ongoing HUB requirement from its contract to facilitate that process.

In making its decision whether to approve Owner's request, the Department considers the opinions and views of the members of the Community and its elected representatives. Accordingly, there will be a public meeting to discuss this matter. This meeting will take place at the Community's management office/clubhouse on Tuesday, July 19, 2016 at 6:00 p.m.

We invite you or one of your staff to attend and give your input on this proposal.

Sincerely,

Investment Builders, Inc.,
a Texas corporation,
its general partner

By:


Name: Ike J. Monty
Title: President

NCDO Housing, Ltd.
7400 Viscount Blvd., Suite 109
El Paso, Texas 79925

Senator José Rodríguez
100 N. Ochoa, Suite A
El Paso TX 79901

June 21, 2016

Dear Senator Rodríguez:

NCDO Housing, Ltd. (the "**Owner**") is the owner of NCDO Apartments (the "**Community**") which is located at 5250 Wren Avenue, El Paso, Texas 79924. In order to help finance the construction and development of the Community, the Owner received federal funding through the Texas Department of Housing and Community Affairs (the "**Department**").

The Owner is structured to include Investment Builders, Inc., a Texas corporation ("**IBI**"), as the managing general partner Northeast Community Development Organization, a Texas nonprofit corporation, as the nonprofit general partner, and Midland Corporate Tax Credit V Limited Partnership, as the limited partner. IBI is certified by the State of Texas as a Historically Underutilized Business (a "**HUB**"). A contractual restriction imposed by the Department mandated that a HUB participate as the general partner in the ownership of the property for a designated period of time. Prior to the expiration of this mandatory period, the Owner has decided to change the ownership of the property such that IBI will serve as the limited partner through a limited liability company and a nonprofit corporation will serve as the general partner through a limited liability company. Therefore, the Owner is requesting the Department's approval to remove the ongoing HUB requirement from its contract to facilitate that process.

In making its decision whether to approve Owner's request, the Department considers the opinions and views of the members of the Community and its elected representatives. Accordingly, there will be a public meeting to discuss this matter. This meeting will take place at the Community's management office/clubhouse on Tuesday, July 19, 2016 at 6:00 p.m.

We invite you or one of your staff to attend and give your input on this proposal.

Sincerely,

Investment Builders, Inc.,
a Texas corporation,
its general partner

By:


Name: Ike J. Monty
Title: President

NCDO Housing, Ltd.
7400 Viscount Blvd., Suite 109
El Paso, Texas 79925

Representative Marisa Márquez
1444 Montana, Ste. 100
El Paso TX 79902

June 21, 2016

Dear Representative Márquez:

NCDO Housing, Ltd. (the "**Owner**") is the owner of NCDO Apartments (the "**Community**") which is located at 5250 Wren Avenue, El Paso, Texas 79924. In order to help finance the construction and development of the Community, the Owner received federal funding through the Texas Department of Housing and Community Affairs (the "**Department**").

The Owner is structured to include Investment Builders, Inc., a Texas corporation ("**IBI**"), as the managing general partner Northeast Community Development Organization, a Texas nonprofit corporation, as the nonprofit general partner, and Midland Corporate Tax Credit V Limited Partnership, as the limited partner. IBI is certified by the State of Texas as a Historically Underutilized Business (a "**HUB**"). A contractual restriction imposed by the Department mandated that a HUB participate as the general partner in the ownership of the property for a designated period of time. Prior to the expiration of this mandatory period, the Owner has decided to change the ownership of the property such that IBI will serve as the limited partner through a limited liability company and a nonprofit corporation will serve as the general partner through a limited liability company. Therefore, the Owner is requesting the Department's approval to remove the ongoing HUB requirement from its contract to facilitate that process.


In making its decision whether to approve Owner's request, the Department considers the opinions and views of the members of the Community and its elected representatives. Accordingly, there will be a public meeting to discuss this matter. This meeting will take place at the Community's management office/clubhouse on Tuesday, July 19, 2016 at 6:00 p.m.

We invite you or one of your staff to attend and give your input on this proposal.

Sincerely,

Investment Builders, Inc.,
a Texas corporation,
its general partner

By:



Name: Ike J. Monty
Title: President

NCDO Housing, Ltd.
7400 Viscount Blvd., Suite 109
El Paso, Texas 79925

June 21, 2016

Ms. Katie Farrell
Boston Financial Investment Management, LP
101 Arch Street
Boston, MA 02110

Dear Ms. Farrell:

NCDO Housing, Ltd. (the "Owner") is the owner of NCDO Apartments (the "Community") which is located at 5250 Wren Avenue, El Paso, Texas 79924. In order to help finance the construction and development of the Community, the Owner received federal funding through the Texas Department of Housing and Community Affairs (the "Department").

The Owner is structured to include Investment Builders, Inc., a Texas corporation ("IBI"), as the managing general partner Northeast Community Development Organization, a Texas nonprofit corporation, as the nonprofit general partner, and Midland Corporate Tax Credit V Limited Partnership, as the limited partner. IBI is certified by the State of Texas as a Historically Underutilized Business (a "HUB"). A contractual restriction imposed by the Department mandated that a HUB participate as the general partner in the ownership of the property for a designated period of time. Prior to the expiration of this mandatory period, the Owner has decided to change the ownership of the property such that IBI will serve as the limited partner through a limited liability company and a nonprofit corporation will serve as the general partner through a limited liability company. Therefore, the Owner is requesting the Department's approval to remove the ongoing HUB requirement from its contract to facilitate that process.

In making its decision whether to approve Owner's request, the Department considers the opinions and views of the members of the Community, its elected representatives and the Owner's other financing partners. Accordingly, there will be a public meeting to discuss this matter. This meeting will take place at the Community's management office/clubhouse on Tuesday, July 19, 2016 at 6:00 p.m.

We invite you to attend and give your input on this proposal.

Sincerely,

Investment Builders, Inc.,
a Texas corporation,
its general partner

By:


Name: Ike J. Monty
Title: President

NCDO Housing, Ltd.
7400 Viscount Blvd., Suite 109
El Paso, Texas 79925

June 21, 2016

Mr. Timothy Leonhard
JLL Capital Markets
625 West College Street
Grapevine, Texas 76051

Dear Mr. Leonhard:

NCDO Housing, Ltd. (the "**Owner**") is the owner of NCDO Apartments (the "**Community**") which is located at 5250 Wren Avenue, El Paso, Texas 79924. In order to help finance the construction and development of the Community, the Owner received federal funding through the Texas Department of Housing and Community Affairs (the "**Department**").

The Owner is structured to include Investment Builders, Inc., a Texas corporation ("**IBI**"), as the managing general partner Northeast Community Development Organization, a Texas nonprofit corporation, as the nonprofit general partner, and Midland Corporate Tax Credit V Limited Partnership, as the limited partner. IBI is certified by the State of Texas as a Historically Underutilized Business (a "**HUB**"). A contractual restriction imposed by the Department mandated that a HUB participate as the general partner in the ownership of the property for a designated period of time. Prior to the expiration of this mandatory period, the Owner has decided to change the ownership of the property such that IBI will serve as the limited partner through a limited liability company and a nonprofit corporation will serve as the general partner through a limited liability company. Therefore, the Owner is requesting the Department's approval to remove the ongoing HUB requirement from its contract to facilitate that process.


In making its decision whether to approve Owner's request, the Department considers the opinions and views of the members of the Community, its elected representatives and the Owner's other financing partners. Accordingly, there will be a public meeting to discuss this matter. This meeting will take place at the Community's management office/clubhouse on Tuesday, July 19, 2016 at 6:00 p.m.

We invite you to attend and give your input on this proposal.

Sincerely,

Investment Builders, Inc.,
a Texas corporation,
its general partner

By:


Name: Ike J. Monty
Title: President

BOARD ACTION REQUEST

ASSET MANAGEMENT

JULY 28, 2016

Presentation, Discussion, and Possible Action to approve the material amendment to the Housing Tax Credit (“HTC”) Land Use Restriction Agreement (“LURA”) for Heritage Park (File No. 04028)

RECOMMENDED ACTION

WHEREAS, Housing Associates of Heritage Park, Ltd. (“the Development Owner”) received an award of 9% Housing Tax Credits in 2004 to construct 100 multifamily units in Denison, Grayson County;

WHEREAS, the tax credit application for Heritage Park (“the Development”) received three points for having a Historically Underutilized Business (“HUB”), namely Rumsey Development, LLC, hold an ownership interest of the Development throughout the Compliance Period;

WHEREAS, the LURA for the Development requires that throughout the Compliance Period, unless otherwise permitted by the Department, the HUB shall hold an ownership interest, and must maintain regular, continuous, and substantial participation in the development and operation of the Project;

WHEREAS, the Development is within the Compliance Period, as defined in the LURA;

WHEREAS, the HUB was solely-owned by Steve Rumsey and was the controlling owner of the Managing General Partner at Application;

WHEREAS, the Development Owner requests an ownership transfer and approval to amend the LURA for the Development to eliminate the HUB requirement; and

WHEREAS, 10 TAC §10.406(g) allows for a HUB general partner to sell its ownership interest as long as the LURA does not require such continual ownership or a material LURA amendment is approved, and the Owner has complied with the procedural amendment requirements in 10 TAC §10.405(b) to place this request before the Board;

NOW, therefore, it is hereby

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

BACKGROUND

Heritage Park was approved in 2004 to construct 100 multifamily units in Denison. The LURA for the Development has a 40-year term, including a 15-year Compliance Period. On March 30, 2016, the General Partner (Brian Rumsey) requested approval for the elimination of the requirement for a HUB to hold an ownership interest in the Project and the requirement for the HUB to maintain regular, continuous, and substantial participation in the development and operation of the Project. He also submitted a request for the Department to approve an ownership transfer. The ownership transfer request is for the limited partner to purchase the interest currently held by Heritage Park Housing, LLC and replace the General Partner with a non-HUB affiliate.

At the time the Application was awarded, Rumsey Development, LLC was the HUB General Partner and solely owned by Steve Rumsey. On October 18, 2004, Steve Rumsey requested approval to substitute Rumsey Development, LLC as the General Partner with a non-HUB entity, Heritage Park Housing, L.L.C. The request was approved by the Executive Director on October 29, 2004, and the General Partner was changed to Heritage Park Housing, LLC, an entity owned by Steve Rumsey, Robert Rumsey, and Brian Rumsey, each having equal ownership interest. The post-transfer organization chart indicates Rumsey Development, LLC remained in the deal as the Developer, but that 50% of Steve Rumsey's interest was equally divided between Robert Rumsey and Brian Rumsey. Although the removal of the HUB entity was approved by the Executive Director, the LURA was not amended to remove the HUB provision.

Pursuant to 10 TAC §10.405(b)(4), the Owner notified the tenants, lenders, investors and State and local public officials, and held a public hearing on June 30, 2016. No negative public comment about the amendment was made.

The Owner has complied with the ownership transfer, amendment and notification requirements under the Department's rule at Tex. Gov't Code §2306.6712, 10 TAC §10.405(b) and 10 TAC §10.406(g). In addition, staff confirmed that the loss of the three points for the HUB participant would not have negatively impacted the competitiveness of this Application and an allocation of tax credits would have still been awarded.

Staff recommends approval of the material LURA amendment to eliminate the requirement for HUB participation and the request to transfer ownership to a non-HUB General Partner.

Housing Associates of Heritage Park, Ltd.
5317 Inverrary Drive
Plano, Texas 75093

March 30, 2016

VIA HAND DELIVERY

Rosalio Banuelos
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701-2410

Re: Heritage Park Apartments (the "**Property**")
TDHCA File No. 04028

Dear Rosalio:

The undersigned, being the General Partner (herein so called) of Housing Associates of Heritage Park, Ltd., a Texas limited partnership (the "**Owner**") and the current owner of the Property, hereby submits this letter as a notice of an ownership transfer in accordance with Section 10.406(f) of the Uniform Multifamily Rules (the "**Rules**") and a request for a material LURA amendment in accordance with Section 10.405(b) of the Rules. Specifically, the LURA for this Property requires ownership participation by an historically underutilized business (a "**HUB**"). The General Partner, acting on behalf of the Owner, requests elimination of that requirement for the reasons set forth below.

Background Information

The Owner is currently structured to include the General Partner, Centerline Corporate Partners XXVIII, LP ("**Centerline**"), and Related Corporate XXVIII SLP, LLC (collectively with Centerline, the "**Limited Partners**"). The General Partner and Limited Partners have entered or will enter into a purchase and sale agreement for the General Partner to sell its ownership interest in the Owner to the Limited Partners. The Limited Partners then seek to admit a wholly-owned special purpose entity, Alden GP-Heritage Park, LLC, a Texas limited liability company, to serve as the Owner's new general partner. The transfer emanates from the General Partner's desire to conclude its work in the affordable housing industry.

Request

Based upon recent changes to Section 10.406(f) of the Rules, the General Partner, acting on behalf of the Owner, requests that TDHCA remove the HUB requirement from its LURA thereby allowing the Limited Partners, and their successors and assigns, to assume General Partner's ownership interest in the Owner while maintaining compliance with the LURA. In accordance with the Rules:

- (1) The General Partner is acting of its own volition in choosing to sell its ownership interest in the Owner to the Limited Partners.

March 30, 2016

Page 2

- (2) The General Partner's participation with regard to the Property was substantive and meaningful and will continue to be until the transfer of interest is effectuated.


LURA Amendment

In accordance with Section 10.405(b) of the Rules, the General Partner, acting on behalf of the Owner, is delivering a fee in the amount of \$2500. In addition, the General Partner, acting on behalf of the Owner, commits to hold a public hearing, as required by the Rules, and to notify all residents, investors, lenders, and appropriate elected officials. Drafts of the public hearing notices are attached for your consideration. Upon approval from TDHCA, the General Partner, acting on behalf of the Owner, will proceed to set a date and time for the Public Hearing and will provide TDHCA with evidence that the notice has been delivered and the hearing has been conducted. With that, the General Partner, acting on behalf of the Owner, requests staff recommendation, in support of this request, to be considered at the April 28, 2016 TDHCA Board meeting.

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

Sincerely,

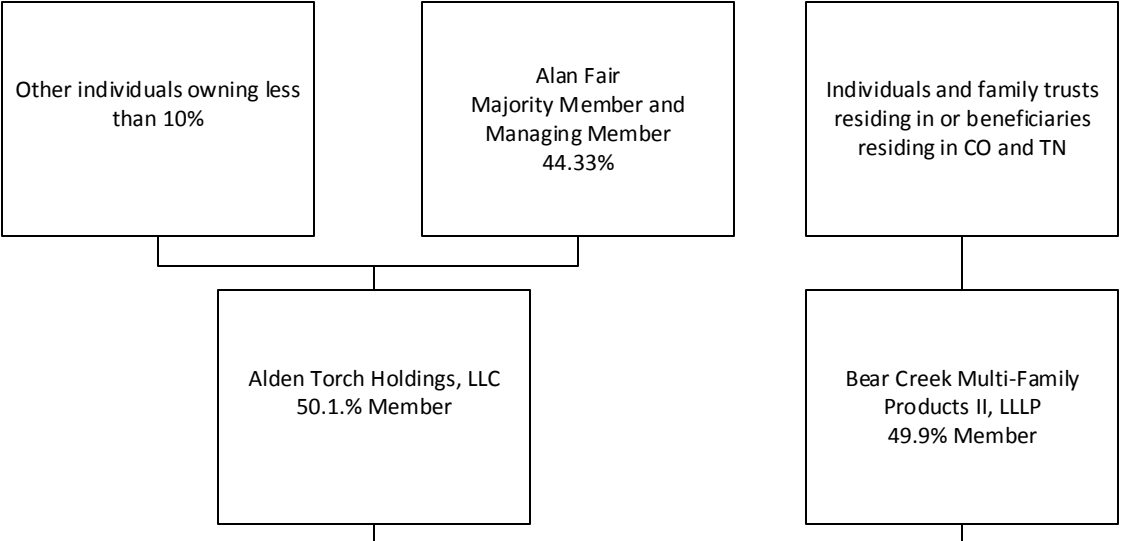
Heritage Park Housing, L.L.C.,
a Texas limited liability company,
its general partner

By: 
Name: Brian Rumsey
Title: General Partner

Attachments

cc: Raquel Morales
TDHCA w/ encl.

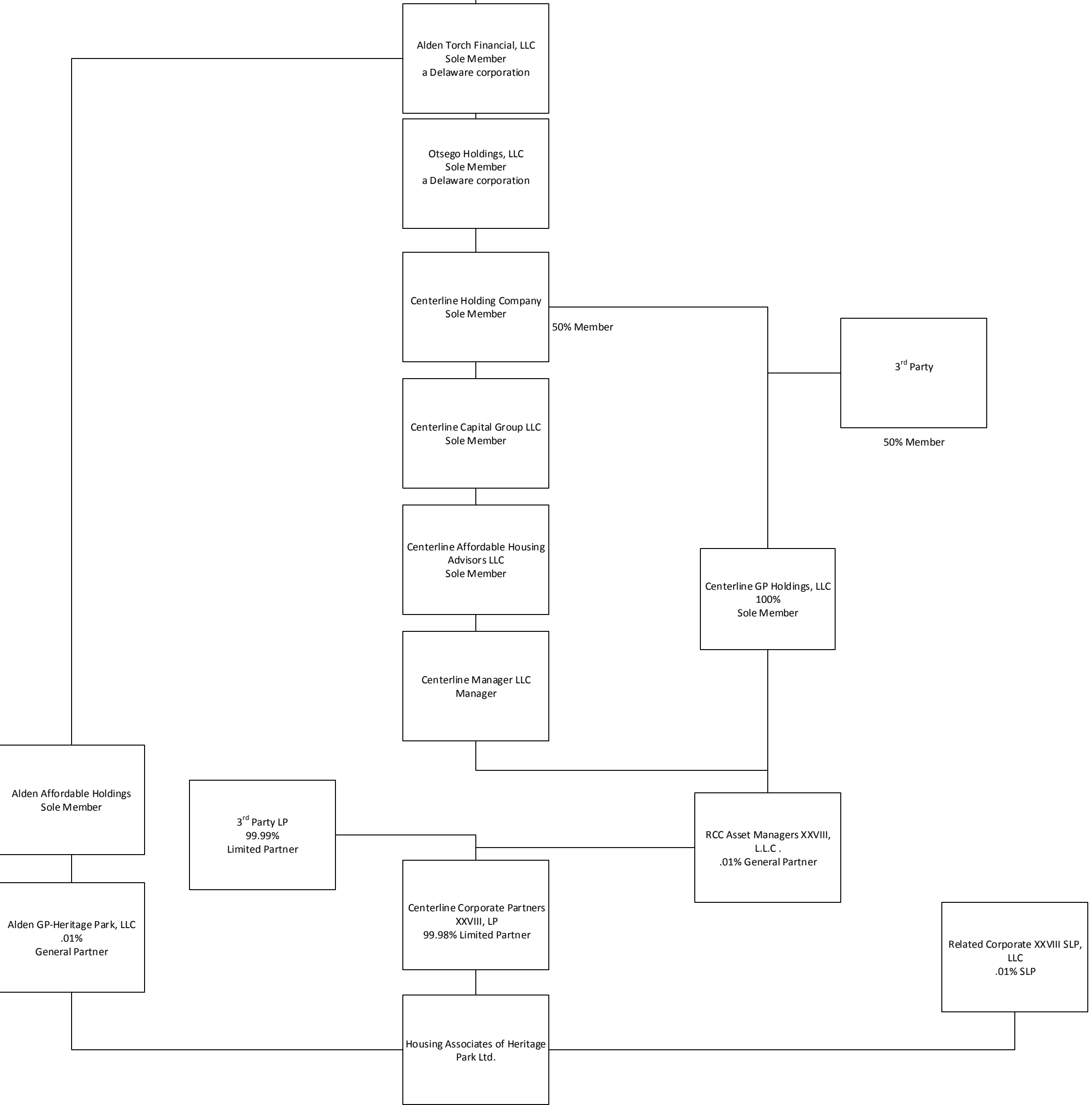
Cynthia L. Bast
Owner Counsel w/encl.



Heritage Park Apartments

After

Proposed Org Char pending approval



Housing Associates of Heritage Park, Ltd.
5317 Inverrary Drive
Plano, Texas 75093

June 27, 2016

Dear Resident:

Heritage Park Apartments (the "**Community**") is owned by Housing Associates of Heritage Park, Ltd. (the "**Owner**"). In order to help finance the construction and development of the Community, the Owner received federal funding through the Texas Department of Housing and Community Affairs (the "**Department**") (Phone: 512-475-3800; Website: www.tdhca.state.tx.us).

The Owner is currently structured to include Heritage Park Housing, L.L.C. (the "**General Partner**"), Centerline Corporate Partners XXVIII, LP, and Related Corporate XXVIII SLP, LLC. When the Owner applied to the Department for federal funds, the Owner agreed to a contractual restriction that mandated that an historically underutilized business ("**HUB**") participate in the ownership of the Community for a designated period of time. The General Partner has decided to sell its interest, prior to the expiration of this mandatory period. Therefore, Owner is requesting approval from the Department to remove the ongoing requirement for HUB participation from its contract.

In making its decision whether to approve Owner's request, the Department considers the opinions and views of the members of the Community. Accordingly, there will be a public meeting to discuss this matter. This meeting will take place at the Community's management office/clubhouse on Thursday, June 30, 2016 at 11:00 a.m.

Please note that this proposal would not affect your current lease agreement, your rent payment, or your security deposit. You would *not* be required to move out of your home or take any other action because of this change. If the Department approves Owner's request, the Community will not change at all from its current form.

We appreciate that Heritage Park Apartments is your home and we invite you to attend and give your input on this proposal.

Thank you for choosing Heritage Park Apartments as your home.

Sincerely,

Heritage Park Housing, L.L.C.,
a Texas limited liability company,
its general partner

By: 
Name: Brian Rumsey
Title: General Partner

Housing Associates of Heritage Park, Ltd.

5317 Inverrary Drive
Plano, Texas 75093

Mayor Jared Johnson
500 W Chestnut Street
Denison, TX 75021

June 27, 2016

Dear Mayor Johnson:

Housing Associates of Heritage Park, Ltd. (the "**Owner**") is the owner of Heritage Park Apartments (the "**Community**") which is located at 1816 North State Highway 91, Denison, Texas 75020. In order to help finance the construction and development of the Community, the Owner received federal funding through the Texas Department of Housing and Community Affairs (the "**Department**").

The Owner is currently structured to include Heritage Park Housing, L.L.C. (the "**General Partner**"), Centerline Corporate Partners XXVIII, LP, and Related Corporate XXVIII SLP, LLC. When the Owner applied to the Department for federal funds, the Owner agreed to a contractual restriction that mandated that an historically underutilized business ("**HUB**") participate in the ownership of the Community for a designated period of time. The General Partner has decided to sell its interest, prior to the expiration of this mandatory period. Therefore, Owner is requesting approval from the Department to remove the ongoing requirement for HUB participation from its contract.

In making its decision whether to approve Owner's request, the Department considers the opinions and views of the members of the Community and its elected representatives. Accordingly, there will be a public meeting to discuss this matter. This meeting will take place at the Community's management office/clubhouse on Thursday, June 30, 2016 at 11:00 a.m.

We invite you or one of your staff to attend and give your input on this proposal.

Sincerely,

Heritage Park Housing, L.L.C.,
a Texas limited liability company,
its general partner

By: 
Name: Brian Runsey
Title: General Partner

Housing Associates of Heritage Park, Ltd.
5317 Inverrary Drive
Plano, Texas 75093

Senator Craig Estes
2525 Kell Blvd., Suite 302
Wichita Falls TX 76308

June 27, 2016

Dear Senator Estes:

Housing Associates of Heritage Park, Ltd. (the "**Owner**") is the owner of Heritage Park Apartments (the "**Community**") which is located at 1816 North State Highway 91, Denison, Texas 75020. In order to help finance the construction and development of the Community, the Owner received federal funding through the Texas Department of Housing and Community Affairs (the "**Department**").

The Owner is currently structured to include Heritage Park Housing, L.L.C. (the "**General Partner**"), Centerline Corporate Partners XXVIII, LP, and Related Corporate XXVIII SLP, LLC. When the Owner applied to the Department for federal funds, the Owner agreed to a contractual restriction that mandated that an historically underutilized business ("**HUB**") participate in the ownership of the Community for a designated period of time. The General Partner has decided to sell its interest, prior to the expiration of this mandatory period. Therefore, Owner is requesting approval from the Department to remove the ongoing requirement for HUB participation from its contract.

In making its decision whether to approve Owner's request, the Department considers the opinions and views of the members of the Community and its elected representatives. Accordingly, there will be a public meeting to discuss this matter. This meeting will take place at the Community's management office/clubhouse on Thursday, June 30, 2016 at 11:00 a.m.

We invite you or one of your staff to attend and give your input on this proposal.

Sincerely,

Heritage Park Housing, L.L.C.,
a Texas limited liability company,
its general partner

By:

Name:


Brian Rumsey

Title:

General Partner

Housing Associates of Heritage Park, Ltd.

5317 Inverrary Drive
Plano, Texas 75093

Representative Larry Phillips
421 North Crockett
Sherman TX 75090

June 27, 2016

Dear Representative Phillips:

Housing Associates of Heritage Park, Ltd. (the "**Owner**") is the owner of Heritage Park Apartments (the "**Community**") which is located at 1816 North State Highway 91, Denison, Texas 75020. In order to help finance the construction and development of the Community, the Owner received federal funding through the Texas Department of Housing and Community Affairs (the "**Department**").

The Owner is currently structured to include Heritage Park Housing, L.L.C. (the "**General Partner**"), Centerline Corporate Partners XXVIII, LP, and Related Corporate XXVIII SLP, LLC. When the Owner applied to the Department for federal funds, the Owner agreed to a contractual restriction that mandated that an historically underutilized business ("**HUB**") participate in the ownership of the Community for a designated period of time. The General Partner has decided to sell its interest, prior to the expiration of this mandatory period. Therefore, Owner is requesting approval from the Department to remove the ongoing requirement for HUB participation from its contract.

In making its decision whether to approve Owner's request, the Department considers the opinions and views of the members of the Community and its elected representatives. Accordingly, there will be a public meeting to discuss this matter. This meeting will take place at the Community's management office/clubhouse on Thursday, June 30, 2016 at 11:00 a.m.

We invite you or one of your staff to attend and give your input on this proposal.

Sincerely,

Heritage Park Housing, L.L.C.,
a Texas limited liability company,
its general partner

By:

Name:


Brian Burnsey

Title:

General Partner

Housing Associates of Heritage Park, Ltd.
5317 Inverrary Drive
Plano, Texas 75093

June 27, 2016

Ciante Bell
The Community Development Trust
1350 Broadway, Suite 700
New York, NY 10018-7702

Dear Ciante:

Housing Associates of Heritage Park, Ltd. (the "**Owner**") is the owner of Heritage Park Apartments (the "**Community**") which is located at 1816 North State Highway 91, Denison, Texas 75020. In order to help finance the construction and development of the Community, the Owner received federal funding through the Texas Department of Housing and Community Affairs (the "**Department**").

The Owner is currently structured to include Heritage Park Housing, L.L.C. (the "**General Partner**"), Centerline Corporate Partners XXVIII, LP, and Related Corporate XXVIII SLP, LLC. When the Owner applied to the Department for federal funds, the Owner agreed to a contractual restriction that mandated that an historically underutilized business ("**HUB**") participate in the ownership of the Community for a designated period of time. The General Partner has decided to sell its interest, prior to the expiration of this mandatory period. Therefore, Owner is requesting approval from the Department to remove the ongoing requirement for HUB participation from its contract.

In making its decision whether to approve Owner's request, the Department considers the opinions and views of the members of the Community, its elected representatives and the Owner's other financing partners. Accordingly, there will be a public meeting to discuss this matter. This meeting will take place at the Community's management office/clubhouse on Thursday, June 30, 2016 at 11:00 a.m.

We invite you to attend and give your input on this proposal.

Sincerely,

Heritage Park Housing, L.L.C.,
a Texas limited liability company,
its general partner

By: 
Name: Brian Burnsey
Title: General Partner

NAMES AND ADDRESSES

6/30/16

TELEPHONE

CONNIE STUNTZ	963-815-4864
JANIE CROUSE	903-327-2516
DARLENE YOSTEN, #514	903-638-9585
BILL & SHARON SMITH #1212	903-267-0220
BREDA ANDERSON #928	469-335-6643
KATHER RIDDICK #117	404-380-2689
SUZANNE PRICE	214-476-8842
STEVE RUMSEY	(214) 893-4208

11:04 AM

A FEW QUESTIONS FROM

ABOUT ENTITIES

- WHAT HUB IS
- WOULD MGMT CHANGE
- WOULD WE STILL BE INVOLVED IN THE GP
- WOULD RENTS CHANGE
- ONE RESIDENT ASKED ABOUT MORE ADA + WALK IN SHOWER

NO NEGATIVE COMMENTS OR REPLIES WERE VOICED. ALL POSITIVE.

SNACKS + WATER WERE PROVIDED.

Residents asked questions about the impact on the Property. Basically, the HUB will be discontinued - no changes to rents of qualifying standards. These are controlled by state.

Steve

MEETING ENDED @ 11:22 AM

[Signature]
PARTNER



WWW.TDHCA.STATE.TX.US

RICK PERRY
Governor

October 29, 2004

EDWINA P. CARRINGTON
Executive Director

Ms. Christine Richardson
Locke Liddell & Sapp LLP
100 Congress Avenue, Suite 300
Austin, Texas 78701-4042

BOARD MEMBERS

Elizabeth Anderson, Chair
Shadrick Bogany
C. Kent Conine
Vidal Gonzalez
Patrick R. Gordon
Nerberto Salinas

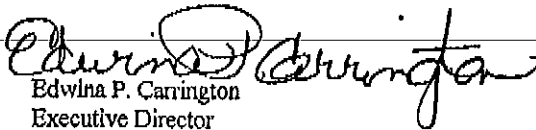
Re: Housing Associates of Heritage Park, Ltd. (the Development Owner)
Heritage Park Apartments (the Development)
Housing Tax Credit Development No. 04028

Dear Ms. Richardson:

Your letter of October 18, 2004 requests approval for the substitution of Heritage Park Housing, L.L.C. for Rumsey Development, L.L.C. The latter entity was proposed in the application to be the general partner of the Development Owner named above. Control of the general partner will remain as proposed in the application. The members of the general partner will be Steve Rumsey, Brian Rumsey and Robert Rumsey.

Your request is granted. This letter must be included in the carryover allocation submittal, LURA submittal to the Portfolio Management and Compliance Division and in the cost certification submittal to the Real Estate Analysis Division.

Sincerely,


Edwina P. Carrington
Executive Director

MFP/BS

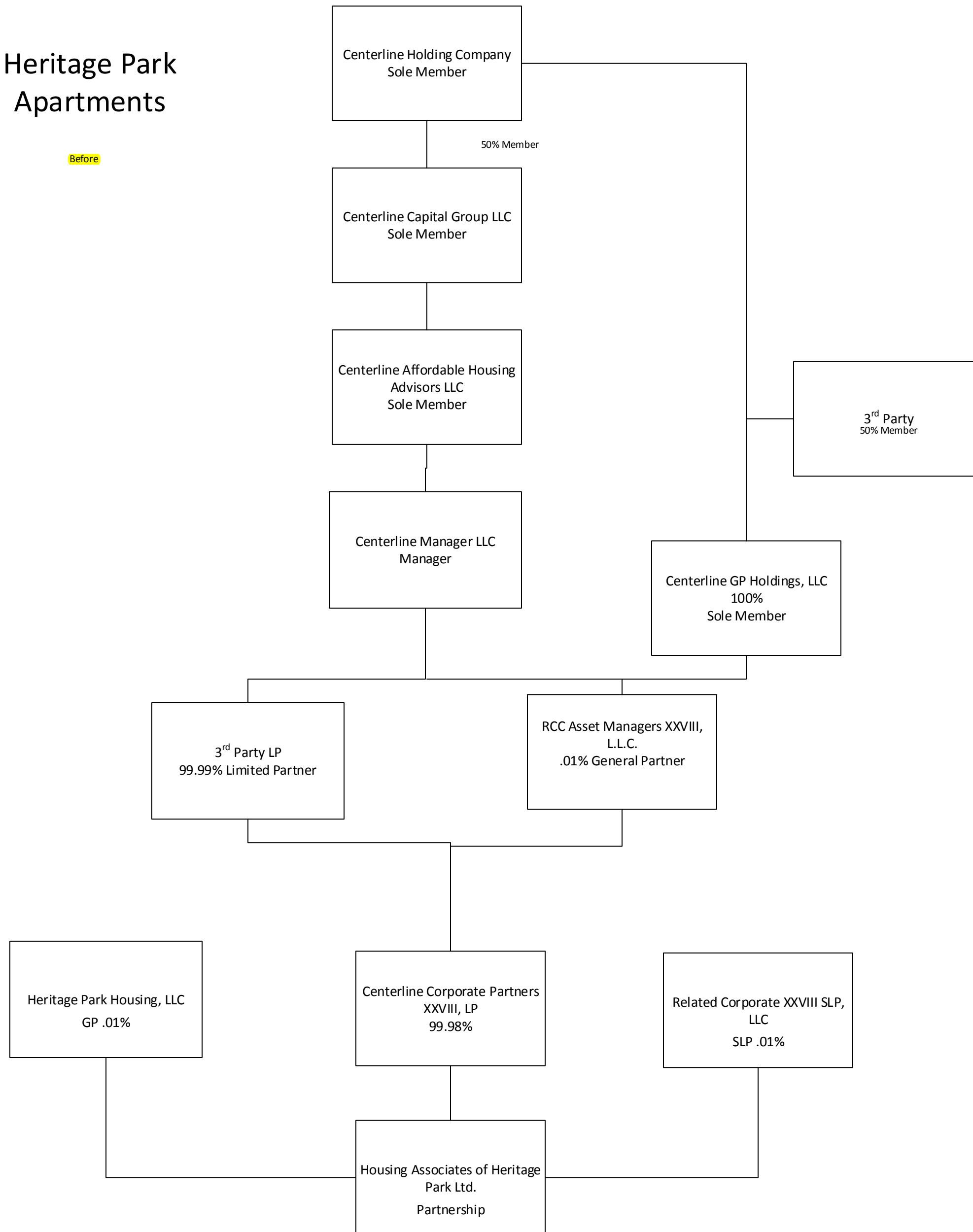
cc: Ruth Cedillo, Deputy Executive Director

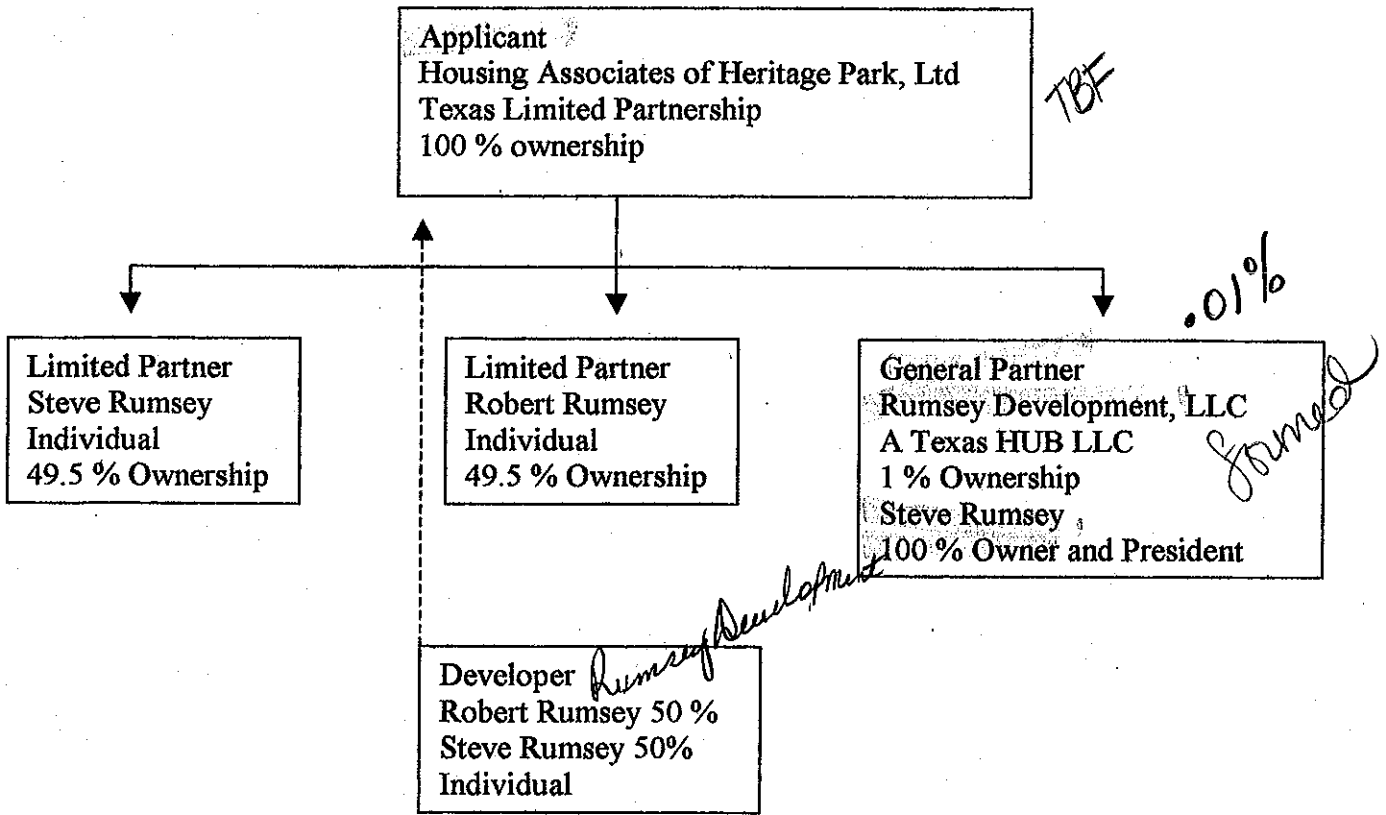
T:\mfm\LIHTCAmendments of Ownership\04028 owner change.doc

507 SABINE SUITE 400 ■ P.O. BOX 13941 ■ AUSTIN, TEXAS 78711-3941 ■ (512) 475-3800

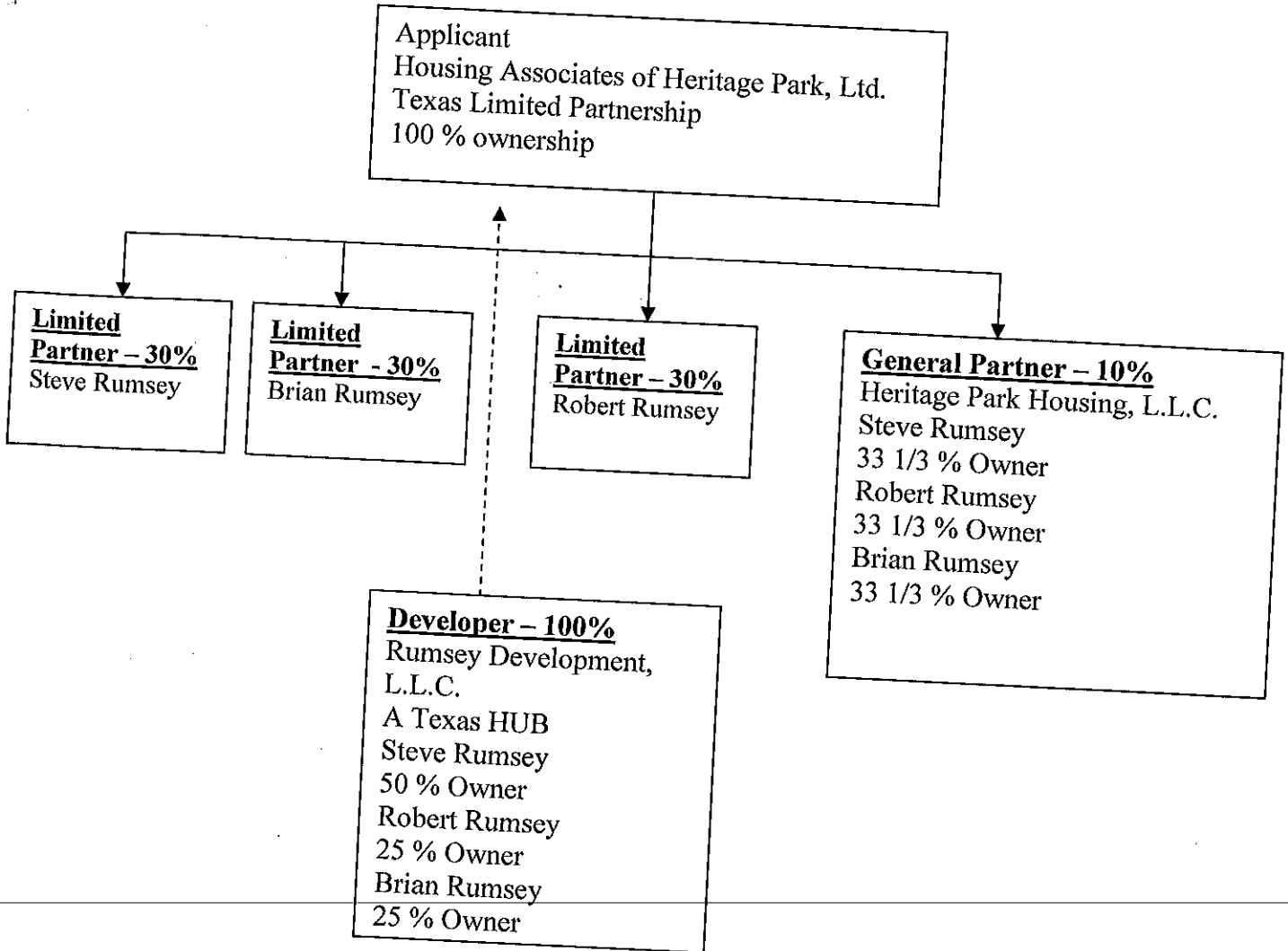
Heritage Park Apartments

Before

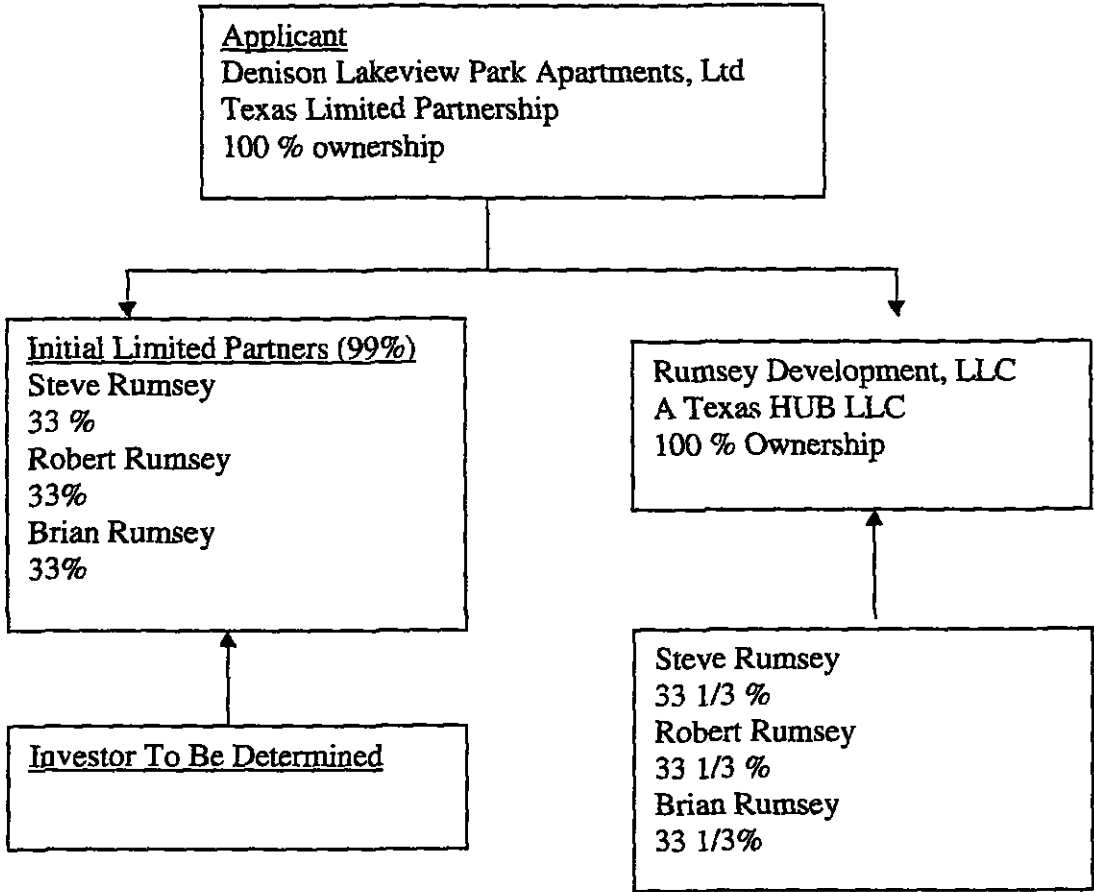




Heritage Park #04028
(from cost cert)



Lakeview Park #05168
(from application)



Locke Lord Bissell & Liddell_{LLP}

Attorneys & Counselors

June 9, 2009

VIA HAND DELIVERY

Ms. Elizabeth Henderson
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701-2410

Re: Lakeview Park (the "**Project**")
Denison Lakeview Park Apartments, Ltd. (the "**Partnership**")
TDHCA File No. 05168/08053

Dear Elizabeth:

We represent the Partnership and are submitting the enclosed application to obtain approval for a change in the membership of the Partnership's general partner, Denison Lakeview Park GP, L.L.C ("**Lakeview GP**"). Currently, Lakeview GP is 100% owned by Rumsey Development, L.L.C. (the "**Member**"). The Member in turn is owned by Steve Rumsey, Robert Rumsey, and Brian Rumsey.

The Rumseys wish to simplify the Lakeview GP ownership structure for operational and accounting purposes by eliminating the Member, so that the Rumseys will each own a direct interest in Lakeview GP. This change is consistent with the current ownership structure since the three individual principals will retain ultimate ownership and control. Moreover, this change constitutes an affiliated transfer since it will not introduce any new principals into the ownership structure.

We have enclosed, per TDHCA requirement:

- 1) The Property or Ownership Transfer Information Form;
- 2) Organizational charts showing both the previous structure and the revised ownership structure; and
- 3) Draft of the Assignment of Membership Interest.

Please note that because no principals are entering or leaving the ownership structure and ownership of the Project itself is not changing, the requirement to provide previous participation information, financial information and a warranty deed are not applicable. The recorded LURA and right of first refusal agreement are also not applicable at this stage of the transaction

05-11-09A07:34 RCVD

Ms. Elizabeth Henderson

June 9, 2009

Page 2

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

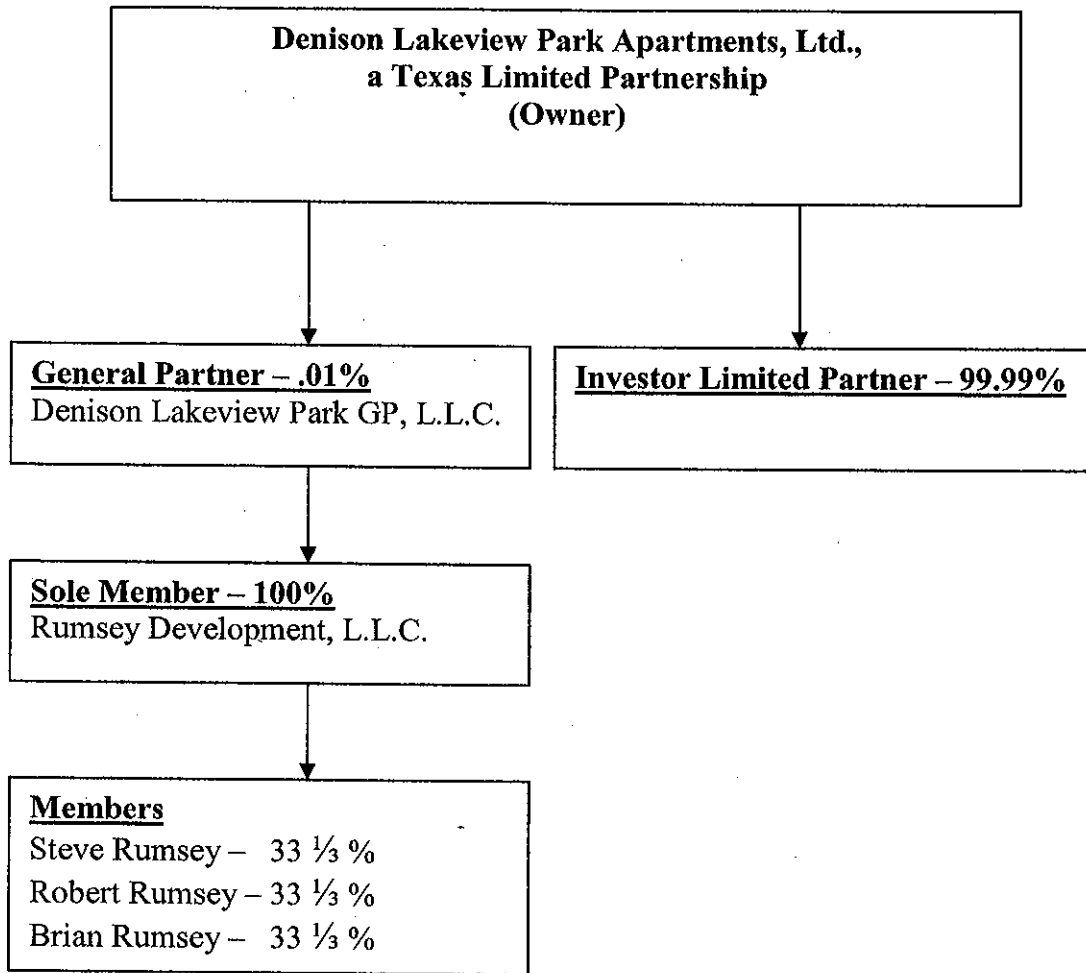
Very truly yours,

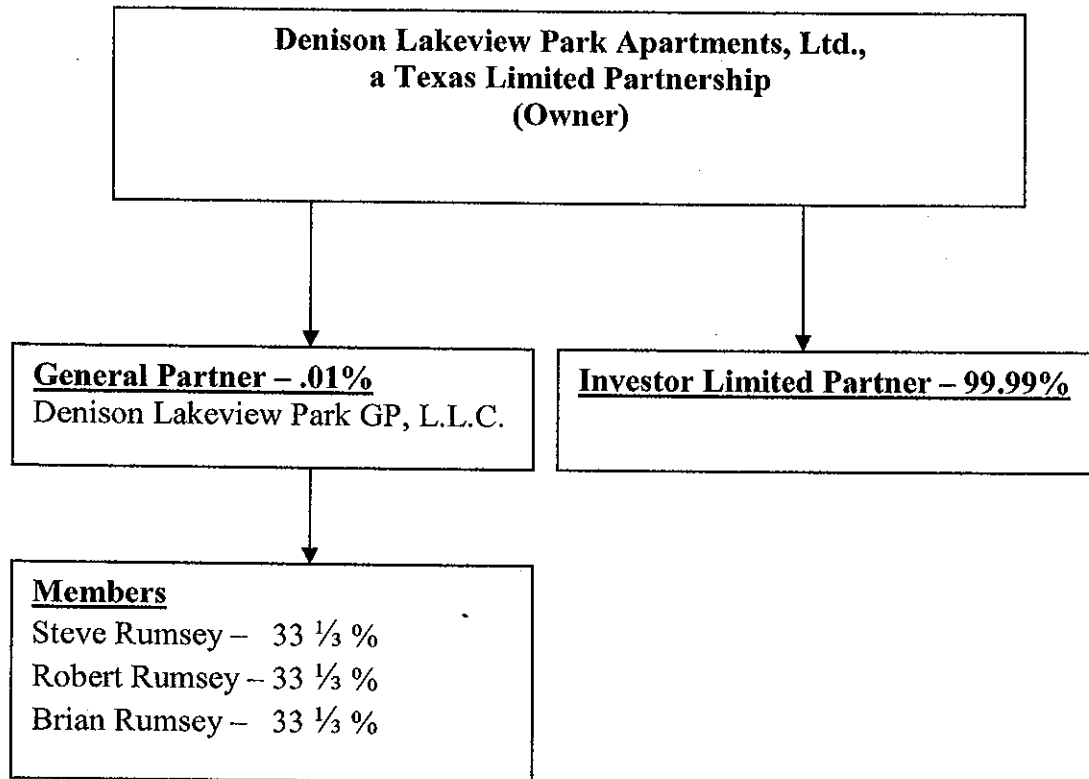
A handwritten signature in black ink, appearing to read "Christine R. Richardson". The signature is fluid and cursive, with a large loop at the end.

Christine R. Richardson

Enclosure

cc: Steve Rumsey







TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

Rick Perry
GOVERNOR

Michael Gerber
EXECUTIVE DIRECTOR

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Gloria Ray, *Vice Chair*
Leslie Bingham Escareño
Tomas Cardenas, P.E.
Sonny Flores
Juan S. Muñoz, Ph.D.

June 16, 2009

Christine Richardson
Locke Lord Bissell & Liddell, LLP
100 Congress Avenue, Suite 300
Austin, Texas 78701-2748

Re: Lakeview Park (the Development), Denison
Denison Lakeview Park Apartments, Ltd. (the Development Owner)
Housing Tax Credit Development No. 05168 / 08053

Dear Ms. Richardson:

The Texas Department of Housing and Community Affairs received your letter of June 9, 2009. The letter requested approval of a change in the development owner named above. The change involves the removal of the sole member of the General Partner, Rumsey Development, LLC, allowing its owners, Steve Rumsey, Robert Rumsey and Brian Rumsey, to own the General Partner, Denison Lakeview Park GP, LLC, directly. No new members have been added to the structure.

Your request is granted. This letter will be forwarded to our Compliance and Asset Oversight Division and to the Real Estate Analysis Division.

Thank you for your letter.

Sincerely,

Michael Gerber
Executive Director

MFP/eh

Cc: Patricia Murphy, Chief of Compliance and Asset Oversight
Raquel Morales, Manager of Real Estate Analysis

1g

BOARD ACTION REQUEST
MULTIFAMILY FINANCE DIVISION
JULY 28, 2016

Presentation, Discussion, and Possible Action on Determination Notices for Housing Tax Credits with another Issuer

#16411 Chas E. Graham Apartments	El Paso
#16412 Rio Grande Apartments	El Paso
#16413 Judson Williams Apartments	El Paso

RECOMMENDED ACTION

WHEREAS, 4% Housing Tax Credit applications for Chas E. Graham Apartments, Rio Grande Apartments and Judson Williams Apartments, sponsored by the Housing Authority of the City of El Paso, were submitted to the Department on February 26, 2016;

WHEREAS, the Certification of Reservation from the Texas Bond Review Board was issued on July 11, 2016, and will expire on December 8, 2016;

WHEREAS, the proposed issuer of the bonds is the Alamito Public Facilities Corporation;

WHEREAS, pursuant to 10 TAC §10.101(a)(4) of the Uniform Multifamily Rules related to Undesirable Neighborhood Characteristics, applicants are required to disclose to the Department the existence of certain undesirable characteristics of a proposed development site;

WHEREAS, the applicant has disclosed the presence of such undesirable neighborhood characteristics, specifically relating to the poverty rate and a development site is within the American Society for Testing and Materials (“ASTM”) Standard search distance of a Comprehensive Environmental Response, Compensation and Liability Information System (“CERCLIS”) as further noted in the Environmental Site Assessment (“ESA”);

WHEREAS, staff has conducted a further review of the proposed development site and surrounding neighborhood and recommends the proposed site be found eligible under 10 TAC §10.101(a)(4) of the Uniform Multifamily Rules;

WHEREAS, in accordance with 10 TAC §1.301(d)(1), the compliance history is designated as an Extra Large Portfolio, Category 3 and after review and discussion EARAC recommends the issuance of a Determination Notice with the conditions specifically related to the Housing Authority of the City of El Paso placed upon prior 4% HTC applications (#16401 and #16402) approved by the Board on April 28, 2016, also be placed upon this award;

WHEREAS, EARAC also recommends approval subject to the applicant meeting all of the requirements for compliance with TDHCA accessibility standards, including but not limited to the corrections described in the attached Plan Review Reports;

WHEREAS, all parties understand and agree that failure to meet these conditions and provide evidence of compliance with these conditions upon request may result in a negative recommendation for future awards and/or ownership transfer requests; and

WHEREAS, the Department's expectation is for owners, asset managers, and property managers with Texas properties funded by or through the Department to have knowledge of and adhere to the TDHCA compliance requirements for the property augmented by the attendance of TDHCA sponsored compliance training;

NOW, therefore, it is hereby

RESOLVED, that the issuance of a Determination Notice of \$850,113 in 4% Housing Tax Credits, subject to underwriting conditions that may be applicable as found in the Real Estate Analysis report posted to the Department's website for Chas E. Graham Apartments, Rio Grande Apartments and the Judson Williams Apartments is hereby approved as presented to this meeting conditioned upon all of the following:

1. The uncorrected accessibility violations at Eastside Crossing property (#12152) will be corrected by August 16, 2016.
2. The Housing Authority of the City of El Paso ("HACEP") agrees to meet all of the requirements for compliance with TDHCA accessibility standards, including but not limited to the corrections described in the attached Plan Review Reports.
3. Appropriate staff of HACEP will each attend 20 hours of ADA accessibility training and provide the Department staff with evidence of completion by December 31, 2016.
4. Upper management including the Executive team and appropriate staff of HACEP will participate in 8 hours of Fair Housing Training and provide the Department staff with evidence of completion by December 31, 2016.
5. Upper management and appropriate staff of HACEP will promptly enroll with the TDHCA Listserv and appropriate personnel will attend compliance related roundtables and trainings and will provide to TDHCA by June 1, 2016, a schedule of each and all employees attending TDHCA trainings and opportunities in the past year and projected to attend through the December 31, 2016.
6. HACEP will conduct appropriate due diligence to determine all compliance requirements prior to future acquisition of TDHCA administered property and not rely upon post closing rule waivers or material amendments to address inconsistencies or required amendments.

BACKGROUND

General Information: The three properties subject to this Board Action Request, the Charles E. Graham Apartments, Rio Grande Apartments, and the Judson Williams Apartments will be converted through HUD's Rental Assistance Demonstration program. While all of these properties will be structured under a common bond issuance, each will have a separate Housing Tax Credit Land Use Restriction Agreement.

Charles E. Graham

Chas E. Graham Apartments is located at 8720 Independence Drive, El Paso, El Paso County and consists of 63 units, all of which will be rent and income restricted at 60% AMFI. The units are currently occupied and operating as public housing and are owned and managed by the Housing Authority of the City of El Paso. The development was originally constructed in 1982, will serve the general population and conforms to current zoning. The census tract (0039.03) has a median household income of \$20,810, is in the fourth quartile and has a poverty rate of 58.7%.

Site Analysis: The applicant disclosed the presence of an undesirable neighborhood characteristic under §10.101(a)(4)(B) of the Uniform Multifamily Rules that requires additional site analysis. The undesirable characteristic relates to a census tract that has a poverty rate of 58.7%, which exceeds the threshold of 55% for developments located in region 11 and 13.

Staff analysis for the census tract in question revealed a median household income for the census tract (0039.03) of \$20,810 with an average annual change in per capita income of 6%. There was an 8% decrease in those earning between \$10,000 and \$15,000 and a corresponding increase in those households earning between \$30,000 and \$35,000. Moreover, those households earning \$200,000+ more than doubled over the most recent 5-year period, with an overall increase in the total population of approximately 157 households. The composition of the neighborhood involves single family homes and apartment complexes/high rise apartments with approximately 51% public housing. The median home value is approximately \$74,000, according to Neighborhoodscout. Information provided by the applicant indicated that the development is located in a targeted area under the 2015-2020 Consolidated Plan for the City of El Paso. The plan states that the area containing the development, although it primarily includes much older, low income neighborhoods, meets the city's objectives by making improvements in the economically disadvantaged neighborhoods and helps the city preserve and maintain its existing affordable housing.

Under §10.101(a)(4) of the Uniform Multifamily Rules, there is a consideration for acceptable mitigation regarding the undesirable neighborhood characteristics on the basis that the development includes the preservation of existing occupied affordable housing units that are subject to existing federal rent or income restrictions. Currently, 100% of the units at Chas E. Graham are public housing units under Section 9. Staff recommends the proposed development site be considered eligible. It is also worth noting that the scope of work planned for this development involves approximately \$64,000/unit in rehabilitation costs which far exceeds the minimum threshold in the rule of \$25,000/unit.

Rio Grande Apartments

Rio Grande Apartments is located at 212 Lisbon Street, El Paso, El Paso County, and consists of 66 units, all of which will be rent and income restricted at 60% AMFI. The units are currently occupied and operating as public housing and are owned and managed by the Housing Authority of the City of El Paso. The

development was originally constructed in 1973. The development will serve the general population and conforms to current zoning. The census tract (0031.00) has a median household income of \$20,741, is in the fourth quartile and has a poverty rate of 34.6%.

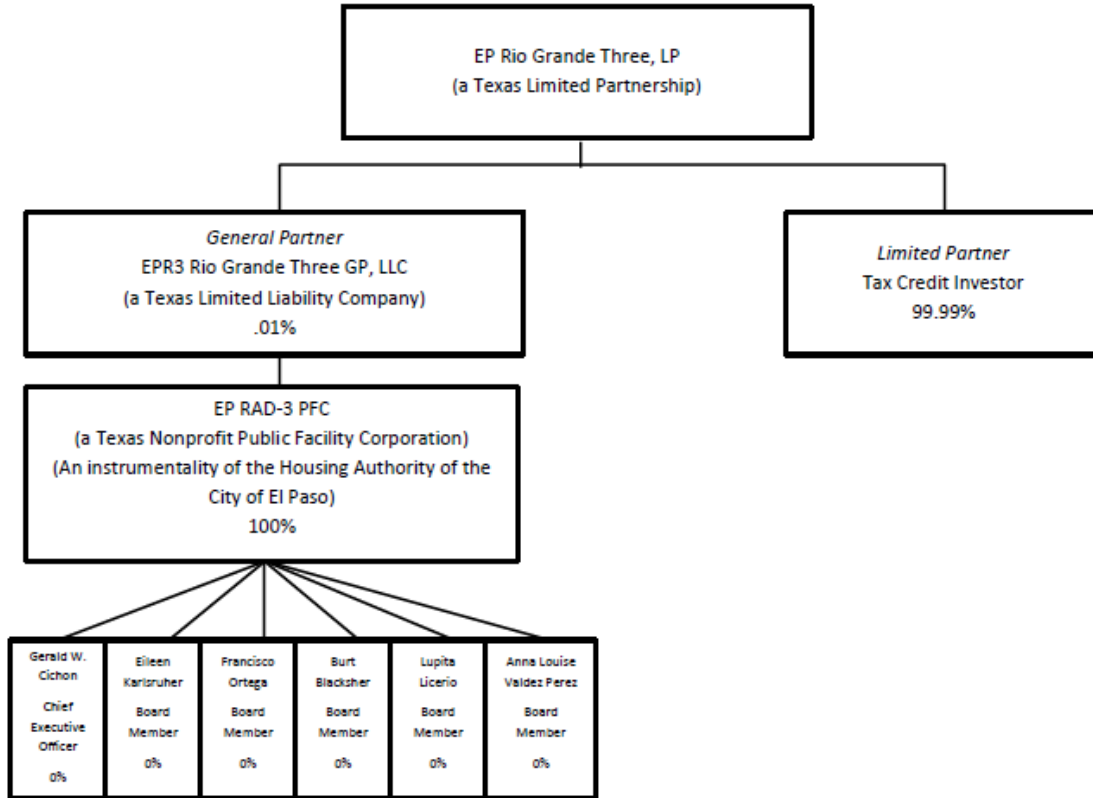
Site Analysis: The applicant disclosed the presence of an undesirable site characteristic under §10.101(a)(4)(B)(v) of the Uniform Multifamily Rules which requires additional site analysis; specifically, the ESA for the development site indicates a CERCLIS facility listing within the ASTM-required search distances from the approximate boundaries the site. The CERCLIS contains information on hazardous waste site, potential hazardous waste, and remedial activities including sites on the National Priorities List. The CERCLIS site in question is El Paso Disposal, located 0.39 miles from the development site and given Archived Site designation which means that an assessment of the site has been completed and the Environmental Protection Agency has determined no further remedial action is necessary. The ESA provider did not believe the CERCLIS site has a negative environmental impact on the proposed development and did not recommend additional assessments or diligence that would need to be performed. Therefore, staff does not believe the disclosure requires additional review and recommends the site be found eligible. Moreover, §10.101(a)(4) allows consideration for acceptable mitigation regarding this characteristic based on the preservation of existing occupied affordable housing units that are subject to existing federal rent or income restrictions. Currently, 100% of the units at Rio Grande Apartments are public housing units under Section 9. It is also worth noting that the scope of work planned for this development involves approximately \$85,500 per unit in rehabilitation costs which far exceeds the minimum threshold in the rule of \$25,000 per unit.

Judson Williams Apartments

Judson Williams Apartments is located at 314 N. Resler Drive, El Paso, El Paso County and consists of 24 units, all of which will be rent and income restricted at 60% AMFI. The units are currently occupied and operating as public housing and are owned and managed by the Housing Authority of the City of El Paso. The development was originally constructed in 1979, will serve an elderly preference population and conforms to current zoning. The census tract (0011.13) has a median household income of \$49,330, is in the second quartile and has a poverty rate of 13.3%.

Organizational Structure: The Borrower is EP Rio Grande Three, LP and includes the entities and principals as indicated in the organization chart below. The EARAC met on June 20, 2016, and July 18, 2016, and considered the previous participation review documentation associated with the application. In accordance with 10 TAC §1.301(d)(1), the compliance history was designated as an Extra Large Portfolio Category 3. After review and discussion EARAC recommended conditions specifically related to HACEP placed upon prior 4% HTC applications (#16401 and #16402) approved by the Board on April 28, 2016, also be placed upon this award in addition to review of the entire development site for compliance with TDHCA accessibility standards and that such documentation be submitted to the Department.

Public Comment: There have been no letters of support or opposition received by the Department.



APPLICATION SUMMARY

PROPERTY IDENTIFICATION		RECOMMENDATION						KEY PRINCIPAL(S) / SPONSOR(S)			
Application #	16411 - 16413	TDHCA Program		Request	Approved		Housing Authority of the City of El Paso (HACEP) Alamito PFC (Related-Party Issuer) Affordable Housing Enterprises (Contractor) Gerald ("Jerry") W. Cichon				
Development	HACEP RAD IIIA Pool	LIHTC (4% Credit)		\$850,113	\$850,113	\$5,556/Unit				\$1.07	
City / County	El Paso / El Paso			Amount	Rate	Amort				Term	Lien
Region/Area	13 / Urban	Private Activity Bonds									
Population	General	MDLP (Repayable)									
Set-Aside	General	MDLP (Non-Repayable)									
Activity	Acquisition/Rehab	CHDO Expenses									
				Related-Parties		Contractor - Yes		Seller - Yes			
TYPICAL BUILDING ELEVATION/PHOTO											
PHOTO - Charles E. Graham		PHOTO - Rio Grande			PHOTO - Judson Williams						
PRO FORMA FEASIBILITY INDICATORS											
Pro Forma Underwritten				TDHCA's Pro Forma							
Debt Coverage		1.15		Expense Ratio		55.9%					
Breakeven Occ.		89.5%		Breakeven Rent		\$629					
Average Rent		\$668		B/E Rent Margin		\$39					
Property Taxes		Exempt		Exemption/PILOT		100%					
Total Expense		\$4,289/unit		Controllable		\$2,954/unit					
MARKET FEASIBILITY INDICATORS											
Gross Capture Rate (10% Maximum)				0.8%							
Highest Unit Capture Rate		2%		3 BR/60%		60					
Dominant Unit Cap. Rate		2%		3 BR/60%		60					
Premiums (↑60% Gross)		NA				NA					
Rent Assisted Units		153		100% Total Units							
DEVELOPMENT COST SUMMARY											
Costs Underwritten				TDHCA's Costs - Based on PCA							
Avg. Unit Size		951 SF		Density		5.3/acre					
Acquisition		\$12K/unit				\$1,870K					
Building Cost		\$63.73/SF		\$61K/unit		\$9,268K					
Hard Cost				\$79K/unit		\$12,039K					
Total Cost				\$142K/unit		\$21,755K					
Developer Fee		\$3,009K		(0% Deferred)		Paid Year: 1					
Contractor Fee		\$1,686K		30% Boost		Yes					
REHABILITATION COSTS / UNIT											
Site Work		\$5K 7%		Finishes/Fixtures		\$24K 31%					
Building Shell		\$26K 33%		HVAC/Plumbing		\$8K 10%					
Amenities		\$5K 7%		Appliances		\$1K 1%					
Total Exterior		\$37K 53%		Total Interior		\$33K 47%					
SITE PLAN - Charles E. Graham		SITE PLAN - Rio Grande			SITE PLAN - Judson Williams						
8720 Independence Drive		212 Lisbon Street			314 N. Resler Dr.						

DEBT (Must Pay)					CASH FLOW DEBT / GRANT FUNDS					EQUITY / DEFERRED FEES	
Source	Term	Rate	Amount	DCR	Source	Term	Rate	Amount	DCR	Source	Amount
PNC Freddie Mac TEL	15/35	5.05%	\$6,845,000	1.24	HACEP - Seller Note	0/0	2.62%	\$1,870,000	1.15	PNC - Tax Credit Capital	\$9,128,195
HACEP - Gap Loan	15/35	0.00%	\$1,140,000	1.15	HACEP - Gap Loan	0/0	0.00%	\$2,770,000	1.15		
TOTAL DEBT (Must Pay)			\$7,985,000		CASH FLOW DEBT / GRANTS			\$4,640,002		TOTAL EQUITY SOURCES	\$9,129,951
										TOTAL DEBT SOURCES	\$12,625,002
										TOTAL CAPITALIZATION	\$21,754,953

CONDITIONS

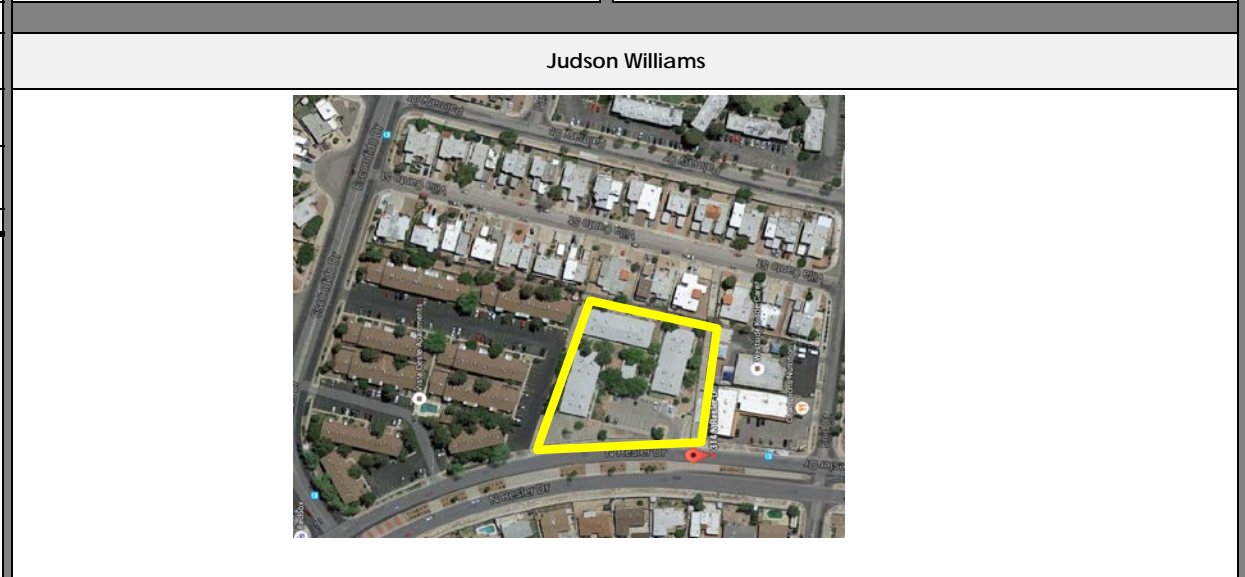
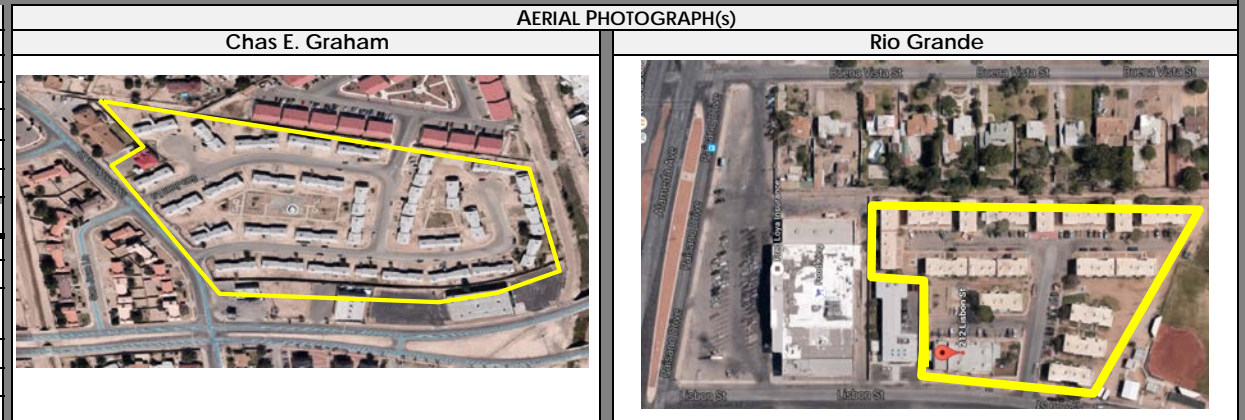
- Receipt and acceptance by Cost Certification:

- a: Attorney opinion validating federally sourced funds can be considered bona fide debt with a reasonable expectation that it will be repaid in full and further stating that the funds should not be deducted from eligible basis.
- b: Documentation clearing environmental issues contained in the ESA reports as detailed under the ESA section of each individual project.

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

BOND RESERVATION / ISSUER	
Issuer	Alamito PFC (Related-Party)
Expiration Date	8/29/2016
Bond Amount	\$16,000,000
BRB Priority	Priority 3
Expected Close	TBD
Bond Structure	Freddie Mac TEL

RISK PROFILE	
STRENGTHS/MITIGATING FACTORS	
•	Cross collateralization
•	10% construction contingency & available deferred developer fee
•	Minimal lease up risk
•	Pro forma based on historical expenses
WEAKNESSES/RISKS	
•	Judson Williams not feasible on its own
•	Potential cost overruns associated with rehab projects
•	Post rehab applicable fractions (due to over income tenants)
•	Significant rehabilitation cost is approximate to new construction cost



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PLAN REVIEW REPORT

The following report identifies deficiencies with the Texas Accessibility Standards (TAS). No response is required to this review; however, all items noted as "UNACCEPTABLE" should be addressed prior to inspection.

RAS Name:	Eckhard K. Fennig	RAS #: 476
Review Date:	June 30, 2016	EABPRJB6811929 (3916)

PROJECT INFORMATION

Project Name:	HACEP C. Graham Renovation
Facility Name:	<u>C. Graham</u>
Project Address:	8720 Independence
Project City:	El Paso, Texas 79907
Project Designer:	Wright & Dalbin Architects, Inc.
Estimated Construction Cost:	\$400,000
Estimated Completion Date:	08/2017
Detailed Description of Construction Activities:	Renovation and alteration to the common areas of the complex

OWNER INFORMATION

Name:	Edward Gill
Company/Firm:	Housing Authority of the City of El Paso
Address:	5300 E. Paisano
City:	El Paso, Texas 79905

CHAPTER 2: SCOPING REQUIREMENTS

- ✓ 201. Application
- ✓ 202. Existing Buildings and Facilities
- ✓ 203. General Exceptions
- ✓ 204. Protruding Objects
- ✓ 205. Operable Parts
- ✓

UNABLE TO DETERMINE

206. Accessible Routes

206.2 Where Required. Accessible routes shall be provided where required by 206.2.

206.2.1 Site Arrival Points. At least one accessible route shall be provided within the site from accessible parking spaces and

accessible passenger loading zones; public streets and sidewalks; and public transportation stops to the accessible building or facility entrance they serve

206.2.4 Spaces and Elements. At least one accessible route shall connect accessible building or facility entrances with all accessible spaces and elements within the building or facility which are otherwise connected by a circulation path

ISSUE:

There are 2 ADA units that are not connected into the accessible route.

ENSURE COMPLIANCE

- ✓ 207. Accessible Means of Egress
- ✓ 208. Parking Spaces
- ~~209. Passenger Loading Zones and Bus Stops~~
- ~~210. Stairways~~
- ✓ 211. Drinking Fountains
- ✓ 212. Kitchens, Kitchenettes and Sinks
- ✓ 213. Toilet Facilities and Bathing Facilities
- ~~214. Washing Machines and Clothes Dryers~~
- ~~215. Fire Alarm Systems~~
- ✓ 216. Signs
- ~~217. Telephones~~
- ~~218. Transportation Facilities~~
- ~~219. Assistive Listening Systems~~
- ~~220. Automatic Teller Machines and Fare Machines~~
- ~~221. Assembly Areas~~
- ~~222. Dressing, Fitting and Locker Rooms~~
- ~~223. Medical Care and Long-Term Care Facilities~~
- ~~224. Transient Lodging Facilities and Guest Rooms~~
- 225. Storage

UNABLE TO DETERMINE

225.2.2 Self-Service Shelving. Self-service shelves shall be located on an accessible route complying with 402. Self-service shelving shall not be required to comply with 308.

ISSUE: Reference: A-107; B1 – Floor Plan – Community Center

No information provided about shelving for the work room

ENSURE COMPLIANCE

- ✓ 226. Dining Surface and Work Surfaces
- ~~227. Sales and Services~~
- ~~228. Depositories, Vending Machines, Change Machines, Mail Boxes and Fuel Dispenses~~
- ~~229. Windows~~
- ~~230. Two-way Communication Systems~~
- ~~231. Judicial Facilities~~
- ~~232. Detention Facilities~~
- ~~233. Residential Facilities~~
- ~~234. Amusements Rides~~
- ~~235. Recreational Boating Facilities~~
- ~~236. Exercise Machines and Equipment~~
- ~~237. Fishing Piers and Platforms~~
- ~~238. Golf Facilities~~

- ~~239. Miniature Golf Facilities~~
- ✓ 240. Play Areas
- ~~241. Saunas and Steam Rooms~~
- ~~242. Swimming Pools, Wading Pools and Spas~~
- ~~243. Shooting Facilities with Firing Positions~~

CHAPTER 3: BUILDING BLOCKS

ACCEPTABLE ✓ 301. General
302. Floor or Ground Surfaces

UNABLE TO DETERMINE 303. Changes in Level

303.1 General. Where changes in level are permitted in floor or ground surfaces, they shall comply with 303.

303.2 Vertical. Changes in level of 1/4 inch (6.4 mm) high maximum shall be permitted to be vertical.

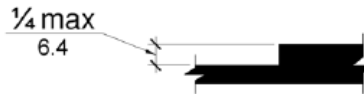


Figure 303.2 Vertical Change in Level

303.3 Beveled. Changes in level between 1/4 inch (6.4 mm) high minimum and 1/2 inch (13 mm) high maximum shall be beveled with a slope not steeper than 1:2.

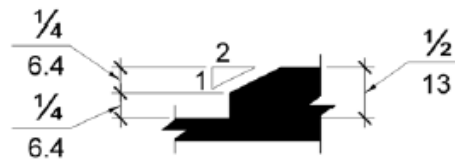


Figure 303.3 Beveled Change in Level

303.4 Ramps. Changes in level greater than 1/2 inch (13 mm) high shall be ramped, and shall comply with 405 or 406.

ISSUE:

Missing information related with the change in level at entrance door at Lobby.

ENSURE COMPLIANCE

ACCEPTABLE 304. Turning Spaces
ACCEPTABLE 305. Clear Floor or Ground Space

306. Knee and Toe Clearance

306.1 General. Where space beneath an element is included as part of clear floor or ground space or turning space, the space shall comply with 306. Additional space shall not be prohibited beneath an element but shall not be considered as part of the clear floor or ground space or turning space.

306.2. Toe Clearance.

306.2.1 General. Space under an element between the finish floor or ground and 9 inches (230 mm) above the finish floor or ground shall be considered toe clearance and shall comply with 306.2.

306.2.2 Maximum Depth. Toe clearance shall extend 25 inches (635 mm) maximum under an element.

306.2.3 Minimum Required Depth. Where toe clearance is required at an element as part of a clear floor space, the toe clearance shall extend 17 inches (430 mm) minimum under the element.

306.2.4 Additional Clearance. Space extending greater than 6 inches (150 mm) beyond the available knee clearance at 9 inches (230 mm) above the finish floor or ground shall not be considered toe clearance.

306.2.5 Width. Toe clearance shall be 30 inches (760 mm) wide minimum.

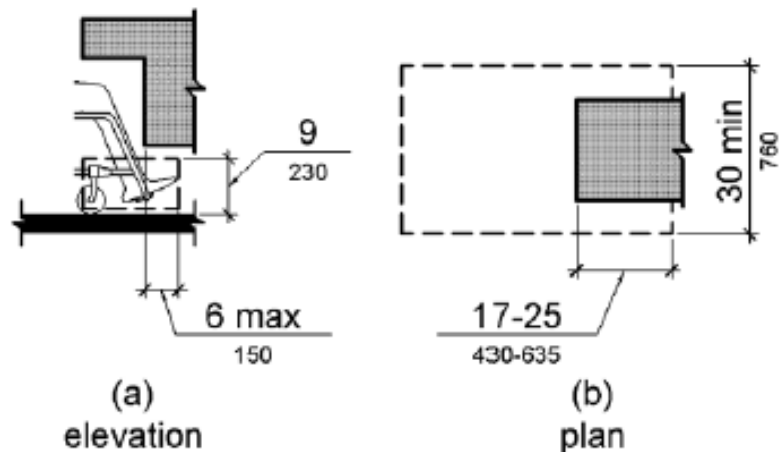


Figure 306.2 Toe Clearance

306.3. Knee Clearance.

306.3.1 General. Space under an element between 9 inches (230 mm) and 27 inches (685 mm) above the finish floor or ground shall be considered knee clearance and shall comply with 306.3.

306.3.2 Maximum Depth. Knee clearance shall extend 25 inches (635 mm) maximum under an element at 9 inches (230 mm) above the finish floor or ground.

306.3.3 Minimum Required Depth. Where knee clearance is required under an element as part of a clear floor space, the knee clearance shall be 11 inches (280 mm) deep minimum at 9 inches (230 mm) above the finish floor or ground, and 8 inches (205 mm) deep minimum at 27 inches (685 mm) above the finish floor or ground.

306.3.4 Clearance Reduction. Between 9 inches (230 mm) and 27 inches (685 mm) above the finish floor or ground, the knee clearance shall be permitted to reduce at a rate of 1 inch (25 mm) in depth for each 6 inches (150 mm) in height.

306.3.5 Width. Knee clearance shall be 30 inches (760 mm) wide minimum.

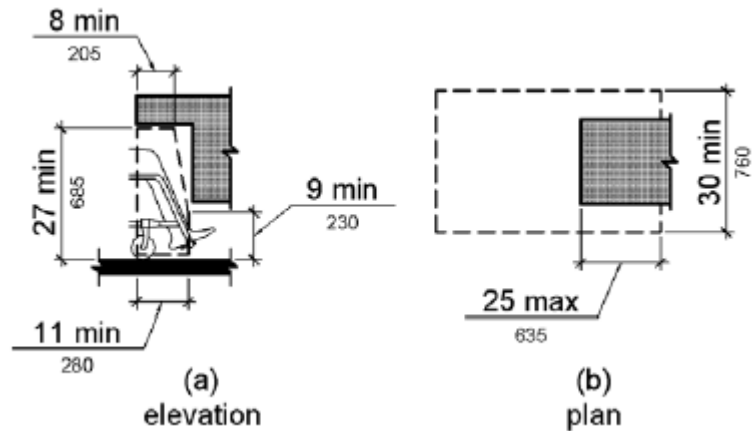


Figure 306.3 Knee Clearance

ISSUE:

Reference: Sheet A-107;

No information provided related with Knee & Toe clearance under sink or counters.

ENSURE COMPLIANCE

UNACCEPTABLE

307. Protruding Objects

307.2 Protrusion Limits. Objects with leading edges more than 27 inches (685 mm) and not more than 80 inches (2030 mm) above the finish floor or ground shall protrude 4 inches (100 mm) maximum horizontally into the circulation path.

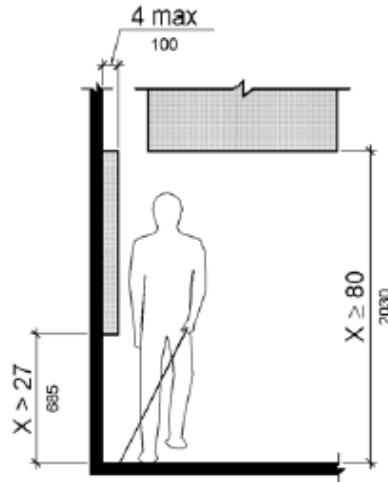


Figure 307.2 Limits of Protruding Objects

VIOLATION:

Reference: Sheet A-107; B1 – Floor Plan Community Center – New Work

Drinking Fountain is located into the circulation path

CORRECTION REQUIRED

UNABLE TO DETERMINE

308. Reach Ranges

308.2 Forward Reach.

308.2.1 Unobstructed. Where a forward reach is unobstructed, the high forward reach shall be 48 inches (1220 mm) maximum and the low forward reach shall be 15 inches (380 mm) minimum above the finish floor or ground.

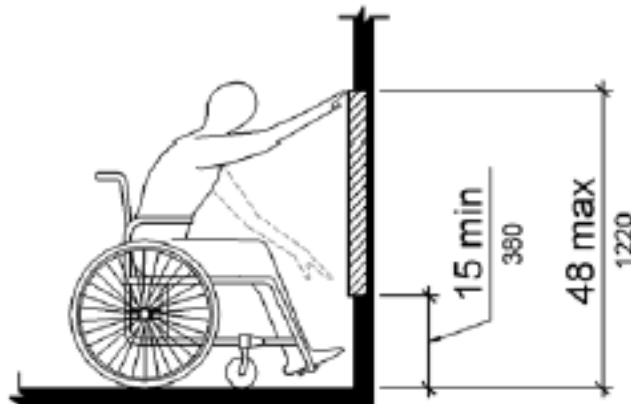


Figure 308.2.1 Unobstructed Forward Reach

308.2.2 Obstructed High Reach. Where a high forward reach is over an obstruction, the clear floor space shall extend beneath the element for a distance not less than the required reach depth over the obstruction. The high forward reach shall be 48 inches (1220 mm) maximum where the reach depth is 20 inches (510 mm) maximum. Where the reach depth exceeds 20 inches (510 mm), the high forward reach shall be 44 inches (1120 mm) maximum and the reach depth shall be 25 inches (635 mm) maximum.

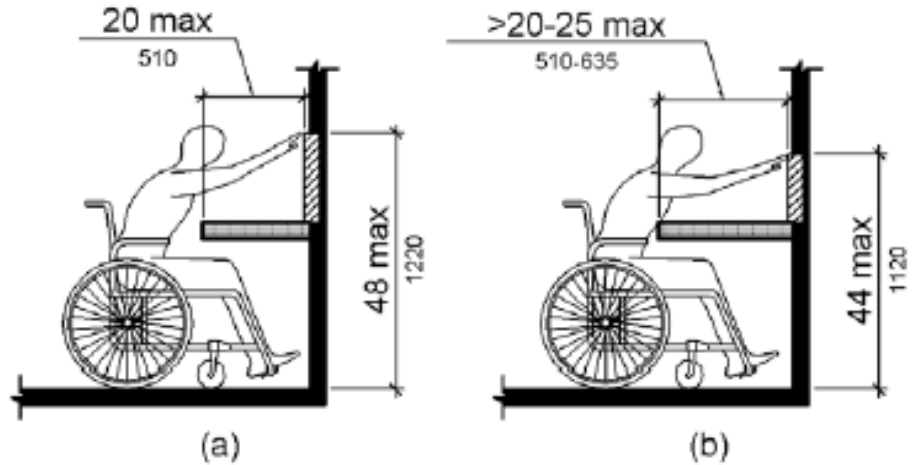


Figure 308.2.2 Obstructed High Forward Reach

308.3 Side Reach

308.3.1 Unobstructed. Where a clear floor or ground space allows a parallel approach to an element and the side reach is unobstructed, the high side reach shall be 48 inches (1220 mm) maximum and the low side reach shall be 15 inches (380 mm) minimum above the finish floor or ground.

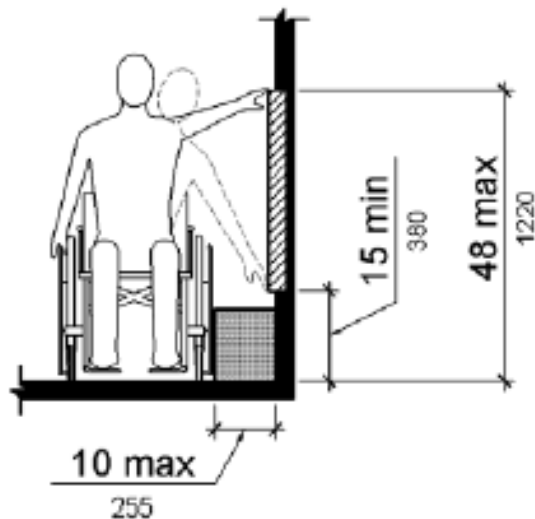


Figure 308.3.1 Unobstructed Side Reach

308.3.2 Obstructed High Reach. Where a clear floor or ground space allows a parallel approach to an element and the high side reach is over an obstruction, the height of the obstruction shall be 34 inches (865 mm) maximum and the depth of the obstruction shall be 24 inches (610 mm) maximum. The high side reach shall be 48 inches (1220 mm) maximum for a reach depth of 10 inches (255 mm) maximum. Where the reach depth exceeds 10 inches (255 mm), the high side reach shall be 46 inches (1170 mm) maximum for a reach depth of 24 inches (610 mm) maximum.

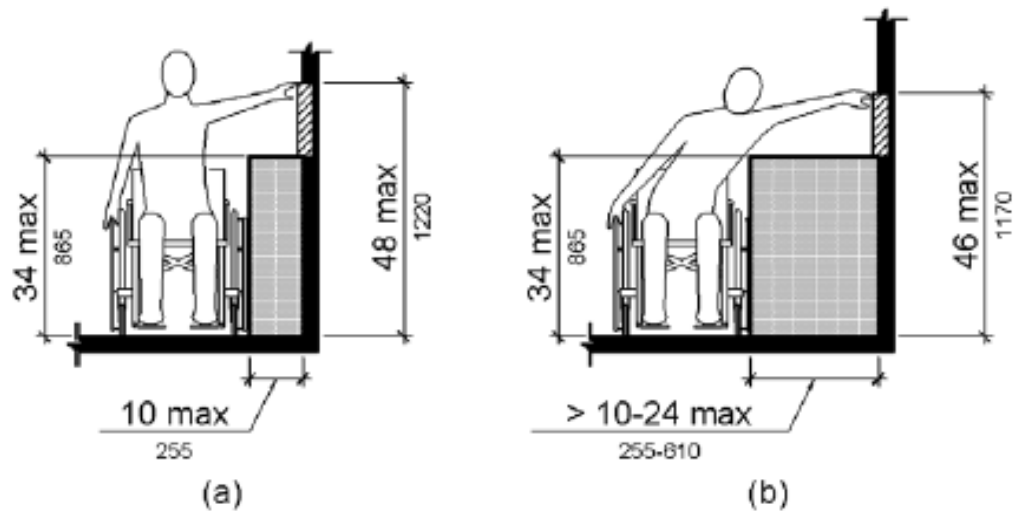


Figure 308.3.2 Obstructed High Side Reach

ISSUE:

Reference: Sheet A-107;

No information provided for counter at the open area, or shelves for work room

ENSURE COMPLIANCE

UNABLE TO DETERMINE

309. Operable Parts

309.2 Clear Floor Space. A clear floor or ground space complying with 305 shall be provided.

309.3 Height. Operable parts shall be placed within one or more of the reach ranges specified in 308.

309.4 Operation. Operable parts shall be operable with one hand and shall not require tight grasping, pinching, or twisting of the wrist. The force required to activate operable parts shall be 5 pounds (22.2N) maximum.

ISSUE:

Reference: Sheet A-107;

Missing information related with heights for accessories at restroom

ENSURE COMPLIANCE

CHAPTER 4: ACCESSIBLE ROUTES

ACCEPTABLE

UNABLE TO DETERMINE

- ✓ 401. General
- 402. Accessible Routes
- 403. Walking Surfaces

403.1 General. Walking surfaces that are a part of an accessible route shall comply with 403.

403.2 Floor or Ground Surface. Floor or ground surfaces shall comply with 302.

403.3 Slope. The running slope of walking surfaces shall not be steeper than 1:20. The cross slope of walking surfaces shall not be steeper than 1:48.

403.4 Changes in Level. Changes in level shall comply with 303.

ISSUE:

Reference: Sheet C-01.1; AC-102

Missing information related with sidewalk slopes & concrete slab for picnic area

Missing information related with slopes at driveways.

ENSURE COMPLIANCE

UNACCEPTABLE/UNABLE

404. Doors, Doorways and Gates

404.2.3 Clear Width. Door openings shall provide a clear width of 32 inches (815 mm) minimum. Clear openings of doorways with swinging doors shall be measured between the face of the door and the stop, with the door open 90 degrees.

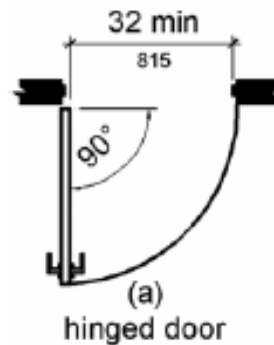


Figure 404.2.3 Clear Width of Doorways

Table 404.2.4.2 Maneuvering Clearances at Doorways without Doors or Gates, Manual Sliding Doors, and Manual Folding Doors

Approach Direction	Minimum Maneuvering Clearance	
	Perpendicular to Doorway	Parallel to Doorway (beyond stop/latch side unless noted)
From Front	48 inches (1220 mm)	0 inches (0 mm)
From side ¹	42 inches (1065 mm)	0 inches (0 mm)
From pocket/hinge side	42 inches (1065 mm)	22 inches (560 mm) ²
From stop/latch side	42 inches (1065 mm)	24 inches (610 mm)

1. Doorway with no door only.
2. Beyond pocket/hinge side.

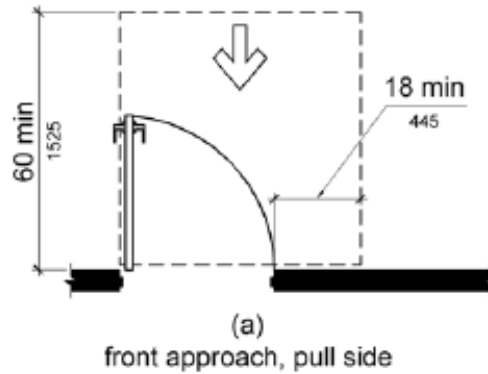


Figure 404.2.4.1 Maneuvering Clearances at Manual Swinging Doors and Gates

404.2.4.3 Recessed Doors and Gates.

Maneuvering clearances for forward approach shall be provided when any obstruction within 18 inches (455 mm) of the latch side of a doorway projects more than 8 inches (205 mm) beyond the face of the door, measured perpendicular to the face of the door or gate.

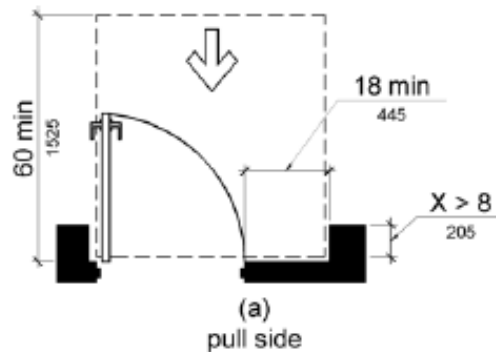


Figure 404.2.4.3 Maneuvering Clearances at Recessed Doors and Gates

404.2.4.4 Floor or Ground Surface. Floor or ground surface within required maneuvering clearances shall comply with 302. Changes in level are not permitted.

404.2.5 Thresholds. Thresholds, if provided at doorways, shall be 1/2 inch (13 mm) high maximum. Raised thresholds and changes in level at doorways shall comply with 302 and 303.

404.2.7 Door and Gate Hardware. Handles, pulls, latches, locks, and other operable parts on doors and gates shall comply with 309.4. Operable parts of such hardware shall be 34 inches (865 mm) minimum and 48 inches (1220 mm) maximum above the finish floor or ground. Where sliding doors are in the fully open position, operating hardware shall be exposed and usable from both sides.

ISSUE:

Reference: Sheet A-107; B1- Community Center Floor Plan

**Missing information about door sizes, & door hardware
32" min. clear opening is required**

ENSURE COMPLIANCE

VIOLATION:

Reference: Sheet A-107; B1 – Community Center Floor Plan

-Men RR, Women RR

18" min. side clearance is required for maneuvering at recessed doors

-Kitchen door

18" min. side clearance is required for maneuvering.

CORRECTION REQUIRED

UNACCEPTABLE

405. Ramps

405.2 Slope. Ramp runs shall have a running slope not steeper than 1:12.

405.3 Cross Slope. Cross slope of ramp runs shall not be steeper than 1:48.

405.4 Floor or Ground Surfaces. Floor or ground surfaces of ramp runs shall comply with 302. Changes in level other

than the running slope and cross slope are not permitted on ramp runs.

405.5 Clear Width. The clear width of a ramp run and, where handrails are provided, the clear width between handrails shall be 36 inches (915 mm) minimum.

405.8 Handrails. Ramp runs with a rise greater than 6 inches (150 mm) shall have handrails complying with 505.

VIOLATION / NOTE:

Reference: Sheet C-01.0; Ramp # 2

Landing is required at the top of the ramp.

Reference: Sheet C-01.0; Ramps # 6 & 7

Shown ramps may have a rise greater than 6", in which case, handrails are required.

CORRECTION REQUIRED

~~406. Curb Ramps~~

~~407. Elevators~~

~~408. Limited Use/Limited Application Elevators~~

~~409. Private Residence Elevators~~

~~410. Platform Lifts~~

CHAPTER 5: GENERAL SITE AND BUILDING ELEMENTS

UNABLE TO DETERMINE

- ✓ 501. General
- 502. Parking Spaces

502.1 General. Car and van parking spaces shall comply with 502. Where parking spaces are marked with lines, width measurements of parking spaces and access aisles shall be made from the centerline of the markings.

502.2 Vehicle Spaces. Car parking spaces shall be 96 inches (2440 mm) wide minimum and van parking spaces shall be 132 inches (3350 mm) wide minimum, shall be marked to define the width, and shall have an adjacent access aisle complying with 502.3.

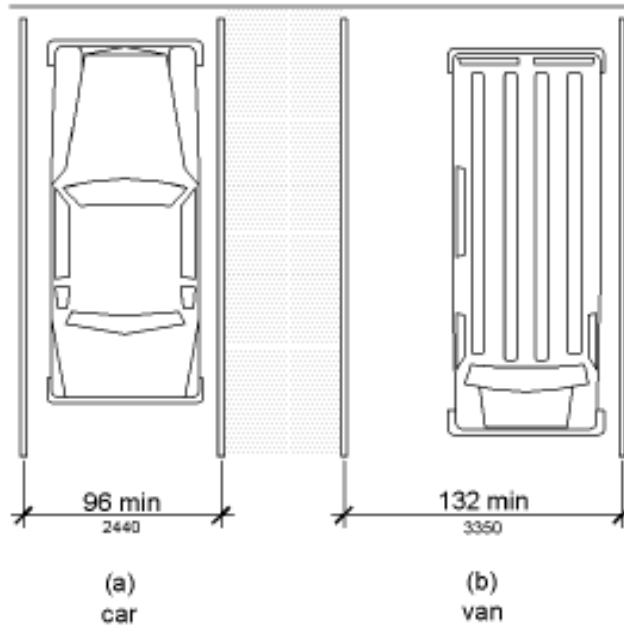


Figure 502.2 Vehicle Parking Spaces

502.3 Access Aisle. Access aisles serving parking spaces shall comply with 502.3. Access aisles shall adjoin an accessible route. Two parking spaces shall be permitted to share a common access aisle.

502.4 Floor or Ground Surfaces. Parking spaces and access aisles serving them shall comply with 302. Access aisles shall be at the same level as the parking spaces they serve. Changes in level are not permitted.

EXCEPTION: Slopes not steeper than 1:48 shall be permitted.

Reference: Sheet C-01.1, AC-102

ISSUE:

No information provided related to parking area.

ENSURE COMPLIANCE

~~503. Passenger Loading Zones~~

~~504. Stairways~~

505. Handrails

UNABLE TO DETERMINE

505.2 Where Required. Handrails shall be provided on both sides of stairs and ramps.

505.4 Height. Top of gripping surfaces of handrails shall be 34 inches (865 mm) minimum and 38 inches (965 mm) maximum vertically above walking surfaces, stair nosings, and ramp surfaces. Handrails shall be at a consistent height above walking surfaces, stair nosings, and ramp surfaces.

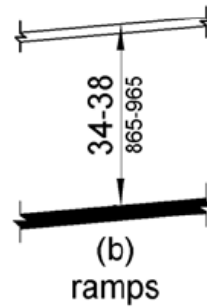


Figure 505.4 Handrail Height

505.10 Handrail Extensions. Handrail gripping surfaces shall extend beyond and in the same direction of stair flights and ramp runs in accordance with 505.10.

505.10.1 Top and Bottom Extension at Ramps. Ramp handrails shall extend horizontally above the landing for 12 inches (305 mm) minimum beyond the top and bottom of ramp runs. Extensions shall return to a wall, guard, or the landing surface, or shall be continuous to the handrail of an adjacent ramp run.

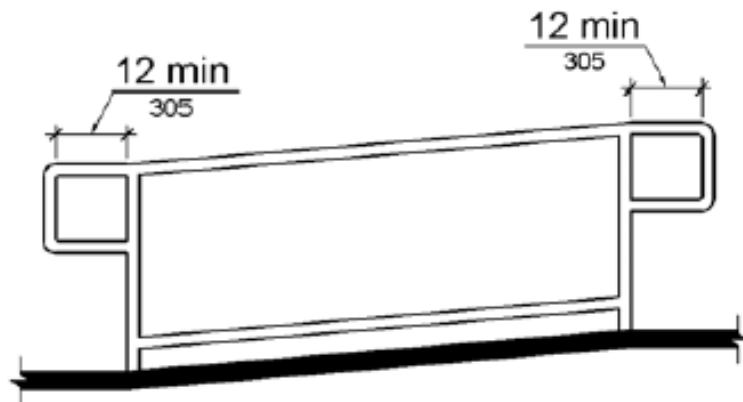


Figure 505.10.1 Top and Bottom Handrail Extension at Ramps

Reference: Sheet C-01.0; Ramps # 6 & 7

NOTE:

If a ramp has a rise greater than 6", handrails are required on both sides.

ENSURE COMPLIANCE

CHAPTER 6: PLUMBING ELEMENTS AND FACILITIES

UNABLE TO DETERMINE ✓ 601. General
602. Drinking Fountains

602.2 Clear Floor Space. Units shall have a clear floor or ground space complying with 305 positioned for a forward approach and centered on the unit. Knee and toe clearance complying with 306 shall be provided.

602.4 Spout Height. Spout outlets shall be 36 inches (915 mm) maximum above the finish floor or ground.

602.5 Spout Location. The spout shall be located 15 inches (380 mm) minimum from the vertical support and 5 inches (125 mm) maximum from the front edge of the unit, including bumpers.

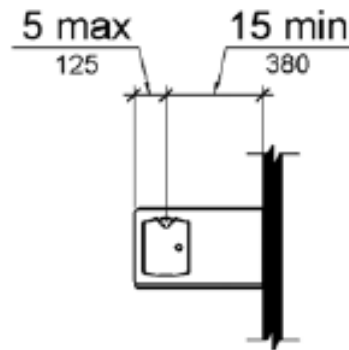


Figure 602.5 Drinking Fountain Spout Location

602.7 Drinking Fountains for Standing Persons. Spout outlets of drinking fountains for standing persons shall be 38 inches (965 mm) minimum and 43 inches (1090 mm) maximum above the finish floor or ground.

ISSUE:
Missing information related with drinking fountain.

ENSURE COMPLIANCE

UNABLE TO DETERMINE 603. Toilet and Bathing Rooms

603.3 Mirrors. Mirrors located above lavatories or countertops shall be installed with the bottom edge of the reflecting surface 40 inches (1015 mm) maximum above the finish floor or ground.

Reference: *Interior Elevations on Sheet A-107:*

ISSUE:
Missing information related to mirrors at Men & Women RR

ENSURE COMPLIANCE

UNABLE TO DETERMINE

604. Water Closets and Toilet Compartments

604.4 Seats. The seat height of a water closet above the finish floor shall be 17 inches (430 mm) minimum and 19 inches (485 mm) maximum measured to the top of the seat. Seats shall not be sprung to return to a lifted position.

604.5 Grab Bars. Grab bars for water closets shall comply with 609. Grab bars shall be provided on the side wall closest to the water closet and on the rear wall.

604.5.1 Side Wall. The side wall grab bar shall be 42 inches (1065 mm) long minimum, located 12 inches (305 mm) maximum from the rear wall and extending 54 inches (1370 mm) minimum from the rear wall.

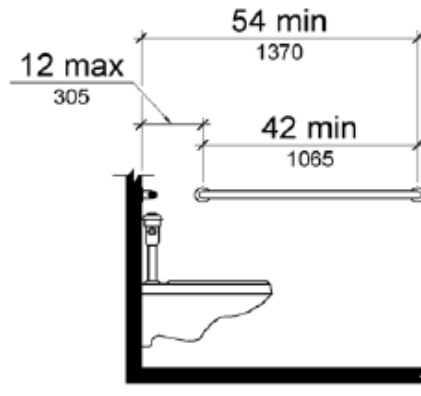


Figure 604.5.1 Side Wall Grab Bar at Water Closets

604.5.2 Rear Wall. The rear wall grab bar shall be 36 inches (915 mm) long minimum and extend from the centerline of the water closet 12 inches (305 mm) minimum on one side and 24 inches (610mm) minimum on the other side.

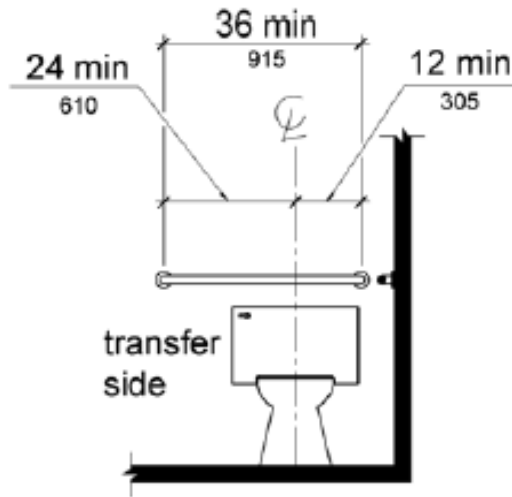


Figure 604.5.2 Rear Wall Grab Bar at Water Closets

604.6 Flush Controls. Flush controls shall be hand operated or automatic. Hand operated flush controls shall comply with 309. Flush controls shall be located on the open side of the water closet except in ambulatory accessible compartments complying with 604.8.2.

604.7 Dispensers. Toilet paper dispensers shall comply with 309.4 and shall be 7 inches (180 mm) minimum and 9 inches (230 mm) maximum in front of the water closet measured to the centerline of the dispenser. The outlet of the dispenser shall be 15 inches (380 mm) minimum and 48 inches (1220 mm) maximum above the finish floor and shall not be located behind grab bars. Dispensers shall not be of a type that controls delivery or that does not allow continuous paper flow.

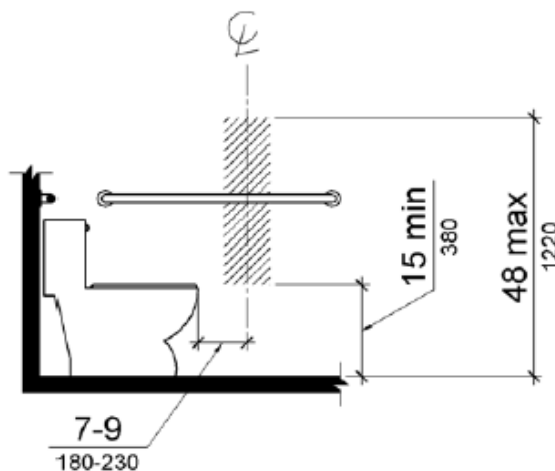


Figure 604.7 Dispenser Outlet Location

Reference: Sheet A107 – Floor Plan – Community Center

Men RR / Women RR

Missing information related with location of flush valves, dispensers, height of seats & grab bars

ENSURE COMPLIANCE

UNABLE TO DETERMINE

605. Urinals

605.1 General. Urinals shall comply with 605.

605.2 Height and Depth. Urinals shall be the stall-type or the wall-hung type with the rim 17 inches (430 mm) maximum above the finish floor or ground. Urinals shall be 13 1/2 inches (345 mm) deep minimum measured from the outer face of the urinal rim to the back of the fixture

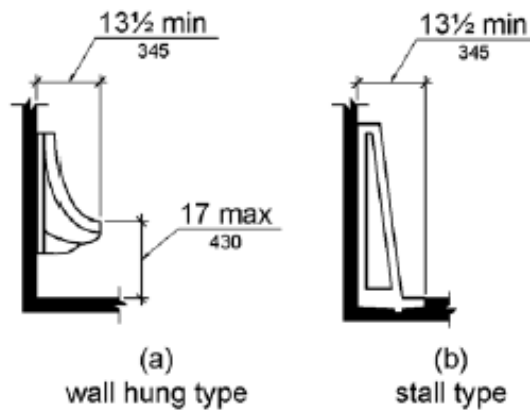


Figure 605.2 Height and Depth of Urinals

605.3 Clear Floor Space. A clear floor or ground space complying with 305 positioned for forward approach shall be provided.

605.4 Flush Controls. Flush controls shall be hand operated or automatic. Hand operated flush controls shall comply with 309.

Missing information related with urinal height

ENSURE COMPLIANCE

UNABLE TO DETERMINE

606. Lavatories and Sinks

606.3 Height. Lavatories and sinks shall be installed with the front of the higher of the rim or counter surface 34 inches (865 mm) maximum above the finish floor or ground.

606.5 Exposed Pipes and Surfaces. Water supply and drain pipes under lavatories and sinks shall be insulated or otherwise configured to protect against contact. There shall be no sharp or abrasive surfaces under lavatories and sinks

ISSUE: Reference: Sheet A-107
No information provided about sinks

ENSURE COMPLIANCE

~~607. Bathtubs~~
~~608. Shower Compartments~~

UNABLE TO DETERMINE

609. Grab Bars

609.4 Position of Grab Bars. Grab bars shall be installed in a horizontal position, 33 inches (840 mm) minimum and **36 inches (915 mm) maximum above the finish floor measured to the top of the gripping surface**, except that at water closets for children's use complying with 604.9, grab bars shall be installed in a horizontal position 18 inches (455 mm) minimum and 27 inches (685 mm) maximum above the finish floor measured to the top of the gripping surface. The height of the lower grab bar on the back wall of a bathtub shall comply with 607.4.1.1 or 607.4.2.1.

609.7 Installation. Grab bars shall be installed in any manner that provides a gripping surface at the specified locations and that does not obstruct the required clear floor space.

609.8 Structural Strength. Allowable stresses shall not be exceeded for materials used when a vertical or horizontal force of 250 pounds (1112 N) is applied at any point on the grab bar, fastener, mounting device, or supporting structure

ISSUE: Reference: Sheet A-107
No information related to grab bars for Men & Women RR

ENSURE COMPLIANCE

~~610. Seats~~
~~611. Washing Machines and Clothes Dryers~~
~~612. Saunas and Steam Rooms~~

CHAPTER 7: COMMUNICATION ELEMENTS AND FEATURES

UNABLE TO DETERMINE

✓ 701. General
702. Fire Alarm Systems

702.1 General. Fire alarm systems shall have permanently installed audible and visible alarms complying with NFPA 72 (1999 or 2002 edition) (incorporated by reference, see "Referenced Standards" in Chapter 1), except that the maximum allowable sound level of audible notification appliances complying with section 4-3.2.1 of NFPA 72 (1999 edition) shall have a sound level no more than 110 dB at the minimum hearing distance from the audible appliance.

ISSUE:
No information provided

ENSURE COMPLIANCE

703.4 Installation Height and Location. Signs with tactile characters shall comply with 703.4.

703.4.1 Height Above Finish Floor or Ground. Tactile characters on signs shall be located 48 inches (1220 mm) minimum above the finish floor or ground surface, measured from the baseline of the lowest tactile character and 60 inches (1525 mm) maximum above the finish floor or ground surface, measured from the baseline of the highest tactile character.

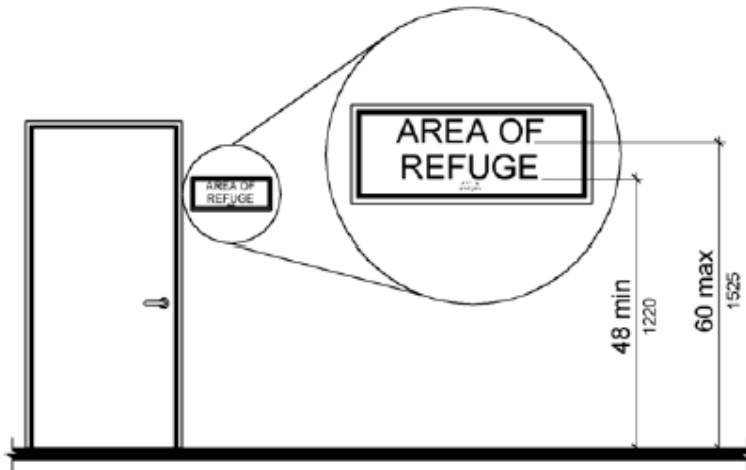


Figure 703.4.1 Height of Tactile Characters Above Finish Floor or Ground

703.4.2 Location. Where a tactile sign is provided at a door, the sign shall be located alongside the door at the latch side. Where a tactile sign is provided at double doors with one active leaf, the sign shall be located on the inactive leaf. Where a tactile sign is provided at double doors with two active leaves, the sign shall be located to the right of the right hand door. Where there is no wall space at the latch side of a single door or at the right side of double doors, signs shall be located on the nearest adjacent wall. Signs containing tactile characters shall be located so that a clear floor space of 18 inches (455 mm) minimum by 18 inches (455 mm) minimum, centered on the tactile characters, is provided beyond the arc of any door swing between the closed position and 45 degree open position.

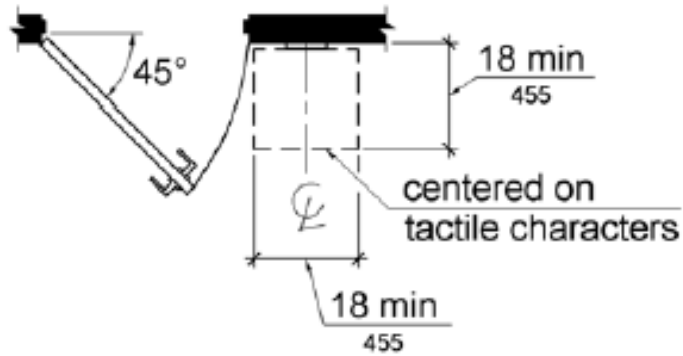


Figure 703.4.2 Location of Tactile Signs at Doors

No information provided related to signage location

ENSURE COMPLIANCE

- 704. Telephones
- 705. Detectable Warnings
- 706. Assistive Listening Systems
- 707. Automatic Teller Machines and Fare Machines
- 708. Two-Way Communication Systems

CHAPTER 8: SPECIAL ROOMS, SPACES AND ELEMENTS

- ✓ 801. General
- 802. Wheelchair Spaces, Companion Seats and Designated Aisle Seats
- 803. Dressing, Fitting and Locker Rooms
- 804. Kitchens and Kitchenettes
- 805. Medical Care and Long-Term Care Facilities
- 806. Transient Lodging Guest Rooms
- 807. Holding Cells and Housing Cells
- 808. Courtrooms
- 809. Residential Dwelling Unit
- 810. Transportation Facilities

UNABLE TO DETERMINE

811. Storage

811.1 General. Storage shall comply with 811.

811.2 Clear Floor or Ground Space. A clear floor or ground space complying with 305 shall be provided.

811.3 Height. Storage elements shall comply with at least one of the reach ranges specified in 308.

811.4 Operable Parts. Operable parts shall comply with 309.

Insufficient information related with shelving

ENSURE COMPLIANCE

CHAPTER 9: BUILT-IN ELEMENTS

UNABLE TO DETERMINE ✓ 901. General
902. Dining Surfaces and Work Surfaces

902.2 Clear Floor or Ground Space. A clear floor space complying with 305 positioned for a forward approach shall be provided. Knee and toe clearance complying with 306 shall be provided.

902.3 Height. The tops of dining surfaces and work surfaces shall be 28 inches (710 mm) minimum and 34 inches (865 mm) maximum above the finish floor or ground.

ISSUE:

Reference: Sheet AC-107

No information provided for counter at the Open Area & Kitchen

Reference: Sheet AC-102

No information provided for picnic table

ENSURE COMPLIANCE

UNABLE TO DETERMINE ~~903. Benches~~
904. Check-out Aisles and Sales and Service Counters

904.4 Sales and Service Counters. Sales counters and service counters shall comply with 904.4.1 or 904.4.2. The accessible portion of the counter top shall extend the same depth as the sales or service counter top.

ISSUE:

Reference: Sheet AC-107

No information provided for counter at the Open Area & Kitchen

ENSURE COMPLIANCE

CHAPTER 10: RECREATION FACILITIES

- ✓ 1001. General
- ~~1002. Amusement Rides~~
- ~~1003. Recreational Boating Facilities~~
- ~~1004. Exercise Machines and Equipment~~
- ~~1005. Fishing Piers and Platforms~~
- ~~1006. Golf Facilities~~
- ~~1007. Miniature Golf Facilities~~
- ~~1008. Play Areas~~
- ~~1009. Swimming Pools, Wading Pools and Spas~~
- ~~1010. Shooting Facilities with Firing Positions~~

FOKUS ON ARCHITECTURE, INC.

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PLAN REVIEW REPORT

The following report identifies deficiencies with the Texas Accessibility Standards (TAS). No response is required to this review; however, all items noted as "UNACCEPTABLE" should be addressed prior to inspection.

RAS Name: Eckhard K. Fennig RAS #: 476
Review Date: June 30, 2016 EABPRJB6811929
(4016)

PROJECT INFORMATION

Project Name: HACEP Rio Grande Community Renovation
Facility Name: Rio Grande
Project Address: 212 Lisbon Street
Project City: El Paso, Texas 79905
Project Designer: Wright & Dalbin Architects, Inc.
Estimated Construction Cost: \$750,000.00
Estimated Completion Date: 08/2017
Detailed Description of Construction Activities: Renovation and alterations to the common areas

OWNER INFORMATION

Name: Edward Gill
Company/Firm: Housing Authority of the City of El Paso
Address: 5300 E. Paisano
City: El Paso, Texas 79905

CHAPTER 2: SCOPING REQUIREMENTS

- ✓ 201. Application
- ✓ 202. Existing Buildings and Facilities
- ✓ 203. General Exceptions
- ✓ 204. Protruding Objects
- ✓ 205. Operable Parts
- ✓

UNABLE TO DETERMINE **206. Accessible Routes**

206.2 Where Required. Accessible routes shall be provided where required by 206.2.

206.2.1 Site Arrival Points. At least one accessible route shall be provided within the site from accessible parking spaces and

accessible passenger loading zones; public streets and sidewalks; and public transportation stops to the accessible building or facility entrance they serve

206.2.4 Spaces and Elements. At least one accessible route shall connect accessible building or facility entrances with all accessible spaces and elements within the building or facility which are otherwise connected by a circulation path

ISSUE:

The accessible route is not shown on the plans.

ENSURE COMPLIANCE

- ✓ 207. Accessible Means of Egress
- ✓ 208. Parking Spaces
- ~~209. Passenger Loading Zones and Bus Stops~~
- ~~210. Stairways~~
- ✓ 211. Drinking Fountains
- ✓ 212. Kitchens, Kitchenettes and Sinks
- ✓ 213. Toilet Facilities and Bathing Facilities
- 214. Washing Machines and Clothes Dryers

UNABLE TO DETERMINE

214.1 General. Where provided, washing machines and clothes dryers shall comply with 214.

214.2 Washing Machines. Where three or fewer washing machines are provided, at least one shall comply with 611. Where more than three washing machines are provided, at least two shall comply with 611.

214.3 Clothes Dryers. Where three or fewer clothes dryers are provided, at least one shall comply with 611. Where more than three clothes dryers are provided, at least two shall comply with 611.

ISSUE:

Missing information regarding to washing machines & clothes dryers

ENSURE COMPLIANCE

- ~~215. Fire Alarm Systems~~
- ✓ 216. Signs
- ~~217. Telephones~~
- ~~218. Transportation Facilities~~
- ~~219. Assistive Listening Systems~~
- ~~220. Automatic Teller Machines and Fare Machines~~
- ~~221. Assembly Areas~~
- ~~222. Dressing, Fitting and Locker Rooms~~
- ~~223. Medical Care and Long-Term Care Facilities~~
- ~~224. Transient Lodging Facilities and Guest Rooms~~
- ✓ 225. Storage
- ✓ 226. Dining Surface and Work Surfaces
- ~~227. Sales and Services~~
- ~~228. Depositories, Vending Machines, Change Machines, Mail Boxes and Fuel Dispenses~~
- ~~229. Windows~~
- ~~230. Two-way Communication Systems~~

- 231. Judicial Facilities
- 232. Detention Facilities
- 233. Residential Facilities
- 234. Amusements Rides
- 235. Recreational Boating Facilities
- 236. Exercise Machines and Equipment
- 237. Fishing Piers and Platforms
- 238. Golf Facilities
- 239. Miniature Golf Facilities
- 240. Play Areas
- 241. Saunas and Steam Rooms
- 242. Swimming Pools, Wading Pools and Spas
- 243. Shooting Facilities with Firing Positions

CHAPTER 3: BUILDING BLOCKS

ACCEPTABLE ✓ 301. General
302. Floor or Ground Surfaces

UNABLE TO DETERMINE 303. Changes in Level

303.1 General. Where changes in level are permitted in floor or ground surfaces, they shall comply with 303.

303.2 Vertical. Changes in level of 1/4 inch (6.4 mm) high maximum shall be permitted to be vertical.

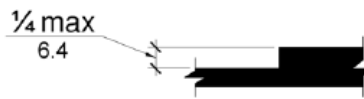


Figure 303.2 Vertical Change in Level

303.3 Beveled. Changes in level between 1/4 inch (6.4 mm) high minimum and 1/2 inch (13 mm) high maximum shall be beveled with a slope not steeper than 1:2.

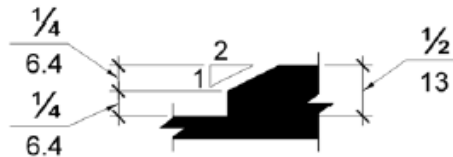


Figure 303.3 Beveled Change in Level

303.4 Ramps. Changes in level greater than 1/2 inch (13 mm) high shall be ramped, and shall comply with 405 or 406.

ISSUE:

Missing information related with the change in level at entrance door or exit door .

ENSURE COMPLIANCE

UNACCEPTABLE/NOTE 304. Turning Spaces

304.1 General. Turning space shall comply with 304.

304.2 Floor or Ground Surfaces. Floor or ground surfaces of a turning space shall comply with 302. Changes in level are not permitted.

EXCEPTION: Slopes not steeper than 1:48 shall be permitted.

304.3 Size. Turning space shall comply with 304.3.1 or 304.3.2.

304.3.1 Circular Space. The turning space shall be a space of 60 inches (1525 mm) diameter minimum. The space shall be permitted to include knee and toe clearance complying with 306.

304.3.2 T-Shaped Space. The turning space shall be a T-shaped space within a 60 inch (1525 mm) square minimum with arms and base 36 inches (915 mm) wide minimum. Each arm of the T shall be clear of obstructions 12 inches (305 mm) minimum in each direction and the base shall be clear of obstructions 24 inches (610 mm) minimum. The space shall be permitted to include knee and toe clearance complying with 306 only at the end of either the base or one arm.

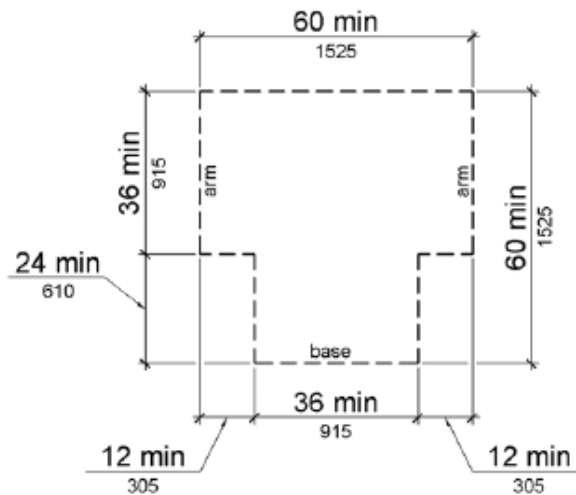


Figure 304.3.2 T-Shaped Turning Space

304.4 Door Swing. Doors shall be permitted to swing into turning spaces.

VIOLATION:

Reference: Sheet A-110; A1. Community Center – New Work Floor Plan

The existing BOYS' RESTROOM 125 has a depth of 3'-6" approx. A turning space per TAS is not possible.

CORRECTION REQUIRED

UNACCEPTABLE

305. Clear Floor or Ground Space

305.1 General. Clear floor or ground space shall comply with 305.

305.2 Floor or Ground Surfaces. Floor or ground surfaces of a clear floor or ground space shall comply with 302. Changes in level are not permitted.

305.3 Size. The clear floor or ground space shall be 30 inches (760 mm) minimum by 48 inches (1220 mm) minimum.

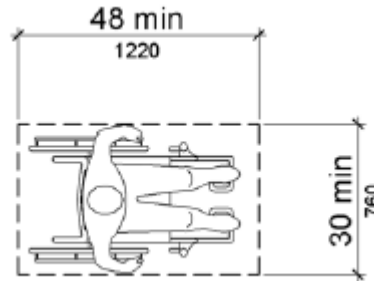


Figure 305.3 Clear Floor or Ground Space

305.4 Knee and Toe Clearance. Unless otherwise specified, clear floor or ground space shall be permitted to include knee and toe clearance complying with 306.

305.5 Position. Unless otherwise specified, clear floor or ground space shall be positioned for either forward or parallel approach to an element.

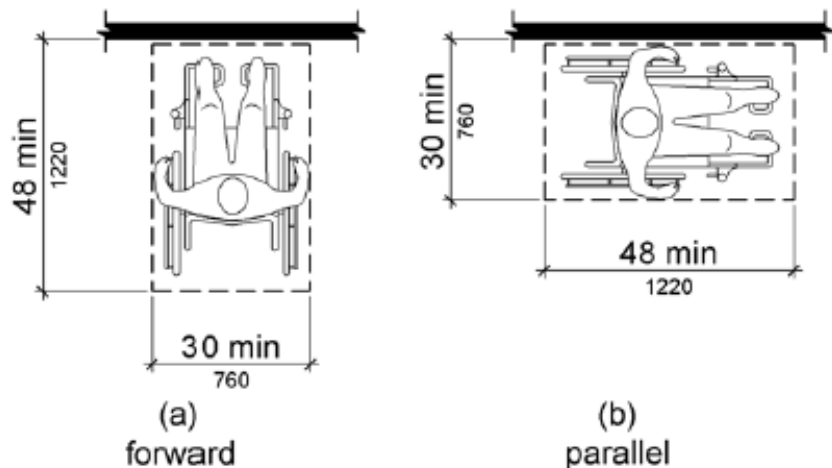


Figure 305.5 Position of Clear Floor or Ground Space

305.6 Approach. One full unobstructed side of the clear floor or ground space shall adjoin an accessible route or adjoin another clear floor or ground space.

305.7 Maneuvering Clearance. Where a clear floor or ground space is located in an alcove or otherwise confined on all or part of three sides, additional maneuvering clearance shall be provided in accordance with 305.7.1 and 305.7.2.

305.7.1 Forward Approach. Alcoves shall be 36 inches (915 mm) wide minimum where the depth exceeds 24 inches (610 mm).

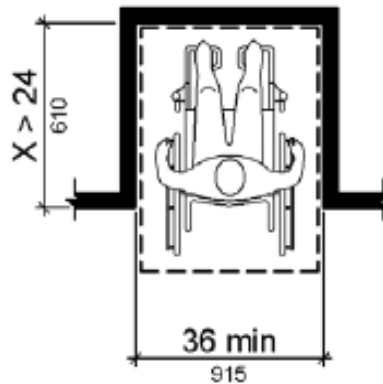


Figure 305.7.1 Maneuvering Clearance in an Alcove, Forward Approach

305.7.2 Parallel Approach. Alcoves shall be 60 inches (1525 mm) wide minimum where the depth exceeds 15 inches (380 mm).

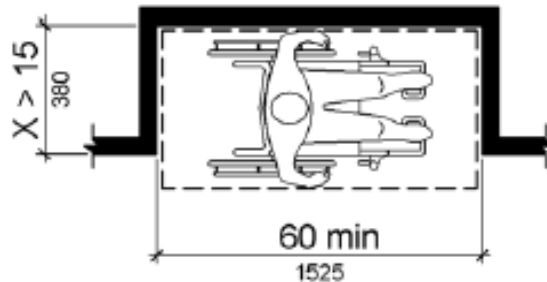


Figure 305.7.2 Maneuvering Clearance in an Alcove, Parallel Approach

VIOLATION:

***Reference: Sheet A-401; Interior Elevation: C2, A1, A2
Missing clear floor space under sink***

CORRECTION REQUIRED

UNACCEPTABLE

306. Knee and Toe Clearance

306.1 General. Where space beneath an element is included as part of clear floor or ground space or turning space, the space shall comply with 306. Additional space shall not be prohibited beneath an element but shall not be considered as part of the clear floor or ground space or turning space.

306.2. Toe Clearance.

306.2.1 General. Space under an element between the finish floor or ground and 9 inches (230 mm) above the finish floor or ground shall be considered toe clearance and shall comply with 306.2.

306.2.2 Maximum Depth. Toe clearance shall extend 25 inches (635 mm) maximum under an element.

306.2.3 Minimum Required Depth. Where toe clearance is required at an element as part of a clear floor space, the toe clearance shall extend 17 inches (430 mm) minimum under the element.

306.2.4 Additional Clearance. Space extending greater than 6 inches (150 mm) beyond the available knee clearance at 9 inches (230 mm) above the finish floor or ground shall not be considered toe clearance.

306.2.5 Width. Toe clearance shall be 30 inches (760 mm) wide minimum.

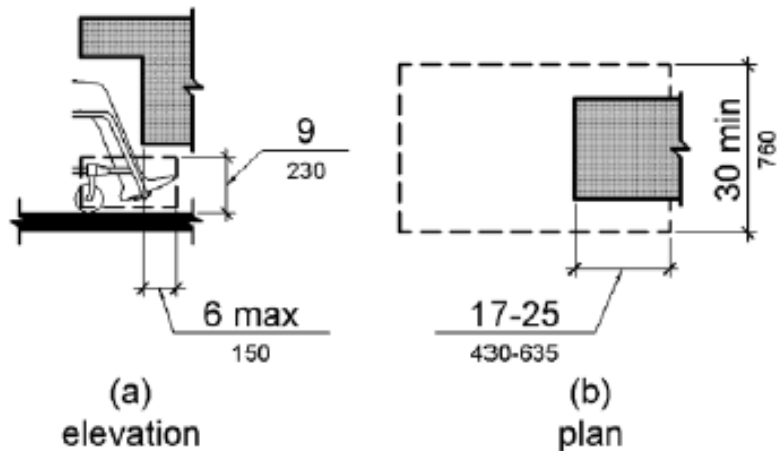


Figure 306.2 Toe Clearance

306.3. Knee Clearance.

306.3.1 General. Space under an element between 9 inches (230 mm) and 27 inches (685 mm) above the finish floor or ground shall be considered knee clearance and shall comply with 306.3.

306.3.2 Maximum Depth. Knee clearance shall extend 25 inches (635 mm) maximum under an element at 9 inches (230 mm) above the finish floor or ground.

306.3.3 Minimum Required Depth. Where knee clearance is required under an element as part of a clear floor space, the knee clearance shall be 11 inches (280 mm) deep minimum at 9 inches (230 mm) above the finish floor or ground, and 8 inches (205 mm) deep minimum at 27 inches (685 mm) above the finish floor or ground.

306.3.4 Clearance Reduction. Between 9 inches (230 mm) and 27 inches (685 mm) above the finish floor or ground, the knee clearance shall be permitted to reduce at a rate of 1 inch (25 mm) in depth for each 6 inches (150 mm) in height.

306.3.5 Width. Knee clearance shall be 30 inches (760 mm) wide minimum.

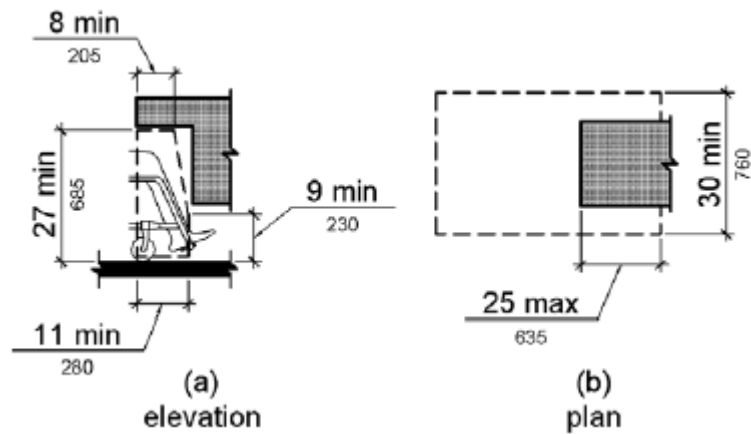


Figure 306.3 Knee Clearance

VIOLATION:

**Reference: Sheet A-401; Interior Elevation: C2, B1, A1, A2
Knee & Toe clearance under sink is required by TAS**

CORRECTION REQUIRED

UNACCEPTABLE

307. Protruding Objects

307.2 Protrusion Limits. Objects with leading edges more than 27 inches (685 mm) and not more than 80 inches (2030 mm) above the finish floor or ground shall protrude 4 inches (100 mm) maximum horizontally into the circulation path.

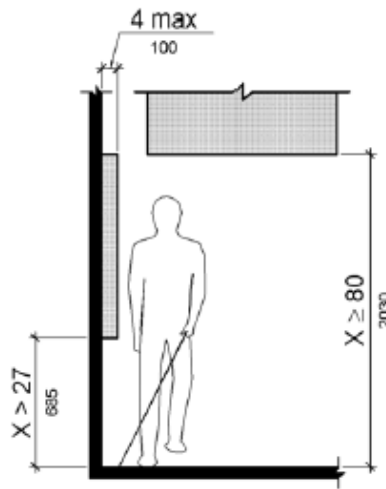


Figure 307.2 Limits of Protruding Objects

VIOLATION:

Reference: Sheet A-110; A1 – Community Center – New Work Floor Plan

Drinking Fountain is located into the circulation path, it protrudes more than 4" from wall, and the leading edge (underside) appears to be higher than 27" off floor.

CORRECTION REQUIRED

UNACCEPTABLE

308. Reach Ranges

308.3.2 Obstructed High Reach. Where a clear floor or ground space allows a parallel approach to an element and the high side reach is over an obstruction, the height of the obstruction shall be 34 inches (865 mm) maximum and the depth of the obstruction shall be 24 inches (610 mm) maximum. The high side reach shall be 48 inches (1220 mm) maximum for a reach depth of 10 inches (255 mm) maximum. Where the reach depth exceeds 10 inches (255 mm), the high side reach shall be 46 inches (1170 mm) maximum for a reach depth of 24 inches (610 mm) maximum.

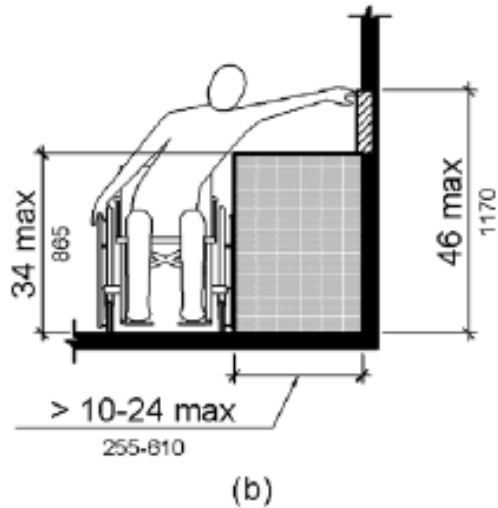


Figure 308.3.2 Obstructed High Side Reach

VIOLATION:

Reference: Sheet A-401; Interior elevation: C2, B1, A1, A2

**Upper cabinets are higher 2" than required.
46" max is permitted for an obstructed high side reach**

CORRECTION REQUIRED

ACCEPTABLE

309. Operable Parts

CHAPTER 4: ACCESSIBLE ROUTES

ACCEPTABLE
ACCEPTABLE

- ✓ 401. General
- 402. Accessible Routes
- 403. Walking Surfaces

UNACCEPTABLE/UNABLE

404. Doors, Doorways and Gates

404.2.3 Clear Width. Door openings shall provide a clear width of 32 inches (815 mm) minimum. Clear openings of doorways with swinging doors shall be measured between the face of the door and the stop, with the door open 90 degrees.

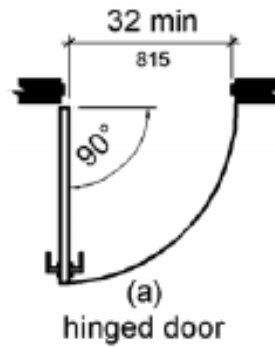


Figure 404.2.3 Clear Width of Doorways

Table 404.2.4.2 Maneuvering Clearances at Doorways without Doors or Gates, Manual Sliding Doors, and Manual Folding Doors

Approach Direction	Minimum Maneuvering Clearance	
	Perpendicular to Doorway	Parallel to Doorway (beyond stop/latch side unless noted)
From Front	48 inches (1220 mm)	0 inches (0 mm)
From side ¹	42 inches (1065 mm)	0 inches (0 mm)
From pocket/hinge side	42 inches (1065 mm)	22 inches (560 mm) ²
From stop/latch side	42 inches (1065 mm)	24 inches (610 mm)

1. Doorway with no door only.
2. Beyond pocket/hinge side.

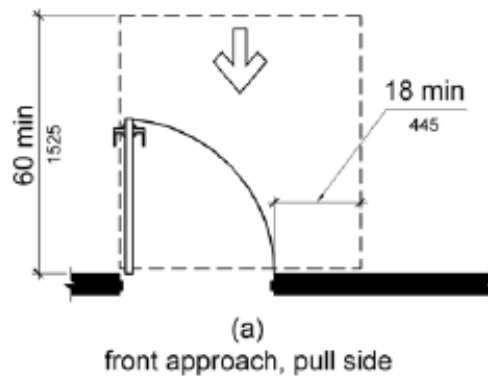


Figure 404.2.4.1 Maneuvering Clearances at Manual Swinging Doors and Gates

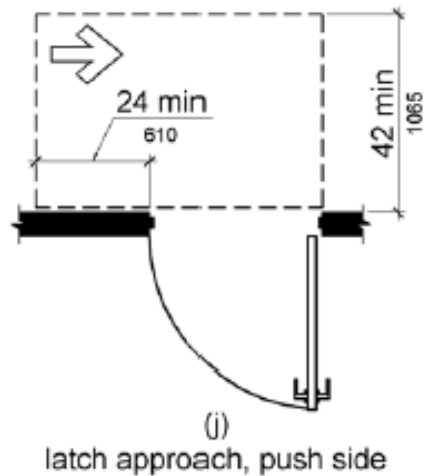


Figure 404.2.4.1 Maneuvering Clearances at Manual Swinging Doors and Gates

404.2.4.4 Floor or Ground Surface. Floor or ground surface within required maneuvering clearances shall comply with 302. Changes in level are not permitted.

404.2.5 Thresholds. Thresholds, if provided at doorways, shall be 1/2 inch (13 mm) high maximum. Raised thresholds and changes in level at doorways shall comply with 302 and 303.

404.2.7 Door and Gate Hardware. Handles, pulls, latches, locks, and other operable parts on doors and gates shall comply with 309.4. Operable parts of such hardware shall be 34 inches (865 mm) minimum and 48 inches (1220 mm) maximum above the finish floor or ground. Where sliding doors are in the fully open position, operating hardware shall be exposed and usable from both sides.

UNABLE:

*Missing information about door sizes.
32" min. clear opening is required*

Missing information related with thresholds & door hardware

ENSURE COMPLIANCE

VIOLATION:

Reference: Sheet A-110; A1. Community Center – New Work Floor Plan

**-Door # 3 by Entrance lobby & Day Care Center
18" min. side clearance is required for maneuvering.**

**-Door # 3 by Corridor 117
42" min. is required for maneuvering clearance (approach). Drinking fountain is located in the maneuvering clearance.**

CORRECTION REQUIRED

UNABLE TO DETERMINE

405. Ramps

405.2 Slope. Ramp runs shall have a running slope not steeper than 1:12.

405.3 Cross Slope. Cross slope of ramp runs shall not be steeper than 1:48.

405.4 Floor or Ground Surfaces. Floor or ground surfaces of ramp runs shall comply with 302. Changes in level other than the running slope and cross slope are not permitted on ramp runs.

405.5 Clear Width. The clear width of a ramp run and, where handrails are provided, the clear width between handrails shall be 36 inches (915 mm) minimum.

405.8 Handrails. Ramp runs with a rise greater than 6 inches (150 mm) shall have handrails complying with 505.

NOTE:

Reference: Sheet C-01.2, C-01.3: Ramp # 1, 2, 3, 4, & 8

Shown ramps may have a rise greater than 6", in which case handrails are required.

ENSURE COMPLIANCE

~~406. Curb Ramps~~

~~407. Elevators~~

~~408. Limited-Use/Limited-Application Elevators~~

~~409. Private Residence Elevators~~

~~410. Platform Lifts~~

UNABLE TO DETERMINE

- ✓ 501. General
- 502. Parking Spaces

502.4 Floor or Ground Surfaces. Parking spaces and access aisles serving them shall comply with 302. Access aisles shall be at the same level as the parking spaces they serve. Changes in level are not permitted.

EXCEPTION: Slopes not steeper than 1:48 shall be permitted.

Reference: *Sheet AC-103:*

ISSUE:

Missing information related with parking area slopes.

ENSURE COMPLIANCE

UNABLE TO DETERMINE

- ~~503. Passenger Loading Zones~~
- ~~504. Stairways~~
- 505. Handrails

505.2 Where Required. Handrails shall be provided on both sides of stairs and ramps.

505.4 Height. Top of gripping surfaces of handrails shall be 34 inches (865 mm) minimum and 38 inches (965 mm) maximum vertically above walking surfaces, stair nosings, and ramp surfaces. Handrails shall be at a consistent height above walking surfaces, stair nosings, and ramp surfaces.

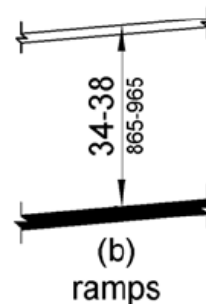


Figure 505.4 Handrail Height

505.10 Handrail Extensions. Handrail gripping surfaces shall extend beyond and in the same direction of stair flights and ramp runs in accordance with 505.10.

505.10.1 Top and Bottom Extension at Ramps. Ramp handrails shall extend horizontally above the landing for 12 inches (305 mm) minimum beyond the top and bottom of ramp runs. Extensions shall return to a wall, guard, or the landing surface, or shall be continuous to the handrail of an adjacent ramp run.

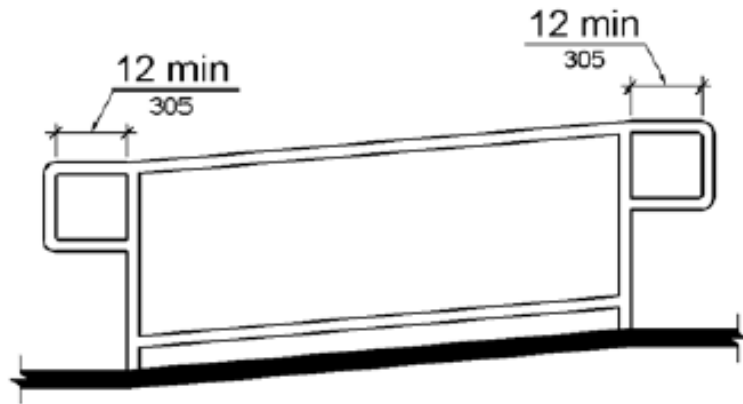


Figure 505.10.1 Top and Bottom Handrail Extension at Ramps

Reference: Sheet C-01.2, C-01.3; Ramps # 1, 2, 3, 4, & 8

NOTE:

If a ramp has a rise greater than 6", handrails are required on both sides.

ENSURE COMPLIANCE

CHAPTER 6: PLUMBING ELEMENTS AND FACILITIES

UNABLE TO DETERMINE

✓ 601. General

602. Drinking Fountains

602.2 Clear Floor Space. Units shall have a clear floor or ground space complying with 305 positioned for a forward approach and centered on the unit. Knee and toe clearance complying with 306 shall be provided.

602.4 Spout Height. Spout outlets shall be 36 inches (915 mm) maximum above the finish floor or ground.

602.5 Spout Location. The spout shall be located 15 inches (380 mm) minimum from the vertical support and 5 inches (125 mm) maximum from the front edge of the unit, including bumpers.

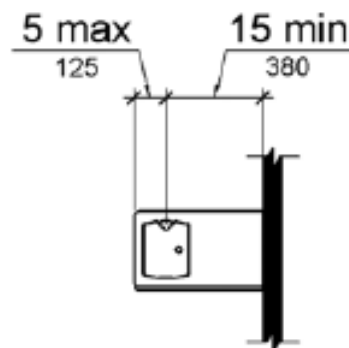


Figure 602.5 Drinking Fountain Spout Location

602.7 Drinking Fountains for Standing Persons. Spout outlets of drinking fountains for standing persons shall be 38 inches (965 mm) minimum and 43 inches (1090 mm) maximum above the finish floor or ground.

ISSUE:

Missing information related with drinking fountain.

ENSURE COMPLIANCE

UNABLE/UNACCEPTABLE

603. Toilet and Bathing Rooms

603.1 General. Toilet and bathing rooms shall comply with 603.

603.2 Clearances. Clearances shall comply with 603.2.

603.2.1 Turning Space. Turning space complying with 304 shall be provided within the room.

603.2.2 Overlap. Required clear floor spaces, clearance at fixtures, and turning space shall be permitted to overlap.

603.2.3 Door Swing. Doors shall not swing into the clear floor space or clearance required for any fixture. Doors shall be permitted to swing into the required turning space.

603.3 Mirrors. Mirrors located above lavatories or countertops shall be installed **with the bottom edge of the reflecting surface 40 inches (1015 mm) maximum above the finish floor or ground.**

Reference: Interior Elevations on Sheet A-401:

ISSUE:

The notation for the mirror height is not clear.

ENSURE COMPLIANCE

VIOLATION:

Reference: Sheet A-110; A1. Community Center – New Work Floor Plan

- *The existing BOYS' RESTROOM 125 has a width of 3'-6" approx. A turning space per TAS is not possible.*
- *GIRLS' RESTROOM 127: Toilet compartment door swing into the clear space of the sink. Doors can't swing into the clear floor of any fixture*

CORRECTION REQUIRED

604. Water Closets and Toilet Compartments

604.1 General. Water closets and toilet compartments shall comply with 604.2 through 604.8.

604.2 Location. The water closet shall be positioned with a wall or partition to the rear and to one side. The centerline of the water closet shall be 16 inches (405 mm) minimum to 18 inches (455 mm) maximum from the side wall or partition, except that the water closet shall be 17 inches (430 mm) minimum and 19 inches (485 mm) maximum from the side wall or partition in the ambulatory accessible toilet compartment specified in 604.8.2. Water closets shall be arranged for a left-hand or right-hand approach.

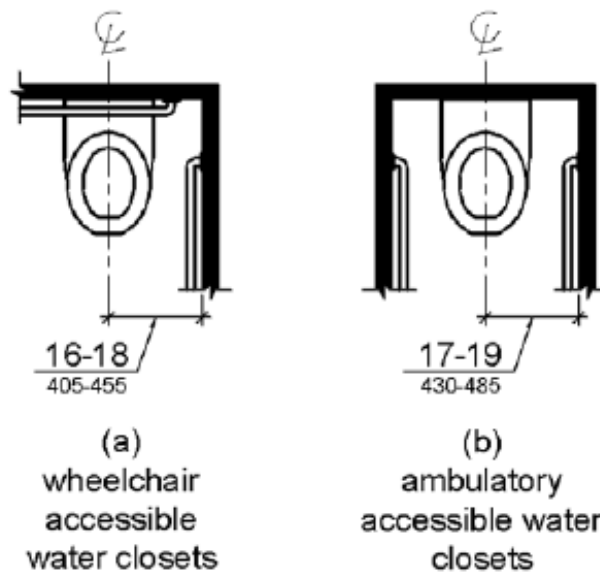


Figure 604.2 Water Closet Location

604.3 Clearance. Clearances around water closets and in toilet compartments shall comply with 604.3.

604.3.1 Size. Clearance around a water closet shall be 60 inches (1525 mm) minimum measured perpendicular from the side wall and 56 inches (1420 mm) minimum measured perpendicular from the rear wall.

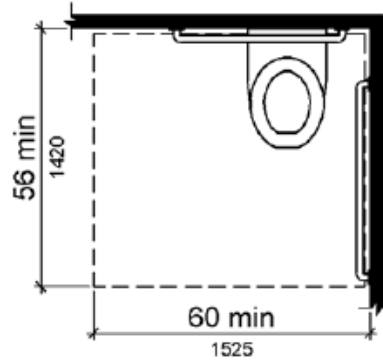


Figure 604.3.1 Size of Clearance at Water Closets

604.3.2 Overlap. The required clearance around the water closet shall be permitted to overlap the water closet, associated grab bars, dispensers, sanitary napkin disposal units, coat hooks, shelves, accessible routes, clear floor space and clearances required at other fixtures, and the turning space. No other fixtures or obstructions shall be located within the required water closet clearance.

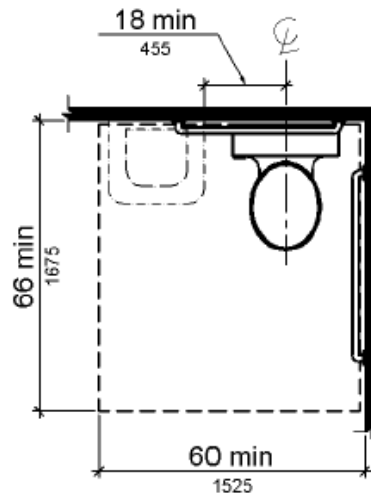


Figure 604.3.2 (Exception) Overlap of Water Closet Clearance in Residential Dwelling Units

604.4 Seats. The seat height of a water closet above the finish floor shall be 17 inches (430 mm) minimum and 19 inches (485 mm) maximum measured to the top of the seat. Seats shall not be sprung to return to a lifted position.

604.5 Grab Bars. Grab bars for water closets shall comply with 609. Grab bars shall be provided on the side wall closest to the water closet and on the rear wall.

604.5.1 Side Wall. The side wall grab bar shall be 42 inches (1065 mm) long minimum, located 12 inches (305 mm) maximum from the rear wall and extending 54 inches (1370 mm) minimum from the rear wall.

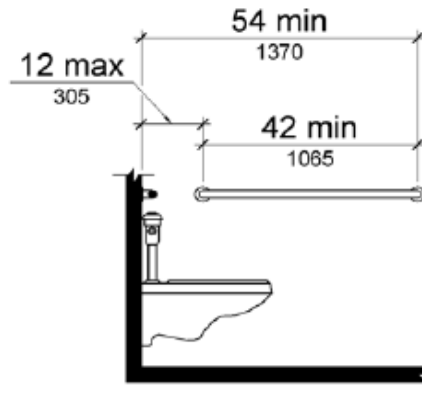


Figure 604.5.1 Side Wall Grab Bar at Water Closets

604.5.2 Rear Wall. The rear wall grab bar shall be 36 inches (915 mm) long minimum and extend from the centerline of the water closet 12 inches (305 mm) minimum on one side and 24 inches (610 mm) minimum on the other side.

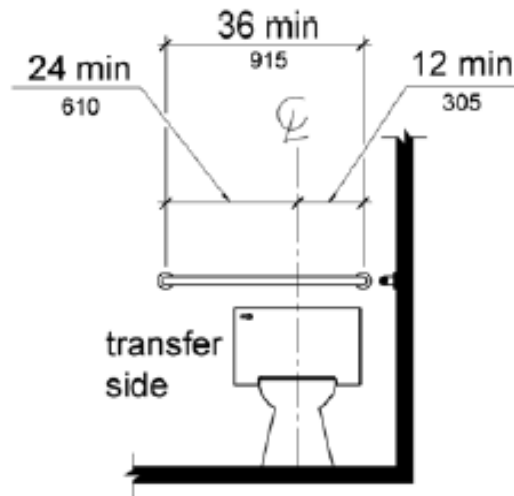


Figure 604.5.2 Rear Wall Grab Bar at Water Closets

604.6 Flush Controls. Flush controls shall be hand operated or automatic. Hand operated flush controls shall comply with 309. Flush controls shall be located on the open side of the water closet except in ambulatory accessible compartments complying with 604.8.2.

604.7 Dispensers. Toilet paper dispensers shall comply with 309.4 and shall be 7 inches (180 mm) minimum and 9 inches (230 mm) maximum in front of the water closet measured to the centerline of the dispenser. The outlet of the dispenser shall be 15 inches (380 mm) minimum and 48 inches (1220 mm) maximum above the finish floor and shall not be located behind grab bars. Dispensers shall not be of a type that controls delivery or that does not allow continuous paper flow.

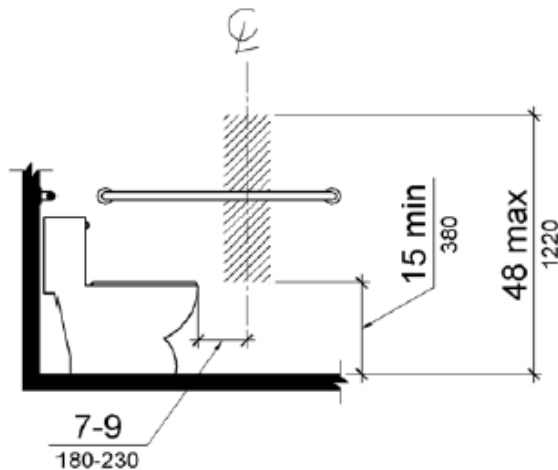


Figure 604.7 Dispenser Outlet Location

604.8 Toilet Compartments. Wheelchair accessible toilet compartments shall meet the requirements of 604.8.1 and 604.8.3.

604.8.1 Wheelchair Accessible Compartments. Wheelchair accessible compartments shall comply with 604.8.1.

604.8.1.1 Size. Wheelchair accessible compartments shall be 60 inches (1525 mm) wide minimum measured perpendicular to the side wall, and 56 inches (1420 mm) deep minimum for wall hung water closets and 59 inches (1500 mm) deep minimum for floor mounted water closets measured perpendicular to the rear wall. Wheelchair accessible compartments for children's use shall be 60 inches (1525 mm) wide minimum measured perpendicular to the side wall, and 59 inches (1500 mm) deep minimum for wall hung and floor mounted water closets measured perpendicular to the rear wall.

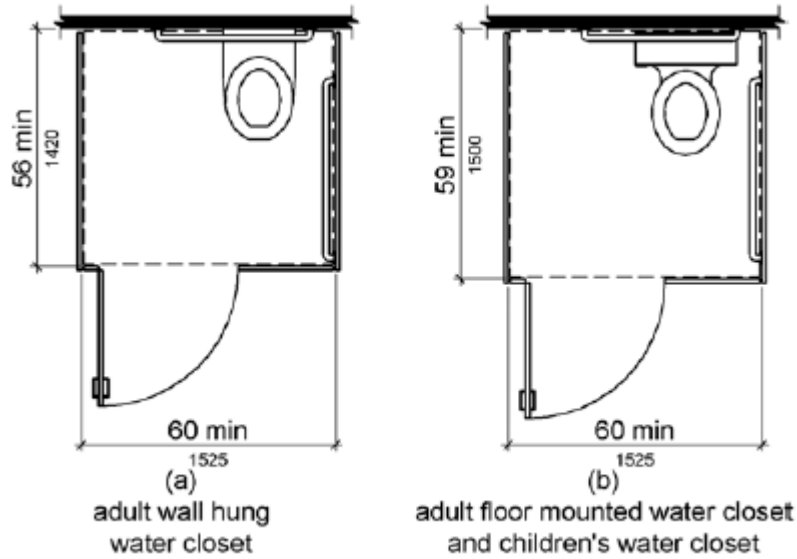


Figure 604.8.1.1 Size of Wheelchair Accessible Toilet Compartment

604.8.1.2 Doors. Toilet compartment doors, including door hardware, shall comply with 404 except that if the approach is to the latch side of the compartment door, clearance between the door side of the compartment and any obstruction shall be 42 inches (1065 mm) minimum. Doors shall be located in the front partition or in the side wall or partition farthest from the water closet. Where located in the front partition, the door opening shall be 4 inches (100 mm) maximum from the side wall or partition farthest from the water closet. Where located in the side wall or partition, the door opening shall be 4 inches (100 mm) maximum from the front partition. The door shall be self-closing. A door pull complying with 404.2.7 shall be placed on both sides of the door near the latch. Toilet compartment doors shall not swing into the minimum required compartment area.

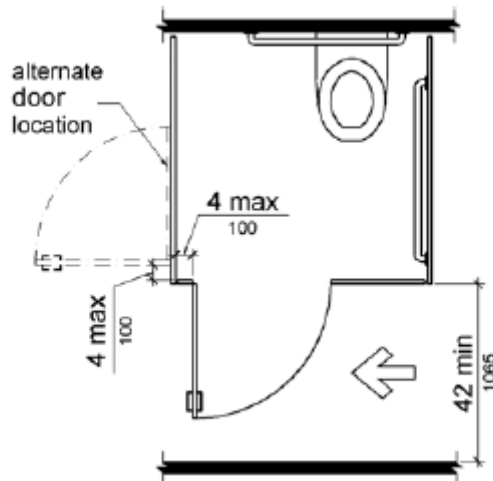


Figure 604.8.1.2 Wheelchair Accessible Toilet Compartment Doors

604.8.1.3 Approach. Compartments shall be arranged for left-hand or right-hand approach to the water closet.

604.8.1.4 Toe Clearance. The front partition and at least one side partition shall provide a toe clearance of 9 inches (230 mm) minimum above the finish floor and 6 inches (150 mm) deep minimum beyond the compartment-side face of the partition, exclusive of partition support members. Compartments for children's use shall provide a toe clearance of 12 inches (305 mm) minimum above the finish floor.

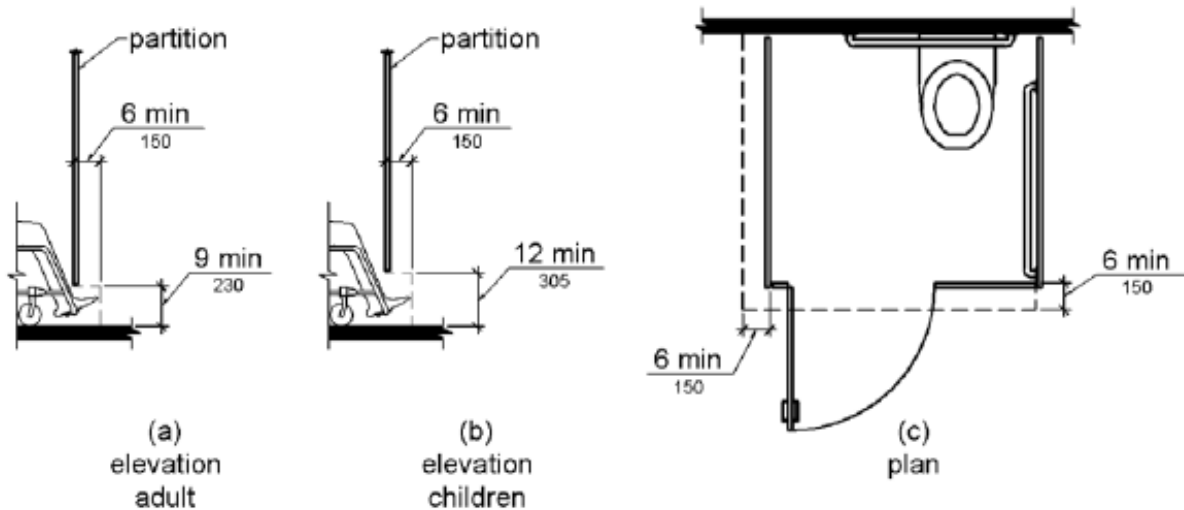


Figure 604.8.1.4 Wheelchair Accessible Toilet Compartment Toe Clearance

604.8.1.5 Grab Bars. Grab bars shall comply with 609. A side-wall grab bar complying with 604.5.1 shall be provided and shall be located on the wall closest to the water closet. In addition, a rear-wall grab bar complying with 604.5.2 shall be provided.

604.8.3 Coat Hooks and Shelves. Coat hooks shall be located within one of the reach ranges specified in 308. Shelves shall be located 40 inches (1015 mm) minimum and 48 inches (1220 mm) maximum above the finish floor.

604.9 Water Closets and Toilet Compartments for Children's Use. Water closets and toilet compartments for children's use shall comply with 604.9.

Advisory 604.9 Water Closets and Toilet Compartments for Children's Use. The requirements in 604.9 are to be followed where the exception for children's water closets in 604.1 is used. The following table provides additional guidance in applying the specifications for water closets for children according to the age group served and reflects the differences in the size, stature, and reach ranges of children ages 3 through 12. The specifications chosen should correspond to the age of the primary user group. The specifications of one age group should be applied consistently in the installation of a water closet and related elements.

Advisory Specifications for Water Closets Serving Children Ages 3 through 12			
	Ages 3 and 4	Ages 5 through 8	Ages 9 through 12
Water Closet Centerline	12 inches (305 mm)	12 to 15 inches (305 to 380 mm)	15 to 18 inches (380 to 455 mm)
Toilet Seat Height	11 to 12 inches (280 to 305 mm)	12 to 15 inches (305 to 380 mm)	15 to 17 inches (380 to 430 mm)
Grab Bar Height	18 to 20 inches (455 to 510 mm)	20 to 25 inches (510 to 635 mm)	25 to 27 inches (635 to 685 mm)
Dispenser Height	14 inches (355 mm)	14 to 17 inches (355 to 430 mm)	17 to 19 inches (430 to 485 mm)

604.9.1 Location. The water closet shall be located with a wall or partition to the rear and to one side. The centerline of the water closet shall be 12 inches (305 mm) minimum and 18 inches (455 mm) maximum from the side wall or partition, except that the water closet shall be 17 inches (430 mm) minimum and 19 inches (485 mm) maximum from the side wall or partition in the ambulatory accessible toilet compartment specified in 604.8.2. Compartments shall be arranged for left-hand or right-hand approach to the water closet.

604.9.2 Clearance. Clearance around a water closet shall comply with 604.3.

604.9.3 Height. The height of water closets shall be 11 inches (280 mm) minimum and 17 inches (430 mm) maximum measured to the top of the seat. Seats shall not be sprung to return to a lifted position.

604.9.4 Grab Bars. Grab bars for water closets shall comply with 604.5.

604.9.5 Flush Controls. Flush controls shall be hand operated or automatic. Hand operated flush controls shall comply with 309.2 and 309.4 and shall be installed 36 inches (915 mm) maximum above the finish floor. Flush controls shall be located on the open side of the water closet except in ambulatory accessible compartments complying with 604.8.2.

604.9.6 Dispensers. Toilet paper dispensers shall comply with 309.4 and shall be 7 inches (180 mm) minimum and 9 inches (230 mm) maximum in front of the water closet measured to the centerline of the dispenser. The outlet of the dispenser shall be 14 inches (355 mm) minimum and 19 inches (485 mm) maximum above the finish floor. There shall be a clearance of

1 1/2 inches (38 mm) minimum below the grab bar. Dispensers shall not be of a type that controls delivery or that does not allow continuous paper flow.

604.9.7 Toilet Compartments. Toilet compartments shall comply with 604.8.

Reference: Sheet A110 - New Floor Plan

BOYS' RR 125 / GIRLS' RR 127

- *No dimensions are shown on plans for the toilet compartments*
- *Insufficient information related with water closet & toilet compartments. It is not clear if the restroom are for children or adult use.*

Missing information for Restroom 118, 120, & 134

Locations of WC – flush valves and dispensers not shown.

ENSURE COMPLIANCE

UNABLE TO DETERMINE

605. Urinals

605.1 General. Urinals shall comply with 605.

605.2 Height and Depth. Urinals shall be the stall-type or the wall-hung type with the rim 17 inches (430 mm) maximum above the finish floor or ground. Urinals shall be 13 1/2 inches (345 mm) deep minimum measured from the outer face of the urinal rim to the back of the fixture

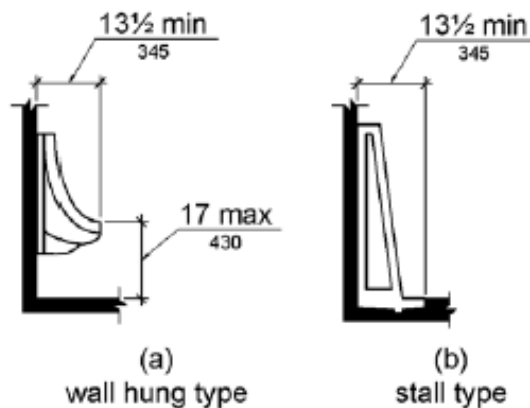


Figure 605.2 Height and Depth of Urinals

605.3 Clear Floor Space. A clear floor or ground space complying with 305 positioned for forward approach shall be provided.

605.4 Flush Controls. Flush controls shall be hand operated or automatic. Hand operated flush controls shall comply with 309.

Missing information related with urinal height

ENSURE COMPLIANCE

UNABLE TO DETERMINE

606. Lavatories and Sinks

606.3 Height. Lavatories and sinks shall be installed with the front of the higher of the rim or counter surface 34 inches (865 mm) maximum above the finish floor or ground.

606.5 Exposed Pipes and Surfaces. Water supply and drain pipes under lavatories and sinks shall be insulated or otherwise configured to protect against contact. There shall be no sharp or abrasive surfaces under lavatories and sinks

- 1. *Reference: Sheet A-401; Interior Elevation: D2, D4*
NOTE: The height of the sink counter is 34" A.F.F. to the cabinet or the sink rim, whichever is higher.
- 2. *Reference: Sheet A-401; Interior Elevations*
ISSUE: No insulation shown for the drain pipes under the lavatories.

ENSURE COMPLIANCE

UNACCEPTABLE

- ~~607. Bathtubs~~
- ~~608. Shower Compartments~~
- 609. Grab Bars

609.4 Position of Grab Bars. Grab bars shall be installed in a horizontal position, 33 inches (840 mm) minimum and **36 inches (915 mm) maximum above the finish floor measured to the top of the gripping surface**, except that at water closets for children's use complying with 604.9, grab bars shall be installed in a horizontal position 18 inches (455 mm) minimum and 27 inches (685 mm) maximum above the finish floor measured to the top of the gripping surface. The height of the lower grab bar on the back wall of a bathtub shall comply with 607.4.1.1 or 607.4.2.1.

VIOLATION:
Reference: Sheet A-401; Interior Elevations
All grab bars shown grab bar height dimensions are incorrect. Maximum height is 36" to TOP of grab bar.

CORRECTION REQUIRED

- ~~610. Seats~~
- ~~611. Washing Machines and Clothes Dryers~~
- ~~612. Saunas and Steam Rooms~~

CHAPTER 7: COMMUNICATION ELEMENTS AND FEATURES

UNABLE TO DETERMINE

- ✓ 701. General
- 702. Fire Alarm Systems

702.1 General. Fire alarm systems shall have permanently installed audible and visible alarms complying with NFPA 72 (1999 or 2002 edition) (incorporated by reference, see "Referenced Standards" in Chapter 1), except that the maximum allowable sound level of audible notification appliances complying with section 4-3.2.1 of NFPA 72

(1999 edition) shall have a sound level no more than 110 dB at the minimum hearing distance from the audible appliance.

No information provided

ENSURE COMPLIANCE

UNABLE TO DETERMINE

703. Signs

703.4 Installation Height and Location. Signs with tactile characters shall comply with 703.4.

703.4.1 Height Above Finish Floor or Ground. Tactile characters on signs shall be located 48 inches (1220 mm) minimum above the finish floor or ground surface, measured from the baseline of the lowest tactile character and 60 inches (1525 mm) maximum above the finish floor or ground surface, measured from the baseline of the highest tactile character.

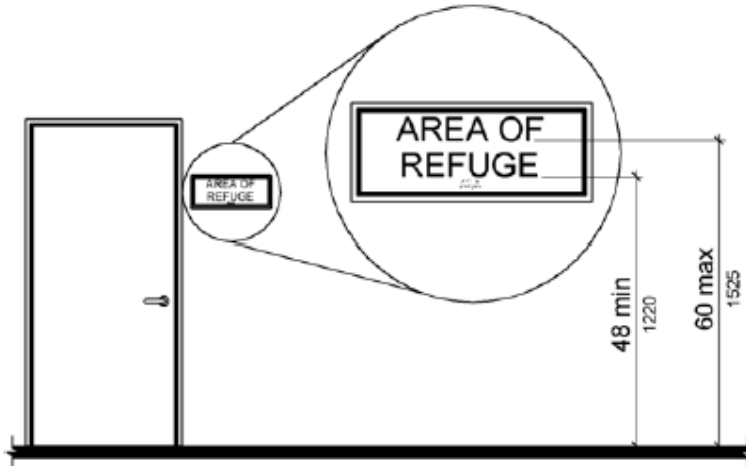


Figure 703.4.1 Height of Tactile Characters Above Finish Floor or Ground

703.4.2 Location. Where a tactile sign is provided at a door, the sign shall be located alongside the door at the latch side. Where a tactile sign is provided at double doors with one active leaf, the sign shall be located on the inactive leaf. Where a tactile sign is provided at double doors with two active leaves, the sign shall be located to the right of the right hand door. Where there is no wall space at the latch side of a single door or at the right side of double doors, signs shall be located on the nearest adjacent wall. Signs containing tactile characters shall be located so that a clear floor space of 18 inches (455 mm) minimum by 18 inches (455 mm) minimum, centered on the tactile characters, is provided beyond the arc of any door swing between the closed position and 45 degree open position.

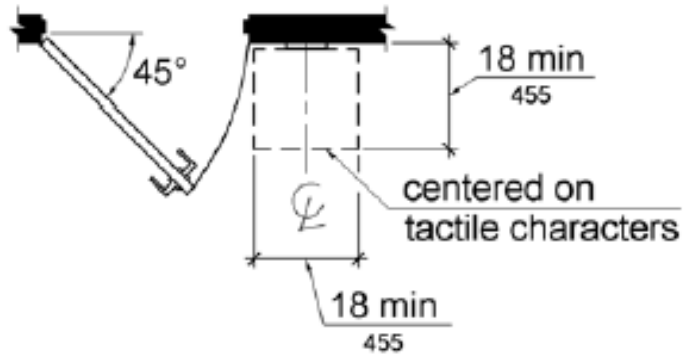


Figure 703.4.2 Location of Tactile Signs at Doors

No information provided related to signage location

ENSURE COMPLIANCE

- 704. Telephones
- 705. Detectable Warnings
- 706. Assistive Listening Systems
- 707. Automatic Teller Machines and Fare Machines
- 708. Two-Way Communication Systems

CHAPTER 8: SPECIAL ROOMS, SPACES AND ELEMENTS

- ✓ 801. General
- 802. Wheelchair Spaces, Companion Seats and Designated Aisle Seats
- 803. Dressing, Fitting and Locker Rooms
- 804. Kitchens and Kitchenettes
- 805. Medical Care and Long-Term Care Facilities
- 806. Transient Lodging Guest Rooms
- 807. Holding Cells and Housing Cells
- 808. Courtrooms
- 809. Residential Dwelling Unit
- 810. Transportation Facilities

UNABLE TO DETERMINE

811. Storage

811.1 General. Storage shall comply with 811.

811.2 Clear Floor or Ground Space. A clear floor or ground space complying with 305 shall be provided.

811.3 Height. Storage elements shall comply with at least one of the reach ranges specified in 308.

811.4 Operable Parts. Operable parts shall comply with 309.

Insufficient information related with shelving & door sizes.

ENSURE COMPLIANCE

CHAPTER 9: BUILT-IN ELEMENTS

UNABLE TO DETERMINE ✓ 901. General
902. Dining Surfaces and Work Surfaces

902.2 Clear Floor or Ground Space. A clear floor space complying with 305 positioned for a forward approach shall be provided. Knee and toe clearance complying with 306 shall be provided.

902.3 Height. The tops of dining surfaces and work surfaces shall be 28 inches (710 mm) minimum and 34 inches (865 mm) maximum above the finish floor or ground.

ISSUE: Reference: Sheet AC-102
No information provided for pic-nic table.

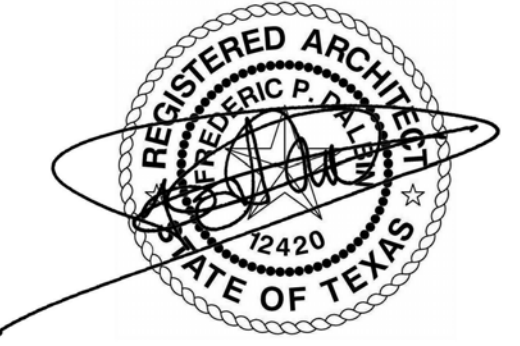
ENSURE COMPLIANCE

ACCEPTABLE ~~903. Benches~~
904. Check-out Aisles and Sales and Service Counters

CHAPTER 10: RECREATION FACILITIES

- ✓ 1001. General
- ~~1002. Amusement Rides~~
- ~~1003. Recreational Boating Facilities~~
- ~~1004. Exercise Machines and Equipment~~
- ~~1005. Fishing Piers and Platforms~~
- ~~1006. Golf Facilities~~
- ~~1007. Miniature Golf Facilities~~
- ~~1008. Play Areas~~
- ~~1009. Swimming Pools, Wading Pools and Spas~~
- ~~1010. Shooting Facilities with Firing Positions~~

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JUL 11 2016
CONSULTANTS

NEW WALL LEGEND

- EXISTING WALL
- EXISTING LOAD BEARING WALL TO REMAIN
- NEW WALL / PARTITION

SYMBOLS LEGEND

- NEW WORK KEY NOTES
- DEMOLITION KEY NOTES
- WINDOW TAGS
- DOOR TAGS

COMMUNITY CENTER: 6,532.78 SF

COMMUNITY CENTER - INT. NEW WORK KEY NOTES

1. 08 14 00 NEW EXTERIOR METAL DOOR, SCREEN DOOR AND HARDWARE. REFER TO DOOR SCHEDULE.
2. 08 53 00 NEW DUAL PANE STORE-FRONT WINDOWS, CONTINUOUS SEALANT ON PERIMETER INSIDE AND OUT. REFER TO WINDOW SCHEDULE.
3. 10 73 13 NEW METAL AWNING.
4. 09 65 00 NEW FLOOR FINISH, REFER TO FINISH SCHEDULE
5. 11 45 00 PROVIDE NEW APPLIANCES, REFRIGERATOR, RANGE, DIRECT VENT RANGE HOOD AS SPECIFIED.
6. 09 21 16 NEW GYP BOARD ON PLUMBING WALLS. REPLACE ALL PLUMBING LINES. REPAIR STRUCTURAL WALL MEMBERS AS NEEDED.
7. 10 67 00 PROVIDE NEW SHELVING.
8. 22 40 00 NEW ENERGY STAR RATED WATER HEATER, FURNACE AND ACCESSORIES, REFER TO MECHANICAL, ELECTRICAL AND PLUMBING.
9. 22 40 00 NEW PLUMBING FIXTURES, SINKS, FAUCETS, ETC. REFER TO PLUMBING.
10. 26 24 18 NEW MAIN AND INTERIOR SERVICE ELECTRICAL PANELS, REFER TO ELECTRICAL.
11. 08 14 00 NEW INTERIOR DOORS, ADJUST WALL OPENINGS AS REQUIRED. REFER TO DOOR SCHEDULE.
12. 12 35 30 NEW KITCHEN CABINETRY AND COUNTER TOPS, PROVIDE WOOD BLOCKING.
13. 10 28 00 NEW BATHROOM ACCESSORIES, PROVIDE BLOCKING AS REQUIRED.
14. 10 80 00 INSTALL NEW MIRROR.
15. 12 21 00 NEW WINDOW BLINDS AS SPECIFIED.
16. 09 30 00 PAINT ENTIRE INTERIOR.
17. 09 31 00 NEW CERAMIC FLOOR AND BASE, REFER TO FLOOR FINISH SCHEDULE.
18. 09 21 16 5/8" GYPSUM BOARD TYPE "X", FINISHED AND PAINTED.
19. NEW WASHERS & DRYERS. REFER TO MECHANICAL
20. NEW HILO DRINKING FOUNTAIN
21. NEW STOREFRONT WITH GLASS DOOR
22. 11 45 00 PROVIDE NEW FOOD GARBAGE DISPOSAL WITH NEW OUTLET AND SWITCH.
23. 05 10 00 NEW METAL ROOF. REFER TO STRUCTURAL
24. 10 14 13 EXTERIOR BUILDING IDENTIFICATION SIGN
25. 09 31 00 NEW CERAMIC WALL TILE AND CEMENTITIOUS BACKING
26. 09 24 00 NEW EIFS AROUND WINDOW, COLOR TO BE SELECTED BY ARCHITECT. SEE A1/A304 FOR DETAILS.
27. 11 XX XX NEW TOILET PARTITIONS.
28. 07 46 46 NEW CEMENTITIOUS SOFFIT AND FASCIA PRIMED AND PAINTED.

CONTRACT DOCUMENTS COORDINATION
THE DRAWINGS AND SPECIFICATIONS FOR THIS PROJECT ARE TO BE TAKEN TOGETHER AS A SINGLE CONSTRUCTION CONTRACT DOCUMENT AND ANY DIVISION BY TRADE OR OTHER DESIGNATION IS CONSIDERED GENERAL CONTRACTOR AND ALL SUB-CONTRACTORS SHALL REVIEW AND COORDINATE THE ENTIRE SET OF DRAWINGS AND PROJECT MANUAL.

RIO GRANDE COMMUNITY RENOVATION

212 LISBON ST., EL PASO, TX. 79905

OWNER



Housing Authority of the City of El Paso

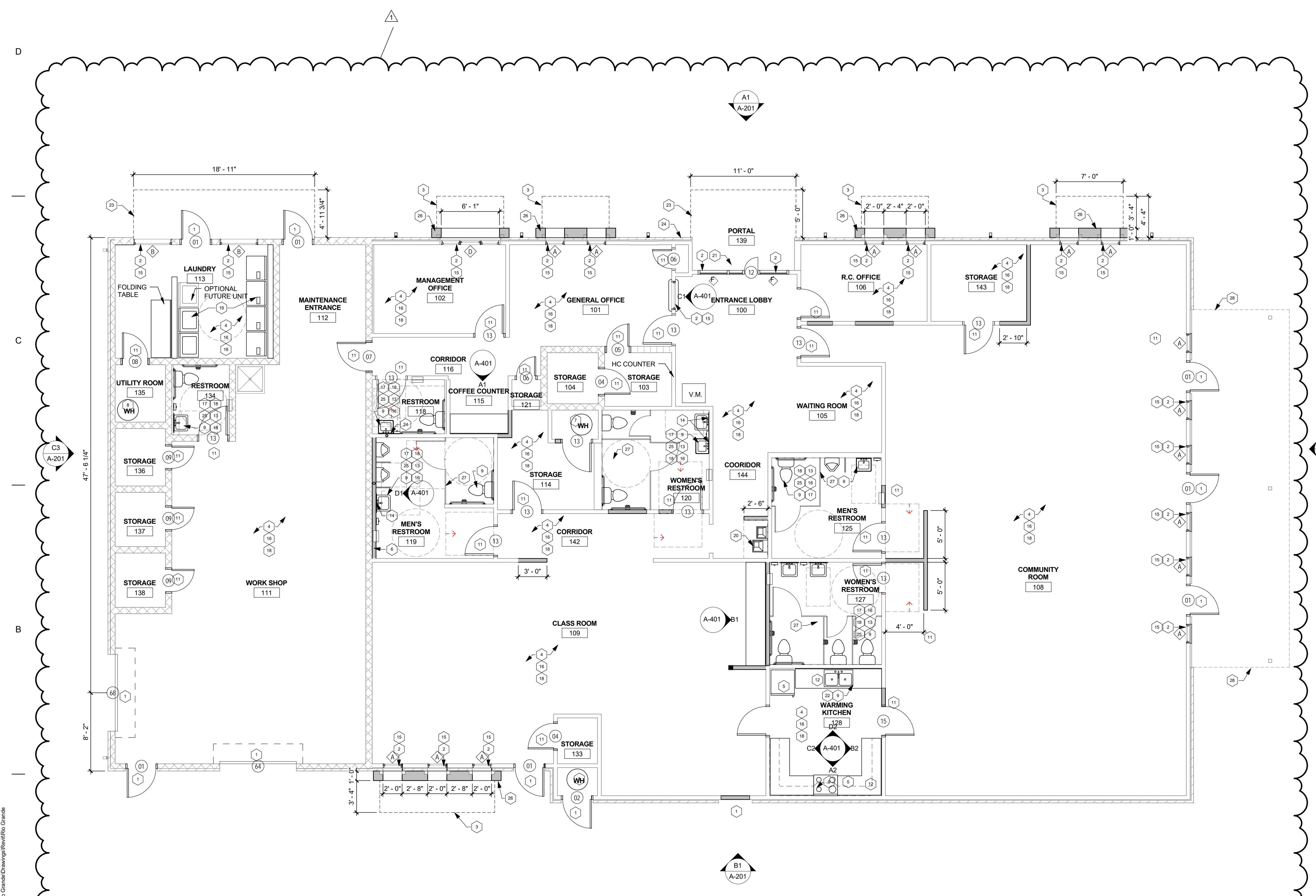
MARK	DATE	AMENDMENT	DESCRIPTION
1	07/11/2016	AMENDMENT 1	
			150425.1
			07/11/16
			LJH, JT
			FD

MARK	DATE	AMENDMENT	DESCRIPTION

SHEET TITLE

COMMUNITY CENTER - NEW WORK FLOOR PLANS

A-110



A1 COMMUNITY CENTER - NEW WORK FLOOR PLAN
3/16" = 1'-0"

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FOKUS ON ARCHITECTURE, INC.

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EDITH MANRIQUEZ, RAS
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Texas License No. 1402

PLAN REVIEW REPORT

The following report identifies deficiencies with the Texas Accessibility Standards (TAS). No response is required to this review; however, all items noted as "UNACCEPTABLE" should be addressed prior to Inspection.

RAS Name:	Eckhard K. Fennig	RAS #: 476
Review Date:	June 30, 2016	EABPRJB6811929 (3816)

PROJECT INFORMATION

Project Name:	HACEP J. Williams Renovation
Facility Name:	<u>J. Williams</u>
Project Address:	212 N. Resler Dr.
Project City:	El Paso, Texas 79912
Project Designer:	Wright & Dalbin Architects, Inc.
Estimated Construction Cost:	\$176,000
Estimated Completion Date:	08/2017
Detailed Description of Construction Activities:	Renovation and alterations to the common areas

OWNER INFORMATION

Name:	Edward Gill
Company/Firm:	Housing Authority of the City of El Paso
Address:	5300 E. Paisano
City:	El Paso, Texas 79905

CHAPTER 2: SCOPING REQUIREMENTS

- ✓ 201. Application
- ✓ 202. Existing Buildings and Facilities
- ✓ 203. General Exceptions
- ✓ 204. Protruding Objects
- ✓ 205. Operable Parts
- ✓ 206. Accessible Routes
- ✓ 207. Accessible Means of Egress
- ✓ 208. Parking Spaces
- ~~209. Passenger Loading Zones and Bus Stops~~
- ~~210. Stairways~~
- ~~211. Drinking Fountains~~
- ~~212. Kitchens, Kitchenettes and Sinks~~
- ~~213. Toilet Facilities and Bathing Facilities~~
- 214. Washing Machines and Clothes Dryers

UNABLE TO DETERMINE

214.1 General. Where provided, washing machines and clothes dryers shall comply with 214.

214.2 Washing Machines. Where three or fewer washing machines are provided, at least one shall comply with 611. Where more than three washing machines are provided, at least two shall comply with 611.

214.3 Clothes Dryers. Where three or fewer clothes dryers are provided, at least one shall comply with 611. Where more than three clothes dryers are provided, at least two shall comply with 611.

ISSUE:

Reference: Sheet A-101

Missing information regarding to washing machines & clothes dryers

ENSURE COMPLIANCE

~~215. Fire Alarm Systems~~

✓ 216. Signs

216.2 Designations. Interior and exterior signs identifying permanent rooms and spaces shall comply with 703.1, 703.2, and 703.5. Where pictograms are provided as designations of permanent interior rooms and spaces, the pictograms shall comply with 703.6 and shall have text descriptors complying with 703.2 and 703.5.

216.5 Parking. Parking spaces complying with 502 shall be identified by signs complying with 502.6.

ISSUE:

Missing information regarding to signage

ENSURE COMPLIANCE

~~217. Telephones~~

~~218. Transportation Facilities~~

~~219. Assistive Listening Systems~~

~~220. Automatic Teller Machines and Fare Machines~~

~~221. Assembly Areas~~

~~222. Dressing, Fitting and Locker Rooms~~

~~223. Medical Care and Long-Term Care Facilities~~

~~224. Transient Lodging Facilities and Guest Rooms~~

~~225. Storage~~

~~226. Dining Surface and Work Surfaces~~

~~227. Sales and Services~~

~~228. Depositories, Vending Machines, Change Machines, Mail Boxes and Fuel Dispenses~~

~~229. Windows~~

~~230. Two-way Communication Systems~~

~~231. Judicial Facilities~~

~~232. Detention Facilities~~

~~233. Residential Facilities~~

~~234. Amusements Rides~~

~~235. Recreational Boating Facilities~~

~~236. Exercise Machines and Equipment~~

~~237. Fishing Piers and Platforms~~

- ~~238. Golf Facilities~~
- ~~239. Miniature Golf Facilities~~
- ~~240. Play Areas~~
- ~~241. Saunas and Steam Rooms~~
- ~~242. Swimming Pools, Wading Pools and Spas~~
- ~~243. Shooting Facilities with Firing Positions~~

CHAPTER 3: BUILDING BLOCKS

ACCEPTABLE ✓ 301. General
302. Floor or Ground Surfaces

UNABLE TO DETERMINE 303. Changes in Level

303.1 General. Where changes in level are permitted in floor or ground surfaces, they shall comply with 303.

303.2 Vertical. Changes in level of 1/4 inch (6.4 mm) high maximum shall be permitted to be vertical.



Figure 303.2 Vertical Change in Level

303.3 Beveled. Changes in level between 1/4 inch (6.4 mm) high minimum and 1/2 inch (13 mm) high maximum shall be beveled with a slope not steeper than 1:2.

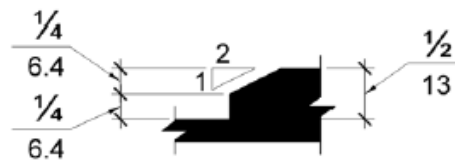


Figure 303.3 Beveled Change in Level

303.4 Ramps. Changes in level greater than 1/2 inch (13 mm) high shall be ramped, and shall comply with 405 or 406.

ISSUE:

Reference: Sheet A-101

No information provided at the doorway of the Community Center

ENSURE COMPLIANCE

ACCEPTABLE 304. Turning Spaces
ACCEPTABLE 305. Clear Floor or Ground Spaces

306. Knee and Toe Clearance

306.1 General. Where space beneath an element is included as part of clear floor or ground space or turning space, the space shall comply with 306. Additional space shall not be prohibited beneath an element but shall not be considered as part of the clear floor or ground space or turning space.

306.2. Toe Clearance.

306.2.1 General. Space under an element between the finish floor or ground and 9 inches (230 mm) above the finish floor or ground shall be considered toe clearance and shall comply with 306.2.

306.2.2 Maximum Depth. Toe clearance shall extend 25 inches (635 mm) maximum under an element.

306.2.3 Minimum Required Depth. Where toe clearance is required at an element as part of a clear floor space, the toe clearance shall extend 17 inches (430 mm) minimum under the element.

306.2.4 Additional Clearance. Space extending greater than 6 inches (150 mm) beyond the available knee clearance at 9 inches (230 mm) above the finish floor or ground shall not be considered toe clearance.

306.2.5 Width. Toe clearance shall be 30 inches (760 mm) wide minimum.

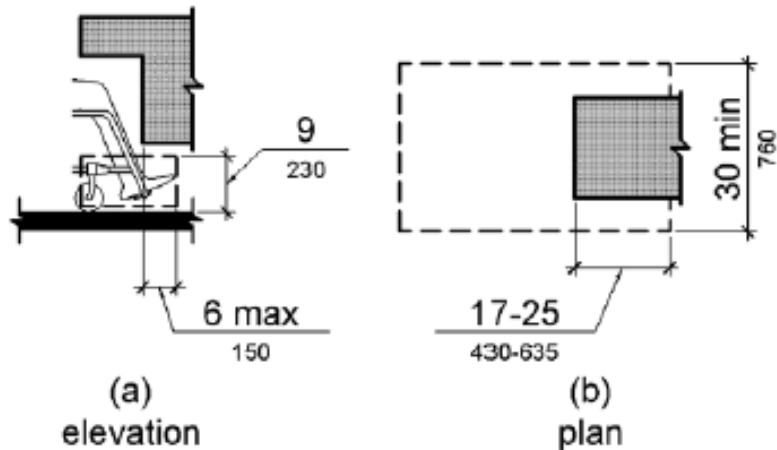


Figure 306.2 Toe Clearance

306.3. Knee Clearance.

306.3.1 General. Space under an element between 9 inches (230 mm) and 27 inches (685 mm) above the finish floor or ground shall be considered knee clearance and shall comply with 306.3.

306.3.2 Maximum Depth. Knee clearance shall extend 25 inches (635 mm) maximum under an element at 9 inches (230 mm) above the finish floor or ground.

306.3.3 Minimum Required Depth. Where knee clearance is required under an element as part of a clear floor space, the knee clearance shall be 11 inches (280 mm) deep minimum at 9 inches (230 mm) above the finish floor or ground, and 8 inches (205 mm) deep minimum at 27 inches (685 mm) above the finish floor or ground.

306.3.4 Clearance Reduction. Between 9 inches (230 mm) and 27 inches (685 mm) above the finish floor or ground, the knee clearance shall be permitted to reduce at a rate of 1 inch (25 mm) in depth for each 6 inches (150 mm) in height.

306.3.5 Width. Knee clearance shall be 30 inches (760 mm) wide minimum.

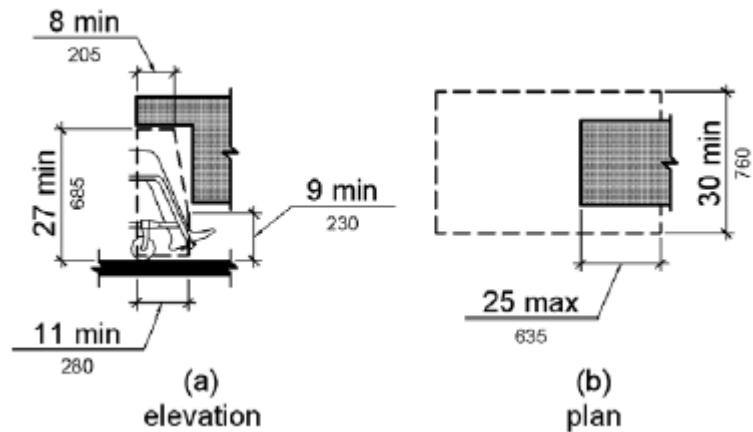


Figure 306.3 Knee Clearance

ISSUE:

Reference: Sheet A-101;

No information provided related with knee & toe clearance under sink for the community center

ENSURE COMPLIANCE

UNABLE TO DETERMINE

307. Protruding Objects
308. Reach Ranges

308.3.2 Obstructed High Reach. Where a clear floor or ground space allows a parallel approach to an element and the high side reach is over an obstruction, the height of the obstruction shall be 34 inches (865 mm) maximum and the depth of the obstruction shall be 24 inches (610 mm) maximum. The high side reach shall be 48 inches (1220 mm) maximum for a reach depth of 10 inches (255 mm) maximum. Where the reach depth exceeds 10 inches (255 mm), the high side reach shall be 46 inches (1170 mm) maximum for a reach depth of 24 inches (610 mm) maximum.

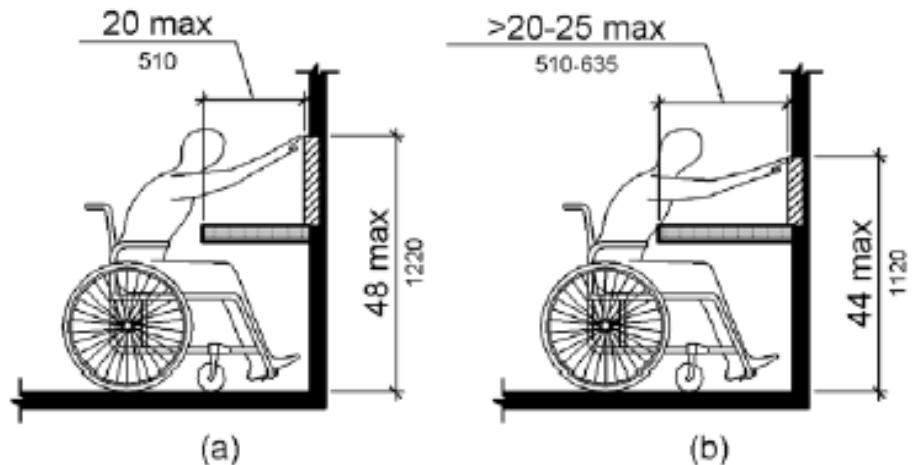


Figure 308.2.2 Obstructed High Forward Reach

308.3 Side Reach

308.3.1 Unobstructed. Where a clear floor or ground space allows a parallel approach to an element and the side reach is unobstructed, the high side reach shall be 48 inches (1220 mm) maximum and the low side reach shall be 15 inches (380 mm) minimum above the finish floor or ground.

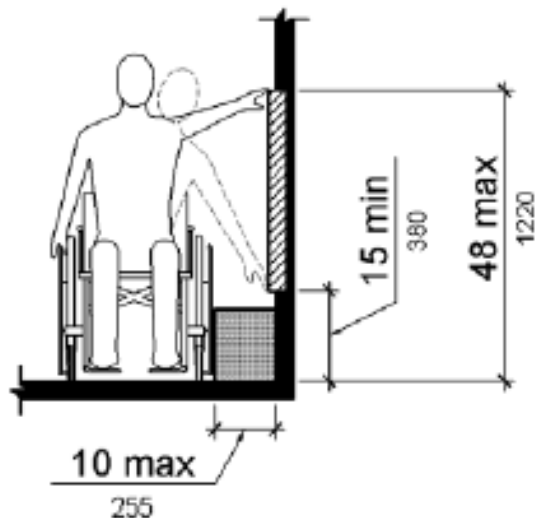


Figure 308.3.1 Unobstructed Side Reach

308.3.2 Obstructed High Reach. Where a clear floor or ground space allows a parallel approach to an element and the high side reach is over an obstruction, the height of the obstruction shall be 34 inches (865 mm) maximum and the depth of the obstruction shall be 24 inches (610 mm) maximum. The high side reach shall be 48 inches (1220 mm) maximum for a reach depth of 10 inches (255 mm) maximum. Where the reach depth exceeds 10 inches (255 mm), the high side reach shall be 46 inches (1170 mm) maximum for a reach depth of 24 inches (610 mm) maximum.

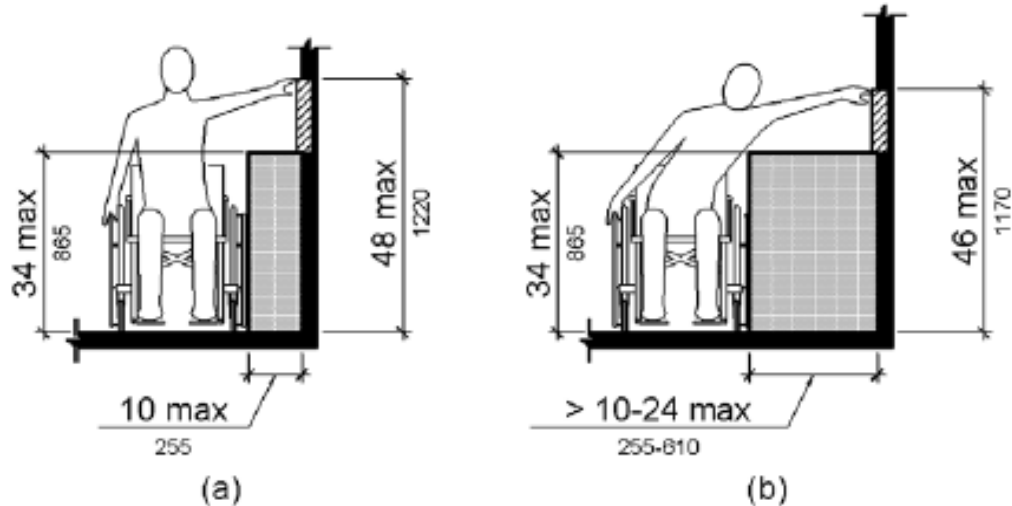


Figure 308.3.2 Obstructed High Side Reach

ISSUE:

Reference: Sheet A-101;

No information provided for counter height at the community center

ENSURE COMPLIANCE

UNABLE TO DETERMINE

309. Operable Parts

309.1 General. Operable parts shall comply with 309.

309.2 Clear Floor Space. A clear floor or ground space complying with 305 shall be provided.

309.3 Height. Operable parts shall be placed within one or more of the reach ranges specified in 308.

ISSUE:

Reference: Sheet A-101;

No information provided related to location of items that requires reach ranges

ENSURE COMPLIANCE

CHAPTER 4: ACCESSIBLE ROUTES

ACCEPTABLE ✓ 401. General
UNABLE TO DETERMINE 402. Accessible Routes
403. Walking Surfaces

403.1 General. Walking surfaces that are a part of an accessible route shall comply with 403.

403.2 Floor or Ground Surface. Floor or ground surfaces shall comply with 302.

403.3 Slope. The running slope of walking surfaces shall not be steeper than 1:20. The cross slope of walking surfaces shall not be steeper than 1:48.

403.4 Changes in Level. Changes in level shall comply with 303.

ISSUE:

Reference: Sheet AC-102: Detail: A3

Missing information related to the slope at the doorway of the community center

Missing slope information for sidewalks

ENSURE COMPLIANCE

UNABLE TO DETERMINE 404. Doors, Doorways and Gates

404.2.3 Clear Width. Door openings shall provide a clear width of 32 inches (815 mm) minimum. Clear openings of doorways with swinging doors shall be measured between the face of the door and the stop, with the door open 90 degrees.

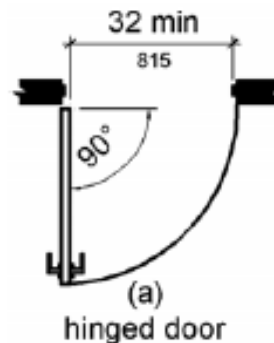


Figure 404.2.3 Clear Width of Doorways

404.2.5 Thresholds. Thresholds, if provided at doorways, shall be 1/2 inch (13 mm) high maximum. Raised thresholds and changes in level at doorways shall comply with 302 and 303.

404.2.7 Door and Gate Hardware. Handles, pulls, latches, locks, and other operable parts on doors and gates shall comply with 309.4. Operable parts of such hardware shall be 34 inches (865 mm) minimum and 48 inches (1220 mm) maximum above the finish floor or ground. Where sliding doors are in the fully open position, operating hardware shall be exposed and usable from both sides.

ISSUE:

**Missing information about door sizes.
32" min. clear opening is required**

Missing information related with thresholds & door hardware

ENSURE COMPLIANCE

UNABLE TO DETERMINE

405. Ramps

405.2 Slope. Ramp runs shall have a running slope not steeper than 1:12.

405.3 Cross Slope. Cross slope of ramp runs shall not be steeper than 1:48.

405.4 Floor or Ground Surfaces. Floor or ground surfaces of ramp runs shall comply with 302. Changes in level other than the running slope and cross slope are not permitted on ramp runs.

405.5 Clear Width. The clear width of a ramp run and, where handrails are provided, the clear width between handrails shall be 36 inches (915 mm) minimum.

405.8 Handrails. Ramp runs with a rise greater than 6 inches (150 mm) shall have handrails complying with 505.

ISSUE:

**Reference: Sheet C-01.0
No information provided for ramps**

ENSURE COMPLIANCE

- ~~406. Curb Ramps~~
- ~~407. Elevators~~
- ~~408. Limited-Use/Limited-Application Elevators~~
- ~~409. Private Residence Elevators~~
- ~~410. Platform Lifts~~

CHAPTER 5: GENERAL SITE AND BUILDING ELEMENTS

UNABLE TO DETERMINE ✓ 501. General
502. Parking Spaces

502.1 General. Car and van parking spaces shall comply with 502. Where parking spaces are marked with lines, width measurements of parking spaces and access aisles shall be made from the centerline of the markings.

502.2 Vehicle Spaces. Car parking spaces shall be 96 inches (2440 mm) wide minimum and van parking spaces shall be 132 inches (3350 mm) wide minimum, shall be marked to define the width, and shall have an adjacent access aisle complying with 502.3.

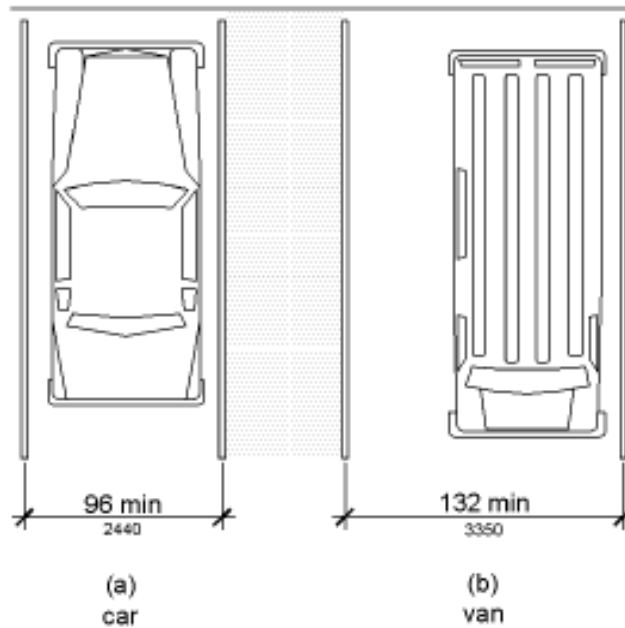


Figure 502.2 Vehicle Parking Spaces

502.3 Access Aisle. Access aisles serving parking spaces shall comply with 502.3. Access aisles shall adjoin an accessible route. Two parking spaces shall be permitted to share a common access aisle.

502.4 Floor or Ground Surfaces. Parking spaces and access aisles serving them shall comply with 302. Access aisles shall be at the same level as the parking spaces they serve. Changes in level are not permitted.

EXCEPTION: Slopes not steeper than 1:48 shall be permitted.

ISSUE:

Reference: Sheet C-01.0

No information provided related to parking area.

ENSURE COMPLIANCE

~~503. Passenger Loading Zones~~

~~504. Stairways~~

~~505. Handrails~~

CHAPTER 6: PLUMBING ELEMENTS AND FACILITIES

- ✓ 601. General
- ~~602. Drinking Fountains~~
- ~~603. Toilet and Bathing Rooms~~
- ~~604. Water Closets and Toilet Compartments~~
- ~~605. Urinals~~
- UNABLE TO DETERMINE 606. Lavatories and Sinks

606.3 Height. Lavatories and sinks shall be installed with the front of the higher of the rim or counter surface 34 inches (865 mm) maximum above the finish floor or ground.

606.5 Exposed Pipes and Surfaces. Water supply and drain pipes under lavatories and sinks shall be insulated or otherwise configured to protect against contact. There shall be no sharp or abrasive surfaces under lavatories and sinks

ISSUE:

Reference: Sheet A-101;

No information provided related to sinks

ENSURE COMPLIANCE

~~607. Bathtubs~~

~~608. Shower Compartments~~

~~609. Grab Bars~~

~~610. Seats~~

UNABLE TO DETERMINE 611. Washing Machines and Clothes Dryers

611.1 General. Washing machines and clothes dryers shall comply with 611.

611.2 Clear Floor Space. A clear floor or ground space complying with 305 positioned for parallel approach shall be provided. The clear floor or ground space shall be centered on the appliance.

611.3 Operable Parts. Operable parts, including doors, lint screens, and detergent and bleach compartments shall comply with 309.

611.4 Height. Top loading machines shall have the door to the

laundry compartment located 36 inches (915 mm) maximum above the finish floor. Front loading machines shall have the bottom of the opening to the laundry compartment located 15 inches (380 mm) minimum and 36 inches (915 mm) maximum above the finish floor.

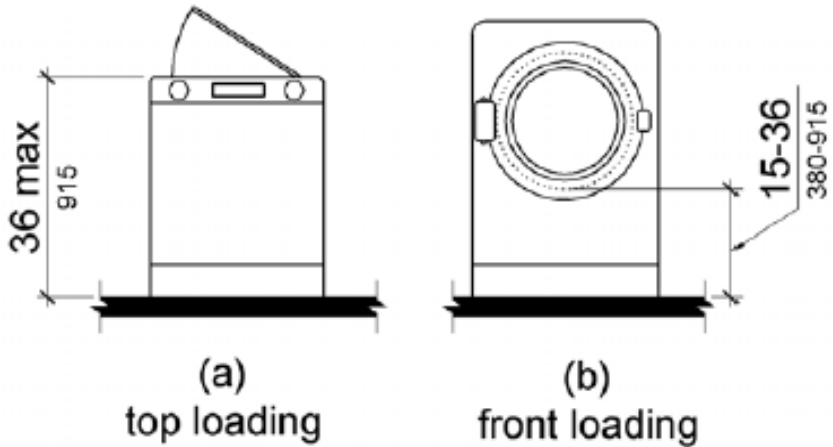


Figure 611.4 Height of Laundry Compartment Opening

No information provided related to washing machines & clothes dryers

ENSURE COMPLIANCE

~~612. Saunas and Steam Rooms~~

CHAPTER 7: COMMUNICATION ELEMENTS AND FEATURES

UNABLE TO DETERMINE

- ✓ 701. General
- 702. Fire Alarm Systems

702.1 General. Fire alarm systems shall have permanently installed audible and visible alarms complying with NFPA 72 (1999 or 2002 edition) (incorporated by reference, see "Referenced Standards" in Chapter 1), except that the maximum allowable sound level of audible notification appliances complying with section 4-3.2.1 of NFPA 72 (1999 edition) shall have a sound level no more than 110 dB at the minimum hearing distance from the audible appliance

No information provided

ENSURE COMPLIANCE

703.4 Installation Height and Location. Signs with tactile characters shall comply with 703.4.

703.4.1 Height Above Finish Floor or Ground. Tactile characters on signs shall be located 48 inches (1220 mm) minimum above the finish floor or ground surface, measured from the baseline of the lowest tactile character and 60 inches (1525 mm) maximum above the finish floor or ground surface, measured from the baseline of the highest tactile character.

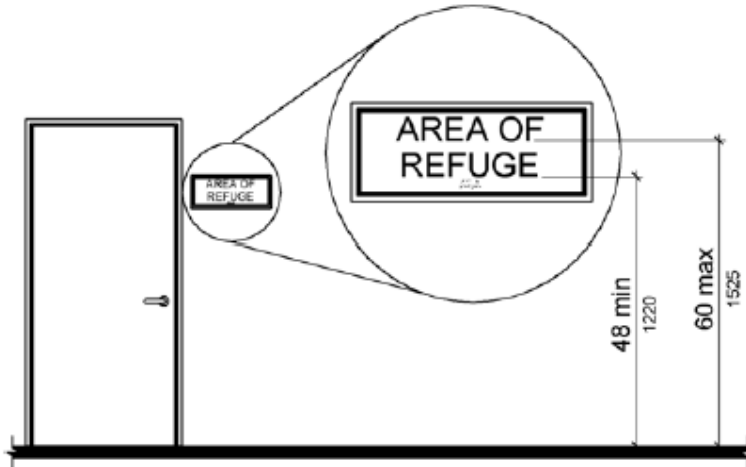


Figure 703.4.1 Height of Tactile Characters Above Finish Floor or Ground

703.4.2 Location. Where a tactile sign is provided at a door, the sign shall be located alongside the door at the latch side. Where a tactile sign is provided at double doors with one active leaf, the sign shall be located on the inactive leaf. Where a tactile sign is provided at double doors with two active leaves, the sign shall be located to the right of the right hand door. Where there is no wall space at the latch side of a single door or at the right side of double doors, signs shall be located on the nearest adjacent wall. Signs containing tactile characters shall be located so that a clear floor space of 18 inches (455 mm) minimum by 18 inches (455 mm) minimum, centered on the tactile characters, is provided beyond the arc of any door swing between the closed position and 45 degree open position.

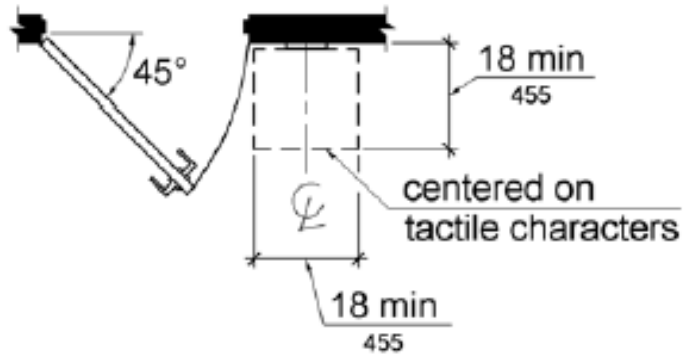


Figure 703.4.2 Location of Tactile Signs at Doors

No information provided related to signage

ENSURE COMPLIANCE

- 704. Telephones
- 705. Detectable Warnings
- 706. Assistive Listening Systems
- 707. Automatic Teller Machines and Fare Machines
- 708. Two-Way Communication Systems

CHAPTER 8: SPECIAL ROOMS, SPACES AND ELEMENTS

- ✓ 801. General
- 802. Wheelchair Spaces, Companion Seats and Designated Aisle Seats
- 803. Dressing, Fitting and Locker Rooms
- 804. Kitchens and Kitchenettes
- 805. Medical Care and Long-Term Care Facilities
- 806. Transient Lodging Guest Rooms
- 807. Holding Cells and Housing Cells
- 808. Courtrooms
- 809. Residential Dwelling Unit
- 810. Transportation Facilities
- 811. Storage

CHAPTER 9: BUILT-IN ELEMENTS

UNABLE TO DETERMINE

- ✓ 901. General
- 902. Dining Surfaces and Work Surfaces

902.2 Clear Floor or Ground Space. A clear floor space complying with 305 positioned for a forward approach shall be provided. Knee and toe clearance complying with 306 shall be provided.

902.3 Height. The tops of dining surfaces and work surfaces shall be 28 inches (710 mm) minimum and 34 inches (865 mm) maximum above the finish floor or ground.

ISSUE:

Reference: Sheet AC-102; Detail B5

No information provided for pic-nic table.

ENSURE COMPLIANCE

~~903. Benches~~

~~904. Check-out Aisles and Sales and Service Counters~~

CHAPTER 10: RECREATION FACILITIES

- ✓ 1001. General
- ~~1002. Amusement Rides~~
- ~~1003. Recreational Boating Facilities~~
- ~~1004. Exercise Machines and Equipment~~
- ~~1005. Fishing Piers and Platforms~~
- ~~1006. Golf Facilities~~
- ~~1007. Miniature Golf Facilities~~
- ~~1008. Play Areas~~
- ~~1009. Swimming Pools, Wading Pools and Spas~~
- ~~1010. Shooting Facilities with Firing Positions~~

BOARD ACTION REQUEST
MULTIFAMILY FINANCE DIVISION
JULY 28, 2016

Presentation, Discussion, and Possible Action on Determination Notices for Housing Tax Credits with another Issuer (#16414 Father Carlos Pinto Memorial Apartments, El Paso)

RECOMMENDED ACTION

WHEREAS, a 4% Housing Tax Credit application for Father Carlos Pinto Memorial Apartments, sponsored by the Housing Authority of the City of El Paso, was submitted to the Department on February 26, 2016;

WHEREAS, the Certification of Reservation from the Texas Bond Review Board was issued on July 11, 2016, and will expire on December 8, 2016;

WHEREAS, the proposed issuer of the bonds is the Alamito Public Facilities Corporation;

WHEREAS, pursuant to 10 TAC §10.101(a)(4) of the Uniform Multifamily Rules related to Undesirable Neighborhood Characteristics, applicants are required to disclose to the Department the existence of certain undesirable characteristics of a proposed development site;

WHEREAS, the applicant has disclosed the presence of such undesirable neighborhood characteristics, specifically those relating to the poverty rate and school attendance zones;

WHEREAS, staff has conducted a further review of the proposed development site and surrounding neighborhood and recommends the proposed site be found eligible under 10 TAC §10.101(a)(4) of the Uniform Multifamily Rules;

WHEREAS, in accordance with 10 TAC §1.301(d)(1), the compliance history is designated as an Extra Large Portfolio, Category 3 and after review and discussion EARAC recommends the issuance of a Determination Notice with conditions specifically related to the Housing Authority of the City of El Paso placed upon prior 4% HTC applications (#16401 and #16402) approved by the Board on April 28, 2016, also be placed upon this award, as applicable;

WHEREAS, EARAC also recommends approval subject to the applicant meeting all of the requirements for compliance with TDHCA accessibility standards, including but not limited to the attached architectural drawings depicting necessary changes to balconies;

WHEREAS, all parties understand and agree that failure to meet these conditions and provide evidence of compliance with these conditions upon request may result in a negative recommendation for future awards and/or ownership transfer requests; and

WHEREAS, the Department's expectation is for owners, asset managers, and property managers with Texas properties funded by or through the Department to have knowledge of and adhere to the TDHCA compliance requirements for the property augmented by the attendance of TDHCA sponsored compliance training;

NOW, therefore, it is hereby

RESOLVED, that the issuance of a Determination Notice of \$421,385 in 4% Housing Tax Credits, subject to underwriting conditions that may be applicable as found in the Real Estate Analysis report posted to the Department's website for Father Carlos Pinto Memorial Apartments is hereby approved as presented to this meeting conditioned upon all of the following:

1. The uncorrected accessibility violations at Eastside Crossing property (#12152) will be corrected by August 16, 2016.
2. The Housing Authority of the City of El Paso ("HACEP") agrees to meet all of the requirements for compliance with TDHCA accessibility standards, including but not limited to the attached architectural drawings depicting necessary changes to balconies.
3. Appropriate staff of HACEP will each attend 20 hours of ADA accessibility training and provide the Department staff with evidence of completion by December 31, 2016.
4. Upper management including the Executive team and appropriate staff of HACEP will participate in 8 hours of Fair Housing Training and provide the Department staff with evidence of completion by December 31, 2016.
5. Upper management and appropriate staff of HACEP will promptly enroll with the TDHCA Listserv and appropriate personnel will attend compliance related roundtables and trainings and will provide to TDHCA by June 1, 2016, a schedule of each and all employees attending TDHCA trainings and opportunities in the past year and projected to attend through the December 31, 2016.
6. HACEP will conduct appropriate due diligence to determine all compliance requirements prior to future acquisition of TDHCA administered property and not rely upon post closing rule waivers or material amendments to address inconsistencies or required amendments.

BACKGROUND

General Information: Father Carlos Pinto Memorial Apartments is located at 1001 S. Ochoa Street, El Paso, El Paso County, and consists of 113 units, all of which will be rent and income restricted at 60% AMFI. The units are currently occupied and operating as public housing and are owned and managed by the Housing Authority of the City of El Paso. The subject property, as well as three sister properties also on the agenda for consideration today, the Charles E. Graham Apartments, Rio Grande Apartments and the Judson

Williams Apartments, will be converted through HUD's Rental Assistance Demonstration program. The development is an eight-story building originally constructed in 1975, will serve an elderly preference population and conforms to current zoning. The census tract (0019.00) has a median household income of \$10,853, is in the fourth quartile and has a poverty rate of 67.6%.

In the course of staff's review and subsequent discussions in EARAC, it was recognized that the accessibility requirements associated with this development would extend to the balconies as well. In discussions with the applicant, there were several options by which the issue of accessible balconies could be addressed and include the following: 1) block off the balcony in all of the units such that the door would be replaced with a window; 2) push the wall to the adjoining bedroom in to allow for wheelchair access onto and off of the balcony; 3) push the wall to the adjoining bedroom that would eliminate the balcony; or 4) extend the balcony in the accessible units to make it accessible for those in a wheelchair. HACEP has provided the attached architectural drawings, showing the solution they propose. They have stated that the costs will be approximately \$76,000 which will be absorbed in contingency or deferred developer fee,

Site Analysis: The proposed development is located within the Segundo Barrio neighborhood in El Paso. The applicant disclosed the presence of two undesirable neighborhood characteristics under §10.101(a)(4)(B) of the Uniform Multifamily Rules that require additional site analyses. Those undesirable characteristics include the census tract (0019.00) containing the development has a poverty rate of 67.6% and the middle school for the attendance zone does not have a Met Standard rating according to the 2015 TEA Accountability Ratings.

As it relates to the poverty rate, disclosure is required for poverty rates that exceed 55% for developments in regions 11 and 13. Staff analysis for the census tract in question revealed a median household income of \$10,853, with an average annual change in per capita income of 13%. There was a 9% decrease in those earning less than \$10,000, and a 6% increase in those households earning over \$40,000 (the median household income for the El Paso MSA is \$40,699), with a corresponding population decrease of approximately 123 households over the most recent five-year period. The composition of the neighborhood involves 65% apartments/townhomes and 28% is single family residential, with the median home value of approximately \$56,000, according to Neighborhoodscout. The development is located in an area that has been identified by the city as a revitalization area as evidenced by a revitalization plan. In recognition of the challenges faced by this neighborhood, the city undertook an extensive revitalization planning effort to identify ways to improve the quality of life for the residents. Some of the efforts undertaken by the city in response to the revitalization plan include the following: use of an infill program to address vacant/underutilized lots, use of CDBG/HOME funds in the neighborhood for various projects/activities, encourage investment in the neighborhood through the use of Tax Increment Financing and Tax Increment Revitalization Zone plans, and develop job training programs for neighborhood youth.

As it relates to the school attendance zone, the high school and the elementary school achieved the Met Standard rating; however, Guillen Middle School did not achieve a Met Standard rating, based on the 2015 TEA Accountability ratings. The Met Standard rating for Guillen was achieved in 2014. An article titled "Seven El Paso Schools Fail to Meet Standard" from the *El Paso Times* dated August 11, 2015, indicated that Guillen Middle School received three distinctions last year in science, closing performance gaps and post-secondary readiness. The El Paso ISD ("EPISD") deputy superintendent stated "Guillen's improvement required rating was a huge drop" and that they are "still reviewing data to identify where Guillen struggled..." and "...new principals, new programs and struggling English Language Learners and special education students seem to have played a role." Moreover, the article stated that according to state data, more than 40% of students at Guillen are classified as English Language Learners. The EPISD deputy

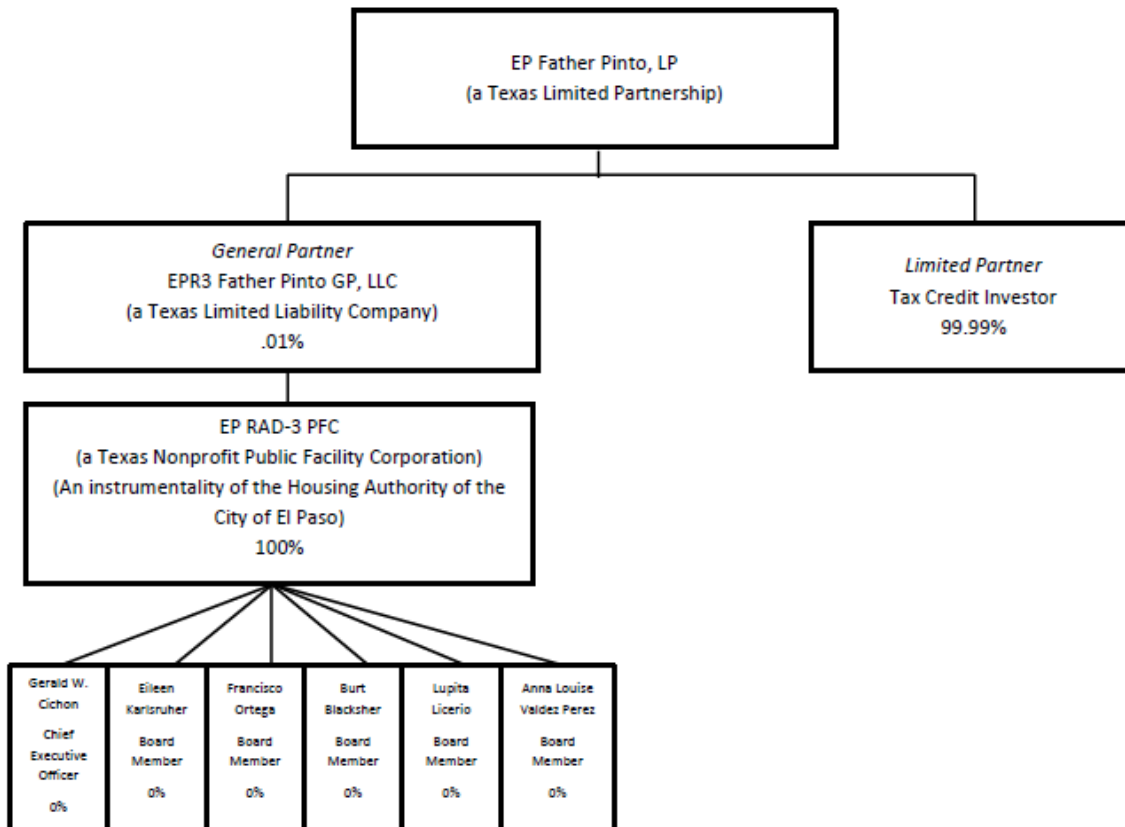
superintendent also stated EPISD officials are working to implement a new curriculum aligned to more challenging state standards to better support teachers intervening to help struggling students.” The article further stated “...Guillen will have new principals this year...” and the deputy superintendent feels “very strongly the school will be making gains next year.” A campus improvement plan was submitted and reflected formative reviews were scheduled for October 2015, January 2016, March 2016, and June 2016. As of the January update, there was continued progress, some even with considerable progress made on several of the goals and performance objectives identified in the improvement plan. Among those with considerable progress was to hire and retain highly qualified teachers and parent training in using technology to communicate with teachers via email and use of the online parent portal system. Moreover, they have several meetings each month with parents to keep them informed of school activities and issues concerning students.

It is documented that EPISD is putting appreciable resources into Guillen Middle School in hopes of returning the school to Met Standard status. The progress indicated by the updated campus improvement plan and statements by the deputy superintendent indicated there is a reasonable expectation that Guillen Middle School will achieve Met Standard by the time the proposed development places in service.


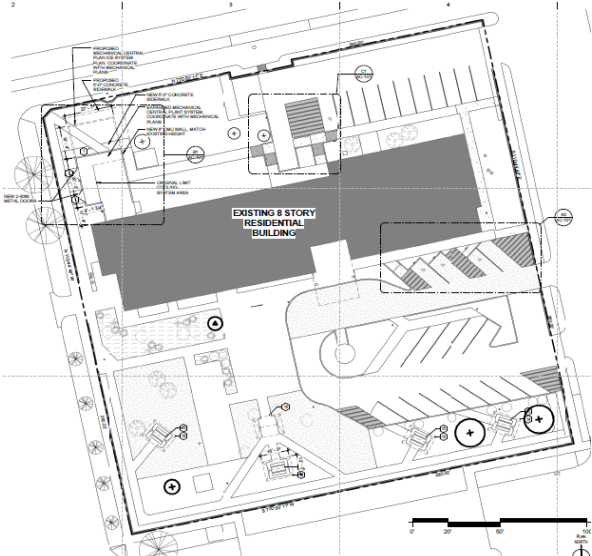
Under §10.101(a)(4) of the Uniform Multifamily Rules, there is a consideration for acceptable mitigation regarding the undesirable neighborhood characteristics on the basis that the development includes the preservation of existing occupied affordable housing units that are subject to existing federal rent or income restrictions. Currently, 100% of the units at Father Carlos Pinto Memorial are public housing units under Section 9. Staff recommends the proposed development site be considered eligible. It is also worth noting that the scope of work planned for this development involves approximately \$44,000/unit in rehabilitation costs which far exceeds the minimum threshold in the rule of \$25,000/unit.

Organizational Structure: The Borrower is EP Father Pinto, LP and includes the entities and principals as indicated in the organization chart below. The EARAC met on June 20, 2016, and July 18, 2016, and considered the previous participation review documentation associated with the application. In accordance with 10 TAC §1.301(d)(1), the compliance history was designated as an Extra Large Portfolio Category 3. After review and discussion EARAC recommends conditions specifically related to the Housing Authority of the City of El Paso placed upon prior 4% HTC applications (#16401 and #16402) approved by the Board on April 28, 2016, also be placed upon this award, as applicable. EARAC also recommends approval subject the applicant meeting all of the requirements for compliance with TDHCA accessibility standards, including but not limited to the attached architectural drawings depicting necessary changes to balconies.

Public Comment: There have been no letters of support or opposition received by the Department.



APPLICATION SUMMARY

PROPERTY IDENTIFICATION		RECOMMENDATION					KEY PRINCIPAL / SPONSOR		
Application #	16414	TDHCA Program	Request	Approved		General Partner(s)			
Development	Father Carlos Pinto Memorial Apartment	LIHTC (4% Credit)	\$421,385	\$387,771	\$3,432/Unit	\$1.06	Housing Authority of the City of El Paso (HACEP)		
City / County	El Paso / El Paso		Amount	Rate	Amort	Term	Lien	Developer(s)	
Region/Area	13 / Urban	Private Activity Bonds	Housing Authority of the City of El Paso (HACEP)						
Population	Elderly Preference	MDLP (Repayable)	Related-Parties						
Set-Aside	General	MDLP (Non-Repayable)	Contractor - Yes						
Activity	Acquisition/Rehab (Built in 1979)	CHDO Expenses	Seller - Yes						
TYPICAL BUILDING ELEVATION/PHOTO									
									
UNIT DISTRIBUTION									
# Beds	# Units	% Total	Income	# Units	% Total				
Eff	-	0%	30%	-	0%				
1	105	93%	40%	-	0%				
2	8	7%	50%	-	0%				
3	-	0%	60%	113	100%				
4	-	0%	MR	-	0%				
TOTAL	113	100%	TOTAL	113	100%				
PRO FORMA FEASIBILITY INDICATORS									
Pro Forma Underwritten			Applicant's Pro Forma						
Debt Coverage	1.17	Expense Ratio	58.9%						
Breakeven Occ.	89.2%	Breakeven Rent	\$619						
Average Rent	\$659	B/E Rent Margin	\$40						
Property Taxes	Exempt	Exemption/PILOT	100%						
Total Expense	\$4,424/unit	Controllable	\$3,209/unit						
MARKET FEASIBILITY INDICATORS									
Gross Capture Rate (10% Maximum)			1.4%						
Highest Unit Capture Rate	2%	1 BR/60%	105						
Dominant Unit Cap. Rate	2%	1 BR/60%	105						
Premiums (↑60% Gross)	NA	NA							
Rent Assisted Units	113	100% Total Units							
DEVELOPMENT COST SUMMARY									
Costs Underwritten		TDHCA's Costs - Based on PCA							
Avg. Unit Size	501 SF	Density	72.8/acre						
Acquisition		\$11K/unit	\$1,260K						
Building Cost	\$85.46/SF	\$43K/unit	\$4,834K						
Hard Cost		\$48K/unit	\$5,464K						
Total Cost		\$94K/unit	\$10,677K						
Developer Fee	\$1,354K	(0% Deferred)	Paid Year: 1						
Contractor Fee	\$765K	30% Boost	Yes						
REHABILITATION COSTS / UNIT									
Site Work	\$1K	1%	Finishes/Fixtures	\$12K	24%				
Building Shell	\$15K	31%	Amenities	\$K	1%				
HVAC/Plumbing	\$16K	33%	Total Exterior	\$16K	37%				
Appliances			Total Interior	\$28K	63%				
SITE PLAN									
									

DEBT (Must Pay)					CASH FLOW DEBT / GRANT FUNDS					EQUITY / DEFERRED FEES	
Source	Term	Rate	Amount	DCR	Source	Term	Rate	Amount	DCR	Source	Amount
HMG - Freddie Mac TEL	18/35	5.01%	\$4,530,000	1.27	HACEP - Seller Note	30/0	2.62%	\$1,260,000	1.17	PNC	\$4,109,962
HACEP - Gap Loan	18/35	0.00%	\$777,178	1.17						TOTAL EQUITY SOURCES	\$4,109,962
TOTAL DEBT (Must Pay)			\$5,307,178		CASH FLOW DEBT / GRANTS			\$1,260,000		TOTAL DEBT SOURCES	\$6,567,178
										TOTAL CAPITALIZATION	\$10,677,140

CONDITIONS

- 1 Receipt and acceptance before Determination Notice:
 - a: Updated CHAP Agreement and all amendments.
 - b: Satisfaction that the scope of work includes items required to meet all Accessibility requirements including 2010 ADA.
 - 2 Receipt and acceptance by Cost Certification:
 - a: Attorney opinion validating federally sourced funds can be considered bona fide debt with a reasonable expectation that it will be repaid in full and further stating that the funds should not be deducted from eligible basis.
 - b: Documentation clearing environmental issues contained in the ESA reports as detailed under the ESA section of each individual project.
- Should any terms of the proposed capital structure change or if there are material changes to the overall development plan or costs, the analysis must be re-evaluated and adjustment to the credit allocation and/or terms of other TDHCA funds may be warranted.

BOND RESERVATION / ISSUER

Issuer	Alamito Public Facilities Corporation
Expiration Date	8/29/2016
Bond Amount	\$12,000,000
BRB Priority	Priority 3
Expected Close	TBD
Bond Structure	Freddie Mac TEL

RISK PROFILE

STRENGTHS/MITIGATING FACTORS

- 10% construction contingency & available deferred developer fee
- Minimal lease up risk
- Pro forma based on historical expenses

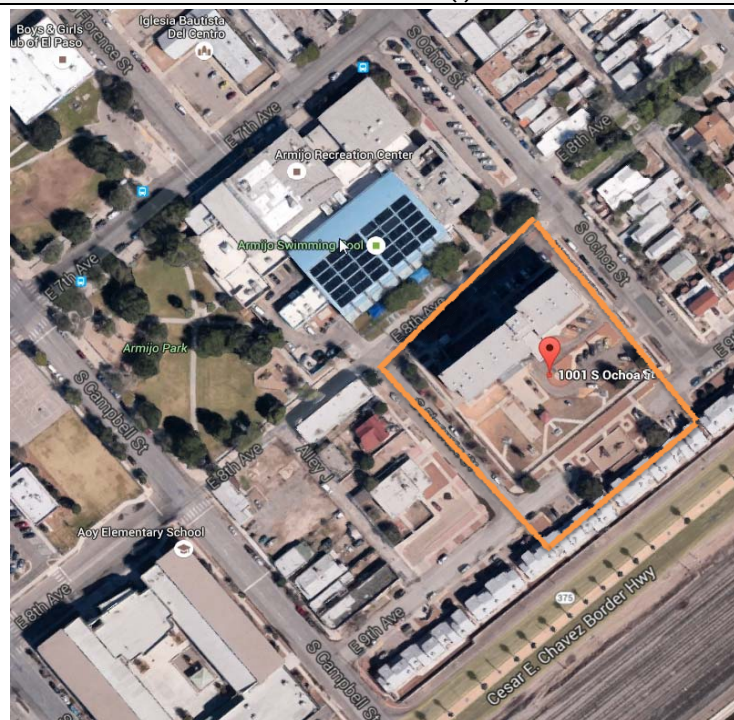
WEAKNESSES/RISKS

- Potential cost overruns associated with rehab
- Post rehab applicable fractions (due to over

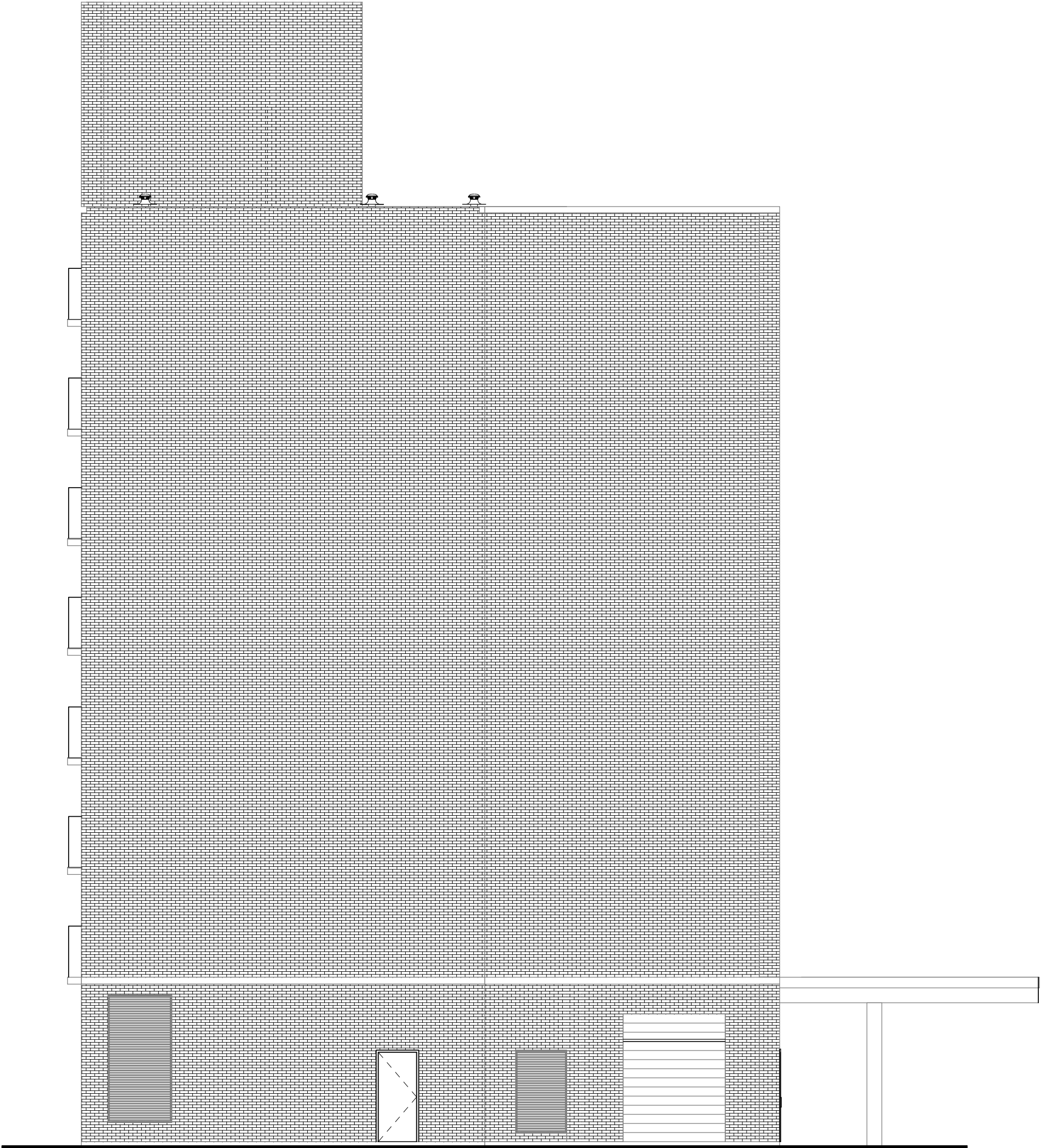
AREA MAP

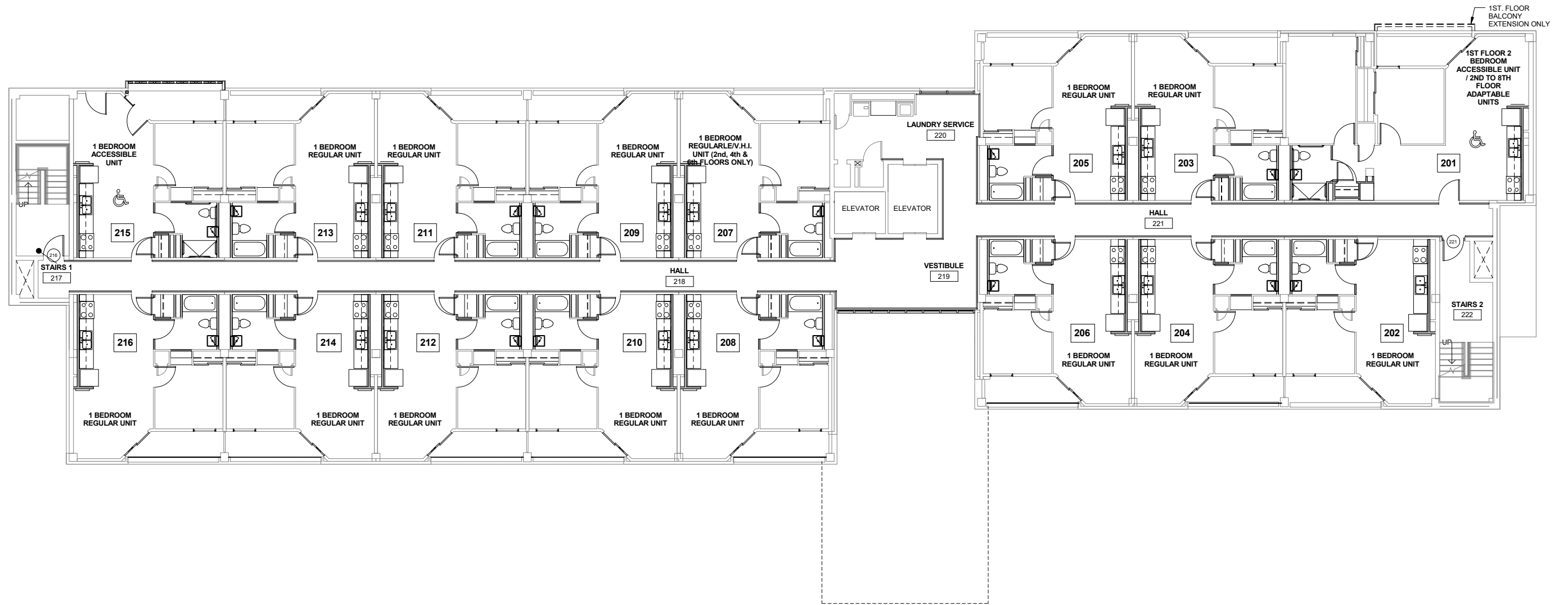


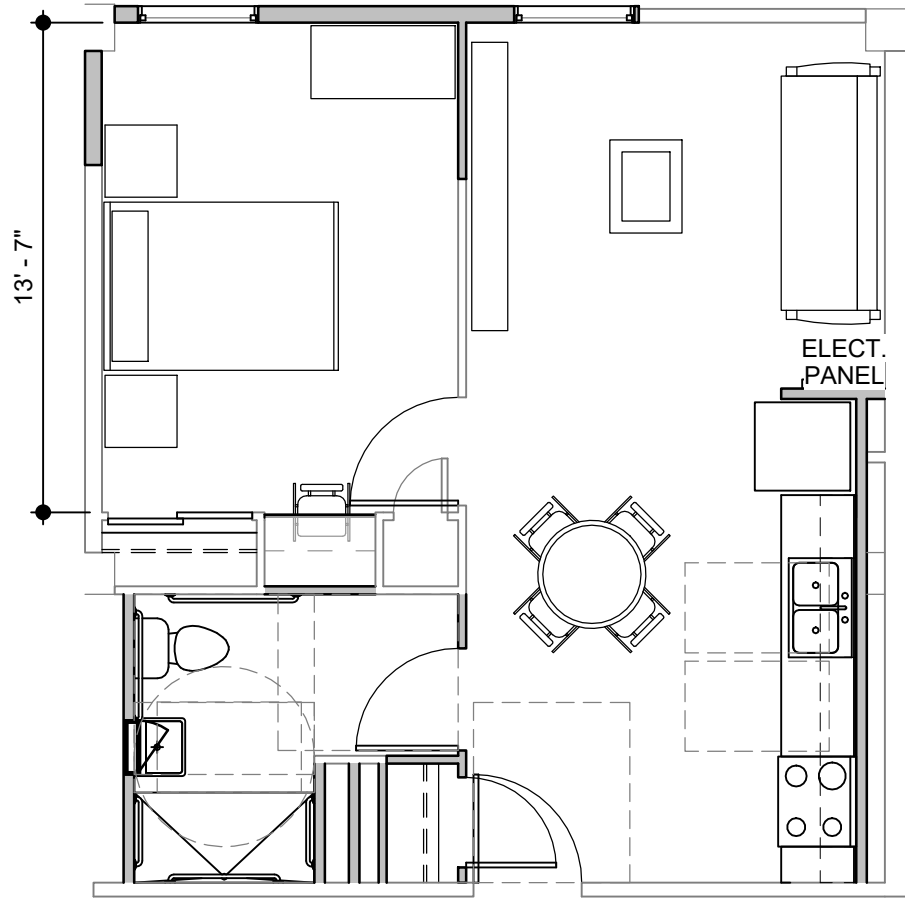
AERIAL PHOTOGRAPH(S)





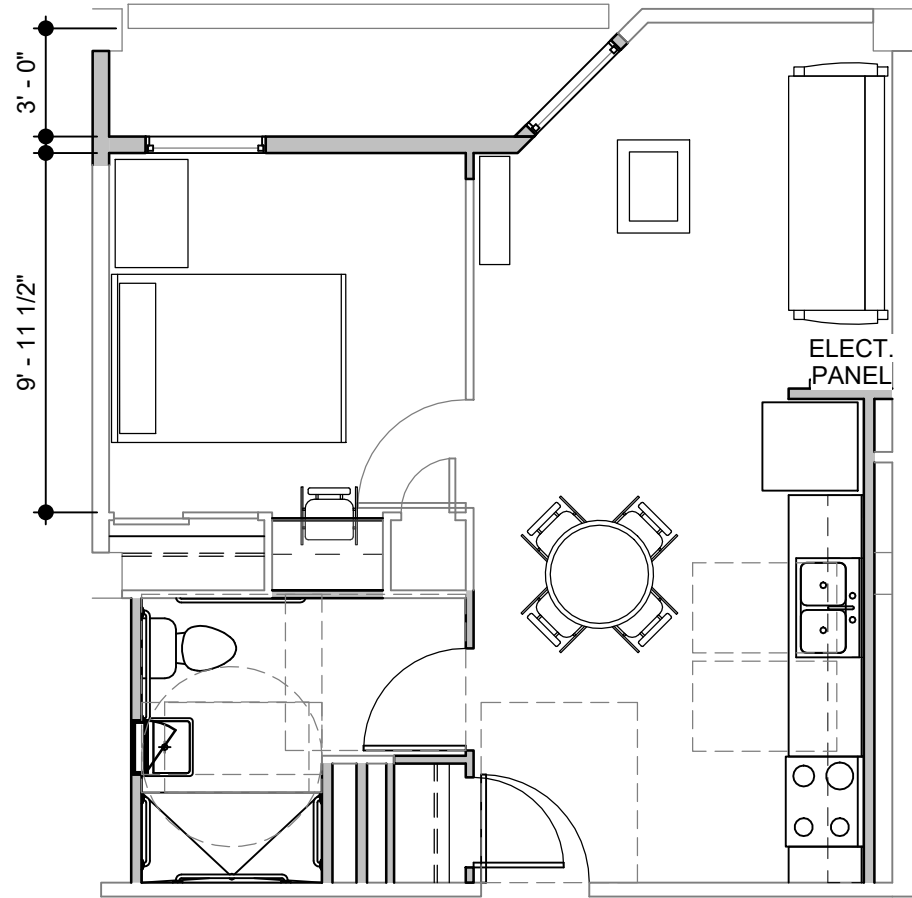






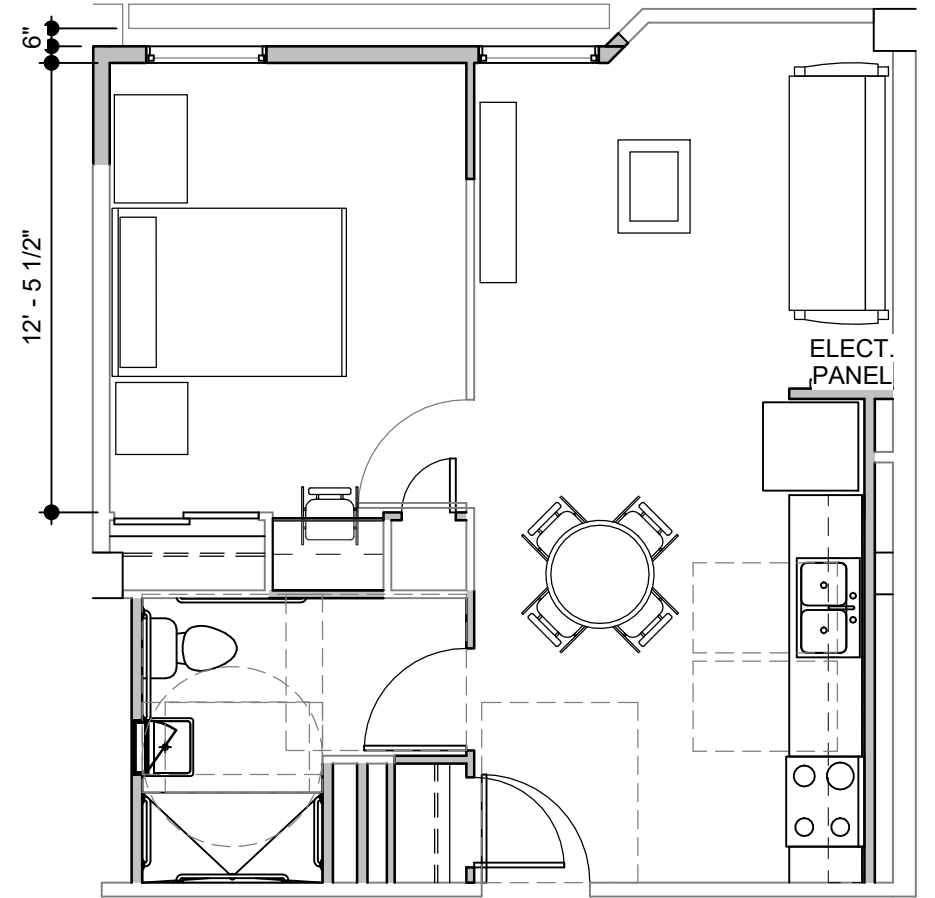
OPTION N. 6C - NO BALCONY

SCALE: 3/16" = 11'-0"



OPTION N. 6B - MIN. BALCONY

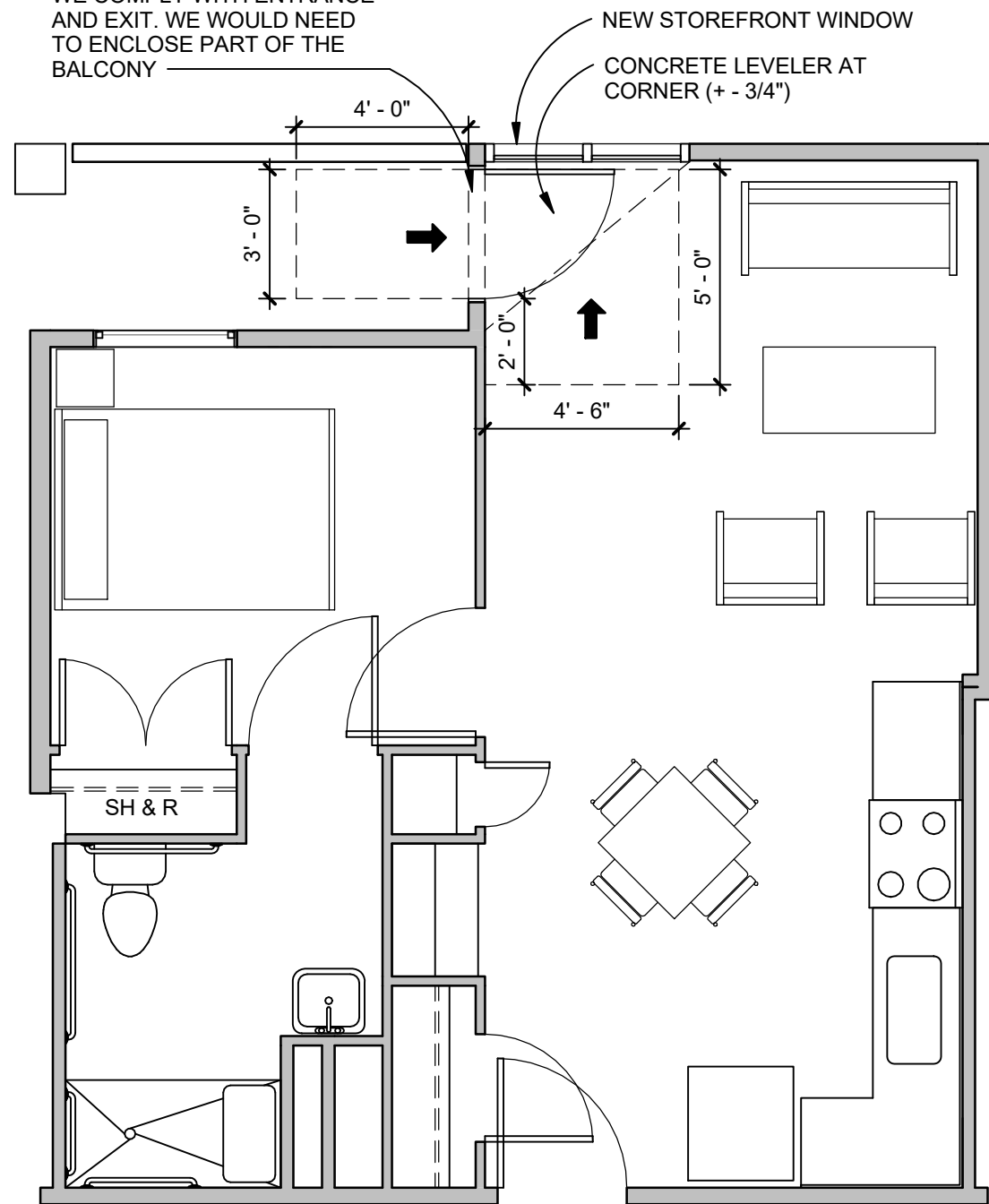
SCALE: 3/16" = 11'-0"



OPTION N. 6A - LEDGE

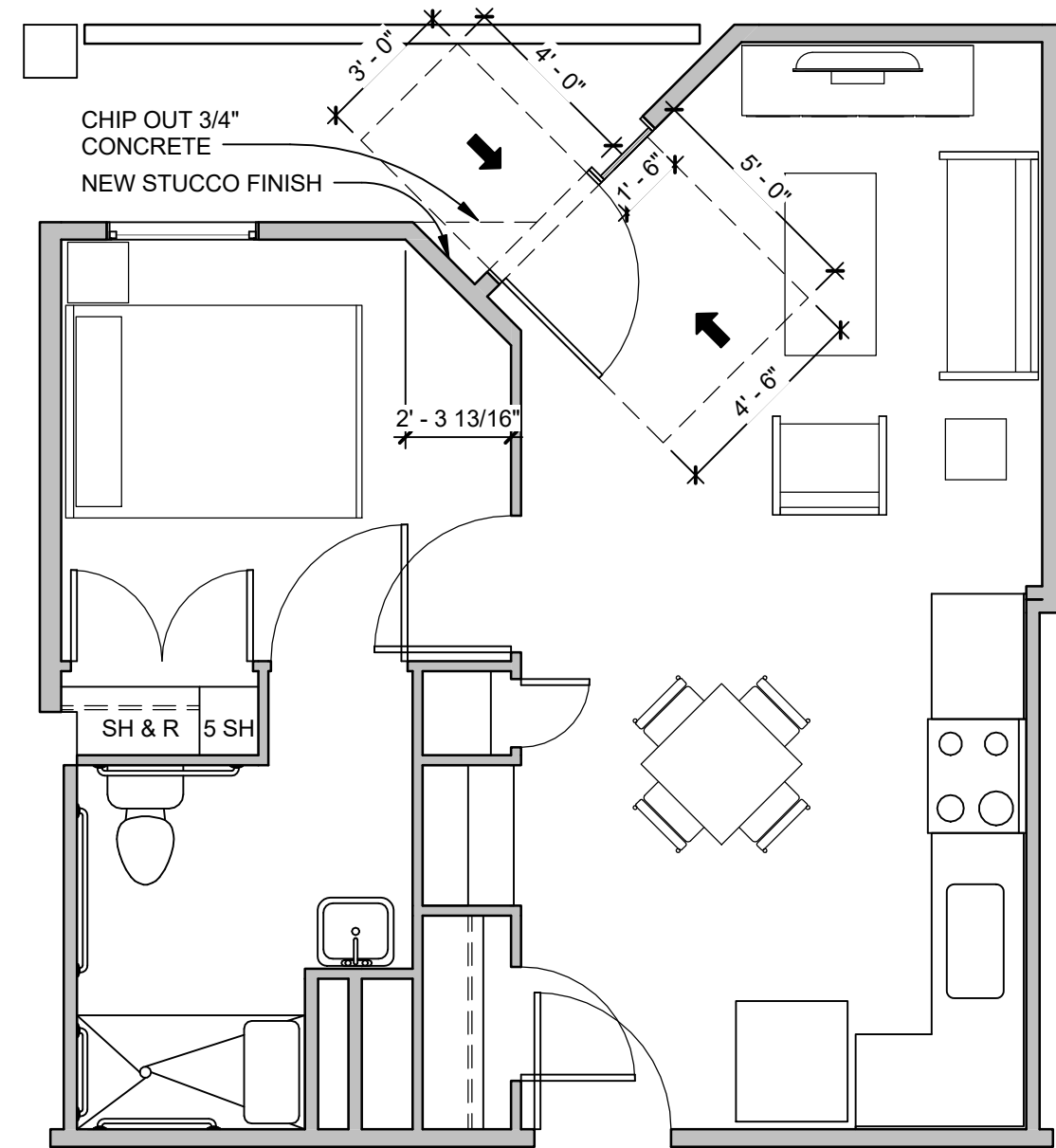
SCALE: 3/16" = 11'-0"

WE COMPLY WITH ENTRANCE AND EXIT. WE WOULD NEED TO ENCLOSE PART OF THE BALCONY



OPTION N .4

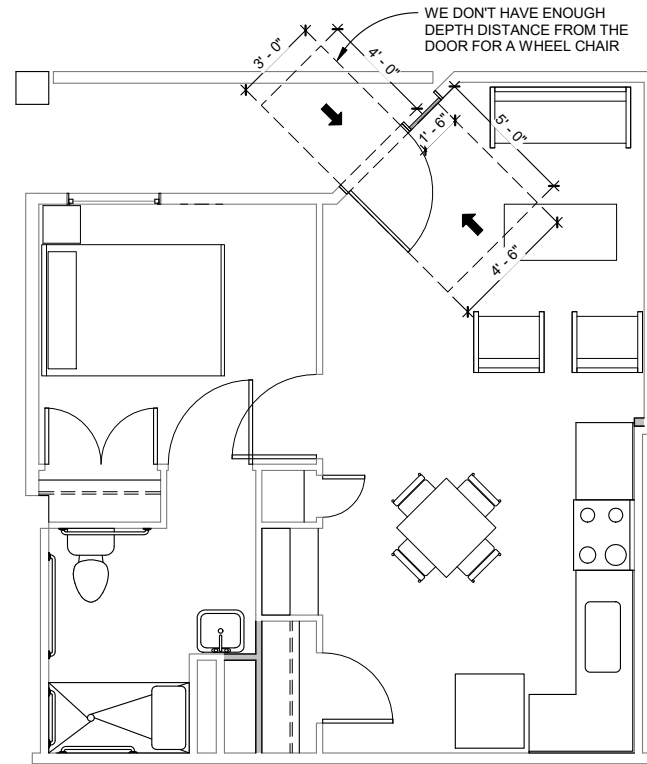
NEW DOOR AT SQUARED OFF BALCONY - BALCONY ENTRANCE PARALLEL TO WALL



OPTION N .5

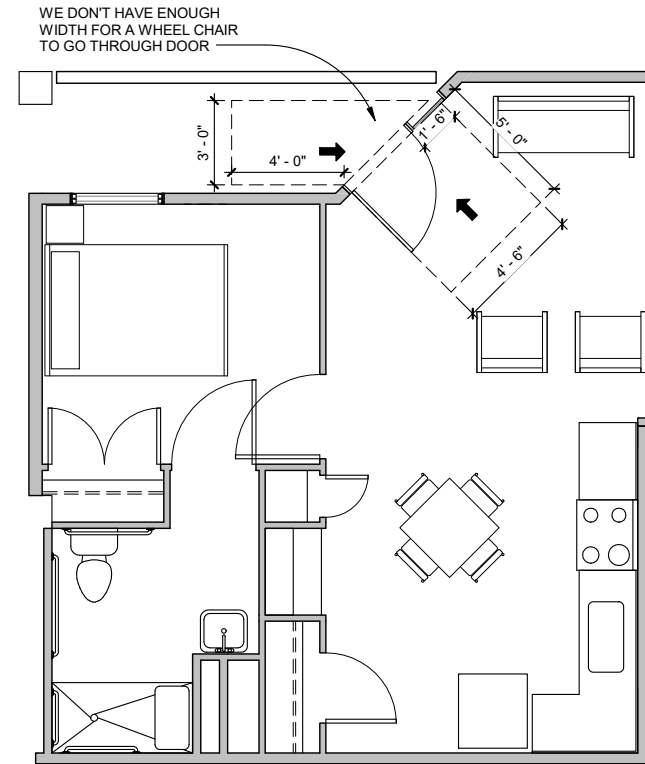
NEW DOOR AT EXISTING SLIDING DOOR OPENING - ENTRANCE PERPENDICULAR TO DOOR

NOTE:
ALL NEW PARTITIONS
USE 1 5/8" STUDS



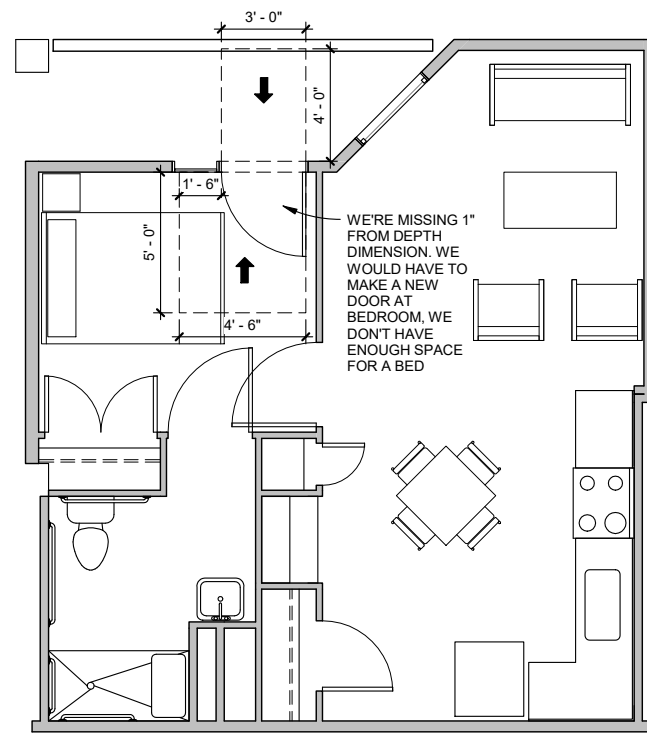
OPTION N .1

NEW DOOR AT EXISTING SLIDING DOOR OPENING - ENTRANCE PARALLEL TO DOOR



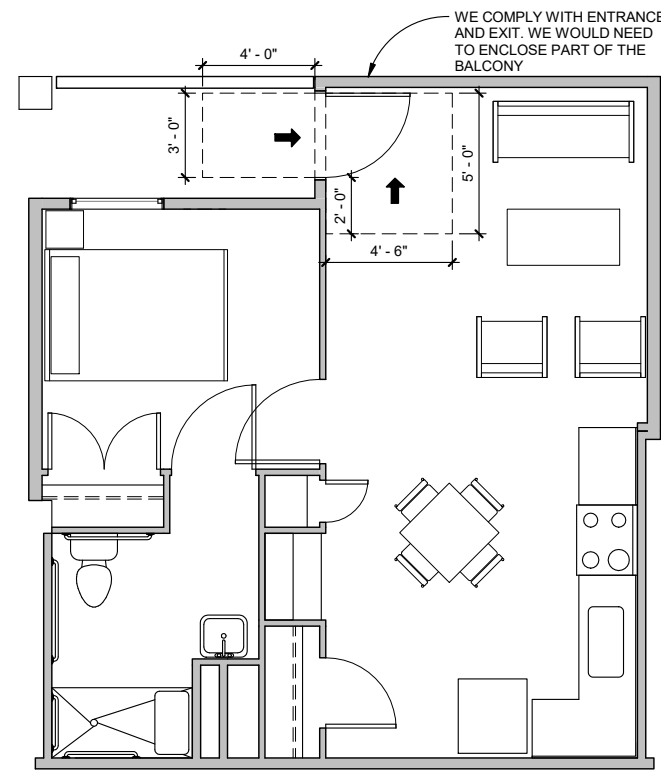
OPTION N .2

NEW DOOR AT EXISTING SLIDING DOOR OPENING - ENTRANCE PARALLEL TO WALL



OPTION N .3

NEW DOOR AT BEDROOM - ENTRANCE PARALLEL TO DOOR



OPTION N .4

NEW DOOR AT SQUARED OFF BALCONY - BALCONY ENTRANCE PARALLEL TO WALL

NOTE:
ALL NEW PARTITIONS
USE 1 5/8" STUDS

Location pin icon
w - Mar 2013



© 2015 Google

Street View - Jul 2015



1h

BOARD ACTION REQUEST
MULTIFAMILY FINANCE DIVISION
JULY 28, 2016

Presentation, Discussion, and Possible Action Authorizing Trustees as Qualified Trustee Service providers for Multifamily Bond Transactions.

RECOMMENDED ACTION

WHEREAS, the Department maintains a list of approved trustees for its multifamily bond transactions;

WHEREAS, each trustee must submit to the Department its Request for Qualifications (“RFQ”) to be approved and included on such list and must renew its RFQ every two years in order to remain on the list; and

WHEREAS, in response to the RFQ responses from seven trustees were received on June 24, 2016;

NOW, therefore, it is hereby

RESOLVED, that the Trustees listed below be included on the Department’s approved list for a period of two years or until such time do their qualifications are required to be renewed:

Bank of New York Mellon Trust Company	Trustee	Remain on approved list
Regions Bank	Trustee	Remain on approved list
Wells Fargo Bank Texas, N.A.	Trustee	Remain on approved list
Bank of Texas	Trustee	Remain on approved list
US Bank	Trustee	Remain on approved list
Wilmington Trust Company	Trustee	Remain on approved list
Amegy Bank of Texas	Trustee	Remain on approved list

BACKGROUND

In response to the RFQ for trustee services, the Department received responses from all seven corporate trust service providers who are currently on the Department’s approved list. For multifamily bond transactions, the Applicant selects a trustee from the Department’s approved list. The trustees responsibilities include, but are not limited to the following: administers the Trust Indenture, makes payments to the Bondholders and disburses bond proceeds, and provides reports on bond issues and fund balances to the Department. Moreover, when the Department’s existing multifamily transactions are the

subject of an examination by the Internal Revenue Service for compliance with Treasury Regulations, staff has relied on the trustee to provide pertinent information, maintained as part of their records, that is responsive to the examination.

Staff reviewed the RFQs in conjunction with George K. Baum, as Financial Advisor to the Department, and concluded that the qualifications of the aforementioned banks continue to demonstrate multifamily experience, range of corporate trust services, effective communication and customer service to the Department and their clients, and innovative technology in the administration of a multifamily transaction.

Staff notes that while the submitted RFQs did not reflect any merger or acquisition activities by any of the corporate trust providers, the Department would expect to be promptly notified should any merger or acquisition take place over the next biennium. Moreover, should there be any substantive changes in the administration of the Department's multifamily accounts; the Department would expect the corporate trust provider to notify the Department and the Borrower of such changes.

1i

BOARD ACTION REQUEST
HOUSING RESOURCE CENTER
JULY 28, 2016

Presentation, Discussion, and Possible Action on the 2017 Regional Allocation Formula Methodology

RECOMMENDED ACTION

WHEREAS, Tex. Gov't Code §§2306.1115 and 2306.111(d) require that the Department use a Regional Allocation Formula ("RAF") to allocate its HOME Investment Partnerships Program ("HOME"), Housing Tax Credit ("HTC") Program, and under certain circumstances, Housing Trust Fund ("HTF") Program funding;

WHEREAS, the proposed RAF utilizes appropriate statistical data to measure affordable housing needs, available resources, housing resources, and other factors determined by the Department to be relevant to the equitable distribution of housing funds in 13 State Service Regions used for planning purposes; and

WHEREAS, the proposed RAF was approved by the Governing Board of the Texas Department of Housing and Community Affairs at the June 16, 2016 meeting and was available for public comment through July 1, 2016; no revisions are being made in response to public comment;

NOW, therefore, it is hereby

RESOLVED, that the 2017 RAF Methodologies for the HOME Investment Partnerships Program, HTC, and, as applicable, HTF programs, in the form presented at this meeting, are hereby approved.

BACKGROUND

The RAF utilizes appropriate statistical data to measure the affordable housing need and available resources in the 13 State Service Regions that are used for planning purposes. It also allocates funding to rural and urban areas within each region. The Department has flexibility in determining variables to be used in the RAF, per Tex. Gov't Code §2306.1115(a)(3), "the department shall develop a formula that...includes other factors determined by the department to be relevant to the equitable distribution of housing funds."

The RAF is revised annually to reflect current data, respond to public comment, and better assess regional housing needs and available resources. Most notably, in 2013 after careful and thorough analysis and much public participation, staff recommended substantial changes to increase accuracy and transparency in the

RAF by using a methodology called the Compounded Need Model. The changes resulted in the increased ability for developers and community members to predict funding availability, the elimination of large swings in funding from one region to another each year, and a simplified process that is easier to explain to the Legislature, the Board and the public.

In 2014, based on 2013 Metropolitan Statistical Areas (“MSAs”) updates by the Office of Management and Budget (“OMB”), the 2014 RAF Methodology shows that, instead of using MSAs to allocate between urban and rural areas, the RAF uses “MSA counties with urban places” and “Non-MSA counties or counties with only rural places”.

Based on public comment received in the 2015 RAF cycle, factors for lack of kitchen and plumbing facilities were added to the RAF to measure housing need for Single Family activities. Similarly in the 2016 RAF cycle, a new factor called the Regional Coverage Factor was added to the 2016 RAF Methodology for Single Family activities. The Regional Coverage Factor takes into account the smaller populations of rural areas as well as scattered locations of single family projects, instead of relying solely on population as an absolute.

The Draft 2017 RAF methodology was made available for official public comment from Friday, June 17, 2016, through Friday July 1, 2016, at 6:00 p.m. Austin local time. A public hearing was held on Wednesday, June 29, 2016, at 3:00 p.m. in the John H. Reagan Building, Room JHR 140, 105 W 15th Street, Austin, TX 78701. One public comment was received, expressing support of the 2017 RAF methodology, and no changes have been made as a result of the public comment period.

The 2017 RAF Methodology explains the use of factors, in keeping with the statutory requirements, which include the need for housing assistance, the availability of housing resources, and other factors relevant to the equitable distribution of housing funds in urban and rural areas of the state.

The Single Family HOME, Multifamily HOME, HTC, and HTF program RAFs each use slightly different formulas because the programs have different eligible activities, households, and geographical service areas. For example, Tex. Gov’t Code §2306.111(c) requires that 95% of HOME funding be set aside for non-participating jurisdictions (“non-PJs”). Therefore, the Single Family and Multifamily HOME RAFs only use need and available resource data for non-PJs.

The following Attachments are provided:

- A. 2017 RAF Methodology
- B. Sample 2017 HTC RAF
- C. Sample 2017 HOME MF RAF
- D. Sample 2017 HTF RAF
- E. Sample 2017 HOME SF RAF

Once approved, the final 2017 RAF Methodology will be published on the Department's website. It should be noted with this action that the Board is approving the publication of the final methodology, not specific allocation amounts. To the extent funds received/proposed to be used are below the statutory minimum for any program/activity, or if the proposed activities fall into a statutory exception, the RAF will not be used.

2017 REGIONAL ALLOCATION FORMULA METHODOLOGY

Contents

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Introduction

Since 2000 the Texas Department of Housing and Community Affairs (“TDHCA” or “the Department”) has used a Regional Allocation Formula (“RAF”) as required by Tex. Gov’t Code §§2306.111 and 2306.1115. The RAF analyzes housing need, availability, and other relevant factors in the State’s urban and rural areas. Using formula components created based on this analysis, the RAF has been used to allocate funding for multifamily and single-family activities for the following programs:

- Multifamily Activities:
 - Housing Tax Credit (“HTC”) Program
 - HOME Investment Partnerships Program (“HOME”) Multifamily (“MF”)
- Single Family Activities:
 - Housing Trust Fund (“HTF”) Program*
 - HOME Single Family (“SF”)

*It should be noted that based on the current programming activities of the HTF, the RAF is not utilized for HTF as supported in Tex. Gov’t Code §2306.111(d-1).

The Methodology presented below explains the use of factors in conformity with the statutory requirements; those include the need for housing assistance, the availability of housing resources, and other factors relevant to the equitable distribution of housing funds in urban and rural areas of the state.

Also provided with the Methodology is a sample allocation spreadsheet for each of the four programs, to show how the methodologies affect each program. The spreadsheets provided are based on the following sample allocations:

Program	Sample Allocation
HTC	\$50,000,000
HOME Multifamily	\$15,000,000
HTF	\$3,000,000
HOME Single Family	\$11,000,000

Again, these allocation amounts are only samples. The final allocation amounts are calculated by the program area staff following the RAF Methodology approval by the TDHCA Governing Board. Further, even when final allocation amounts are made available other planning considerations further alter the applicability of the RAF and/or the amounts. For instance, in the HOME Single Family Activity, the funding activity type may further affect how and whether funds are released regionally. In the HTF

Programs, because the programs follow statutory exceptions to utilizing the RAF, the formula-based RAF covered here does not apply to any HTF funds (although other policies are effective in geographically dispersing the funds).

The Draft 2017 RAF Methodology was presented at the Board meeting of June 16, 2016, for approval to be released for public comment. A public comment period was open from Friday, June 17, 2016, through Friday July 1, 2016, with a public hearing on Wednesday, June 29, 2016. One public comment was received expressing support of the 2017 RAF and no changes were made based on this comment. The final 2017 RAF Methodology was presented for approval at the Board meeting of July 28, 2016.

Statutory Requirement

Tex. Gov't Code §§2306.111 and 2306.1115 require that TDHCA use a RAF for HOME, HTF, and HTC Programs.

Tex. Gov't Code §2306.1115 states:

(a) To allocate housing funds under Section 2306.111(d), the department shall develop a formula that:

(1) includes as a factor the need for housing assistance and the availability of housing resources in an urban area or rural area;

(2) provides for allocations that are consistent with applicable federal and state requirements and limitations; and

(3) includes other factors determined by the department to be relevant to the equitable distribution of housing funds under Section 2306.111(d).

(b) The department shall use information contained in its annual state low income housing plan and other appropriate data to develop the formula under this section.

The methodology below outlines the need for housing assistance and the availability of housing in urban and rural areas, in keeping with the statutory requirements for the HOME SF, HOME MF, HTF and HTC programs. The methodology also includes a regional coverage factor for the HOME SF and HTF programs that includes inverse population density for urban and rural areas of TDHCA's 13 Service Regions, in keeping with the statutory requirements to include other factors necessary for equitable distribution of funding.

Urban and Rural Areas

Tex. Gov't Code §2306.004 states:

28-a) "Rural area" means an area that is located:

(A) outside the boundaries of a primary metropolitan statistical area or a metropolitan statistical area; or

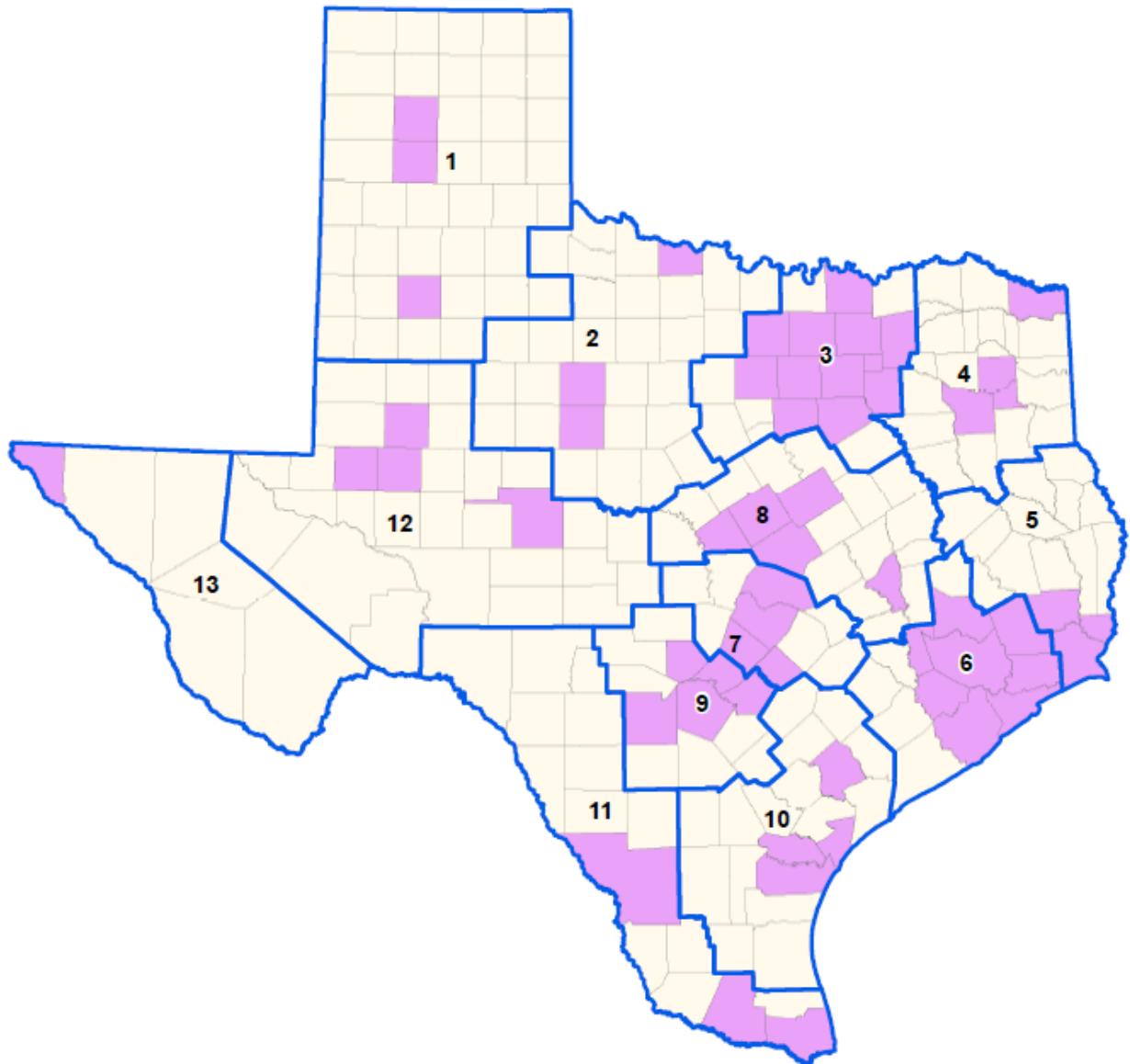
(B) within the boundaries of a primary metropolitan statistical area or a metropolitan statistical area, if the statistical area has a population of 25,000 or less and does not share a boundary with an urban area.




Tex. Gov't Code §2306.004(28-a)(B) is applied to "census-designated places" ("places") which correlate to cities, towns, and other areas similar to incorporated cities and towns, as designated by the census. The requirement regarding "population of 25,000" and the requirement regarding boundaries can be applied to places. The RAF is a macro view compared to one city, town, etc.; so data is used from each county. County data is more complete than adding together all the cities, towns, etc. If the RAF only added together the cities, towns, etc., then people who do not live in cities, towns, etc. and units that do not exist in cities, towns, etc. would be excluded. Limiting the data for the RAF to only cities, towns, etc. in each region substantially hinders its utility as an allocation tool. Using the data from counties instead of cities, towns, etc. to allocate for urban and rural areas allows for a more complete picture of the State's demographics. According to Tex. Gov't Code §2306.1115(b), TDHCA must use appropriate data to develop the formula, and for the reasons described above, data from counties is the most appropriate data.

Using Metropolitan Statistical Area ("MSA") data, as provided by the U.S. Office of Management and Budget, the RAF allocation process accounts for the fact that even though a county may be part of an MSA, all of its places may meet the definition of rural per Tex. Gov't Code §2306.004(28-a). If an MSA county has no places designated as urban, the need and availability of the whole county will be counted toward the rural allocation (*i.e.*, the MSA county had no places over 25,000, nor any places touching a boundary of a place with 25,000). Therefore, the allocation process refers to "MSA counties with urban places" and "Non-MSA counties and counties with only rural places." The need and availability of "MSA counties with urban places" directs the allocation toward the urban places, and the need and availability of "Non-MSA counties and counties with only rural places" directs the allocation toward the rural places.

Note that the RAF does not state that all places in an MSA county with urban places are urban for designations of specific sites. The rural and urban designation for site-specific applications is made at the place level.

Map of Urban Counties in Texas by Region



-  TDHCA Regions
-  MSA Counties with Urban Places
-  Non-MSA Counties or Counties with only Rural Places

Source: Source: U.S. Census Bureau, 2010-2014 American Community Survey 5-Year Estimates, Table B1003. TIGER data 2014
Disclaimer: This map is not a survey product; boundaries, distances and scale are approximate only.

Methodology

Affordable Housing Need

Affordable housing need will be measured by variables that relate to the types of assistance available through TDHCA programs. In spite of HTF not currently utilizing the RAF generated through this method, the calculation for HTF is included in this methodology, in the event that funding or programming of the program changes such that the RAF is required to be utilized.

Cost Burden and Overcrowding

HTC and HOME MF both offer assistance for reduced-rent apartments. HOME SF offers Tenant-Based Rental Assistance through which a portion of a recipient's rent is paid to the landlord. HTF offers the Amy Young Barrier Removal Program, which can serve both renters and homeowners. Therefore, renters who need assistance should be included in the analysis. The column on the RAF table for renters with cost burden measures the number of people in Texas that pay more than 30% of their income on rent and are "cost burdened." The column for renters experiencing overcrowding measures the number of units with more than one person per room, including the kitchen and bathroom. Both rent burden and overcrowding for renters will be used as variables in the RAF for all four programs.

Further, HOME SF also offers homebuyer assistance and single family development programs. For single family development, typically the homes are built by nonprofits or units of local government and the homes are purchased by low-income homeowners. HTF offers the Amy Young Barrier Removal Program, which can be used for homeowners as mentioned above, and the Bootstrap Loan Program for potential homeowners who use "sweat equity", along with low-interest loans, to build and become owners of their homes. Therefore, homeowners who need assistance should be included in the analysis. Areas with high numbers of homeowners experiencing cost burden or overcrowding may signify a need for homebuyer assistance or homeowner assistance. Therefore, the factors of homeowner cost burden and homeowner overcrowding are incorporated in the HOME SF RAF and HTF RAF.

Lack of Kitchen and Plumbing Facilities

HOME SF offers homeowner rehabilitation assistance and HTF has many activities that are often paired with rehabilitation, such as the Contract for Deed Program or Amy Young Barrier Removal. Data regarding units lacking kitchen facilities and plumbing were found to be a complete dataset for use in assessing rehabilitation need for single family housing. The data for lack of kitchen facilities and lack of plumbing facilities did not differentiate between owners and renters. Therefore, both owner and renter data will be included for the HOME SF and HTF RAF.

Income

Income is the primary measurement of eligibility for housing assistance through TDHCA. HOME and HTF serve households who earn 0-80% Area Median Family Income ("AMFI") and HTC serves households who earn 0-60% AMFI. While eligibility for housing assistance is measured by Area Median Income

("AMI"), the AMI datasets showing how many households are in each AMI category lag behind by a full year from the datasets used to calculate poverty. In order to use the most up-to-date data, the measurement of people in poverty will be used. The percentage of people at 200% of the poverty level is strongly linked with the percentage of people earning 0-80% AMFI. People at or below 200% of the poverty level will qualify for a majority of the housing assistance options offered through TDHCA's HOME, HTC, and HTF programs. Note that in order for *people* in poverty to be combined with *households* with cost burden and *households* with overcrowding, the number of people in poverty is divided by the average size of a household in Texas: 2.83 per the 2010-2014 American Community Survey five-year estimates.

Summary of Affordable Housing Need for Multifamily and Single Family Activities

The extent of Texans needing affordable housing is measured using three variables for multifamily activities:

1. Cost burden for renters;
2. Overcrowding for renters; and
3. People at or below 200% of the poverty rate.

The extent of Texans needing affordable housing is measured using five variables for single family activities:

1. Cost burden for renters and owners;
2. Overcrowding for renters and owners;
3. Lack of Kitchen for renters and owners;
4. Lack of Plumbing for renters and owners; and
5. People at or below 200% of the poverty rate.

Housing Availability

The extent of additional affordable housing to address Texan's needs is determined by vacant units for rent and homes for sale.

Affordable housing availability will be measured by variables that relate directly to housing resources. In order to take into account both market-rate and subsidized units, vacancies will be used. A high number of vacancies indicate that a market has an adequate supply or possibly an oversupply of housing. Vacancies offer a direct measure of housing availability for single-family non-rental activities.

Regional Coverage Factor

As stated in Tex. Gov't Code §2306.1115(a)(3), TDHCA shall develop a formula that "includes other factors determined by the department to be relevant to the equitable distribution of housing funds..." As such, a Regional Coverage Factor, which measures inverse population density, will be used as a variable for both the HOME SF the HTF programs.

To understand the Regional Coverage Factor, population density is first introduced, which is the number of people divided by the land in which they live. A high population density means that more people are living in a given land area. Next, the population density formula is reversed to calculate inverse population density, which divides the land area by the number of people that live in that area. An inverse population density conveys the amount of land per person in each subregion. A higher number indicates greater population dispersion (i.e., fewer people living in a larger space) and hence may at some point indicate an increasing challenge in reaching and serving Texans in that area.

The purpose of the inverse population density calculation is to provide a consideration for the land area, including a sense of the distance that occurs between scattered-site SF activities, and the widespread population within a region that the SF administrators have to reach to deliver housing assistance. Unlike TDHCA's multifamily programs which focus development primarily in one project area, single family programs are typically scattered-site predominately in rural areas of the state. The Regional Coverage Factor takes into account the smaller populations of rural areas as well as scattered locations of single family projects, instead of relying solely on population as an absolute.

Accordingly, applying an inverse population density calculation to the 26 Sub-regions (13 State service regions, each with an urban and rural sub-region) considered in the RAF produces the Regional Coverage Factor. In effect, the Regional Coverage Factor assists in redistributing funding from urban areas to more rural parts of the state, thus better aligning funding goals with Tex. Gov't Code §2306.111, which requires that 95% of HOME funds be allocated for the benefit of those areas of the state that do not receive HOME funds directly from the U.S. Department of Housing and Urban Development ("HUD"), chiefly smaller cities and rural areas.

Summary of Variables

The following chart shows which need, availability, and other variables are used in the RAF Methodology for each of the four programs.

		Multifamily Programs		Single Family Programs	
		HTC	HOME MF	HTF	HOME SF
Need Variables	<i>Cost Burden for Renters</i>	✓	✓	✓	✓
	<i>Cost Burden for Owners</i>			✓	✓
	<i>Overcrowding for Renters</i>	✓	✓	✓	✓
	<i>Overcrowding for Owners</i>			✓	✓
	<i>Lack of Kitchen Facilities</i>			✓	✓
	<i>Lack of Plumbing Facilities</i>			✓	✓
	<i>People at or Below 200% of Poverty</i>	✓	✓	✓	✓
Availability Variables	<i>Vacant Units for Rent</i>	✓	✓	✓	✓
	<i>Homes for Sale</i>			✓	✓
Other	<i>Regional Coverage Factor</i>			✓	✓

Exceptions to the RAF

According to Tex. Gov't Code §2306.111(d-1), there are certain instances in which the RAF does not apply to HOME, HTC, or HTF funds. For instance, specific set-asides will not be subject to the RAF. This includes set-asides for contract-for-deed activities and set-asides mandated by state or federal law, if these set-asides are less than 10% of the total allocation of funds or credits. Set-asides for funds allocated to serve persons with disabilities will not be subject to the RAF. The total amount available through the RAF will not include funds for at-risk development, with instances mentioned in this paragraph. Also pursuant to Tex. Gov't Code §2306.111(d-1), specifically for HTF, programmed activities that do not exceed \$3 million are not subject to the RAF. It is through these exceptions that the HTF funds, as currently programmed, do not utilize the RAF.

In Tex. Gov't Code §2306.111(d-2), specifically for HTC, 5% of HTC funds must be allocated to developments that receive federal assistance through USDA. Any developments that receive federal assistance through USDA and HTC for rehabilitation compete for funding separately under the "USDA Set-Aside." This funding is taken from the total tax credit ceiling prior to applying the RAF to allocate funds between each sub-region.

Participating Jurisdictions (“PJs”)

In addition, accordance with Tex. Gov’t Code §§2306.111(c)(1) and (2), 95% of the funds for HOME must be spent outside PJs. PJs are areas that receive funding directly from HUD. Because 95% of funds cannot be spent within a PJ, the housing need factors, housing availability factors, and Regional Coverage Factor in the PJs are not counted in the HOME MF or HOME SF RAF.

The PJ designations are subject to change yearly depending on HUD funding. According to HUD’s 2015 allocation, 33 of the PJs are cities and eight of the PJs are counties. These PJs will be subtracted from the HOME SF and HOME MF versions of the RAF.

The other 5% of State HOME funds must be spent on activities that serve people with disabilities in any area of the State; this portion of HOME is not subject to the RAF because it is set-aside for persons with disabilities (see *Exceptions to the RAF* above).

Data Differences

Because TDHCA programs fund rehabilitation, substandard housing units would ideally be included in the RAF. However, at this time, staff has not identified a data source that would provide an estimate of these units that is accurate at the regional level.

Single Family RAF Example

The example below shows the need, availability and inverse population density variables used in the HOME SF RAF in Tables 1, 2, and 3. The HTF RAF would be very similar to the HOME SF RAF with the exception that the HTF RAF will include PJs. Note that sample numbers are used for clarity.

Table 1: Example of Need Variables Used for Single Family Programs, by Sub-region

Region (MSA Counties with urban places)	Column A: People at or below 200% Poverty without PJs	Column B: Households ("HH") at or below 200% Poverty without PJs	Column C: Cost Burden, Owners without PJs	Column D: Cost Burden, Renters without PJs	Column E: Over-crowded Owners without PJs	Column F: Over-crowded Renters without PJs	Column G: Units Lacking Plumbing without PJs	Column H: Units Lacking Kitchen without PJs	Column I: Compounded Need Variables
1	150,000	53,191	1,500	15,000	3,000	2,000	4,000	6,000	84,691
2	100,000	35,461	2,500	16,000	3,500	2,500	3,000	5,000	67,961
3	150,000	53,191	1,500	15,000	3,000	2,000	4,000	6,000	84,691
4	100,000	35,461	2,500	16,000	3,500	2,500	3,000	5,000	67,961
5	150,000	53,191	1,500	15,000	3,000	2,000	4,000	6,000	84,691
6	100,000	35,461	2,500	16,000	3,500	2,500	3,000	5,000	67,961
7	150,000	53,191	1,500	15,000	3,000	2,000	4,000	6,000	84,691
8	100,000	35,461	2,500	16,000	3,500	2,500	3,000	5,000	67,961
9	150,000	53,191	1,500	15,000	3,000	2,000	4,000	6,000	84,691
10	100,000	35,461	2,500	16,000	3,500	2,500	3,000	5,000	67,961
11	150,000	53,191	1,500	15,000	3,000	2,000	4,000	6,000	84,691
12	100,000	35,461	2,500	16,000	3,500	2,500	3,000	5,000	67,961
13	150,000	53,191	1,500	15,000	3,000	2,000	4,000	6,000	84,691
Region (Non-MSA counties and counties with only rural places)	Column A: People at or below 200% Poverty without PJs	Column B: HH at or below 200% Poverty without PJs	Column C: Cost Burden, Owners without PJs	Column D: Cost Burden, Renters without PJs	Column E: Over-crowded Owners without PJs	Column F: Over-crowded Renters without PJs	Column G: Units Lacking Plumbing without PJs	Column H: Units Lacking Kitchen without PJs	Column I: Compounded Need Variables
1	80,000	28,369	6,000	8,000	2,000	2,000	5,000	5,000	56,369
2	60,000	21,277	9,000	5,000	1,000	1,000	7,000	7,000	51,277
3	80,000	28,369	6,000	8,000	2,000	2,000	5,000	5,000	56,369
4	60,000	21,277	9,000	5,000	1,000	1,000	7,000	7,000	51,277
5	80,000	28,369	6,000	8,000	2,000	2,000	5,000	5,000	56,369
6	60,000	21,277	9,000	5,000	1,000	1,000	7,000	7,000	51,277
7	80,000	28,369	6,000	8,000	2,000	2,000	5,000	5,000	56,369
8	60,000	21,277	9,000	5,000	1,000	1,000	7,000	7,000	51,277
9	80,000	28,369	6,000	8,000	2,000	2,000	5,000	5,000	56,369
10	60,000	21,277	9,000	5,000	1,000	1,000	7,000	7,000	51,277
11	80,000	28,369	6,000	8,000	2,000	2,000	5,000	5,000	56,369
12	60,000	21,277	9,000	5,000	1,000	1,000	7,000	7,000	51,277
13	80,000	28,369	6,000	8,000	2,000	2,000	5,000	5,000	56,369
Regions	Col A Total	Col B Total	Col C Total	Col D Total	Col E Total	Col F Total	Col G Total	Col H Total	Col I Total
Total	2,570,000	911,348	121,500	287,000	62,000	49,000	123,000	149,000	1,702,848

Table 2: Example of Availability Variables Used for Single Family Programs, by Sub-region

Region (MSA Counties with urban places)	Column J: Unoccupied Units, For Sale without PJs	Column K: Unoccupied Units, For Rent without PJs	Column L: Regional Vacancies
1	1,500	2,000	3,500
2	1,000	3,000	4,000
3	1,500	2,000	3,500
4	1,000	3,000	4,000
5	1,500	2,000	3,500
6	1,000	3,000	4,000
7	1,500	2,000	3,500
8	1,000	3,000	4,000
9	1,500	2,000	3,500
10	1,000	3,000	4,000
11	1,500	2,000	3,500
12	1,000	3,000	4,000
13	1,500	2,000	3,500

Region (Non-MSA counties and counties with only rural places)	Column J: Unoccupied Units, For Sale without PJs	Column K: Unoccupied Units, For Rent without PJs	Column L: Regional Vacancies
1	1,500	2,000	3,500
2	2,000	2,500	4,500
3	1,500	2,000	3,500
4	2,000	2,500	4,500
5	1,500	2,000	3,500
6	2,000	2,500	4,500
7	1,500	2,000	3,500
8	2,000	2,500	4,500
9	1,500	2,000	3,500
10	2,000	2,500	4,500
11	1,500	2,000	3,500
12	2,000	2,500	4,500
13	1,500	2,000	3,500

Regions	Column J Total	Column K Total	Column L Total
Total	39,000	61,000	100,000

Table 3: Example of Population Density variables used for Single Family Programs, by Sub-region

Region (MSA Counties with urban places)	Column M: Land area without PJs	Column N: Population without PJs	Column O: Regional Coverage Factor (Land Area/Total Population)
1	3,000	350,000	0.009
2	2,000	250,000	0.008
3	3,000	350,000	0.009
4	2,000	250,000	0.008
5	3,000	350,000	0.009
6	2,000	250,000	0.008
7	3,000	350,000	0.009
8	2,000	250,000	0.008
9	3,000	350,000	0.009
10	2,000	250,000	0.008
11	3,000	350,000	0.009
12	2,000	250,000	0.008
13	3,000	350,000	0.009

Region (Non-MSA counties and counties with only rural places)	Column M: Land area without PJs	Column N: Total Population without PJs	Column O: Regional Coverage Factor (Land Area/Total Population)
1	15,000	200,000	0.075
2	13,000	300,000	0.043
3	15,000	200,000	0.075
4	13,000	300,000	0.043
5	15,000	200,000	0.075
6	13,000	300,000	0.043
7	15,000	200,000	0.075
8	13,000	300,000	0.043
9	15,000	200,000	0.075
10	13,000	300,000	0.043
11	15,000	200,000	0.075
12	13,000	300,000	0.043
13	15,000	200,000	0.075

Regions	Column M Total	Column N Total	Column O Total
Total	216,000	7,150,000	0.893

Compounded Need

To allocate funds, the RAF uses each sub-region’s ratios of the State’s total. All of the variables that measure need will be added together (i.e., compounded) before taking the percentage of each sub-region’s need over the amount of the total need in the State. Table 1, Column I, illustrates how the Compounded Need Variable is derived: Households at 200% of poverty, cost-burdened owners and renters, over-crowded owners and renters, and units lacking kitchen facilities and plumbing facilities are added together, thereby compounding the need.

This compounding balances the relative importance of the variables; variables with very high or very small numbers are combined with the overall total of need, preventing these variables from having a disproportionate or arbitrary amount of weight for their size.

Weights

Building off the usefulness of Tables 1, 2, and 3, which showed the HOME SF Program variables, examples of how the weights work in the RAF are in Tables 4 through 6 on the following pages. Note that the column header letters will also build off the previous table, so if the letters are not in alphabetical order, the column header letter refers to a previous table.

Table 4 (below) shows only Region 1 in MSA counties and the total of all the regions, in order to simplify the example.

In order to apply weights, percentages of need, availability, and population density variables must be taken from the state as a whole. These percentages illustrate the relative need of the sub-region. Table 4 (below) demonstrates how the percentages are derived.

Table 4: Percentages Taken

Area	Column I: Compounded Need Variables	Column P: Percent of State's Total Need	Column L: Regional Vacancies	Column Q: Percent of State's Total Availability	Column O: Regional Coverage Factor Total	Column R: Percent of State's Total Regional Coverage Factor
Region 1 (MSA Counties with urban places)	84,691	5.0%	3,500	3.5%	0.075	8.4%
Total of all Regions	1,702,848		100,000		0.893	

Note: Column I is from Table 1, Column L is from Table 2, and Column O is from Table 3.

A successful allocation formula will provide more funding for areas with high housing need and reduce funding for areas with an abundance of housing resources. In order to get the right relationship between housing and need, the housing availability variable will have negative weight, while the need and regional coverage variables will have positive weight. Because the availability variable should be negative, the need

and inverse population variables are weighted at 20% each and the availability variable is weighted at -20%, giving the appropriate relationship between funding and current availability of resources. The compounded need variable will receive 100% weight (20% per variable). Table 5 shows the application of the weights based on a hypothetical statewide availability of \$2,500,000¹.

Table 5: Weight Application

Area	Column P: Percent of State's Total Need	Column S: Weight of Need Variables	Column T: Need Variable Allocation*	Column Q: Percent of State's Total Availability	Column U: Weight of Availability Variable	Column V: Availability Variable Allocation~	Column R: Percent of State's Total Regional Coverage Factor	Column W: Weight of Availability Variable	Column X: Availability Variable Allocation^	Column Y: Total Allocation*
Region 1 (MSA Counties with urban places)	5.0%	100.0%	\$ 124,338	3.5%	-20%	\$ (17,500)	1.0%	20%	\$4,799	\$ 111,637

Note: Column P, Q and R taken from Table 4.

*Column T is calculated as follows: Column P x Column S x statewide availability of funds.

~Column V is calculated as follows: Column Q x Column U x statewide availability of funds.

^ Column X is calculated as follows: Column W x Column R x statewide availability of funds.

*Column Y is calculated as follows: Column T + Column V + Column X.

Minimum Sub-regional Allocation Adjustment

For the HOME SF RAF, if the calculated RAF results in a sub-regional funding amount that is less than \$100,000, that sub-region's amount of funding is adjusted to provide for at least a minimum of \$100,000. This is done as a final adjustment to the sub-regional allocation amounts available for award. The process does not take funds from sub-regions with initial funding amounts in excess of \$100,000 and does not reallocate those funds to those sub-regions with initial funding amounts that are less than \$100,000. The final adjustment simply adds a supplemental allocation to bring all sub-regions to a minimum of \$100,000. The process is complete when each sub-region has at least \$100,000.

Table 6 (below) shows the process of supplementing funds to any sub-regions that have initial funding amounts that are less than \$100,000. This table builds from the previous tables included in this methodology and, for ease of explanation, Regions 1 and 2 "MSA counties with urban places" are included.

¹ Although the *Sample Allocation spreadsheet for the HOME SF Program* is based on a statewide availability of \$11,000,000, the Methodology example is based on a statewide availability of \$2,500,000 to more clearly emphasize how a Minimum Sub-regional Allocation Adjustment is made when initial HOME SF sub-region allocations fall under \$100,000.

Again, the column header letters build off previous tables, so if the letters are not in alphabetical order, the column letter refers to previous tables.

Table 6: Sub-region amount under \$100,000

Area	Column Y: Initial Sub-region amount	Column Z: Amount needed to reach \$100,000	Column AA: Final Award Amount
Region 1 (MSA Counties with urban places)	\$111,637	\$-	\$111,637
Region 2 (MSA Counties with urban places)	\$84,255	\$15,745	\$100,000
Total	\$195,892	\$15,745	\$211,637

Note: Column Y is from Table 5.

Since the Region 1 “MSA Counties with urban places” initial Sub-region amount exceeds \$100,000, no adjustment is made to this sub-award. However, because the Region 2 “MSA counties with urban places” initial Sub-region amount is less than \$100,000, a supplemental award amount is added to bring the sub-region up to the final award amount of \$100,000.

Multifamily RAF Example

An example of the need and availability variables used in the HOME MF and HTF RAF is in Table 7 below. Note that sample numbers are used for clarity.

Table 7: Example of variables used for Multifamily Programs, by Sub-region

Region (MSA Counties with urban places)	Column BB: People at 200% Poverty	Column CC: HH at 200% Poverty	Column DD: Cost Burden, Renters	Column EE: Overcrowded Renters	Column FF: Vacancies, Rental
1	150,000	53,571	25,000	4,000	6,000
2	100,000	35,714	20,000	2,000	4,000
3	150,000	53,571	25,000	4,000	6,000
4	100,000	35,714	20,000	2,000	4,000
5	150,000	53,571	25,000	4,000	6,000
6	100,000	35,714	20,000	2,000	4,000
7	150,000	53,571	25,000	4,000	6,000
8	100,000	35,714	20,000	2,000	4,000
9	150,000	53,571	25,000	4,000	6,000
10	100,000	35,714	20,000	2,000	4,000
11	150,000	53,571	25,000	4,000	6,000
12	100,000	35,714	20,000	2,000	4,000
13	150,000	53,571	25,000	4,000	6,000

Region (Non-MSA counties and counties with only rural places)	Column BB: People at 200% Poverty	Column CC: HH at 200% Poverty	Column DD: Cost Burden, Renters	Column EE: Overcrowded Renters	Column FF: Vacancies, Rental
1	40,000	14,286	7,000	700	700
2	25,000	8,929	2,000	400	500
3	40,000	14,286	7,000	700	700
4	25,000	8,929	2,000	400	500
5	40,000	14,286	7,000	700	700
6	25,000	8,929	2,000	400	500
7	40,000	14,286	7,000	700	700
8	25,000	8,929	2,000	400	500
9	40,000	14,286	7,000	700	700
10	25,000	8,929	2,000	400	500
11	40,000	14,286	7,000	700	700
12	25,000	8,929	2,000	400	500
13	40,000	14,286	7,000	700	700

Regions	Column BB: People at 200% Poverty	Column CC: HH at 200% Poverty	Column DD: Cost Burden, Renters	Column EE: Overcrowded Renters	Column FF: Vacancies, Rental
Total	2,080,000	742,857	356,000	47,300	73,900

Weights

To allocate funds, the RAF will use each sub-region’s ratios of the State’s total. In order to account for the amount of population that the variables affect, all the variables that measure need will be added together (i.e., compounded) before taking the percentage of each sub-region’s need over the amount of the total need in the State.

Examples of how the weights work in the RAF are in Tables 8 through 10 on the following pages. Building off the usefulness of Table 7, which showed the HTC program, Tables 8 through 10 are also examples of the HTC program RAF. Note that the column header letters will also build off the previous table, so if the letters are not in alphabetical order, the column header letter refers to a previous table.

Table 8 (below) shows only Region 1 in MSA counties and the total of all the regions, in order to simplify the example. Table 8 illustrates how the Compounded Need Variable is derived: Households at 200% of poverty, cost-burdened renters, and over-crowded renters are added together, thereby compounding the need. This compounding balances the relative importance of the variables; variables with very high or very small numbers are combined with the overall total of need, preventing these variables from having a disproportionate or arbitrary amount of weight for their size.

Table 8: Compounded Need Variables

Area	Column CC: HH at 200% Poverty	Column DD: Cost Burden, Renters	Column EE: Overcrowded Renters	Column GG: Compounded Need Variables
Region 1 (MSA Counties with urban places)	53,571	25,000	4,000	82,571
Total of all Regions	742,857	356,000	47,300	1,146,157

Note: Columns CC, DD and EE are from Table 7.

In order to apply weights, percentages of need and availability variables must be taken from the state as a whole. These percentages illustrate the relative need of the sub-region. Table 9 (below) demonstrates how the percentages are derived.

Table 9: Percentages Taken

Area	Column GG: Compounded Need Variables	Column HH: Percent of State's Total Need	Column II: Unoccupied Units, Rental	Column JJ: Percent of State's Total Availability
Region 1 (MSA Counties with urban places)	82,571	7.2%	6,000	8.1%
Total of all Regions	1,146,157		73,900	

Note: Column GG is from Table 8.

A successful allocation formula will provide more funding for areas with high housing need and reduce funding for areas with an abundance of housing resources. In order to get the right relationship between housing and need, the housing availability variable will have negative weight. If the weights were equal, a RAF with four variables would have each variable would receive 50% of the weight. Because the availability variable should be negative, the need variables are weighted at 50% each and the availability variable is weighted at -50%, giving the appropriate relationship between funding and current availability of resources. The compounded need variable will receive 150% weight (50% per variable). Table 10 shows the application of the weights based on a statewide availability of \$40,000,000.²

Table 10: Weight Application

Area	Column HH: Percent of State's Total Need	Column KK: Weight of Need Variables	Column LL: Need Variable Allocation*	Column JJ: Percent of State's Total Availability	Column MM: Weight of Availability Variable	Column NN: Availability Variable Allocation~	Column OO: Total Allocation ⁺
Region 1 (MSA Counties with urban places)	7.2%	150.0%	\$ 4,322,519	8.1%	-50%	\$ (1,623,816)	\$ 2,698,703

Note: Column HH and JJ taken from Table 9.

*Column LL is calculated as follows: Column HH x Column KK x statewide availability of funds.

~Column NN is calculated as follows: Column JJ x Column MM x statewide availability of funds.

⁺Column OO is calculated as follows: Column LL + Column NN.

HTC \$500,000 Adjustment

Tex. Gov't Code §2306.111(d-3) is a special requirement regarding funding and the RAF that applies only to HTC. This provision requires that TDHCA allocate at least 20% of credits to rural areas and that \$500,000 be available for each urban and rural sub-region, which number 26 in total. The overall state rural percentage of the total tax credit ceiling amount will be adjusted to a minimum of 20% only at the time of actual award, if needed. Usually, the 20% allocation to rural areas occurs naturally, but, if not, one more deal for rural areas will be awarded from the statewide collapse of the RAF to ensure the requirement is met.

For the HTC RAF, the regional amount of rural and urban funding is adjusted to a minimum of \$500,000, if needed. This is done as a final adjustment to the sub-regional allocation amounts available for award. The process proportionately takes funds from sub-regions with initial funding amounts in excess of \$500,000 and reallocates those funds to those sub-regions with initial funding amounts that are less than \$500,000. The process is complete when each sub-region has at least \$500,000.

² Although the *Sample Allocation Spreadsheet for the HTC Program* is based on a statewide availability of \$50,000,000, the Methodology example is based on a statewide availability of \$40,000,000 to emphasize how a proportional adjustment is made when initial HTC allocations fall under \$500,000.

Tables 11 through 12 below show the process of determining the amount to adjust from sub-regions with more than \$500,000. These tables build from the previous tables included in this methodology and, for ease of explanation, Region 1 and 2’s “MSA counties with urban places” and Region 1 and 2’s “Non-MSA counties and counties with no urban places” are included. Again, the column header letters build off previous tables, so if the letters are not in alphabetical order, the column letter refers to previous tables.

These four sub-regions are examined below because the most common movement for funds during the \$500,000 adjustment is from MSA counties to Non-MSA counties. The first step in the \$500,000 adjustment process is illustrated in Table 11: the amount over or under \$500,000 is determined for each sub-region.

Table 11: Sub-region amount over/under \$500,000

Area	Column OO: Initial Sub-region amount	Column PP: Amount needed to reach \$500,000	Column QQ: Amount over \$500,000 that can be reallocated
Region 1 (MSA Counties with urban places)	\$2,698,703	\$-	\$2,198,703
Region 1 (Non-MSA Counties or Counties with only rural places)	\$961,482	\$-	\$461,482
Region 2 (MSA Counties with urban places)	\$1,938,732	\$-	\$1,438,732
Region 2 (Non-MSA Counties or Counties with only rural places)	\$457,720	\$42,280	\$-

Note: Column OO is from Table 10.

Note that Column QQ above is the amount in Column OO (if the amount in Column OO is over \$500,000) minus \$500,000; at least \$500,000 is maintained in each sub-region before the adjustment process. Next the amounts in Column PP are totaled for the entire state and the amounts in Column QQ are totaled for the entire state. In this simplified example, the Column PP’s total would be \$42,280. The Column QQ total would be \$4,098,917.

The subsequent step in the adjustment process is to determine the percentage to be reallocated. Following the example in Table 11, if only Region 1 and 2 were used in the RAF, the percentages would be seen in Column RR in Table 12 below. The proportion of the total amount to be reallocated is in Column SS. Finally, Column OO is adjusted by Column SS to equal the final Sub-Amount in Column TT.

Table 12: Proportional adjustment

Area	Column RR: Proportion of amount available to be reallocated*	Column SS: Amount to be reallocated~	Column TT: Final Sub-Amount for Compounded Need ⁺
Region 1 (MSA Counties with urban places)	54%	\$ (22,679)	\$ 2,676,024
Region 1 (Non-MSA Counties or Counties with only rural places)	11%	\$ (4,760)	\$ 956,722
Region 2 (MSA Counties with urban places)	35%	\$ (14,840)	\$ 1,923,892
Region 2 (Non-MSA Counties or Counties with only rural places)	n/a	\$ 42,280	\$ 500,000

*Column RR is calculated as follows: if Column OO is over \$500,000, then $((\text{Column OO} - \$500,000) / \$4,098,917)$

~Column SS is calculated as followed: if Column RR is a percentage, then $(\text{Column RR} * \$42,280)$; if Column RR is n/a, then Column SS equals Column PP.

⁺ Column TT is calculated as follows: $\text{Column OO} + \text{Column SS}$.

Texas Department of Housing and Community Affairs
Sample 2017 HTC RAF Template, Table 1

Attachment B

Region (MSA Counties)	People at 200% Poverty	HH at 200% Poverty	Cost Burden, Renters	Overcrowded Renters	Vacancies, Rental
1	205,178	72,501	38,109	3,705	6,209
2	103,920	36,721	17,333	1,502	4,714
3	2,292,876	810,204	426,129	70,391	89,502
4	183,821	64,954	26,919	3,158	4,986
5	149,030	52,661	20,347	1,808	5,456
6	2,190,713	774,104	371,868	68,907	93,256
7	545,560	192,777	136,577	17,376	15,438
8	339,893	120,104	64,430	5,528	19,735
9	792,115	279,899	126,016	18,312	23,064
10	204,481	72,255	33,796	5,617	5,510
11	891,654	315,072	65,738	25,586	10,871
12	136,253	48,146	20,114	3,100	3,098
13	418,885	148,016	45,753	8,819	8,120

Region (Non-MSA Counties)	People at 200% Poverty	HH at 200% Poverty	Cost Burden, Renters	Overcrowded Renters	Vacancies, Rental
1	129,617	45,801	9,732	2,449	2,812
2	105,414	37,249	8,930	1,227	2,510
3	98,357	34,755	12,240	1,461	1,874
4	263,965	93,274	23,252	3,624	4,987
5	165,235	58,387	16,000	2,072	3,496
6	71,492	25,262	9,145	613	2,098
7	65,970	23,311	6,263	927	1,707
8	109,099	38,551	9,021	1,386	2,872
9	76,714	27,107	7,014	1,789	1,309
10	99,974	35,327	8,610	2,211	1,635
11	155,945	55,104	8,495	2,957	2,356
12	63,649	22,491	4,714	949	761
13	12,025	4,249	906	170	285
Total	9,871,835	3,488,281	1,517,451	255,644	318,661

Avg HH size: 2.83

Texas Department of Housing and Community Affairs
Sample 2017 HTC RAF Compounded need, Table 2

Estimated RAF \$ 50,000,000

MSA regions	Total of 200% poverty, rent burden, and overcrowding	Percentage of total need variables	150% Weight	Regional Vacancies	Percentage of Total Vacancies	-50.00%	Initial Sub-region amount
1	114,315	2.2%	\$ 1,629,541	6,209	1.9%	\$ (487,116)	\$ 1,142,425
2	55,556	1.1%	\$ 791,939	4,714	1.5%	\$ (369,829)	\$ 422,110
3	1,306,724	24.8%	\$ 18,627,117	89,502	28.1%	\$ (7,021,725)	\$ 11,605,392
4	95,031	1.8%	\$ 1,354,656	4,986	1.6%	\$ (391,168)	\$ 963,488
5	74,816	1.4%	\$ 1,066,486	5,456	1.7%	\$ (428,041)	\$ 638,445
6	1,214,879	23.1%	\$ 17,317,883	93,256	29.3%	\$ (7,316,239)	\$ 10,001,644
7	346,730	6.6%	\$ 4,942,581	15,438	4.8%	\$ (1,211,162)	\$ 3,731,420
8	190,062	3.6%	\$ 2,709,294	19,735	6.2%	\$ (1,548,275)	\$ 1,161,019
9	424,227	8.1%	\$ 6,047,286	23,064	7.2%	\$ (1,809,446)	\$ 4,237,840
10	111,668	2.1%	\$ 1,591,805	5,510	1.7%	\$ (432,278)	\$ 1,159,527
11	406,396	7.7%	\$ 5,793,106	10,871	3.4%	\$ (852,866)	\$ 4,940,240
12	71,360	1.4%	\$ 1,017,224	3,098	1.0%	\$ (243,048)	\$ 774,175
13	202,588	3.9%	\$ 2,887,855	8,120	2.5%	\$ (637,041)	\$ 2,250,815

Non-MSA regions	Total of 200% poverty, rent burden, and overcrowding	Percentage of total need variables	150% Weight	Regional Vacancies	Percentage of Total Vacancies	-50.00%	Sub-region amount
1	57,982	1.1%	\$ 826,524	2,812	0.9%	\$ (220,611)	\$ 605,914
2	47,406	0.9%	\$ 675,761	2,510	0.8%	\$ (196,918)	\$ 478,843
3	48,456	0.9%	\$ 690,734	1,874	0.6%	\$ (147,021)	\$ 543,712
4	120,150	2.3%	\$ 1,712,715	4,987	1.6%	\$ (391,246)	\$ 1,321,469
5	76,459	1.5%	\$ 1,089,909	3,496	1.1%	\$ (274,273)	\$ 815,636
6	35,020	0.7%	\$ 499,207	2,098	0.7%	\$ (164,595)	\$ 334,612
7	30,501	0.6%	\$ 434,786	1,707	0.5%	\$ (133,920)	\$ 300,866
8	48,958	0.9%	\$ 697,886	2,872	0.9%	\$ (225,318)	\$ 472,568
9	35,910	0.7%	\$ 511,897	1,309	0.4%	\$ (102,695)	\$ 409,201
10	46,148	0.9%	\$ 657,825	1,635	0.5%	\$ (128,271)	\$ 529,554
11	66,556	1.3%	\$ 948,748	2,356	0.7%	\$ (184,836)	\$ 763,912
12	28,154	0.5%	\$ 401,328	761	0.2%	\$ (59,703)	\$ 341,625
13	5,325	0.1%	\$ 75,909	285	0.1%	\$ (22,359)	\$ 53,549
Total	5,261,376	100%		318,661	100%		\$ 50,000,000

MSA regions	Initial Sub-region amount	Amount needed to reach \$500,000	Amount over \$500,000 that can be reallocated	Proportion of amount available to be reallocated	Amount to be reallocated	Final Sub-Amount for Compounded Need	Part of total award
1	\$ 1,142,425	\$ -	\$ 642,425	2%	\$ (19,962.94)	\$ 1,122,462	2.24%
2	\$ 422,110	\$ 77,890	\$ -	0%	\$ 77,889.79	\$ 500,000	1.00%
3	\$ 11,605,392	\$ -	\$ 11,105,392	29%	\$ (345,092.90)	\$ 11,260,299	22.52%
4	\$ 963,488	\$ -	\$ 463,488	1%	\$ (14,402.60)	\$ 949,086	1.90%
5	\$ 638,445	\$ -	\$ 138,445	0%	\$ (4,302.08)	\$ 634,143	1.27%
6	\$ 10,001,644	\$ -	\$ 9,501,644	25%	\$ (295,257.46)	\$ 9,706,386	19.41%
7	\$ 3,731,420	\$ -	\$ 3,231,420	8%	\$ (100,414.29)	\$ 3,631,005	7.26%
8	\$ 1,161,019	\$ -	\$ 661,019	2%	\$ (20,540.73)	\$ 1,140,478	2.28%
9	\$ 4,237,840	\$ -	\$ 3,737,840	10%	\$ (116,150.97)	\$ 4,121,689	8.24%
10	\$ 1,159,527	\$ -	\$ 659,527	2%	\$ (20,494.38)	\$ 1,139,033	2.28%
11	\$ 4,940,240	\$ -	\$ 4,440,240	12%	\$ (137,977.60)	\$ 4,802,262	9.60%
12	\$ 774,175	\$ -	\$ 274,175	1%	\$ (8,519.82)	\$ 765,655	1.53%
13	\$ 2,250,815	\$ -	\$ 1,750,815	5%	\$ (54,405.44)	\$ 2,196,409	4.39%
MSA total	\$ 43,028,539					\$ 41,968,908	83.94%

Non-MSA regions	Initial Sub-region amount	Amount needed to reach \$500,000	Amount over \$500,000 that can be reallocated	Proportion of amount available to be reallocated	Amount to be reallocated	Final Sub-Amount for Compounded Need	Part of total award
1	\$ 605,914	\$ -	\$ 105,914	0%	\$ (3,291.20)	\$ 602,622	1.21%
2	\$ 478,843	\$ 21,157	\$ -	0%	\$ 21,156.81	\$ 500,000	1.00%
3	\$ 543,712	\$ -	\$ 43,712	0%	\$ (1,358.33)	\$ 542,354	1.08%
4	\$ 1,321,469	\$ -	\$ 821,469	2%	\$ (25,526.61)	\$ 1,295,942	2.59%
5	\$ 815,636	\$ -	\$ 315,636	1%	\$ (9,808.19)	\$ 805,828	1.61%
6	\$ 334,612	\$ 165,388	\$ -	0%	\$ 165,388.24	\$ 500,000	1.00%
7	\$ 300,866	\$ 199,134	\$ -	0%	\$ 199,133.94	\$ 500,000	1.00%
8	\$ 472,568	\$ 27,432	\$ -	0%	\$ 27,431.69	\$ 500,000	1.00%
9	\$ 409,201	\$ 90,799	\$ -	0%	\$ 90,798.53	\$ 500,000	1.00%
10	\$ 529,554	\$ -	\$ 29,554	0%	\$ (918.36)	\$ 528,635	1.06%
11	\$ 763,912	\$ -	\$ 263,912	1%	\$ (8,200.89)	\$ 755,711	1.51%
12	\$ 341,625	\$ 158,375	\$ -	0%	\$ 158,375.23	\$ 500,000	1.00%
13	\$ 53,549	\$ 446,451	\$ -	0%	\$ 446,450.57	\$ 500,000	1.00%
Non-MSA total	\$ 6,971,461				\$ -	\$ 8,031,092	16.06%
Total		\$ 1,186,625	\$ 38,186,625			\$ 50,000,000	

Minimum needed for each region	\$ 500,000
Amount available to be reallocated	\$ 38,186,625
Amount needed to bring underallocated regions to \$500,0000	\$ 1,186,625

SAMPLE 2017 HOME Allocation Formula Compounded Need, Table 1 - Raw Data (Multifamily Activities)

Region (MSA Counties with urban places)	People at 200% Poverty without PJs	HH at 200% Poverty without PJs	Cost Burden, Renters without PJs	Overcrowded Renters without PJs	Unoccupied Units, For Rent without PJs
1	30,127	10,646	3,259	451	383
2	18,605	6,574	1,336	179	666
3	470,768	166,349	73,795	9,259	12,362
4	107,647	38,038	11,567	1,865	1,988
5	64,786	22,893	6,783	744	1,886
6	122,673	43,347	15,511	2,108	3,278
7	231,476	81,794	43,301	5,021	5,008
8	134,665	47,585	18,825	1,752	7,447
9	92,519	32,692	11,050	2,020	2,113
10	82,425	29,125	10,990	2,445	2,317
11	117,036	41,355	5,873	2,824	2,843
12	61,717	21,808	7,749	1,316	1,454
13	95,962	33,909	4,509	1,802	527

Region (non-MSA Counties and counties with only rural places)	People at 200% Poverty without PJs	HH at 200% Poverty without PJs	Cost Burden, Renters without PJs	Overcrowded Renters without PJs	Unoccupied Units, Rental without PJs
1	129,617	45,801	9,732	2,449	2812
2	105,414	37,249	8,930	1,227	2510
3	98,357	34,755	12,240	1,461	1874
4	263,500	93,110	23,175	3,624	4965
5	165,235	58,387	16,000	2,072	3496
6	71,492	25,262	9,145	613	2098
7	65,970	23,311	6,263	927	1707
8	109,099	38,551	9,021	1,386	2872
9	76,714	27,107	7,014	1,789	1309
10	99,974	35,327	8,610	2,211	1635
11	155,945	55,104	8,495	2,957	2356
12	63,649	22,491	4,714	949	761
13	12,025	4,249	906	170	285
Total	3,047,397	1,076,819	338,793	53,621	70,952

Sample 2017 HOME Allocation Formula Compounded Need, Table 2 - Multifamily Activities

Estimated RAF	\$ 15,000,000.00						
MSA Counties with urban places	Total of 200% poverty, rent burden, and overcrowding	Proportion of Total Need Variables	150% Weight	Regional Unoccupied Units	Proportion of Total Unoccupied Units	-50.00%	Sub-region amount
Region 1	14,356	1.0%	\$ 219,843	383	0.5%	\$ (40,485)	\$ 179,358
Region 2	8,089	0.6%	\$ 123,879	666	0.9%	\$ (70,400)	\$ 53,479
Region 3	249,403	17.0%	\$ 3,819,388	12,362	17.4%	\$ (1,306,728)	\$ 2,512,660
Region 4	51,470	3.5%	\$ 788,215	1,988	2.8%	\$ (210,142)	\$ 578,073
Region 5	30,420	2.1%	\$ 465,849	1,886	2.7%	\$ (199,360)	\$ 266,489
Region 6	60,966	4.1%	\$ 933,646	3,278	4.6%	\$ (346,502)	\$ 587,144
Region 7	130,116	8.9%	\$ 1,992,606	5,008	7.1%	\$ (529,372)	\$ 1,463,234
Region 8	68,162	4.6%	\$ 1,043,838	7,447	10.5%	\$ (787,187)	\$ 256,651
Region 9	45,762	3.1%	\$ 700,808	2,113	3.0%	\$ (223,355)	\$ 477,453
Region 10	42,560	2.9%	\$ 651,776	2,317	3.3%	\$ (244,919)	\$ 406,856
Region 11	50,052	3.4%	\$ 766,509	2,843	4.0%	\$ (300,520)	\$ 465,989
Region 12	30,873	2.1%	\$ 472,795	1,454	2.0%	\$ (153,695)	\$ 319,099
Region 13	40,220	2.7%	\$ 615,931	527	0.7%	\$ (55,707)	\$ 560,225
Subtotal							\$ 8,126,709
Non-MSA Counties and counties with only rural places	Total of 200% poverty, rent burden, and overcrowding	Proportion of Total Need Variables	150% Weight	Regional Unoccupied Units	Proportion of Total Unoccupied Units	-50.00%	Sub-region amount
Region 1	57,982	3.9%	\$ 887,944	2,812	4.0%	\$ (297,243)	\$ 590,701
Region 2	47,406	3.2%	\$ 725,977	2,510	3.5%	\$ (265,320)	\$ 460,657
Region 3	48,456	3.3%	\$ 742,063	1,874	2.6%	\$ (198,092)	\$ 543,971
Region 4	119,909	8.2%	\$ 1,836,293	4,965	7.0%	\$ (524,827)	\$ 1,311,467
Region 5	76,459	5.2%	\$ 1,170,901	3,496	4.9%	\$ (369,546)	\$ 801,355
Region 6	35,020	2.4%	\$ 536,303	2,098	3.0%	\$ (221,770)	\$ 314,534
Region 7	30,501	2.1%	\$ 467,095	1,707	2.4%	\$ (180,439)	\$ 286,656
Region 8	48,958	3.3%	\$ 749,747	2,872	4.0%	\$ (303,586)	\$ 446,161
Region 9	35,910	2.4%	\$ 549,936	1,309	1.8%	\$ (138,368)	\$ 411,568
Region 10	46,148	3.1%	\$ 706,708	1,635	2.3%	\$ (172,828)	\$ 533,880
Region 11	66,556	4.5%	\$ 1,019,250	2,356	3.3%	\$ (249,042)	\$ 770,208
Region 12	28,154	1.9%	\$ 431,151	761	1.1%	\$ (80,442)	\$ 350,709
Region 13	5,325	0.4%	\$ 81,549	285	0.4%	\$ (30,126)	\$ 51,423
Subtotal							\$ 6,873,291
Total	1,469,233	100%		70,952	100%		\$ 15,000,000

Sample 2017 Housing Trust Fund Regional Allocation Formula Compounded Need, Table 1 - Raw Data

Region (MSA Counties with urban places)	People at 200% Poverty	HH at 200% Poverty	Cost Burden, Owners	Cost Burden, Renters	Over-crowded Owners	Over-crowded Renters	Lacking Kitchen	Lacking Plumbing	Unoccupied Units, For Sale	Unoccupied Units, For Rent	Land Area	Total Population	Inverse Population Density (Total Population/Land Area)
1	205,178	72,501	17,794	38,109	3,015	3,705	6,703	2,981	1,835	6,209	2,715.51	533,662	0.0051
2	103,920	36,721	8,383	17,333	986	1,502	5,936	4,567	1,583	4,714	2,471.87	285,454	0.0087
3	2,292,876	810,204	293,797	426,129	38,705	70,391	56,336	28,539	23,382	89,502	9,602.73	6,764,073	0.0014
4	183,821	64,954	16,684	26,919	3,176	3,158	6,903	5,082	2,123	4,986	2,662.89	470,390	0.0057
5	149,030	52,661	12,357	20,347	2,227	1,808	7,594	5,700	1,928	5,456	2,100.65	390,418	0.0054
6	2,190,713	774,104	256,168	371,868	42,464	68,907	60,762	42,549	23,731	93,256	7,610.73	6,175,417	0.0012
7	545,560	192,777	80,525	136,577	8,060	17,376	10,835	6,325	6,508	15,438	3,332.23	1,759,308	0.0019
8	339,893	120,104	27,107	64,430	3,270	5,528	13,508	6,400	4,825	19,735	4,438.55	859,138	0.0052
9	792,115	279,899	82,613	126,016	13,944	18,312	24,219	14,366	8,295	23,064	4,498.35	2,127,628	0.0021
10	204,481	72,255	17,393	33,796	3,555	5,617	9,856	6,363	2,229	5,510	2,666.07	526,483	0.0051
11	891,654	315,072	49,217	65,738	28,805	25,586	17,353	21,639	4,639	10,871	5,823.35	1,481,021	0.0039
12	136,253	48,146	11,473	20,114	3,673	3,100	5,732	4,553	1,075	3,098	4,234.93	409,931	0.0103
13	418,885	148,016	30,877	45,753	8,259	8,819	8,243	3,894	2,972	8,120	1,012.69	823,862	0.0012

Region (non-MSA Counties and counties with only rural places)	People at 200% Poverty	HH at 200% Poverty	Cost Burden, Owners	Cost Burden, Renters	Over-crowded Owners	Over-crowded Renters	Lacking Kitchen	Lacking Plumbing	Unoccupied Units, For Sale	Unoccupied Units, For Rent	Land Area	Total Population	Inverse Population Density
1	129,617	45,801	7,030	9,732	2,684	2,449	10,243	7,206	1,196	2,812	36,632.86	319,151	0.1148
2	105,414	37,249	7,535	8,930	1,260	1,227	12,435	11,529	2,125	2,510	24,830.71	264,358	0.0939
3	98,357	34,755	9,197	12,240	1,837	1,461	5,946	3,988	1,987	1,874	5,417.17	248,647	0.0218
4	263,965	93,274	21,762	23,252	4,702	3,624	16,484	13,708	3,955	4,987	12,755.92	651,081	0.0196
5	165,235	58,387	10,676	16,000	2,600	2,072	12,086	10,007	2,674	3,496	9,910.91	379,673	0.0261
6	71,492	25,262	4,921	9,145	1,216	613	4,762	4,764	973	2,098	4,577.50	196,207	0.0233
7	65,970	23,311	8,890	6,263	1,227	927	4,455	3,619	1,492	1,707	5,104.06	190,858	0.0267
8	109,099	38,551	8,958	9,021	2,146	1,386	10,860	8,737	2,490	2,872	12,672.08	282,483	0.0449
9	76,714	27,107	8,613	7,014	2,416	1,789	4,762	4,035	1,597	1,309	6,856.84	219,418	0.0313
10	99,974	35,327	5,206	8,610	2,846	2,211	7,455	6,636	1,020	1,635	14,905.32	248,154	0.0601
11	155,945	55,104	6,803	8,495	4,412	2,957	5,807	6,528	1,051	2,356	18,213.03	273,801	0.0665
12	63,649	22,491	3,255	4,714	1,286	949	6,857	6,494	851	761	35,496.09	186,717	0.1901
13	12,025	4,249	618	906	294	170	1,284	1,097	281	285	20,687.10	24,700	0.8375
Total	9,871,835	3,488,281	1,007,852	1,517,451	189,065	255,644	337,416	241,306	106,817	318,661	261,230	26,092,033	1.6138

Sample 2017 Housing Trust Fund Regional Allocation Formula Compounded Need, Table 2 - Weights

Estimated RAF \$ 3,000,000.00

Region (MSA Counties with urban places)	Total of all Need Variables	Proportion of Total Need Variables	120% Weight	Regional Unoccupied Units	Proportion of Total Unoccupied Units	-20.00%	Inverse Population Density	Percentage of Total Inverse Population Density	Weight is 20%	Sub-region amount	Part of total award
1	144,808	2.1%	\$ 61,734	8,044	1.9%	\$ (11,343)	0.0051	0.32%	\$ 1,892	\$ 52,283	1.74%
2	75,428	1.1%	\$ 32,156	6,297	1.5%	\$ (8,880)	0.0087	0.54%	\$ 3,220	\$ 26,496	0.88%
3	1,724,101	24.5%	\$ 735,014	112,884	26.5%	\$ (159,187)	0.0014	0.09%	\$ 528	\$ 576,355	19.21%
4	126,876	1.8%	\$ 54,090	7,109	1.7%	\$ (10,025)	0.0057	0.35%	\$ 2,105	\$ 46,169	1.54%
5	102,694	1.5%	\$ 43,780	7,384	1.7%	\$ (10,413)	0.0054	0.33%	\$ 2,000	\$ 35,368	1.18%
6	1,616,822	23.0%	\$ 689,279	116,987	27.5%	\$ (164,973)	0.0012	0.08%	\$ 458	\$ 524,764	17.49%
7	452,475	6.4%	\$ 192,898	21,946	5.2%	\$ (30,948)	0.0019	0.12%	\$ 704	\$ 162,654	5.42%
8	240,347	3.4%	\$ 102,464	24,560	5.8%	\$ (34,634)	0.0052	0.32%	\$ 1,921	\$ 69,751	2.33%
9	559,369	7.9%	\$ 238,469	31,359	7.4%	\$ (44,222)	0.0021	0.13%	\$ 786	\$ 195,033	6.50%
10	148,835	2.1%	\$ 63,451	7,739	1.8%	\$ (10,913)	0.0051	0.31%	\$ 1,883	\$ 54,420	1.81%
11	523,410	7.4%	\$ 223,139	15,510	3.6%	\$ (21,872)	0.0039	0.24%	\$ 1,462	\$ 202,729	6.76%
12	96,791	1.4%	\$ 41,264	4,173	1.0%	\$ (5,885)	0.0103	0.64%	\$ 3,841	\$ 39,220	1.31%
13	253,861	3.6%	\$ 108,225	11,092	2.6%	\$ (15,642)	0.0012	0.08%	\$ 457	\$ 93,041	3.10%
Subtotal										\$ 2,078,282	69.28%
Region (non-MSA Counties and counties with only rural places)	Total of all Need Variables	Percentage of total need variables	120% Weight	Regional Unoccupied Units	Proportion of Total Unoccupied Units	-20.00%	Inverse Population Density	Percentage of Total Inverse Population Density	Weight is 20%	Sub-region amount	Part of total award
1	85,145	1.2%	\$ 36,299	4,008	0.9%	\$ (5,652)	0.1148	7.11%	\$ 42,676	\$ 73,323	2.44%
2	80,165	1.1%	\$ 34,176	4,635	1.1%	\$ (6,536)	0.0939	5.82%	\$ 34,923	\$ 62,562	2.09%
3	69,424	1.0%	\$ 29,597	3,861	0.9%	\$ (5,445)	0.0218	1.35%	\$ 8,100	\$ 32,252	1.08%
4	176,806	2.5%	\$ 75,375	8,942	2.1%	\$ (12,610)	0.0196	1.21%	\$ 7,284	\$ 70,050	2.33%
5	111,828	1.6%	\$ 47,674	6,170	1.5%	\$ (8,701)	0.0261	1.62%	\$ 9,705	\$ 48,679	1.62%
6	50,683	0.7%	\$ 21,607	3,071	0.7%	\$ (4,331)	0.0233	1.45%	\$ 8,674	\$ 25,951	0.87%
7	48,692	0.7%	\$ 20,758	3,199	0.8%	\$ (4,511)	0.0267	1.66%	\$ 9,943	\$ 26,190	0.87%
8	79,659	1.1%	\$ 33,960	5,362	1.3%	\$ (7,561)	0.0449	2.78%	\$ 16,679	\$ 43,077	1.44%
9	55,736	0.8%	\$ 23,761	2,906	0.7%	\$ (4,098)	0.0313	1.94%	\$ 11,619	\$ 31,282	1.04%
10	68,291	1.0%	\$ 29,113	2,655	0.6%	\$ (3,744)	0.0601	3.72%	\$ 22,332	\$ 47,701	1.59%
11	90,106	1.3%	\$ 38,414	3,407	0.8%	\$ (4,804)	0.0665	4.12%	\$ 24,732	\$ 58,341	1.94%
12	46,046	0.7%	\$ 19,630	1,612	0.4%	\$ (2,273)	0.1901	11.78%	\$ 70,681	\$ 88,038	2.93%
13	8,618	0.1%	\$ 3,674	566	0.1%	\$ (798)	0.8375	51.90%	\$ 311,395	\$ 314,271	10.48%
Subtotal										\$ 921,718	30.72%
Total	7,037,015	100%		425,478	100%		1.614	100%		\$ 3,000,000	100.00%

Sample 2017 HOME SF RAF Compounded Need, Table 1 - Raw Data (Single Family Activities)

Region (MSA Counties with urban places)	People at 200% Poverty without PJs	HH at 200% Poverty without PJs	Cost Burden, Owners without PJs	Cost Burden, Renters without PJs	Over-crowded Owners without PJs	Over-crowded Renters without PJs	Units Lacking Plumbing without PJs	Units Lacking Kitchen without PJs	Unoccupied Units, For Sale without PJs	Unoccupied Units, For Rent without PJs	Land area without PJs	Total Population without PJs	Regional Coverage Factor (Land Area/Total Population)
1	30,127	10,646	3,157	3,259	587	451	870	1,111	274	383	2,495	101,864	0.024
2	18,605	6,574	2,151	1,336	110	179	1,766	1,900	364	666	2,294	59,907	0.038
3	470,768	166,349	91,431	73,795	9,177	9,259	9,800	18,258	7,320	12,362	7,671	1,954,674	0.004
4	107,647	38,038	10,948	11,567	1,984	1,865	4,162	4,879	1,344	1,988	2,559	291,760	0.009
5	64,786	22,893	7,073	6,783	1,100	744	2,974	3,570	1,114	1,886	1,941	218,190	0.009
6	122,673	43,347	16,524	15,511	3,142	2,108	4,492	5,395	1,929	3,278	2,606	411,845	0.006
7	231,476	81,794	46,375	43,301	4,557	5,021	3,507	5,643	4,210	5,008	3,037	895,090	0.003
8	134,665	47,585	13,188	18,825	1,454	1,752	3,963	8,596	2,875	7,447	4,203	420,439	0.010
9	92,519	32,692	15,065	11,050	2,167	2,020	2,383	2,917	1,180	2,113	3,258	338,479	0.010
10	82,425	29,125	6,651	10,990	1,626	2,445	3,597	5,231	1,256	2,317	2,508	213,803	0.012
11	117,036	41,355	5,418	5,873	3,792	2,824	4,392	3,258	861	2,843	3,992	184,015	0.022
12	61,717	21,808	6,133	7,749	2,019	1,316	2,394	2,972	559	1,454	4,141	206,429	0.020
13	95,962	33,909	5,710	4,509	3,308	1,802	1,477	1,940	428	527	759	154,091	0.005

Region (non-MSA Counties and counties with only rural places)	People at 200% Poverty without PJs	HH at 200% Poverty without PJs	Cost Burden, Owners without PJs	Cost Burden, Renters without PJs	Over-crowded Owners without PJs	Over-crowded Renters without PJs	Units Lacking Plumbing without PJs	Units Lacking Kitchen without PJs	Unoccupied Units, For Sale without PJs	Unoccupied Units, Rental without PJs	Land area without PJs	Total Population without PJs	Regional Coverage Factor (Land Area/Total Population)
1	129,617	45,801	7,030	9,732	2,684	2,449	7,206	10,243	1,196	2,812	36,632.86	319,151	0.115
2	105,414	37,249	7,535	8,930	1,260	1,227	11,529	12,435	2,125	2,510	24,830.71	264,358	0.094
3	98,357	34,755	9,197	12,240	1,837	1,461	3,988	5,946	1,987	1,874	5,417.17	248,647	0.022
4	263,500	93,110	21,732	23,175	4,702	3,624	13,685	16,461	3,955	4,965	12,752	648,337	0.020
5	165,235	58,387	10,676	16,000	2,600	2,072	10,007	12,086	2,674	3,496	9,910.91	379,673	0.026
6	71,492	25,262	4,921	9,145	1,216	613	4,764	4,762	973	2,098	4,577.50	196,207	0.023
7	65,970	23,311	8,890	6,263	1,227	927	3,619	4,455	1,492	1,707	5,104.06	190,858	0.027
8	109,099	38,551	8,958	9,021	2,146	1,386	8,737	10,860	2,490	2,872	12,672.08	282,483	0.045
9	76,714	27,107	8,613	7,014	2,416	1,789	4,035	4,762	1,597	1,309	6,856.84	219,418	0.031
10	99,974	35,327	5,206	8,610	2,846	2,211	6,636	7,455	1,020	1,635	14,903	248,154	0.060
11	155,945	55,104	6,803	8,495	4,412	2,957	6,528	5,807	1,051	2,356	18,213.03	273,801	0.067
12	63,649	22,491	3,255	4,714	1,286	949	6,494	6,857	851	761	35,496.09	186,717	0.190
13	12,025	4,249	618	906	294	170	1,097	1,284	281	285	20,687.10	24,700	0.838
Total	3,047,397	1,076,819	333,258	338,793	63,949	53,621	134,102	169,083	45,406	70,952	249,519	8,933,090	1.729

Texas Department of Housing and Community Affairs
Sample 2017 HOME SF RAF Compounded Need, Table 2- Single Family Activities

Estimated RAF \$ 11,000,000.00

MSA Counties with urban places	Total of all need variables	Percentage of total need variables	Weight is 100%	Regional Vacancies	Percentage of Total Vacancies	Weight is -20%	Regional Coverage Factor	Percentage of Regional Coverage Factor	Weight is 20%	Seven Variable Sub-region amount	Part of total award
Region 1	20,081	0.9%	\$ 101,809	657	0.6%	\$ (12,422)	0.024	1.4%	\$ 31,174	\$ 120,561	1.10%
Region 2	14,016	0.6%	\$ 71,062	1,030	0.9%	\$ (19,474)	0.038	2.2%	\$ 48,734	\$ 100,322	0.91%
Region 3	378,069	17.4%	\$1,916,811	19,682	16.9%	\$ (372,131)	0.004	0.2%	\$ 4,994	\$ 1,549,674	14.09%
Region 4	73,443	3.4%	\$ 372,355	3,332	2.9%	\$ (62,999)	0.009	0.5%	\$ 11,163	\$ 320,520	2.91%
Region 5	45,137	2.1%	\$ 228,843	3,000	2.6%	\$ (56,721)	0.009	0.5%	\$ 11,320	\$ 183,442	1.67%
Region 6	90,519	4.2%	\$ 458,933	5,207	4.5%	\$ (98,450)	0.006	0.4%	\$ 8,052	\$ 368,536	3.35%
Region 7	190,198	8.8%	\$ 964,302	9,218	7.9%	\$ (174,286)	0.003	0.2%	\$ 4,317	\$ 794,333	7.22%
Region 8	95,363	4.4%	\$ 483,490	10,322	8.9%	\$ (195,160)	0.010	0.6%	\$ 12,722	\$ 301,052	2.74%
Region 9	68,294	3.1%	\$ 346,252	3,293	2.8%	\$ (62,261)	0.010	0.6%	\$ 12,250	\$ 296,241	2.69%
Region 10	59,665	2.8%	\$ 302,504	3,573	3.1%	\$ (67,555)	0.012	0.7%	\$ 14,926	\$ 249,875	2.27%
Region 11	66,912	3.1%	\$ 339,246	3,704	3.2%	\$ (70,032)	0.022	1.3%	\$ 27,608	\$ 296,822	2.70%
Region 12	44,391	2.0%	\$ 225,063	2,013	1.7%	\$ (38,060)	0.020	1.2%	\$ 25,527	\$ 212,530	1.93%
Region 13	52,655	2.4%	\$ 266,960	955	0.8%	\$ (18,056)	0.005	0.3%	\$ 6,270	\$ 255,173	2.32%
Subtotal										\$ 5,049,079	45.90%
Non-MSA Counties and counties with only rural places	Total of 200% poverty, rent burden, lack of kitchen, lack of plumbing, and overcrowding	Percentage of total need variables	Weight is 100%	Regional Vacancies	Percentage of Total Vacancies	Weight is -20%	Regional Coverage Factor	Percentage of Regional Coverage Factor	Weight is 20%	Seven Variable Sub-region amount	Part of total award
Region 1	85,145	3.9%	\$ 431,686	4,008	3.4%	\$ (75,780)	0.115	6.6%	\$ 146,066	\$ 501,972	4.56%
Region 2	80,165	3.7%	\$ 406,435	4,635	4.0%	\$ (87,635)	0.094	5.4%	\$ 119,529	\$ 438,329	3.98%
Region 3	69,424	3.2%	\$ 351,980	3,861	3.3%	\$ (73,001)	0.022	1.3%	\$ 27,725	\$ 306,704	2.79%
Region 4	176,489	8.1%	\$ 894,797	8,920	7.7%	\$ (168,652)	0.020	1.1%	\$ 25,031	\$ 751,176	6.83%
Region 5	111,828	5.2%	\$ 566,968	6,170	5.3%	\$ (116,657)	0.026	1.5%	\$ 33,218	\$ 483,529	4.40%
Region 6	50,683	2.3%	\$ 256,964	3,071	2.6%	\$ (58,064)	0.023	1.3%	\$ 29,689	\$ 228,589	2.08%
Region 7	48,692	2.2%	\$ 246,868	3,199	2.7%	\$ (60,484)	0.027	1.5%	\$ 34,032	\$ 220,416	2.00%
Region 8	79,659	3.7%	\$ 403,871	5,362	4.6%	\$ (101,380)	0.045	2.6%	\$ 57,086	\$ 359,577	3.27%
Region 9	55,736	2.6%	\$ 282,584	2,906	2.5%	\$ (54,944)	0.031	1.8%	\$ 39,767	\$ 267,407	2.43%
Region 10	68,291	3.1%	\$ 346,233	2,655	2.3%	\$ (50,199)	0.060	3.5%	\$ 76,423	\$ 372,458	3.39%
Region 11	90,106	4.2%	\$ 456,839	3,407	2.9%	\$ (64,417)	0.067	3.8%	\$ 84,649	\$ 477,071	4.34%
Region 12	46,046	2.1%	\$ 233,452	1,612	1.4%	\$ (30,478)	0.190	11.0%	\$ 241,920	\$ 444,894	4.04%
Region 13	8,618	0.4%	\$ 43,694	566	0.5%	\$ (10,701)	0.838	48.4%	\$1,065,807	\$ 1,098,799	9.99%
										\$ 5,950,921	54.10%
Total	2,169,625	100%		116,358	100%		1.729	100.0%		\$ 11,000,000	100.00%

Texas Department of Housing and Community Affairs
Sample 2017 HOME SF RAFCompounded Need, Table 3- Single Family Activities

Region (MSA Counties with urban places)	Initial Sub-region amount	Supplemental amount needed to reach \$100,000	Final Sub-Amount for Compounded Need	Part of total award
1	\$ 120,561	\$ -	\$ 120,561	1.10%
2	\$ 100,322	\$ -	\$ 100,322	0.91%
3	\$ 1,549,674	\$ -	\$ 1,549,674	14.09%
4	\$ 320,520	\$ -	\$ 320,520	2.91%
5	\$ 183,442	\$ -	\$ 183,442	1.67%
6	\$ 368,536	\$ -	\$ 368,536	3.35%
7	\$ 794,333	\$ -	\$ 794,333	7.22%
8	\$ 301,052	\$ -	\$ 301,052	2.74%
9	\$ 296,241	\$ -	\$ 296,241	2.69%
10	\$ 249,875	\$ -	\$ 249,875	2.27%
11	\$ 296,822	\$ -	\$ 296,822	2.70%
12	\$ 212,530	\$ -	\$ 212,530	1.93%
13	\$ 255,173	\$ -	\$ 255,173	2.32%
MSA total	\$ 5,049,079		\$ 5,049,079	45.90%

Region (Non-MSA Counties and counties with only rural places)	Initial Sub-region amount	Supplemental amount needed to reach \$100,000	Final Sub-Amount for Compounded Need	Part of total award
1	\$ 501,972	\$ -	\$ 501,972	4.56%
2	\$ 438,329	\$ -	\$ 438,329	3.98%
3	\$ 306,704	\$ -	\$ 306,704	2.79%
4	\$ 751,176	\$ -	\$ 751,176	6.83%
5	\$ 483,529	\$ -	\$ 483,529	4.40%
6	\$ 228,589	\$ -	\$ 228,589	2.08%
7	\$ 220,416	\$ -	\$ 220,416	2.00%
8	\$ 359,577	\$ -	\$ 359,577	3.27%
9	\$ 267,407	\$ -	\$ 267,407	2.43%
10	\$ 372,458	\$ -	\$ 372,458	3.39%
11	\$ 477,071	\$ -	\$ 477,071	4.34%
12	\$ 444,894	\$ -	\$ 444,894	4.04%
13	\$ 1,098,799	\$ -	\$ 1,098,799	9.99%
Non-MSA total	\$ 5,950,921		\$ 5,950,921	54.10%
Total		\$ -	\$ 11,000,000	

Texas Department of Housing and Community Affairs
Sample 2017 HOME SF RAFCompounded Need, Table 3- Single Family Activities

Attachment E

Minimum needed for each region	\$ 100,000
Amount available to be reallocated	\$ 11,000,000
Amount needed to bring underallocated regions to \$100,0000	\$ -

1j

BOARD ACTION REQUEST
COMMUNITY AFFAIRS DIVISION
JULY 28, 2016

Presentation, Discussion, and Possible Action on Awards for Federal Fiscal Year (“FFY”) 2016 Community Services Block Grant (“CSBG”) Discretionary Funds for Services to Native American and Migrant Seasonal Farm Worker Population and 2016 CSBG Network Operational Investments and Intensive Community Action Agency Support Assessments

RECOMMENDED ACTION

WHEREAS, Community Services Block Grant (“CSBG”) funds are awarded annually to the Texas Department of Housing and Community Affairs (the “Department”) by the U.S. Department of Health and Human Services (“USHHS”);

WHEREAS, the Department reserves 90% of the allotment for CSBG eligible entities to provide services/assistance to the low-income population in all 254 counties; up to 5% for state administration expenses; and the remaining amount for state discretionary use;

WHEREAS, at the Board meeting of February 25, 2016, the Department established a set aside of \$1,600,000 for CSBG discretionary projects, of which \$1,000,000 was programmed as follows: \$300,000 for Migrant Seasonal Farmworker and Native American Population employment and education initiatives; \$550,000 for Network Operational Investments; and \$150,000 for Intensive Community Action Agency Support Assessments;

WHEREAS, a NOFA was released on June 21, 2016, for education and employment services to Native American and Migrant and Seasonal Farmworker Populations and community action agencies were offered the opportunity to request funds for Network Operational Investments and to request to receive Intensive Support Assessments;

WHEREAS, staff has reviewed and evaluated the applications received under the NOFA targeting employment and education services to Migrant Seasonal Farmworker and Native American Population and recommends Board approval of awards totaling \$300,000 to the three eligible applicants that applied and met the requirements for funding;

WHEREAS, staff has reviewed the requests received for funding for Network Operational Investments and recommends Board approval of awards totaling the amount of \$272,438 to the 24 CSBG eligible entities that applied and met the requirements for funding;

WHEREAS, staff has reviewed the requests for Intensive Support Assessments and is recommending that the board approve the designation of \$215,000 to be utilized for the seven CSBG eligible entities that applied for the reviews to receive such assessments and technical assistance;

WHEREAS, the Executive Award Review Advisory Committee (“EARAC”) met on July 18, 2016, and proposed conditions as described below; and

WHEREAS, based on the total recommended amounts above, staff is requesting that the Board approve the balance of the \$1,000,000 of CSBG discretionary funds, totaling \$212,562, to be set aside for Disaster Relief grants;

NOW, therefore, it is hereby

RESOLVED, that the Executive Director and his designees, be and each of them hereby are authorized, empowered, and directed, for and on behalf of the Department, to take any and all such actions as they or any of them may deem necessary or advisable to effectuate the awards, as represented herein, of \$300,000 for employment and education services to Native American and Migrant and Seasonal Farmworker Populations, \$272,438 for Network Operational Investment contracts; and \$215,000 for Intensive Support Assessments; and

FURTHER RESOLVED, that the balance of \$212,562 in CSBG Discretionary funds is authorized for use in responding to Disaster Relief efforts.

BACKGROUND

The Department set aside a total of \$550,000 in State CSBG Discretionary funds for Network Operational Investments; \$150,000 for Intensive Community Action Agency Support Assessments; and \$300,000 for employment and education services to Native American and Migrant and Seasonal Farmworker Populations as approved at the Board meeting of February 25, 2016.

The Department released a NOFA to make available \$300,000 for education and employment initiatives for migrant seasonal farm workers and Native Americans. Staff has reviewed the applications and is recommending the three eligible applications to be funded. One application was not considered for funding, due to it being incomplete. Staff recommends an award of \$100,000 to each of the successful applicants. Based on the previous participation review, discussed below, one of the three applications is recommended by EARAC to be awarded with conditions. Please refer to Attachment A.

The Department provided the Community Action Agencies the opportunity to apply for funding for Network Operational Investments that focus on assisting community action agencies as they prepare to meet the requirements of the CSBG Organizational Standards. The funds are specifically for objectives that can be clearly defined and measurable; can be clearly associated with one or more of the nine core organizational capacity areas; can be confirmed as being successfully implemented; and must be performed in a six-month period. The Department received 24 applications under the Network Operational Investments. All applications reviewed were determined to be eligible and are recommended for funding at the request amounts. Please refer to Attachment B.

As stated previously, the board had approved utilizing \$550,000 for Network Operational Investments. Only \$272,438 was requested from CSBG eligible entities; therefore, \$277,562 remains. Staff recommends that of the remaining funds, \$65,000 be reprogrammed into Intensive Support Assessments, for which requests exceeded the original amount of funds programmed, and the remaining \$212,562 be reprogrammed for Disaster Relief efforts. Based on the previous participation review, discussed below, four of the 24 applications are awarded with conditions.

The Department provided the Community Action Agencies the opportunity to apply for Intensive Support Assessments and reviewed the requests and utilized internal information from both Compliance and the Community Affairs Training and Technical Assistance area to determine which assessments to recommend for approval. The Department received seven requests for Intensive Assessments and is recommending providing assessments to all. Because of the number of requests for intensive assessments, as stated previously, staff requests approval to reprogram \$65,000 of CSBG discretionary funds from the Network Operational Investments to the Intensive Support Assessments to fulfill all requests. Please refer to Attachment C for information on applicants and recommendations.

The Previous Participation Rule (10 TAC, Chapter 1, Subchapter C, §1.302) includes a review of CSBG-D awards prior to contract execution. This award is subject to this review. The review has been performed and the following entities have been recommended by EARAC for award with conditions:

Agency	Issue
Aspermont Small Business Development Center, Inc.	Approved conditioned on resolution of unresolved monitoring findings to the Department's satisfaction prior to contract execution.
Nueces County Community Action Agency	Approved conditioned on, prior to contract execution and to the satisfaction of the Department, disclosure of any pending federal or state litigation (including administrative proceedings) against the subrecipient along with any final decrees within the last three years that involve federal or state program administration or funds or if the requested judgment against the entity would represent a 20% reduction or more in the entities current year's operating budget.
South Plains Community Action Association, Inc.	Approved conditioned on completion by the subrecipient of the Department provided Weatherization and Procurement Training by August 31, 2016.
Urban Inter-Tribal Center of Texas	Approved conditioned on submittal of the required Single Audit and resolution of any findings identified in the Single Audit to the Department's satisfaction prior to contract execution, but no later than October 31, 2016.

Attachments A and B reflect all applicants and the funding recommendation amounts; an asterisk indicates those for which the award is deferred or conditional, and those conditions are identified in the previous table.

Attachment A

**Recommendations for Federal Fiscal Year (“FFY”) 2016
Community Services Block Grant (“CSBG”) Discretionary Funds for
Services to Native American and Migrant Seasonal Farm Worker Populations**

#	Applicant	Target Population	Award Recommendation	Project
1	Family Service Association of San Antonio, Inc.	Migrant Seasonal Farm Workers	\$100,000	Employment and Education Project and supportive services for 50 Migrant and Seasonal Farm Workers.
2	Opportunity Center for the Homeless	Migrant Seasonal Farm Workers	\$100,000	Employment and Education Project and supportive services for 130 Migrant and Seasonal Farm Workers
3	Urban Inter-Tribal Center of Texas*	Native Americans	\$100,000	Employment and Education Project and supportive services for 50 Native Americans.
4	Tierra del Sol Housing Corporation	undeterminable	\$0	Incomplete application.
	TOTAL		\$300,000	

Note: In the event that any of these funds remain uncommitted, the Department will reprogram the funds among the eligible categories previously approved by the Board.

Attachment B

**Funding Recommendations for Program Year 2016 Community Services Block Grant
Discretionary Funds for CSBG Network Operational Investments**

#	CSBG Eligible Entity	Award Recommendation	Project
1	Aspermont Small Business Development Center, Inc.*	\$12,000	Replace telephone system. Maintenance fees for programmatic software maintenance. Outreach tools and marketing materials for rebranding of agency.
2	Brazos Valley Community Action, Inc.	\$11,550	Purchase new network servers, scanners, and miscellaneous IT equipment. Purchase upgrades for current computer reporting system/server. Certification, training, travel and other costs related to 2 staff persons becoming a Results Oriented Management and Accountability (ROMA) Implementer.
3	Central Texas Opportunities	\$12,000	Costs for 1 staff to become certified ROMA Implementer. Purchase server and computers and software. Strategic Planning.
4	Combined Community Action	\$12,000	Purchase and install Dual Server Solution system and training costs and transfer data.
5	Community Action Committee of Victoria Texas	\$12,000	Enhance outreach services and identity. Purchase and install new server and software. Purchase laptops.
6	Community Action Corporation of South Texas	\$12,000	Procure subcontractor to review and revise current policies and procedures. Procure attorney to review and revise bylaws.
7	Community Action Social Services and Education, Inc.	\$12,000	Purchase computers and upgrade software.
8	Community Council of South Central Texas, Inc.	\$10,752	Certification, training, travel and other costs related to 1 staff person becoming a Results Oriented Management and Accountability (ROMA) Implementer. Secure attorney to review bylaws and Articles of Incorporation. Secure a consultant to review Community Action Plan and Strategic Plan and make recommendations for implementation. Purchase, installation and implementation of Abila MIP Employee Web Services Module for payroll and HR systems.

#	CSBG Eligible Entity	Award Recommendation	Project
9	Community Services of Northeast Texas, Inc.	\$10,300	Subscription costs for survey tools. Procure laptops and technology to allow board members to connect online. Meeting costs and materials for Community Resource Coordination Groups. Community assessment and outreach. Development and printing of annual report. Enhance Community Assessment and publish results. Convert employee handbook to online editable document. Costs to comply with records retention policy.
10	Concho Valley Community Action Agency	\$5,000	Certification, training, travel and other costs related to 2 staff persons becoming a Results Oriented Management and Accountability (ROMA) Implementer.
11	Economic Action Committee of the Gulf Coast	\$12,000	Strategic Planning. Certification, training, travel and other costs related to 1 staff person becoming a Results Oriented Management and Accountability (ROMA) Implementer. Purchase computer. Rebrand the agency.
12	El Paso Community Action Program – Project BRAVO	\$12,000	Purchase equipment and/or software to enable agency to assess customer satisfaction electronically and for on-line interface for board and staff.
13	Greater East Texas Community Action Program	\$12,000	Update technology to convey service improvement. Computer upgrades to monitor outcomes and address strategic plan goals. Costs related to on-going ROMA training. Analysis of data to determine local efforts.
14	Gulf Coast Community Services Association, Inc.	\$12,000	Update client tracking software and system to capture reporting data. Certification, training, travel and other costs related to 2 staff persons becoming a Results Oriented Management and Accountability (ROMA) Implementer. Purchase equipment and/or software to enable agency to assess customer satisfaction electronically and for on-line interface for board and staff. Procure training for staff and board members on ROMA implementation, case management, and other areas.

#	CSBG Eligible Entity	Award Recommendation	Project
15	Hidalgo County Community Services Agency	\$12,000	Costs related to accounting software training. Certification, training, travel and other costs related to 3 staff persons becoming a Results Oriented Management and Accountability (ROMA) Implementer. Purchase high speed scanner. Assess fiscal procedures and strategies to strengthen financial reporting mechanisms. Assess and improve strategic planning process.
16	Hill Country Community Action Association, Inc.	\$12,000	Procure attorney to review bylaws and personnel policies. Procure materials for branding. Costs related to development of Strategic Planning and Community Action Plan. Update webpage. Update financial accounting procedures to be compliant with Uniform Guidance.
17	Nueces County Community Action*	\$12,000	Procure attorney to revise employee handbook. Procure an on-line training software for staff and board.
18	Panhandle Community Services	\$12,000	Organize community education meetings to educate low-income persons on various topics, including community volunteerism and leadership. Develop and provide training on ROMA, strategic planning, and customer service. Develop an on-line board member resource book and training.
19	Rolling Plains Management Corporation	\$12,000	Costs related to the update of agency website. Hire a consultant to update strategic plan.
20	South Plains Community Action Association, Inc.*	\$12,000	Costs associated with conversion of accounting database and modules. Also upgrade modules for payroll and human resources. Upgrade budget monitoring and reporting systems.
21	South Texas Development Council	\$12,000	Computer technology equipment and software upgrades for outreach staff and accounts payables. Upgrade servers.
22	Texoma Council of Governments	\$12,000	Develop policies and practices required for CSBG Organizational Standards. Certification, training, travel and other costs related to 2 staff persons becoming a Results Oriented Management and Accountability (ROMA) Implementer. Update webpage, procure mobile hot spot, procure automated scheduling system, procure data management system, payment of annual fee for programmatic reporting.

#	CSBG Eligible Entity	Award Recommendation	Project
23	Williamson Burnet County Opportunities, Inc.	\$10,479	Certification, training, travel and other costs related to staff person becoming a Results Oriented Management and Accountability (ROMA) Implementer. Training from Caseworthy on programmatic data systems.
24	West Texas Opportunities	\$8,357	Costs related to ROMA Training, including board training on ROMA. Procure attorney to review bylaws and personnel policies. Certification, training, travel and other costs related to 3 staff persons becoming a Results Oriented Management and Accountability (ROMA) Implementer.
	TOTAL	\$272,438	

Note: In the event that any of these funds remain uncommitted, the Department will reprogram the funds among the eligible categories previously approved by the Board.

Attachment C

Recommendations for Program Year 2016 Community Services Block Grant Discretionary Funds for Intensive Community Action Agency Support Assessments

#	CSBG Eligible Entity	Recommended for Support Assessments	Area of Need
1	Aspermont Small Business Development Center, Inc.	Yes	Organization has a new Executive Director and Chief Financial Officer and needs assistance in the areas of administration, strategic planning, customer satisfaction surveying, community needs assessment, and risk assessment.
2	Brazos Valley Community Action, Inc.	Yes	BVCAA is facing a major change in structure with the separation of health services into a separate organization. Community Services programs will remain with BVCAA. A risk assessment needs to be conducted and a new strategic plan developed. Review of annual organization wide budget.
3	Community Council of South Central Texas	Yes	A risk assessment has been completed, assistance is needed in reviewing the results and evaluating control areas of risk. Assistance in developing a Disaster Recovery Plan.
4	Community Services Agency of South Texas, Inc.	Yes	Completion of a comprehensive risk assessment. Development of an agency wide Strategic Plan. Development of an organization wide budget. Review of cost allocation.
5	Nueces County Community Action Agency	Yes	New Executive Director. Need to review and update fiscal and procurement policies and procedures manual.
6	Texoma Council of Governments	Yes	Review of current bylaws to ensure compliance with CSBG Act and TAC rules. Guidance on development of procedures for participation in decision making and evaluation by low-income persons. Develop conflict of interest policy. Systems for board orientation and training on duties and responsibilities. Development of a system to provide board with programmatic reports. System to collect customer satisfaction data.
7	Williamson Burnet County Opportunities, Inc.	Yes	Assistance to develop an indirect cost rate plan and complete an application for a provisional rate.

1k

BOARD ACTION REQUEST
COMMUNITY AFFAIRS DIVISION
JULY 28, 2016

Presentation, Discussion, and Possible Action on Approval of the Federal Fiscal Year 2017 Low Income Home Energy Assistance Program (“LIHEAP”) Application and State Plan for submission to the U.S. Department of Health and Human Services (“USHHS”) and Approval of the Associated 2017 LIHEAP Awards

RECOMMENDED ACTION

WHEREAS, the Texas Department of Housing and Community Affairs (“TDHCA”) develops and submits a State Plan to the USHHS each year to administer the LIHEAP;

WHEREAS, the Board approved a Draft Federal Fiscal Year (“FFY”) 2017 LIHEAP Application and State Plan on May 26, 2016, which was then made available for public comment and that public comment is addressed below;

WHEREAS, the Final FFY 2017 LIHEAP Application and State Plan includes the awards to subrecipients of FFY 2017 LIHEAP funds as approved by the Executive Award Review and Advisory Committee (“EARAC”); and

WHEREAS, the Final FFY 2017 LIHEAP Application and State Plan also includes non-substantive corrections and corrections in relation to USHHS guidance;

NOW, therefore, it is hereby

RESOLVED, that the Final FFY 2017 LIHEAP Application and State Plan, and FFY 2017 LIHEAP awards, in the form presented to this meeting, are hereby approved for submission to the USHHS; and

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

BACKGROUND

The Department develops and submits a LIHEAP Plan each year on or before September 1 to the USHHS. USHHS provides a model plan to guide the format and content. The draft, upon approval by the Board on May 26, 2016, was released for public comment. The public comment period was open from May 27, 2016, to June 29, 2016, and public hearings were held at several locations around the state. Seven organizations commented on the draft; a summary with Department response follows.

The Previous Participation Rule (10 TAC, Chapter 1, Subchapter C, §1.302) requires a review of LIHEAP awards prior to recommendation to the Board. The Executive Award and Review Advisory Committee (“EARAC”) has approved all of the awards in the Plan conditioned on receipt of any required Single Audit and resolution of any findings noted in the Single Audit Report to the satisfaction of the Department. Awards to two of the existing CEAP providers have not been recommended for an award at this time as they continue to work toward addressing Department concerns: Community Services Agency of South Texas, (#11 on the CEAP award list) and Community Services, Inc. (#12 on the CEAP award list). Awards are designated in the LIHEAP Plan to those areas, but the specific providers are not yet authorized for award. Staff will return with a future Board action relating to the award of funds for those two areas. EARAC has also further conditioned the awards for the following entities:

Agency	Recommendation Status
Aspermont Small Business Development Center, Inc.	Approved conditioned on resolution of unresolved monitoring findings to the Department’s satisfaction prior to contract execution.
City of Fort Worth	Approved conditioned on, prior to contract execution and to the satisfaction of the Department, disclosure of any pending federal or state litigation (including administrative proceedings) against the subrecipient along with any final decrees within the last three years that involve federal or state program administration or funds or if the requested judgment against the entity would represent a 20% reduction or more in the entities current year’s operating budget.
Dallas County Department of Health and Human Services	Approved conditioned on, prior to contract execution and to the satisfaction of the Department, disclosure of any pending federal or state litigation (including administrative proceedings) against the subrecipient along with any final decrees within the last three years that involve federal or state program administration or funds or if the requested judgment against the entity would represent a 20% reduction or more in the entities current year’s operating budget.
Nueces County Community Action Agency	Approved conditioned on, prior to contract execution and to the satisfaction of the Department, disclosure of any pending federal or state litigation (including administrative proceedings) against the subrecipient along with

	any final decrees within the last three years that involve federal or state program administration or funds or if the requested judgment against the entity would represent a 20% reduction or more in the entities current year's operating budget.
South Plains Community Action Association, Inc.	Approved conditioned on completion by the Subrecipient of the Department-provided Weatherization and Procurement Training by August 31, 2016.
Texas Neighborhood Services	Approved conditioned on, prior to contract execution and to the satisfaction of the Department, disclosure of any pending federal or state litigation (including administrative proceedings) against the subrecipient along with any final decrees within the last three years that involve federal or state program administration or funds or if the requested judgment against the entity would represent a 20% reduction or more in the entities current year's operating budget.
Travis County Health Human Services and Veteran Services	Approved conditioned on, prior to contract execution and to the satisfaction of the Department, disclosure of any pending federal or state litigation (including administrative proceedings) against the subrecipient along with any final decrees within the last three years that involve federal or state program administration or funds or if the requested judgment against the entity would represent a 20% reduction or more in the entities current year's operating budget.

While the information above reflects two current agencies that have not been considered for an award, the funding table of the Plan does provide for their formula derived funding to be reserved for those areas of the state. When the awards are reviewed, EARAC may impose conditions up to and including suspension of funding access pending resolution of material compliance matters and/or initiation of proceedings to reduce funding and/or terminate eligible entity status, if warranted.

**Attachment A: Summary of Public Comments and Staff Recommendations Related to FFY 2017
Low Income Home Energy Assistance Program (LIHEAP) Application and State Plan**

SUMMARY OF PUBLIC COMMENT AND STAFF RECOMMENDATIONS.

Comments were accepted at public hearings held across the State June 14 and 15, 2016, and comments were also accepted in writing beginning May 27, 2016, through June 29, 2016. The Department's response to all comments received is set out below. The comments and responses include both administrative clarifications and corrections and the corresponding Departmental responses. Comments and responses are presented in order as they appear in the LIHEAP State Plan, with comments received from:

- (1) Stella Rodriguez, Executive Director, Texas Association of Community Action Agencies
- (2) Doug Misenheimer, Travis County Housing, Health and Human Services and Veterans Services
- (3) Linda Zoila Flores, Bexar County Department of Community Resources
- (4) Sommer Harrison, Director of Weatherization, Neighborhood Centers, Inc.
- (5) Zachary Thompson, Director, Dallas County Health and Human Services
- (6) Sonia Singleton, Assistant Director, City of Fort Worth, Neighborhood Services Department
- (7) Kelly Franke, Executive Director, Combined Community Action, Inc.
- (8) Community Affairs Division Staff, Texas Department of Housing and Community Affairs

Section 1 Program Components

Determination of Eligibility - Countable Income – 1.8

COMMENT SUMMARY (1)(7): Commenters recommend checking both the “Net Income” box in addition to the “Gross Income” box. Commenter provides an example of net income being a Social Security recipient with a Medicare deduction.

STAFF RESPONSE: Staff concurs. Because there are certain scenarios in which net income is used as countable income, it is also beneficial to check the “Net Income” box. Income will be determined on a case by case basis as it will depend on the actual source of income. Staff has amended the plan to reflect this change.

Section 4 Crisis Assistance

Eligibility - 4.2

COMMENT SUMMARY (8): Staff recommends an amendment to the LIHEAP program's definition for determining a crisis to coincide with the TAC for the CEAP.

STAFF RESPONSE: Staff has amended the plan to reflect this change.

Benefit Levels – 4.15

COMMENT SUMMARY (1)(7): Commenters recommend that the Department check the “Other (Specify)” box and specify: Heating and cooling systems are provided if a system is nonexistent.

STAFF RESPONSE: Staff concurs. As noted, there are situations that exist where those requesting assistance with heating or cooling their homes do not have a heating or cooling system in their home, and

the Department agrees that those households should be eligible for assistance. The revision has been made to the Plan.

Benefit Levels – 4.17

COMMENT SUMMARY (1)(7): Commenters recommend amending the description to reflect that year-round crisis assistance is available to vulnerable populations (elderly, disabled and families with children age five and under). Commenter suggests that the establishment of moratoriums is not always timely and as a result the vulnerable populations suffer.

STAFF RESPONSE: Staff appreciates the comment and will review the crisis component language in the current rulemaking. Staff recommends no change based on this comment.

Section 5 Weatherization Assistance

Types of Assistance – 5.11

COMMENT SUMMARY (2): Commenter recommends that the Plan be amended to allow “windows/sliding glass doors” and “Doors” as eligible activities because these retrofits will allow subrecipients more options for addressing energy efficiency in eligible households. Commenter further suggests these retrofits would be analyzed on a case by case basis and not expected to be a regular part of retrofit consideration. Photographic documentation is also suggested by commenter as a possible requirement.

STAFF RESPONSE: Staff agrees with the recommendation and rationale. Staff has amended the plan to reflect this change. It should be noted that these will be added at the bottom of the LIHEAP weatherization priority list, so windows and doors would only be able to be added after the other higher prioritized weatherization measures for a household have been provided within the budget.

Section 12 Fair Hearings

12.6 Recommendation #1

COMMENT SUMMARY (3): Commenter recommends removal of the statement from the Plan which states that priority rating is assigned at intake and encourages the Department to allow flexibility to the subrecipients based on their service delivery plan. The subrecipient would only be required to inform applicants that their application will be reviewed in a certain time frame.

STAFF RESPONSE: The Department concurs and will amend the plan to state that applicants are assigned and informed of their priority rating during the review of applications, not specifically during the intake process.

12.6 Recommendation #2

COMMENT SUMMARY (3): Commenter recommends that an applicant who does not receive assistance be required to reapply for assistance and that the subrecipient be required to give the client written notice of whether or not they are certified for assistance.

STAFF RESPONSE: One component of the recommendation, that the subrecipient be required to give a client notice in writing, is already required in the Plan in Section 12.4. The Department does not agree with the suggestion that a household must reapply if not provided services (though they may be required do so by subrecipient program design); applicants are only required to apply for assistance once in a program year, and their application continues to be an acceptable application during that time. Staff recommends no change based on this comment.

Section 13 Reduction of Home Energy Needs

COMMENT SUMMARY (1)(7): Commenters pointed out that the Department's responses to questions 13.2, 13.3, 13.4, 13.5 and 13.6 regarding Assurance 16 need to be amended to reflect that the Department will be reinstating Assurance 16 in FY 2017, as previously committed by the Department. Commenter recommends the 2017 State plan reflect this change.

STAFF RESPONSE: Staff intends to go through a rulemaking regarding classification of Assurance 16 expenses. The Department anticipates that Assurance 16 will remain a stand-alone budget item, but not a stand-alone program or component.

Section 14 Leveraging Incentive Program – 14.3

COMMENT SUMMARY (1)(7): Commenters recommend the Plan be revised to clarify that the LITE-UP rate discount is not exclusively for elderly households, but rather the target population is qualified low income individuals.

STAFF RESPONSE: Staff concurs and has deleted the LITE-UP Program's eligibility criteria in the Plan and merely refers to the Program in general.

Section 16 Performance Goals and Measures

16.1

COMMENT SUMMARY (1)(7): Commenters suggest that subrecipients should be provided funds to offset the cost of new software and/or upgrades to software if the Department's goal of obtaining new software to capture performance measures is to take place.

STAFF RESPONSE: Staff will take this into consideration if and when this is realized, but does not believe that this requires a revision to the Plan.

16.2

COMMENT SUMMARY (1)(7): Commenters note that a response to the question required by the Plan in this section has not been provided.

STAFF RESPONSE: Performance goals and measures associated with this question were not required to be gathered, and were not collected in FFY 2016. Staff has added a clarifying statement to the Plan reflecting this.

Section 17 Program Integrity

Identification Verification – 17.3

COMMENT SUMMARY (1)(7): Commenters request clarification of the statement that “the department is contemplating a state wide data collection system.”

STAFF RESPONSE: Because a state wide data collection system is still under discussion at present, staff will remove this statement from the State plan.

Citizenship/Legal Residency Verification – 17.4

COMMENT SUMMARY (1)(7): Commenters recommend adding a footnote to the box checked “noncitizens are verified through the SAVE system” to clarify that only public entities comply with the SAVE system, but that the requirement does not apply to nonprofit organizations.

STAFF RESPONSE: Staff has amended the plan to clarify that the SAVE requirement applies only to those public organizations whose benefit determinations are not completed by a private nonprofit organization.

Income Verification – 17.5

COMMENT SUMMARY (1)(7): Commenters recommend checking the “Bank statements” box and adding a footnote: “This form of documentation is allowable for Social Security Administration, Veterans Administration and Railroad Retirement recipients.” Commenter suggests that bank statements do not need to be required from all clients to verify income because it is not always feasible. However, household income of recipients of Social Security, Veteran’s benefits and Railroad retirement and who have bank statement should be considered as proof of income.

STAFF RESPONSE: Bank statements do not provide the level of detail needed to confirm categorical eligibility. The federal awarding agency could provide payments for other programs other than those listed in the Plan and that level of detail is not in many cases on the statement. Also, bank accounts could be set up in other than the name of the awarded person. For example, a minor child could not be part of the household but could have the deposit in a bank account of a member of the household. Staff recommends no change based on this comment.

General LIHEAP Comments

#1

COMMENT SUMMARY (4),(6): Commenters would like to see unspent LIHEAP funds deobligated from subrecipients who are not expending and provided to subrecipients that have a higher need and have the ability to serve the low income population.

STAFF RESPONSE: Staff agrees with the sentiment, although stresses that just moving funds out of an area for which the need was originally identified does not help the clients of the area. In the draft rules being proposed to the Board in August 2016, staff plans on suggesting a process by which funds can be redistributed so that federal funds do not go unspent and ultimately federally returned, while not permanently moving funds out of the areas where those funds were needed. Staff recommends no change to the Plan at this time based on this comment.

#2

COMMENT SUMMARY (5),(6): Commenters supported the Plan as written and appreciates the funding received to assist the low income population.

STAFF RESPONSE: Staff appreciates the feedback and recommends no change based on this comment.

#3

COMMENT SUMMARY (6): Commenter would like to see an increase in their funding for both energy assistance and weatherization. Commenter indicates that more and more low-income people are moving into their area and the funding for utility assistance has been drained.

STAFF RESPONSE: Staff appreciates the feedback, but funding is the purview of Congress and not the Department. Staff recommends no change based on this comment.

FFY 2017 CEAP ALLOCATIONS

January 1, 2017 - December 31, 2017

SUBRECIPIENT		ESTIMATED AWARD
1	Aspermont Small Business Development Center, Inc.*	585,826
2	Bexar County Community and Development Programs	5,534,765
3	Big Bend Community Action Committee, Inc.	685,456
4	Brazos Valley Community Action Agency	2,771,547
5	Central Texas Opportunities, Inc.	904,124
6	Combined Community Action, Inc.	611,806
7	Community Action Committee of Victoria, Texas	1,051,670
8	Community Action Corporation of South Texas	3,486,942
9	Community Action Inc. of Central Texas	577,522
10	Community Council of South Central Texas	2,811,830
11	Area Including Dimmit, La Salle, and Maverick counties (currently served by Community Services Agency of South Texas)**	674,329
12	Area Including Anderson, Henderson, Kaufman, Smith, and Van Zandt counties, to Collin, Denton, Ellis, Henderson, Hood, Hunt, Kaufman, Johnson, Navarro, Palo Pinto, Parker, Rockwall, Smith and Van Zandt counties (currently served by Community Services, Inc.)**	3,512,897
13	Community Services Northeast Texas, Inc.	1,799,095
14	Concho Valley Community Action Agency	1,148,372
15	County of Hidalgo Community Services Agency	3,978,257
16	Dallas County Department of Health and Human Services*	6,776,940
17	Economic Action Committee of the Gulf Coast	181,142
18	Economic Opportunities Advancement Corp. of Planning Region XI	1,571,126
19	El Paso Community Action Program, Project BRAVO, Inc.	3,829,343
20	City of Fort Worth*	4,121,912
21	Galveston County Community Action Council, Inc.	2,121,508
22	Greater East Texas Community Action Program	4,763,116
23	Hill Country Community Action Association, Inc.	1,432,293
24	Kleberg County Human Services	461,237
25	Lubbock, City of, Community Development Department	969,170
26	Neighborhood Centers, Inc.	10,781,702
27	Nueces County Community Action Agency*	1,319,305
29	Panhandle Community Services	2,277,457
30	Pecos County Community Action Agency	450,033
32	Rolling Plains Management Corporation	1,881,213
33	South Plains Community Action Association, Inc.*	1,090,107
34	South Texas Development Council	709,473
35	Texas Neighborhood Services*	1,071,394
36	Texoma Council of Governments	667,508
37	Travis County Health and Human Services Department*	2,517,304
38	Tri-County Community Action, Inc.	1,367,528

39	Webb County Community Action Agency	1,126,862
40	West Texas Opportunities, Inc.	2,252,415
41	Williamson-Burnet Counties Opportunities, Inc.	581,887
	TOTAL	80,495,249

Note: All figures are based on an assumption of level funding from FFY 2016. Staff will revise the award amounts according to formula upon Congressional Approval and receipt of grant notifications from US Department of Health and Human Services.

* EARAC has placed conditions on these awards.

** EARAC has not recommended these awards in this action. Funds are designated for the areas for purposes of the Plan, but no award is yet made.

FFY 2017 LIHEAP WAP ALLOCATIONS

January 1, 2017 - December 31, 2017

	Subrecipient	Total Allocation
1	Alamo Area Council of Governments	\$1,499,905
2	Big Bend Community Action Committee, Inc.	241,567
3	Brazos Valley Community Action Agency	590,619
4	City of Fort Worth*	878,508
5	Combined Community Action, Inc.	381,545
6	CA Committee of Victoria	532,708
7	Community Action Corp. of South Texas	2,048,274
8	Community Council of South Central Texas	348,049
9	TBD – Ellis, Johnson and Navarro Counties**	166,239
10	Concho Valley Community Action Agency	315,143
11	Dallas County Department of Human Services*	1,444,543
12	Economic Opportunities Advancement Corp. of Planning Region XI	334,698
13	El Paso Community Action Program - Project BRAVO	816,135
14	Greater East Texas Community Action Program	1,683,480
15	Hill Country Community Action Association, Inc.	476,119
16	Neighborhood Centers, Inc.	2,298,331
17	Nueces County Community Action Agency*	281,011
18	Panhandle Community Service	485,283
19	Rolling Plains Management Corporation	765,743
20	South Plains Community Action Association, Inc.*	438,512
21	Texoma Council of Governments	952,028
22	Travis County Health and Human Services Department*	536,417
23	West Texas Opportunities, Inc.	479,944
	TOTAL	17,994,801

Note: All figures are based on an assumption of level funding from FFY 2016. Staff will revise the award amounts according to formula upon Congressional Approval and receipt of grant notifications from US Department of Health and Human Services.

* EARAC has placed conditions on these awards.

** These counties did not have a successful respondent in a recent Request for Applications and a provider is still being sought.

LOW INCOME HOME ENERGY ASSISTANCE PROGRAM (LIHEAP)

MODEL PLAN

PUBLIC LAW 97-35, AS AMENDED

FEDERAL FISCAL YEAR 2017

GRANTEE: Texas Department of Housing and Community Affairs

EIN: 17426105429

**ADDRESS: P.O. Box 13941
Austin, Texas 78711-3941**

LIHEAP COORDINATOR: Michael DeYoung

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

TELEPHONE: (512) 475-2125 FAX: (512) 475-3935

CHECK ONE: TRIBE / TRIBAL ORGANIZATION _____ STATE X _____ INSULAR AREA _____

**Department of Health and Human Services
Administration for Children and Families
Office of Community Services
Washington, DC 20447**

August 1987, revised 05/92, 02/95, 03/96, 12/98, 11/01

OMB Approval No. 0970-0075

THE PAPERWORK REDUCTION ACT OF 1995 (Pub. L. 104-13)

Use of this model plan is optional. However, the information requested is required in order to receive a Low Income Home Energy Assistance Program (LIHEAP) grant in years in which the grantee is not permitted to file an abbreviated plan. Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, gathering and maintaining the data needed, and reviewing the collection of information. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number.

Assurances

The Texas Department of Housing and Community Affairs agrees to:

(1) use the funds available under this title to--

(A) conduct outreach activities and provide assistance to low income households in meeting their home energy costs, particularly those with the lowest incomes that pay a high proportion of household income for home energy, consistent with paragraph (5);

(B) intervene in energy crisis situations;

(C) provide low-cost residential weatherization and other cost-effective energy-related home repair; and

(D) plan, develop, and administer the State's program under this title including leveraging programs, and the State agrees not to use such funds for any purposes other than those specified in this title;

(2) make payments under this title only with respect to--

(A) households in which one or more individuals are receiving--

(i) assistance under the State program funded under part A of title IV of the Social Security Act;

(ii) supplemental security income payments under title XVI of the Social Security Act;

(iii) food stamps under the Food Stamp Act of 1977; or

(iv) payments under section 415, 521, 541, or 542 of title 38, United States Code, or under section 306 of the Veterans' and Survivors' Pension Improvement Act of 1978; or

(B) households with incomes which do not exceed an amount equal to 150 percent of the poverty level for such State; or

(ii) an amount equal to 60 percent of the State median income;

except that a State may not exclude a household from eligibility in a Federal fiscal year solely on the basis of household income if such income is less than 110 percent of the poverty level for such State, but the State may give priority to those households with the highest home energy costs or needs in relation to household income.

(3) conduct outreach activities designed to assure that eligible households, especially households with elderly individuals or disabled individuals, or both, and households with high home energy burdens, are made aware of the assistance available under this title, and any

similar energy-related assistance available under subtitle B of title VI (relating to community services block grant program) or under any other provision of law which carries out programs which were administered under the Economic Opportunity Act of 1964 before the date of the enactment of this Act;

(4) coordinate its activities under this title with similar and related programs administered by the Federal Government and such State, particularly low-income energy-related programs under subtitle B of title VI (relating to community services block grant program), under the supplemental security income program, under part A of title IV of the Social Security Act, under title XX of the Social Security Act, under the low-income weatherization assistance program under title IV of the Energy Conservation and Production Act, or under any other provision of law which carries out programs which were administered under the Economic Opportunity Act of 1964 before the date of the enactment of this Act;

(5) provide, in a timely manner, that the highest level of assistance will be furnished to those households which have the lowest incomes and the highest energy costs or needs in relation to income, taking into account family size, except that the State may not differentiate in implementing this section between the households described in clauses 2(A) and 2(B) of this subsection;

(6) to the extent it is necessary to designate local administrative agencies in order to carry out the purposes of this title, to give special consideration, in the designation of such agencies, to any local public or private nonprofit agency which was receiving Federal funds under any low-income energy assistance program or weatherization program under the Economic Opportunity Act of 1964 or any other provision of law on the day before the date of the enactment of this Act, except that--

(A) the State shall, before giving such special consideration, determine that the agency involved meets program and fiscal requirements established by the State; and

(B) if there is no such agency because of any change in the assistance furnished to programs for economically disadvantaged persons, then the State shall give special consideration in the designation of local administrative agencies to any successor agency which is operated in substantially the same manner as the predecessor agency which did receive funds for the Federal fiscal year preceding the Federal fiscal year for which the determination is made;

(7) if the State chooses to pay home energy suppliers directly, establish procedures to--

(A) notify each participating household of the amount of assistance paid on its behalf;

(B) assure that the home energy supplier will charge the eligible household, in the normal billing process, the difference between the actual cost of the home energy and the amount of the payment made by the State under this title;

(C) assure that the home energy supplier will provide assurances that any agreement entered into with a home energy supplier under this paragraph will contain provisions

to assure that no household receiving assistance under this title will be treated adversely because of such assistance under applicable provisions of State law or public regulatory requirements; and

(D) ensure that the provision of vendor payments remains at the option of the State in consultation with local grantees and may be contingent on unregulated vendors taking appropriate measures to alleviate the energy burdens of eligible households, including providing for agreements between suppliers and individuals eligible for benefits under this Act that seek to reduce home energy costs, minimize the risks of home energy crisis, and encourage regular payments by individuals receiving financial assistance for home energy costs;

(8) provide assurances that--

(A) the State will not exclude households described in clause (2)(B) of this subsection from receiving home energy assistance benefits under clause (2), and

(B) the State will treat owners and renters equitably under the program assisted under this title;

(9) provide that--

(A) the State may use for planning and administering the use of funds under this title an amount not to exceed 10 percent of the funds payable to such State under this title for a Federal fiscal year; and

(B) the State will pay from non-Federal sources the remaining costs of planning and administering the program assisted under this title and will not use Federal funds for such remaining cost (except for the costs of the activities described in paragraph (16));

(10) provide that such fiscal control and fund accounting procedures will be established as may be necessary to assure the proper disbursement of and accounting for Federal funds paid to the State under this title, including procedures for monitoring the assistance provided under this title, and provide that the State will comply with the provisions of chapter 75 of title 31, United States Code (commonly known as the "Single Audit Act");

(11) permit and cooperate with Federal investigations undertaken in accordance with section 2608;

(12) provide for timely and meaningful public participation in the development of the plan described in subsection (c);

(13) provide an opportunity for a fair administrative hearing to individuals whose claims for assistance under the plan described in subsection (c) are denied or are not acted upon with reasonable promptness; and

(14) cooperate with the Secretary with respect to data collecting and reporting under section 2610.

(15) beginning in Federal fiscal year 1992, provide, in addition to such services as may be offered by State Departments of Public Welfare at the local level, outreach and intake functions for crisis situations and heating and cooling assistance that is administered by additional State and local governmental entities or community-based organizations (such as community action agencies, area agencies on aging and not-for-profit neighborhood-based organizations), and in States where such organizations do not administer functions as of September 30, 1991, preference in awarding grants or contracts for intake services shall be provided to those agencies that administer the low-income weatherization or energy crisis intervention programs.

(16) use up to 5 percent of such funds, at its option, to provide services that encourage and enable households to reduce their home energy needs and thereby the need for energy assistance, including needs assessments, counseling, and assistance with energy vendors, and report to the Secretary concerning the impact of such activities on the number of households served, the level of direct benefits provided to those households, and the number of households that remain unserved.

Certification to the Assurances: As Chief Executive Officer, I agree to comply with the sixteen assurances contained in Title XXVI of the Omnibus Budget Reconciliation Act of 1981, as amended. By signing these assurances, I also agree to abide by the standard assurances on lobbying, debarment and suspension, and a drug-free workplace.

Signature of the Tribal or Board Chairperson or Chief Executive Officer of the State or Territory.

Signature: _____

Title: Executive Director, Texas Department of Housing and Community Affairs

Date: August , 2016

The Governor of Texas has delegated the responsibility of signing this document to the Executive Director of the Texas Department of Housing and Community Affairs. A copy of the letter is attached.

The EIN (Entity Identification Number) of the Texas Department of Housing & Community Affairs, which receives the grant funds, appears on the cover of this application.

In the above assurances which are quoted from the law, "State" means the 50 States, the District of Columbia, an Indian Tribe or Tribal Organization, or a Territory; "title" of the Act refers to Title XXVI of the Omnibus Budget Reconciliation Act of 1981 (OBRA), as amended, the "Low Income Home Energy Assistance Act"; "section" means Section 2605 of OBRA; and, "subsection" refers to Section 2605(b) of OBRA.

Section 1¹

Program Components, 2605(a), 2605(b)(1) – Assurance 1, 2605(c)(1)(C)

1.1 Check which components you will operate under the LIHEAP program. (Note: You must provide information for each component designated here as requested elsewhere in this plan.)

Dates of Operation²

<input checked="" type="checkbox"/>	Heating assistance	Start date: 01/01/2017	End date: 09/31/2018
<input checked="" type="checkbox"/>	Cooling assistance	Start date: 01/01/2017	End date: 09/31/2018
<input checked="" type="checkbox"/>	Crisis assistance	Start date: 01/01/2017	End date: 09/31/2018
<input checked="" type="checkbox"/>	Weatherization assistance	Start date: 01/01/2017	End date: 09/31/2018

Estimated Funding Allocation, 2604(c), 2605(k)(1), 2605(b)(9), 2605(b)(16) – Assurances 9 and 16

1.2 Estimate what amount of available LIHEAP funds will be used for each component that you will operate: **The total of all percentages must add up to 100%.**

10% heating assistance

40% cooling assistance

25% crisis assistance

Up to 15% weatherization assistance³

0% carryover to the following Federal fiscal year

10% administrative and planning costs

0% services to reduce home energy needs including needs assessment (Assurance 16)

0% used to develop and implement leveraging activities

100% TOTAL

¹ Capitalized terms are defined in Title 10, Chapter 1 or Chapter 5 (as applicable) of the Texas Administrative Code or by federal law.

² Dates of operation signify periods in which we most expect seasonal usage. Identification of these periods does not limit the payment of assistance on any “seasonal” basis.

³ If 15% is not used for weatherization assistance, the balance will be added to heating, cooling, or crisis assistance as needed.

Alternate Use of Crisis Assistance Funds, 2605(c)(1)(C)

1.3 The funds reserved for winter crisis assistance that have not been expended by March 15 will be reprogrammed to:

- Heating assistance
- Weatherization assistance
- Cooling assistance
- Other (specify): other eligible activities

Categorical Eligibility, 2605(b)(2)(A) – Assurance 2, 2605(c)(1)(A), 2605(b)(8A) – Assurance 8

1.4 Do you consider households categorically eligible if one household member receives one of the following categories of benefits in the left column below? Yes No

Program	Cooling	Heating	Crisis	Weatherization
Supplemental Security Income	Yes	Yes	Yes	Yes
Temporary Assistance for Needy Families	No	No	No	No
Supplemental Nutrition Assistance Program	No	No	No	No
Means-tested Veteran’s Programs	Yes	Yes	Yes	Yes

1.5 Do you automatically enroll households without a direct annual application?

- Yes No

1.6 How do you ensure there is no difference in the treatment of categorically eligible households from those not receiving other public assistance when determining eligibility and benefit amounts?

FY 2017 is the second year that Texas implemented categorical eligibility for SSI and means-tested Veteran’s Programs into its program. State rules were amended to include a provision that there is to be no difference in the treatment of categorically eligible households. The Department has a system for persons to submit complaints and the monitoring reviews would also note any differences in treatment of persons that are or are not categorically eligible.

SNAP Nominal Payments

1.7 Do you allocate LIHEAP funds toward a nominal payment for SNAP households? If you answered “yes” to question 1.71 you must provide a response to 1.7b, 1.7c, 1.7d.

- a. Yes No

b. Amount of Nominal Assistance: \$ ___ NA _____

c. Frequency of Assistance:

- Once per year
- Once every five years
- Other (describe): _____ NA _____

d. How do you confirm that the household receiving a nominal payment has an energy cost or need?

Determination of Eligibility – Countable Income

1.8 In determining a household's income eligibility for LIHEAP, do you use gross income or net income?

- Gross Income (except for self employment or farm income or gambling/lottery winnings)
- Net Income

1.9. Select all of the applicable forms of countable income used to determine a household's income eligibility for LIHEAP.

- Wages (except as prohibited by the Workforce Investment Act of 1998)
- Self-employment income
- Contract income
- Payments from mortgage or sales contracts
- Unemployment Insurance
- Strike pay
- Social Security Administration (SSA) benefits
 - Including Medicare deduction
 - Excluding Medicare deduction
- Supplemental Security Income (SSI)
- Retirement / pension benefits
- General Assistance benefits (except as excluded by federal law or 10 TAC §5.19)
- Temporary Assistance for Needy Families (TANF) benefits (except for one-time payments)
- Supplemental Nutrition Assistance Program (SNAP) benefits
- Women, Infants, and Children Supplemental Nutrition Program (WIC) benefits
- Loans that need to be repaid
- Cash gifts
- Savings account balance
- One-time lump-sum payments, such as rebates/credits, refund deposits, etc.
- Jury duty compensation
- Rental income
- Income from employment through Workforce Investment Act (WIA)
- Income from work study programs
- Alimony
- Child support
- Interest, dividends, or royalties
- Commissions
- Legal settlements
- Insurance payments made directly to the insured
- Insurance payments made specifically for the repayment of a bill, debt, or estimate
- Veterans Administration (VA) benefits (Some types are included, some types are excluded)
- Earned income of a child under the age of 18
- Balance of retirement, pension, or annuity accounts where funds cannot be withdrawn without a penalty.
- Income tax refunds
- Stipends from senior companion programs, such as VISTA
- Funds received by household for the care of a foster child
- AmeriCorps Program payments for living allowances, earnings, and in-kind aid.
- Reimbursements (for mileage, gas, lodging, meals, etc.)
- Other Any item not excluded in 10 Texas Administration Code §5.19 or by other federal law

Section 2 - HEATING ASSISTANCE

Eligibility, 2605(b)(2) – Assurance 2

2.1 Designate The income eligibility threshold used for the heating component:

2017 or most current HHS poverty income level:

FY 2016 state’s median income 60%⁴

2.2 Do you have additional eligibility requirements for **HEATING ASSISTANCE**?

Yes⁵ No

2.3 Check the appropriate boxes below and describe the policies for each.

- | | Yes | No |
|--|-------------------------------------|-------------------------------------|
| ● Do you require an assets test? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| ● Do you have additional/differing eligibility policies for: | | |
| ● Renters? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| ● Renters living in subsidized housing? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| ● Renters with utilities included in the rent? ⁶ | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| ● Do you give priority in eligibility to: | | |
| ● Elderly? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| ● Disabled? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| ● Young children? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| ● Households with high energy burdens? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| ● Other? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Households with high energy consumption | | |

Determination of Benefits, 2605(b)(5) – Assurance 5, 2605(c)(1)(B)

⁴ In the county of a major disaster or emergency designated by the Secretary of the Department of Health and Human Services or by the President under the Disaster Relief Act of 1974, the State will use the highest of 150% of the poverty guidelines or 60% of the State’s median income (“SMI”). The State may also use this flexibility to set poverty guidelines in a local crisis as defined by the Department’s Executive Director. The State will communicate this designation to affected subrecipients through email and by website posting. Subrecipients must receive prior written approval before using 60% SMI. Place based assistance must be performed in the county, but person based assistance for those displaced by a disaster or emergency may be in other counties.

⁵ Currently, §5.407(f) of 10 Texas Administrative states: “Household units where the Subrecipient is unable to determine whether the meter is utilized by another household may not be served without approval from Community Affairs Division staff. A Household cannot be served if the meter is utilized by another Household that is not part of the application for assistance. In instances where separate structures share a meter and the applicant is otherwise eligible for assistance, Subrecipient may provide services if: (1) the members of the separate structures that share a meter meet the definition of a Household per §5.2 of this Chapter; (2) the members of the separate structures that share a meter submit one application as one Household; and (3) all persons and applicable income from each structure are counted when determining eligibility.”

⁶ If the renter’s situation is one where the utilities are not a distinct charge from the rent, we do not provide assistance as there is no individual bill and neither energy cost nor energy burden can be determined.

2.4 Describe how you prioritize the provision of heating assistance to vulnerable households, e.g., benefit amounts, application period, etc.

Subrecipients use a household rating system which determines priority based on persons in Households who are particularly vulnerable such as the Elderly, Persons with Disabilities, Households with Young Children, Households with High Energy Burden, and Households with High Energy Consumption. Benefit amounts are determined on a sliding scale based on the Household's income. The number of benefit payments is based on the presence of a vulnerable member such as the Elderly, Persons with Disabilities, and Households with Young Children. The maximum benefit amount is determined per-program year based on household need, is split between heating and cooling assistance, and is not required to be applied equally to heating and cooling costs.

2.5 Check the variables you use to determine your benefit levels. (Check all that apply):

- Income
- Family (household) size
- Home energy cost or need:
 - Fuel type
 - Climate/region
 - Individual bill
 - Dwelling type
 - Energy burden (% of income spent on home energy)
 - Energy need
 - Other (Describe)

Benefit Levels, 2605(b)(5) – Assurance 5, 2605(c)(1)(B)

2.6 Describe estimated benefit levels for FY 2017:

\$0 Minimum benefit \$1200 Maximum benefit

2.7 Do you provide in-kind (e.g., blankets, space heaters) and/or other forms of benefits?

Yes No -- If yes, describe.

Under energy crisis, a Household may receive service and repair of existing heating and cooling units not to exceed \$3,000 when Subrecipient has met local weather crisis criteria. Households that include at least one member that is elderly, disabled, or a child age 5 or younger, may receive a portable air conditioning/evaporative coolers and heating units (portable electric heaters are allowable only as a last resort) when Subrecipient has met local weather crisis criteria. Temporary shelter not to exceed the annual Household expenditure limit for the duration of the contract period in the limited instances that supply of power to the dwelling is disrupted--causing temporary evacuation. Emergency deliveries of fuel up to 250 gallons per crisis per Household, at the prevailing price. This benefit may include coverage for tank pressure testing. When natural disasters result in energy supply shortages or other energy-related emergencies, LIHEAP will allow home energy related expenditures as described in §5.423 (h) of 10 Texas Administrative Code.

Section 3: COOLING ASSISTANCE

Eligibility, 2605(c)(1)(A), 2605(b)(2) – Assurance 2

3.1 Designate the income eligibility threshold used for the cooling component:

2017 HHS poverty income level

OR

FY 2016 median income 60%⁷

3.2 Do you have additional eligibility requirements for **COOLING ASSISTANCE**

Yes No

3.3 Check the appropriate boxes below and describe the policies for each.

	<u>Yes</u>	<u>No</u>
● Do you require an assets test?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
● Do you have additional/differing eligibility policies for:		
● Renters?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
● Renters living in subsidized housing?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
● Renters with utilities included in the rent?	<input checked="" type="checkbox"/> ⁸	<input type="checkbox"/>
● Do you give priority in eligibility to:		
● Elderly?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
● Disabled?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
● Young children?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
● Households with high energy burdens?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
● Other? Households with high energy consumption	<input checked="" type="checkbox"/>	<input type="checkbox"/>

3.4 Describe how you prioritize the provision of cooling assistance to vulnerable households, e.g., benefit amounts, application periods, etc.

Subrecipients use a household rating system which determines priority based on persons in Households who are particularly vulnerable such as the Elderly, Persons with Disabilities, Families with Young Children, Households with High Energy Burden, and Households with High

⁷ In the county of a major disaster or emergency designated by the Secretary of the Department of Health and Human Services or by the President under the Disaster Relief Act of 1974, the State will use the highest of 150% of the poverty guidelines or 60% of the State's median income. The State may also use this flexibility to set poverty guidelines in a local crisis as defined by the Department's Executive Director. The State will communicate this designation to affected subrecipients through email and by website posting. Subrecipients must receive prior written approval before using 60% SMI. Place based assistance must be performed in the county, but person based assistance for those displaced by a disaster or emergency may be in other counties.

⁸ If the renter's situation is one where the utilities are not a distinct charge from the rent, we do not provide assistance as there is no individual bill and neither energy cost nor energy burden can be determined.

Energy Consumption. Benefit amounts are determined on a sliding scale based on the Household's income. The number of benefit payments is based on the presence of a vulnerable member such as the Elderly, Persons with Disabilities, and Households with Young Children. The maximum benefit amount is determined per-program year based on household need, is split between heating and cooling assistance, and is not required to be applied equally to heating and cooling costs.

Determination of Benefits, 2605(b)(5) – Assurance 5, 2605(c)(1)(B)

3.5 Check the variables you use to determine your benefit levels. (Check all that apply):

- Income
- Family (household) size
- Home energy cost or need
 - Fuel type
 - Climate/region
 - Individual bill
 - Dwelling type
 - Energy burden (% of income spent on home energy)
 - Energy need
 - Other (describe)

Benefit Levels, 2605(b)(5) – Assurance 5, 2605(c)(1)(B)

3.6 Describe benefit levels:

\$0 Minimum benefit \$1200 Maximum benefit

3.7 Do you provide in-kind (e.g., fans, air conditioners) and/or other forms of benefits?

Yes No -- If yes, describe.

Under energy crisis, a Household may receive repair of existing heating and cooling units not to exceed \$3,000. Households that include at least one member that is elderly, disabled, or a child age 5 or younger, may receive either repair of existing heating and cooling units or crisis-related purchase of portable heating and cooling units not to exceed \$3,000

Section 4: CRISIS ASSISTANCE,

Eligibility - 2604(c), 2605(c)(1)(A)

4.1 Designate the income eligibility threshold used for the crisis component:

2017 HHS poverty income level

OR

FY 2016 state median income 60%

4.2 Provide your LIHEAP program's definition for determining a crisis.

A bona fide Household crisis exists when extraordinary events or situations resulting from extreme weather conditions and/or fuel supply shortages or a terrorist attack have depleted or will deplete Household financial resources and/or have created problems in meeting basic Household expenses, particularly bills for energy so as to constitute a threat to the well-being of the Household, particularly the Elderly, Persons with Disabilities, or children age 5 and younger. A utility disconnection notice may constitute a Household energy crisis.

4.3 What constitutes a life-threatening crisis?

State rules define a life threatening crisis as: "A life threatening crisis exists when at least one person in the applicant household could lose their life without the Subrecipient's utility assistance because there is a shut-off notice or a delivered fuel source is below a ten (10) day supply (by client report) and any member of the Household is dependent upon equipment that is prescribed by a medical professional, operated on electricity or gas and is necessary to sustain the person's life. Examples of life-sustaining equipment include but are not limited to kidney dialysis machines, oxygen concentrators, cardiac monitors, and in some cases heating and air conditioning when ambient temperature control is prescribed by a medical professional. Documentation must not include information regarding the applicant's medical condition but may include certification that such a device is required in the home to sustain life."

Crisis Requirements, 2604(c)

4.4 Within how many hours do you provide an intervention that will resolve the energy crisis for eligible households? 48 Hours

4.5 Within how many hours do you provide an intervention that will resolve the energy crisis for eligible households in life-threatening situations? 18 Hours⁹

Crisis Eligibility, 2605(c)(1)(A)?

4.6 Do you have additional eligibility requirements for **CRISIS ASSISTANCE?**

Yes No

4.7 Check the appropriate boxes below and describe the policies for each.

⁹ Pursuant to §2604(c)(2) of the LIHEAP Statute, the Department provides "some form of assistance that will resolve the energy crisis" not later than 18 hours after a household applies for crisis benefits if such household is eligible to receive such benefits and is in a life-threatening situation.

	<u>Yes</u>	<u>No</u>
● Do you require an assets test?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
● Do you give priority in eligibility to:		
● Elderly?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
● Disabled?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
● Young children?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
● Households with high energy burdens?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
● Other?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Households with high energy consumption		
● In order to receive crisis assistance: ¹⁰		
● Must the household have received a shut-off notice or have a near empty tank?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
● Must the household have been shut off or have an empty tank?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
● Must the household have exhausted their regular heating benefit?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
● Must renters with heating costs included in their rent have received an eviction notice?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
● Must heating/cooling be medically necessary?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
● Must the household have non-working heating or cooling equipment?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
● Other?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
● Do you have additional/differing eligibility policies for:		
● Renters?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
● Renters living in subsidized housing?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
● Renters with utilities included in the rent?	<input checked="" type="checkbox"/>	<input type="checkbox"/> ¹¹

Determination of Benefits

4.8 How do you handle crisis situations?

- Separate component
- Fast Track
- Other

4.9 If you have a separate component, how do you determine crisis assistance benefits?

¹⁰ The program has different requirements depending on whether the Household contains a member of a priority group.

¹¹ If the renter's situation is one where the utilities are not a distinct charge from the rent, we do not provide assistance as there is no individual bill and neither energy cost nor energy burden can be determined.

Amount to resolve crisis, up to a maximum of \$1200

Other

Heating and cooling equipment repair or replace up to \$3,000

Crisis Requirements, 2604(c)

4.10 Do you accept applications for energy crisis assistance at sites that are geographically accessible to all households in the area to be served?

Yes No

Explain: According to state program rules: "Subrecipients shall accept applications at sites that are geographically and physically accessible to all Households requesting assistance. If Subrecipient's office is not accessible, Subrecipient shall make reasonable accommodations to ensure that all Households can apply for assistance."

4.11 Do you provide individuals who have physical disabilities the means to:

■ Submit applications for crisis benefits without leaving their homes?

Yes No If no, explain.

Applications can be mailed in. In some cases, applications may be completed online or the organization will go to the applicant's home to take the application.

■ Travel to the sites at which applications for crisis assistance are accepted?

Yes No If yes, explain.

If you answered "No" to both questions 4.11, please explain alternative means of intake to those who are homebound or physically disabled.

Benefit Levels, 2605(c)(1)(B)

4.12 Indicate the maximum benefit for each type of crisis assistance offered.

Winter Crisis \$_____ maximum benefit

Summer Crisis \$_____ maximum benefit

Year-round Crisis \$1200 maximum benefit

4.13 Do you provide in-kind (e.g., blankets, space heaters, fans) and/or other forms of benefits? Yes No If yes, describe.

Repair of existing heating and cooling units, purchase of portable heating/cooling units, temporary shelter, blankets, fans, generators.

4.14 Do you provide for equipment repair or replacement using crisis funds?

Yes No

4.15 Check appropriate boxes below to indicate type(s) of assistance provided:

	Winter Crisis	Summer Crisis	Year-round Crisis
Heating system repair			X
Heating system replacement			X
Cooling system repair			X
Cooling system replacement			X
Wood stove purchase			
Pellet stove purchase			
Solar panel(s)			
Utility poles / Gas line hook-ups			
Other (Specify): Heating and Cooling systems can be provided if a system is non-existent. _____			X

4.16 Do any of the utility vendors you work with enforce a winter moratorium on shut offs? If you respond "Yes" to question 4.16, you must respond to question 4.17.

Yes No

4.17 Describe the terms of the moratorium and any special dispensation received by LIHEAP clients during or after the moratorium period.

Pursuant to §25.483 Disconnection of Service of the Texas Public Utilities Commission rules:

"An electric utility cannot disconnect a customer anywhere in its service territory on a day when:

- (1) the previous day's highest temperature did not exceed 32 degrees Fahrenheit, and the temperature is predicted to remain at or below that level for the next 24 hours, according to the nearest National Weather Service (NWS) reports; or
- (2) the NWS issues a heat advisory for any county in the electric utility's service territory, or when such advisory has been issued on any one of the preceding two calendar days in a county."

Section 5: WEATHERIZATION ASSISTANCE

Eligibility, 2605(c)(1)(A), 2605(b)(2) – Assurance 2

5.1 Designate the income eligibility threshold used for the weatherization component:

2017 HHS poverty income level

OR

FY 2016 state median income 60%¹²

5.2 Do you enter into an interagency agreement to have another government agency administer a **WEATHERIZATION component**? Yes No

5.3 If yes, name the agency. NA

5.4 Is there a separate monitoring protocol for weatherization? Yes No

WEATHERIZATION - Types of Rules

5.5 Under what rules do you administer LIHEAP weatherization? (Check only one.)

Entirely under LIHEAP (not DOE) rules

Entirely under DOE WAP (not LIHEAP) rules

Mostly under LIHEAP rules with the following DOE WAP rule(s) where LIHEAP and WAP rules differ: (Check all that apply.)

Income Threshold

Weatherization of entire multi-family housing structure is permitted if at least 66% of units (50% in 2- & 4-unit buildings) are eligible units or will become eligible within 180 days.

Weatherization of shelters temporarily housing primarily low income persons (excluding nursing homes, prisons, and similar institutional care facilities) is permitted.

Other (describe): TDHCA uses a priority list for LIHEAP households at 150% or below HHS poverty income level. Energy-related home repair: TDHCA will allow the use of LIHEAP weatherization funds for structural and ancillary repairs only if required to enable effective weatherization. If LIHEAP funds are included in a DOE unit, the SIR/audit must be used to justify all measures.

Mostly under DOE WAP rules, with the following LIHEAP rule(s) where LIHEAP and WAP rules differ: (Check all that apply.)

Income Threshold.

¹² In the county of a major disaster or emergency designated by the Secretary of the Department of Health and Human Services or by the President under the Disaster Relief Act of 1974, the State will use the highest of 150% of the poverty guidelines or 60% of the State's median income. The State may also use this flexibility to set poverty guidelines in a local crisis as defined by the Department's Executive Director. The State will communicate this designation to affected subrecipients through email and by website posting. Subrecipients must receive prior written approval before using 60% SMI. Place based assistance must be performed in the county, but person based assistance for those displaced by a disaster or emergency may be in other counties.

- Weatherization not subject to DOE WAP maximum statewide average cost per dwelling unit.
- Weatherization measures are not subject to DOE Savings to Investment Ratio (SIR) standards.
- Other (describe)

Eligibility, 2605(b)(5) – Assurance 5

	<u>Yes</u>	<u>No</u>
5.6 Do you require an assets test?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
5.7 Do you have additional/differing eligibility policies for:		
• Renters?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
• Renters living in subsidized housing?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
5.8 Do you give priority in eligibility to:		
• Elderly?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
• Disabled?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
• Young children?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
• Households with high energy burdens?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
• Other?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Households with high energy consumption		

Benefit Levels

5.9 Do you have a maximum LIHEAP weatherization benefit/expenditure per household?
 Yes No

5.10 If yes, what is the maximum amount? \$6,500, unless additional expenditure is authorized in writing by the Department.

Types of Assistance, 2605(c)(1), (B) & (D)

5.11 What LIHEAP weatherization measures do you provide? (Check all categories that apply.)

- | | |
|---|---|
| <input checked="" type="checkbox"/> Weatherization needs/assessments/audits | <input checked="" type="checkbox"/> Energy related roof repair |
| <input checked="" type="checkbox"/> Caulking and insulation | <input checked="" type="checkbox"/> Major appliance repairs |
| <input type="checkbox"/> storm windows | <input checked="" type="checkbox"/> Major appliance replacement |
| <input checked="" type="checkbox"/> Furnace/heating system modifications/ Repairs | <input checked="" type="checkbox"/> windows/sliding glass doors |
| <input checked="" type="checkbox"/> Furnace replacement | <input checked="" type="checkbox"/> Doors |
| <input checked="" type="checkbox"/> Cooling system modifications/repairs | <input checked="" type="checkbox"/> Water Heater |
| <input checked="" type="checkbox"/> Water conservation measures | <input checked="" type="checkbox"/> Cooling system replacement |
| <input checked="" type="checkbox"/> Compact fluorescent light bulbs | <input checked="" type="checkbox"/> Other (describe)
Solar screens or window film. Smart thermostats, miscellaneous repairs up to \$500 for structural and ancillary only if required to enable effective weatherization. |

If any of the questions require further explanation or clarification that could not be made in the fields provided, attach a document with said explanation here.

Section 6: Outreach, 2605(b)(3) – Assurance 3, 2605(c)(3)(A)

6.1 Select all outreach activities that you conduct that are designed to assure that eligible households are made aware of all LIHEAP assistance available:

- Place posters/flyers in local and county social service offices, offices of aging, Social Security offices, VA, etc.
- Publish articles in local newspapers or broadcast media announcements.
- Include inserts in energy vendor billings to inform individuals of the availability of all types of LIHEAP assistance.
- Mass mailing(s) to prior-year LIHEAP recipients.
- Inform low income applicants of the availability of all types of LIHEAP assistance at application intake for other low-income programs.

Execute interagency agreements with other low-income program offices to perform outreach to target groups.

Other (specify):

Section 7: Coordination, 2605(b)(4) – Assurance 4

7.1 Describe how you will ensure that the LIHEAP program is coordinated with other programs available to low-income households (TANF, SSI, WAP, etc.)

- Joint application for multiple programs
- Intake referrals to/from other programs
- One-stop intake centers
- Other – describe:

Section 8: Agency Designation, 2605(b)(6) – Assurance 6

8.1 How would you categorize the primary responsibility of your State agency?

- Administration Agency
- Commerce Agency
- Community Services Agency
- Energy/Environment Agency
- Housing Agency
- Welfare Agency
- Other – describe:

Alternate Outreach and Intake, 2605(b)(15) – Assurance 15

8.2 How do you provide alternate outreach and intake for **HEATING ASSISTANCE**?

Report of available services at various workgroup meetings with community stakeholders (disability, health services, homeless, etc), presentation at area events organized by state representatives and other service providers.

8.3 How do you provide alternate outreach and intake for **COOLING ASSISTANCE**?

Report of available services at various workgroup meetings with community stakeholders (disability, health services, homeless, etc), presentation at area events organized by state representatives and other service providers.

8.4 How do you provide alternate outreach and intake for **CRISIS ASSISTANCE**?

In instances of natural disaster, Subrecipient coordinates with other assistance organizations (shelters, Red Cross, etc.). Report of available services at various workgroup meetings with community stakeholders (disability, health services, homeless, etc), presentation at area events organized by or at the direction or request of elected officials and other service providers.

8.5 LIHEAP Component Administration	<u>Heating</u>	<u>Cooling</u>	<u>Crisis</u>	<u>Weatherization</u>
8.5a. Who determines client eligibility?	Local governments, CAAs and Other Nonprofits	Local governments, CAAs and Other Nonprofits	Local governments, CAAs and Other Nonprofits	Local governments, CAAs and Other Non-profits
	<u>Heating</u>	<u>Cooling</u>	<u>Crisis</u>	<u>Weatherization</u>
8.5b. Who processes benefit payments to gas and electric vendors?	Local governments, CAAs and Other Nonprofits	Local governments, CAAs and Other Nonprofits	Local governments, CAAs and Other Nonprofits	N/A
8.5c. Who processes benefit payments to bulk fuel vendors?	Local governments, CAAs and Other Nonprofits	Local governments, CAAs and Other Nonprofits	Local governments, CAAs and Other Nonprofits	N/A
8.5d. Who performs installation of weatherization measures?	N/A	N/A	N/A	Local governments, CAAs and Other Nonprofits

8.6 What is your process for selecting local administering agencies?

The Department ensures that to the extent it is necessary to designate local administrative agencies in order to carry out the purposes of Title 42 U.S.C. §§8621, et seq. special consideration is given to any local public or private nonprofit agency which was receiving CSBG or LIHEAP funds.

(1) The Department before giving such special consideration, determines that the agency involved meets program and fiscal requirements established by law and by the Department; and

(2) if there is no such agency because of any change in the assistance furnished to programs for economically disadvantaged persons, then the Department gives special consideration in the designation of local administrative agencies to any successor agency which is operated in substantially the same manner as the predecessor agency which did receive funds for the fiscal year preceding the fiscal year for which the determination is made.

Currently, the Department administers all aspects of program delivery through the existing Subrecipients that have demonstrated that they are operating the program in accordance with the Economic Opportunity Act of 1964, the Low-Income Home Energy Assistance Act of 1981, as amended

(42 U.S.C. §§8621, et seq.), and the Department rules. If Subrecipients are successfully administering the program, the Department may offer to renew the contract.

Under this model, the Department determines that an organization is not administering the program satisfactorily, corrective actions are taken to remedy the problem. Thereafter, if Subrecipient fails to administer the program correctly, the Department will proceed with the process of removing funds and reassign the service area or a portion to another existing Subrecipient or conducts solicitation or selection of a new Subrecipient in accordance with the Low-Income Home Energy Assistance Act of 1981. The affected Subrecipient may request a hearing in accordance with §2105.204 of the Texas Government Code.

However, the Department retains the right to go through a procurement process for some or all aspects of the LIHEAP program.

8.7 How many local administering agencies do you use?

40

8.8 Have you changed any local administering agencies from last year?

Yes No

8.9 If so, why?

Agency was in noncompliance with grantee requirements for LIHEAP

Agency is under criminal investigation

Added agency

Agency closed

Other – describe – voluntary relinquishment of WAP

Section 9: Energy Suppliers, 2605(b)(7) – Assurance 7

9.1 Do you make payments directly to home energy suppliers?

Heating Yes No

Cooling Yes No

Crisis Yes No

Are there exceptions? Yes No

If yes, describe.

9.2 How do you notify the client of the amount of assistance paid?

The administering agency informs them once the determination is made.

9.3 How do you assure that the home energy supplier will charge the eligible household, in the normal billing process, the difference between the actual cost of the home energy and the amount of the payment?

Vendor agreements are used in all components. A sample copy is attached with the Program Integrity Assessment Report.

9.4 How do you assure that no household receiving assistance under this title will be treated adversely because of their receipt of LIHEAP assistance?

Vendor agreements are used in all components. A sample copy is attached with the Program Integrity Assessment Report.

9.5 Do you make payments contingent on unregulated vendors taking appropriate measures to alleviate the energy burdens of eligible households? Yes No. If so, describe the measures unregulated vendors may take.

Section 10: Program, Fiscal Monitoring, and Audit, 2605(b)(10) – Assurance 10

- 10.1. How do you ensure good fiscal accounting and tracking of LIHEAP funds?
 1. Review annual audits
 2. Monitor fiscal records
 3. Review current and prior year monthly expenditure and performance reports

Audit Process

10.2. Is your LIHEAP program audited annually under the Single Audit Act and OMB Circular A-133?
 Yes No

10.3. Describe any audit findings rising to the level of material weakness or reportable condition cited in the A-133 audits, Grantee monitoring assessments, inspector general reviews, or other government agency reviews of the LIHEAP agency from the most recently audited federal fiscal year.

Finding ¹³	Type	Brief Summary	Resolved?	Action Taken

¹³ The Department has a single audit annually, but LIHEAP is not audited as a major program every year. LIHEAP was last audited as a major program in FY 2013 and is scheduled to be audited as a major program in 2016.

10.4. Audits of Local Administering Agencies

What types of annual audit requirements do you have in place for local administering agencies/district offices?

Local agencies/district offices are required to have an annual audit in compliance with 2 CFR 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).¹⁴

Local agencies/district offices are required to have an annual audit (other than 2 CFR 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)).

Local agencies/district offices 2 CFR 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) or other independent audits are reviewed by Grantee as part of compliance process.

Grantee conducts fiscal and program monitoring of local agencies/district offices.

Compliance Monitoring

10.5. Describe the Grantee’s strategies for monitoring compliance with the Grantee’s and Federal LIHEAP policies and procedures by:

Grantee employees:

Internal program review

Departmental oversight

Secondary review of invoices and payments

Other program review mechanisms are in place. Describe: Cross Division peer review of documents

Local Administering Agencies/District Offices:

On-site evaluation

Annual program review

Monitoring through Central Database

Desk reviews

Client File Testing/Sampling

Other program review mechanisms are in place. Describe: Desk review of 2 CFR 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance); A review of the Subrecipient’s resolution of prior monitoring or Single Audit reports is performed prior to awarding new contracts.

10.6. Explain, or attach a copy of, your local agency monitoring schedule and protocol.
See attached monitoring schedule and monitoring instruments.

Describe how you select local agencies for monitoring reviews?

On-site monitoring visits and desk reviews are mechanisms used for in-depth investigation and overall assessment, respectively. The Department will conduct on-site monitoring reviews and desk reviews of contracts based on an assessment of risk of non-compliance and failure to achieve performance

¹⁴ For 2017, subrecipients will follow the audit requirements in 45 CFR 75 Subpart F, as applicable, and the requirements in the Texas Single Audit Act.

outcomes. Subrecipient monitors review necessary program documents and financial records through desk reviews and on-site reviews to ascertain compliance with program requirements. Selection of contracts for monitoring is primarily based on risk assessment. LIHEAP subrecipients are monitored at least once every three years. This is a component of the risk assessment score. If a subrecipient also has Community Service Block Grant funds, the LIHEAP monitoring may be done at the same time. Subrecipients that leverage LIHEAP funds with DOE funds for weatherization are monitored according to the DOE monitoring schedule (once a year). Contracts may also be selected for monitoring based on other factors, such as prior findings, complaints, or special requests.

10.7. Site Visits: Onsite monitoring visits are conducted at least once every three years. The Department will inspect a minimum of 5% of all LIHEAP weatherized units reported as complete.

Desk Reviews: Some materials are requested and reviewed at the Department's office prior to the onsite visit. If the review results in findings of noncompliance, corrective action reviews are completed as a desk review rather than a return to the subrecipient's office.

10.8. How often is each local agency monitored? At least once, every three years.

10.9. What is the combined error rate for eligibility determinations? (Optional question)
Optional

10.10. What is the combined error rate for benefit determinations? (Optional question)
Optional

10.11. How many local agencies are currently on corrective action plans for eligibility and/or benefit determination issues? (Number only) 0

10.12. How many local agencies are currently on corrective action plans for financial accounting or administrative issues? (Number only) 1

Section 11: Timely and Meaningful Public Participation, 2605(b)(12) – Assurance 12, 2605(c)(2)

11.1 How did you obtain input from the public in the development of your LIHEAP plan?

Check all that apply:

- Tribal Council meeting(s)
- Public Hearing(s)
- Draft Plan posted to website and available for comment
- Hard copy of plan is available for public view and comment
- Comments from applicants are recorded
- Request for comments on draft Plan is advertised
- Stakeholder consultation meeting(s)
- Comments are solicited during outreach activities
- Other, describe: Comments are solicited via on-line forums.

11.2 What changes did you make to your LIHEAP plan as a result of this participation?

Edits were made to: Section 1.8, relating to Countable Income, by checking the box for “Gross Income”; Section 4.15 relating to the Benefit for Crisis Assistance by adding that a heating and cooling system can be added in houses that do not have a system; Section 5.11 relating to Weatherization adding doors and windows as eligible uses of LIHEAP WAP (although these will be added at the bottom of the LIHEAP weatherization priority list, so windows and doors are only be able to be added after the other higher prioritized weatherization measures for a household have been provided); Section 12, Fair Hearing, by adding when the process of assigning priority rating will occur; Section 13 by making revisions to better reflect that Assurance 16 will be in place in FY 2017; Section 14 by clarifying the LITE-UP program; Section 16.2 adding a clarifying sentence relating to prior performance measure tracking; Section 17 removing a reference to a possible statewide data system; and under the Citizenship Section clarifying which subrecipients use the SAVE system.

Public Hearings, 2605(a)(2)

11.3 List the date(s) and location(s) that you held public hearing(s) on the proposed use and distribution of your LIHEAP funds?

Date	Event Description
June 14, 2016, 6:00 p.m.	LIHEAP Plan Public Hearing – 221 East 11 th Street, Austin, Texas
Tuesday, June 14, 2016, 11:00 a.m.	LIHEAP Plan Public Hearing – 103 South Frio , San Antonio, Texas
Wednesday, June 15, 2016, 6:00 p.m.	LIHEAP Plan Public Hearing – 3838 Aberdeen Way, Houston, Texas
Wednesday June 15, 2016, 1:30 p.m.	LIHEAP Plan Public Hearing – 818 Missouri Avenue, Fort Worth, Texas

11.4 How many parties commented on your plan at the hearing(s)?

Seven parties.

11.5 Summarize the comments you received at the hearing(s).

Question 1.8: Commenter recommends checking both the “Net Income” box in addition to the “Gross Income” box.

Question 4.15: Commenter recommends that the Department check the “Other (Specify)” box and specify: Heating and cooling systems are provided if a system is nonexistent.

Question 4.17: Commenter recommends amending the description to reflect that year-round crisis assistance is available to vulnerable populations (elderly, disabled and families with children age five and under). Commenter suggests that the establishment of moratoriums is not always timely and as a result the vulnerable populations suffer, even sometimes death occurs.

Question 5.11: Commenter recommends that the boxes for “windows/sliding glass doors” and “Doors” be checked because these retrofits will allow subrecipients more options for addressing energy efficiency in eligible households. Commenter further suggests these retrofits would be analyzed on a case by case basis and not expected to be a regular part of retrofit consideration. Photographic documentation is also suggested by commenter as a possible requirement.

Question 12.6: Commenter recommends removal of the statement from the Plan which states that priority rating is assigned at intake and for the Department to allow flexibility to the subrecipients based on their service delivery plan. The subrecipient would only be required to inform applicants that their application will be reviewed in a certain time frame. Commenter recommends that an applicant who does not receive assistance be required to reapply for assistance and that the subrecipient be required to give the client written notice of whether or not they are certified for assistance.

Questions 13.2, 13.3, 13.4, 13.5 and 13.6: Commenter pointed out that the Department’s response to questions 13.2, 13.3, 13.4, 13.5 and 13.6 regarding Assurance 16 needs to be amended to reflect that the Department will be reinstating Assurance 16 in FY 2017. Commenter recommends the 2017 State plan reflect this change.

Question 14.3: Commenter recommends revision of the explanation of how the Electric Utility Discount is integrated and coordinated with LIHEAP. Commenter pointed out that the LITE-UP rate discount is not exclusively for elderly household, but rather the target population is qualified low income individuals.

Question 16.1: Commenter suggests that if the Department’s goal of obtaining new software to capture performance measures from subrecipients, then subrecipients should be provided funds to offset the cost of new software and/or upgrades to software.

Question 16.2: Commenter recommends that a response be inserted.

Question 17.3: Commenter requests clarification of the statement that “the department is contemplating a state wide data collection system.”

Question 17.4: Commenter recommends adding a footnote to the box checked “noncitizens are verified through the SAVE system” to clarify that public entities comply with the SAVE system. Commenter adds that public entities are required to use the SAVE system to verify citizenship whereas the requirement does not apply to nonprofit organizations.

Question 17.5: Commenter recommends checking the “Bank statements” box and adding a footnote: “This form of documentation is allowable for Social Security Administration, Veterans Administration and Railroad Retirement recipients.” Commenter suggests that bank statements do not need to be required from all clients to verify income because it is not always feasible. However, household income of recipients of Social Security, Veteran’s benefits and Railroad retirement and who have bank statement should be considered as proof of income.

General Comments: Commenters would like to see unspent LIHEAP funds sent to subrecipients that have a higher need and have the ability to serve the low income population. Commenters supported the Plan as written and appreciate the funding received to assist the low income population.

Commenter would like to see an increase in their funding for both energy assistance and weatherization. Commenter indicates that more and more low-income people are moving into their area and the funding for utility assistance has been drained.

11.6 What changes did you make to your LIHEAP plan as a result of the public hearing(s)?

Question 1.8: Staff has amended the plan to reflect this change.

Question 4.15: Staff has amended the plan to reflect this change.

Question 4.17: No change. Staff appreciates the comment and will review the crisis component language in the current rulemaking.

Question 5.11: Staff has amended the plan to reflect this change.

Question 12.6: The Department appreciates the recommendation. Applicants are only required to apply for assistance once in a program year. Also, the current Plan in section 12.4 states that an applicant denied assistance must be provided a written denial of assistance notice from the subrecipient. Staff recommends no change based on this comment.

Questions 13.2, 13.3, 13.4, 13.5 and 13.6: Staff has amended the 2017 State plan to show that Assurance 16 has been clarified for FFY 2017.

Question 14.3: Staff has revised the explanation to reflect this change.

Question 16.1: Staff will take this into consideration if and when this is realized, but will not address this in the Plan.

Question 16.2: A response was not inserted because performance goals and measures were not required to be collected in FFY 2016. Staff revised the Plan to address this comment.

Question 17.3: Because a state wide data collection system is only hypothetical at present, staff removed this statement from the State plan.

Question 17.4: Staff has amended the plan to clarify that the SAVE requirement applies only to those public organizations whose benefit determinations are not completed by a private nonprofit organization.

Question 17.5: Bank statements do not provide the level of detail needed to confirm categorical eligibility. The federal awarding agency could provide payments for other programs other than listed below and that level of detail is not in many cases on the statement. Also, bank accounts could also be set up in other than the name of the awarded person. For example, a minor child could not be part of the household but could have the deposit in a bank account of a member of the household. General Comments: Staff is looking into this issue and in the process of developing options to grant funds to subrecipients with a higher need or ability to spend on the low income population. Staff recommends no change based on this comment.

Section 12: Fair Hearings, 2605(b)(13) – Assurance 13

12.1 How many fair hearings did the grantee have in the prior Federal fiscal year?

None

12.2 How many of those fair hearings resulted in the initial decision being reversed?

N/A

12.3 Describe any policy and/or procedural changes made in the last Federal fiscal year as a result of fair hearings?

N/A

12.4 Describe your fair hearing procedures for **households whose applications are denied**.

Subgrantee contracts include the following section:

SECTION 39. APPEALS PROCESS

In compliance with the LIHEAP Act, Subrecipient must provide an opportunity for a fair administrative hearing to individuals whose application for assistance is denied, terminated or not acted upon in a timely manner. Subrecipient must establish a denial of service complaint procedure in accordance with §5.405 the State Rules. The rule states:

(a) Subrecipient shall establish a denial of service complaint procedure to address written complaints from program applicants/clients. At a minimum, the procedures described in paragraphs (1) - (8) of this subsection shall be included:

(1) Subrecipients shall provide a written denial of assistance notice to applicant within ten (10) days of the adverse determination. This notification shall include written notice of the right of a hearing and specific reasons for the denial by component. The applicant wishing to appeal a decision must provide written notice to Subrecipient within twenty (20) days of receipt of the denial notice.

(2) Subrecipient who receives an appeal shall establish an appeals committee composed of at least three persons. Subrecipient shall maintain documentation of appeals in their client files.

(3) Subrecipients shall hold the appeal hearing within ten (10) business days after the Subrecipient received the appeal request from the applicant.

(4) Subrecipient shall record the hearing.

(5) The hearing shall allow time for a statement by Subrecipient staff with knowledge of the case.

(6) The hearing shall allow the applicant at least equal time, if requested, to present relevant information contesting the decision.

(7) Subrecipient shall notify applicant of the decision in writing. The Subrecipient shall mail the notification by close of business on the business day following the decision (1 day turn-around).

(8) If the denial is solely based on income eligibility, the provisions described in paragraphs (2) - (7) of this subsection do not apply and the applicant may request a recertification of income eligibility based on initial documentation provided at the time of the original application. The recertification will be an analysis of the initial calculation based on the documentation received with the initial application for services and will be performed by an individual other than the person who performed the initial determination. If the recertification upholds the denial based on income eligibility documents provided at the initial application, the applicant is notified in writing and no further appeal is afforded to the applicant.

(b) If the applicant is not satisfied, the applicant may further appeal the decision in writing to the Department within ten (10) days of notification of an adverse decision.

(c) Applicants/clients who allege that the Subrecipient has denied all or part of a service or benefit in a manner that is unjust, violates discrimination laws, or without reasonable basis in law or fact, may request a contested hearing under Texas Government Code, Chapter 2001.

(d) The hearing shall be conducted by the State Office of Administrative Hearings on behalf of the Department in the locality served by the Subrecipient.

(e) If client appeals to the Department, the funds should remain encumbered until the Department completes its decision.

12.5 When and how are applicants informed of these rights?

Within ten days of the determination the Subrecipient must provide written notification; can be made in person or by mail.

12.6 Describe your fair hearing procedures for **households whose applications are not acted on in a timely manner**.

Applicants are required to submit an application each program year. During the review of applications, applicants are assigned a priority rating based on indicators such as poverty level, energy burden and use, and the presence of vulnerable household members. The applicant is informed of their rating and informed whether their application will be acted on immediately or if higher priority applicants will be served first. If due to a low priority rating an applicant does not receive services during a program year, the applicant must re-apply the following year. This is a program requirement and is not subject to applicant appeal.

If an applicant is concerned that their application has been mishandled, the applicant may file a complaint with the Department. TDHCA has an online complaint system, and staff phone numbers are posted online. In general, applicants who have a complaint are given contact information for TDHCA at the time the complaint is received by the Subrecipient. Applicants who call are encouraged to use the online system, but rarely do. Staff records the complaint and proceeds as if the complaint were a denial of services appeal, as described in Section 12.4 above.

12.7 When and how are applicants informed of these rights?

Applicants who have a complaint are given contact information for TDHCA at the time the complaint is received by the Subrecipient.

Section 13: Reduction of home energy needs, 2605(b)(16) – Assurance 16

13.1 Describe how you use LIHEAP funds to provide services that encourage and enable households to reduce their home energy needs and thereby the need for energy assistance?

Provide literature and energy conservation education; refer client to other appropriate programs; encourage responsible vendor and consumer behavior; provide applications, forms, and energy education materials in Spanish, English, or other language when appropriate.

13.2 How do you ensure that you don't use more than 5% of your LIHEAP funds for these activities?

The Assurance 16 budget is a standalone line item in the subrecipient contract and they are limited by the amount allocated in the contract.

13.3 Describe the impact of such activities on the number of households served in the previous Federal fiscal year.

While the Department, in FFY 2017 will provide a separate budgeted amount for Assurance 16, it is not operated as a stand-alone program or component. Households are not required to apply for these services, but most households do receive education and information on how to reduce their home energy needs and lower their energy consumption. However, the Department does not track data on persons receiving Assurance 16 education/information.

13.4 Describe the level of direct benefits provided to those households in the previous Federal fiscal year.

All clients benefit from these activities as part of intake and outreach. Refer to response to 13.3.

13.5 How many households applied for these services?

All clients benefit from these activities as part of intake and outreach. Refer to response to 13.3.

13.6 How many households received these services?

All clients benefit from these activities as part of intake and outreach. Refer to response to 13.3.

Section 14: Leveraging Incentive Program, 2607A

14.1 Do you plan to submit an application for the leveraging incentive program?

Yes No

14.2 Describe instructions to any third parties and/or local agencies for submitting LIHEAP leveraging resource information and retaining records.

Pursuant to the Memorandum of Understanding between the Department and the Texas Public Utility Commission, the Commission will make available to the Department information on LITE-UP electric discount program electric activities sufficient for the Department to report activities to USHHS for the previous federal fiscal year.

14.3 For each type of resource and/or benefit to be leveraged in the upcoming year that will meet the requirements of 45 C.F.R. § 96.87(d)(2)(iii), describe the following:

Resource	What is the type of resource or benefit?	What is the source(s) of the resource?	How will the resource be integrated and coordinated with LIHEAP?
1	Electric utility discount	Texas Public Utility Commission	The Department will refer eligible LIHEAP households to LITE-UP

Section 15: Training

15.1. Describe the training you provide for each of the following groups:

a. Grantee Staff:

Formal training on grantee policies and procedures

How often?

Annually

Biannually

As needed

Other – Describe:

Employees are provided with policy manual

Other – Describe:

b. Local Agencies:

Formal training conference

How often?

Annually

Biannually

As needed

Other – Describe: The conference is sponsored by the Texas Association of Community Action Agencies; the Department provides training at this conference.

On-site training

How often?

Annually

Biannually

As needed

Other – As needed as determined either by the Department or by request of the agency.

Employees are provided with policy manual

Other – Describe: the Department schedules a teleconference each quarter to provide information, training, and technical assistance to the local agencies.

c. Vendors

Formal training conference

How often?

Annually

Biannually

As needed

Other – Describe:

Policies communicated through vendor agreements

Policies are outlined in a vendor manual

Other – Describe:

15.2. Does your training program address fraud reporting and prevention?

Yes No

Section 16: Performance Goals and Measures, 2605(b)

16.1 Describe your progress toward meeting the data collection and reporting requirements of the four required LIHEAP performance measures. Include timeframes and plans for meeting these requirements and what you believe will be accomplished in the coming federal fiscal year. As of 05/10/16 the Department is in the final stages of testing an in-house database built specifically for capturing LIHEAP Performance Measures from Subrecipients. The Department anticipates reporting on required performance measures on the next LIHEAP Households report due in December of 2016.

16.2 Summarize results of performance goals and measures for the prior Federal fiscal year. Performance goals and measures were not tracked for the prior federal fiscal year.

Section 17: Program Integrity, 2605(b)(10)

17.1. Fraud Reporting Mechanisms

a. Describe all mechanisms available to the public for reporting cases of suspected waste, fraud, and abuse. Select all that apply.

- Online Fraud Reporting
- Dedicated Fraud Reporting Hotline
- Report directly to local agency/district office or Grantee office
- Report to State Inspector General or Attorney General
- Forms and procedures in place for local agencies/district offices and vendors to report fraud, waste, and abuse.
- Other – describe:

b. Describe strategies in place for advertising the above-referenced resources. Select all that apply.

- Printed outreach materials
- Addressed on LIHEAP application
- Website
- Other – describe:

17.2. Identification Documentation Requirements

a. Indicate which of the following forms of identification are required or requested to be collected from LIHEAP applicants or their household members.

Type of Identification Collected	Collected from Whom?		
	Applicant Only	All Adults in HH	HH Members Seeking Assistance*
Social Security Card is photocopied and retained	Required <input type="checkbox"/>	Required <input type="checkbox"/>	Required <input type="checkbox"/>
	Requested <input type="checkbox"/>	Requested <input type="checkbox"/>	Requested <input type="checkbox"/>
Social Security Number (without actual card)	Required <input type="checkbox"/>	Required <input type="checkbox"/>	Required <input type="checkbox"/>
	Requested <input type="checkbox"/>	Requested <input type="checkbox"/>	Requested <input type="checkbox"/>
Government-issued identification card (i.e.,: driver’s license, state ID, Tribal ID, passport, etc.)	Required <input type="checkbox"/>	Required <input type="checkbox"/>	Required <input type="checkbox"/>
	Requested <input type="checkbox"/>	Requested <input type="checkbox"/>	Requested <input type="checkbox"/>
Other: clients provide their identification to the subrecipients at the time of application	Required <input checked="" type="checkbox"/>	Required <input type="checkbox"/>	Required <input type="checkbox"/>

*Households may include members who are not seeking assistance and may not be included in the household count.

b. Describe any exceptions to the above policies.

17.3. Identification Verification

Describe what methods are used to verify the authenticity of identification documents provided by clients or household members. Select all that apply.

- Verify SSNs with Social Security Administration
- Match SSNs with death records from Social Security Administration or state agency
- Match SSNs with state eligibility/management system (e.g., SNAP, TANF)
- Match with state Department of Labor system
- Match with state and/or federal corrections system
- Match with state child support system
- Verification using private software (e.g., The Work Number)
- In-person certification by staff
- Match SSN/Tribal ID number with tribal database or enrollment records (for tribal grantees only)
- Other – describe:

Public organization subrecipients verify the authenticity of identification documents provided by clients who are not U.S. citizens or nationals. That verification is made through the Systematic Alien Verification for Entitlements (“SAVE”) system.

17.4. Citizenship/Legal Residency Verification

What are your procedures for ensuring that household members are U.S. citizens or aliens who are qualified to receive LIHEAP benefits?

- Clients sign an attestation of citizenship or legal residency
- Clients' submission of Social Security cards is accepted as proof of legal residency
- Noncitizens must provide documentation of immigration status
- Citizens must provide a copy of their birth certificate, naturalization papers, or passport
- Noncitizens are verified through the SAVE system
- Tribal members are verified through Tribal database/Tribal ID card
- Other – describe: The SAVE requirement only applies to the public organizations whose benefit determinations are not completed by a private non-profit organization.

17.5. Income Verification

What methods does your agency utilize to verify household income?

- Require documentation of income for all adult household members
 - Pay stubs
 - Social Security award letters
 - Bank statements
 - Tax statements
 - Zero-income statements
 - Unemployment Insurance letters
 - Other – describe: Court Documents or government benefit statements as applicable.
- Computer data matches:
 - Income information matched against state computer system (e.g., SNAP, TANF)
 - Proof of unemployment benefits verified with state Department of Labor
 - Social Security income verified with SSA
 - Utilize state directory of new hires
- Other – describe:

17.6. Protection of Privacy and Confidentiality

Describe the financial and operating controls in place to protect client information against improper use or disclosure.

- Policy in place prohibiting release of information without written consent
- Grantee LIHEAP database includes privacy/confidentiality safeguards
- Employee training on confidentiality for:
 - Grantee employees
 - local agencies/district offices
- Employees must sign confidentiality agreement
 - Grantee employees
 - local agencies/district offices
- Physical files are stored in a secure location
- Other – describe:

Grantee contracts include the following section:

SECTION 9. RECORD KEEPING REQUIREMENTS

Subrecipient acknowledges that all information collected, assembled, or maintained by Subrecipient pertaining to this Contract, except records made confidential by law, is subject to the Texas Public Information Act (Chapter 552 of Texas Government Code) and must provide citizens, public agencies, and other interested parties with reasonable access to all records pertaining to this Contract subject to and in accordance with the Texas Public Information Act.

Texas Administrative Code, Title 10 Chapter 5, Subchapter A §5.22 requires that:

Client Records. The Department requires Subrecipient organizations that administer Community Affairs Programs and serve clients to document client services. Subrecipient organizations must arrange for the security of all program-related computer files through a remote, online, or managed backup service. Confidential client files must be maintained in a manner to protect the privacy of each client and to maintain the same for future reference. Subrecipient organizations must store physical client files in a secure space in a manner that ensures confidentiality and in accordance with Subrecipient organization policies and procedures. To the extent that it is financially feasible, archived client files should be stored offsite from Subrecipient headquarters, in a secure space in a manner that ensures confidentiality and in accordance with organization policies and procedures.

Texas Administrative Code, Title 10 Chapter 1, Subchapter A §1.24

(a) Definitions. The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise.

(1) Affiliate--Shall have the meaning assigned by the specific program or programs described in this title.

(2) Department--The Texas Department of Housing and Community Affairs.

(3) Protected Health Information--As defined in 45 CFR §160.103.

(4) Subrecipient--Includes any entity receiving funds or awards from the Department.

(b) If Subrecipients or Affiliates collect or receive Protected Health Information in the course of administering Department programs, they are required to follow the procedures in Texas Health and Safety Code, Subtitle I, Chapter 181.

(c) A nonprofit agency is exempt from this subchapter; unless the nonprofit's primary business is the provision of health care or reimbursement for health care services.

17.7. Verifying the Authenticity of Energy Vendors

What policies are in place for verifying vendor authenticity?

- All vendors must register with the State/Tribe
- All vendors must supply a valid SSN or TIN/W-9 form
- Vendors are verified through energy bills provided by the household
- Grantee and/or local agencies/district offices perform physical monitoring of vendors
- Other – describe, and note any exceptions to policies above:

17.8. Benefits Policy – Gas and Electric Utilities

What policies are in place to protect against fraud when making benefit payments to gas and electric utilities on behalf of clients? Select all that apply.

- Applicants required to submit proof of physical residency
- Applicants must submit current utility bill
- Data exchange with utilities that verifies:
 - Account ownership
 - Consumption
 - Balances
 - Payment history
 - Account is properly credited with benefit
 - Other – describe:
- Centralized computer system/database tracks payments to all utilities
- Centralized computer system automatically generates benefit level
- Separation of duties between intake and payment approval
- Payments coordinated among other heating assistance programs to avoid duplication of payments
- Payments to utilities and invoices from utilities are reviewed for accuracy
- Computer databases are periodically reviewed to verify accuracy and timeliness of payments made to utilities
- Direct payment to households are made in limited cases only
- Procedures are in place to require prompt refunds from utilities in cases of account closure
- Vendor agreements specify requirements selected above, and provide enforcement mechanism
- Other – describe:

17.9. Benefits Policy — Bulk Fuel Vendors

What procedures are in place for averting fraud and improper payments when dealing with bulk fuel suppliers of heating oil, propane, wood, and other bulk fuel vendors? Select all that apply.

- Vendors are checked against an approved vendors list
- Centralized computer system/database is used to track payments to all vendors
- Clients are relied on for reports of non-delivery or partial delivery
- Two-party checks are issued naming client and vendor
- Direct payment to households are made in limited cases only
- Vendors are only paid once they provide a delivery receipt signed by the client.
- Conduct monitoring of bulk fuel vendors
- Bulk fuel vendors are required to submit reports to the Grantee
- Vendor agreements specify requirements selected above, and provide enforcement mechanism
- Other – describe:

17.10. Investigations and Prosecutions

Describe the Grantee’s procedures for investigating and prosecuting reports of fraud, and any sanctions placed on clients/staff/vendors found to have committed fraud. Select all that apply.

- Refer to state Inspector General
- Refer to local prosecutor or state Attorney General
- Refer to US DHHS Inspector General (including referral to OIG hotline)
- Local agencies/district offices or Grantee conduct investigation of fraud complaints from public
- Grantee attempts collection of improper payments. If so, describe the recoupment process.

- Clients found to have committed fraud are banned from LIHEAP assistance. For how long is a household banned?
- Contracts with local agencies require that employees found to have committed fraud are reprimanded and/or terminated (limited to state law requirements)
- Vendors found to have committed fraud may no longer participate in LIHEAP
- Other — describe: A Subrecipient may be referred to the Department's Enforcement Committee or proposed for debarment.

Section 18: Certification Regarding Debarment, Suspension, and Other Responsibility Matters

Certification Regarding Debarment, Suspension, and Other Responsibility Matters--Primary Covered Transactions

Instructions for Certification

1. By signing and submitting this proposal, the prospective primary participant is providing the certification set out below.

2. The inability of a person to provide the certification required below will not necessarily result in denial of participation in this covered transaction. The prospective participant shall submit an explanation of why it cannot provide the certification set out below. The certification or explanation will be considered in connection with the department or agency's determination whether to enter into this transaction. However, failure of the prospective primary participant to furnish a certification or an explanation shall disqualify such person from participation in this transaction.

3. The certification in this clause is a material representation of fact upon which reliance was placed when the department or agency determined to enter into this transaction. If it is later determined that the prospective primary participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the department or agency may terminate this transaction for cause or default. BrBr.

4. The prospective primary participant shall provide immediate written notice to the department or agency to which this proposal is submitted if at any time the prospective primary participant learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.

5. The terms covered transaction, debarred, suspended, ineligible, lower tier covered transaction, participant, person, primary covered transaction, principal, proposal, and voluntarily excluded, as used in this clause, have the meanings set out in the Definitions and Coverage sections of the rules implementing Executive Order 12549. You may contact the department or agency to which this proposal is being submitted for assistance in obtaining a copy of those regulations.

6. The prospective primary participant agrees by submitting this proposal that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency entering into this transaction.

7. The prospective primary participant further agrees by submitting this proposal that it will include the clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion-Lower Tier Covered Transaction," provided by the department or agency entering into this covered transaction, without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.

8. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the List of

Parties Excluded from Federal Procurement and Nonprocurement Programs.

9. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.

10. Except for transactions authorized under paragraph 6 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency may terminate this transaction for cause or default.

Certification Regarding Debarment, Suspension, and Other Responsibility Matters--Primary Covered Transactions

(1) The prospective primary participant certifies to the best of its knowledge and belief, that it and its principals:

(a) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by any Federal department or agency;

(b) Have not within a three-year period preceding this proposal been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;

(c) Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification; and

(d) Have not within a three-year period preceding this application/proposal had one or more public transactions (Federal, State or local) terminated for cause or default.

(2) Where the prospective primary participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion--Lower Tier Covered Transactions

Instructions for Certification

1. By signing and submitting this proposal, the prospective lower tier participant is providing the certification set out below.

2. The certification in this clause is a material representation of fact upon which reliance was placed when this transaction was entered into. If it is later determined that the prospective lower tier participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.

3. The prospective lower tier participant shall provide immediate written notice to the person to

which this proposal is submitted if at any time the prospective lower tier participant learns that its certification was erroneous when submitted or had become erroneous by reason of changed circumstances.

4. The terms covered transaction, debarred, suspended, ineligible, lower tier covered transaction, participant, person, primary covered transaction, principal, proposal, and voluntarily excluded, as used in this clause, have the meaning set out in the Definitions and Coverage sections of rules implementing Executive Order 12549. You may contact the person to which this proposal is submitted for assistance in obtaining a copy of those regulations.

5. The prospective lower tier participant agrees by submitting this proposal that, [[Page 33043]] should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency with which this transaction originated.

6. The prospective lower tier participant further agrees by submitting this proposal that it will include this clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion--Lower Tier Covered Transaction," without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.

7. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, ineligible, or voluntarily excluded from covered transactions, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the List of Parties Excluded from Federal Procurement and Nonprocurement Programs.

8. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.

9. Except for transactions authorized under paragraph 5 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.

Certification Regarding Debarment, Suspension, Ineligibility an Voluntary Exclusion--Lower Tier Covered Transactions

(1) The prospective lower tier participant certifies, by submission of this proposal, that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency.

(2) Where the prospective lower tier participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

. By checking this box, the prospective primary participant is providing the certification set out above.

Section 19: Certification Regarding Drug-Free Workforce Requirements

This certification is required by the regulations implementing the Drug-Free Workplace Act of 1988: 45 CFR Part 76, Subpart, F. Sections 76.630(c) and (d)(2) and 76.645(a)(1) and (b) provide that a Federal agency may designate a central receipt point for STATE-WIDE AND STATE AGENCY-WIDE certifications, and for notification of criminal drug convictions. For the Department of Health and Human Services, the central point is: Division of Grants Management and Oversight, Office of Management and Acquisition, Department of Health and Human Services, Room 517-D, 200 Independence Avenue, SW Washington, DC 20201.

Certification Regarding Drug-Free Workplace Requirements (Instructions for Certification)

1. By signing and/or submitting this application or grant agreement, the grantee is providing the certification set out below.
2. The certification set out below is a material representation of fact upon which reliance is placed when the agency awards the grant. If it is later determined that the grantee knowingly rendered a false certification, or otherwise violates the requirements of the Drug-Free Workplace Act, the agency, in addition to any other remedies available to the Federal Government, may take action authorized under the Drug-Free Workplace Act.
3. For grantees other than individuals, Alternate I applies.
4. For grantees who are individuals, Alternate II applies.
5. Workplaces under grants, for grantees other than individuals, need not be identified on the certification. If known, they may be identified in the grant application. If the grantee does not identify the workplaces at the time of application, or upon award, if there is no application, the grantee must keep the identity of the workplace(s) on file in its office and make the information available for Federal inspection. Failure to identify all known workplaces constitutes a violation of the grantee's drug-free workplace requirements.
6. Workplace identifications must include the actual address of buildings (or parts of buildings) or other sites where work under the grant takes place. Categorical descriptions may be used (e.g., all vehicles of a mass transit authority or State highway department while in operation, State employees in each local unemployment office, performers in concert halls or radio studios).
7. If the workplace identified to the agency changes during the performance of the grant, the grantee shall inform the agency of the change(s), if it previously identified the workplaces in question (see paragraph five).
8. Definitions of terms in the Nonprocurement Suspension and Debarment common rule and Drug-Free Workplace common rule apply to this certification. Grantees' attention is called, in particular, to the following definitions from these rules:

Controlled substance means a controlled substance in Schedules I through V of the Controlled

Substances Act (21 U.S.C. 812) and as further defined by regulation (21 CFR 1308.11 through 1308.15);

Conviction means a finding of guilt (including a plea of nolo contendere) or imposition of sentence, or both, by any judicial body charged with the responsibility to determine violations of the Federal or State criminal drug statutes;

Criminal drug statute means a Federal or non-Federal criminal statute involving the manufacture, distribution, dispensing, use, or possession of any controlled substance;

Employee means the employee of a grantee directly engaged in the performance of work under a grant, including: (i) All direct charge employees; (ii) All indirect charge employees unless their impact or involvement is insignificant to the performance of the grant; and, (iii) Temporary personnel and consultants who are directly engaged in the performance of work under the grant and who are on the grantee's payroll. This definition does not include workers not on the payroll of the grantee (e.g., volunteers, even if used to meet a matching requirement; consultants or independent contractors not on the grantee's payroll; or employees of subrecipients or subcontractors in covered workplaces).

Certification Regarding Drug-Free Workplace Requirements

Alternate I. (Grantees Other Than Individuals)

The grantee certifies that it will or will continue to provide a drug-free workplace by:

- (a) Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition;
- (b) Establishing an ongoing drug-free awareness program to inform employees about --(1)The dangers of drug abuse in the workplace;
(2) The grantee's policy of maintaining a drug-free workplace;
(3) Any available drug counseling, rehabilitation, and employee assistance programs; and
(4) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;
- c) Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph (a);
- (d) Notifying the employee in the statement required by paragraph (a) that, as a condition of employment under the grant, the employee will --
 - (1) Abide by the terms of the statement; and
 - (2) Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;
- (e) Notifying the agency in writing, within ten calendar days after receiving notice under paragraph (d)(2) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to every grant officer or other designee on whose grant activity the convicted employee was working, unless the Federal agency has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant;

(f) Taking one of the following actions, within 30 calendar days of receiving notice under paragraph (d)(2), with respect to any employee who is so convicted -

(1) Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or

(2) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;

(g) Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs (a), (b), (c), (d), (e) and (f).

(B) The grantee may insert in the space provided below the site(s) for the performance of work done in connection with the specific grant:

Place of Performance (Street address, city, county, state, zip code)

221 East 11th Street

Austin, Travis County, Texas, 78701

Check if there are workplaces on file that are not identified here.

Alternate II. (Grantees Who Are Individuals)

(a) The grantee certifies that, as a condition of the grant, he or she will not engage in the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance in conducting any activity with the grant;

(b) If convicted of a criminal drug offense resulting from a violation occurring during the conduct of any grant activity, he or she will report the conviction, in writing, within 10 calendar days of the conviction, to every grant officer or other designee, unless the Federal agency designates a central point for the receipt of such notices. When notice is made to such a central point, it shall include the identification number(s) of each affected grant.

[55 FR 21690, 21702, May 25, 1990]

By checking this box, the prospective primary participant is providing the certification set out above.

Section 20: Certification Regarding Lobbying

The submitter of this application certifies, to the best of his or her knowledge and belief, that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly. This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

Statement for Loan Guarantees and Loan Insurance

The undersigned states, to the best of his or her knowledge and belief, that:

If any funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this commitment providing for the United States to insure or guarantee a loan, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions. Submission of this statement is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required statement shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

By checking this box, the prospective primary participant is providing the certification set out above.

REQUIRED ATTACHMENTS

The following documents must be attached to this application:

- Assurances signature page
- Designation letter for signature to Assurances is required if someone other than the Governor or Tribal Chairperson signs the Assurances.
- Heating component benefit matrix.
- Cooling component benefit matrix.
- Local Agency Monitoring Schedule

11

BOARD ACTION REQUEST
COMMUNITY AFFAIRS DIVISION
JULY 28, 2016

Presentation, Discussion, and Possible Action on the selection of Subrecipients to administer the U.S. Department of Energy (“DOE”) and Low Income Home Energy Assistance Program (“LIHEAP”) Weatherization Assistance Program (“WAP”) to provide services in Anderson, Collin, Denton, Ellis, Henderson, Hood, Hunt, Kaufman, Johnson, Navarro, Palo Pinto, Parker, Rockwall, Smith and Van Zandt counties

RECOMMENDED ACTION

WHEREAS, pursuant to Texas Gov’t Code, §§2306.053, .092, and .097, the Texas Department of Housing and Community Affairs (the “Department”) is provided the authority to administer the WAP;

WHEREAS, the Department administers the WAP through weatherization funds from DOE and LIHEAP funds from the U.S. Department of Health and Human Services;

WHEREAS, due to the voluntary relinquishment of its WAP by Community Services, Inc. (“CSI”), there is no existing weatherization provider in Anderson, Collin, Denton, Ellis, Henderson, Hood, Hunt, Kaufman, Johnson, Navarro, Palo Pinto, Parker, Rockwall, Smith and Van Zandt counties;

WHEREAS, on November 12, 2015, the Department received authorization from this Board to release a Request for Applications (“RFA”) in cases in which program coverage is not in place;

WHEREAS, on June 8, 2016, the Department released an RFA and received six responses by the June 29, 2016, deadline, of which four satisfied the required criteria;

WHEREAS, Texoma Council of Governments (“TCOG”), Greater East Texas Community Action Program (“GETCAP”), and Rolling Plains Management Corporation (“RPMC”) are qualifying respondents and have satisfied the threshold requirements and Previous Participation Review, and their awards were approved by the Executive Award Review and Advisory Committee (“EARAC”) in accordance with 10 TAC Chapter 1, Subchapter C on July 18, 2016; and

WHEREAS, among the qualified submissions, no application included coverage to provide weatherization services in Ellis, Johnson, and Navarro counties, and those counties still are in need of a weatherization provider;

NOW, therefore, it is hereby

RESOLVED, that TCOG, GETCAP, and RPMC are awarded 2017 LIHEAP and 2016 DOE WAP funds for Anderson, Collin, Denton, Henderson, Hood, Hunt, Kaufman, Palo Pinto, Parker, Rockwall, Smith and Van Zandt counties, in the amounts shown in Exhibit A;

RESOLVED, that staff is further authorized to identify and contract with a qualified provider to accept 2017 LIHEAP and 2016 DOE WAP funds, and to provide ongoing weatherization services in Ellis, Johnson, and Navarro counties, in the amounts shown in Exhibit A; and

FURTHER RESOLVED, that the entities awarded these funds through this action shall be the designated network providers to receive WAP funds for the associated counties until such time that the designation requires review.

BACKGROUND

On April 29, 2016, Community Services, Inc. (“CSI”) voluntarily relinquished its weatherization programs in Anderson, Collin, Denton, Ellis, Henderson, Hood, Hunt, Kaufman, Johnson, Navarro, Palo Pinto, Parker, Rockwall, Smith and Van Zandt counties.

At the Board meeting of November 12, 2015, the Board provided broad authorization to staff to release an RFA and enter into agreements with one or more entities to administer any one or more of the CSBG, LIHEAP, or DOE WAP programs for the benefit of providing continued services to eligible low income households in a service area whenever it deems such action necessary or advisable to address a possible loss of services in an area of the state under one or more these programs.

The RFA issued on June 8, 2016, encouraged applicant organizations to apply for one or more of four pre-identified groupings of counties in CSI’s service area and required that applicants apply for both LIHEAP and DOE WAP programs jointly. The application deadline was June 29, 2016. Staff received six applications – one each from TCOG, GETCAP, Habitat for Humanity of Smith County, and RPMC, and two from Texas Neighborhood Services (“TNS”). These were reviewed and four of the six were found to satisfy the required threshold requirements. The two applications submitted by TNS did not satisfy the disclosure requirements on the Department’s Previous Participation form, and so were terminated for failure to meet a threshold requirement and the award was not presented to the Executive Award Review and Advisory Committee. However, the applications for TNS were scored at 329 and 375, well below the minimum score identified in the RFA.

The breakout of which entities submitted for which groupings are below.

Area	Applicant(s)	Successful Awardee
Group A	TCOG	TCOG
Group B	GETCAP, Habitat for Humanity of Smith County	GETCAP
Group C	TNS	None
Group D	TNS, RPMC	RPMC

After eliminating the ineligible applicant TNS, only Group B required scoring and evaluation between the two respondents. GETCAP, an existing seasoned weatherization provider for adjacent counties had a significantly higher score than Habitat for Humanity of Smith County, who does not currently operate either of the weatherization programs, and therefore GETCAP is the recommended provider. With the elimination of TNS, Group C resulted in not having any eligible respondent. Awards for TCOG, GETCAP, and RPMC were reviewed and approved by the Executive Award Review and Advisory Committee (“EARAC”) in accordance with 10 TAC Chapter 1, Subchapter C.

Staff is also requesting authorization to approach the above awarded providers or other adjacent weatherization providers and request that they accept the designation of the existing weatherization provider to provide services in Ellis, Johnson and Navarro counties and to accept the 2017 LIHEAP and 2016 DOE WAP funds. Whichever provider is willing and able to absorb coverage of these counties will have these three counties added to its coverage area. It should be noted that all weatherization providers are being approved on a separate agenda item at this meeting of July 28, 2016, for LIHEAP weatherization awards and have been reviewed by EARAC. To the extent that any EARAC or award conditions have been made for a provider who accepts these additional counties, those conditions will be in effect for the weatherization activities for these three counties.

Exhibit A

2016 DOE WAP Allocation:

Group A: Texoma Council of Governments

County	Estimated Allocation (\$)
Collin	37,850
Denton	35,532
Hunt	14,551
Rockwall	989
TOTAL	\$88,922

Group B: Greater East Texas Community Action Program

County	Estimated Allocation (\$)
Anderson	10,987
Henderson	15,888
Kaufman	8,728
Smith	28,245
Van Zandt	11,120
TOTAL	\$74,968

Group C: To Be Determined

County	Estimated Allocation (\$)
Ellis	11,920
Johnson	13,307
Navarro	10,359
TOTAL	\$35,586

Group D: Rolling Plains Management Corporation

County	Estimated Allocation (\$)
Hood	5,263
Palo Pinto	22,232
Parker	11,028
TOTAL	\$38,523

2017 LIHEAP WAP Allocation:

Group A: Texoma Council of Governments

County	Estimated Allocation (\$)
Collin	165,847
Denton	155,511
Hunt	61,927
Rockwall	1,438
TOTAL	\$384,723

Group B: Greater East Texas Community Action Program

County	Estimated Allocation (\$)
Anderson	46,032
Henderson	67,891
Kaufman	35,957
Smith	123,009
Van Zandt	46,623
TOTAL	\$319,512

Group C: To Be Determined

County	Estimated Allocation (\$)
Ellis	50,194
Johnson	56,378
Navarro	43,233
TOTAL	\$149,805

Group D: Rolling Plains Management Corporation

County	Estimated Allocation (\$)
Hood	20,503
Palo Pinto	22,332
Parker	46,213
TOTAL	\$89,048

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BOARD ACTION REQUEST
COMMUNITY AFFAIRS DIVISION
JULY 28, 2016

Presentation, Discussion, and Possible Action on Conditional Program Year (“PY”) 2016 Emergency Solutions Grants (“ESG”) Program Awards

RECOMMENDED ACTION

WHEREAS, the ESG Program is funded by the U.S. Department of Housing and Urban Development (“HUD”);

WHEREAS, for PY 2016, the Department expects to receive from HUD approximately \$8,817,205, of which an estimated \$8,464,517 will be awarded and \$330,645 will be retained for State administration of the program;

WHEREAS, the Department released a Notice of Funding Availability (“NOFA”) in February 2016 to identify successful applicants;

WHEREAS, federal program rules require the Department to commit all funds within 60 days of receipt of an award letter from HUD and the Department has not yet received an award letter from HUD, although the Department has been notified of the commitment from HUD; and

WHEREAS, the Department is proposing awards, conditioned on the receipt of said HUD award letter and funds, and any conditions proposed by the Executive Award Review Advisory Committee (“EARAC”), at this Governing Board meeting to be able to move forward with the planning and implementation of the grant as soon as the award letter from HUD arrives;

NOW, therefore, it is hereby

RESOLVED, that the Executive Director, his designees, and each of them be and they hereby are authorized, empowered, and directed, for and on behalf of the Department, to take any and all such actions as they or any of them may deem necessary or advisable to effectuate the award of approximately \$8,464,517 in PY 2016 ESG contracts to the awardees selected through the 2016 ESG NOFA and the local competitions of ESG funding administered on behalf of the Department by the Dallas Metro Homeless Alliance, Tarrant County Homeless Coalition, El Paso Coalition for the Homeless, City of Amarillo, and Coalition for the Homeless of Houston/Harris County; and

FURTHER RESOLVED, that if subsequent to the award of funds from the PY 2016 NOFA, additional ESG funds become available either through a supplemental appropriation or recapture, or if prior year funds become available, the additional funding will be used to fully fund any application partially funded in the PY 2016 NOFA; and then to fund the next highest scoring application that received no funding in 2016 ESG; and then the Executive Director or his designee may increase current 2016 contracts upon his discretion for entities that have a current Single Audit and are exceeding or meeting expenditure targets, but in no case by more than 15% of the original contract amount.

Background

The ESG Program is funded by HUD. The ESG Program's focus is to assist people to regain stability in permanent housing quickly after experiencing a housing crisis and/or homelessness. ESG funds can be used for the rehabilitation or conversion of buildings for use as emergency shelter for persons experiencing homelessness; the payment of certain expenses related to operating emergency shelters; essential services related to emergency shelters and street outreach for persons experiencing homelessness; and homelessness prevention and rapid re-housing assistance for persons experiencing or at-risk of homelessness.

On February 18, 2016, the Department released a NOFA notifying prospective applicants of the availability of ESG funds for PY 2016. Funds were allocated to the State's 11 Continuum of Care ("CoC") regions based on criteria indicated in the NOFA, including the CoC regions' proportionate share of the State's homeless population as reported in the annual point in time count, and persons living in poverty. Applicants could apply for funds either through the Department or through the locally-designated competitions, as indicated in the NOFA and further described below. Applications for the Department's portion of the competition were due on April 18, 2016.

The Department received 21 applications requesting more than \$7.2 million for the approximately \$4.5 million available to be awarded in the CoC regions submitting applications to the Department. There were no applicants from the Wichita Falls/Wise, Palo Pinto, Wichita, and Archer Counties CoC; or from the Bryan/College Station/Brazos Valley CoC. For the 21 applications received, awardees were determined based on a standardized scoring instrument that evaluated and scored eligible proposals. All applications were provided a scoring notice and opportunities to appeal their scores.

On the Department's behalf, CoC Lead Agencies conducted local competitions in five CoCs: Amarillo; Dallas City and County; El Paso City and County; Fort Worth/Arlington/Tarrant County; and City of Houston/Harris County. Applicants in those CoCs did not submit an application to the Department, but submitted an application to the CoC Lead Agency in their regions. The local competitions received 20 applications in total, requesting more than \$5.1 million for the approximately \$3.9 million available to be awarded in CoC regions submitting applications to Lead Agencies. The local competitions rely on the CoCs Lead Agencies' local expertise to recommend awards through their own application processes based on their knowledge of local needs, priorities, and capacities.

In total, more than \$12.3 million was requested by applicants, which was 46% more than the approximately \$8.4 million available to be awarded. Attachment A reflects all recommended awardees, their original request and the recommended award amount. In most cases, applicants partnered locally to ensure the strongest applications. As such the award list shows an Applicant Name, which is the lead applicant applying for funds and the entity with which the Department will contract; the list also has a field where the partners are identified. It should be noted that several entities are reflected for awards with an asterisk; because of HUD's interpretation of an administrative requirement, several partner organizations, which applied as part of an application with a lead applicant, are required to have a separate contract directly with the Department for Homeless Management Information System ("HMIS") comparable databases. Thus, the awards only for an HMIS-comparable database are identified separately. Applicants not recommended are shaded in gray and have \$0 in the column indicated funding awarded.

Attachment A - Emergency Solutions Grants ("ESG") Awards

San Antonio - TX-500						
App Code	Applicant Name	Partners	Amount Requested	Scores	Funding available	Funding awarded
TX-500SAMM	San Antonio Metropolitan Ministry, Inc. (SAMMinistries)	San Antonio Food Bank; Haven for Hope of Bexar County; St. Vincent de Paul	\$600,000	460.5	\$919,576	\$600,000
TX-500FVPS	Family Violence Prevention Services, Inc	n/a	\$150,000	344.0	\$319,576	\$150,000
TX-500SASA	The Salvation Army San Antonio	n/a	\$150,000	320.0	\$169,576	\$150,000
			\$900,000		\$19,576	\$ 900,000
Austin - TX-503						
App Code	Applicant Name	Partners	Amount Requested	Scores	Funding available	Funding awarded
TX-503LW	LifeWorks*	SafePlace, Austin Travis County Integral Care, ECHO	\$577,872	370.0	\$577,881	\$ 573,752
n/a	n/a	SafePlace - partner of Lifeworks	n/a	n/a	\$4,129	\$4,120
			\$577,872		\$9	\$577,872
Dallas - TX-600						
App Code	Applicant Name	Partners	Amount Requested	Scores/ Ranking	Funding available	Funding awarded
Local Competition	City Square	n/a	\$125,000	1	\$1,089,837	\$125,000
Local Competition	City House	Assistance Center of Collin County	\$299,998	2	\$964,837	\$255,277
Local Competition	Family Place**	Promise House, Legal Aid of the Northwest	\$450,000	3	\$709,560	\$416,930
Local Competition	Family Gateway	n/a	\$150,000	4	\$292,630	\$150,000
Local Competition	The Bridge	The Salvation Army - Dallas Corps	\$292,500	5	\$142,630	\$62,214
Local Competition	Shared Housing Center	Dallas County Hospital District (dba Parkland Health & Hospital System/HOMES); Rainbow Days, Inc.; Jewish Family Services; Housing Crisis Center	\$302,729	6	\$80,416	\$80,416
			\$1,620,227		\$0	\$1,089,837

Attachment A - Emergency Solutions Grants ("ESG") Awards

Fort Worth/Arlington/Tarrant County - TX-601						
App Code	Applicant Name	Partners	Amount Requested	Scores	Funding available	Funding awarded
Local Competition	Catholic Charities	n/a	\$147,000	n/a	\$651,367	\$147,000
Local Competition	Day Resource Center	n/a	\$125,000	n/a	\$504,367	\$125,000
Local Competition	Presbyterian Night Shelter	n/a	\$125,000	n/a	\$379,367	\$125,000
Local Competition	SafeHaven of Tarrant County	n/a	\$125,000	n/a	\$254,367	\$125,000
Local Competition	The Salvation Army - Mabee Center	n/a	\$129,367	n/a	\$129,367	\$129,367
Local Competition	Center for Transforming Lives	n/a	\$140,000	n/a	\$0	\$0
			\$791,367		\$0	\$651,367
El Paso City & County - TX-603						
App Code	Applicant Name	Partners	Amount Requested	Scores	Funding available	Funding awarded
Local Competition	Project Vida	El Paso Human Services, Inc., La Posada Home, Inc., YWCA El Paso Del Norte Region, El Paso Alliance, Inc., El Paso County	\$384,193	n/a	\$384,949	\$384,193
Local Competition	Center Against Sexual and Family Violence		\$125,000	n/a	\$756	\$0
			\$509,193		\$756	\$384,193
Waco - TX-604						
App Code	Applicant Name	Partners	Amount Requested	Scores	Funding available	Funding awarded
TX-604SAW	The Salvation Army - Waco	n/a	\$101,142	347.0	\$101,142	\$101,142
			\$101,142		\$0	\$101,142

Attachment A - Emergency Solutions Grants ("ESG") Awards

Balance of State - TX-607						
App Code	Applicant Name	Partners	Amount Requested	Scores	Funding available	Funding awarded
TX-607AO	Advocacy Outreach***	Bastrop County Emergency Womens Shelter, Combined Community Action	\$450,000	721.3	\$2,777,709	\$449,750
n/a	n/a	Bastrop County Emergency Womens Shelter - partner of Advocacy Outreach	n/a	n/a	\$2,327,959	\$250
TX-607COT	City of Texarkana	Randy Sams' Outreach Shelter, Texarkana Friendship Center, Inc., Sabine Valley Regional MHMR Center/Community Healthcore, East Texas Veterans Resources	\$600,000	720.0	\$2,327,709	\$600,000
TX-607MCFS	Mid-Coast Family Services	Community Action Committee of Victoria, TX	\$300,000	683.0	\$1,727,709	\$300,000
TX-607SAFET	Shelter Agencies for Families in East Texas	n/a	\$149,998	665.0	\$1,427,709	\$149,998
TX-607WSET	Women's Shelter of East Texas, Inc.	n/a	\$150,000	620.0	\$1,277,721	\$150,000
TX-607SAT	The Salvation Army of Tyler	East Texas Crisis Center, The Andrews Center, East Texas Cornerstone Assistance Network	\$529,247	610.0	\$1,127,721	\$529,247
TX-607LPP	La Posada Providencia ^V	Loaves of Fishes of the Rio Grande Valley, Inc.; Family Crisis Center, Inc.	\$449,773	604.6	\$598,474	\$436,397
n/a	n/a	Family Crisis Center - Partner of La Posada Providencia	n/a	n/a	\$162,077	\$13,376
TX-607FOW	Friendship of Women, Inc	Bishop Enrique San Pedro Ozanam Center, Inc., Brownsville Literacy Center, Catholic Charities of the Rio Grande Valley	\$ 599,938	573.5	\$148,691	\$0
TX-607COD	City of Denton	Christian Community Action, Denton County Friends of the Family, Giving HOPE, Inc.; Salvation Army Denton	\$ 600,000	571.0	\$0	\$0
TX-607SAP	The Salvation Army Paris	Models of the Maker dba New Hope Center	\$ 299,788	556.0	\$0	\$0
TX-607CTO	Central Texas Opportunities, Inc	Family Shelter of McCulloch County	\$ 300,199	553.0	\$0	\$0
TX-607CCHH	Corpus Christi Hope House	n/a	\$ 149,944	538.0	\$0	\$0
TX-607SACC	Salvation Army - Corpus Christi	Corpus Christi Metro Ministries	\$ 300,000	498.0	\$0	\$0
TX-607SCL	StarCare Specialty Health System	n/a	\$ 150,000	470.0	\$0	\$0
TX-607DORS	D.O.R.S. Community Services	City of Longview Housing & Community Services Department	\$ 300,000	366.0	\$0	\$0
TX-607SAGC	The Salvation Army - Grayson County	Grayson County Shelter, Inc	\$ 300,000	345.0	\$0	\$0
			\$5,628,887		\$148,691	\$2,629,018
Amarillo - TX-611						

Attachment A - Emergency Solutions Grants ("ESG") Awards

App Code	Applicant Name	Partners	Amount Requested	Scores	Funding available	Funding awarded
Local competition	City of Amarillo	Salvation Army - Amarillo Corps, Family Support Services, Guyon Saunders Resource Center	\$143,324	n/a	\$143,324	\$143,324
			\$143,324		\$0	\$143,324
City of Houston/Harris County - TX-700						
Location	Applicant Name	Partners	Amount Requested	Scores	Funding available	Funding awarded
Local competition	SEARCH	The Beacon & Houston Area Community Services	\$400,000	n/a	\$1,623,261	\$350,000
Local competition	Salvation Army of Houston/Harris County	Covenant House	\$300,000	n/a	\$1,273,261	\$300,000
Local competition	The Bridge Over Troubled Waters	Bay Area Turning Point & Houston Area Women's Center	\$450,000	n/a	\$973,261	\$450,000
Local competition	Alliance of Community Assistance Ministries of Greater Houston	Humble Area Assistance Ministries, Wesley Community Center, Memorial Area Assistance Ministries	\$291,000	n/a	\$523,261	\$220,835
Local competition	Catholic Charities	Memorial Area Assistance Ministries, Humble Area Assistance Ministries	\$600,000	n/a	\$302,426	\$302,426
			\$2,041,000		\$0	\$1,623,261
Collapse of funding pooled from unused funds from all CoCs						
App Code	Applicant Name	Partners	Amount Requested	Scores	Funding available	Funding awarded
TX-607FOW	Friendship of Women, Inc	Bishop Enrique San Pedro Ozanam Center, Inc., Brownsville Literacy Center, Catholic Charities of the Rio Grande Valley	\$ 599,938	573.5	\$364,503	\$364,503
						\$ 364,503

*Total award funded, but \$4,120 will be contracted with LifeWorks's partner SafePlace for an HMIS-Comparable Database.

** The Executive Award and Review Advisory Committee approved the previous participation review of The Family Place with the condition that staff for the lead applicant or partners attend an in-person Income Eligibility Training.

***Total award funded, but \$250 will be contracted with Advocacy Outreach's partner Bastrop County Women's Shelter for an HMIS-Comparable Database.

^v Total award funded, but \$13,376 will be contracted with La Posada Providencia's partner Family Crisis Center for an HMIS-Comparable Database.

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BOARD ACTION REQUEST
BOND FINANCE DIVISION
JULY 28, 2016

Presentation, Discussion, and Possible Action adopting Resolution No. 16-019 authorizing application to the Texas Bond Review Board ("BRB") for reservation of 2016 single family private activity bond authority.

RECOMMENDED ACTION

See attached resolution.

BACKGROUND

In order to issue tax-exempt single family mortgage revenue bonds or to implement a Mortgage Credit Certificate ("MCC") program, the Department must submit an application to the BRB to receive private activity bond authority, also known as volume cap. In 2016, the State of Texas received approximately \$2.7 billion in volume cap for all private activity purposes. The volume cap set-aside for single family housing was approximately \$769 million, of which one-third is reserved for the Department until August 7, 2016. To ensure receipt of the Department's \$256,429,673 allocation of volume cap for 2016, the Department must submit an application to BRB on or prior to August 7, 2016.

Bond Finance is requesting authorization to submit one or more applications, in an amount not-to-exceed \$1 billion in total, of 2016 private activity volume cap. This amount includes the single family set-aside of \$256,429,673, and a future request for up to an additional \$743,570,327, the receipt of which is subject to availability. After August 14, 2016, volume cap applications are filled without regard to set-aside, on a first come, first served basis.

All volume cap received will be used for single family mortgage revenue bond and MCC programs. All volume cap requested in 2016 is expected to be "carried forward" for use in future years. Any amounts "carried forward" are required to be used prior to December 31, 2019.

Staff will return to the Board at a later date with requests for approval to use awarded volume cap in connection with specific transactions.

The chart on the following page outlines the Department's currently available single family volume cap, expected single family volume cap uses through August 2017, and recent volume cap utilization.

Sources as of July 2016	
2014 Carryforward	258,574,300
2015 Carryforward	1,003,544,300
2016 Private Activity Bond Allocation	256,429,673
Current Department Allocation	\$ 1,518,548,273
2016 Additional Volume Cap - Proposed Carryforward Request	743,570,327
Total Allocation if Maximum Carryforward Request Received	\$ 2,262,118,600

Projected Uses	
2017 MCC Program 86	1,000,000,000
2017 Series A Single Family Mortgage Revenue Bonds	35,000,000
2017 Series B Single Family Mortgage Revenue Bonds	35,000,000
2017 Series C Single Family Mortgage Revenue Bonds	35,000,000
Carryforward for Future Use	1,157,118,600
Total Projected Uses	\$ 2,262,118,600

Volume Cap Usage History	
2013 MCC Program 81	260,000,000
2014 MCC Program 82	525,000,000
2015 MCC Program 83	799,586,213
2015 B Single Family Bonds, Program 84	19,870,000
2016 A Single Family Bonds, Program 85	31,500,000
Total Recent Volume Cap Used	\$ 1,635,956,213

RESOLUTION NO. 16-019

RESOLUTION AUTHORIZING THE FILING OF ONE OR MORE APPLICATIONS FOR RESERVATION WITH THE TEXAS BOND REVIEW BOARD WITH RESPECT TO QUALIFIED MORTGAGE BONDS; 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 from time to time (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 persons 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 "Governing Board") from time to time) at prices they can afford; and

WHEREAS, the Act authorizes the Department: (a) to make, acquire and finance, and to enter into advance commitments to make, 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, among others, of 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 or participating interests, and to mortgage, pledge or grant security interests in such mortgages or 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 (d) to issue its revenue bonds for the purpose of refunding any bonds theretofore issued by the Department; and

WHEREAS, Section 103 and Section 143 of the Internal Revenue Code of 1986, as amended (the "Code"), provide that the interest on obligations issued by or on behalf of a state or a political subdivision thereof the proceeds of which are to be used to finance owner-occupied residences will be excludable from gross income of the owners thereof for federal income tax purposes if such issue meets certain requirements set forth in Section 143 of the Code; and

WHEREAS, Section 146(a) of the Code requires that certain "private activity bonds" (as defined in Section 141(a) of the Code) must come within the issuing authority's private activity bond limit for the applicable calendar year in order to be treated as obligations the interest on which is excludable from the gross income of the holders thereof for federal income tax purposes; and

WHEREAS, the private activity bond "State ceiling" (as defined in Section 146(d) of the Code) applicable to the State is subject to allocation, in the manner authorized by Section 146(e) of the Code, pursuant to Chapter 1372, Texas Government Code, as amended (the "Allocation Act"); and

WHEREAS, the Allocation Act requires the Department, in order to reserve a portion of the State ceiling for qualified mortgage bonds (the "Reservation") and satisfy the requirements of Section 146(a) of the Code, to file an application for reservation (the "Application for Reservation") with the Texas Bond Review Board (the "Bond Review Board"), stating the maximum amount of the bonds requiring an allocation, the purpose of the bonds and the section of the Code applicable to the bonds; and

WHEREAS, the Allocation Act and the rules promulgated thereunder by the Bond Review Board (the "Allocation Rules") require that the Application for Reservation be accompanied by a certified copy of the resolution of the issuer authorizing the filing of the Application for Reservation; and

WHEREAS, the Governing Board has determined to authorize the filing of one or more Applications for Reservation in the maximum aggregate amount of \$1,000,000,000 with respect to qualified mortgage bonds;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BOARD OF THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS THAT:

ARTICLE 1

APPROVAL OF CERTAIN ACTIONS

Section 1.1 Application for Reservation. The Governing Board hereby authorizes Bracewell LLP, as Bond Counsel to the Department, to file on its behalf with the Bond Review Board one or more Applications for Reservation in the maximum aggregate amount of \$1,000,000,000 with respect to qualified mortgage bonds, together with any other documents and opinions required by the Bond Review Board as a condition to the granting of one or more Reservations.

Section 1.2 Authorization of Certain Actions. The Authorized Representatives of the Department named in this Resolution are hereby authorized to take such actions on behalf of the Department as may be necessary to carry out the purposes of this Resolution, including the submission of any carryforward designation requests for such Reservations.

Section 1.3 Authorized Representatives. The following persons are each hereby named as authorized representatives of the Department for purposes of executing, attesting, affixing the Department's seal to, and delivering the documents and instruments and taking the other actions referred to in this Article 1: the Chair or Vice Chair of the Governing Board, the Executive Director of the Department, the Chief Financial Officer of the Department, the Director of Bond Finance of the Department, the Director of Texas Homeownership of the Department, the Director of Multifamily Finance of the Department, and the Secretary or any Assistant Secretary to the Governing Board. Such persons are referred to herein collectively as the "Authorized Representatives." Any one of the Authorized Representatives is authorized to act individually as set forth in this Resolution.

ARTICLE 2

GENERAL PROVISIONS

Section 2.1 Notice of Meeting. This Resolution was considered and adopted at a meeting of the Governing Board that was noticed, convened, and conducted in full compliance with the Texas Open Meetings Act, Chapter 551 of the Texas Government Code, and with §2306.032 of the Texas Government Code, regarding meetings of the Governing Board.

Section 2.2 Effective Date. This Resolution shall be in full force and effect from and upon its adoption.

[Execution page follows]

PASSED AND APPROVED this 28th day of July, 2016.

Chair, Governing Board

ATTEST:

Secretary to the Governing Board

(SEAL)

10

BOARD ACTION REQUEST
BOND FINANCE DIVISION
JULY 28, 2016

Presentation, Discussion, and Possible Action on Resolution No. 16-021 authorizing Publication of Public Notice for Mortgage Credit Certificate Program ("MCC") ("Program 86").

RECOMMENDED ACTION

See attached resolution.

BACKGROUND

The Department's current MCC program, Program 83 ("P83"), was released June 1, 2015. Approximately 61% of P83 MCC authority has been issued or is committed to mortgage loans in the pipeline. At the current commitment rate, the P83 allocation is expected to be fully committed in early 2017. To ensure a continuous flow of available MCC funds, staff is requesting approval to publish the public notice required by the Internal Revenue Service (the "Public Notice") for MCC Program 86, expected to be released in January 2017. The Public Notice is required to be published for 90 days prior to the issuance of the related MCCs.

Staff will return to the Board for authorization to request bond authority from the Texas Bond Review Board, for the approval to convert bond authority to MCC authority, and for approval of the related MCC documents before Program 86 is released and MCC issuance can begin. Staff anticipates that Program 86 will use bond authority carried forward from 2014 and 2015.

Mortgage Credit Certificates

The Department, through its Homeownership Division, offers low, very low, and moderate income first-time homebuyers (with some exceptions), three primary financing options. Borrowers can choose a combination first-lien and second-lien mortgage that includes down payment and closing cost assistance, which is offered through the Taxable Mortgage Program ("TMP-79"); a stand-alone MCC, where a mortgage loan is originated and funded by a third-party lender and the Department issues an MCC for the mortgage loan; or a "Combo" where the Department provides the first-lien and second-lien mortgage with down payment and closing cost assistance and issues an MCC for the mortgage loan.

An MCC is a federal income tax credit that makes homeownership more affordable by allowing the borrower to receive a tax credit of up to \$2,000 per year as a direct reduction of the borrower's federal income tax liability. The benefit of the MCC includes the ability to use the credit in the loan qualifying process; a borrower's W-4 Withholding Form can be modified to reduce the federal withholding tax to take into account the MCC benefit, effectively increasing the borrower's net income for qualifying purposes. In addition to the MCC credit, borrowers can deduct the mortgage interest paid, less the MCC credit amount, as an itemized deduction on their annual federal income tax return.

To be eligible for an MCC, borrowers must comply with the same first-time homebuyer requirements stipulated by the Internal Revenue Code for mortgage revenue bonds. MCC recipients must occupy the residence as their primary residence, meet IRS income and purchase price limits, and, with few exceptions, must be first-time homebuyers. MCCs cannot be used when mortgages are funded with tax-exempt bond proceeds, but may be used with taxable single family programs offered by the Department, such as the MCC component of the TMP-79 mortgage loan program.

Under Federal guidelines, the Department, as an issuer of mortgage revenue bonds, can trade \$1 of bond authority for \$0.25 of MCC authority. Program 83 used \$799.5 million in private activity volume cap to make available \$199.9 million of MCC authority, allowing MCCs to be issued for approximately \$500 million in mortgage loans at a 40% MCC credit rate. Program 86 is expected to use \$1 billion in private activity volume cap to make available \$250 million of MCC authority, allowing MCCs to be issued for approximately \$625 million in mortgage loans at a 40% MCC credit rate.

MCC Program 86 Example

Average Mortgage Credit Certificate Program Mortgage Amount	\$155,000
Market Mortgage Interest Rate	3.50%
First Year Mortgage Interest	\$5,378
MCC Credit Rate	40%
Calculated Tax Credit Amount	\$2,151
Maximum Tax Credit Allowed	\$2,000
Schedule "A" Mortgage Interest Deduction	\$3,378

Lenders participating in TDHCA's previous MCC Programs have expressed continued interest in MCCs, and volume continues to increase each year. In the past three years, MCC programs offered through the Department have assisted well over 5,000 homebuyers and facilitated approximately \$846 million in mortgage loan financing. Program 86 is expected to assist over 4,000 Texas homebuyers with the purchase of their first home.

RESOLUTION NO. 16-021

RESOLUTION AUTHORIZING PUBLICATION OF PUBLIC NOTICE FOR MORTGAGE CREDIT CERTIFICATE PROGRAM; 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 from time to time (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 persons 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 "Governing Board") from time to time) at prices they can afford; and

WHEREAS, the Act authorizes the Department: (a) to make, acquire and finance, and to enter into advance commitments to make, 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, among others, of 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 or participating interests, and to mortgage, pledge or grant security interests in such mortgages or 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 Department proposes to convert a portion of its authority to issue qualified mortgage bonds to mortgage credit certificates ("MCCs"), to be used for the Department's Mortgage Credit Certificate Program to be designated as Program 86 ("MCC Program 86"); and

WHEREAS, the Governing Board desires to authorize the publication of public notice required under Section 25 of the Internal Revenue Code of 1986, as amended, and Treasury Regulation Section 1.25-3T(j)(4) issued thereunder as to the issuance of MCCs and maintenance of a list of single family mortgage lenders that will participate in MCC Program 86 (the "Public Notice") and the taking of such actions as may be necessary to carry out the purposes of this Resolution;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BOARD OF THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS THAT:

ARTICLE 1

APPROVAL OF DOCUMENTS AND CERTAIN ACTIONS

Section 1.1 Publication of Public Notice. The Department is hereby authorized to publish the Public Notice in the Texas Register and newspapers throughout the State.

Section 1.2 Authorized Representatives. The following persons are each hereby named as authorized representatives of the Department for purposes of executing, attesting, affixing the Department's seal to, and delivering the documents and instruments and taking the other actions referred to in this Article 1: the Chair or Vice Chair of the Governing Board, the Executive Director of the Department, the Chief Financial Officer of the Department, the Director of Bond Finance of the Department, the Director of Texas Homeownership of the Department, the Director of Multifamily

Finance of the Department and the Secretary or any Assistant Secretary to the Governing Board. Such persons are referred to herein collectively as the “Authorized Representatives.” Any one of the Authorized Representatives is authorized to act individually as set forth in this Resolution.

Section 1.3 Ratifying Other Actions. All other actions taken or to be taken by the Executive Director and the Department’s staff in connection with the publication of the Public Notice for MCC Program 86 are hereby ratified and confirmed.

ARTICLE 2

GENERAL PROVISIONS

Section 2.1 Notice of Meeting. This Resolution was considered and adopted at a meeting of the Governing Board that was noticed, convened, and conducted in full compliance with the Texas Open Meetings Act, Chapter 551 of the Texas Government Code, and with §2306.032 of the Texas Government Code, regarding meetings of the Governing Board.

Section 2.2 Effective Date. This Resolution shall be in full force and effect from and upon its adoption.

[Execution Page Follows]

PASSED AND APPROVED this 28th day of July, 2016.

Chair, Governing Board

ATTEST:

Secretary to the Governing Board

(SEAL)

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BOARD ACTION REQUEST

SINGLE FAMILY OPERATIONS & SERVICES

JULY 28, 2016

Presentation, Discussion, and Possible Action on Colonia Self Help Center (“Colonia SHC”) Program Awards to Webb County and Hidalgo County in accordance with Tex. Gov’t Code §2306.582 through Community Development Block Grant (“CDBG”) Funding.

RECOMMENDED ACTION

WHEREAS, the Department is required to establish Colonia SHCs in Cameron/Willacy, El Paso, Hidalgo, Starr and Webb counties;

WHEREAS, in 2001 the Department opened two additional Colonia SHCs in Maverick and Val Verde counties as authorized by Tex. Gov’t Code §2306.582 to address the needs of colonias in these counties;

WHEREAS, in accordance with Tex. Gov’t Code §2306.585(b) the Department is required to meet with the Colonia Resident Advisory Committee (“C-RAC”) at least 30 days prior to the Board’s consideration of a Colonia SHC award;

WHEREAS, on June 9, 2016, the Department met with the C-RAC to discuss funding proposals for Webb County and Hidalgo County and the C-RAC recommended to award funds to both counties; and

WHEREAS, these awards will make available CDBG funding to serve Webb County and Hidalgo County colonias with the Colonia SHC Program;

NOW, therefore, it is hereby

RESOLVED, that the Executive Director is hereby authorized to make an award of CDBG funding under the Colonia SHC Program to Webb County in the amount of \$1,000,000 and to Hidalgo County in the amount of \$700,000 from Program Year 2015 and deobligated funds, as further described in Attachments A and B.

BACKGROUND

Colonia Self-Help Centers Program

The Colonia SHC Program was created in 1995 by the 74th Texas Legislature. The purpose of a Colonia SHC is to assist individuals and families of low-income and very low-income to finance, refinance, construct, improve or maintain a safe, suitable home in the designated colonia service area or in another area that the Department has determined is suitable. Pursuant to Tex. Gov't Code §2306 Subchapter Z, the Department established Colonia SHCs in Cameron/Willacy, El Paso, Hidalgo, Starr, and Webb counties. Statute allows for Colonia SHCs to be established in any other county if TDHCA deems it necessary and appropriate and if the county is designated an economically distressed area under Chapter 17 of the Water Code. In 2001, TDHCA established additional centers in Maverick and Val Verde counties.

The Department allocates no more than \$1,000,000 per Colonia SHC contract in accordance with 10 TAC §25.5. If there are insufficient funds available from an award year to fund a county's proposal fully, the county may accept the amount available at that time and wait for the remainder to be funded utilizing the allocation from the subsequent year.

The C-RAC and the counties designate five colonias in each county service area to receive concentrated attention from that Colonia SHC. The C-RAC advises the TDHCA Governing Board regarding the needs of the colonia residents, programs that are appropriate and effective for Colonia SHCs, and activities that may be undertaken to better serve colonia residents. Counties submitting Colonia SHC funding proposals must include a needs assessment for each identified colonia, accompanied by a customized scope of work based on the assessment and the eligible activities defined in statute and the Program Rules. On June 9, 2016, C-RAC convened at the Webb County Colonia SHC for presentations of proposals and scopes of work by Webb County and Hidalgo County.

Both Webb County and Hidalgo County SHC awards were presented to the Executive Award Review and Advisory Committee on July 18, 2016, and approved for award.

Colonia SHC Funding

The Colonia SHCs are funded through a 2.5% set-aside (approximately \$1.5 million per year) of the annual Texas Community Development Block Grant ("TxCDBG") non-entitlement allocation to the state of Texas. The Texas Department of Agriculture ("TDA") receives the allocation from the U.S. Department of Housing and Urban Development, and TDA and TDHCA together manage TxCDBG funds and implement the Colonia SHC Program through a Memorandum of Understanding. The Colonia SHC contracts are four years long per Tex. Gov't Code §2306.587. Administrators that complete all contractual requirements before the end of the contract period may submit proposals for new funding depending on funding availability.

ATTACHMENT A

COLONIA SHC AWARD DESCRIPTION FOR WEBB COUNTY

Subrecipient: Webb County
Contact: The Honorable Tano E. Tijerina, Webb County Judge
Purpose of Contract: Webb County shall serve the following five colonias:
Los Altos
San Carlos I & II
Ranchitos 359 East
Pueblo Nuevo

Webb County proposes the following housing and community development activities to benefit an estimated 1,886 persons, of which 1,886 or 100% are of low-to- moderate income:

Performance Activity	Quantity	Budget
Public Service		\$80,000
Homeownership & Instructional Classes	10 classes	
Construction Skills Classes	25 classes	
Solid Waste Removal	4 events	
Technology Classes	10 classes	
Technology Access	500 visits	
Tool Library	600 checkouts	
Residential Rehabilitation	3 homes	\$120,000
Reconstruction	9 homes	\$450,000
New Construction	4 homes	\$200,000
Administration		\$150,000
TOTAL		\$1,000,000

ATTACHMENT B

COLONIA SHC AWARD DESCRIPTION FOR HIDALGO COUNTY

Subrecipient: Hidalgo County
Contact: The Honorable Ramon Garcia, Hidalgo County Judge
Purpose of Contract: Hidalgo County shall serve the following five colonias:
Whitewing Subdivision
Roadrunner #2
Linda Vista Estates
Muniz
Carlos Acres

Hidalgo County proposes the following housing and community development activities to benefit an estimated 1,838 persons, of which 1,183 or 64% are of low-to- moderate income:

Performance Activity	Quantity	Budget
Public Service		\$56,000
Technology Access	400 visits	
Tool Library	600 checkouts	
Solid Waste Removal	5 events	
Reconstruction	11 homes	\$550,000
Administration		\$94,000
TOTAL		\$700,000

1q

BOARD ACTION REQUEST

SINGLE FAMILY OPERATIONS & SERVICES

JULY 28, 2016

Presentation, Discussion, and Possible Action authorizing extensions to Neighborhood Stabilization Program 1 (“NSP1”) Contracts and Program Income (“NSP1-PI”) Reservation Agreements and Neighborhood Stabilization Program 3 (“NSP3”) Contracts and Program Income (“NSP3-PI”) Reservation Agreements.

RECOMMENDED ACTION

WHEREAS, the Texas Department of Housing and Community Affairs (“the Department” or “TDHCA”) entered into NSP1 and NSP3 contracts with Program Administrators which will be expiring on August 31, 2016;

WHEREAS, the Department also entered into NSP1-PI and NSP3-PI Reservation Agreements with Program Administrators which will be expiring on August 31, 2016;

WHEREAS, Program Administrators have experienced delays in completing their contractual obligations due to eligibility requirements, local market conditions, and capacity;

WHEREAS, Program Administrators have completed initial phases of their programs and are selling homes to eligible households so that the properties convert to their final eligible use and staff would like to authorize extensions of contracts and Reservation Agreements for specific Program Administrators under NSP1 and NSP3 Programs;

WHEREAS, Department staff continues to work closely with Program Administrators to provide daily technical assistance towards contract completion and will continue to actively monitor their progress; and

WHEREAS, some NSP1 and NSP3 Contracts and Program Income Reservation Agreements have exhausted all extensions that may be authorized by staff, and the extensions require approval by the TDHCA Board;

NOW, therefore, it is hereby

RESOLVED, that the Executive Director or his designee are hereby authorized, empowered, and directed, for and on behalf of this Board to approve extensions of no more than one additional year to NSP1 and NSP3 contracts and the NSP1-PI and NSP3-PI Reservation Agreements to enable full, timely, and compliant contract completion and in connection therewith to execute, deliver, and cause to be performed such amendments, documents, and other writings as they or any of them may deem necessary or advisable to effectuate the foregoing; and

RESOLVED, that these extensions will specifically be for the following NSP1 Contracts and NSP1-PI Reservation Agreements: 77090000106 and 77090003106, City of Irving; 77090000108 and 77090003108, Affordable Homes of South Texas; 77090000154 and 77090003154, City of Port Arthur; and 77090000164 and 77090003164, Frazier Revitalization, Inc.; and

FURTHER RESOLVED, that these extensions will specifically be for the following NSP3 Contract and NSP3-PI Reservation Agreement: 77110000105 and 77110003105, Community Development Corporation of Brownsville.

BACKGROUND

The Neighborhood Stabilization Program (“NSP”) is a U.S. Department of Housing and Urban Development (“HUD”)-funded program authorized by HR3221, the “Housing and Economic Recovery Act of 2008,” as a supplemental allocation to the Community Development Block Grant (“CDBG”) Program through an amendment to the existing State of Texas 2008 CDBG Action Plan. The purpose of the program is to redevelop into affordable housing, or acquire and hold, abandoned and foreclosed properties in areas that are documented to have the greatest need for arresting declining property values resulting from excessive foreclosures.

In the last year, significant program progress has been made. Some contracts have reached completion and others, while still needing further time to progress, have made great headway. Several NSP Program Administrators have experienced significant difficulty in completing the activities required under their contracts due to eligibility requirements, local market conditions, and lack of capacity. Department staff continues to work closely with Program Administrators to provide both remote and on-site technical assistance with a focus on contract completion. All Program Administrators have completed the initial phases of their NSP programs and are now working to sell homes to eligible households.

The NSP Contracts and Program Income Reservation Agreements for purchase and rehabilitation activities expire on August 31, 2016, and the Program Administrators will require additional time to sell homes that have been previously constructed, or purchased and rehabilitated.

It is anticipated that the remaining homes will be sold and occupied by eligible homeowners in Fiscal Year 2017.

REPORT ITEMS

2a

BOARD REPORT ITEM

FAIR HOUSING, DATA MANAGEMENT, & REPORTING

JULY 28, 2016

Report on Department's Fair Housing Activities

Exhibit A includes a report of fair housing related projects and activities conducted since the prior fair housing report presented to the Board in March 2016. This includes Texas Department of Housing and Community Affairs ("TDHCA") projects in various stages of research, planning, and implementation to affirmatively further fair housing.

Exhibit A

Following is the TDHCA report on Fair Housing Action Steps.



Interim Report

TDHCA Fair Housing Activities

This report provides an update on fair housing related projects and activities conducted since the prior fair housing report made to the Department’s Board in March 2016. The report includes “Action Steps” that the Department is currently planning, implementing, or that have already been incorporated into the rules and processes of the housing and/or community affairs programs that the Department administers.

Understanding this report

The report lists the Department’s Fair Housing Action Steps. Action Steps reduce the barriers to Fair Housing Choice. Action Steps may be associated with one or more of six (6) Impediments identified in the 2013 Analysis of Impediments to Fair Housing Choice for the State of Texas. This report includes all Fair Housing Action Steps for both HUD and non-HUD funded activities.

The report is generated from a database maintained by the Fair Housing, Data Management, and Reporting Division. Some elements of the database and report may change in the future as staff works to improve reporting and document the Department’s efforts to affirmatively further fair housing.

	Action Step ID Number	Action Step Title		
TDHCA Fair Housing Action Steps				
Action Step ID	1	Development of a Revised Multifamily Affirmative Fair Housing Marketing Rule		
Begin Date:	6/6/2014	COMPLETED - 4/1/2015	Multifamily	H
Summary	Development of a revised rule for Multifamily Affirmative Fair Housing Marketing through Subchapter F of the Uniform Multifamily Rules. The new rule will guide owners and managers in identifying "least likely to apply" populations using HUD's definition of minority concentration and seek to clarify and expand on HUD's definition of a "market area". The Department hosted roundtables for feedback and create a tool to assist in comparing tenant pool data (or in the case of new construction developments, census tract demographic data) to MSA or County demographic census data.			

The report lists a begin date and status for each entered Action Step. The status will reflect “Implemented” or “Completed.” Items showing a status of “Implemented” that have no begin date reflect items that were begun prior to the beginning of the tracking database and Fair Housing Team and are ongoing at the Department. Items showing a status of “Implemented” that have a begin date are currently in progress, have begun implementation, and have not been completed. Items showing a status of “Completed” began and were completed after the creation of the Fair Housing Team. For any completed status, a date of completion will be entered.

	Begin date	Status	End date		H: Includes HUD Funded Programs
TDHCA Fair Housing Action Steps					
Action Step ID	1	Development of a Revised Multifamily Affirmative Fair Housing Marketing Rule			
Begin Date:	6/6/2014	COMPLETED - 4/1/2015		Multifamily	H
Summary	Development of a revised rule for Multifamily Affirmative Fair Housing Marketing through Subchapter F of the Uniform Multifamily Rules. The new rule will guide owners and managers in identifying "least likely to apply" populations using HUD's definition of minority concentration and seek to clarify and expand on HUD's definition of a "market area". The Department hosted roundtables for feedback and create a tool to assist in comparing tenant pool data (or in the case of new construction developments, census tract demographic data) to MSA or County demographic census data.				

Included in the report is a summary of each Action Step and the overhead category describing the activity. Categories include Agency Wide, Single Family, and Multifamily. Community Affairs items, which include the Emergency Solutions Grant Program, are included in the Single Family category. Action Steps are tied to specific TDHCA program areas. The “H” indicates the program area includes HUD funded programs. This report tracks all Fair Housing activity, including activities on non-HUD funded programs.

TDHCA Fair Housing Action Steps

Action Step ID **30 Revisions to Compliance Monitoring and Tracking System ("CMTS") Demographic Data Collection Fields**

Begin Date: 6/27/2014 IMPLEMENTED

Multifamily

H

Summary The Fair Housing Team and Compliance Division are guiding CMTS system changes to report demographic information by household member rather than on a cumulative household basis. These corrections in the CMTS system will assist the Department in being able to better evaluate and streamline demographic reporting, deliver data to the US Department of Housing & Urban Development ("HUD") for inclusion in the Housing Finance Agency report, and analyze the demographic composition of its portfolio. The revised screen will include information on household members' race, ethnicity, age, and disability status. In March 2016 the Department's Information Systems steering committee designated this as a high priority project. Staff anticipates a target completion date of December 2016.

Action Step ID **43 Update of TDHCA's Section 8 Administrative Plan**

Begin Date: 5/1/2014 COMPLETED - 5/26/2016

Single Family

H

Summary The Department's Administrative Plan for the Section 8 Housing Choice Voucher Program ("HCVP") was reviewed and revised to better align with overall Department goals to affirmatively further fair housing. The administrative plan serves as the standard operating procedures for the Department and establishes policies for administration of the state's HCVP in accordance with HUD requirements. For example, the plan includes procedures for assisting households with disabilities, improving access for persons with Limited English Proficiency, affirmatively furthering fair housing and handling of discrimination complaints; for instance, if a household believes illegal discrimination has prevented the family from leasing a suitable unit. The plan was formally adopted by TDHCA's board on May 26, 2016.

Action Step ID **85 Emergency Solutions Grant ("ESG") Spanish Language Contract Requirements**

Begin Date: 9/1/2014 COMPLETED - 5/3/2016

Single Family

H

Summary The contract between the Department and its ESG subrecipients requires that subrecipients provide program applications, forms, and educational materials in both English and Spanish and other languages as appropriate for the service area. ESG staff provided additional guidance for Limited English Proficiency ("LEP") provisions through a webinar and sample Language Access Plan ("LAP"). The forms used by program participants have been translated into Spanish and are posted online. Those forms include the Income Screening Tool, Income Certification, Request for Unit Approval, and Rental Assistance Agreement. A Language Access Plan is required of all subrecipients starting with FY 2016 awards. Spanish is a mandatory language for all LAPs.

Action Step ID **120 Fair Housing Webinar Series to Celebrate Fair Housing Month 2016: Webinar One - Fair Housing Overview**

Begin Date: 2/3/2016 COMPLETED - 4/12/2016

Agency Wide

H

Summary Implementation of a three part webinar series in coordination with the Texas Workforce Commission. The presentation provided the basics of fair housing in Texas, an overview of HUD's new Affirmatively Furthering Fair Housing ("AFFH") rule, and a review of case scenarios. Trainings were geared towards city, county, and local governments, housing providers, housing consumers and other fair housing partners. Invitations were sent out via TDHCA's Fair Housing listserv. Videos of the webinars were posted on TDHCA's website along with the PowerPoint slides and a transcript.

Action Step ID **121 Fair Housing Webinar Series to Celebrate Fair Housing Month 2016: Webinar Two - Reasonable Accommodations**

Begin Date: 2/3/2016 COMPLETED - 4/19/2016

Agency Wide

H

Summary Implementation of a three part webinar series in coordination with the Texas Workforce Commission. The presentation covered the reasonable accommodation process including details on how properties should respond when a reasonable accommodation request is made by a tenant. Trainings were geared towards city, county, and local governments, housing providers, housing consumers and other fair housing partners. Invitations were sent out via TDHCA's Fair Housing listserv. Videos of the webinars were posted on TDHCA's website along with the PowerPoint slides and a transcript.

Action Step ID **122 Fair Housing Webinar Series to Celebrate Fair Housing Month 2016: Webinar Three – Fair Housing Best Practices for Multifamily Developments**

Begin Date: 2/3/2016 COMPLETED - 4/26/2016

Agency Wide

H

Summary Implementation of a three part webinar series in coordination with the Texas Workforce Commission. The presentation covered fair housing considerations for tenant selection criteria, wait list management, and affirmative marketing as well as information on Texas House Bill 1510 and the potential impact on landlord liability considerations when renting to persons with a criminal background. Trainings were geared towards city, county, and local governments, housing providers, housing consumers and other fair housing partners. Invitations were sent out via TDHCA's Fair Housing listserv. Videos of the webinars were posted on TDHCA's website along with the PowerPoint slides and a transcript.

Action Step ID **123 Internal Fair Housing Training for TDHCA Staff (2016)**

Begin Date: 2/4/2016 COMPLETED - 4/25/2016

Agency Wide

H

Summary Conducted fair housing training for TDHCA staff. Training provided an overview of fair housing, disparate impact, HUD's new Affirmatively Further Fair Housing rule, outreach to outreach to persons with Limited English Proficiency including access to Language Line Services, and HUD's proposed rules on the 2013 Violence Against Women Act. Two sessions were offered to accommodate interested staff.

Action Step ID **124 Develop Checklist and Example Language Access Plan ("LAP") for Emergency Solutions Grant Program ("ESG")Subrecipients**

Begin Date: 1/1/2016 COMPLETED - 3/1/2016

Single Family

H

Summary The LAP checklist for ESG subrecipients outlines sections needed to further comply with HUD guidance on Limited English Proficient ("LEP") populations. The checklist helps subrecipients comply with the guidance on how to provide necessary language access, including prioritizing types of assistance and interactions with LEP persons. Language access plans assist with fair housing barriers based on national origin.

Action Step ID **129 Analyze TDHCA Programs Assisting Persons with Disabilities ("PWD"), Data Reported and Need in Texas**

Begin Date: 2/22/2016 COMPLETED - 6/2/2016

Multifamily

H

Summary Analyzed households served and funds provided to persons with disabilities through TDHCA's rental assistance, homebuyer assistance, and homeowner repair programs. Staff's analysis of Census data found 15% of individuals below poverty level in Texas have a disability. Persons with disabilities, as reported to TDHCA, comprised 14.3% of all households served through TDHCA down-payment assistance, rental assistance, and home rehabilitation programs between 2010-2014 calendar year and 16.6% of funding (disability status is not disclosed for households assisted through the single family bond homeownership programs). Data provided aids staff in determining appropriate outreach strategies and changes in program design to meet the needs of households with a disability. TDHCA does not require applicants to disclose certain household characteristics, such as disability status, unless those characteristics are related to eligibility requirements. TDHCA knows through voluntary reporting that households with a disability are served with programs other than those specifically designed for that purpose. Fair housing staff presented the data analysis at the Department's May 11, 2016 Disability Advisory Workgroup ("DAW") meeting.

Action Step ID **131 TDHCA attendance at Austin Fair Housing Conference**

Begin Date: 2/19/2016 COMPLETED - 4/20/2016

Agency Wide

H

Summary TDHCA staff from the HOME, Multi-Family, and Fair Housing divisions attended the 2016 Fair Housing Conference on April 20, 2016, hosted by the City of Austin and Texas Workforce Commission. TDHCA's Executive Director, Tim Irvine, presented on a panel discussion on the new Affirmatively Furthering Fair Housing ("AFFH") rule from the US Department of Housing & Urban Development ("HUD"). The conference covered disparate impact, analysis of impediments to fair housing choice, fair housing testing, and case law.

Action Step ID **133 Analyze and Modify Section 8 Fair Market Rents**

Begin Date: 11/3/2015 COMPLETED - 3/1/2016

Single Family

H

Summary Staff examined small area fair market rents ("FMRs") and hypothetical small area fair market rents to determine if FMRs in the Department's Section 8 service area needed to increase to expand tenant housing choice. The establishment of the standard is important because it essentially determines whether a household will be able to find a unit they can afford with the voucher the Department issues. In areas where market rents are high and there is high demand for rental units it can be challenging for a voucher holder to find a unit. Increased FMRs aid in areas where voucher holders have difficulty in finding acceptable units or affording units in more desirable areas. Higher FMRs provide additional choices and opportunities to tenants in highly competitive rental markets.

Action Step ID **134 Development of "Becoming a Homeowner" Online Homebuyer Education Tool**

Begin Date: 9/1/2014 COMPLETED - 4/15/2016

Single Family

Summary The Texas Homeownership division developed a free online homebuyer education module, "Becoming a Homeowner." The tool is available in both English and Spanish. This provides buyers with a greater understanding of what to expect when purchasing a home, including information on the Mortgage Credit Certificate ("MCC") program, down payment assistance, and lending rates. The convenient, self-paced course offers a pre- and post-purchase tutorial on the ins and outs of buying a home. The online course is available 24/7.

Action Step ID **137 Conduct Single Family ("SF") affirmative marketing training**

Begin Date: 1/7/2016 IMPLEMENTED

Single Family

H

Summary In December 2015 TDHCA's board approved the new SF affirmative marketing rule requiring an Affirmative Marketing Plan--HUD Form 935.2B or equivalent plan. Staff is developing a training to assist SF administrators in complying with the rule to affirmatively market and promote choice and opportunity for those considered "least likely" to know about or apply for housing based on an evaluation of market area data. Staff will begin with a webinar training directed towards HOME subrecipients in August 2016.

Action Step ID **139 Translate HOME Single Family ("SF") Application Materials into Spanish**

Begin Date: 1/1/2016 IMPLEMENTED

Single Family

H

Summary Staff are working to translate HOME SF client application materials into the Spanish language. This includes applications for Homebuyer Assistance, Single Family Development, Tenant Based Rental Assistance, Contract for Deed, and Homeowner Rehabilitation Assistance. Application materials may be available in other languages, as needed and requested.

Action Step ID **155 Implementation of National Housing Trust Fund, Development of Units to Serve Extremely Low-Income Households**

Begin Date: 11/2/2015

Multifamily

H

Summary The National Housing Trust Fund (HTF) is a new affordable housing production program that will complement existing Federal, state and local efforts to increase and preserve the supply of decent, safe, and sanitary affordable housing for extremely low- and very low-income households, including homeless families. HTF funds may be used for the production or preservation of affordable housing through the acquisition, new construction, reconstruction, and/or rehabilitation of non-luxury housing with suitable amenities. Funds will be allocation through the Regional Allocation Formula and subject to affirmative marketing requirements. All HTF-assisted units will be required to have a minimum affordability period of 30 years. HUD anticipates grantees will receive HTF allocations by summer 2016.

Action Step ID **156 Multifamily Direct Loan Program, Set-Aside for Supportive Housing or Units for Very Low-Income Households**

Begin Date: COMPLETED - 7/15/2016

Multifamily

H

Summary The Multifamily Direct Loan Program provides funding to nonprofit and for-profit entities for the new construction or rehabilitation of affordable multifamily rental developments. The 2016 Notice of Funding Availability ("NOFA") includes a \$3 million set-aside for deferred forgivable loan. Developments may qualify by meeting TDHCA's Support Housing definitions or by creating units for households at 30% Area Median Income ("AMI"). Funds under this set-aside are intended to increase the number of 30% rent-restricted units and occupy them with households with an annual income of 30% AMI or less who are not currently receiving any type of rental assistance.

Action Step ID **158 Attendance at the Opportunity Forum, Uniting our Divided City: Closing the Racial Wealth Gap**

Begin Date: 4/4/2016 COMPLETED - 4/22/2016

Single Family

Summary TDHCA attended the University of Texas ("UT") School of Law Opportunity Forum on Closing the Racial Wealth Gap, featuring speakers from the Federal Reserve Bank of Dallas, Texas Appleseed, and the UT School of Law. The event focused on Austin's persistent racial wealth divides. Speakers addressed disparities in homeownership rates, lending terms, and the ability to generate wealth.

H Includes HUD Funded Programs

Action Step ID	159 Fair Housing Information Added to Handouts of TDHCA Programs and Resources		
Begin Date:	2/18/2016 COMPLETED - 4/1/2016	Agency Wide	H
Summary	TDHCA's Policy & Public Affairs division revised agency handouts to include references to fair housing resources along with TDHCA program resources. These are available on-demand for staff attending local events. The handouts, which include contact information for a variety of local resources, can be generated in English and Spanish versions from the "Resources" database.		
Action Step ID	160 Presentation of Fair Housing Report and Update at the Housing and Health Services Coordination Council Meeting		
Begin Date:	4/13/2016 COMPLETED - 4/13/2016	Agency Wide	H
Summary	On April 13, 2016, the Fair Housing Project manager attended the Housing and Health Services Coordination Council ("HHSC") meeting and shared the fair housing annual report. Staff also provided updates on HUD's new Affirmatively Furthering Fair Housing rule and the Assessment of Fair Housing. Staff invited the council to participate in the Fair Housing Month webinar series, including a session on reasonable accommodations and accessibility.		
Action Step ID	163 Review Complaint Submission Process for TDHCA Programs		
Begin Date:	4/1/2016 COMPLETED - 6/1/2016	Agency Wide	H
Summary	Fair Housing staff reviewed the requirements to submit a complaint to TDHCA. Staff revised the language to explicitly include a reasonable accommodation process for persons with a disability to submit a complaint over the phone. These revisions were incorporated into staff's Standard Operating Procedures.		
Action Step ID	164 Translate vital documents on TDHCA's website to ensure meaningful access for beneficiaries with Limited English Proficiency ("LEP")		
Begin Date:	5/2/2016 IMPLEMENTED	Agency Wide	H
Summary	Staff are assessing TDHCA's website and web access to vital documents. Staff will identify and prioritize web content and online information subject to the Language Access Plan. These webpages include complaints, Help for Texans, public information requests, and programs that directly serve beneficiaries including Section 8. Content will be translated into Spanish per the Language Access Plan, and other languages as deemed necessary.		

Action Step ID **165 Revise the State's Citizen/Community Participation Plan to Comply with the Affirmatively Furthering Fair Housing ("AFFH") Rule**

Begin Date: 2/1/2016 IMPLEMENTED Agency Wide H

Summary Staff is beginning this process and is developing a timeline and detailed process to comply with the new requirements for the Citizen Participation Plan in HUD's AFFH Rule. The rule requires consultation and community participation in the analysis of fair housing data, an assessment of fair housing issues and contributing factors, and an identification of fair housing priorities and goals. The participation plan must be amended prior to the initiation of the Assessment of Fair Housing ("AFH") process and attempt to reach a broad audience, with specific engagement with protected classes and organizations representing those classes. TDHCA staff are working with the Fair Housing Workgroup to create the State's Citizen Participation Plan. The plan is scheduled to be finalized by November 2017, pending release of the final state AFH tool.

Action Step ID **167 Conduct webinar for HOME Single Family Subrecipients on Requirements to Address Persons with Limited English Proficiency**

Begin Date: 5/17/2016 IMPLEMENTED Single Family H

Summary TDHCA ensures clients of the Department meaningful access to services, programs and activities although they may be limited in their English language proficiency. The training will make sure subrecipients of Department HOME funds understand vital documents; use of a checklist for creating a Language Access Plan ("LAP"), and a sample LAP. The training is planned for August 2016 (see also step #137).

Action Step ID **168 Attend Texas Interagency Council for the Homeless ("TICH") Meeting**

Begin Date: 5/18/2016 COMPLETED - 7/12/2016 Agency Wide H

Summary Fair housing staff attended the July TICH meeting and presented an update on fair housing in Texas. Staff also discussed possible fair housing related changes to the Emergency Solutions Grant and Homeless Housing and Services Program. The proposed rule changes relate to affirmative marketing requirements and tenant selection criteria.

Action Step ID **169 Fair Housing Ad in Texas Affiliation of Affordable Housing Providers ("TAAHP") Publication**

Begin Date: 4/1/2016 COMPLETED - 6/3/2016 Agency Wide H

Summary TDHCA's Division of Policy and Public Affairs ("DPPA") created an ad to run in the 2016 Texas Affiliation of Affordable Housing Providers ("TAAHP") annual conference program. The fair housing tagline brings attention to the Department's commitment to fair housing efforts and the importance of fair housing choice.

Action Step ID **170 Revise TDHCA's Description in the Texas State Directory to include Fair Housing**

Begin Date: 5/27/2016 COMPLETED - 6/15/2016 Agency Wide **H**

Summary TDHCA's description in the Texas State Directory was revised to include the agency's fair housing work, to expand fair housing choice and opportunities for Texans. The directory is an almanac of Texas government including information on cities, counties, and state government.

Action Step ID **171 Examine Data Collected in the Annual Owner's Compliance Report, Part C, Consider Revising Form**

Begin Date: 3/4/2016 IMPLEMENTED Multifamily **H**

Summary TDHCA Compliance staff reviewed the Annual Owner's Compliance Report, Part C. Part C includes self-reported data on units occupied by persons 60 years or older, units occupied by a person with a disability, units constructed or adapted for persons with disabilities and persons with special needs. Staff are reviewing the form and data collected for Part C and are considering revising the form to better differentiate between persons with special needs and persons with disabilities for improved reporting.

Action Step ID **174 Analysis of Homebuyer Data Trends**

Begin Date: 2/12/2016 COMPLETED - 7/4/2016 Single Family

Summary Fair Housing staff analyzed the Texas Homeownership lending activity for the past five years, looking at statewide distribution. Program expansion over time was mapped in ArcGIS ("Geographic Information System") by lending activity (loans, mortgage credit certificates, and combos). The lender network was compared to the statewide population distribution. Staff recommended specific outreach efforts based on the data and possible underserved areas.

Action Step ID **175 Reasonable Accommodation Rule Change**

Begin Date: 5/13/2016 IMPLEMENTED Agency Wide **H**

Summary Fair housing staff proposed a rule change to 10 TAC Chapter 1, Subchapter B, Section 504 of the Rehabilitation Act of 1973 and the Fair Housing Act. The rule changes require responses to a reasonable accommodation request within a reasonable amount of time, not to exceed 15 calendar days. The response must either grant the request, deny the request, offer alternatives to the request, or request additional information to clarify the Reasonable Accommodation request. The proposed rule change will be presented at the July 28, 2016 TDHCA board meeting.

Action Step ID **177 Participate on a Texas Affiliation of Affordable Housing Providers ("TAAHP") Panel Discussion on Affirmatively Furthering Fair Housing**

Begin Date: 5/3/2016 IMPLEMENTED

Multifamily

H

Summary Fair Housing staff will speak on a panel at the 2016 Texas Housing Conference for the Texas Affiliation of Affordable Housing Providers ("TAAHP"). The panel is entitled "Fair Housing Choices" and appears under the Legislative Track. TAAHP is a non-profit 501(c)(6) trade association serving affordable housing industry providers. TAAHP's principal goal is to increase the supply and quality of affordable housing for Texans with limited incomes and special needs.

Action Step ID **178 Attend Webinar on Advocacy Strategies for Protecting the Fair Housing Rights of People with Criminal Records**

Begin Date: 5/20/2016 COMPLETED - 6/7/2016

Agency Wide

H

Summary Fair Housing staff attended the Shriver Center and the National Housing Law Project webinar addressing the intersection of fair housing issues and persons with criminal records. Adverse housing decisions based on a person's criminal record screening may violate the Fair Housing Act, which prohibits discrimination on the basis of race. The presentation provided a summary of HUD policies on the use of criminal records, an overview of HUD guidance, and common issues related to tenant screening, eviction policies, due process rights, blanket bans, reasonable look back periods, discretion and denials.

Action Step ID **180 Participation in the Money Follows the Person Program to Increase Housing Options for Persons Exiting Institutions**

Begin Date: 1/1/2012 IMPLEMENTED

Multifamily

H

Summary Since 2012, The Texas Department of Housing and Community Affairs (TDHCA) has partnered with Texas Department of Aging and Disability Services ("DADS") and Texas Health and Human Services Commission ("HHSC") to use Money Follows the Person ("MFP") to increase housing options for individuals who choose to exit institutions. TDHCA has used the MFP program to support the administration of Section 8 Housing Choice Vouchers targeted to individuals leaving institutions, to develop a Section 811 Project Rental Assistance (PRA) Program, and to support the administration of tenant based rental assistance through the HOME Investment Partnership Program. MFP funds assisted Texas in creating a bridge program for individuals leaving institutions which can subsidize rent in public housing up to 5 years for individuals awaiting vouchers. MFP funded staff participated in building capacity in communities across Texas. Staff have also assisted Medicaid providers on how to make referrals to housing programs and have worked with relocation contractors to improve programs (see also step #38 and #138). The Centers for Medicaid and Medicare Services recently completed a site visit to Texas to learn more about the state's Money Follows the Person (MFP) program. The site visit is critical to Federal efforts aimed at increasing access to long-term services and supports in the community for persons with disabilities. The evaluators stated that "Overall Texas has made tremendous strides at enhancing the lives of individuals participating in the MFP program."

Action Step ID **182 Section 811 PRA (“Project Rental Assistance”) Program, Marketing to Project-Based Section 8 Properties in High Opportunity Areas**

Begin Date: 2/5/2016 COMPLETED - 6/15/2016

Single Family

H

Summary Fair housing staff mapped Project-Based Section 8 Properties along with the 2016 Qualified Allocation Plan, Opportunity Index points. The analysis was provided to Section 811 PRA Program staff to help identify properties for possible participation in the Section 811 PRA Program (see also step 138).

Action Step ID **185 Submit Comments on HUD’s Assessment of Fair Housing Tools for States, Local Governments, and Public Housing Authorities**

Begin Date: 4/1/2016 COMPLETED - 5/23/2016

Single Family

Summary TDHCA provided comment on the US Department of Housing and Urban Development’s (“HUD”) Affirmatively Furthering Fair Housing (“AFFH”), Assessment of Fair Housing (“AFH”) tool for states and insular areas, local governments, and public housing authorities. The comments addressed unique challenges Texas faces to comply with the rule, and limitations with the draft tools that would not effectively help Texas to affirmatively further fair housing. TDHCA encouraged HUD to adopt clear definitions of areas of opportunity and areas of concerted revitalization initiative, with specific percentages of HUD resources to address those two categories.

2b

BOARD REPORT ITEM
FINANCIAL ADMINISTRATION DIVISION
JULY 28, 2016

Report on the Department's 3rd Quarter Investment Report in accordance with the Public Funds Investment Act ("PFIA")

BACKGROUND

The Department's investment portfolio consists of two distinct parts. One part is related to bond funds under trust indentures that are not subject to the PFIA, and the remaining portion is related to accounts excluded from the indentures but covered by the PFIA. The Department's total investment portfolio is \$767,630,961, of which \$736,570,166 is not subject to the PFIA. This report addresses the remaining \$31,060,794 (See Page 1 of the Internal Management Report) in investments covered by the PFIA. These investments are deposited in the General Fund, Housing Trust Fund, Compliance, and Housing Initiative accounts, which are all held at the Texas Treasury Safekeeping Trust Company ("TTSTC"), primarily in the form of overnight repurchase agreements. These investments are fully collateralized and secured by the U.S. Government Securities. A repurchase agreement is the purchase of a security with an agreement to repurchase that security at a specific price and date (which in this case was May 31, 2016), with an effective interest rate of 0.22%. These investments safeguard principal while maintaining liquidity.

Below is a description of each fund group and its corresponding accounts.

- The **General Fund** accounts maintain funds for administrative purposes to fund expenses related to the Department's ongoing operations. These accounts contain balances related to bond residuals, fee income generated from the Mortgage Credit Certificate ("MCC") Program, escrow funds, single family and multifamily bond administration fees, and balances associated with the Below Market Interest Rate ("BMIR") Program.
- The **Housing Trust Fund** accounts maintain funds related to programs set forth by the Housing Trust Fund funding plan. The Housing Trust Fund provides loans and grants to finance, acquire, rehabilitate, and develop decent and safe affordable housing.
- The **Compliance** accounts maintain funds from compliance fees and asset management fees collected from multifamily developers. The number of low income units and authority to collect these fees is outlined in the individual Land Use Restriction Agreements ("LURAs") that are issued to each Developer. These fees are generated for the purpose of offsetting expenses incurred by the Department related to the monitoring and administration of these properties.

- The **Housing Initiative** accounts maintain funds from fees collected from Developers in connection with the Department's Tax Credit Program. The majority of fees collected are application fees and commitment fees. The authority for the collection of these fees is outlined in the Department's Multifamily Rules. These fees are generated for the purpose of offsetting expenses incurred by the Department related to the administration of the Tax Credit Program.

This report is in the format required by the Public Funds Investment Act. It shows in detail the types of investments, their maturities, their carrying (face amount) values, and fair values at the beginning and end of the quarter. The detail for investment activity is on Pages 1 and 2.

During the 3rd Quarter, as it relates to the investments covered by the PFIA, the carrying value increased by \$11,378 (See Page 1) for a total of \$31,060,794. The increase is described below by fund groups.

General Fund: The General Fund decreased by \$119,280. This consists primarily of \$480,320 received in bond administration fees, and \$254,679 in MCC Fees, offset by disbursements including \$797,842 transferred to fund the operating budget and \$95,803 in bond related expenses.

Housing Trust Fund: The Housing Trust Fund increased by \$160,664. This consists primarily of \$1,127,644 received in loan repayments, offset by disbursements including \$974,516 for loans, grants and escrow payments.

Compliance: Compliance funds decreased \$51,473. This consists primarily of \$1,045,176 received in compliance fees, offset by disbursements of \$1,176,782 transferred to fund the operating budget.

Housing Initiative: Housing Initiative funds increased by \$21,468. This consists primarily of \$831,167 received in fees related to tax credit activities, offset by disbursements of \$806,469 transferred to fund the operating budget.

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
HOUSING FINANCE DIVISION**

**PUBLIC FUNDS INVESTMENT ACT
INTERNAL MANAGEMENT REPORT (SEC. 2256.023)
QUARTER ENDING MAY 31, 2016**

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
HOUSING FINANCE DIVISION
PUBLIC FUNDS INVESTMENT ACT
Internal Management Report (Sec. 2256.023)
Supplemental Management Report
Quarter Ending May 31, 2016



Investment Type	FAIR VALUE	CARRYING	CHANGE IN CARRYING VALUE				CARRYING	FAIR VALUE	CHANGE	ACCRUED	RECOGNIZED
	(MARKET) @ 2/29/16	VALUE @ 2/29/16	ACCRETION / PURCHASES	AMORTIZATION/ SALES	MATURITIES	TRANSFERS	VALUE @ 5/31/16	(MARKET) @ 5/31/16	IN FAIR VALUE (MARKET)	INT RECVBL @ 5/31/16	
NON-INDENTURE RELATED:											
General Fund Mortgage-Backed Securities	466,559.78	451,216.09			(46,134.53)		405,081.56	417,238.25	(3,187.00)	1,964.51	
General Fund Repurchase Agreements	7,743,789.65	7,743,789.65	539,233.38	(612,378.69)			7,670,644.34	7,670,644.34	0.00	46.88	
Housing Trust Fund Repurchase Agreements	5,989,193.27	5,989,193.27	1,086,964.23	(926,300.31)			6,149,857.19	6,149,857.19	0.00	37.84	
Compliance Repurchase Agreements	8,028,810.30	8,028,810.30	54,963.02	(106,436.45)			7,977,336.87	7,977,336.87	0.00	48.75	
Housing Initiatives Repurchase Agreements	8,836,406.69	8,836,406.69	245,161.38	(223,693.60)			8,857,874.47	8,857,874.47	0.00	54.33	
NON-INDENTURE RELATED TOTAL	31,064,759.69	31,049,416.00	1,926,322.01	(1,868,809.05)	(46,134.53)	0.00	31,060,794.43	31,072,951.12	(3,187.00)	2,152.31	0.00
TOTAL	31,064,759.69	31,049,416.00	1,926,322.01	(1,868,809.05)	(46,134.53)	0.00	31,060,794.43	31,072,951.12	(3,187.00)	2,152.31	0.00

(b) (8) The Department is in compliance with regards to investing its funds in a manner which will provide by priority the following objectives: (1) safety of principal, (2) sufficient liquidity to meet Department cash flow needs, (3) a market rate of return for the risk assumed, and (4) conformation to all applicable state statutes governing the investment of public funds including Section 2306 of the Department's enabling legislation and specifically, Section 2256 of the Texas Government Code, the Public Funds Investment Act.

Per Section 2256.007(d) of the Texas Government Code, the Public Funds Investment Act:

David Cervantes completed 5.0 hrs. of training on the Texas Public Funds Investment Act on February 12, 2016

Monica Galuski completed 5.0 hrs. of training on the Texas Public Funds Investment Act on February 20, 2015

	Date 7-15-16
David Cervantes, Chief Financial Officer	
	Date 7/15/16
Monica Galuski, Director of Bond Finance	

**Texas Department of Housing and Community Affairs
Non-Indenture Related Investment Summary
For Period Ending May 31, 2016**

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/29/16	Beginning Market Value 02/29/16	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 05/31/16	Ending Market Value 05/31/16	Change In Market Value	Recognized Gain
GNMA	General Fund	7.50	8/31/1989	07/20/18	44,528.74	46,328.15			(5,387.77)		39,140.97	40,398.18	(542.20)	
GNMA	General Fund	7.50	10/31/1989	09/20/18	66,607.43	69,229.76			(12,027.25)		54,580.18	56,549.43	(653.08)	
GNMA	General Fund	7.50	1/1/1990	11/20/18	27,410.15	27,706.18			(6,587.32)		20,822.83	21,021.69	(97.17)	
GNMA	General Fund	7.50	1/1/1990	12/20/18	34,378.49	35,214.23			(7,870.10)		26,508.39	26,788.58	(555.55)	
GNMA	General Fund	7.50	2/27/1990	12/20/18	4,941.06	4,958.70			(451.41)		4,489.65	4,504.11	(3.18)	
GNMA	General Fund	7.50	3/30/1990	01/20/19	49,535.74	51,865.90			(5,121.70)		44,414.04	46,129.75	(614.45)	
GNMA	General Fund	7.50	4/26/1990	03/20/19	23,794.13	24,038.02			(2,645.29)		21,148.84	21,347.64	(45.09)	
GNMA	General Fund	7.50	5/29/1990	04/20/19	46,445.70	48,395.03			(5,041.92)		41,403.78	42,875.27	(477.84)	
GNMA	General Fund	2.65	1/29/2013	12/15/42	45,195.03	45,713.42			(402.57)		44,792.46	45,157.97	(152.88)	
GNMA	General Fund	3.20	1/29/2013	10/15/42	108,379.62	113,110.39			(599.20)		107,780.42	112,465.63	(45.56)	
Repo Agmt	General Fund	0.22	5/31/2016	06/01/16	1,637,060.33	1,637,060.33	18,879.77				1,655,940.10	1,655,940.10		
Repo Agmt	General Fund	0.22	5/31/2016	06/01/16	36,292.46	36,292.46		(12,276.31)			24,016.15	24,016.15		
Repo Agmt	General Fund	0.22	5/31/2016	06/01/16	33,812.22	33,812.22	18.93				33,831.15	33,831.15		
Repo Agmt	General Fund	0.22	5/31/2016	06/01/16	921,611.71	921,611.71	223,893.59				1,145,505.30	1,145,505.30		
Repo Agmt	General Fund	0.22	5/31/2016	06/01/16	1,251,179.90	1,251,179.90		(546,021.27)			705,158.63	705,158.63		
Repo Agmt	General Fund	0.22	5/31/2016	06/01/16	971,682.63	971,682.63	243,492.62				1,215,175.25	1,215,175.25		
Repo Agmt	General Fund	0.22	5/31/2016	06/01/16	241,199.68	241,199.68	133.79				241,333.47	241,333.47		
Repo Agmt	General Fund	0.22	5/31/2016	06/01/16	303,606.01	303,606.01	52,814.68				356,420.69	356,420.69		
Repo Agmt	General Fund	0.22	5/31/2016	06/01/16	2,347,344.71	2,347,344.71		(54,081.11)			2,293,263.60	2,293,263.60		
General Fund Total					8,195,005.74	8,210,349.43	539,233.38	(612,378.69)	(46,134.53)	0.00	8,075,725.90	8,087,882.59	(3,187.00)	0.00
Repo Agmt	Housing Trust Fund	0.22	5/31/2016	06/01/16	131,531.16	131,531.16	89,507.00				221,038.16	221,038.16		
Repo Agmt	Housing Trust Fund	0.22	5/31/2016	06/01/16	96.68	96.68	65.49				162.17	162.17		
Repo Agmt	Housing Trust Fund	0.22	5/31/2016	06/01/16	218,990.31	218,990.31		(43,370.53)			175,619.78	175,619.78		
Repo Agmt	General Revenue Appn	0.22	5/31/2016	06/01/16	1,622.13	1,622.13	771.04				2,393.17	2,393.17		
Repo Agmt	General Revenue Appn	0.22	5/31/2016	06/01/16	383,529.97	383,529.97	59.41				383,589.38	383,589.38		
Repo Agmt	General Revenue Appn	0.22	5/31/2016	06/01/16	799,942.71	799,942.71	472,707.54				1,272,650.25	1,272,650.25		
Repo Agmt	General Revenue Appn	0.22	5/31/2016	06/01/16	69,992.86	69,992.86	1,141.53				71,134.39	71,134.39		
Repo Agmt	General Revenue Appn	0.22	5/31/2016	06/01/16			61,852.03				61,852.03	61,852.03		
Repo Agmt	Housing Trust Fund-GR	0.22	5/31/2016	06/01/16	295,917.64	295,917.64		(273,679.78)			22,237.86	22,237.86		
Repo Agmt	Housing Trust Fund-GR	0.22	5/31/2016	06/01/16	1,196,600.00	1,196,600.00	460,860.19				1,657,460.19	1,657,460.19		
Repo Agmt	Bootstrap -GR	0.22	5/31/2016	06/01/16	1,009.67	1,009.67					1,009.67	1,009.67		
Repo Agmt	Bootstrap -GR	0.22	5/31/2016	06/01/16	399,460.14	399,460.14		(177,020.00)			222,440.14	222,440.14		
Repo Agmt	Bootstrap -GR	0.22	5/31/2016	06/01/16	1,900,000.00	1,900,000.00		(419,230.00)			1,480,770.00	1,480,770.00		
Repo Agmt	Contract for Deed Conversion	0.22	5/31/2016	06/01/16	340,500.00	340,500.00					327,500.00	327,500.00		
Repo Agmt	Contract for Deed Conversion	0.22	5/31/2016	06/01/16	250,000.00	250,000.00					250,000.00	250,000.00		
Housing Trust Fund					5,989,193.27	5,989,193.27	1,086,964.23	(926,300.31)	0.00	0.00	577,500.00	577,500.00	0.00	0.00
Repo Agmt	Multi Family	0.22	5/31/2016	06/01/16	925,387.95	925,387.95		(4,872.52)			920,515.43	920,515.43		
Repo Agmt	Multi Family	0.22	5/31/2016	06/01/16	573,980.15	573,980.15	54,963.02				628,943.17	628,943.17		
Repo Agmt	Low Income Tax Credit Prog.	0.22	5/31/2016	06/01/16	6,529,442.20	6,529,442.20		(101,563.93)			6,427,878.27	6,427,878.27		
Compliance Total					8,028,810.30	8,028,810.30	54,963.02	(106,436.45)	0.00	0.00	7,977,336.87	7,977,336.87	0.00	0.00
Repo Agmt	Asset Management	0.22	5/31/2016	06/01/16	847,740.62	847,740.62	57,087.61				904,828.23	904,828.23		
Repo Agmt	Low Income Tax Credit Prog.	0.22	5/31/2016	06/01/16	1,081,377.72	1,081,377.72	188,073.77				1,269,451.49	1,269,451.49		
Repo Agmt	Low Income Tax Credit Prog.	0.22	5/31/2016	06/01/16	6,517,057.02	6,517,057.02		(218,606.02)			6,298,451.00	6,298,451.00		
Repo Agmt	Low Income Tax Credit Prog.	0.22	5/31/2016	06/01/16	390,231.33	390,231.33		(5,087.58)			385,143.75	385,143.75		
Housing Initiatives					8,836,406.69	8,836,406.69	245,161.38	(223,693.60)	0.00	0.00	8,857,874.47	8,857,874.47	0.00	0.00
Total Investment Summary					31,049,416.00	31,064,759.69	1,926,322.01	(1,868,809.05)	(46,134.53)	0.00	31,060,794.43	31,072,951.12	(3,187.00)	0.00

2c

BOARD REPORT ITEM
BOND FINANCE DIVISION
JULY 28, 2016

REPORT ITEM

Report on the Department's 3rd Quarter Investment Report relating to funds held under Bond Trust Indentures.

BACKGROUND

- The Department's Investment Policy excludes funds invested under a bond trust indenture for the benefit of bond holders because each trust indenture controls the authorized investments under that particular trust indenture. Management of assets within an indenture is the responsibility of the Trustee. This internal management report is for informational purposes only and, while not required under the Public Funds Investment Act, it is consistent with the prescribed format and detail as required by the Public Funds Investment Act. It details the types of investments, maturity dates, carrying (face amount) values, and fair market values at the beginning and end of the quarter.
- The detail for investment activity can be found online at TDHCA's Board Meeting Information Center website at <http://www.tdhca.state.tx.us/board/meetings.htm>.
- Overall, the portfolio carrying value decreased by \$19 million (see page 3), resulting in an end of quarter balance of \$736,570,166. The decrease reflects loan repayments and bond redemptions.

The portfolio consists of those investments described in the attached Bond Trust Indenture Supplemental Management Report.

	<u>Beginning Quarter</u>	<u>Ending Quarter</u>
Mortgage Backed Securities (MBS)	82%	80%
Guaranteed Investment Contracts/Investment Agreements	5%	6%
Repurchase Agreements	7%	6%
Money Markets and Mutual Funds	6%	6%
Treasury Bills	0%	1%

The 2% decrease in MBS is due to principal payments received on the underlying mortgages. The 1% increase in Guaranteed Investment Contracts/Investment Agreements is the result of the deposit of mortgage payments that are invested temporarily until the payment of bond principal and interest. The addition of Treasury Bills resulted from the issuance of Multifamily bonds and the investment of proceeds.

Portfolio activity for the quarter:

- The maturities in MBS this quarter were \$34.9 million which represents loan repayments or payoffs. The table below shows the trend in MBS activity.

	3rd Qtr FY 15	4th Qtr FY 15	1st Qtr FY 16	2nd Qtr FY 16	3rd Qtr FY16	Total
Purchases	\$ -	\$ -	\$ 19,835,271	\$ 54,617,718	\$ -	\$ 74,452,989
Sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Maturities	\$ 27,472,359	\$ 30,958,949	\$ 27,975,967	\$ 22,499,704	\$ 34,948,821	\$ 143,855,800
Transfers			\$ 9,009,061	\$ -		\$ 9,009,061

- The process of valuing investments at fair market value identifies unrealized gains and losses. These gains or losses do not impact the overall portfolio because the Department typically holds these investments (MBS) until maturity.
- The fair market value (the amount at which a financial instrument could be exchanged in a current transaction between willing parties) decreased \$4 million (see pages 3 and 4), with fair market value being greater than the carrying value. The national average for a 30-year fixed rate mortgage, as reported by the Freddie Mac Primary Mortgage Market Survey as of May 31, 2016, was 3.64%, up from 3.62% at the end of February 2016. There are various factors that affect the fair market value of these investments, but there is a correlation between the prevailing mortgage interest rates and the change in market value.
- Given the current financial environment, this change in market value is to be expected. However, the change is cyclical and is reflective of the overall change in the bond market as a whole.
- The ability of the Department's investments to provide the appropriate cash flow to pay debt service and eventually retire the related bond debt is of more importance than the assessed relative value in the bond market as a whole.
- The more relevant measures of indenture parity are reported on page 5 in the Bond Trust Indenture Parity Comparison. This report shows parity (ratio of assets to liabilities) by indenture with assets greater than liabilities in a range from 100.93% to 171.05% which would indicate the Department has sufficient assets to meet its obligations.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
 BOND FINANCE DIVISION
 BOND TRUST INDENTURES
 Supplemental Management Report
 Quarter Ending May 31, 2016

	FAIR VALUE	CARRYING	CHANGE IN CARRYING VALUE				CARRYING	FAIR VALUE	CHANGE	ACCRUED	RECOGNIZED
	(MARKET)	VALUE	ACCRETION /	AMORTIZATION /	MATURITIES	TRANSFERS	VALUE	(MARKET)	IN FAIR VALUE	INT RECVBL	
	@ 2/29/16	@ 2/29/16	PURCHASES	SALES			@ 5/31/16	@ 5/31/16	(MARKET)	@ 5/31/16	GAIN
INDENTURE RELATED:											
Single Family	\$ 445,210,284.08	\$ 411,612,891.43	\$ 13,303,643.02	\$ (14,880,401.30)	\$ (14,566,197.67)		\$ 395,469,935.48	\$ 426,110,570.23	\$ (2,956,757.90)	\$ 1,943,340.37	
RMRB	254,778,984.54	235,181,668.83	5,023,669.42	(181,645.39)	(8,862,650.71)		231,161,042.15	250,590,452.43	(167,905.43)	769,230.61	
CHMRB	3,883,535.43	3,573,607.57	193,292.79		(174,670.63)		3,592,229.73	3,874,869.73	(27,287.86)	19,475.06	
Taxable Mortgage Program	7,224,976.41	6,948,345.75	693,039.90		(273,895.37)		7,367,490.28	7,617,132.95	(26,987.99)	14,076.32	
Multi Family	101,775,546.69	98,563,886.08	18,148,744.28	(6,661,754.94)	(11,071,406.83)		98,979,468.59	101,288,955.32	(902,173.88)	0.00	
	\$ 812,873,327.15	\$ 755,880,399.66	\$ 37,362,389.41	\$ (21,723,801.63)	\$ (34,948,821.21)	\$ -	\$ 736,570,166.23	\$ 789,481,980.66	\$ (4,081,113.06)	\$ 2,746,122.36	\$ -


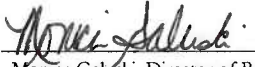
* With regards to the Multi Family Indenture, the Department is carrying \$98,979,469 of investments pledged as reserves by participating entities. The Department is carrying these investments with their corresponding liability purely for tracking the flow of funds.

(b) (8) The Department is in compliance with regards to investing its funds in a manner which will provide by priority the following objectives: (1) safety of principal, (2) sufficient liquidity to meet Department cash flow needs, (3) a market rate of return for the risk assumed, and (4) conformation to all applicable state statutes governing the investment of public funds including Section 2306 of the Department's enabling legislation and specifically, Section 2256 of the Texas Government Code, the Public Funds Investment Act.

Per Section 2256.007(d) of the Texas Government Code, the Public Funds Investment Act:

David Cervantes completed 5.0 hrs. of training on the Texas Public Funds Investment Act on February 12, 2016

Monica Galuski completed 5.0 hrs. of training on the Texas Public Funds Investment Act on February 20, 2015



	Date 7/15/16
David Cervantes, Chief Financial Officer	
	Date 7/13/16
Monica Galuski, Director of Bond Finance	

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
 BOND FINANCE DIVISION
 BOND TRUST INDENTURES
 Supplemental Management Report
 Quarter Ending May 31, 2016

INVESTMENT TYPE	FAIR VALUE (MARKET) @ 2/29/16	CARRYING VALUE @ 2/29/16	ACCRETION / PURCHASES	AMORTIZATION/ SALES	MATURITIES	CARRYING VALUE @ 5/31/16	FAIR VALUE (MARKET) @ 5/31/16	CHANGE IN FAIR VALUE (MARKET)	RECOGNIZED GAIN
INDENTURE RELATED:									
Mortgage-Backed Securities	\$ 678,793,397.07	\$ 621,800,469.58			\$ (34,948,821.21)	\$ 586,851,648.37	\$ 639,763,462.80	\$ (4,081,113.06)	
Guaranteed Inv Contracts	35,394,486.69	35,394,486.69	6,576,793.23	(1,821,564.79)		40,149,715.13	40,149,715.13	-	
Investment Agreements	1,239,025.31	1,239,025.31	1,695,423.57	(247,929.25)		2,686,519.63	2,686,519.63	-	
Treasury-Backed Mutual Funds	48,047,271.24	48,047,271.24	7,813,429.48	(6,413,825.69)		49,446,875.03	49,446,875.03	-	
Repurchase Agreements	49,399,146.84	49,399,146.84	11,193,640.40	(13,240,481.90)		47,352,305.34	47,352,305.34	-	
Treasury Bill			10,083,102.73			10,083,102.73	10,083,102.73	-	
	\$ 812,873,327.15	\$755,880,399.66	\$ 37,362,389.41	\$ (21,723,801.63)	\$ (34,948,821.21)	\$ 736,570,166.23	\$ 789,481,980.66	\$ (4,081,113.06)	\$ -

(b) (8) The Department is in compliance with regards to investing its funds in a manner which will provide by priority the following objectives: (1) safety of principal, (2) sufficient liquidity to meet Department cash flow needs, (3) a market rate of return for the risk assumed, and (4) conformation to all applicable state statutes governing the investment of public funds including Section 2306 of the Department's enabling legislation and specifically, Section 2256 of the Texas Government Code, the Public Funds Investment Act.

Per Section 2256.007(d) of the Texas Government Code, the Public Funds Investment Act:
 David Cervantes completed 5.0 hrs. of training on the Texas Public Funds Investment Act on February 12, 2016
 Monica Galuski completed 5.0 hrs. of training on the Texas Public Funds Investment Act on February 20, 2015

	Date <u>7/15/16</u>
David Cervantes, Chief Financial Officer	
	Date <u>7/13/16</u>
Monica Galuski, Director of Bond Finance	

Texas Department of Housing and Community Affairs
Bond Finance Division
Executive Summary
As of May 31, 2016

	Single Family Indenture Funds	Residential Mortgage Revenue Bond Indenture Funds	Collateralized Home Mortgage Revenue Bond Indenture Funds	Taxable Mortgage Program	Multi-Family Indenture Funds	Combined Totals
<i>PARITY COMPARISON:</i>						
PARITY ASSETS						
Cash	\$ 147,297	\$ 32,801			\$ 3,610,976	\$ 3,791,074
Investments ⁽¹⁾	\$ 82,963,210	\$ 26,733,070	\$ 405,354	\$ 3,027,025	\$ 96,667,052	\$ 209,795,711
Mortgage Backed Securities ⁽¹⁾	\$ 312,451,460	\$ 204,605,353	\$ 3,180,722	\$ 4,340,465	\$ -	\$ 524,578,001
Loans Receivable ⁽²⁾	\$ 457,739				\$ 954,492,968	\$ 954,950,707
Accrued Interest Receivable	\$ 1,940,644	\$ 769,231	\$ 19,476	\$ 9,141	\$ 9,420,635	\$ 12,159,127
TOTAL PARITY ASSETS	\$ 397,960,350	\$ 232,140,455	\$ 3,605,552	\$ 7,376,631	\$ 1,064,191,631	\$ 1,705,274,620
PARITY LIABILITIES						
Bonds Payable ⁽¹⁾	\$ 346,335,000	\$ 192,385,000	\$ 2,100,000		\$ 937,689,136	\$ 1,478,509,136
Accrued Interest Payable	\$ 2,948,223	\$ 2,940,332	\$ 7,940		\$ 9,447,230	\$ 15,343,725
Other Non-Current Liabilities ⁽³⁾					\$ 107,236,430	\$ 107,236,430
TOTAL PARITY LIABILITIES	\$ 349,283,223	\$ 195,325,332	\$ 2,107,940	\$ -	\$ 1,054,372,796	\$ 1,601,089,291
PARITY DIFFERENCE	\$ 48,677,127	\$ 36,815,123	\$ 1,497,612	N/A	\$ 9,818,836	\$ 104,185,329
PARITY	113.94%	118.85%	171.05%	N/A	100.93%	106.51%

(1) Investments, Mortgage Backed Securities and Bonds Payable reported at par value not fair value. This adjustment is consistent with indenture cashflows prepared for rating agencies.

(2) Loans Receivable include whole loans only. Special mortgage loans are excluded.

(3) Other Non-Current Liabilities include "Due to Developers" (for insurance, taxes and other operating expenses) and "Earning Due to Developers" (on investments).

2d

BOARD REPORT ITEM
ASSET MANAGEMENT DIVISION
JULY 28, 2016

Executive Report of Multifamily Program Amendments, Extensions, and Ownership Transfers

REPORT ITEM

This report contains information on Fiscal Year 2016 – 3rd Quarter (3/1/2016 to 5/31/2016).

- 16 LURA Amendments (5 Administratively Approved; 11 Board Approved)
- 15 Application Amendments (7 Administratively Approved; 8 Board Approved)
- 16 Extensions – 11 Cost Certification Extensions (All Administratively Approved) and 5 Placement in Service Extensions (All Board Approved)
- 33 Ownership Transfers (All Administratively Approved)

Fiscal Year 2016 – 4th Quarter information will be reported at the October 2016 meeting.

Land Use Restriction Agreement (LURA) Amendments

2016 Quarter 3

Administrative approval

Dev. No.	Date of Approval	Development Name	City	Owner Name/Contact	Type of Amendment
13129	3/29/2016	Rose Meadows	Levelland	Marie Koeneman	Correction of Building Identification Numbers on Addendum F.
13193	4/15/2016	Balcones Lofts	Balcones Heights	Ana Padilla	Correction to applicable fractions.
1001506, 11061	4/18/2016	Pioneer Crossing for Seniors Burkburnett	Burkburnett	Noor Jooma	Non-material application amendment to swap an amenity. "Renewable Materials..." (1 pt) replaced with "Thermally & draft efficient doors..." (2 pts).
13151	5/6/2016	Lafayette Plaza	Houston	William D. Henson	Correction to Minimum Applicable Fraction for 2 buildings in Addendum F.
01004	5/13/2016	Fulton Village Apartments	Houston	Cathy Freeman	Change HUB requirement to nonprofit requirement AND adjust low income unit numbers. Correction to LURA for amendments previously approved by Board.

Board approval

Dev. No.	Date of Approval	Development Name	City	Owner Name/Contact	Type of Amendment
851007, 01070	3/31/2016	Sagebrush Apartments	Brady	Leslie Holleman	Removal of HUB provision in the LURA.

Land Use Restriction Agreement (LURA) Amendments

2016 Quarter 3

Dev. No.	Date of Approval	Development Name	City	Owner Name/Contact	Type of Amendment
03158	3/31/2016	Red River Senior Village	Vernon	Leslie Holleman	Removal of HUB provision in the LURA.
03163, 853331	3/31/2016	Cedar View Apartments	Mineral Wells	Leslie Holleman	Removal of HUB provision in the LURA.
03161	3/31/2016	Dripping Springs Senior Village	Waco	Leslie Holleman	Removal of HUB provision in the LURA.
07015, 04052	3/31/2016	Chisholm Trail Senior Village	Belton	Leslie Holleman	Removal of HUB provision in the LURA.
01106, 851008	3/31/2016	Bunker Hill Senior Village	Stephenville	Leslie Holleman	Removal of HUB provision in the LURA.
98119	3/31/2016	Sea Breeze Village Apartments	Port Lavaca	Matt Borah	Removal of HUB requirement related to Transfer of Ownership.
96026	4/28/2016	Hollow Creek Apts	Conroe	Robin Reed	Removal of HUB Requirement due to Purchase/Sale & Correction of Extended Compliance Period.
97047	4/28/2016	La Herencia Apartments	Mercedes	Lauren Osterman - Shackleford Law	Amend ROFR from 2 year to 180-day requirement.

Land Use Restriction Agreement (LURA) Amendments

2016 Quarter 3

Dev. No.	Date of Approval	Development Name	City	Owner Name/Contact	Type of Amendment
99173	5/26/2016	Huffman Hollow Apartments	Huffman	Larry C. Washburn	Amend ROFR from 2 year to 180-day requirement.
98161	5/26/2016	Garden Gate II Apartments	New Caney	Larry C. Washburn	Amend ROFR from 2-year to 180-day requirement.

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Housing Tax Credit Application Amendments

2016 Quarter 3

Board Approved

Dev. No.	Date of Approval	Development Name	City	Owner Name/Contact	Type of Amendment
15134	3/31/2016	Artisan at Judson Park	San Antonio	Edgar Sandoval	Significant modification of site plan - to abate issues in the noise study.
13129	3/31/2016	Rose Meadows	Levelland	Marie Koeneman	Significant modificant of residential density - greater than 5%.
1002297, 15234	3/31/2016	Merritt Leisure	Midland	Colby Denison	Material alterations (multiple) - 1st request.
14284	3/31/2016	The Vineyards at Monterey	Lubbock	Toby Williams/Henry Flores	Significant modification of residential density due to reduction in acreage for a ROW dedicated to the City of Lubbock.
13167	3/31/2016	Freedoms Path at Kerrville	Kerrville	Scott Deaton	Significant modification of residential density - to amend acreage to allow for Phase II build.
1002302, 15063	4/28/2016	Palladium Van Alstyne Senior Living	Van Alstyne	Thomas E. Huth	Significant modification of site plan, significant increases in costs, and changes in financing structure.
1002303, 15086	4/28/2016	Reserves at Preston Trails	Wolfforth	Audrey Watson/Alyssa Carpenter	Significant modification of site plan, significant increases in costs, and changes in financing structure.

Housing Tax Credit Application Amendments

2016 Quarter 3

Board Approved

Dev. No.	Date of Approval	Development Name	City	Owner Name/Contact	Type of Amendment
1002297, 15234	5/31/2016	Merritt Leisure	Midland	Colby Denison	Material alterations (multiple) - 2nd request.

Administratively Approved

Dev. No.	Date of Approval	Development Name	City	Owner Name/Contact	Type of Amendment
15241	3/15/2016	Trails of Brady	Brady	Dru Childre	Non-material amendment to correct organizational chart at Application.
15264	3/16/2016	La Palmilla	Edinburg	Rick Morrow, Locke Lord	Non-material Application Amendment for a change in development site acreage.
00005	4/4/2016	LBJ Garden Villas	Mesquite	Renee Meader	Replace the basketball court with a new playground area, barbeque area and picnic tables.
14029	4/4/2016	Royal Gardens	Wichita Falls	Noor Jooma	Non-material modification of site plan - to revise site plan due to City and Fire Department requirement to relocate the ingress and egress.
1001506, 11061	4/4/2016	Pioneer Crossing for Seniors Burkburnett	Burkburnett	Noor Jooma	Non-material amendment to swap one of the Green Building amenities originally selected at application.
1002304, 15121	4/7/2016	The Glades of Gregory- Portland	Gregory	Valery Kedroff	Non-material modification to site plan and change in common amenities.

Housing Tax Credit Application Amendments

2016 Quarter 3

Administratively Approved

Dev. No.	Date of Approval	Development Name	City	Owner Name/Contact	Type of Amendment
15116	5/24/2016	The Carlyle	China	Miranda Ashire	Non-material amendment to Developer and site plan.

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Housing Tax Credit Extensions

2016 Quarter 3

ADMINISTRATIVELY APPROVED

Dev. No.	Date of Approval	Development Name	City	Type of Extension	Original Deadline	Approved Deadline
13404, 95006	3/11/2016	Silver Springs Apartments	Austin	Cost Certification	1/8/2015	2/22/2016
13259	3/15/2016	The Millennium - McKinney	Mckinney	Cost Certification	1/15/2016	4/15/2016
13042	3/15/2016	The Cottages at South Acres	Houston	Placement in Service	4/30/2016	6/30/2016
13234	3/29/2016	HighPoint Family Living	Dallas	2nd Placement in Service	3/31/2016	6/30/2016
13071	3/29/2016	Windy Ridge	Austin	2nd Placement in Service	3/31/2016	6/30/2016
13044	4/7/2016	Villas of Vanston Park	Mesquite	2nd Placement in Service	3/31/2016	6/30/2016
13089	4/15/2016	Pinewood Park	Lufkin	Cost Certification	1/15/2016	4/15/2016
13203	4/15/2016	Providence on Major	Beaumont	Cost Certification	1/15/2016	4/15/2016
13424	4/15/2016	Willow Bend Apartments	Orange	Cost Certification	1/15/2016	4/15/2016

Housing Tax Credit Extensions

2016 Quarter 3

ADMINISTRATIVELY APPROVED

Dev. No.	Date of Approval	Development Name	City	Type of Extension	Original Deadline	Approved Deadline
13608, 13608B	4/20/2016	The Landings at Marine Creek	Fort Worth	Cost Certification	1/15/2016	4/15/2016
13004, 1002025	4/20/2016	Stone Creek Apartments	Kilgore	Cost Certification	1/15/2016	7/15/2016
13089	4/25/2016	Pinewood Park	Lufkin	2nd Cost Certification	4/15/2016	5/13/2016
13429	5/16/2016	William Cannon Apartments	Austin	2nd Cost Certification	6/15/2016	7/15/2016
14601, 14601B	5/18/2016	Laredo Hill	Big Spring	2nd Cost Certification	4/15/2016	6/15/2016
13119, 1002050, 15341	5/26/2016	Emma Finke Villas	Beeville	Placement in Service	12/31/2015	12/31/2016
14600, 14600B	5/31/2016	Decker Place	Marshall	2nd Cost Certification	4/15/2016	6/15/2016

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Housing Tax Credit Program Ownership Transfers

2016 Quarter 3

ADMINISTRATIVELY APPROVED

Dev. No.	Date of Approval	Development Name	City	Person/Entity Departing	New Person/Entity	Type of Ownership Change
96026	3/7/2016	Hollow Creek Apts	Conroe	LN Realty, Inc.	EC, Inc.	Acknowledgement of Change of Investor Limited Partner
99003	3/7/2016	Fairmont Oaks Apartments	La Porte	LN Realty, Inc.	EC, Inc.	Acknowledgement of Change of Investor Limited Partner
99014T	3/7/2016	Quail Chase Apartments	Houston	LN Realty, Inc.	EC, Inc.	Acknowledgement of Change of Investor Limited Partner
15028	3/16/2016	Lometa Pointe	Lampasas	Not applicable.	Lampasas Senior Apartments, LLC	Acknowledgment of Affiliate Transfer
93121	3/17/2016	Park Village at Mission Bend I	Houston	Park Village Apartments, LLC	WTXH Properties, LLC	Purchase/Sale
93122	3/17/2016	Park Village at Mission Bend II	Houston	Park Village Apartments, LLC	WTXH Properties, LLC	Purchase/Sale
04606, 060056	3/21/2016	Langwick Senior Residences	Houston	Songhai Langwick LLC	APC Langwick Senior, LLC	General Partner Change
14029	3/21/2016	Royal Gardens	Wichita Falls	Murid GP V, LLC and Target Builders LLC	Murid GP IX, LLC	Acknowledgment of Affiliate Transfer
93195, 98769	4/4/2016	Village Creek Townhomes	Fort Worth	Briery FW, LLC	2800 Village Creek LLC	Purchase/Sale

Housing Tax Credit Program Ownership Transfers

2016 Quarter 3

ADMINISTRATIVELY APPROVED

Dev. No.	Date of Approval	Development Name	City	Person/Entity Departing	New Person/Entity	Type of Ownership Change
70040	4/7/2016	Vickery Square Apartments	Euless	Westdale Properties America I, Ltd.	SevenSeas Holdings III, LLC	Purchase/Sale
530677, 00004, 851003	4/11/2016	Heatherwilde Park Retirement Apartments	Pflugerville	Heatherwilde Park LP	Heatherwilde OTM Harmony LP	Purchase/Sale
70131	4/20/2016	Coppertree Village	Houston	2005 West Gulf Complex, LP	Coppertree Village Holdings, LLC and Coppertree Apartments LLC	Purchase/Sale
05168	4/25/2016	Lakeview Park	Denison	Denison Lakeview Park	Alden GP-Lakeview Park, LLC	General Partner Change
96074	4/25/2016	Windstar Apartments	Harlingen	Harlingen Community Development Corporation 1, LP	Windstar Apartments, LLC	Purchase/Sale
MF001	4/25/2016	Harbors Apartments	Dallas	Florida World Properties, LLC	Polaris TX5, LLP	Purchase/Sale
96156	4/25/2016	Centerville Pointe	Garland	Centerville Pointe Limited Partnership	CEAI Centerville, LLC	Purchase/Sale
MF002	4/25/2016	PLUM TREE APARTMENTS	Dallas	Florida World Properties, LLC	Polaris TX5, LLP	Purchase/Sale
98089	4/25/2016	Franklin Place Townhomes aka Belvidere Hunt	El Paso	Midland Corporate Tax Credit V LP	LRC Owned, LLC	Acknowledgement of Sale of LP Interest
98154	4/25/2016	Creekside Apartments	Boerne	SGI Ventures, Inc., Co-Manager of the GP	LRJ Consulting, L.L.C.	Replacement of HUB in GP

Housing Tax Credit Program Ownership Transfers

2016 Quarter 3

ADMINISTRATIVELY APPROVED

Dev. No.	Date of Approval	Development Name	City	Person/Entity Departing	New Person/Entity	Type of Ownership Change
92031	4/25/2016	1025 Sutton Drive	San Antonio	Minerva G. Ponce (deceased)	Ponce Property Management Trust	Acknowledgement of Affiliate Transfer
92001, 794310315	4/25/2016	North Oak Apartments	Irving	North Oak MJM, LLC	One Sutton Square, LLC	Purchase/Sale
96076	4/25/2016	Canal Place Apartments	San Benito	San Benito Housing, Ltd.	Texas Canal Place Apartments, LLC	Purchase/Sale
96026	4/28/2016	Hollow Creek Apts	Conroe	Hickerson Street Apartments, L.P.	Hollow Creek Harmony Housing LP	Purchase/Sale
15244	4/29/2016	The Brittmoore	Houston	N/A	Jeffersonian Contractors, Inc.	Acknowledgement of Affiliate Transfer
15321	4/29/2016	Providence Kuykendahl Court	Conroe	N/A	Jeffersonian Contractors, Inc.	Acknowledgement of Affiliate Transfer
00091	5/3/2016	Patriot Hills, Ltd.	El Paso	Northeast Community Development Organization (NCDO)	Center for Latino-Jewish Relations	Transfer of GP Interest
01004	5/4/2016	Fulton Village Apartments	Houston	Hudson FV LLC & Hudson SLP LLC	APV Partners Corporation	Acknowledgement of Change of Investor Limited Partner
92045	5/5/2016	Granbury Meadows Apartments	Granbury	National Tax Credit Fund 27 L.P.	Janis Ezell	Acknowledgement of LP interest acquisition
1002302, 15063	5/11/2016	Palladium Van Alstyne Senior Living	Van Alstyne	Mary Henderson Associates (sole proprietorship)	Mary Henderson Associates LLC	Acknowledgment of Affiliate HUB Transfer

Housing Tax Credit Program Ownership Transfers

2016 Quarter 3

ADMINISTRATIVELY APPROVED

Dev. No.	Date of Approval	Development Name	City	Person/Entity Departing	New Person/Entity	Type of Ownership Change
15116	5/24/2016	The Carlyle	China	Not applicable	China Carlyle SLP, LLC and ITEX Development, LLC	Addition of a Member and SLP
07001, 13090009711	5/25/2016	White Rock Hills Townhomes	Dallas	Townhomes at Fairway Crossing, L.L.C.	PCWhite Rock GP, LLC	Transfer of GP interest
05609, 05609B	5/25/2016	St. Augustine Estates	Dallas	St. Augustine Estate Apartments I, L.L.C.	PC Augustine GP, LLC	Transfer of GP interest
15237-1, 92164	5/26/2016	Troup Seniors Apartments	Troup	Rural Housing Developers, LLC	N/A	Acknowledgement of Affiliate Transfer

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2e

BOARD REPORT ITEM
POLICY AND PUBLIC AFFAIRS
JULY 28, 2016

Status Report on Compilation of Agency Legislative Appropriations Request for SFY 2018-19

BACKGROUND

At the Board meeting of July 14, 2016, the Board approved various items for inclusion in the Legislative Appropriations Request (“LAR”) for SFY 2018-19 for the Texas Department of Housing and Community Affairs (“TDHCA” or “the Department”). Among these were technical corrections to Appropriations Riders. Staff has identified an additional technical correction that must be requested in light of the required 4% General Revenue reduction that was not brought to the meeting of July 14, 2016. One of the funding streams proposed to be eliminated as a result of the reduction is General Revenue appropriated for Affordable Housing Research and Information Program. Staff suggests that a rider associated with that program be amended to indicate that the rider is contingent upon the appropriation of funds for the program.

ADDITIONAL TECHNICAL CORRECTION REQUEST FOR RIDER

The Department’s LAR for 2018-19 will include a request for the following technical correction to Rider 13 of TDHCA’s appropriations:

Affordable Housing Research and Information Program. Out of funds appropriated above in Strategy B.1.1, Housing Resource Center, contingent on appropriations for this purpose, the Department of Housing and Community Affairs shall conduct the Affordable Housing Research and Information Program with the assistance of the Texas Department Agriculture, to the extent allowed by state law, in order to avoid a duplication of effort. It is the intent of the Legislature that no funds shall be transferred between the Department of Housing and Community Affairs and the Texas Department of Agriculture for this purpose.

ACTION ITEMS

3a

ORAL
PRESENTATION

3b

BOARD REPORT ITEM

INTERNAL AUDIT

JULY 28, 2016

Report on Internal Audit Report #16-001 "Sources and Uses"



Texas Department of Housing and Community Affairs

www.tdhca.state.tx.us

Greg Abbott
Governor

Board Members

J. Paul Ozer, *Chair*
Juan S. Muñoz, PhD, *Vice Chair*
Leslie Bingham-Escareño
T. Tolbert Chisum
Tom H. Gann
J.B. Goodwin

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July, 28 2016

To: Chairman J. Paul Ozer and Board Members of the Texas Department of Housing and Community Affairs (TDHCA)

RE: Review of the Sources and Uses of Funds at TDHCA Internal Audit Report #16-001

Dear Chairman Ozer and Board Members,

This report presents the results of the Office of Internal Audit's (OIA) "Review of Sources and Uses of Funds." This audit was identified in the Fiscal Year 2015 Annual Audit Plan and included the objective to identify and evaluate TDHCA appropriations, other income, and expenditures.

This report is designed to explain financial mechanisms by which funds are received and expended to provide an array of services related to affordable housing and community affairs.

AUDIT SCOPE AND METHODOLOGY

The audit covered activities and processes in place during the period of September 1, 2015 through January 31, 2016, with emphasis on identification of legislative appropriations, funds outside the GAA, the housing trust fund, and indirect costs. Based upon our risk assessment and other factors such as the new OMB Grant Guidance, we selected the Indirect Cost Rate and amounts charged as Indirect Costs (IDC) for detailed testing. Due to the complexity of other Department sources and uses of funds, we conducted analytical procedures, rather than tests of transactions, related to those funds. One such analytical procedure was to reconcile the General Appropriations Act (GAA) to agency budget records and information in the agency's Legislative Appropriations Request (LAR). The audit was conducted in accordance with applicable audit standards including the *International Standards for the Professional Practice of Internal Auditing*.

AUDIT RESULTS

The activities and processes in place for identification and tracking of legislative appropriations, funds outside the GAA, the housing trust fund, and indirect costs were generally functioning as intended. Indirect cost rates were properly applied. We had two minor observations during the reconciliation process. The operating budget for compliance – contract monitoring omitted the Interagency



Contract/Texas Department of Agriculture column on the printed and published Fiscal Year 2015 Operating Budget. Also, we observed that individual division/section budgets did not notate that payroll related costs were not included thus revenue and expenditures do not balance.

BACKGROUND

The TDHCA mission is to administer its assigned programs efficiently, transparently, and lawfully; and to invest its resources strategically and develop high quality affordable housing which allows Texas communities to thrive. Because several major housing programs require the participation of private investors and private lenders, TDHCA also operates as a housing finance agency.

The following sections are included in this report:

- A. Overview of Sources and Uses of Funds
- B. Revenue Outside the General Appropriations Act
- C. Housing Trust Fund
- D. Indirect Cost and Related Allocations
- E. Expenditure Controls and Reconciliations
- F. Observations Related to Reconciliation

SECTION A: OVERVIEW OF SOURCES AND USES OF FUNDS

The uses of funds by TDHCA are legally authorized by the GAA, recorded as HB1 or SB1 for two-year biennia, with the current biennium ending in 2017. This authorizes TDHCA to expend the state funds appropriated to TDHCA by the legislature and to act as the state’s agency to expend the federal funds appropriated to TDHCA. For state funds, a specific amount is allotted per year; each year’s appropriations are limited to activities occurring within that year. Funds not used within the year lapse back to the State unless specifically allowed by statute to carry forward.

The principle elements of the LAR are presented to the TDHCA Governing Board for approval as they are discussed; the completed LAR is submitted to the Governor’s Office of Budget, Planning and Policy, and the Legislative Budget Board (LBB). Creation of the LAR occurs eighteen months prior to the beginning of each biennium. During the Legislative session, the Legislature evaluates the agency’s LAR and decides the amount of funding to be appropriated.

TDHCA earns some revenue through income from programs such as fees and repayment of bonds and loans that are utilized for Department operations and to reissue loans for low income housing. (See Section B) Also, revenue is drawn down from federal programs authorized in prior years. Much of this funding is not listed in the current year TDHCA bill pattern. Proceeds from periodic bond sales are maintained outside the State Treasury. There were no bond issues in Fiscal Years 2014 and 2015. In Fiscal Year 2016 TDHCA resumed issuing Single-Family and Multifamily Bonds. The term of the bonds is up to 30 years. Interest earned from bond bank balances and fees needed for operating uses are included in the GAA as appropriated receipts.

The appropriated funds from the GAA to TCHCA and methods of financing are listed below:

Appropriations by Goal:	FY 2014	FY 2015	FY 2016	FY 2017
Affordable Housing	\$39,549,655	\$39,636,259	\$46,062,523	\$46,167,123
Information and Assistance	\$1,519,829	\$1,472,836	\$1,770,988	\$1,735,561
Poor and Homeless Programs	\$175,780,345	\$175,778,051	\$178,181,233	\$178,179,297
Ensure Compliance	\$3,173,480	\$3,175,698	\$3,784,460	\$3,798,975
Manufactured Housing	\$4,909,147	\$5,090,870	\$5,344,176	\$5,548,617

Indirect Admin and Support Costs	\$7,870,073	\$7,913,433	\$8,032,888	\$8,106,274
Total Appropriations by Goal	\$232,802,529	\$233,067,147	\$243,176,268	\$243,535,847
Method of Financing:				
General Revenue Fund	\$13,216,783	\$13,195,627	\$13,209,997	\$13,270,489
Community Affairs Federal Fund	\$201,754,526	\$201,780,689	\$205,452,351	\$205,452,351
Federal American Recovery and Reinvestment Fund			\$5,000,000	\$5,000,000
Appropriated Receipts	\$17,544,107	\$17,803,718	\$19,226,807	\$19,525,894
Interagency Contracts	\$287,113	\$287,113	\$287,113	\$287,113
Total Method of Financing	\$232,802,529	\$233,067,147	\$243,176,268	\$243,535,847

An analysis of the GAA was completed by comparing amounts appropriated to amounts requested in the LAR and to budgeted amounts. TDHCA was appropriated all the funding that was requested for fiscal year 2015, of the 2014-2015 biennium, and in the 2016-2017 biennium. Also, in fiscal year 2015, of the 2014-2015 biennium, TDHCA received an additional \$5,000,000 in the Poor and Homeless Program; Poverty-Related Funds strategy and an additional \$585,000 in the Affordable Housing; Housing Trust Fund strategy.¹ There were two (2) observations pertaining to budgets as a result of this analysis, see Section “G” below.

For most state agencies, the appropriations bill states that 100% of the funds available to that agency are listed in the GAA. The bill pattern for TDHCA includes a note that “This bill pattern represents an estimated 27% of this agency’s estimated total available funds for the biennium.” That would mean that the amount available to TDHCA is \$1,823,154,248 for the 2016-2017 biennium.

The annual amount of expenditures by TDHCA does not amount to \$1.8 billion. It is closer to \$350 million as described in Section “B” below. The \$1.8 billion number was derived by the LBB as follows:

- 2016-2017 GAA is \$486,712,115, and
- Available funds outside the GAA for 2016-2017 were estimated to be \$1,336,442,133.
 - Actual Beginning Balance in FY 2014 \$1,134,775,133
 - Estimated Revenues FY 2014 \$75,664,000
 - Estimated Revenues FY 2015 \$66,494,000
 - FY 2014-2015 Estimated Total \$1,276,913,133

 - Estimated Beginning Balance in FY 2016 \$807,157,133
 - Estimated Revenues FY 2016 \$264,550,000
 - Estimated Revenues FY 2017 \$264,735,000
 - FY 2016-2017 Estimated Total \$1,336,442,133

As a note, referring to this amount as “available” as is done in the GAA, does not mean that it is an estimation of expected expenditures. Specifically, the analysis does not include an expected or desired ending balance, as would be done in cash needs forecasting, for example. For the purpose of the LAR calculations bond proceeds from prior years are included in Estimated Revenue and the Actual Beginning Balance includes current and non-current bond repayment amounts, which will be realized at varying times.

¹ The GAA includes a grossed up amount of \$585,000 in excess of the LAR because this money is sent to the Veterans Commission.

TAX CREDITS AND FEDERAL GRANTS:

Much of TDHCA's housing activities are financed by federal tax credit allocations. The tax credits are recorded in IRS tax form 8609, *Low-Income Housing Credit Allocation and Certification*, which is used as a kind of currency in the housing industry. The 2016 estimated federal government allocated tax credits for the Department are \$63,356,000, which can be claimed for 10 years, and the application deadline was March 1, 2016. See Sections "B" and "F" below.

Federal funds are appropriated by Congress to federal agencies, and federal funding agencies disperse the funds to states. Agencies of the state such as TDHCA distribute funds to subrecipients. Federal funds, with the exception of tax credits, are included in the biennium appropriations made by the Texas legislature to TDHCA.

Each Federal Grant has specific requirements for uses and use restrictions of funds as to what is an allowable or unallowable expense. The *State of Texas Consolidated Plan, One-Year Action Plan (OYAP)* states the intended use of funds, received by the State of Texas from HUD for the program year, excluding CDBG Disaster Recovery funding that is administered by the Texas General Land Office, and includes a budget for each program. Also, the OYAP explains the State's method for distributing funds and how resources will be allocated among funding categories.

SECTION B: REVENUE OUTSIDE THE GENERAL APPROPRIATIONS ACT

Funds outside the general appropriations act are held, outside the State Treasury, in the Texas Treasury Safekeeping Trust Company. As stated above, these are the agency assets outside the GAA Bill Pattern that make up the remaining percentage of estimated total available funds for the biennium. Analysis of LAR, GAA and Audited Financial Statements determined that estimated total available funds outside the GAA include current and non-current assets. The analysis also showed that in fiscal years 2013, 2014 and 2015, TDHCA expended an average of **\$344,584,280** per year. This includes the amount in the GAA and revenues generated outside the GAA.

The estimated total "available" \$1.336 billion is comprised of the following bolded numbers for the individual programs. Programs depositing revenues that are outside the General Appropriations Act are:

- **Single Family Bonds Program** – Funds consist of bond proceeds from the issuance of tax-exempt and taxable bonds, notes or other obligations to finance or refinance single-family residential housing. These bonds are not an obligation of the State of Texas and they are to be paid by their respective revenue streams. Any funds unexpended are strictly committed for the debt service payments of the bonds. The 2016-2017 biennium estimated available long-term funds is **\$1,112,087,099** and is made up of cash and current and non-current mortgage backed securities. Mortgage backed securities are not available to expend until the mortgage payment is received, and some mortgages are financed for thirty (30) years.
- **Multifamily Housing Bonds** – Funds consist of bond proceeds, notes or other obligations to finance or refinance multifamily housing developments. All debt issued is considered to be conduit debt, making the developer responsible for the debt service payments on the bonds. Funds in Multifamily Housing Bonds are restricted by bond covenants, and are strictly for use by the developer to complete multifamily projects. The 2016-2017 biennium estimated available revenue is **\$156,866,893** and is made up of cash. Interest
- **Compliance Fees** – Multifamily housing developers are assessed an annual fee based on the number of low income units available for rent. These fees are deposited into the compliance fee account. They are collected over the 30-year affordability period, and the purpose is to

offset expenses incurred by the Department related to the monitoring and administration of these properties. The 2016-2017 biennium estimated available funds is **\$21,508,184** and is made up of cash.

- **Housing Tax Credit Fees** - The fees collected include application fees, commitment fees and inspection fees. The authority for the collection of these fees is outlined in the Departments Qualified Allocation Plan (QAP). The Department generates approximately \$2 million in commitment fees. These fees are generated for the purpose of offsetting expenses incurred by the Department related to the monitoring and administration of the Housing Tax Credit Program. The Department makes transfers as necessary, in accordance with approved budget appropriations, to funds held at the state treasury to pay for its administrative expenses. The 2016-2017 biennium estimated available funds is **\$13,771,794** and is made up of cash.
- **Housing Trust Fund** - Funds consist of Housing Trust Fund (HTF) General Revenue transfers made in accordance with TDHCAs GAA Rider 9, and antecedent riders and transfers made to the fund from unencumbered fund balances, grants or other sources as determined by the Department. See section “C” below for further information on the HTF. The 2016-2017 biennium estimated available funds is **\$14,654,454** and is made up of cash.
- **Administration Fund** - Funds held in the Administration Fund are for the principal operating activities conducted by the Department generated from revenue from Single Family/Multifamily Administration fees for the purpose of general administration expenses associated with bond funds. The 2016-2017 biennium estimated available funds is **\$17,553,709** and is made up of cash.

SECTION C: HOUSING TRUST FUND

The HTF is a fund administered by the TDHCA through the housing finance division, and is placed with the Texas Treasury Safekeeping Trust Company. The funds are kept outside of the State Treasury, which is where appropriated funds are held. The HTF is used to provide loans and grants to entities and individuals to finance, acquire, rehabilitate, and develop affordable housing. The beginning balance for each biennium reflects funds encumbered through existing contracts or reserved for open notices of funding availability (NOFAs). Even though some appropriations are included in this fund the remainder of the funds are unencumbered fund balances and investment income. Also included are repayments received on loans made from the fund. The TDHCA administers the Texas Bootstrap Program and the Amy Young Barrier Removal Program through the HTF.

Use of the HTF is limited to providing assistance for individuals and families of low and very low income; technical assistance and capacity building to nonprofit organizations engaged in developing housing for individuals and families; and security for repayment of revenue bonds issued to finance housing for individuals and families. TDHCA uses the housing trust fund to provide loans, grants, or other comparable forms of assistance to local units of government, public housing authorities, nonprofit organizations, and income-eligible individuals, families, and households to finance, acquire, rehabilitate, and develop decent, safe, and sanitary housing.

The State Auditor’s Office annually conducts an audit of the housing trust fund to determine the amount of unencumbered fund balances that is greater than the amount required for the reserve fund. The SAO submits their report thereon to the TDHCA Governing Board. The SAO issued “unqualified” reports on the TDHCA financial statements in December of 2015.

SECTION D: INDIRECT COST AND RELATED ALLOCATIONS

An indirect cost rate proposal is presented to the U.S. Department of Health and Human Services (HHS) for each year in which TDHCA claims central service costs under Federal awards. Central Service Costs are defined by HHS as allowable costs of services provided by “state, local government, or Indian tribe on a centralized basis to its departments and agencies.” The Indirect Cost Rate Proposal, as prepared on the Simplified Method, was 44.41% for the Fiscal Year Ended August 31, 2014. But, the negotiated indirect cost rate of 44.40% was approved by HHS and the agreement was distributed to the appropriate awarding organizations of the Federal Government for their use. Also, the approved indirect cost rate of 44.40% is the provisional indirect cost rate to be allocated from the 1st day of September, 2014 to the 31st day of August, 2016.

The indirect cost rate is allocated to the “Base” of direct salaries and wages including vacation, holiday, sick pay and other paid absences but excluding all other fringe benefits. The provisional indirect cost collection for Fiscal Year 2015 was \$1,726,045, from the following Federal Grants:

- Emergency Solutions Grant Program
- Section 8 Grant Program
- HOME Investment Partnerships Grant Program
- DOE Weatherization Assistance Grant Program
- Low-Income Home Energy Assistance Grant Program
- Community Services Block Grant Program
- Neighborhood Stabilization Program Grant

Federal indirect cost amounts collected are based upon estimations of payroll; therefore, percentages for each program differ slightly from the approved 44.40%. Also, to avoid going over the limit, the Department calculates the estimated indirect costs using a 44% rate. Indirect cost drawdowns are limited by the budgeted amounts for administrative costs as stated in each of the federal grant awards, which the Financial Administration Division monitors. Criteria for distinguishing direct and indirect costs are defined in CFR 200, The New Grant Guidance.

The test of indirect costs consisted of determination that amounts appear reasonable; verifying that year-to-date total payroll agreed with payroll records; and that federal drawdowns were received for each of the grants listed above. Indirect costs appear to be reasonable with no errors noted. Also, the analysis of indirect cost drawdowns from Federal agencies showed that the reported amounts were received within the proper fiscal year.

Indirect cost for the manufactured housing division is not based upon the rate as with federal grants, but rather it is based upon contractual agreement for services. The indirect cost amount for the manufactured housing division is \$56,886 and the total indirect cost for TDHCA is \$1,782,931.

SECTION E: EXPENDITURE CONTROLS AND RECONCILIATIONS

Oversight by the Texas Comptroller of Public Accounts’ Appropriation Control Officer gives TDHCA an added control measure against the risk of errors and irregularities. Some of the functions and responsibilities of the Appropriation Control Officer assigned to TDHCA are as follows:

- To review, analyze and reconcile the Department’s legislative appropriation accounts and cash activity;
- To resolve TDHCA issues and make sound decisions or recommendations based on research and relevant facts; and

- To provide technical and financial accounting assistance with USAS profile setups, assist with financial inquiries, transaction entries and error solution.

Criteria for encumbrances per the Texas Comptroller of Public Accounts are stated as “Encumbrances are commitments for services or goods made by Aug. 31 of each year, but where the good or service has not yet been received. Encumbrances may also be established for actual contracts awarded. Anticipated contracts or contracts under negotiation are not legal commitments and are not reported as encumbrances. For example, funds dedicated for construction, but not yet specifically awarded as a contract, are not reported as an encumbrance. Encumbrances are used for budgetary purposes only and are not included in an agency’s Annual Financial Report.”

Accruals are included in the agency’s Annual Financial Report when revenues and expenses have been earned or consumed, respectively, and for which the related cash amounts have not yet been received or paid out. Accruals are needed to ensure that all revenues and expenses are recognized within the correct reporting period and to properly reflect the actual level of economic activity.

SECTION F: LOW INCOME HOUSING TAX CREDITS

LIHTC was created under the Tax Reform Act of 1986 that gives incentives for the utilization of private equity in the development of affordable housing aimed at low-income Americans. The program was added to Section 42 of the Internal Revenue Code in order to provide private owners with the incentive to create and maintain affordable housing. The tax credits are more attractive than tax deductions as the credits provide a dollar-for-dollar reduction in a taxpayer’s federal income tax, whereas a tax deduction only provides a reduction in taxable income. There are two types of tax credits: Competitive (9%) and Non-Competitive (4%).

LIHTC is currently the largest source of federal subsidy for adding new or rehabilitated rental housing units to the affordable housing stock in the United States and works through a subsidy mechanism. The Department has the responsibility for allocating tax credits to developers within the State of Texas and uses criteria enumerated in the Qualified Allocation Plan (QAP).

After TDHCA awards a tax credit, it issues an IRS Form 8609 to the developer/owner. The developer/owner later uses this credit to offset tax liability. Thus TDHCA facilitates the financing of low income housing, without actually handling funds for this purpose. TDHCA does receive fee income related to processing the tax credits and monitoring the compliance period. This monitoring entails ensuring that the property is actually being used for low income housing in accordance with applicable rules.

SECTION G: OBSERVATIONS RELATED TO RECONCILIATION

During the audit we observed two minor issues that were addressed with the audit was in progress.

1. Page forty-four of the Operating Budget for Fiscal Year 2015 (Compliance – Contract Monitoring) did not mathematically calculate because the Interagency Contract/Texas Department of Agriculture column was not visible on the printed copies of the budget. Also, the column was not visible on the budget accessible on the TDHCA website. The Operating Budget for Fiscal Year 2015 was corrected and the Fiscal Year 2016 Operating Budget was reviewed by Financial Administration to verify that the budget was proper.
2. Budgeted sources (revenue) and uses (expenses) should equal but, the sums of the individual section budgets do not total to the recap summary of the total agency Operating Budget for the fiscal year because the payroll related costs that have been allocated are not being reflected in

the individual section budgets. Financial Administration is adding footnotes about payroll related costs in the Fiscal Year 2017 Operating Budget.

We express our appreciation to management and finance personnel for their courtesy and cooperation during this review. Please contact me at 512-475-3813, or mark.scott@tdhca.state.tx.us if you have any questions or concerns.

Sincerely,



Mark E. Scott, CPA, CIA, CISA, CFE, MBA

Director, Internal Audit

cc: Tim Irvine, TDHCA Executive Director
Joe Garcia, Executive Director, Manufactured Housing Division
Tom Gouris, Deputy Executive Director for Asset Analysis and Management
Brooke Boston, Deputy Executive Director for Fair Housing, Data Management and Reporting
David Cervantes, Chief Financial Officer
Patricia Murphy, Chief of Compliance
Michael Lyttle, Chief of External Affairs

GAA Goal and Strategy:

Goal and Strategy	Source of Appropriated Revenue	Use of Funds
<p>Affordable Housing Goal A is to increase availability of safe decent and affordable housing. The objective is to make loans, grants, and incentives to fund, develop, and preserve housing.</p>		
<p>Mortgage Revenue Bond Program for Single Families Strategy</p>	<p>appropriated receipts</p>	<p>Mortgage Revenue Bonds (MRBs) are issued to finance housing for families of very and moderate income. The First Time Homebuyer (FTH) and My First Texas Home (MFTH) programs offer competitive mortgage financing as assisted or unassisted loans. Assisted loans provide down payment and closing cost assistance and often require a higher interest rate on the first lien. The Mortgage Credit Certificates (MCC) Program provides credits against the federal income tax burden, making homeownership more affordable. MCCs may be combined with MFTH loans but not with FTH loans.</p>
<p>HOME Program Strategy</p>	<p>federal grants</p>	<p>The HOME Investment Partnerships Program provides assistance in the form of loans and grants for activities administered by units of local government, public housing authorities, non-profit organizations, and for-profit entities. The uses include:</p> <ul style="list-style-type: none"> • home repair or reconstruction; • homebuyer assistance; • contract-for-deed conversions (combined with home repair); • rental assistance; • new construction or rehabilitation or rental development; and • single family development for low, very low, and extremely low income households. <p>TDHCA reserves \$2M each year for contract-for-deed conversion for families that reside in a colonia.</p>
<p>Housing Trust Fund (HTF) Strategy</p>	<p>general revenue and interagency contracts</p>	<p>Because of HTF’s flexibility and unique program delivery it is able to assist low income Texans that are difficult to serve through federal programs, such as rural and colonia residents, farm workers, and persons with disabilities.</p>
<p>Section 8 Rental Assistance Strategy</p>	<p>federal grants</p>	<p>The Section 8 Housing Choice Voucher Program (HCVP) assists extremely low and very low income households with housing by paying rent subsidies to landlords of private-sector rental housing. The program serves small rural communities that usually do not have a public housing</p>

		<p>authority to administer vouchers, as well as persons transitioning out of institution settings.</p> <p>The Project Access program assists low-income persons with disabilities in transitioning from nursing facility, state hospital, intermediate care facility, or board and care facilities into the community.</p>
Federal Tax Credits Strategy	appropriated receipts	The program provides financial incentives, in the form of equity, to developers of multifamily housing for extremely low income and very low income households, senior citizens, persons with disabilities, and homeless persons. The program's purpose is to encourage the development and preservation of affordable rental housing and prevent the loss of affordable housing through rehabilitation of existing properties.
Mortgage Revenue Bond Program for Multifamily Strategy	appropriated receipts	TDHCA issues taxable and non-taxable mortgage revenue bonds (MRB) to developers, the majority of which are associated with the State's Private Activity Bonds (PAB) authority. Bond proceeds are used to finance the construction, acquisition, or rehabilitation of rental properties affordable to very low, low, and moderate income households. Staff supported under this strategy, also administer allocation of the non-competitive (4%) housing tax credits.
Information and Assistance Goal B and objective are to provide information and assistance for housing and community services and also, assist colonias, border communities and nonprofits.		
Housing Resource Center (HRC) Strategy	general revenue, federal grants, appropriated receipts and interagency contract	The HRC provides information and technical assistance on housing needs, programs, available funding, and department performance to individuals, local governments, community organizations, and nonprofit developers. This includes maintenance of TDHCA's interactive consumer assistance website, research and referral services provided to the public, assists in the development of housing policy, and also prepares required federal and state publications. The Texas Homeownership Division and HRC jointly administer the National Foreclosure Mitigation Counseling program.
Colonia Service Centers Strategy	appropriated receipts and interagency contracts	To address the lack of affordable housing options in colonias, the Office of Colonia Initiatives (OCI) administers efforts to enhance living conditions in colonias along the Texas-Mexico border with offices in El Paso, Laredo, and Pharr. OCI also administers the Colonia Self-Help Center (CSHC) program which serves targeted colonias in Cameron/Willacy, El Paso, Hidalgo, Starr, Webb, Maverick and Val Verde counties by providing an array of housing and community development services.
Poor and Homeless Programs Goal C is to improve poor and homeless living conditions and reduce VLI energy costs. The objective is to ease hardships for 16% of homeless and very low income persons each year, as well as reduce the cost of home energy for 6% of very low income households.		

Poverty-Related Funds Strategy	general revenue and federal grants	Uses include poverty and homelessness assistance primarily provided through the Federal Community Services Block Grant (CSBG); Emergency Solutions Grants (ESG) and state Homeless Housing; and Services (HSSP) programs.
Energy Assistance Programs Strategy	federal grants	Assist very low income households meet their energy needs. The Low Income Home Energy Assistance Program (LIHEAP), funded through the U.S. Department of Health and Human Services, funds the Comprehensive Energy Assistance Program and provides contracts to organizations in order to provide energy payment and other energy assistance to eligible households. The Weatherization Assistance Program funded through LIHEAP and through U.S. Department of Energy grants, provides contracts to organizations that provide weatherization services to increase the energy efficiency of dwelling occupied by very low income persons and reduce total energy expenditures.
Ensure Compliance Goal D is to ensure compliance with program mandates and the objective is to monitor developments and subrecipient contracts for compliance.		
Monitor Housing Requirements Strategy	appropriated receipts	To monitor compliance of TDHCA housing programs with state and federal regulatory mandates, the Department monitors multifamily and single family rental properties for compliance with program requirements, including rent and income limits through onsite monitoring visits and desk reviews.
Monitor Contract Requirements Strategy	federal grants	To monitor subrecipient contracts that receive state and federal pass-through grants, for compliance with federal and state regulatory mandates for program and financial requirements. The Department uses onsite monitoring visits and desk reviews of subrecipient financial records, single audits, household eligibility files, physical inspections of units, and review of other program records. Also, prior to making an award, the Department assesses an applicant's compliance history.
Manufactured Housing Goal E is to regulate manufactured housing industry and the objective is to operate a regulatory system to ensure responsive statements of ownership and location, licensing and other.		
Titling and Licensing Strategy	appropriated receipts	Maintain current records regarding manufactured homes Statements of Ownership and Location, and licensees.
Inspections Strategy	federal grants and appropriated receipts	Inspect manufactured home installations, focusing on multi-section homes and homes installed in Wind Zone II (areas prone to hurricanes). MHD also conducts inspections in connection with consumer complaints and investigations. Under a contractual agreement with TDHCA, MHD performs inspection of migrant labor housing facilities, which TDHCA licenses. To promote efficiency, MHD inspectors are available to assist TDHCA with other

		inspection needs and to assist on a statewide basis in disaster recovery matters.
Enforcement Strategy	federal grants and appropriated receipts	Provide effective consumer remedies and promote compliance and industry-based solutions by receiving, investigating, handling consumer complaints, and taking administrative action as appropriate.
Texas.Gov Strategy	general revenue	Offer license renewal via Texas Online.
Indirect Administration and Support Costs Goal F and objective is proper recording of indirect and support costs.		
Central Administration Strategy	general revenue and appropriated receipts	Services are provided to the entire Department and include the following areas and divisions: Executive Office; Board, Legal Services; Internal Audit; a portion of External Affairs; Human Resources; and Financial Administration. Also reflected in this strategy are services provided to MHD.
Information Resource Technologies Strategy	general revenue and appropriated receipts	Provide software development, network, and technical support services to the Department and subrecipients who access agency systems.
Operating and Support Strategy	general revenue and appropriated receipts	Comprised of purchasing and Facilities/Support sections.

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ORAL
PRESENTATION

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BOARD ACTION ITEM
REAL ESTATE ANALYSIS DIVISION
JULY 28, 2016

Presentation, Discussion, and Possible Action on Timely Filed Underwriting Appeal under the Department's Multifamily Program Rules regarding Silverleaf at Mason (#16057) in Mason

RECOMMENDED ACTION

WHEREAS, an application for competitive 9% housing tax credits was timely filed for Silverleaf at Mason (#16057) and a complete market study was provided at the time of application;

WHEREAS, the application received the highest score in its sub-region and the Department completed the Underwriting Report for the Silverleaf at Mason (#16057) which was published on July 6, 2016;

WHEREAS, the transaction was underwritten based on the original Application and the additional deficiency documentation filed with the original Application, as requested by staff during the application program review and underwriting process and prior to publication of the Underwriting Report;

WHEREAS, staff revised the market area provided in the market study and determined a Gross Capture Rate of 12.5%, which exceeded the maximum allowable rate of 10%, and therefore deemed the Application infeasible pursuant to 10 TAC §10.302(i)(1)(A);

WHEREAS, the infeasibility conclusion caused the Underwriter to recommend denial of the Applicant's request for an allocation of tax credit;

WHEREAS, the Applicant timely filed an appeal of the Underwriting Report stating that the Underwriter has not followed the rules pursuant to 10 TAC §10.303(d)(9) which states that the Primary Market Area ("PMA") is to be determined by the Market Analyst;

WHEREAS, while the cited section of the rule provides population thresholds and boundary methodology to the Market Analyst on defining a PMA, the section does not establish that the Market Analyst's PMA is conclusive and specifically identifies in various places the Underwriter's ability to review, adjust, request additional information and in 10 TAC §10.303(g) indicates "all Applicants shall acknowledge, by virtue of filing an Application, that the Department shall not be bound by any such opinion or Market Analysis, and may substitute its own analysis and underwriting conclusions for those submitted by the Market Analyst;" and

WHEREAS, the Executive Director denied the appeal to the Executive Director and the Applicant requested that any such denial be automatically presented to the Board with no new information;

NOW, therefore, it is hereby

RESOLVED, that the underwriting appeal for #16057 Silverleaf at Mason is denied.

BACKGROUND

The Silverleaf at Mason application was not recommended for approval because the Underwriter's Gross Capture rate of 12.5% exceeded the 10% maximum rate pursuant to 10 TAC §10.302(i)(1)(A). The Gross Capture Rate is the ratio of how much demand exists in a market area for the proposed property's units taking into account its units and all other comparable supply in the market area. The rules provide for a primary market area ("PMA"), which is the area most likely from which demand will be generated. There is also a provision in the rule for a secondary market area ("SMA"), which is an area including the PMA but larger. A SMA may be used if it is proven that some level of demand will be generated from area outside the PMA. Demand allowed from a SMA is more limited than the PMA.

The rule requires the Market Analyst to define a PMA based on certain criteria established by the Department. The criteria stipulates a maximum population that can be used to define a PMA as well as states that the PMA must be defined based on census tract boundaries. The rule also requires that the Market Analyst provide a detailed description as to why the subject Development is expected to draw a majority of its prospective tenants from the defined PMA. This requirement assists the Underwriter in determining if the PMA is reasonable.

The Underwriter reviews the appropriateness of the Market Analyst's PMA based on a number of factors including the overall size of the PMA from both a geographic and population standpoint, distances to employment centers, proximity to services and amenities, traffic patterns and other factors that would be consistent with a logical area from which to draw demand for the specific population type (in this case seniors). This review is, in part, based on the detailed description to be provided by the Market Analyst of why the subject property is expected to draw a majority of its prospective tenants from the defined PMA (or in some instances a secondary market area or SMA). Market analysis may be flawed in how the relevant market area is presented: Sometimes a PMA may be presented that is too large (even though it may stay within the population limitations) and drawn specifically to meet capture rate requirements. Sometimes they may be presented in a manner to particularly exclude other supply. Sometimes the PMAs may not represent a logical market area from which demand will be generated.

In this specific case, the Underwriter reviewed the appropriateness of the Market Analyst's report and concluded the following:

1. That the size of the Market Analyst's PMA was geographically too large. The PMA encompassed a three county area covering 2,908 square miles. The distance from the furthest point of the PMA to the subject's location was 56 miles but generally averaged 30-40 miles.
2. The populations of the three counties are as follows: Mason at 4,135, McCulloch at 8,256, and Menard at 2,199. In 2018, there is estimated to be 353 income eligible senior households in Mason County, 310 in Menard County, and 684 in McCulloch County. Without the inclusion of the populations in these surrounding counties, the demand used in the capture rate calculation would not be sufficient to achieve an acceptable capture rate for the subject's units. It should be noted that the eligible senior households in the tri-county PMA are estimated to increase by only 17 households by 2021.
3. Brady is the largest city in the PMA (5,500 population) and is located 27 miles from Mason in neighboring McCulloch County. It contains significantly more employment, services and amenities applicable for seniors including medical facilities and is located at the intersection of five major State or Federal Highways two of which travel through Mason along with one other State highway.
4. The Market Analyst did not provide information supporting why a majority of the prospective tenants would move from distant areas of the PMA to live in the subject units in Mason. While the report contains some general information about the three counties identified by the Market Analyst as the PMA, much of it referenced the city of Brady, the "Hill Country" in general, and populated areas outside of the PMA, including Fredericksburg. The report did not address why a senior household would choose Mason over any of these larger cities with more amenities, specifically medical facilities (the Mason medical clinic is staffed with one doctor and nurse practitioner and Mason just recently added a full-time, paid EMS unit). The report did not provide evidence of any significant job growth in the PMA. Other than demographic data in support of capture rate calculations, there was limited discussion about other significantly important factors of demand.
5. Trails at Brady (#15241) is a 2015 awarded family development located in Brady. While this property is not set aside for seniors, senior households are accepted there. While not included in the supply calculation, it would be assumed that some of the households that are income eligible in McCulloch County and northern Mason County for the Subject PMA, would move to this affordable property given its location in Brady (amenities, jobs, etc) and the fact the units will be delivered before the Subject's units.

After reviewing the PMA presented by the Market Analyst, the Underwriter determined that it was not appropriate for use in the capture rate analysis and determined that a smaller PMA should be used. The Underwriter's 948 square mile PMA is based on the Mason County boundaries due to proximity to Mason (averaging 15 miles). The northern portion of the Underwriter's PMA is closer to Brady than Mason which could support the use of an even smaller PMA than that used by the

Underwriter. However despite the lack of comparative services and amenities in Mason, these areas are equidistant between Brady and Mason and there is some reasonable expectation that some demand will come from these areas. The Underwriter's smaller PMA contains less population which caused the Gross Capture Rate to exceed the 10% limit.

Novogradac performed the original Market Study dated March 28, 2016. After discussions with the Applicant about the market concerns and prior to publication of the underwriting report, the Underwriter requested the Applicant to provide any information that they believed would support the PMA used by their Market Analyst. On June 29, 2016, the Market Analyst provided a revised PMA. The revision to the PMA itself was not specifically requested by the Underwriter as part of an administrative deficiency; however, staff did evaluate and consider this information. The new information focused on using a smaller PMA by using Mason County but retained an area north of Brady in McCulloch County (although excluding Brady). While the demographics of this revised PMA would appear facially to meet the population requirements, an explanation as to why a senior household living north of Brady would bypass Brady to live 30 miles south in Mason was not provided. Again when the Underwriter excludes this area north of Brady and uses only Mason County as the PMA, the gross capture rate exceeds the 10% maximum and therefore fails that feasibility test established in the rule.

With the Executive Director appeal documentation dated July 13, 2016, the Applicant provided yet more unsolicited market information from Novogradac dated July 12, 2016. This information introduced the addition of an SMA encompassing the three counties making up the original PMA. Additionally, the Applicant provided correspondence from Raymond James (equity provider), BOK Financial (lender), and National Equity Fund (equity provider) all in support of the development.

Based on cursory review of the appeal response information provided, the Market Analyst concluded a Gross Capture Rate of 9.3 percent using demand data from the SMA (inclusive of the PMA). Even if the appeal response information were to be accepted outside of the administrative deficiency process it is insufficient to replace or supersede the original Market Study because key components such as individual unit capture rates are not addressed. The Market Analyst did provide information relating to commuting patterns, drive times to employment, employment centers, competitive housing analysis and performed additional interviews with property managers. While some of the information is compelling, most of the properties surveyed for demand information, specifically asking where their demand comes from, are located in larger cities with significantly more amenities (San Angelo, Kingsland, and Fredericksburg).

The Applicant has claimed that the Underwriter has not followed the rules and identified 10 TAC §10.303(d)(9) which states that "the PMA will be defined by the Market Analyst." This section of the rule, however, guides the Market Analyst on the requirements and methodology for how a PMA is to be defined in terms of maximum population size and that provides that the boundaries of the PMA will be defined by census tracts. The rule does not establish that the Market Analyst's PMA is

conclusive and is to be used by the Underwriter without adjustment. In fact the rule says just the opposite. 10 TAC §10.303(g) specifically states that "...the Department shall not be bound by any such opinion or Market Analysis, and may substitute its own analysis and underwriting conclusions for those submitted by the Market Analyst." Neither the Applicant nor the Market Analyst have identified an error in the report but only alternative assumptions than those used by the Underwriter and which formed the basis for the conclusions in the Underwriting Report.

Because the additional and revised market information was received after publication of the underwriting report, the Underwriter is unable to use this information in responding to the appeal. The recommendations found in the Underwriting Report were based the Application and the additional documentation filed with the original Application and as requested by staff during the underwriting process and prior to publication of the report. The Department is unable to consider new documentation related to the Application that is provided after publication of the report [10 TAC, Chapter 10, Subchapter G, §10.902(c)].

Staff recommends denial of the appeal.



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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July 19, 2016

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RE: APPEAL RESPONSE TO HOUSING TAX CREDIT APPLICATION #16057 - SILVERLEAF AT MASON,
MASON, TEXAS

Dear Ms. Meyer and Mr. Sugrue:

I have reviewed your appeal letter dated July 13, 2016, regarding the underwriting report published July 6, 2016, for the above application. The Silverleaf at Mason application was not recommended for approval because the Underwriter's Gross Capture rate of 12.5% exceeds the 10% maximum rate pursuant to 10 TAC §10.302(i)(1)(A). The capture rate was based on a Primary Market Area ("PMA") as determined by the Underwriter.

With the appeal documentation, you provided market information from Novogradac (the Market Analyst) dated July 12, 2016. Novogradac performed the original Market Study for the application dated March 28, 2016, as well as provided additional market analysis prior to publication of the underwriting report dated June 29, 2016. Additionally, you provided correspondence from Raymond James (equity provider), BOK Financial (lender), and National Equity Fund (equity provider).

You have asserted that the Underwriter has not followed the rules and identified 10 TAC §10.303(d)(9) which states that "the PMA will be defined by the Market Analyst." This section of the rule, however, guides the Market Analyst on the requirements and methodology for how a PMA is to be defined in terms of maximum population size and that provides that the boundaries of the PMA will be defined by census tracts. This section does not establish that the Market Analyst's PMA is conclusive and is to be used by the Underwriter. In fact, 10 TAC §10.303(g) specifically states that "...the Department shall not be bound by any such opinion or Market Analysis, and may substitute its own analysis and underwriting conclusions for those submitted by the Market Analyst."



The rule also requires that the Market Analyst provides a detailed description of why the subject Development is expected to draw a majority of its prospective tenants from the defined PMA [§10.303(d)(9)(B)(i)]. While the report contains some general information about the three counties identified by the Market Analyst as the PMA, much of it referenced the "Hill Country" in general and the larger cities in McCulloch and Menard counties as well as areas outside of the PMA, including Fredericksburg. The report did not address why a senior household would choose Mason over a larger city with more amenities, specifically medical amenities (the Mason medical clinic is staffed with one doctor). Employment data was provided on McCulloch County, Menard County, the Concho Valley COG (13 counties) and Fredericksburg, which is outside the PMA. It is also noted that the Mason County Chamber of Commerce reported "no significant employment expansions planned or occurring in Mason County."

The Market Analyst provided a revised PMA and supporting information on June 29, 2016, prior to publication of the Underwriting report. This information focused on using a smaller PMA by using Mason County but still contained an area north of Brady in McCulloch County (although excluding Brady). While the demographics of this revised PMA would appear facially to meet the population requirements, an explanation as to why a senior household living north of Brady would bypass Brady to live 30 miles south in Mason was not provided. Again when the Underwriter excludes this area and uses only Mason County as the PMA, the gross capture rate fails.

After publication of the underwriting report and after you submitted your appeal, the Market Analyst again provided revised information. This information was not requested by the Underwriter in response to an administrative deficiency. The recommendations found in the Underwriting Report were based on your Application and the additional documentation filed with the original Application and as requested by staff during the underwriting process and prior to publication of the report. The Department is unable to consider new documentation related to the Application that is provided after publication of the report [10 TAC, Chapter 10, Subchapter G, §10.902(c)].

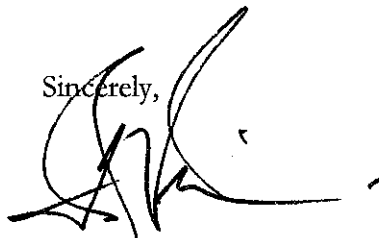
Appeal Determination

For the reasons set forth above, I believe that the Real Estate Analysis staff handled this matter correctly and accordingly I am denying the appeal.

Pursuant to 10 TAC, Chapter 10, Subchapter G, §10.902(d) and (e), you have requested that your appeal, if denied by me, be filed with the Board and heard at its next regularly scheduled meeting. Thus if you wish for this appeal to be considered by the Board at the July 28, 2016, Board meeting you need to submit any additional information for your appeal to the Board before the seventh calendar day preceding the date of the board meeting, which is July 20, 2016.

If you have questions or comments, please call me or Brent Stewart, Director of our Real Estate Analysis Division at (512) 475-2973.

Sincerely,



Timothy K. Irvine
Executive Director



REAL ESTATE ANALYSIS
Appeal Election Form

Date Sent To TDHCA: 7/13/2016

16057 SilverLeaf at Mason

I am in receipt of my 2016 Underwriting Report Notice and have reviewed the Appeal Policy at 10TAC Chapter 10. I recognize that should I choose to file an appeal, I must file a formal appeal to the Executive Director within seven days from the date this Notice was issued and the Underwriting report was posted to the Department's website. I understand that my appeal documentation must identify my specific grounds for appeal.

- No appeal to the recommendations of the Department's underwriting report as published on the Department's website.
- Appeal to the Executive Director.

If my appeal is denied by the Executive Director:

- Appeal to the Board of Directors and request that the appeal is added to the next available Board of Directors' meeting agenda. I understand that my Board appeal documentation must still be submitted by 5:00 p.m., seven days prior to the next board meeting or three days prior if the Executive Director has not responded to my appeal in order to be included in the board book. I understand that if no documentation is submitted, the appeal documentation submitted to the Executive Director will be utilized.
- Wait to hear the Executive Director's response before deciding whether to appeal to the Board of Directors or not.

Signed: 

Title: APPLICANT / DEVELOPER

Date: 7/13/2016

Please email to:
Tom Cavanagh
tom.cavanagh@tdhca.state.tx.us



Arx Advantage, LLC

Robbye G. Meyer
8801 Francia Trail
Austin, Texas 78748
(512) 963-2555
robbyemeyer@gmail.com

July 13, 2016

Texas Department of Housing and Community Affairs
Attention: Brent Stewart
221 East 11th Street
Austin, Texas 78701

RE: Appeal Response for Application 16057 SilverLeaf at Mason

Dear Mr. Stewart,

We represent SilverLeaf at Mason, LLC (the "Applicant"), which has applied for housing tax credits in the 2016 Housing Tax Credit Application Cycle for the SilverLeaf at Mason in Mason, Texas. This letter is in response to the underwriting report published July 6, 2016.

In this appeal we have included supporting information from Novogradac & Company, LLC ("Novogradac") the market analyst for the SilverLeaf at Mason application (Exhibit A). Also included are supporting letters of commitment from Raymond James, the syndicator submitted in the application (Exhibit B) and the Bank of Oklahoma, the lender (Exhibit C). Additionally, we have included a letter from National Equity Fund, another syndicator that has thoroughly reviewed the SilverLeaf at Mason transaction and is interested in pursuing the financing with the development team (Exhibit D).

The Texas Department of Housing and Community Affairs (the "TDHCA") staff asks why Mason? It is a suitable, quiet retirement community located almost dead center in the state of Texas, nestled just northwest of Fredricksburg, west of Llano, east of Junction and south of Brady in the center of Mason County. There are numerous civic organizations for adults. The art galleries are filled with a wide variety of local art. Wine tasting at local wineries draws weekend tourists. Outdoor recreational activities for hiking, biking, camping, fishing or picnicking along the San Saba River are available. Country western dancing, bird watching, and wildflower gazing are just a few of the extra interests around town. Schools are strong in both academics and athletics for those with families. Mason loves their football and their many awards. Friday nights are filled with stadium lights and team yells. We ask why NOT Mason?

Mason is an underserved area when it comes to affordable housing. The market information shows there are 743 persons that commute into the primary market area, of which 196 are of age 55 and would be age-eligible for the SilverLeaf at Mason development.

This indicates the potential draw to Mason. It is true that there is no “hospital” located in Mason; however, there is a medical clinic and many other common essential amenities. Mason has an active senior center that complements the small town community feel and allows its senior citizens the opportunity to keep in touch through the various activities. Mason has all the “important” amenities that TDHCA has been striving to locate housing near for the last several years. It has a grocery store, pharmacy, daycare, excellent schools, medical facilities, senior center, parks, library, shopping, and restaurants. Mason possesses all the qualities that TDHCA has targeted, yet staff has concerns that this is not a viable area?

The housing tax credit program operates on a set of rules. The participants compete in accordance with these rules. The Applicant is required to choose an approved analyst from an approved list, assuming the analysts have been vetted by TDHCA. This Applicant followed the prescribed rules and chose Novogradac from the approved list. Novogradac likewise prepared the market study in accordance with the Market Analysis Rules and Guidelines. Section 10.303(d)(9) of the Market Analysis Rules states:

Primary Market Area. All of the Market Analyst's conclusions specific to the subject Development must be based on only one PMA definition. The Market Analyst must adhere to the methodology described in this paragraph when determining the market area. (§2306.67055)

(A) The PMA will be defined by the Market Analyst as:

- (i) size based on a base year population of no more than 100,000 people;
- (ii) boundaries based on U.S. census tracts; and
- (iii) the population of the PMA may exceed 100,000 if the amount over the limit is contained within a single census tract.

(B) The Market Analyst's definition of the PMA must include:

- (i) a detailed description of why the subject Development is expected to draw a majority of its prospective tenants or homebuyers from the defined PMA;
- (ii) a complete demographic report for the defined PMA; and
- (iii) a scaled distance map indicating the PMA boundaries showing relevant U.S. census tracts with complete 11-digit identification numbers in numerical order with labels as well as the location of the subject Development and all comparable Developments. The map must indicate the total square miles of PMA.

Gross Demand as defined in the Multifamily Rules Subchapter A, §10.3(a)(59) The sum of Potential Demand from the Primary Market Area (“PMA”), demand from other sources, and Potential Demand from a Secondary Market Area (“SMA”) to the extent that SMA demand does not exceed 25 percent of Gross Demand.

As shown above the rules state “the PMA will be defined by the Market Analyst.” Novogradac determined the PMA along census tract boundaries in accordance with the rules. Any limitation on size of the PMA in the rules is based on population not on geographic boundaries. In fact, the requirement of geographic boundaries along census tracts alone creates large areas, especially in rural areas. The underwriter even states this fact in the summary of the underwriting report. The PMA was submitted at the time of pre-application.

Nothing was communicated to the Applicant at that time about the size of the PMA. If the Applicant had been informed that the PMA was a problem, the Applicant could have decided not to move forward.

Nevertheless, the market analyst, answered the concerns of the TDHCA staff and recalculated the PMA using a smaller geographic boundary and still, within the accordance of the rules, reached a market tolerance of demand and capture rate within TDHCA ratios even though these geographic boundaries do not correspond to generally accepted principles and practices of national market analysis firms.

The underwriting report states “should the Board approve this award, the Board must waive its rules.” What about following the rules?

We understand rural Texas is difficult to underwrite. This application may not be ideal and fit perfectly in the box; however, the Applicant along with the third party report providers followed the rules in accordance with administrative code as well as statute, they spent \$60,000 completing a competitive application only to be told the application is not eligible.

The true financial partners for this application are committed to the Mason transaction. The syndicator has reexamined the application with the updated market information and Raymond James is still comfortable in financing this transaction. The debt provider, Bank of Oklahoma, has also reexamined the updated market information and they are still very interested in moving forward with this transaction with construction and permanent loans. Additionally, National Equity Fund, another investor syndicator has reviewed the application and is interested in the development. We believe that if the financial partners of the development are willing to invest, then the agency’s goal of financial feasibility as required by statute has been satisfied.

The Applicant has a long history in affordable senior housing with a strong compliance history. They did not go into this transaction lightly. It was carefully chosen and makes sense for them and their portfolio.

We appreciate the opportunity to provide this appeal. Should this appeal be denied by the Executive Director we would like the opportunity to present this and additional information, if necessary, to the Board at the next available meeting.

Sincerely,



Robbye G. Meyer

Cc: Mike Sugrue
Ben Dempsey

July 12, 2016

Mr. Mike Sugrue
StoneLeaf Companies
1920 South 3rd Street
Mabank, TX 75147

And

Texas Department of Housing & Community Affairs (TDHCA)
221 East 11th Street
Austin, Texas 78701

Re: TDHCA Underwriting Report for Application #16057, dated July 6, 2016
Silverleaf at Mason Development
Mason, Mason County, Texas 76856

Dear Mr. Sugrue & TDHCA:

It has come to our attention that the TDHCA's underwriters disagree with the Primary Market Area (PMA) utilized in the market study prepared by Novogradac & Company LLP effective March 7, 2016, for the above-referenced development, and with the revised PMA methodology letter provided by Novogradac, dated June 29, 2016.

TDHCA has underwritten the Subject using only Mason County as the PMA, and noted the following as it's reasoning:

"This Application is not being recommended for approval due to the Gross Capture Rate exceeding the 10% maximum threshold. The Underwriter found the primary market area ("PMA") submitted by the Market Analyst to be excessively large (3 counties and 2,908 square miles) and not representative of a logical market area from which the development would draw demand.

Upon notification of the Underwriter's concerns, the Applicant provided additional information including a revised PMA that the Underwriter also determined to be large and not representative of a logical market area. As such and pursuant to 10 TAC §10.303(g), the Underwriter independently determined a PMA that is used in the analysis. This PMA is represented by the boundaries of Mason County.

In addition, the original Market Study and the supplemental information failed to include a detailed description of why the development is expected to draw a majority of its prospective residents from the PMA. In other words, what are the characteristics of the city of Mason that would draw demand as opposed to other larger cities near the PMA. The Market Analyst focused

on demographic data in support of the PMA but did not provide sufficient information as to why a prospective resident would choose to relocate to Mason given the lack of many services and amenities, particularly medical facilities.

While the analysis is based on the Underwriter's PMA, the Underwriter remains concerned that the PMA being used may be too large given the proximity of the PMA boundaries (Mason County) to larger markets with services and amenities such as Brady (12 miles), Menard (18 miles), Llano (17 miles), Junction (18 miles), and Fredericksburg (18 miles). Senior households living in areas near the boundaries of the PMA, but inside the PMA, will likely look to these cities as potential areas to relocate. The capture rate analysis does not consider this factor.

The market study rules require a PMA based on census tracts that can provide a PMA that is not always a logical PMA. Additionally, the census tracts in rural areas can be very large. This does not mean, however, that a PMA based on census tracts is appropriate. Many times a county is used as a conservative PMA for this reason. In this case, the demographic data in the county does not support the Development.”

Through this letter Novogradac will respond to TDHCA’s underwriting concerns and will provide additional support for the basis of the original PMA (Mason, Menard, and McCulloch Counties), as Novogradac’s original PMA complies with the rules set forth in the 2016 Uniform Multifamily Rules.

However, to address the PMA chosen by TDHCA, Novogradac will present a supplemental gross capture rate analysis, using Mason County as the PMA (per TDHCA underwriter), but will use Mason, Menard, and McCulloch Counties as the Secondary Market Area (SMA), from which the Subject will draw a portion of demand.

According to TDHCA’s 2016 Uniform Multifamily Rules, “Gross Demand is defined as the sum of Potential Demand from the Primary Market Area (“PMA”), demand from other sources, and Potential Demand from a Secondary Market Area (“SMA”) to the extent that SMA demand does not exceed 25 percent of Gross Demand.”

Support for the PMA and SMA is derived from published information from the National Council of Housing Market Analysts (NCHMA), Census data, labor market data, the American Community Survey, and additional interviews with property managers at non-subsidized age-restricted developments, used as comparables in the March 2016 market study.

Although the PMA (Mason County) utilized by the TDHCA underwriter does not support the Development by providing a gross capture rate of less than 10 percent, the analysis does not take into account supplemental demand from any area outside of the PMA (as no SMA is defined by TDHCA). ***All per unit capture rates as calculated by the Agency meet the threshold of 100 percent or less, as illustrated in the following table.***

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE								
Unit Type	Market Analyst Original PMA				TDHCA's Reduced PMA			
	Demand	Subject Units	Comp Units	Unit Capture Rate	Demand	Subject Units	Comp Units	Unit Capture Rate
1 BR/30%	135	2	0	2%	58	2	0	3%
1 BR/50%	225	5	0	2%	65	5	0	8%
1 BR/60%	79	18	0	23%	63	18	0	29%
2 BR/30%	191	2	0	1%	22	2	0	9%
2 BR/50%	340	4	0	1%	24	4	0	17%
2 BR/60%	163	13	0	8%	28	13	0	47%

OVERALL DEMAND ANALYSIS				
	Market Analyst Original PMA		TDHCA's Reduced PMA	
Total Households in the Primary Market Area	6,233		4,135	
Senior Households in the Primary Market Area	3,639		1,167	
Potential Demand from the Primary Market Area	1,522		353	
Potential Demand from Other Sources	0		0	
GROSS DEMAND	1,522		353	
Subject Affordable Units	44		44	
Unstabilized Comparable Units	0		0	
RELEVANT SUPPLY	44		44	
Relevant Supply ÷ Gross Demand = GROSS CAPTURE RATE	2.9%		12.5%	

Source: TDHCA Underwriting Report, Application #16057, 7/6/2016

Novogradac’s original PMA, which complies with the rules set forth in the 2016 Uniform Multifamily Rules, results in Gross Capture Rate of 2.9 percent, while the TDHCA derived capture rate, using only demographic data from Mason County, indicates a gross capture rate of 12.5 percent.

Support for Potential Demand from the SMA (Novogradac’s original PMA)

According to a June 2016 White Paper entitled Determining Market Area, prepared by the National Council of Housing Market Analysts (NCHMA), factors to be Considered in Determination of a Market Area, as defined by NCHMA and applicable to the Mason area, are as follows:

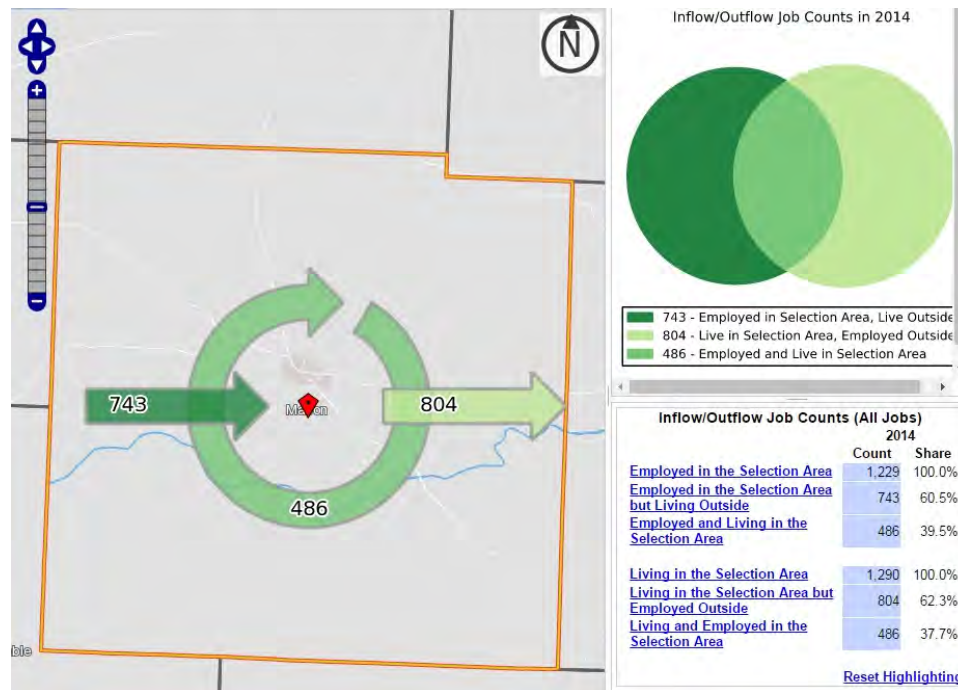
***NCHMA’s PMA Factor:** Commuting Patterns and Drive-Time Analysis - The time residents spend commuting and their employment destination often reveal distinct patterns. High percentages of residents with long commutes or working in neighboring jurisdictions are often indicators of a lack of available housing options near employment centers. Drive-time analyses can help define the areas that are within the commuter sheds of potential residents.*

Novogradac’s methodology: According to 2014 American Community Survey data, among employed individuals living in Mason County, 27.3 percent have a commute time of 25 minutes

or more. The 25-minute drive time from Mason extends into neighboring Llano, Gillespie, Menard, and McCulloch Counties, which provides support for a market area that extends outside of Mason County, and indicates that a significant portion of current residents are willing to travel moderate distances for employment or housing.

NCHMA’s PMA Factor: Employment Centers - *If the market area’s major employment centers have workers who live outside the primary market area, but have wages that are within the project’s price range, the primary market area may include non-market area residents working in the market area. These households should be considered in demand calculations in addition to households residing in the market area.*

Novogradac’s methodology: The following table and data is from the US Census Bureau’s On the Map Application, which illustrates worker inflow and outflow.



Source: US Census Bureau, 7/2016

In-Area Employment Efficiency (All Jobs)

	2014	
	Count	Share
Employed in the Selection Area	1,229	100.0%
Employed and Living in the Selection Area	486	39.5%
Employed in the Selection Area but Living Outside	743	60.5%

Inflow Job Characteristics (All Jobs)

	2014	
	Count	Share
Internal Jobs Filled by Outside Workers	743	100.0%
Workers Aged 29 or younger	120	16.2%
Workers Aged 30 to 54	427	57.5%
Workers Aged 55 or older	196	26.4%

Source: US Census Bureau, 7/2016

According to Census statistics, there are 743 persons that do not live in Mason County, but commute to Mason County for work, and of those 743 persons, 196 (26.4 percent) are over the age of 55, and would be age-eligible for the Subject property. This indicates a significant demand source for the Subject from a market area outside of Mason County.

***NCHMA’s PMA Factor: Location of Competitive Housing Alternative** - The location of alternative housing opportunities addressing the same target population. The competitive properties should have similar access to jobs, services and community amenities, and transportation options as does the subject development and site.*

Novogradac’s methodology: TDHCA underwriters noted that Brady offers additional services and amenities than Mason. However, similar to Mason, Brady lacks unsubsidized senior housing. Additionally, the Mason area provides **similar access** to jobs, services, and community amenities, as Mason is located at the confluence of Highways 87, 377, and Texas Route 29.

The following table details all known LIHTC developments in TDHCA-defined Region 12 (excluding those in Midland and Ector Counties, which serve the Midland-Odessa markets).

REGION 12 ELDERLY PROJECTS (EXCLUDING MIDLAND AND ECTOR COUNTIES)										
Year	Board Approval	Development Name	Project City	Project County	Zip Code	Total Units	LIHTC Units	Population Served	Subsidy	Units with RA
1990	1990	Ozona Seniors	Ozona	Crockett	76943	24	24	Elderly	USDA	15
1990	1990	Silver Trail Apartments	Menard	Menard	76859	24	24	Elderly	USDA	22
1990	1990	Sonora Seniors Apartments	Sonora	Sutton	76950	32	32	Elderly	USDA	22
1993	1993	Lamesa Seniors Community	Lamesa	Dawson	79331	24	24	Elderly	USDA	14
1993	1993	Big Lake Seniors	Big Lake	Reagan	76932	20	20	Elderly	USDA	16
1994	1994	Andrews Manor	Andrews	Andrews	79714	24	24	Elderly	USDA	20
2005	07/27/05	Bel Aire Manor	Brady	McCulloch	76825	16	16	Elderly	USDA	10
2008	7/31/08	River Place Apartments	San Angelo	Tom Green	76903	120	120	Elderly	-	0
2014	07/31/14	Junction Seniors	Junction	Kimble	76849	30	30	Elderly	USDA	23
TOTAL						314	314			142

As illustrated, among the nine elderly LIHTC developments, all but one are additionally USDA Rural Developments, and only River Place Apartments in San Angelo was constructed in the past 20 years. The overall region lacks unsubsidized senior housing, and as evidenced by our interviews with regional property managers, tenants are willing to relocate through the region and West Texas to locate good quality, affordable housing.

River Place Apartments is located in San Angelo, in Tom Green County, approximately 85 miles northwest of Mason County, and is the most recently constructed non-subsidized senior LIHTC development in TDHCA’s Region 12 (excluding Midland and Ector Counties). River Place was constructed in 2010 and offers 120 one and two-bedroom LIHTC units at the 30 and 60 percent AMI levels. It is currently 100 percent occupied with a waiting list estimated to be nine months in length. We spoke with the property manager, Laurie (telephone 325-658-4900), who estimated that approximately 80 percent of the current and prospective tenants originate from San Angelo and/or surrounding Tom Green County, and **20 percent of the tenant base is regional.**

Given the lack of non-subsidized senior product in Region 12, we extended our search to the neighboring counties of Llano and Gillespie, which border Mason County to the east and south, respectively.

Towne Park in Kingsland is located 46.5 miles southeast of Mason in Kingsland, in Llano County, which borders Mason County to the east. This development was constructed in 2002 and offers 76 two-bedroom units at the 50 and 60 percent AMI levels to households aged 55 and older. We spoke with Lacy (telephone 325-388-8137), the property manager, who reported that very few current or prospective tenants are from the immediate area, and **estimated that 90 percent of the tenant-base originates from outside of Llano County, specifically from West Texas**. Lacey reported that the property does not need to advertise, currently has two vacant units (both pre-leased), and maintains a waiting list of 13 households. Lacy stated that **Kingsland does not offer a hospital, only a clinic, and many tenants choose to relocate to the property for retirement**.

Towne Park in Fredericksburg (Phases I and II) is located 39.4 miles south of Mason in Fredericksburg, in Gillespie County, which borders Mason County to the south. The development was constructed in 2002 and 2005 and offers one and two-bedroom LIHTC units at the 30, 40, 50, and 60 percent AMI levels, in addition to a small number of market rate units. Management reported the property is currently 100 percent occupied with a waiting list. We spoke with the property manager, Peggy (telephone 830-990-9086), who has been with the property for more than 14 years (since ground break). Peggy estimated that in her 14-year tenure at the property, approximately 60 percent of tenants originate from the local area, and **40 percent come from outside of Gillespie County**. Peggy also reported that many tenants relocate to the area as they were born and raised there, or want to live near their adult children (some of which are located in Kerrville, approximately 20 miles southwest of Fredericksburg, but are willing to choose the property due to its good condition and the lack of senior housing in the region).

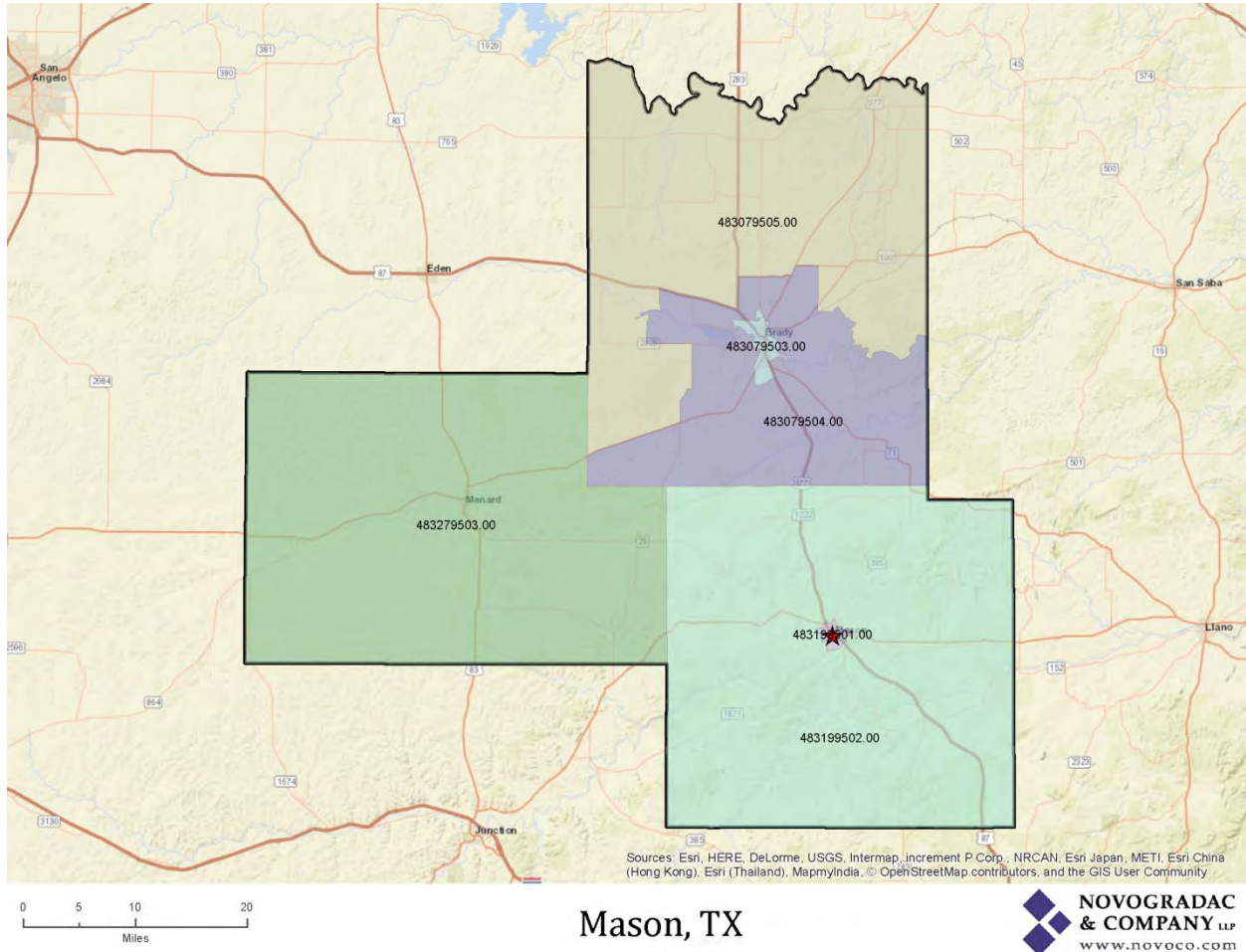
As illustrated, property managers at non-subsidized income and rent-restricted senior LIHTC developments reported that between 20 and 90 percent of their tenant base comes from outside the home county, which provides strong support for regional leakage. Additionally, these interviews provide evidence that tenants will relocate to a community (such as Mason) that do not currently reside there, for retirement or to relocate to their birthplace, or to reside in high-quality housing near adult children working regionally.

NCHMA's PMA Factor: Target Market - Proposed developments targeting a special needs population such as seniors, generally draw from a larger geographic region. Given the smaller pool of qualified householders, the location and quantity of comparable stock is of additional importance. An acceptable market area for a general occupancy community may be too small for a special needs or senior oriented housing development.

NCHMA's PMA Factor: Transportation Linkages: The proximity of transportation options including major traffic arteries and mass transit options can influence the size of the market. Mass transit can have a significant impact on projects addressing target markets for which transportation options may be limited.

A 25-mile drive-time zone from Mason extends into neighboring counties. Because the transportation corridors that travel from Mason into Llano and Gillespie Counties (to the east and south, respectively) continue to markets that provide non-subsidized housing options for seniors, they were not considered in our determination of the original PMA. However, McCulloch

County to the north and Menard County to the west **are not served by age-restricted non-subsidized housing**, and are within a reasonable drive of Mason. As such, they were included in the original market study's PMA, and have been included in this supplemental demand analysis as the SMA, illustrated following.



Supplemental PMA and SMA Demand Analysis

In accordance with the aforementioned data, Novogradac has presented a supplemental demand scenario that uses Mason County as the PMA (to be consistent with TDHCA underwriters), but includes a conservative 20 percent leakage factor from the SMA, based upon our interviews with property managers at existing developments similar to the proposed Subject, from the SMA. As the TDHCA underwriting report illustrates that all per unit capture rates do not exceed 100 percent, only a revised calculation of Gross Demand, accounting for supplemental demand from the SMA, is presented. The following details our calculation:

The following table illustrates Novogradac’s calculation of gross demand for Mason County (the PMA). The TDHCA analysis calculates 353 eligible households, within one percent of Novogradac’s calculation of 356 units of households of potential demand.

MASON COUNTY PMA POTENTIAL DEMAND - ALL LIHTC UNITS				
All Senior Households in the PMA				
Income Cohort		<i>cohort overlap</i>	<i>% in cohort</i>	<i># in cohort</i>
\$0-9,999	168	1,767	17.67%	30
\$10,000-19,999	244	9,999	100.00%	244
\$20,000-29,999	88	9,340	93.41%	82
\$30,000-39,999	141			
\$40,000-49,999	75			
\$50,000-59,999	75			
\$60,000-74,999	98			
\$75,000-99,999	65			
\$100,000-124,999	98			
\$125,000-149,999	30			
\$150,000-199,999	13			
\$200,000+	40			
Total	1,134		31.35%	356

The following table illustrates gross demand for the SMA, and does not include any of the previously calculated eligible households for the PMA.

MASON, MENARD, AND MCCULLOCH COUNTIES SMA - POTENTIAL DEMAND						
Income Cohort	All Senior Households in the SMA (Mason, Menard, and McCulloch Counties)	Less All Senior Households in the PMA (Mason County)	Equals Senior Households In the SMA, not in the PMA (Menard and McCulloch Counties)	Gross Demand from the SMA, only including Menard and McCulloch Counties		
				<i>cohort overlap</i>	<i>% in cohort</i>	<i># in cohort</i>
\$0-9,999	543	168	375	1,767	17.67%	66
\$10,000-19,999	743	244	499	9,999	100.00%	499
\$20,000-29,999	535	88	447	9,340	93.41%	417
\$30,000-39,999	358	141	217			
\$40,000-49,999	283	75	208			
\$50,000-59,999	221	75	146			
\$60,000-74,999	258	98	160			
\$75,000-99,999	249	65	184			
\$100,000-124,999	189	98	91			
\$125,000-149,999	68	30	38			
\$150,000-199,999	82	13	69			
\$200,000+	110	40	70			
Total	3,639	1,134	2,505		39.25%	983
20% SUPPLEMENTAL DEMAND						197

Of the 2,505 senior households in the SMA that are not in Mason County, 983 are income-eligible to reside at the Subject. We have considered only 20 percent of these households as supplemental demand based upon our interviews with property managers, which indicates 197 households of supplemental potential demand.

This supplemental demand calculation is further supported by the previously noted 743 persons that do not live in Mason County, but commute to Mason County for work, and of those 743 persons, 196 (26.4 percent) are over the age of 55, and would be age-eligible for the Subject property. This supports a significant demand source for the Subject from outside of Mason County.

In accordance with TDHCA guidelines, which state that SMA demand cannot exceed 25 percent of total Gross Demand, we have only accounted for 115 of the 197 additional potential income-qualified senior households.

The 356 units of potential demand within the PMA, plus the 115 units of potential demand from the SMA, totals 471 units, and results in a gross capture rate of 9.3 percent for the Subject’s 44 units.

In conclusion, utilizing support from the National Council of Housing Market Analysts (NCHMA), Census data, labor market data, the American Community Survey, and additional interviews with property managers at non-subsidized age-restricted developments in closest proximity to Mason County, we believe there is sufficient proof of demand for the Subject property as proposed. With well supported supplemental demand, the Subject meets the TDHCA benchmark with a gross capture rate of 9.3 percent as calculated by Novogradac's supplemental demand analysis.

Please feel free to contact us if we can be of further assistance.

Respectfully submitted,
Novogradac and Company LLP



Rebecca S. Arthur, MAI
Partner
Rebecca.Arthur@novoco.com
913.677.4600 ext. 1515



Patty Davis
Senior Analyst
Patty.Davis@novoco.com
913.677.4600 ext. 1511



Shaun Andrews
Junior Analyst

RAYMOND JAMES®

July 1, 2016

Mr. Mike Sugrue
StoneLeaf Companies
1920 South 3rd Street
Mabank, TX 75147

Re: SilverLeaf at Mason

Dear Mike:

Thank you for providing the June 29, 2016 supplemental data for the SilverLeaf at Mason market study dated March 7, 2016. You asked that we review the supplemental data along with the market study and provide our initial comments.

While the revised Primary Market Area is acceptable to Raymond James, we note that the revised Capture Rates for the units that will rent for 60% Area Median Income ("AMI") are higher. Due to the increased capture rates for the 60% AMI units, we would "stress test" the proforma during underwriting and due diligence and make suggestions accordingly. I feel this is a viable property and look forward to our potential partnership.

Please let me know if I can provide any further information.

Sincerely,



Gary K. Robinson
Vice President – Managing Director of Acquisitions – MidSouth Region
Raymond James Tax Credit Funds, Inc.

Raymond James Tax Credit Funds, Inc.
A Subsidiary of Raymond James Financial, Inc.

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LISA E. ALBERS
Senior Vice President
Community Development Banking Group
Phone: 918-588-6420
Fax: 918-895-8102

June 30, 2016

Texas Department of Housing and Community Affairs
P.O. Box 13941
221 East 11th Street
Austin, TX 78711-3941

Re: Silverleaf at Mason, TDHCA #16057
S of Austin Street and E Mason
Mason, TX 76856

To Whom It May Concern,

The Bank has reviewed the letter from Novogradac & Company dated June 29, 2016. It appears that Novogradac has done a comprehensive job of documenting their position that ultimately results in a capture rate that is acceptable to the Bank.

The Bank is still interested in financing this development. Please let me know if you need any additional information.

Best Regards,

A handwritten signature in cursive script that reads "Lisa E. Albers".

Lisa E. Albers

July 12, 2016

Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, TX 78701

Re: StoneLeaf at Mason

Dear TDHCA Board Members and Staff:

On behalf of National Equity Fund, Inc. (“NEF”), I am writing with regards to the StoneLeaf at Mason project which consists of 49 proposed, senior units located in Mason, TX. NEF has reviewed the market, project financials, and sponsor and has issued an official term sheet which can be found as an attachment along with our financial projections. Upon acceptance, NEF will move towards a closing and believes the project to be viable and financially feasible for a LIHTC equity investment. Before NEF issues a term sheet we perform significant due diligence, as the project must be reviewed and approved by our senior management team including our Chief Credit Officer. I would deliver this opinion and the contents of this letter in person; however, my wife is due with our first child on July 30, 2016 and thus I am not able to travel from Dallas.

Before I detail the merits of the project, I want to establish the viability of NEF as a top-tier, well respected syndicator within the LIHTC industry. In fiscal year 2015, NEF had a record year investing nearly \$1 billion in LIHTC equity making it one of the largest investors in the affordable housing industry. NEF has a solid financial position resulting in certainty of execution and a tenured executive management team providing operational stability. Since the enactment of the Federal Low Income Housing Tax Credit in 1986, NEF has raised more than \$12.4 billion in equity and invested it in 2,604 affordable housing projects totaling 149,082 units in 46 states. In addition, NEF has significant experience investing in Texas, including rural, senior projects.

NEF has reviewed the original Novogradac market study dated March 28, 2016, Novogradac’s PMA Response letter dated June 29, 2016, and the challenger’s Third Party Request for Administrative Deficiency. NEF has concluded that StoneLeaf at Mason is a viable LIHTC project in an area that has a need for affordable, senior housing – regardless of how the PMA is defined. There are only 3 affordable projects within 30 miles of Mason; Bel Aire in Brady is the only senior project and is 100% leased (with a waitlist), the other 2 are family deals, Mason Square in Mason is 100% leased (with a waitlist) and Sagebrush in Brady is 97% leased. While capture rates are an important statistic, they are not a perfect indicator of demand and vary greatly depending on the assumed boundaries of the PMA. The challenger represents that Mason County alone as the PMA would only support 35

Project Name: StoneLeaf at Mason

Date: 7/12/16

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senior LIHTC units instead of the 44 proposed units as the overall capture rate is 12.5% compared to the 10% required by TDHCA. The capture rate varies broadly depending on the arbitrary boundaries of the 3 PMAs presented by each report – all of which are logically drawn. Novogradac is one of the foremost authorities in the LIHTC industry and opined in the original and updated market studies that there is sufficient demand based on their logically drawn PMAs with capture rates of 2.9% and 7.7% respectively. NEF has reviewed the relevant facts and agrees that there is sufficient demand.

NEF has also taken two other important factors into account: the sponsor's experience and the project's financial structure.

StoneLeaf has significant experience developing, operating, and constructing senior LIHTC product in rural Texas markets. NEF has toured StoneLeaf's product, met with property management, and reviewed the performance of their portfolio – all of which are exemplary. NEF believes that StoneLeaf's successful track record and service to the Texas LIHTC industry particularly in rural areas is a strong indicator of future results.

StoneLeaf at Mason has been underwritten by NEF and structured appropriately for a rural, seniors deal which admittedly can be more challenging during lease up than other types of affordable product. The highest capture rate is found in the project's 60% AMI units, as a result NEF reduced those rents to a 5% discount to max 60% AMI rents. NEF also set the market rate rents at the max 60% AMI rent level and increased operating expenses by \$136 per unit per annum. These changes resulted in a reduction of permanent debt to \$1.6MM or a modest \$33K per unit. In addition, despite the conservative underwriting there is still \$443K in held back developer fee which can be utilized to downsize the perm loan amount if lower rents are needed. To further the point of financial strength, as a downside sensitivity NEF set all the 60% AMI rents to the 50% AMI rent level which resulted in a total operating loss of only \$125K over the entire 15 year compliance period – this amount is entirely reserved against with the standard 6 month Operating Reserve of \$165K.

In conclusion, NEF is an experienced and capable syndicator of Texas LIHTCs and has submitted an official term sheet to purchase the LIHTCs in Mason based on a thorough review of the market, sponsor experience, and project financials. We hope to get an opportunity to partner with StoneLeaf to bring this much needed project to Mason.

Sincerely,



Jason Aldridge, Vice President, National Equity Fund

July 12, 2016

Mr. Michael Sugrue
StoneLeaf Companies
1920 S. 3rd Street
Mabank, TX 75147

Re: StoneLeaf at Mason

Dear Mr. Sugrue:

On behalf of National Equity Fund, Inc. (“NEF”), I am pleased to provide this Letter of Intent (“Letter”) which outlines the principal business terms of our proposed investment in the above-named Project. We invest through our affiliate, NEF Assignment Corporation (“Assignment Corporation”), by purchasing a [99.99%] interest in the Limited Partnership formed to own and operate the Project. When we refer to “NEF,” we mean National Equity Fund, Inc. and its affiliates, including without limitation Assignment Corporation. As a preliminary matter, I will note that the terms of this Letter are based on certain assumptions which are incorporated in the financial projections attached to this Letter (“Projections”). Changes in those assumptions may result in changes to the terms of our proposed investment.

Upon your acceptance of this Letter, we will begin our standard due diligence activities and seek internal approval of this investment. Upon successful completion of our due diligence and receipt of internal approvals, we will prepare a Limited Partnership Agreement, based on our current model form (“Limited Partnership Agreement”), and related closing agreements. These agreements will incorporate the terms appearing in this Letter, subject to any modifications that may be required to obtain final investment approval. We will then proceed to close this investment.

Project Name: StoneLeaf at Mason

Date: 7/13/16

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1. Property Information

The Project consists of the new construction of 49 total units for seniors, 44 of the units will be LIHTC and restricted to residents earning between 30%-60% of AMI while the remaining 5 units will be market rate. The Project is located in Mason, TX.

2. Property Ownership

Limited Partnership: SilverLeaf at Mason, LLC (the “Limited Partnership”)

General Partner: SilverLeaf at Mason GP, LLC, a single purpose entity owned by Michael and Victoria Sugrue and Ben Dempsey

Sponsor/Developer: StoneLeaf Development Partners, LLC and StoneLeaf Homes of Distinction, LLC, for-profit entities

Guarantor(s): Michael and Victoria Sugrue, Ben Dempsey, StoneLeaf Development Partners, StoneLeaf GC entity, and additional entities/individuals as deemed necessary.

Limited Partner: One or more investor funds, limited partnerships or limited liability companies of which NEF or its affiliate is the general partner or managing member, or Assignment Corporation, as nominee, on behalf of one or more such entities.

3. Other Parties

General Contractor: StoneLeaf affiliated entity

Property Manager: TBD

Project Accountant: TBD

Project Attorney: TBD

Note: All parties must be approved by NEF

4. Project Financing

A. Construction Loan. The Limited Partnership expects to receive a construction loan term sheet or commitment for the Project in the amount of \$4,750,000 for an initial term of at least 24 months and a 6 month extension at an estimated 3.75% interest rate.

B. Permanent Financing. The permanent financing on the project is as follows: (All loans are non-recourse loans, unless otherwise noted, and all financing structures must be acceptable to NEF.)

Lender	Lender/Source	Amount	Interest Rate	Term	Amort	Hard/Soft Debt	Available During Const. (y/n)
First Mortgage	TBD	\$1,635,000	5.50%	18	30	Hard	No
Second Mortgage							
Third Mortgage							
Fourth Mortgage							
Fifth Mortgage							

Permanent amortizing debt must be a fixed-rate commitment for a minimum of 16 years with terms acceptable to NEF.

5. Timing Assumptions

This Letter is based on the following timing assumptions:

Benchmark	Date
Limited Partnership Closing	10/1/16
Construction Start	10/1/16
Placed In Service Date	10/1/17
100% Qualified Occupancy	10/1/18
Stabilized Occupancy	2/1/19

If these timing assumptions are not met, the terms of our proposed investment are subject to change. The term “Tax Credit Compliance Period” means, for each building in the Project, the 15 taxable years beginning with the first taxable year of the ‘Credit Period’, as defined in Section 42 of the Internal Revenue Code, as amended (“Code”).

6. Tax Credits/Historic Credits *

Allocation		Timing of Credits	Amount	Projected Year
Year:	2016	Projected 1 st Year Tax Credits:	\$400,568	2018
Allocation Agency:	TDHCA	Projected Tax Credits Years 2-10:	\$500,000	2019 - 2027
Credit Percentage:**	9.0%	Projected Tax Credits Year 11:	\$99,432	2028
Locked-in (y/n):	Y			
Applicable Fraction:	89.35% (Square Feet)			
Basis Boost DDA/QCT or (as evidenced by letter from allocating agency) granted by state (y/n):	130%			
Projected Annual Tax Credits:	\$500,000			
Historic Credit Amount:	N/A			

* All references to 'Tax Credits' shall mean low-income housing tax credits under Section 42 of the Code; references to 'Historic Credits' shall mean the federal rehabilitation tax credits under Section 47 of the Code.

** Sponsor may elect the Credit Percentage as of the date of the carryover allocation. If Sponsor does not make that election, the Credit Percentage as of the date of placement in service will apply.

7. Tax Credit Price and Pay-In Schedule

The Limited Partner will purchase the Tax Credits described in Paragraph 6 for a total purchase price of \$4,999,500 ("Capital Contributions"), or **\$1.00** cents for each \$1.00 of projected Tax Credits. Proceeds of the Capital Contributions will be used to fund Project equity ("Project Equity") and the non-deferred portion of the Developer Fee ("Non-Deferred Developer Fee"). NEF will advance Project Equity and the Non-Deferred Developer Fee in installments, based upon its determination that the conditions specified in the Limited Partnership Agreement for payment of that installment ("Applicable Conditions") have been met. We make this determination based on our

review and approval of certain documents you provide to us. Equity disbursements during construction are expected to be made through the construction lender's escrow or, if there is no construction lender, through a title company using a disbursement agreement acceptable to NEF. We currently expect installments of Project Equity will be paid according to the schedule below. The schedule identifies some of the Applicable Conditions that will apply to each payment.

A. First Installment: \$813,861 (16.3%). The Applicable Conditions for this payment will include satisfactory evidence or approval of:

- (i) Admission of NEF to the Limited Partnership and commencement of construction.

\$52,000 of this installment will be used to pay for NEF's due diligence and closing costs, including the issuance of the tax opinion.

B. Second Installment: \$813,861 (16.3%). The Applicable Conditions for this payment will include satisfactory evidence or approval of:

- (i) Completion of 100% of Project construction;
- (ii) Temporary (or, if available, Final) Certificates of Occupancy;
- (iii) Architect's certification indicating that all the work has been completed substantially in accordance with plans and specifications;
- (iv) Satisfaction of the 10% Carryover Allocation requirements (if not addressed at Closing);
- (v) Owner's title insurance policy in final form;
- (vi) Architect's certification indicating that all the work has been completed substantially in accordance with plans and specifications;
- (vii) Draft Cost Certification verifying the Tax Credit basis;
- (viii) No-earlier-than payment date of 10/1/17.

C. Third Installment: \$3,283,092 (65.6%). The Applicable Conditions for this payment will include satisfactory evidence or approval of:

- (i) 100% Qualified Occupancy of all Project Tax Credit Units;
- (ii) Funding of the Project's permanent loan and receipt of executed permanent loan documents in approved form;
- (iii) Payment of any amounts required by the General Partner's Development Completion Guaranty;
- (iv) Achievement of Stabilized Occupancy (generally defined as at least 90% occupancy with a Debt Service Coverage Ratio of 1.20x or better for a three consecutive month period after construction completion);
- (v) Completion of any outstanding punch list items;
- (vi) Owner's date down title insurance coverage;
- (vii) "As-Built" ALTA survey;
- (viii) Final lien waivers from the General Contractor;
- (ix) If applicable, receipt (or evidence of filing) of real estate tax abatement;

- (x) Final Certificates of Occupancy, if not previously provided;
- (xi) Final Cost Certification verifying the Tax Credit basis;
- (xii) Funding of Project reserves (or funding with the proceeds of this installment) at the required levels;
- (xiii) If applicable, satisfaction of radon testing requirements;
- (xiv) Recorded Extended Use Agreement; and
- (xv) No-earlier-than payment date of: 10/1/18

\$165,000 of this installment will be used to fund the Operating Reserve

*Expense Coverage Ratio is generally determined by dividing gross cash receipts by the sum of operational costs of the Project plus required funding of the replacement reserve.

D. Fourth Installment: \$88,686 (1.8%). The Applicable Conditions for this payment will include satisfactory evidence or approval of:

- (i) The first year's tax return and K-1;
- (ii) Fully executed Form 8609 for all Project buildings; and
- (iii) Occurrence of the following no-earlier-than payment date: 2/1/19

8. Developer Fee

The Developer will earn a fee for development services in the total amount of \$1,028,500 (the "Developer Fee"). \$141,639 of the developer fee is projected to be deferred and will be payable from cash received from the operation of the Limited Partnership, after payment of debt service and operating expenses ("Cash Flow"), during the Tax Credit Compliance Period. Any principal balance and/or accrued interest on the Deferred Developer Fee remaining unpaid by the end of the twelfth (12th) year of the Tax Credit Compliance Period must be paid in full by the General Partner.

The Developer Fee will be paid from the Capital Contributions as described in the following schedule upon the satisfaction of the Applicable Conditions for each installment.

Capital Contribution Installment	Percentage of Total Fees	Amount of Payment
Upon the First Installment	25%	\$221,715
Upon the Second Installment	25%	\$221,715
Upon the Third Installment	40%	\$354,744
Upon the Fourth Installment	10%	\$88,686
Total:	100%	\$886,861

9. Adjustments to Purchase Price (Credit Adjusters)

A. Low Income Housing Tax Credit Adjusters

- (i) **Permanent Reduction in Tax Credits.** If actual Tax Credits allocated to the Project as determined by the Project Accountant are less than the projected Tax Credits, the Capital Contributions will be decreased by \$1.00 price per Tax Credit times the difference between the actual Tax Credits and the projected Tax Credits. If the amount so calculated exceeds remaining unpaid Capital Contributions, the General Partner must pay to the Limited Partnership an amount that makes up the difference and compensates the Limited Partner for the permanent reduction in Tax Credits on an after-tax basis.
- (ii) **Timing Difference in Tax Credits (Downward) – First Year Tax Credits.** If Tax Credits are not available to the Limited Partner during the Project’s first tax credit year in the amount shown in Paragraph 6 above, the Capital Contributions will be reduced by \$0.40 times the amount of the first year Tax Credit shortfall. This reduction is intended to compensate the Limited Partner for the reduced present value of such Tax Credit shortfall, while taking into account the Tax Credits the Limited Partner may be entitled to receive no later than the 11th year of the Compliance Period. If the amount so calculated exceeds remaining unpaid Capital Contributions, the General Partner must pay to the Limited Partnership an amount that makes up the difference and compensates the Limited Partner for the timing difference in Tax Credits on an after-tax basis.
- (iii) **Permanent Increase in Tax Credits.** Subject to the limitations described in Paragraph 9.A.(v) below, the Limited Partner will increase its Capital Contributions to the Limited Partnership by an amount that is equal to the amount of additional Tax Credits times the price per Tax Credit specified in Paragraph 7.

- (iv) **Timing Difference in Tax Credits (Upward) – First Year Tax Credits.** If the amount of actual Tax Credits for the period prior to the end of the projected first tax credit year for the Project will be greater than the projected Tax Credits for the period prior to the end of projected first tax credit year as shown in Paragraph 6 above and NEF receives satisfactory written documentation to evidence the allocation of the tax credit increase for such periods, then, subject to Paragraph 9.A.(v) below, the Limited Partner will increase its Capital Contributions to the Limited Partnership by an amount equal to (a) \$0.40 multiplied by (b) the difference between the amount of actual Tax Credits for the period prior to the end of the projected first tax credit year and the projected Tax Credits for the period prior to the end of the projected first tax credit year as shown in Paragraph 6 above.
- (v) **Limitations on Upward Adjusters.** The Limited Partner will increase its Capital Contributions only once during the 90 day period following the later of (a) Stabilized Occupancy or (b) issuance of the Form 8609 for all buildings. The Limited Partner will increase its Capital Contributions under Paragraphs 9.A.(iii) and 9.A.(iv) if we determine that there are sufficient funds available to make the additional Capital Contributions or if investors in the Limited Partner agree to contribute additional capital to fund the additional Capital Contributions. Any such upward adjustments under Paragraphs 9.A.(iii) and 9.A.(iv) up to a total maximum of 5% of the Limited Partner's original Capital Contributions will not require approval of Limited Partner's investors. Upward adjustments that exceed in total the 5% limitation will require such approval.
- (vi) **Ongoing Tax Credit Shortfall.** If for any fiscal year after the end of the first Tax Credit year, the actual Tax Credits we receive are less than the projected Tax Credits, or if there is recapture (as defined in Section 42 of the Code) of Tax Credits, then any remaining portion of the Capital Contributions will be reduced by one dollar for each dollar of reduction of the projected Tax Credits and each dollar of Tax Credits that is recaptured. If the reduced and/or recaptured Tax Credits exceeds any remaining unpaid Capital Contributions, then the General Partner must pay to the Limited Partnership an amount that makes up the difference and compensates the Limited Partner for the reduction and/or recapture of Tax Credits on an after-tax basis.

10. Reserve Requirements

- A. **Operating Reserve.** \$165,000, equal to 6 months of operating expenses, debt service and replacement reserves, will be funded from a portion of the Limited Partner's Capital Contributions. The General Partner will be permitted to use funds in the Operating Reserve account prior to any draw on its Operating Deficit Guaranty obligation. We approve all withdrawals from the Operating Reserve account. This Operating Reserve account remains with the Limited

Partnership through the Tax Credit Compliance Period and any funds in the account at the end of that period will be distributed according to the priorities identified for Sale/Refinancing proceeds under Paragraph 13 hereof.

- B. **Replacement Reserve.** The General Partner must fund the Replacement Reserve account in the annual amount of \$250 per unit per year (to be increased annually by 3% per annum from Project revenues throughout the Tax Credit Compliance Period. We must approve withdrawals that in the aggregate during any calendar year exceed the lesser of (i) \$5,000 or (ii) ten percent (10%) of the amount then remaining in the Replacement Reserve account. Any funds remaining in the Replacement Reserve account at the end of the Tax Credit Compliance Period will be distributed according to the priorities identified for Sale/Refinancing proceeds under Paragraph 13 hereof.

11. General Partner Guaranties and Other Obligations

- A. **Development Completion Guaranty.** Guarantors will provide an unlimited guarantee of development completion which includes payments required for construction completion, funding of any operating deficits prior to Stabilized Occupancy, and conversion of the construction loan to a right-sized permanent loan having debt service requirements consistent with targeted debt service coverage levels. The General Partner will provide monthly reports to us during construction. The general contractor will provide (i) either a Stipulated Sum Contract or a Guaranteed Maximum Price Contract (using the current AIA form of agreement), and (ii) either a letter of credit equal to 15% of the total construction cost or a 100% payment and performance bond.
- B. **Operating Deficit Guaranty.** Guarantors will provide an Operating Deficit Guaranty in the amount of \$165,000 (equivalent to six months of operating expenses, replacement reserves, and debt service) until the Project has maintained a 1.20 annual Debt Service Coverage Ratio for two consecutive years after the third anniversary of the date Stabilized Occupancy is achieved. If at the end of that period the Operating Reserve is not funded at the level specified in Paragraph 10.B above, the Operating Deficit Guaranty will remain in effect until the General Partner causes the Operating Reserve to be funded at the required level in the manner provided in the Limited Partnership Agreement.
- C. **Repurchase.** Guarantors are required to repurchase the Limited Partner's interest if certain major adverse events occur that threaten the continuing viability of the Project or its ability to generate the projected Tax Credits. The conditions triggering this repurchase obligation and the repurchase amount are described in detail in the Limited Partnership Agreement.
- D. **Environmental Indemnification.** Guarantors will provide an environmental indemnification with regard to the presence of any hazardous substances or the existence of other environmental conditions at the Project Property. Our

standard environmental indemnification provisions are contained in the Limited Partnership Agreement.

- E. **Guaranty of General Partner's Obligations.** The Guarantor(s) (jointly and severally if there is more than one) will guaranty full performance of all of the General Partner's obligations under the Limited Partnership Agreement, including the specific guaranty obligations described under this Paragraph 11. All guaranties provided by the General Partner and Guarantor(s) are joint and several and payments under these guaranties will be made as no-interest loans to the Limited Partnership.

12. Fees to the Management Agent, General Partner and NEF

- A. The Management Agent will receive a Property Management Fee in the amount of no more than 5% of gross collected rents. If the Property Manager is related to the General Partner, the payment of the Property Management Fee will be subordinated to maintain breakeven operation.
- B. NEF will be paid an annual, cumulative Asset Management Fee in the amount of \$5,000 (increased annually at 3%) from Project Cash Flow.
- C. The General Partner will receive an annual, non-cumulative Incentive Partnership Management Fee in the amount shown below in Paragraph 13
- D. NEF and the Sponsor will be paid a Disposition Fee in the total amount of \$100,000 split equally between NEF and the Sponsor out of the net sales proceeds of the sale, transfer or other disposition of the Project or the Limited Partner's Project interest.

13. Distribution of Cash Flow and Sales/Refinancing Proceeds*

Cash Flow: Cash Flow will be distributed as follows:

- 1) To the Limited Partner to pay any unpaid Tax Credit adjuster amount;
- 2) To NEF to pay the Asset Management Fees;
- 3) To the Limited Partner to repay any Limited Partner loans;
- 4) To Maintain/replenish the Operating Reserve (if applicable);
- 5) To the Developer to pay any Deferred Developer Fee;
- 6) To the General Partner to repay any General Partner loans;
- 7) To the General Partner to repay any guaranty advances;
- 8) To the General Partner, a non-cumulative Incentive Management Fee equal to 90% of remaining Cash Flow and
- 9) The remainder 0.01% to the General Partner and 99.99% to Limited Partner.

**Please note NEF is open to preferred Consultant/GP split structure assuming it is acceptable for tax purposes*

NOTE: For tax purposes, the Limited Partner must receive at least 10% of all cash flow distributions remaining after payment of Item #7 above.

Sale/Refinancing: Any gain upon sale or refinancing will be distributed as follows*:

- 1) To the Limited Partner to pay any unpaid Tax Credit adjuster amount;
- 2) To the Limited Partner to pay any exit tax liabilities;
- 3) To NEF to pay any unpaid Asset Management Fee;
- 4) To the Limited Partner to repay any Limited Partner loans;
- 5) To the Developer to pay any Deferred Developer Fee;
- 6) To NEF to pay the Disposition Fee;
- 7) To the General Partner to repay any General Partner loans (other than guaranty advances);
- 8) To the General Partner to pay any unpaid Partnership Management Fee;
- 9) To the General Partner to repay any guaranty advances;
- 10) The remainder 90% to the General Partner and 10% to Limited Partner.

**Please note NEF is open to preferred Consultant/GP split structure assuming it is acceptable for tax purposes*

14. Right of First Refusal and Purchase Option

If the General Partner agrees to maintain the property for low-income use, as defined in Section 42 of the Code, for a total period of at least 30 years, the Project may be disposed of as follows:

A. Right of First Refusal

If the Sponsor is a 501(c)(3) corporation or governmental entity, it will be granted a right of first refusal to purchase the Project at the end of the Tax Credit Compliance Period, for a price equal to the sum of: (a) all outstanding Limited Partnership debt, including Limited Partner loans, (b) any state, local or federal taxes projected to be imposed on the Limited Partner as a result of the sale, and (c) any unpaid portion of any Credit Adjuster payments due and owing to the Limited Partner.

B. Purchase of the Project or Limited Partner's Interest

At the end of the Tax Credit Compliance Period, the General Partner may elect to purchase the Project or the Limited Partner's interest in the Limited Partnership for a price equal to the greater of: (i) the appraised value of the Project plus any additional amount required to pay off all outstanding principal and interest on any loans made by the Limited Partner to the Limited Partnership, or (ii) a price equal to the sum of: (a) all outstanding Limited Partnership debt, including Limited Partner loans, if the General Partner elects to purchase the Project, or all outstanding principal and interest on any Limited Partner loans, if the General Partner elects to purchase the Limited Partner's interest, (b) any state, local or federal taxes owed by the Limited Partner as a result of the sale, and (c) any unpaid portion of any Credit Adjuster payments due and owing to the Limited Partner. The Disposition Fee shall be paid upon the General Partner's purchase of the Project.

15. Limited Partner Transfers

The Limited Partner will have certain rights to transfer its interest in the Limited Partnership, including the right to withdraw from the Limited Partnership at any time after the Limited Partner has satisfied its obligation to pay Capital Contributions and the right to put its interest to the General Partner upon the expiration of the Tax Credit Compliance Period.

16. Reports

During the term of our investment, the General Partner will provide the following reports: (i) quarterly management and financial reports for the Limited Partnership, (ii) state and federal tax returns, (iii) monthly construction status and lease-up reports, (iv) copies of all construction loan draw requests, (v) annual audited financial statements for the Limited Partnership prepared in accordance with generally accepted accounting principles (GAAP), (vi) annual budget, and (vii) other information regarding significant Limited Partnership operations. The General Partner is required to submit such reports to the Limited Partner within the time frames established by the Limited Partnership Agreement. The fiscal year of the Limited Partnership will be the calendar year unless otherwise specified by us.

17. Limited Partner Expenses

We will charge the Limited Partnership \$52,000 for legal fees and other closing costs inclusive of the NEF tax opinion. We may require a third party construction inspector to provide monthly reports to us. If a third party construction inspector is needed, the cost will be added to the Project budget.

18. Model Form Project Limited Partnership Agreement

The Limited Partnership Agreement will be prepared by our attorneys using our current model form agreement. The model form contains a variety of key terms that define the rights and obligations of the parties. This document is updated on a periodic basis in response to comments we receive from investors.

19. Summary

This Letter summarizes the general terms and conditions of our investment which will be further detailed in the Limited Partnership Agreement. If these terms are acceptable to you, please sign and return this Letter to:

Jason Aldridge | Vice President of Originations
NATIONAL EQUITY FUND ®
2615½ Hibernia St
Dallas, TX 75204
Phone (972) 741-5150

This Letter is valid until July 31, 2016 with an LPA closing no later than October 1, 2016. If this Letter is not signed by you prior to such date due to changes in market conditions or other assumptions on which this Letter is based, we will extend the date so long as you continue to work with us in good faith to restructure the transaction in a mutually satisfactory manner. We reserve the right to terminate this Letter at any time if we determine that such efforts are not likely to lead to a result reasonably satisfactory to us within a reasonable period of time not to exceed sixty (60) days from the date of this Letter.

By signing this Letter, and in consideration of the cost and expense incurred or to be incurred by us in conducting due diligence documentation and review, the Sponsor/General Partner hereby grants NEF or its affiliate the right to acquire a 99.99% interest in the Limited Partnership and the exclusive right to syndicate the Tax Credits generated by the Project. Our exclusive right to syndicate the tax credits shall continue until the earlier of (i) the date that occurs two years from the date of this letter or (ii) the date on which we agree in writing to terminate its exclusive right to syndicate the Tax Credits. Also, by executing this Letter you hereby authorize us to make any credit inquiries that we may deem necessary as part of its underwriting. These credit inquiries

Project Name: StoneLeaf at Mason

Date: 7/13/16

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may be performed on the General Partner, Sponsor/Developer, Guarantors, or any other entities as determined to be necessary by us.

As next steps, we will perform a site visit and conduct document review and other due diligence activities to verify the information that has been provided and will be provided (including the information described in Exhibit A) and the assumptions contained in the Projections. Our ability to recommend this proposed investment for final internal approval will depend upon a satisfactory outcome to these due diligence activities. Final internal approval requires action by our Investment Review Committee. If the committee grants approval, we will prepare the Limited Partnership Agreement and discuss with you and your attorneys all closing documentation and checklist items. This Investment Review Committee must approve this investment and the closing must occur by the date shown in Paragraph 5 above. We reserve the right to terminate this Letter if we determine that any of the conditions described in this paragraph have not or will not be met in a timely manner.

Upon receipt of this Letter executed by you, and receipt of the items that will be requested under separate cover (summarized in Exhibit A), NEF will begin its due diligence on the Project investment. At your request, we may engage outside counsel to draft documents and conduct legal reviews prior to approval of this transaction by our Investment Review Committee, on the condition that you assume responsibility for payment of our legal fees if the transaction is not approved or does not close due to a change of assumptions incorporated in the Projections or other reasons outside of NEF's control.

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Project Name: StoneLeaf at Mason

Date: 7/13/16

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We look forward to working with you and your organization on this important affordable housing project in your community.

Sincerely,

NATIONAL EQUITY FUND, INC.



Jason Aldridge, Vice President

Accepted:

By: _____

DATE: _____

Exhibit A – Financial Projections

cc: Rachel Rhodes, VP
Michael Jacobs, SVP Originations

Project Description	
Project Name	Silverleaf at Mason
Limited Partnership Name	SilverLeaf at Mason, LLC
Spreadsheet Purpose (Project Status)	Bid
Location	
Street Address	SEC Austin St and Ranck Ave
City	Mason
State	TX
Zip Code	76856
County	Mason
Census Tract #	48319950200
Type	Rural
Current Date	7/11/16
Sponsor #1	Mike Sugrue & Ben Dempsey - SilverLeaf
Sponsor #1 - Tax Status	For Profit
Sponsor #2	
Sponsor #2 - Tax Status	
Deal Source	NEF
12 # of Residential Buildings	# Total Buildings 13
Total Number of Residential Units	49
Construction Type	New
Target Population	Elderly
Effective Tax Rate	35%
State Tax Rate (CA only)	
Rehab with Tenants in place?	N
4% or 9% credit deal?	9%
Tax exempt bond deal? (Y/N)	N
Use Building by Building Depreciation Schedule (Y/N)	N
QCT / DDA (Indicate Which)	QCT
130% Boost (enter %, 101% - 130%)	130%
Is 3rd party buying state credits ?	
SMT #	
Date Deal Secured	
Building Type	Multifamily

Timing Assumptions	
NEF Admission to Partnership	10/1/16
NEF Initial Funding	10/1/16
Construction Start	10/1/16
Placed in Service	10/1/17
Permanent Loan Closing	10/1/18
Projected First Credit Year	2018
Sale of Project	12/31/33

Silverleaf at Mason - 7-8-16.xlsx
7/11/2016 9:33 AM

Partnership Information	
Is Developer Cash Basis? (Y/N)	N
General Partner Tax Exempt (Y/N)	N
Co-General Partner Tax Exempt (Y/N)	N
Lower-Tier LP Profit/Loss & Credits Share	99.99%
Lower-Tier GP Profit/Loss & Credit Share	0.01%
Sale Proceeds Share - LP Portion	10.00%
Sale Proceeds Share - GP Portion	90.00%
Deferred Developer Fee Interest Rate	
Applicable Fed. Rate (AFR)	
Lower-Tier LP Cash Flow Distribution Percentage	99.99%
Length of LURA	40

Escalators	
Annual Residential Rent Increase - LIHTC	2.00%
-Subsidized	2.00%
Annual Residential Rent Increase - Mkt	2.00%
Residential Vacancy Rate - LIHTC	7.50%
-Subsidized	7.50%
-Mkt	7.50%
Annual Commercial Rent Increase	2.00%
Commercial Vacancy Rate	7.00%
Alternate escalation table being used	
Other Income Growth Rate	2.00%
Annual Expense Increase	3.00%

Reserves and Fees							
	Y/N	\$ Amt or % of EGI	Accrue Fee/Funding (Y/N)	Interest Earnings Rate	Growth Rate	Estimated Reserve Amount per Unit	Target Reserve Amount
Annual Funding of Replacement Reserve	Y	12,250		2.00%	3.00%	\$250	
Annual Funding of Operating Reserve				2.00%	3.00%		
Annual Funding of Rev Deficit Reserve				2.00%	3.00%		
Annual NEF Asset Management Fee	Y	5,000		2.00%	3.00%		
Annual Partnership Mgmt Fee to GP	N	0		2.00%	3.00%		
Management Incentive Fee	Y	90.0%					
Annual Funding of Ins & Tax Escrow				2.00%	3.00%		
Annual Funding of Other Reserves				2.00%	3.00%		

% of funding	Required Loans Source of Funds / Lender Name	Principal	Debt / Unit	Payment Type	Interest Rate	Perm Loan Closing Date	1st Pay Date	Amort Yrs	Term Yrs	Recourse Y/N	Sponsor/Related Party	Is lender related to investor	Source	Conversion Requirements
24.13%	TBD	1,635,000	33,367	Amortizing	5.50%	10/1/18	11/1/18	30	15	N	N	N		
0.00%			0											
0.00%			0											
0.00%			0											
0.00%			0											
		1,635,000	33,367											

Contingent Loans / Lender Name														
0.00%			0											
0.00%			0											
0.00%			0											
0.00%			0											
0.00%			0											
0.00%			0											
0.00%			0											
0.00%			0											
0.00%			0											
	Subtotal Contingent Loans	0	0											

Grants		Comments										Fed Grant ? (Y/N)	
0.00%													
0.00%													
	Subtotal Grants	0											

Other Sources		Comments										
0.00%	State Tax Equity Provider	0										
0.00%	Cash Flow from Operations	0	Percentage of cash flow from operations to fund deal									
			No of Yrs									
			0									
0.00%	GP Capital											
2.09%	Developer Fee via Cash Flow	141,639	2022 Year DDF Paid Off									
73.78%	NEF Equity	4,999,500	DDF paid on RA page									
	Subtotal Other Sources	5,141,139										
100.00%	Total Sources	6,776,139										

Construction Financing							Bond Financing (Y/N)
Construction Lender	Principal	Interest Rate	Conversion Date	Maturity Date	Comments		
TBD	4,750,000	3.75%	10/1/18	10/1/18	24 months w/ 6 mos extension		N

Lease-Up Schedule / Credit Delivery

Number of Residential Units	49	First Building Placed in Service	10/1/17	Acquisition Credits Allocated/yr	0
Number of Tax Credit Units	44	Last Building Placed in Service	10/1/17	LIHTCs Allocated @ 100%/yr	0
Number of Market Units	5	Construction Contract Completion Date		LIHTCs Allocated @ 130%/yr	500,000
Commercial Square Footage	0			Cal State Credits Allocated @ 100%	0
Square Footage of Building	0			Cal State Credits Allocated @ 130%	0
Start of Construction	10/1/16			State Credits Allocated	0
Completion/CofO/Placed in Service	10/1/17			Historic Credits Allocated	0
Start of Leasing/Move-in Date	11/1/17	Absorption (avg units/month) per market study		State Historic Credits Allocated	0
100% Lease-Up/Qualified Occupancy	7/1/18	Absorption (avg units/month) per model	5	Solar Credits	0
Start of QO Tax Credit Units PIS	1/1/2018				
Construction Period	12				

Year	Tax Credit Units Leased (Income)	Cumulative TC Units Leased	Tax Credit Units Leased (Credits)	Non TC Units Leased	Cumulative Non TC Units Leased	Commercial Sq Ft Leased	Tax Credit Rental Income	Commercial Income	Non Tax Credit Rental Income	Total Rental Income	Rehab Tax Credits	Acq Tax Credits	Total Tax Credits
Jan-17		0			0		0	0	0	0	0	0	0
Feb-17		0			0		0	0	0	0	0	0	0
Mar-17		0			0		0	0	0	0	0	0	0
Apr-17		0			0		0	0	0	0	0	0	0
May-17		0			0		0	0	0	0	0	0	0
Jun-17		0			0		0	0	0	0	0	0	0
Jul-17		0			0		0	0	0	0	0	0	0
Aug-17		0			0		0	0	0	0	0	0	0
Sep-17		0			0		0	0	0	0	0	0	0
Oct-17		0			0		0	0	0	0	0	0	0
Nov-17	5	5			0		3,006	0	0	3,006	0	0	0
Dec-17	4	9			0		5,410	0	0	5,410	0	0	0
TOTAL	9	9	0	0	0		8,416	0	0	8,416	0	0	0

Year	Tax Credit Units Leased (Income)	Cumulative Tax Credit Units Leased	Tax Credit Units Leased (Credits)	Non Tax Credit Units Leased	Cumulative Non Tax Credit Units	Commercial Sq FT Leased	Tax Credit Rental Income	Commercial Income	Non Tax Credit Rental Income	Total Rental Income	Rehab Tax Credits	Acq Tax Credits	Total Tax Credits
Jan-18	5	14	14	1	1		8,416	0	707	9,123	159,091	0	159,091
Feb-18	5	19	5	1	2		11,422	0	1,414	12,836	52,083	0	52,083
Mar-18	5	24	5	1	3		14,428	0	2,121	16,549	47,348	0	47,348
Apr-18	5	29	5	1	4		17,433	0	2,828	20,261	42,614	0	42,614
May-18	5	34	5	1	5		20,439	0	3,535	23,974	37,879	0	37,879
Jun-18	5	39	5		5		23,445	0	3,535	26,980	33,144	0	33,144
Jul-18	5	44	5		5		26,451	0	3,535	29,986	28,409	0	28,409
Aug-18		44			5		26,451	0	3,535	29,986	0	0	0
Sep-18		44			5		26,451	0	3,535	29,986	0	0	0
Oct-18		44			5		26,451	0	3,535	29,986	0	0	0
Nov-18		44			5		26,451	0	3,535	29,986	0	0	0
Dec-18		44			5		26,451	0	3,535	29,986	0	0	0
Credits from QO Units PIS in 2017											0	0	0
TOTAL	35	44	44	5	5		254,286	0	35,350	289,636	400,568	0	400,568

	Credits	Price/Credit	Equity
Federal LIHTC Credits	4,999,500	1.000	4,999,500
Federal Historic Tax Credits	0		0
State LIHTC Credits Purchased by NEF	0		0
State Historic Credits Purchased by NEF	0		0
Solar Credits	0		0
Total Limited Partner Equity			4,999,500
State LIHTC Credits Purchased by a 3rd Party	0		0
3rd Party Buyer			
State Historic Credits Purchased by a 3rd Party	0		0
3rd Party Buyer			
Total			4,999,500

Equity Installments											
Payment	Project Milestone	Date	Qtr Paid	Development Costs Percent	Project Cost	Developer Fee Percent	Developer Fee	Total Reserves Payment	NEF Reserves	Total Equity Paid	Total Equity Percent
1	Partnership Closing	10/1/16	12/31/16	15.00%	592,146	25.00%	221,715		0	813,861	16.28%
2	C/O	10/1/17	12/31/17	15.00%	592,146	25.00%	221,715	0	0	813,861	16.28%
3	Stabilization	10/1/18	12/31/18	70.00%	2,763,347	40.00%	354,744	165,000	165,000	3,283,092	65.67%
4	8609	2/1/19	3/31/19	0.00%	0	10.00%	88,686		0	88,686	1.77%
5					0		0		0	0	0.00%
6					0		0		0	0	0.00%
7					0		0		0	0	0.00%
8					0		0		0	0	0.00%
9					0		0		0	0	0.00%
10					0		0		0	0	0.00%
TOTAL				100.00%	3,947,639	100.00%	886,861	165,000	165,000	4,999,500	100.00%
					3,947,639			Equity Agrees			

Developer Fee	
Maximum Deferred Fee Percentage	100.00%
Developer Fee	1,028,500
From Cash Flow	141,639
From Equity	886,861
Percentage of Fee Deferred	13.77%

3rd Party Calculations	
3rd Party State Credits	0
3rd Party State Credit Equity	0
3rd Party Equity as % of Total	0.00%

Operating Expenses

	Units	49	Annual Expense	Per Unit	Escalator	Comments	calculated property mgmt fee	alternate property mgmt fee calculation
General & Administrative	Property Management Fee		16,778	342	3.00%		5.10%	5.00%
	Misc. Prop. Mgmt. Fees			0	3.00%			
	Accounting/Auditing		9,800	200	3.00%			
	Legal		1,000	20	3.00%			
	Office Supplies & Expense		1,800	37	3.00%			
	Telephone Answering Service		1,800	37	3.00%			
	Supportive Services			0	3.00%			
	Other - Misc. Admin.		1,200	24	3.00%			
			32,378	661				
Payroll & Related	Administrative Payroll			0	3.00%			
	Maintenance Payroll			0	3.00%			
	Repair Payroll			0	3.00%			
	Payroll Taxes			0	3.00%			
	Fringe Benefits			0	3.00%			
	Other		61,000	1,245	3.00%			
				61,000	1,245			
Utilities	Electric (Common Area)		6,000	122	3.00%		Owner Paid	Tenant Paid
	Gas/Fuel Oil/Coal (Common Area)			0	3.00%			
	Water & Sewer		17,000	347	3.00%			
	Electric (for Units)			0	3.00%			
	Gas/Fuel Oil/Coal (for Units)			0	3.00%			
	Other			0	3.00%			
				23,000	469			
Maintenance & Repair	Cleaning (Janitorial)			0	3.00%			
	Elevator Maintenance			0	3.00%			
	Exterminating		2,400	49	3.00%			
	Fire Alarm Inspection			0	3.00%			
	Grounds Maintenance		7,200	147	3.00%			
	Grounds Maintenance Contract			0	3.00%			
	Painting & Decorating/Make-ready		6,000	122	3.00%			
	Repairs		9,600	196	3.00%			
	Repairs Contract			0	3.00%			
	Security			0	3.00%			
	Supplies			0	3.00%			
	Trash Removal/Snow Removal		6,000	122	3.00%			
	Vehicle/Equipment Maintenance			0	3.00%			
	Other - Misc Ops and Maint Expenses		3,000	61	3.00%			
	Reserves			0	3.00%			
				34,200	698			
Market & Leasing	Advertising		2,000	41	3.00%			
	Credit Investigations			0	3.00%			
	Leasing Fees			0	3.00%			
	Other		6,664	136	3.00%			
				8,664	177			
Taxes & Insurance	Insurance - Liability		12,250	250	3.00%			
	Other Taxes, Licenses & Fees			0	3.00%			
	Real Estate Taxes		20,000	408	3.00%			
	Property/Liability (Hazard)			0	3.00%			
	Other			0	3.00%			
			32,250	658				
Total Annual Operating Budget			<u>191,492</u>					
Annual Operating Budget per Unit (PUPA)			<u>3,908</u>					
Is the project providing a washer/dryer in unit(s)							Y/N	
Which units are provided w/washer & dryer								

June 29, 2016

Mr. Mike Sugrue
StoneLeaf Companies
1920 South 3rd Street
Mabank, TX 75147

And

Texas Department of Housing & Community Affairs (TDHCA)
221 East 11th Street
Austin, Texas 78701

Re: Primary Market Area Determination - Silverleaf at Mason (Subject)
Mason, Mason County, Texas 76856

Dear Mr. Sugrue & TDHCA:

It has come to our attention that TDHCA disagrees with the Primary Market Area (PMA) utilized in the market study prepared by Novogradac & Company LLP for StoneLeaf Companies (Client), effective March 7, 2016, for the above-referenced development.

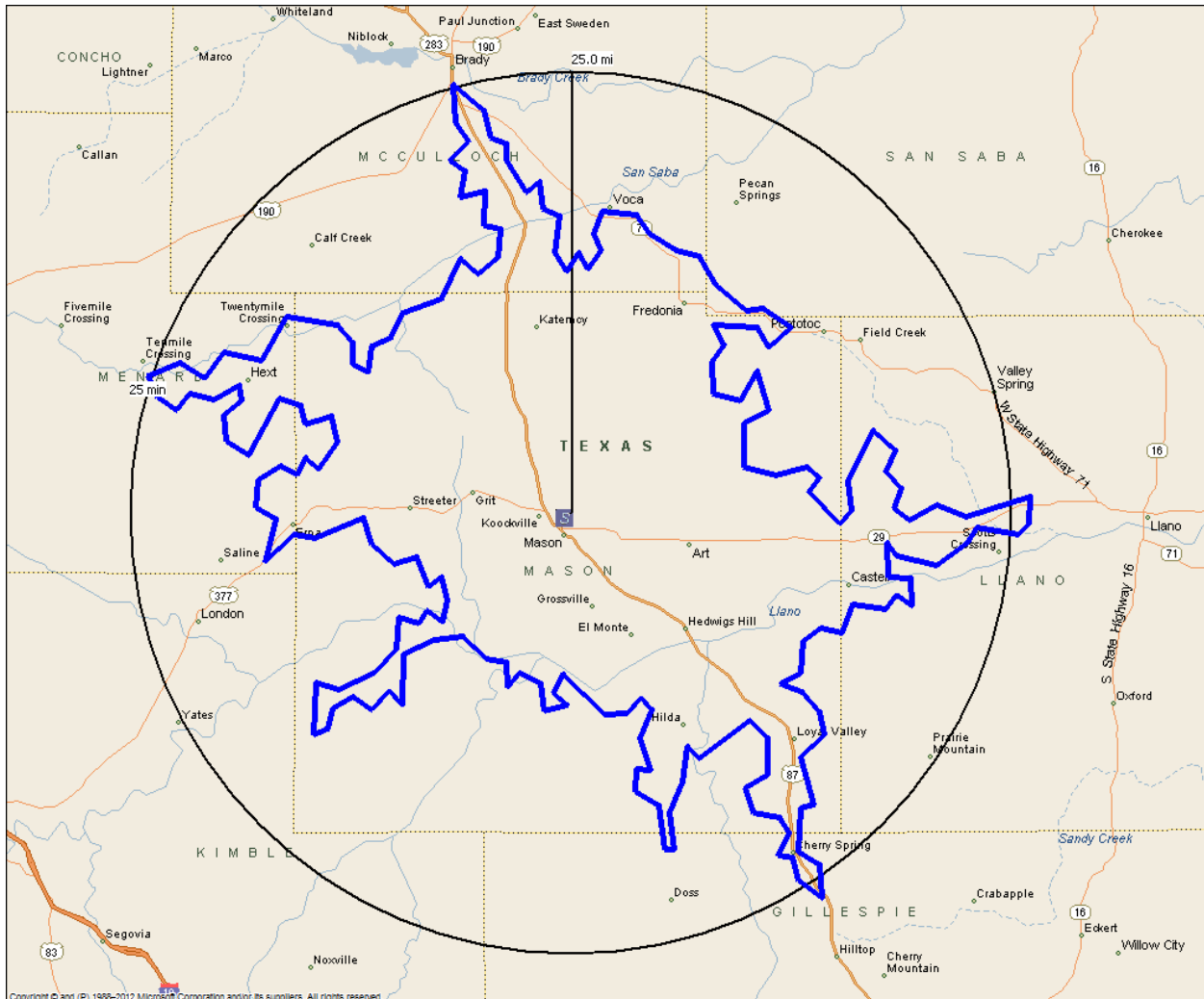
In accordance with Subchapter D – Underwriting and Loan Policy, §10.303 Market Analysis Rules and Guidelines, “All of the Market Analyst's conclusions specific to the subject Development must be based on only one PMA definition. The Market Analyst must adhere to the methodology described in this paragraph when determining the market area. (§2306.67055). The Market Analyst’s definition of the PMA must include: (i) a detailed description of why the subject Development is expected to draw a majority of its prospective tenants or homebuyers from the defined PMA; (ii) a complete demographic report for the defined PMA; and (iii) a scaled distance map indicating the PMA boundaries showing relevant U.S. census tracts with complete 11-digit identification numbers in numerical order with labels as well as the location of the subject Development and all comparable Developments. The map must indicate the total square miles of PMA.”

TDHCA §10.303 Market Analysis Rules and Guidelines, Section (d) Market Analysis Contents, Subsection 9, Primary Market Area, denotes that, “The PMA will be defined by the Market Analyst as:

- (i) size based on a base year population of no more than 100,000 people;
- (ii) boundaries based on U.S. census tracts; and
- (iii) the population of the PMA may exceed 100,000 if the amount over the limit is contained within a single census tract.”

Accordingly, in the market study effective March 7, 2016, Novogradac utilized a PMA that encompassed six Census Tracts (including Mason, Menard, and McCulloch Counties), based upon demographic data and interviews with market participants, with a total population of 14,537.

While we believe that we provided sufficient market and demographic data in our market study to support our original PMA conclusion, we have analyzed additional data points, and have presented a revised, smaller PMA in order to address TDHCA’s concerns of the PMA’s overall size. In doing so, we have re-examined the drive time data for Mason, Texas. The following map illustrates a 25-minute drive time zone and a 25-mile radius from Mason.

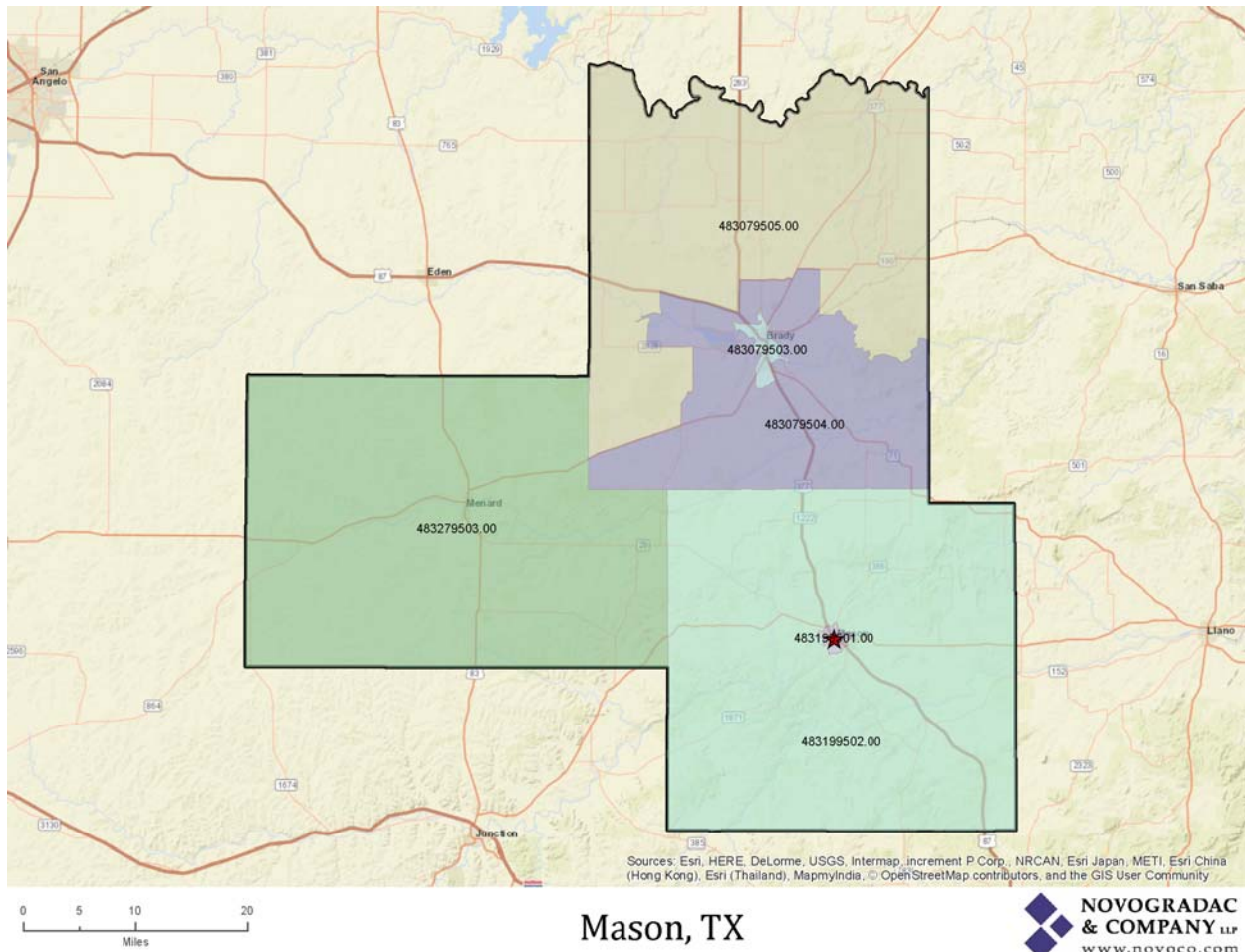


As illustrated, the drive time extends into neighboring Llano, Gillespie, Menard, and McCulloch Counties. While we believe drive time data is a very good data point for PMA determination for a senior development, we recognize that we must adhere to TDHCA’s market study requirement that the PMA must be determined by Census Tracts (CT).

Menard County is one Census Tract that encompasses the entire county; therefore, to contain the size of the PMA, we did not include this tract in our revised PMA. Llano County, while five

Census Tracts, is sparsely populated along its western border. As such, western Llano County and its Census Tracts have not been included in our revised PMA.

The drive time extends into McCulloch County, to the city-limits of Brady, which is located approximately 30 miles north of the Subject, and according to 2010 census data, has a population of 5,553. The following graphic illustrates our original PMA with Census Tracts detailed.



In addition to the data points and interviews reported in the market study, and with consideration given to the relatively short driving distance from Brady to Mason, we have included Census Tract 483079504.00 (which surrounds but does not include Brady, illustrated in purple above) in our revised PMA, along with tracts 483199502.00 and 483199501.00, both of which are in Mason County.

A large portion of the 25-mile drive time that extends outside Mason County is located in southern McCulloch County. Therefore, we have included this census tract in our revised, smaller PMA. Further, this census tract excludes the community of Brady. It is important to note that based upon our interviews and analysis, demand for the Subject will originate outside Mason County; however, due to TDHCA's regulation that the PMA be constructed of whole census tracts only, we downsized the PMA to include an adjacent Census Tract that encompasses the smallest geographic area. ***It is important to re-state that the Census Tract that encompasses Brady-proper is excluded from our calculations.***

The revised PMA encompasses an area of 1,315 square miles. The population of the revised three tract PMA in 2015 was 5,716, with 2,465 households. As a point of reference, the PMA utilized in the market study encompassed 2,908 square miles, with an estimated 2015 total population of 14,537 and 6,233 households.

The following tables illustrate senior households (55+) in the revised PMA from 2000 to 2020, and Senior Household Income Distribution by Household Size.

Total Number of Senior Households (55+)		
Three CT Revised PMA		
Year	Number	Annual Change
2000	1,162	-
2010	1,328	1.4%
2015	1,540	5.3%
Projected Mkt Entry December 2017	1,621	2.2%
2020	1,707	2.2%

Source: ESRI Demographics 2015, Novogradac & Company LLP, June 2016

REVISED 3 CENSUS TRACT PMA - SENIOR HOUSEHOLDS BY INCOME DISTRIBUTION (55+)						
2015						
Income Cohort	1 Person	2 Person	3 Person	4 Person	5+ Person	Total
\$0-9,999	163	34	6	5	4	213
\$10,000-19,999	200	116	9	7	2	334
\$20,000-29,999	51	83	6	3	2	146
\$30,000-39,999	46	103	6	7	23	185
\$40,000-49,999	12	85	4	2	3	106
\$50,000-59,999	29	55	8	4	3	100
\$60,000-74,999	11	94	9	4	3	121
\$75,000-99,999	13	66	13	5	3	101
\$100,000-124,999	18	80	9	6	2	115
\$125,000-149,999	8	26	4	0	1	39
\$150,000-199,999	3	20	1	5	1	30
\$200,000+	8	33	4	2	2	49
Total	561	795	82	51	50	1,540

Source: ESRI Demographics 2015, Novogradac & Company LLP, June 2016

We have utilized this data to provide a revised *Demand Analysis*, presented following.

The maximum and minimum eligible household income limits for the Subject’s units are as follows:

INCOME LIMITS								
	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income
	<i>30% AMI</i>		<i>50% AMI</i>		<i>60% AMI</i>		<i>Market Rate</i>	
1 Person	\$8,232	\$12,840	\$13,752	\$21,400	\$16,488	\$25,680	\$25,680	\$61,100
2 Person	\$9,888	\$14,670	\$16,488	\$24,450	\$19,800	\$29,340	\$29,340	\$61,100
3 Person	\$9,888	\$16,500	\$16,488	\$27,500	\$19,800	\$33,000	\$33,000	\$61,100

Calculation of Potential Household Demand by Income Cohort by Person

To avoid double counting, we have illustrated the potential household demand by person for each set aside.

Calculation of Potential Household Demand by Income Cohort by Person							
1 PERSON		30% AMI	50% AMI	60% AMI	Market Rate	LIHTC ONLY TOTAL	
Minimum Income Limit	1 Person 55+ Households	\$8,232	\$13,752	\$21,400	\$25,680	Eligible	Ineligible
Maximum Income Limit		\$12,840	\$21,400	\$25,680	\$61,100		
\$0-9,999	163	29	0	0	0	29	134
\$10,000-19,999	200	57	125	0	0	182	18
\$20,000-29,999	51	0	7	22	22	29	22
\$30,000-39,999	46	0	0	0	46	0	46
\$40,000-49,999	12	0	0	0	12	0	12
\$50,000-59,999	29	0	0	0	32	0	29
\$60,000-74,999	11	0	0	0	1	0	11
\$75,000-99,999	13	0	0	0	0	0	13
\$100,000-124,999	18	0	0	0	0	0	18
\$125,000-149,999	8	0	0	0	0	0	8
\$150,000-199,999	3	0	0	0	0	0	3
\$200,000+	8	0	0	0	0	0	8
Subtotal	561	86	132	22	112	240	321

Calculation of Potential Household Demand by Income Cohort by Person							
2 PERSON		30% AMI	50% AMI	60% AMI	Market Rate	LIHTC ONLY TOTAL	
Minimum Income Limit	2 Person 55+ Households	\$9,888	\$16,488	\$24,450	\$29,340	Eligible	Ineligible
Maximum Income Limit		\$14,670	\$24,450	\$29,340	\$61,100		
\$0-9,999	34	0	0	0	0	0	34
\$10,000-19,999	116	54	41	0	0	95	21
\$20,000-29,999	83	0	37	41	5	77	5
\$30,000-39,999	103	0	0	0	103	0	103
\$40,000-49,999	85	0	0	0	85	0	85
\$50,000-59,999	55	0	0	0	55	0	55
\$60,000-74,999	94	0	0	0	7	0	94
\$75,000-99,999	66	0	0	0	0	0	66
\$100,000-124,999	80	0	0	0	0	0	80
\$125,000-149,999	26	0	0	0	0	0	26
\$150,000-199,999	20	0	0	0	0	0	20
\$200,000+	33	0	0	0	0	0	33
Subtotal	795	54	78	41	255	173	623

Calculation of Potential Household Demand by Income Cohort by Person							
3 PERSON		30% AMI	50% AMI	60% AMI	Market Rate	LIHTC ONLY TOTAL	
Minimum Income Limit	3 Person 55+ Households	\$9,888	\$16,488	\$27,500	\$33,000	Eligible	Ineligible
Maximum Income Limit		\$16,500	\$27,500	\$33,000	\$61,100		
\$0-9,999	6	0	0	0	0	0	6
\$10,000-19,999	9	6	3	0	0	9	0
\$20,000-29,999	6	0	5	2	0	6	0
\$30,000-39,999	6	0	0	2	4	2	4
\$40,000-49,999	4	0	0	0	4	0	4
\$50,000-59,999	8	0	0	0	8	0	8
\$60,000-74,999	9	0	0	0	1	0	9
\$75,000-99,999	13	0	0	0	0	0	13
\$100,000-124,999	9	0	0	0	0	0	9
\$125,000-149,999	4	0	0	0	0	0	4
\$150,000-199,999	1	0	0	0	0	0	1
\$200,000+	4	0	0	0	0	0	4
Subtotal	82	6	8	3	17	18	64

The following table illustrates the total income qualified senior households by AMI level and household size.

DEMAND BY AMI LEVEL AND HOUSEHOLD SIZE			
	1 Person	2 Person	3 Person
30% AMI Level	86	54	6
50% AMI Level	132	78	8
60% AMI Level	22	41	3
Market Rate	112	255	17

We made assumptions (consistent with TDHCA minimum and maximum estimates of persons per bedroom) based on the average household size in the market to estimate the distribution of households by unit type. Following are these assumptions.

SENIOR HOUSEHOLD DISTRIBUTION MATRIX					
	Bedrooms				
Household Size	Studio	1BR	2BR	3BR	4BR
1 person	-	50%	50%	-	-
2 persons	-	25%	75%	-	-
3 persons	-	-	50%	50%	-
4 persons	-	-	-	100%	-
5+ persons	-	-	-	100%	-

Third, we multiply the number of income eligible households at by household size and bedroom type, as illustrated previously, by the estimated household distribution. The result is our calculation of Gross Demand for each bedroom type by AMI level.

CALCULATION OF GROSS DEMAND BY UNIT TYPE						
1BR @ 30%	1 Person		50.0%	*	86	= 43
	2 Person	+	25.0%	*	54	= 14
	3 Person	+	0.0%	*	6	= 0
	Gross Demand	=				56
2BR @30	1 Person		50.0%	*	86	= 43
	2 Person	+	75.0%	*	54	= 41
	3 Person	+	50.0%	*	6	= 3
	Gross Demand	=				87
1BR @ 50%	1 Person		50.0%	*	132	= 66
	2 Person	+	25.0%	*	78	= 19
	3 Person	+	0.0%	*	8	= -
	Gross Demand	=				86
2BR @ 50%	1 Person		50.0%	*	132	= 66
	2 Person	+	75.0%	*	78	= 58
	3 Person	+	50.0%	*	8	= 4
	Gross Demand	=				128
1BR @ 60%	1 Person		50.0%	*	22	= 11
	2 Person	+	25.0%	*	41	= 10
	3 Person	+	0.0%	*	3	= -
	Gross Demand	=				21
2BR @ 60%	1 Person		50.0%	*	22	= 11
	2 Person	+	75.0%	*	41	= 30
	3 Person	+	50.0%	*	3	= 2
	Gross Demand	=				43
1BR @ Market Rate	1 Person		50.0%	*	112	= 56
	2 Person	+	25.0%	*	255	= 64
	3 Person	+	0.0%	*	17	= -
	Gross Demand	=				120
2BR @ Market Rate	1 Person		50.0%	*	112	= 56
	2 Person	+	75.0%	*	255	= 191
	3 Person	+	50.0%	*	17	= 9
	Gross Demand	=				256

Individual Unit Capture Rates

For each Unit Type by number of Bedrooms and rent restriction categories, the individual unit capture rate is defined as the Relevant Supply of proposed and unstabilized Comparable Units divided by the eligible demand for that Unit. The following table illustrates our calculation of Individual Unit Capture Rates.

INDIVIDUAL CAPTURE RATES – REVISED THREE CENSUS TRACT PMA							
<i>Relevant Supply</i>							
	Subject's Units	Comparable Units	Total Relevant Supply		Gross Demand		Capture Rate
<i>30% AMI Level</i>							
1BR	2	0	2	/	56	=	3.5%
2BR	2	0	2	/	87	=	2.3%
<i>50% AMI Level</i>							
1BR	5	0	5	/	86	=	5.8%
2BR	4	0	4	/	128	=	3.1%
<i>60% AMI Level</i>							
1BR	18	0	18	/	21	=	85.2%
2BR	13	0	13	/	43	=	30.2%
<i>Market Rate</i>							
1BR	2	0	2	/	120	=	1.7%
2BR	3	0	3	/	256	=	1.2%

In accordance with TDHCA guidelines, none of the Individual Unit Capture Rates for any unit type exceed 100 percent.

All LIHTC Units – Gross Demand

The calculation of Gross Demand for all LIHTC units is illustrated in the table below. Per the 2016 TDHCA Market Study Guide, “If some households are eligible for more than one Unit Type due to overlapping eligible ranges for income or household size, Gross Demand should be adjusted to avoid including households more than once.”

The following table illustrates the eligible incomes at the Subject by household size.

INCOME LIMITS						
	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income
	<i>30% AMI</i>		<i>50% AMI</i>		<i>60% AMI</i>	
1 Person	\$8,232	\$12,840	\$13,752	\$21,400	\$16,488	\$25,680
2 Person	\$9,888	\$14,670	\$16,488	\$24,450	\$19,800	\$29,340
3 Person	\$9,888	\$16,500	\$16,488	\$27,500	\$19,800	\$33,000

Households with incomes ranging from \$8,232 to \$33,000 will be income-eligible to reside at the Subject.

As the Subject will offer one and two-bedroom units, we have utilized all income-qualified senior households in the revised PMA, as illustrated in the table below.

GROSS DEMAND - ALL LIHTC UNITS					
All Senior Households in the Revised Three Census Tract PMA					
Income Cohort			<i>cohort overlap</i>	<i>% in cohort</i>	<i># in cohort</i>
\$0-9,999	213		1,767	17.67%	38
\$10,000-19,999	334		9,999	100.00%	334
\$20,000-29,999	146		9,999	100.00%	146
\$30,000-39,999	185		3,000	30.00%	55
\$40,000-49,999	106				
\$50,000-59,999	100				
\$60,000-74,999	121				
\$75,000-99,999	101				
\$100,000-124,999	115				
\$125,000-149,999	39				
\$150,000-199,999	30				
\$200,000+	49				
Total	1,540			37.22%	573

The gross demand for all LIHTC (30, 50, and 60 percent AMI level) units is 573 senior households out of 1,540 senior households in the revised three Census Tract PMA.

Relevant Supply

According to TDHCA, the Relevant Supply of proposed and unstabilized Comparable Units includes:

- 1) The proposed Subject Units
- 2) Comparable Units with priority over the Subject that have made application to the Department and have not been presented to the Board for decision
- 3) Comparable Units in previously approved but Unstabilized Developments (A Development with Comparable Units that has been approved for funding by the TDHCA Board or is currently under construction or has not maintained a 90% occupancy level for at least 12 consecutive months following construction completion) in the PMA.
- 4) Comparable Units in previously approved but Unstabilized Developments in the SMA, in the same proportion as the proportion of Potential Demand from the SMA that is included in Gross Demand

We have addressed each of the Relevant Supply criteria in the following manor:

- 1) We have included the proposed Subject LIHTC units in our capture rate.
- 2) We are not aware of any comparable age-restricted properties in the Subject's PMA that have made application to TDHCA.
- 3) We reviewed the TDHCA housing list to see if there have been any recently allocated, built, or under construction TDHCA-funded properties. According to the list and our market research, the most recently constructed or renovated age-restricted LIHTC development in Brady stabilized in 2006. Additionally, the only LIHTC property under construction, Trails at Brady, is family-targeted, and thus, has not been accounted for in our analysis.
- 4) We have not included additional demand from the SMA.

TDHCA defines the Gross Capture Rate as the Relevant Supply divided by the Gross Demand. We have evaluated the Gross Capture Rate for the Subject as a whole and by number of bedrooms and rent restriction categories, as illustrated in the following table. Also illustrated are the individual unit capture rates.

INDIVIDUAL CAPTURE RATES & GROSS CAPTURE RATE							
<i>Relevant Supply</i>							
	Subject's Units	Comparable Units	Total Relevant Supply		Gross Demand	=	Capture Rate
30% AMI Level							
1BR	2	0	2	/	56	=	3.5%
2BR	2	0	2	/	87	=	2.3%
50% AMI Level							
1BR	5	0	5	/	86	=	5.8%
2BR	4	0	4	/	128	=	3.1%
60% AMI Level							
1BR	18	0	18	/	21	=	85.2%
2BR	13	0	13	/	43	=	30.2%
Market Rate							
1BR	2	0	2	/	120	=	1.7%
2BR	3	0	3	/	256	=	1.2%
GROSS DEMAND (LIHTC UNITS)							
All LIHTC Units	44	0	44	/	573	=	7.7%

Dividing the Subject’s 44 total LIHTC units by the total demand of 573 households indicates a capture rate of 7.7 percent, which is drawing only from the three Census Tract, revised PMA. Additionally, all individual unit capture rates are less than 85.2 percent; meeting the TDHCA threshold of 100 percent or less.

We believe our revised PMA is an accurate representation of demand for the proposed development. Please feel free to contact us if we can be of further assistance.

Respectfully submitted,
 Novogradac and Company LLP



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 Partner
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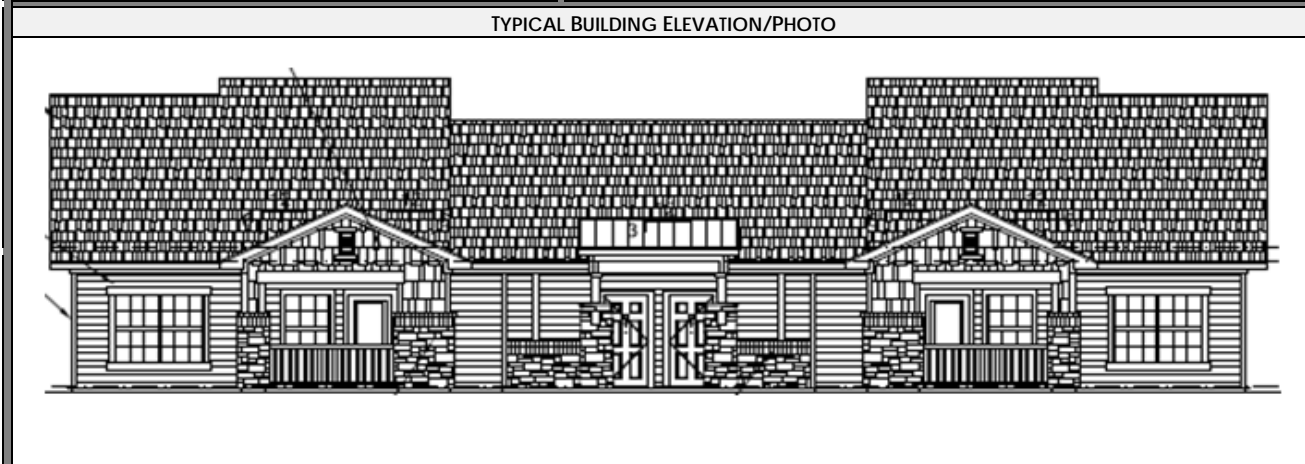
Patty Davis
 Senior Analyst
 Patty.Davis@novoco.com
 913.677.4600 ext. 1511



Shaun Andrews
 Junior Analyst

APPLICATION SUMMARY

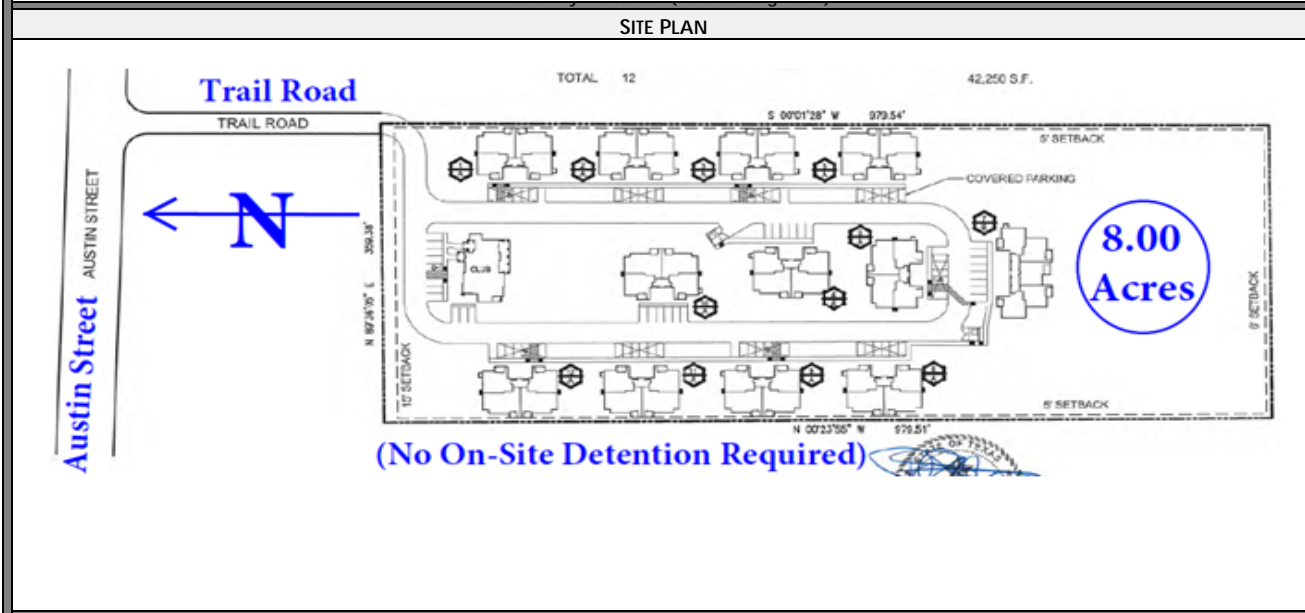
PROPERTY IDENTIFICATION		RECOMMENDATION						KEY PRINCIPAL / SPONSOR		
Application #	16057	TDHCA Program		Request	Approved			General Partner(s)		
Development	Silverleaf at Mason Apartments	LIHTC (9% Credit)		\$500,000	\$0	NA	NA	SilverLeaf at Mason, LLC		
City / County	Mason / Mason			Amount	Rate	Amort	Term	Lien	Mike Sugrue	
Region/Area	12 / Rural	Private Activity Bonds								
Population	Elderly Limitation	MDLP (Repayable)								
Set-Aside	General	MDLP (Cash Flow)								
Activity	New Construction	CHDO Expenses								
				Contractor -		Yes		Seller -		No



UNIT DISTRIBUTION			INCOME DISTRIBUTION		
# Beds	# Units	% Total	Income	# Units	% Total
Eff	-	0%	30%	4	8%
1	27	55%	40%	-	0%
2	22	45%	50%	9	18%
3	-	0%	60%	31	63%
4	-	0%	MR	5	10%
TOTAL	49	100%	TOTAL	49	100%

PRO FORMA FEASIBILITY INDICATORS

Pro Forma Underwritten	Applicant's Pro Forma	
Debt Coverage	1.20	Expense Ratio 56.5%
Breakeven Occ.	85.8%	Breakeven Rent \$586
Average Rent	\$633	B/E Rent Margin \$46
Property Taxes	\$408/unit	Exemption/PILOT 0%
Total Expense	\$4,042/unit	Controllable \$2,735/unit



MARKET FEASIBILITY INDICATORS

Gross Capture Rate (10% Maximum)	12.5%	
Highest Unit Capture Rate	47%	2 BR/60% 13
Dominant Unit Cap. Rate	29%	1 BR/60% 18
Premiums (↑60% Gross)	No	
Rent Assisted Units	N/A	

DEVELOPMENT COST SUMMARY

Costs Underwritten	Applicant's Costs		
Avg. Unit Size	862 SF	Density	6.1/acre
Acquisition	\$02K/unit	\$80K	
Building Cost	\$69.99/SF	\$60K/unit	\$2,957K
Hard Cost	\$79K/unit		\$3,879K
Total Cost	\$135K/unit		\$6,636K
Developer Fee	\$1,029K	(14% Deferred)	Paid Year: 6
Contractor Fee	\$543K	30% Boost	Yes

DEBT (Must Pay)					CASH FLOW DEBT / GRANT FUNDS					EQUITY / DEFERRED FEES		
Source	Term	Rate	Amount	DCR	Source	Term	Rate	Amount	DCR	Source	Amount	
BOK Financial	15/30	5.50%	\$1,868,150	1.20						Raymond James	\$4,599,540	
										StoneLeaf Development Partners	\$139,979	
TOTAL DEBT (Must Pay)			\$1,868,150		CASH FLOW DEBT / GRANTS				\$0		TOTAL EQUITY SOURCES	\$4,739,519
											TOTAL DEBT SOURCES	\$1,868,150
											TOTAL CAPITALIZATION	\$6,607,669

CONDITIONS

The Gross Capture Rate of 12.5% exceeds the 10% maximum rate pursuant to 10 TAC §10.302(i)(1)(A).

SHOULD THE BOARD APPROVE THIS AWARD, THE BOARD MUST WAIVE ITS RULES FOR THE ISSUES LISTED ABOVE AND SUCH AN AWARD SHOULD BE CONDITIONED UPON THE FOLLOWING:

- 1 Receipt and acceptance by Cost Certification:
At cost certification, an architect or engineer certification that the finished ground floor elevation for each building is at least one foot above the floodplain and that all drives, parking and amenities are not more than 6 inches below the floodplain, or a Letter of Map Amendment ("LOMA") or Letter of Map Revision ("LOMR-F") indicating that the development is no longer within the 100 year floodplain.
- 2 Should the Board approve this award, the Board must waive its rules for the Gross Capture Rate exceeding 10% and such award should be conditioned upon: (1) LIHTC allocation should not exceed \$500,000; and, (2) Should any terms of the proposed capital structure change or if there are material changes to the overall development plan or costs, the analysis must be re-evaluated and adjustment to the credit allocation and/or terms of other TDHCA funds may be warranted.

BOND RESERVATION / ISSUER

Issuer
Expiration Date
Bond Amount
BRB Priority
Expected Close
Bond Structure

RISK PROFILE

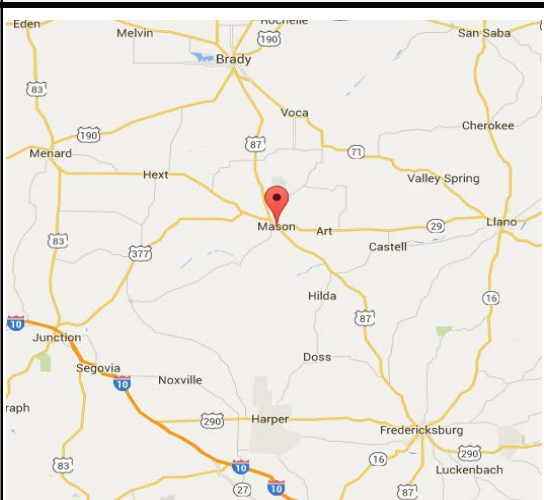
STRENGTHS/MITIGATING FACTORS

- Experienced Developer/Operator
- Overall Operational Feasibility Indicators

WEAKNESSES/RISKS

- Gross Capture Rate
- Overall Market Concerns

REGIONAL MAP



AERIAL PHOTOGRAPH(S)





DEVELOPMENT IDENTIFICATION

TDHCA Application #: **16057** Program(s): **9% HTC**

Silverleaf at Mason Apartments

Address/Location: South of Austin Street and east of Ranck Avenue

City: Mason County: Mason Zip: 76856

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

Activity: New Construction Building Type: Fourplex Region: 12

Analysis Purpose: New Application - Initial Underwriting

ALLOCATION

TDHCA Program	REQUEST				RECOMMENDATION				
	Amount	Interest Rate	Amort	Term	Amount	Interest Rate	Amort	Term	Lien
LIHTC (9% Credit)	\$500,000				\$0				

NOT RECOMMENDED DUE TO THE FOLLOWING

The Gross Capture Rate of 12.5% exceeds the 10% maximum rate pursuant to 10 TAC §10.302(i)(1)(A).

SHOULD THE BOARD APPROVE THIS AWARD, THE BOARD MUST WAIVE ITS RULES FOR THE ISSUES LISTED ABOVE AND SUCH AN AWARD SHOULD BE CONDITIONED UPON THE FOLLOWING:

- 1 Receipt and acceptance by Cost Certification:
 At cost certification, an architect or engineer certification that the finished ground floor elevation for each building is at least one foot above the floodplain and that all drives, parking and amenities are not more than 6 inches below the floodplain, or a Letter of Map Amendment ("LOMA") or Letter of Map Revision ("LOMR-F") indicating that the development is no longer within the 100 year floodplain.
- 2) Should any terms of the proposed capital structure change or if there are material changes to the overall development plan or costs, the analysis must be re-evaluated and adjustment to the credit allocation and/or terms of other TDHCA funds may be warranted.

SET-ASIDES

TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	4
50% of AMI	50% of AMI	9
60% of AMI	60% of AMI	31

DEAL SUMMARY

The proposed SilverLeaf at Mason Apartments will be located on the east side of Mason on Trail Road (to be built) off of Austin Street (State Hwy 29). Site is not currently in the City Limits but is slated to be annexed if project gets built. Location sits within a 2 mile radius encompassing the entire town. The development will be limited to senior residents and will consist of 49 units, including 1 and 2 bedroom floor plans housed in twelve (12) 1-story walk-up residential buildings (11 fourplexes and 1 fiveplex) along with a 1-story stand-alone clubhouse/leasing facility. A total of 44 (out of 49) of the units will be income restricted,

This Application is not being recommended for approval due to the Gross Capture Rate exceeding the 10% maximum threshold. The Underwriter found the primary market area ("PMA") submitted by the Market Analyst to be excessively large (3 counties and 2,908 square miles) and not representative of a logical market area from which the development would draw demand.

Upon notification of the Underwriter's concerns, the Applicant provided additional information including a revised PMA that the Underwriter also determined to be large and not representative of a logical market area. As such and pursuant to 10 TAC §10.303(g), the Underwriter independently determined a PMA that is used in the analysis. This PMA is represented by the boundaries of Mason County.

In addition, the original Market Study and the supplemental information failed to include a detailed description of why the development is expected to draw a majority of its prospective residents from the PMA. In other words, what are the characteristics of the city of Mason that would draw demand as opposed to other larger cities near the PMA. The Market Analyst focused on demographic data in support of the PMA but did not provide sufficient information as to why a prospective resident would choose to relocate to Mason given the lack of many services and amenities, particularly medical facilities.

While the analysis is based on the Underwriter's PMA, the Underwriter remains concerned that the PMA being used may be too large given the proximity of the PMA boundaries (Mason County) to larger markets with services and amenities such as Brady (12 miles), Menard (18 miles), Llano (17 miles), Junction (18 miles), and Fredericksburg (18 miles). Senior households living in areas near the boundaries of the PMA, but inside the PMA, will likely look to these cities as potential areas to relocate. The capture rate analysis does not take this factor into account.

The market study rules require a PMA based on census tracts which can provide a PMA that is not always a logical PMA. Additionally, the census tracts in rural areas can be very large. This does not mean, however, that a PMA based on census tracts is appropriate. Many times a county is used as a conservative PMA for this reason. In this case, the demographic data in the county does not support the Development.

RISK PROFILE

STRENGTHS/MITIGATING FACTORS	
▫	Experienced Developer/Operator
▫	Overall Operational Feasibility Indicators

WEAKNESSES/RISKS	
▫	Gross Capture Rate
▫	Overall Market Concerns

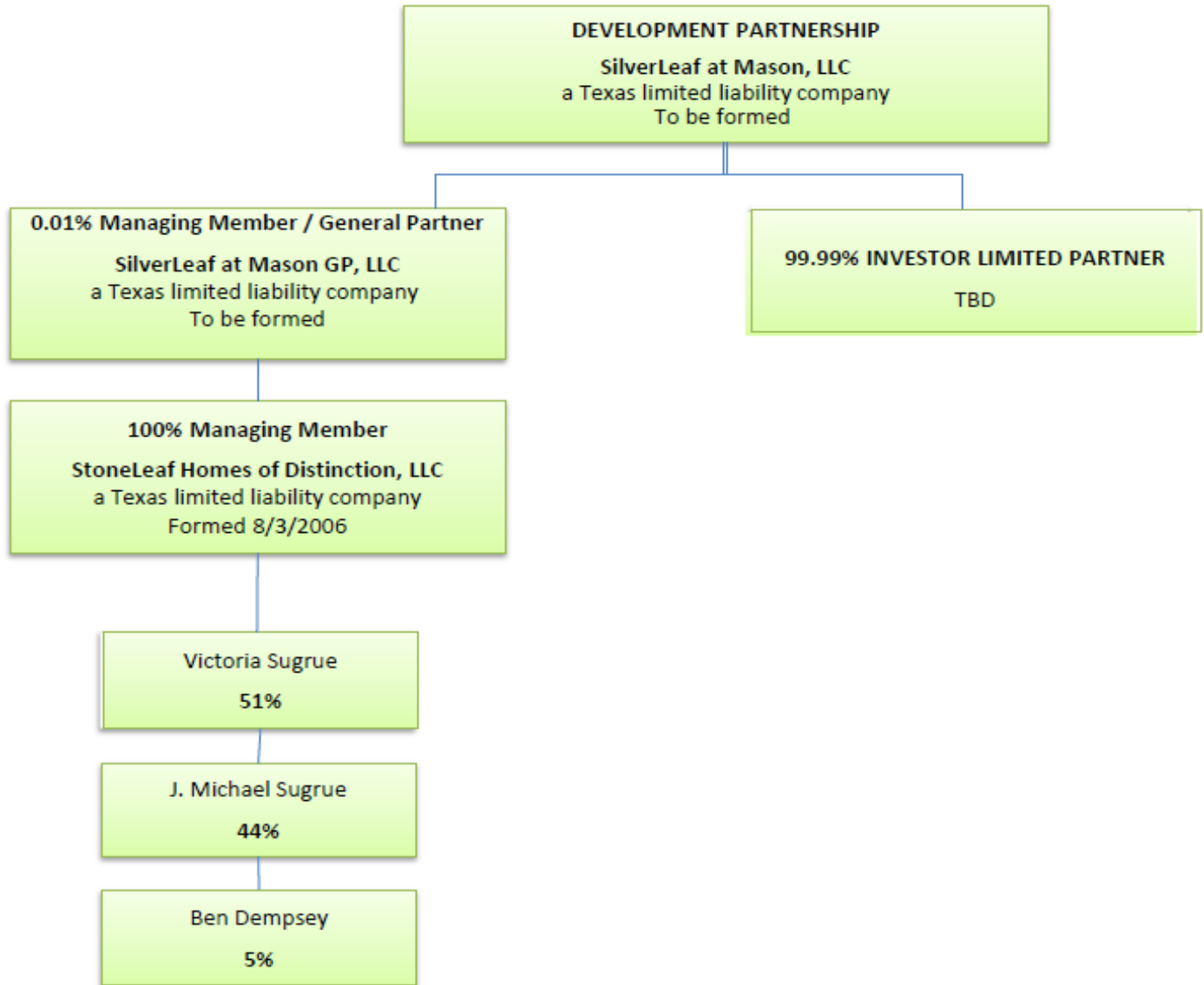
DEVELOPMENT TEAM

PRIMARY CONTACTS

Name: Mike Sugrue
 Phone: (903) 887-4344
 Relationship: Applicant/Developer

Name: Ben Dempsey
 Phone: (903) 887-4344
 Relationship: Applicant/Developer

OWNERSHIP STRUCTURE



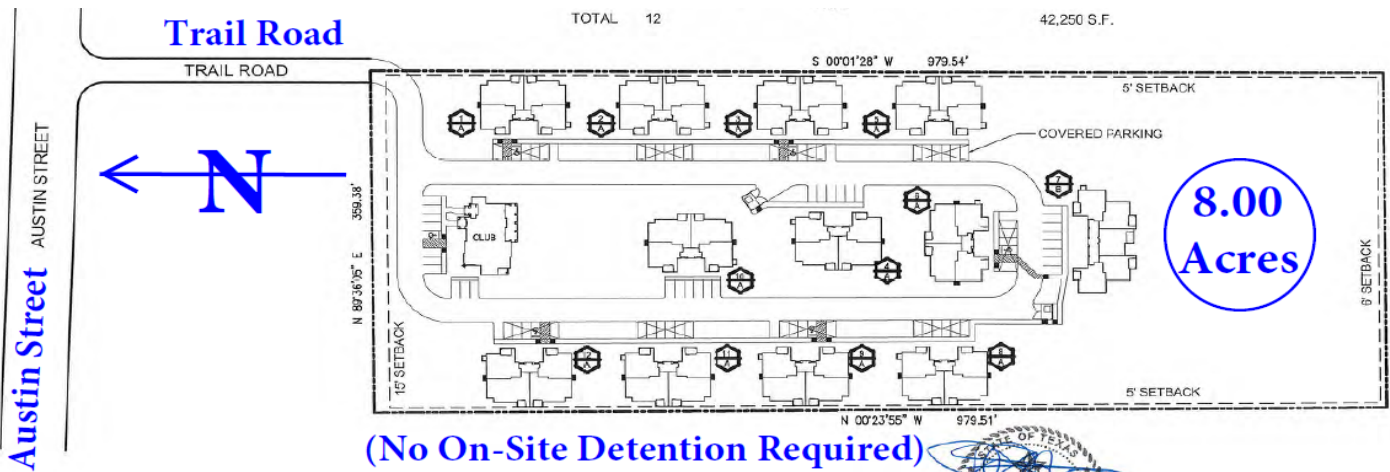
- Applicant, Developer, General Contractor and Cost Estimator are related entities.

DEVELOPMENT SUMMARY

AERIAL PHOTO



SITE PLAN



GENERAL INFORMATION

Flood Zone:	<u>None</u>	Scattered Site?	<u>No</u>
Zoning:	<u>Currently None</u>	Within 100-yr floodplain?	<u>No</u>
		Re-Zoning Required?	<u>No</u>
Year Constructed:	<u>N/A</u>	Utilities at Site?	<u>No</u>
		Title Issues?	<u>No</u>

Surrounding Uses:

North: Undeveloped land / Austin Street (State Hwy 29) / veterinary hospital / cattle auction.

South: Undeveloped land / Comanche Creek.

East: Rural single family / undeveloped land.

West: Funeral home / undeveloped land / industrial.

Other Observations:

There is currently no zoning since subject is outside of the city limits. If annexed, it will have to come into the City zoned as C-2 to allow multifamily development.

According to the feasibility report, no flood plain maps are available depicting the subject. By examining topographic maps, it was concluded that the southwest tip of the site may fall within the 100 year flood plain. However, the Site Plan shows that area to be open parkland away from any of the buildings or parking lot. An architect or engineer certification must be provided at cost certification stating that the finished ground floor elevation for each building is at least one foot above the floodplain and that all drives, parking and amenities are not more than 6 inches below the floodplain, or a Letter of Map Amendment ("LOMA") or Letter of Map Revision ("LOMR-F") indicating that the development is no longer within the 100 year floodplain.

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: Phase Engineering, Inc. Date: 2/10/2016

Recognized Environmental Conditions (RECs) and Other Concerns:

- None.

MARKET ANALYSIS

Provider: Novogradac & Company LLP Date: 3/28/2016
Contact: Patty Davis Phone: 913-677-4600

TDHCA Primary Market Area (PMA): 948 sq. miles 17 mile equivalent radius

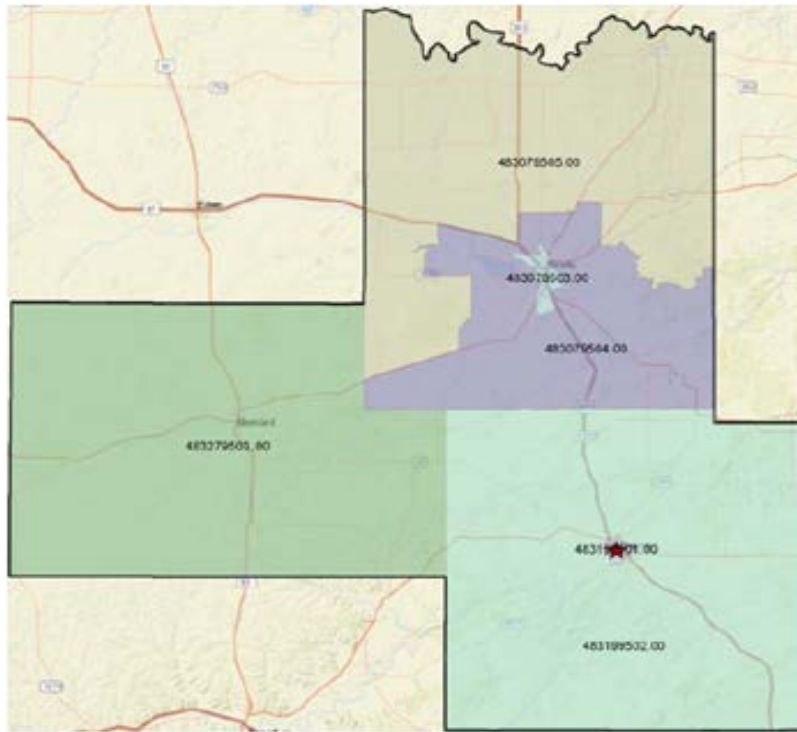
TDHCA's Reduced Primary Market Area ("PMA") consists of the two census tracts that make up Mason County; they cover 948 square miles. The city of Mason is located centrally in the county. The population of Mason County is 4,135, with 1,809 of that population considered elderly. There are 353 income eligible senior households in Mason County. The population of the city of Mason itself is 2,114 (819 considered elderly), with 189 income eligible senior households. TDHCA's reduced PMA is used in analysis unless otherwise stated.

Market Analyst's Original PMA: 2,908 sq. miles 30 mile equivalent radius

The Market Analyst's Original PMA consists of six census tracts encompassing three counties (Mason, Menard, and McCulloch) and 2,908 square miles. The population of the three counties is 14,823, of which 5,970 are considered elderly. There are 1,522 eligible senior households in this PMA.

Market Analyst's Revised PMA: 1,315 sq. miles 20 mile equivalent radius

Although not requested by the Underwriter nor accepted through an administrative deficiency, the Market Analyst provided a revised PMA consisting of three census tracts encompassing Mason County and the southern part of McCulloch County, but not including the city of Brady. The Revised PMA is 1,315 square miles with a population of 5,716 people and 573 income eligible senior households.



Market Analyst's original PMA and analysis included all three counties; the Revised PMA and analysis includes Mason County (blue) and the purple census tract in McCulloch County. The distance from the northern part of the Market Analyst's revised PMA to the city of Mason is 34 miles. The distance from Brady to the city of Mason is 26 miles.

ELIGIBLE HOUSEHOLDS BY INCOME

Mason County Income Limits

HH size	30% of AMI		40% of AMI		50% of AMI		60% of AMI	
	min	max	min	max	min	max	min	max
1	\$8,232	\$12,840	---	---	\$13,752	\$21,400	\$16,488	\$25,680
2	\$8,232	\$14,670	---	---	\$13,752	\$24,450	\$16,488	\$29,340
3	\$9,888	\$16,500	---	---	\$16,488	\$27,500	\$19,800	\$33,000
4	---	---	---	---	---	---	---	---
5	---	---	---	---	---	---	---	---
6	---	---	---	---	---	---	---	---

AFFORDABLE HOUSING INVENTORY

Competitive Supply (Proposed, Under Construction, and Unstabilized)

File #	Development	In PMA?	Type	Target Population	Comp Units	Total Units
	None					
Other Affordable Developments in PMA since 2012						
	None		New	General	n/a	
Stabilized Affordable Developments in PMA (pre-2012)					Total Units	0
					Total Developments	0

OVERALL DEMAND ANALYSIS				
	Market Analyst Original PMA		TDHCA's Reduced PMA	
Total Households in the Primary Market Area	6,233		4,135	
Senior Households in the Primary Market Area	3,639		1,167	
Potential Demand from the Primary Market Area	1,522		353	
Potential Demand from Other Sources	0		0	
GROSS DEMAND	1,522		353	
Subject Affordable Units	44		44	
Unstabilized Comparable Units	0		0	
RELEVANT SUPPLY	44		44	
Relevant Supply ÷ Gross Demand = GROSS CAPTURE RATE	2.9%		12.5%	

Population:	Elderly Limitation	Market Area:	Rural	Maximum Gross Capture Rate:	10%
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Demand Analysis:

Underwriter's Reduced PMA (Mason County) produces a Gross Capture Rate of 12.5%, which is above the 10% threshold. This shows that there is not enough eligible demand within the 948 square mile PMA to support the Subject's 44 affordable units. In addition to the Market Study and census data, the Underwriter contacted local stakeholders in the area to make their conclusions and recommendations herein.

It should be noted that due to the rule requiring that PMA's be selected based on census tracts, even TDHCA's reduced PMA is probably larger than where actual demand will come from. A portion of the population in northern Mason County would be drawn to Brady for jobs, amenities, and services instead of the city of Mason which has limited services, etc. The county line is about equidistant from Brady and the city of Mason.

Market Analyst's Original PMA pulls demand from three counties to generate a Gross Capture Rate of 2.9%. This represents that households (demand) throughout the 2,908 square mile PMA will move to the city of Mason to occupy the 44 affordable Subject units.

In response to TDHCA's discussions that the original PMA is too large and not a realistic reflection of where the demand for the Subject units would exist, Market Analyst provided a revised PMA that consists of three census tracts; the two tracts in Mason County and one tract that abuts Mason County and encompasses southern McCulloch County (but excludes the city of Brady).

This revised Market Study reports a PMA area of 1,315 square miles with a population of 5,716 and 573 eligible senior households. This returned a 7.7% Gross Capture Rate for the 44 affordable Subject units. The revised PMA does not represent a logical market area for the Subject as most demand in the McCulloch County census tract (north and south of Brady) will look to Brady as the logical place to relocate because of jobs, services and amenities. Although the mathematics for the gross capture rate work using the revised PMA, the Market Analyst has not adequately shown why Mason (with very few amenities, particularly lack of medical facilities and jobs) would draw demand from this third census tract.

Also a concern with the revised PMA is the 85% unit capture rate for 60% one bedroom unit, which make up 37% of the total units at the Subject property. This unit capture rate is stating that out of the 21 senior households within the 1,315 square mile revised PMA that qualify for this unit type, 18 of them will need to choose to move to the Subject instead of any other housing option. Said another way, this capture assumes that only 3 of these qualified households in the PMA would move somewhere other than the Subject property.

The Market Analyst's revised PMA produces a 30% unit capture rate for 60% two-bedroom units (27% of units); all other unit capture rates are less than 6% due to the small number of each unit offered.

It should be noted that Trails at Brady (15241) is a 2015 awarded family deal located in Brady. While this property is not set aside for seniors, senior households are accepted here. It would be assumed that some of the households that are income eligible in the McCulloch County census tract for this PMA, would move to this affordable property located in Brady, given its location in Brady and the fact the units will be delivered before the Subject's.

Minimum eligible income is calculated at 50% rent to income for Elderly deals, instead of the 35% ratio for family deals. Gross demand also includes all household sizes and both renter and owner households; this produces a very generous demand for senior deals in relation to family deals. The stated Gross Capture Rate and Unit Capture Rates only reflect the demand for the 44 affordable units at the Subject property and do not include any of the 5 market units in the analysis.

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE								
Unit Type	Market Analyst Original PMA				TDHCA's Reduced PMA			
	Demand	Subject Units	Comp Units	Unit Capture Rate	Demand	Subject Units	Comp Units	Unit Capture Rate
1 BR/30%	135	2	0	2%	58	2	0	3%
1 BR/50%	225	5	0	2%	65	5	0	8%
1 BR/60%	79	18	0	23%	63	18	0	29%
2 BR/30%	191	2	0	1%	22	2	0	9%
2 BR/50%	340	4	0	1%	24	4	0	17%
2 BR/60%	163	13	0	8%	28	13	0	47%

Market Analyst Comments:

Original PMA

When viewing total eligible senior households for the 44 LIHTC units, the calculation illustrates an overall gross capture rate of 2.9 percent for all LIHTC units. This is considered excellent, and indicative of strong demand for the Subject's units and a large elderly population. (p. 125 Original Market Study)

The Primary Market Area (PMA) encompasses Menard, Mason and McCulloch Counties. According to our interviews with local stakeholders and property managers of the surveyed properties, participants from this general region would consider relocating to the Subject property given the lack of affordable senior housing in the area, the significant population over the age of 55, coupled with the aging housing stock, much of which was constructed prior to 1939. (p. 15 Original Market Study)

The PMA experienced an increase in senior population from 2010 to 2015 at an annual rate of 1.8 percent. As indicated above, the senior population in the PMA is expected to continue to increase through 2020 at an annual rate of 1.7 percent. (p. 32 Original Market Study)

Market Analyst's Revised PMA

A large portion of the 25-mile drive time that extends outside Mason County is located in southern McCulloch County. Therefore, we have included this census tract in our revised, smaller PMA. Further, this census tract excludes the community of Brady. It is important to note that based upon our interviews and analysis, demand for the Subject will originate outside Mason County; however, due to TDHCA's regulation that the PMA be constructed of whole census tracts only, we downsized the PMA to include an adjacent Census Tract that encompasses the smallest geographic area. (p. 3 Revised Market Study)

In accordance with TDHCA guidelines, none of the Individual Unit Capture Rates for any unit type exceed 100 percent. (p.8 Revised Market Study)

Underwriter Comments:

Underwriter believes the original PMA of three counties (2,908 square miles) does not realistically represent the area where possible tenants for 44 senior affordable units in Mason will come from. Underwriter feels it is more realistic to assume that the elderly tenants would move from rural areas in Mason County to the city of Mason to occupy these units. In this rural, tri-county area, if elderly folks are leaving their hometowns, it is more likely that they would relocate to larger towns, such as Brady where there are medical facilities, grocery stores, and entertainment. Furthermore, elderly tenants usually move closer to their families as they age, and there are not many jobs located around Mason to draw new working families and their elderly family members from other towns in the tri-county area.

There are limited services and amenities in the city of Mason. There is one medical clinic that consists of one medical doctor and one nurse practitioner that fulfill the family practice needs of Mason. There is a Country Home Health, LLC that provides skilled in-home nursing; they currently serve about 100 people throughout the entire Mason County. The closest hospitals are in Brady (26 miles), Llano (31 miles), Fredericksburg (39 miles), and Junction (36 miles). The Mason Senior Center in the city of Mason provides lunch time meals, five days a week, to about 20-30 seniors. The senior center also provides Tuesday bingo and blood pressure checks once a month.

Regarding the Market Analyst's Revised PMA that includes the southern census tract in McCulloch County, Underwriter assumes the aging population in this census tract would remain there due to the proximity to Brady and its services, rather than move 20 - 30 miles south to Mason, which has very little medical support, services, or entertainment.

As a general note, the threshold for the gross capture rate and the individual unit capture rate threshold of 100% are not targets. They are maximum thresholds that indicate significant lack of demand. Capture rates that are near the thresholds are of concern and represent increasing risk as you approach the thresholds. As previously indicated, the 85% unit capture rate on the 60% one bedroom unit (37% of the total units) is of serious concern.

OPERATING PRO FORMA

SUMMARY- AS UNDERWRITTEN (Applicant's Pro forma)					
NOI:	\$152,532	Avg. Rent:	\$633	Expense Ratio:	56.5%
Debt Service:	\$127,286	B/E Rent:	\$586	Controllable Expenses:	\$2,735
Net Cash Flow:	\$25,247	UW Occupancy:	92.5%	Property Taxes/Unit:	\$408
Aggregate DCR:	1.20	B/E Occupancy:	85.8%	Program Rent Year:	2015

The 44 HTC units comprise 90% of the total units and are projected by Applicant at maximum program rents. The 5 unrestricted units only make up 10% and are therefore only projected to achieve gross HTC60% rents. However, even a 1.00% drop in overall projected rent would cause the DCR to drop below the required 1.15 threshold.

Assumed rents are not unreasonable but sufficient overall demand for the project is in question. Without sufficient demand, rents would likely be lowered and the project would likely become infeasible.

Applicant's projected breakeven occupancy occurs with 7 units vacant (underwritten at 4). DCR drops below a 1.15 times if only 5 units are vacant. As underwritten, the DCR and expense ratio are healthy.

Revisions to Rent Schedule:	1
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Revisions to Annual Operating Expenses:	1
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DEVELOPMENT COST EVALUATION

SUMMARY- AS UNDERWRITTEN (Applicant's Costs)

Acquisition	\$10,000/ac	\$1,633/unit	\$80,000	Contractor Fee	\$543,009
Off-site + Site Work		\$13,086/unit	\$641,200	Soft Cost + Financing	\$916,000
Building Cost	\$69.99/sf	\$60,349/unit	\$2,957,080	Developer Fee	\$1,028,500
Contingency	7.79%	\$5,721/unit	\$280,350	Reserves	\$190,000
Total Development Cost	\$135,431/unit		\$6,636,139	Rehabilitation Cost	N/A

Qualified for 30% Basis Boost?	Rural [9% only]
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Off-site:

None.

Site Work:

Certified estimate of \$591K (\$12K/unit) covers typical grading, paving and utilities. Site amenity cost of \$50K is for landscaping. The site plan does not indicate a pool.

Building Cost:

Typical single story construction and reasonable cost estimate. REA's estimate essentially matches Applicant's budget at \$60K/unit (\$70/sf). Units have nine foot ceilings. Although they are single-story the buildings do have fire sprinklers.

Contingency:

Overstated by \$28K.

Contractor Fee:

Overstated by \$4K.

Ineligible Costs:

Interim interest is overstated by \$48K.

Soft Costs:

Architectural and engineering costs are lower than average at \$2.7K/unit (2%), while total soft costs of \$7.8K/unit (6%) fall within a fairly typical range. Given a potential slow lease-up, reserves may be inadequate.

Developer Fee:

Overstated by \$15K.

Credit Allocation Supported by Costs:

Total Development Cost	Adjusted Eligible Cost	Credit Allocation Supported by Eligible Basis
\$6,607,669	\$6,078,218	\$635,408

Revisions to Development Cost Schedule:	0
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UNDERWRITTEN CAPITALIZATION

INTERIM SOURCES

Funding Source	Description	Amount	Rate	LTC
BOK Financial	Conventional Loan	\$3,300,000	4.00%	52%
Raymond James	HTC	\$2,500,000	\$0.92	40%
StoneLeaf Development Partners	Deferred Fees	\$500,000	0.00%	8%
		\$6,300,000	Total Sources	

Comments:

As presented, BOK Financial will be providing construction and permanent loan financing. The \$3.3M construction loan will be paid down with equity funds upon completion, leaving \$1.9M remaining as permanent debt.

PERMANENT SOURCES

Debt Source	PROPOSED				UNDERWRITTEN				
	Amount	Interest Rate	Amort	Term	Amount	Interest Rate	Amort	Term	LTC
BOK Financial	\$1,868,150	5.50%	30	15	\$1,868,150	5.50%	30	15	28%
Total	\$1,868,150				\$1,868,150				

Comments:

Complying with a 7% Contingency reduces Applicant's Deferred Developer Fees.

Equity & Deferred Fees	PROPOSED			UNDERWRITTEN			
	Amount	Rate	% Def	Amount	Rate	% TC	% Def
Raymond James	\$4,599,540	\$0.92		\$4,599,540	\$0.92	70%	
StoneLeaf Development Partners	\$168,449		16%	\$139,979			2% 14%
Overstated Contingency	(\$28,470)			\$0			
Total	\$4,739,519			\$4,739,519			
				\$6,607,669			Total Sources

Credit Price Sensitivity based on current capital structure	
\$0.948	Maximum Credit Price before the Development is oversourced and allocation is limited
\$0.849	Minimum Credit Price below which the Development would be characterized as infeasible

Comments:

Applicant's eligible basis supports a higher annual credit allocation of \$635K (\$1.242M of equity). However, the regional allocation only provides a \$500K allocation.

CONCLUSIONS

Recommended Financing Structure:

Gap Analysis:	
Total Development Cost	\$6,607,669
Permanent Sources	\$1,868,150
Gap in Permanent Financing	\$4,739,519

Possible Tax Credit Allocations:	Equity Proceeds	Annual Credits
Determined by Eligible Basis	\$5,845,165	\$635,408
Needed to Fill Gap in Financing	\$4,739,519	\$515,217
Requested by Applicant	\$4,599,540	\$500,000

	RECOMMENDATION	
	Equity Proceeds	Annual Credits
Tax Credit Allocation	\$4,599,540	\$500,000

Deferred Developer Fee	\$139,979	(14% deferred)
Repayable in	6 years	

Underwriter: Gregg Kazak

Manager of Real Estate Analysis: Thomas Cavanagh

Director of Real Estate Analysis: Brent Stewart

UNIT MIX/RENT SCHEDULE
Silverleaf at Mason Apartments, Mason, 9% HTC #16057

LOCATION DATA	
CITY:	Mason
COUNTY:	Mason
PROGRAM REGION:	12

UNIT DISTRIBUTION						
# Beds	# Units	% Total	Assisted	Income	# Units	% Total
Eff	-	0.0%	0	30%	4	8.2%
1	27	55.1%	0	40%	-	0.0%
2	22	44.9%	0	50%	9	18.4%
3	-	0.0%	0	60%	31	63.3%
4	-	0.0%	0	MR	5	10.2%
TOTAL	49	100.0%	-	TOTAL	49	100.0%

Applicable Programs
9% Housing Tax Credits

Pro Forma ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	89.35%
APP % Acquisition	3.37%
APP % Construction	9.00%
Average Unit Size	862 sf

UNIT MIX / MONTHLY RENT SCHEDULE																			
HTC		UNIT MIX				APPLICABLE PROGRAM RENT			APPLICANT'S PRO FORMA RENTS				TDHCA PRO FORMA RENTS				MARKET RENTS		
Type	Gross Rent	# Units	# Beds	# Baths	NRA	Gross Rent	Utility Allow	Max Net Program Rent	Delta to Max	Rent psf	Net Rent per Unit	Total Monthly Rent	Total Monthly Rent	Rent per Unit	Rent psf	Delta to Max	Underwritten	Mrkt Analyst	
TC 30%	\$343	2	1	1	750	\$343	\$65	\$278	\$0	\$0.37	\$278	\$556	\$556	\$278	\$0.37	\$0	\$687	\$0.92	\$705
TC 50%	\$573	5	1	1	750	\$573	\$65	\$508	\$0	\$0.68	\$508	\$2,540	\$2,540	\$508	\$0.68	\$0	\$687	\$0.92	\$705
TC 60%	\$687	18	1	1	750	\$687	\$65	\$622	\$0	\$0.83	\$622	\$11,196	\$11,196	\$622	\$0.83	\$0	\$687	\$0.92	\$705
MR		2	1	1	750	\$0	\$64		NA	\$0.92	\$687	\$1,374	\$1,374	\$687	\$0.92	NA	\$687	\$0.92	\$705
TC 30%	\$412	2	2	1	1,000	\$412	\$76	\$336	\$0	\$0.34	\$336	\$672	\$672	\$336	\$0.34	\$0	\$825	\$0.83	\$825
TC 50%	\$687	4	2	1	1,000	\$687	\$76	\$611	\$0	\$0.61	\$611	\$2,444	\$2,444	\$611	\$0.61	\$0	\$825	\$0.83	\$825
TC 60%	\$825	13	2	1	1,000	\$825	\$76	\$749	\$0	\$0.75	\$749	\$9,737	\$9,737	\$749	\$0.75	\$0	\$825	\$0.83	\$825
MR		3	2	1	1,000	\$0	\$76		NA	\$0.83	\$825	\$2,475	\$2,475	\$825	\$0.83	NA	\$825	\$0.83	\$825
TOTALS/AVERAG		49			42,250				\$0	\$0.73	\$633	\$30,994	\$30,994	\$633	\$0.73	\$0	\$749	\$0.87	\$759

ANNUAL POTENTIAL GROSS RENT:	\$371,928	\$371,928
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STABILIZED PRO FORMA

Silverleaf at Mason Apartments, Mason, 9% HTC #16057

STABILIZED FIRST YEAR PRO FORMA												
COMPARABLES			APPLICANT				TDHCA				VARIANCE	
Database	Selected Comps		% EGI	Per SF	Per Unit	Amount	Amount	Per Unit	Per SF	% EGI	%	\$
POTENTIAL GROSS RENT				\$0.73	\$633	\$371,928	\$371,928	\$633	\$0.73		0.0%	\$0
laundry/vending					\$10.00	\$5,880						
nsf & late					\$2.04	\$1,200						
					\$0.00	\$0						
Total Secondary Income					\$12.04		\$7,080	\$12.04			0.0%	\$0
POTENTIAL GROSS INCOME						\$379,008	\$379,008				0.0%	\$0
Vacancy & Collection Loss					7.5% PGI	(28,426)	(28,426)	7.5% PGI			0.0%	-
Rental Concessions						-	-				0.0%	-
EFFECTIVE GROSS INCOME						\$350,582	\$350,582				0.0%	\$0

General & Administrative	\$25,184	\$514/Unit	\$15,033	\$307	4.51%	\$0.37	\$322	\$15,800	\$15,033	\$307	\$0.36	4.29%	5.1%	767
Management	\$28,882	7.9% EGI	\$16,902	\$345	4.99%	\$0.41	\$357	\$17,500	\$17,529	\$358	\$0.41	5.00%	-0.2%	(29)
Payroll & Payroll Tax	\$40,932	\$835/Unit	\$51,949	\$1,060	17.40%	\$1.44	\$1,245	\$61,000	\$59,883	\$1,222	\$1.42	17.08%	1.9%	1,117
Repairs & Maintenance	\$28,015	\$572/Unit	\$30,122	\$615	8.04%	\$0.67	\$576	\$28,200	\$29,400	\$600	\$0.70	8.39%	-4.1%	(1,200)
Electric/Gas	\$13,185	\$269/Unit	\$4,839	\$99	1.71%	\$0.14	\$122	\$6,000	\$4,839	\$99	\$0.11	1.38%	24.0%	1,161
Water, Sewer, & Trash Tenant Pays: T Or	\$21,626	\$441/Unit	\$27,925	\$570	6.56%	\$0.54	\$469	\$23,000	\$23,313	\$476	\$0.55	6.65%	-1.3%	(313)
Property Insurance	\$16,568	\$0.39/sf	\$13,255	\$271	3.57%	\$0.30	\$255	\$12,500	\$13,255	\$271	\$0.31	3.78%	-5.7%	(755)
Property Tax (@ 100%) 1.7645	\$23,829	\$486/Unit	\$9,836	\$201	5.70%	\$0.47	\$408	\$20,000	\$25,995	\$531	\$0.62	7.41%	-23.1%	(5,995)
Reserve for Replacements	\$13,323	\$272/Unit	\$14,992	\$306	3.49%	\$0.29	\$250	\$12,250	\$12,250	\$250	\$0.29	3.49%	0.0%	-
Supportive Services			\$6,146	\$125	0.00%	\$0.00	\$0	\$0	\$0	\$0	\$0.00	0.00%	0.0%	-
TDHCA LIHTC/HOME Compliance Fees			\$926	\$19	0.51%	\$0.04	\$37	\$1,800	\$1,760	\$36	\$0.04	0.50%	2.3%	40
TOTAL EXPENSES			\$207,785		56.49%	\$4.69	\$4,042	\$ 198,050	\$ 203,258	\$4,148	\$4.81	57.98%	-2.6%	\$ (5,208)
NET OPERATING INCOME ("NOI")					43.51%	\$3.61	\$3,113	\$152,532	\$147,325	\$3,007	\$3.49	42.02%	3.5%	\$5,208

CONTROLLABLE EXPENSES		\$2,735/Unit								\$2,703/Unit				
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CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Silverleaf at Mason Apartments, Mason, 9% HTC #16057

DEBT / GRANT SOURCES																
APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE									AS UNDERWRITTEN DEBT/GRANT STRUCTURE							
DEBT (Must Pay)	Fee	Cumulative DCR		Pmt	Rate	Amort	Term	Principal	Principal	Term	Amort	Rate	Pmt	Cumulative		
		UW	App											DCR	LTC	
BOK Financial		1.16	1.20	127,285	5.50%	30	15	\$1,868,150	\$1,868,150	15	30	5.50%	\$127,286	1.20	28.3%	
				\$127,285	TOTAL DEBT / GRANT SOURCES			\$1,868,150	\$1,868,150	TOTAL DEBT SERVICE			\$127,286	1.20	28.3%	
NET CASH FLOW		\$20,040	\$25,247	APPLICANT NET OPERATING INCOME						\$152,532	\$25,247	NET CASH FLOW				

EQUITY SOURCES											
APPLICANT'S PROPOSED EQUITY STRUCTURE						AS UNDERWRITTEN EQUITY STRUCTURE					
EQUITY / DEFERRED FEES	DESCRIPTION	% Cost	Annual Credit	Credit Price	Amount	Amount	Credit Price	Annual Credit	% Cost	Annual Credits per Unit	Allocation Method
StoneLeaf Development Partners	Deferred Developer Fees	2.5%	(16% Deferred)		\$168,449	\$139,979	(14% Deferred)		2.1%	Total Developer Fee: \$1,028,500	
Additional (Excess) Funds Req'd		-0.4%			(\$28,470)	\$0			0.0%		
TOTAL EQUITY SOURCES		71.7%			\$4,739,519	\$4,739,519			71.7%	15-Year Cash Flow:	\$492,812
TOTAL CAPITALIZATION						\$6,607,669	\$6,607,669	15-Yr Cash Flow after Deferred Fee:			\$352,833

DEVELOPMENT COST / ITEMIZED BASIS													
APPLICANT COST / BASIS ITEMS						TDHCA COST / BASIS ITEMS						COST VARIANCE	
	Eligible Basis		Total Costs			Total Costs			Eligible Basis		%	\$	
	Acquisition	New Const. Rehab							New Const. Rehab	Acquisition			
Land Acquisition			\$1,633 / Unit	\$80,000	\$80,000	\$1,633 / Unit					0.0%	\$0	
Off-Sites		\$0	\$ / Unit	\$0	\$0	\$ / Unit	\$0				0.0%	\$0	
Site Work		\$591,200	\$12,065 / Unit	\$591,200	\$591,200	\$12,065 / Unit	\$591,200				0.0%	\$0	
Site Amenities		\$50,000	\$1,020 / Unit	\$50,000	\$50,000	\$1,020 / Unit	\$50,000				0.0%	\$0	
Building Cost		\$2,957,080	\$69.99 /sf	\$60,349/Unit	\$2,957,080	\$2,988,031	\$60,980/Unit	\$70.72 /sf	\$2,988,031		-1.0%	(\$30,951)	
Contingency		\$280,350	7.79%	7.79%	\$280,350	\$254,046	7.00%	7.00%	\$254,046		10.4%	\$26,304	
Contractor Fees		\$543,009	14.00%	14.00%	\$543,009	\$543,009	13.98%	13.98%	\$543,009		0.0%	\$0	
Soft Costs	0	\$363,000	\$7,816 / Unit	\$383,000	\$383,000	\$7,816 / Unit	\$363,000	\$0	\$0		0.0%	\$0	
Financing	0	\$361,000	\$10,878 / Unit	\$533,000	\$533,000	\$10,878 / Unit	\$313,000	\$0	\$0		0.0%	\$0	
Developer Fee	\$0	\$1,028,500	19.99%	19.99%	\$1,028,500	\$1,020,457	20.00%	19.85%	\$1,013,036	\$0	0.8%	\$8,043	
Reserves			\$3,878 / Unit	\$190,000	\$165,272	\$3,373 / Unit					15.0%	\$24,728	
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)	\$0	\$6,174,139		\$135,431 / Unit	\$6,636,139	\$6,608,015	\$134,857 / Unit	\$6,115,322	\$0	0.4%	\$28,124		
Acquisition Cost	\$0				\$0								
Contingency		(\$28,470)			(\$28,470)								
Contractor's Fee		(\$3,987)											
Interim Interest		(\$48,000)											
Developer Fee	\$0	(\$15,464)			\$0								
Reserves					\$0								
ADJUSTED BASIS / COST	\$0	\$6,078,218		\$134,850/unit	\$6,607,669	\$6,608,015	\$134,857/unit	\$6,115,322	\$0	0.0%	(\$346)		
TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate):					\$6,607,669								

CAPITALIZATION / DEVELOPMENT COST BUDGET / ITEMIZED BASIS ITEMS

Silverleaf at Mason Apartments, Mason, 9% HTC #16057

CREDIT CALCULATION ON QUALIFIED BASIS				
Applicant		TDHCA		
Acquisition	Construction Rehabilitation	Acquisition	Construction Rehabilitation	
ADJUSTED BASIS	\$0	\$6,078,218	\$0	\$6,115,322
Deduction of Federal Grants	\$0	\$0	\$0	\$0
TOTAL ELIGIBLE BASIS	\$0	\$6,078,218	\$0	\$6,115,322
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	\$0	\$7,901,684	\$0	\$7,949,919
Applicable Fraction	89.35%	89.35%	89.35%	89.35%
TOTAL QUALIFIED BASIS	\$0	\$7,060,084	\$0	\$7,103,182
Applicable Percentage	3.37%	9.00%	3.37%	9.00%
ANNUAL CREDIT ON BASIS	\$0	\$635,408	\$0	\$639,286
CREDITS ON QUALIFIED BASIS	\$635,408		\$639,286	

Method	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		FINAL ANNUAL LIHTC ALLOCATION		
	Annual Credits	Proceeds	Credit Price \$0.9199	Variance to Request	
			Credit Allocation	Credits	Proceeds
Eligible Basis	\$635,408	\$5,845,165	----	----	----
Needed to Fill Gap	\$515,217	\$4,739,519	----	----	----
Applicant Request	\$500,000	\$4,599,540	\$500,000	\$0	\$0

	Development Cost/SF	
	Application	TDHCA
Acquisition & Hard Costs	\$104.65	\$104.76
Hard Costs	\$104.65	\$104.76
Building Costs	\$69.99	\$70.72
Total Points Claimed:	12	

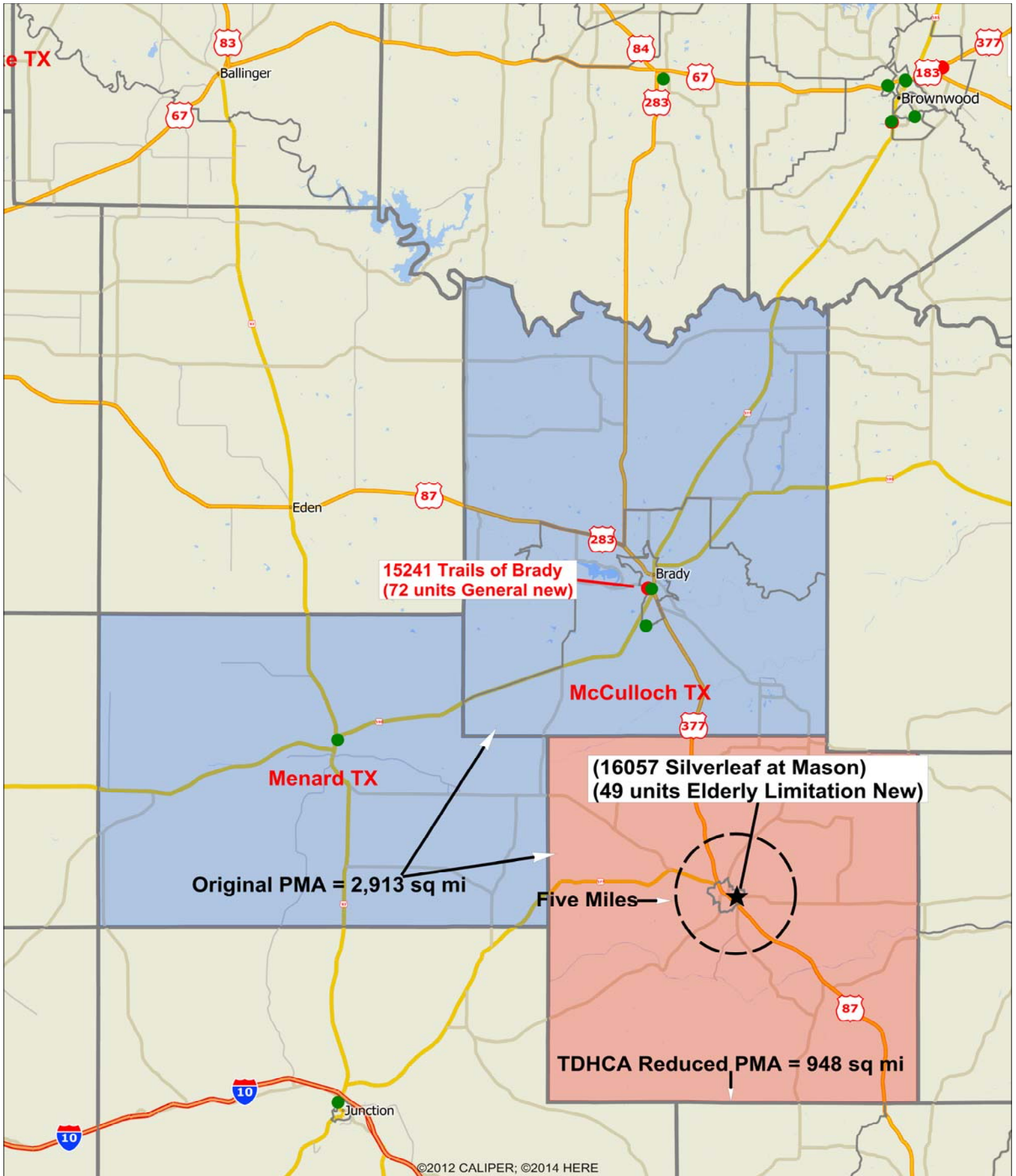
BUILDING COST ESTIMATE				
CATEGORY	FACTOR	UNITS/SF	PER SF	AMOUNT
Base Cost:	Fourplex	42,250 SF	\$67.11	2,835,295
Adjustments				
Exterior Wall Finish	0.73%		0.49	\$20,669
Eldery	3.00%		2.01	85,059
9-Ft. Ceilings	3.09%		2.07	87,642
Roof Adjustment(s)			4.89	206,804
Subfloor			(2.98)	(125,905)
Floor Cover			2.84	119,990
Breezeways	\$0.00	0	0.00	0
Balconies	\$25.24	7,500	4.48	189,300
Plumbing Fixtures	\$990	22	0.52	21,780
Rough-ins	\$485	98	1.12	47,530
Built-In Appliances	\$1,725	49	2.00	84,525
Exterior Stairs	\$2,250	0	0.00	0
Heating/Cooling			2.14	90,415
Enclosed Corridors	\$50.30	0	0.00	0
Carports	\$11.94	0	0.00	0
Garages		0	0.00	0
Comm &/or Aux Bldgs	\$91.84	2,729	5.93	250,635
Elevators		0	0.00	0
Other: Mail Room	\$50.30	125	0.15	6,287
Fire Sprinklers	\$2.47	44,979	2.63	111,098
SUBTOTAL			95.41	4,031,125
Current Cost Multiplier	0.99		(0.95)	(40,311)
Local Multiplier	0.88		(11.45)	(483,735)
TOTAL BUILDING COSTS			83.01	\$3,507,078
Plans, specs, survey, bldg permits	3.30%		(2.74)	(\$115,734)
Contractor's OH & Profit	11.50%		(9.55)	(403,314)
NET BUILDING COSTS		\$60,980/unit	\$70.72/sf	\$2,988,031

Long-Term Pro Forma

Silverleaf at Mason Apartments, Mason, 9% HTC #16057

	Growth Rate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 30
EFFECTIVE GROSS INCOME	2.00%	\$350,582	\$357,594	\$364,746	\$372,041	\$379,482	\$418,978	\$462,586	\$510,732	\$622,580
TOTAL EXPENSES	3.00%	\$198,050	\$203,817	\$209,752	\$215,863	\$222,153	\$256,491	\$296,189	\$342,090	\$456,555
NET OPERATING INCOME ("NOI")		\$152,532	\$153,778	\$154,993	\$156,178	\$157,328	\$162,488	\$166,397	\$168,643	\$166,025
MUST -PAY DEBT SERVICE										
TOTAL DEBT SERVICE		\$127,286	\$127,286	\$127,286	\$127,286	\$127,286	\$127,286	\$127,286	\$127,286	\$127,286
ANNUAL CASH FLOW		\$25,247	\$26,492	\$27,708	\$28,892	\$30,043	\$35,202	\$39,111	\$41,357	\$38,739
CUMULATIVE NET CASH FLOW		\$25,247	\$51,738	\$79,446	\$108,338	\$138,381	\$304,498	\$492,812	\$695,864	\$1,104,198
DEBT COVERAGE RATIO		1.20	1.21	1.22	1.23	1.24	1.28	1.31	1.32	1.30
EXPENSE/INCOME RATIO		56.5%	57.0%	57.5%	58.0%	58.5%	61.2%	64.0%	67.0%	73.3%
Deferred Developer Fee Balance		\$114,732	\$88,240	\$60,533	\$31,641	\$1,598	\$0	\$0	\$0	\$0

16057 Silverleaf at Mason Original and TDHCA Reduced PMA Map



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

6a

BOARD ACTION ITEM
MULTIFAMILY FINANCE DIVISION
JULY 28, 2016

Presentation, Discussion, and Possible Action on Timely Filed Scoring Notice Appeals under the Department's Multifamily Program Rules

RECOMMENDED ACTION

WHEREAS, a 9% Housing Tax Credit ("HTC") Application for 16011 Homestead Prairie Senior Estates was submitted to the Department by the Full Application Delivery Date;

WHEREAS, staff has determined that the application lost points under §11.9(d)(2) of the 2016 Qualified Allocation Plan ("QAP"), related to Commitment of Development Funding by Local Political Subdivision;

WHEREAS, a Competitive HTC scoring notice was provided to the Applicant identifying points that the Applicant elected but did not qualify to receive; and

WHEREAS, the Applicants timely filed an appeal and the Executive Director denied the appeal;

NOW, therefore, it is hereby

RESOLVED, that the scoring appeal for 16011 Homestead Prairie Senior Estates is denied.

BACKGROUND

10 TAC §11.9 related to Competitive HTC Selection Criteria identifies the scoring criteria used in evaluating and ranking Applications. It includes those items required under Texas Government Code, Chapter 2306, §42 of the Internal Revenue Code ("the Code"), and other criteria established in a manner consistent with Chapter 2306 and §42 of the Code.

The Application was denied one point under §11.9(d)(2) of the 2016 Qualified Allocation Plan ("QAP"), related to Commitment of Development Funding by Local Political Subdivision, because the letter provided by the City of Ponder indicates a commitment to loan books from the Town of Ponder Library Department to the Development for the use of its residents, as well as a quarterly visit from library staff to the Development to "encourage memberships and discuss other library services and upcoming events." In denying this point, staff determined that while the book loan is a great supportive service for the residents of the Development, it does not represent "a contribution of a loan, grant, reduced fees, or contribution of other value for the benefit of the Development" by the City of Ponder as the rule requires.

The appeal asserts that the book loan is an in-kind contribution to the Development, valued at \$40.00 per year, which is attributable to salary of the visiting library staff and the value of the books that will be rotated at the property. The appeal included a revised Annual Operating Expenses form which indicates an expense of \$40.00 under Supportive Services, and a reduction of \$40.00 to indicate the city's contribution. That the cost is indicated in this way on this form supports staff's determination that this is a donation of a supportive service to benefit the residents, and not one of a loan, grant, reduced fees, or contribution of other value for the benefit of the Development.

Because the in-kind donation from the library does not qualify for the point requested, staff recommends denial of the appeal.

16011 Homestead Prairie
Senior Apartments
Scoring Notice and Application
Documents



MULTIFAMILY FINANCE PRODUCTION DIVISION
Housing Tax Credit Program - 2016 Application Round
Scoring Notice - Competitive Housing Tax Credit Application

Teresa Bowyer

Phone #: (806) 543-8645

Email: tbowyer@hermankittle.com

Second Email: jdarmon@hermankittle.com

Date: June 14, 2016

**THIS NOTICE WILL ONLY BE
TRANSMITTED VIA EMAIL**

**RE: 2016 Competitive Housing Tax Credit (HTC) Application for Homestead Prairie Senior Apartments,
TDHCA Number: 16011**

The Texas Department of Housing and Community Affairs has completed its program review of the Application referenced above as further described in the 2016 Qualified Allocation Plan ("QAP"). This scoring notice provides a summary of staff's assessment of the application's score. The notice is divided into several sections.

Section 1 of the scoring notice provides a summary of the score requested by the Applicant followed by the score staff has assessed based on the Application submitted. You should note that four scoring items are not reflected in this scoring comparison but are addressed separately.

Section 2 of the scoring notice includes each of the four scoring criteria for which points could not be requested by the Applicant in the application self-score form and include: §11.9(d)(1) Local Government Support, §11.9(d)(4) Quantifiable Community Participation, §11.9(d)(5) Community Support from State Representative, and §11.9(d)(6) Input from Community Organizations.

Section 3 provides information related to any point deductions assessed under §11.9(f) of the QAP or §10.201(7)(A) of the Uniform Multifamily Rules.

Section 4 provides the final cumulative score in bold.

Section 5 includes an explanation of any differences between the requested and awarded score as well as any penalty points assessed.

The scores provided herein are merely informational at this point in the process and may be subject to change. For example, points awarded under §11.9(e)(2) "Cost of Development per Square Foot" and §11.9(e)(4) "Leveraging of Private, State, and Federal Resources" may be adjusted should the underwriting review result in changes to the Application that would affect these scores. If a scoring adjustment is necessary, staff will provide the Applicant a revised scoring notice.

Be further advised that if the Applicant failed to properly disclose information in the Application that could have a material impact on the scoring information provided herein, the score included in this notice may require adjustment and/or the Applicant may be subject to other penalties as provided for in the Department's rules.

This preliminary scoring notice is provided by staff at this time to ensure that an Applicant has sufficient notice to exercise any appeal process provided under §10.902 of the Uniform Multifamily Rules. All information in this scoring notice is further subject to modification, acceptance, and/or approval by the Department's Governing Board.



MULTIFAMILY FINANCE PRODUCTION DIVISION
 Housing Tax Credit Program - 2016 Application Round
 Scoring Notice - Competitive Housing Tax Credit Application

Page 2 of Final Scoring Notice: 16011, Homestead Prairie Senior Apartments

Section 1:

Score Requested by Applicant (Does not include points for §11.9(d)(1), (4), (5), or (6) of the 2016 QAP):	125
Score Awarded by Department staff (Does not include points for §11.9(d)(1), (4), (5), or (6) of the 2016 QAP):	123
Difference between Requested and Awarded:	2

Section 2:

Points Awarded for §11.9(d)(1) Local Government Support:	17
Points Awarded for §11.9(d)(4) Quantifiable Community Participation:	4
Points Awarded for §11.9(d)(5) Community Support from State Representative:	8
Points Awarded for §11.9(d)(6) Input from Community Organizations:	4

Section 3:

Points Deducted for §11.9(f) of the QAP or §10.201(7)(A) of the Uniform Multifamily Rules:	0
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Section 4:

Final Score Awarded to Application by Department staff:	156
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Section 5:

Explanation for Difference between Points Requested and Points Awarded by the Department as well as penalties assessed:

- §11.9(c)(8) Proximity to Important Services. The evidence provided does not support the point requested for a full service grocery store. (Requested 1, Awarded 0)
- §11.9(d)(2) Commitment of Development Funding by Local Political Subdivision. The book loan indicated in the letter provided by the City of Ponder does not represent a contribution of a loan, grant, reduced fees or contribution of other value for the benefit of the Development. (Requested 1, Awarded 0)

Restrictions and requirements relating to the filing of an appeal can be found in §10.902 of the Uniform Multifamily Rules. If you wish to appeal this scoring notice, you must file your appeal with the Department no later than 5:00 p.m. Austin local time, Friday, June 10, 2016. If an appeal is denied by the Executive Director, an Applicant may appeal to the Department's Board.

In an effort to increase the likelihood that Board appeals related to scoring are heard at the Board meeting, the Department has provided an Appeal Election Form for all appeals submitted to the Executive Director. In the event an appeal is denied by the Executive Director, the Applicant is able to request that the appeal automatically be added to the Board agenda.

If you have any concerns regarding potential miscalculations or errors made by the Department, please contact Sharon Gamble at (512) 936-7834 or by email at <mailto:sharon.gamble@tdhca.state.tx.us>.

Sincerely,

Sharon Gamble

Sharon Gamble
 9% Competitive HTC Program Administrator



June 6, 2016

Ms. Marni Holloway
Texas Department of Housing and Community Affairs
211 East 11th Street
Austin, TX 78701

RE: Homestead Prairie Senior Apartments, Ponder, TX - TDHCA #16011

Dear Ms. Holloway:

Proposed Developer, Herman & Kittle Properties, Inc. (HKP), and proposed Development Owner, Homestead Prairie Senior Apartments, LP, intend to submit an application to the Texas Department of Housing and Community Affairs (TDHCA) for 2016 Competitive 9% Housing Tax Credits to finance the construction of the subject property, located at 1007 N. FM 156, within the limits of Ponder, Texas.

I am writing to confirm that the Town of Ponder will provide a loan, grant, reduced fees or contribution of other value for the benefit of the Development. This will be achieved through a partnership with the Town of Ponder's Library Department to commit rotating loaned library books, which shall be located in a dedicated space at the Development. The Town Library Department will also commit to a Quarterly visit to the Development to encourage memberships and discuss other Library services and upcoming events. We estimate the Quarterly value of these services to be approximately \$10.

Notwithstanding anything herein to the contrary, the funding commitment by the Town of Ponder shall be contingent on (i) HKP securing an HTC award from TDHCA in an amount sufficient to develop the Project, (ii) site and design plan approval of the proposed development by the Town of Ponder; (iii) approval by the Town of Ponder of all matters discovered through the due diligence conducted by or on behalf of the Town of Ponder in connection with the development of the Development, and (iv) contingent on successful negotiation of grant, contribution, and/or loan conditions as applicable. The funds for this proposed grant, contribution, or loan have not been provided to the Town by HKP or a related party to HKP.

Please call or email me with any questions or should you require additional information. I can be reached at 940-479-2396.

Sincerely,

John Bassler
Mayor

THE TOWN OF PONDER A Great Place to Live

405 Shaffner, Ponder, TX 76259 • Office: 940-479-2396 • Fax: 940-479-2100

16011 Homestead Prairie
Senior Apartments Applicant
Appeal to
Executive Director



HERMAN & KITTLE PROPERTIES, INC.

Real Estate Development • General Contracting • Property Management

June 20, 2016

Mr. Tim Irvine
Executive Director
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701

RE: Appeal to Final Scoring Notice, Homestead Prairie Senior Apartments - TDHCA #16011

Mr. Irvine:

On behalf of Homestead Prairie Senior Apartments, LP, please accept this appeal of the final scoring notice issued to TDHCA #16011, Homestead Prairie Senior Apartments, in Ponder, Texas.

§11.9(d)(2) Commitment of Development Funding by Local Political Subdivision

We are appealing the determination for §11.9(d)(2), Commitment of Development Funding by Local Political Subdivision. The final scoring notice awarded the Applicant zero (of one) points for this category, and notes, "The book loan indicated in the letter provided by the City of Ponder does not represent a contribution of a loan, grant, reduced fees or contribution of other value for the benefit of the Development." The notice does not state specifically how the letter failed to meet the requirements of §11.9(d)(2).

Section 11.9(d)(2) states: *"An Application may receive one (1) point for a commitment of Development funding from the city (if located in a city) or county in which the Development Site is located. Documentation must include a letter from an official of the municipality, county, or other instrumentality with jurisdiction over the proposed Development stating they will provide a loan, grant, reduced fees or contribution of other value for the benefit of the Development. Once a letter is submitted to the Department it may not be changed or withdrawn."*

The documentation provided to the Department is attached. This appeal is based on the fact that the documentation meets all three requirements of the documentation for Section 11.9(d)(2), as outlined below:

- (i) A letter from an official of the municipality, county, or other instrumentality with jurisdiction over the proposed Development Commitment – *The letter was provided by Mayor John Bassler of the Town of Ponder*
- (ii) stating they will provide a loan, grant, reduced fees or contribution of other value – *the Town is committing to an in-kind contribution to the Development, valued at \$40 per year, which is attributable to salary of the visiting library staff and the value of the books that will be rotated at the property; although not a requirement of the QAP, this value has been shown in the updated Annual Operating Expenses*
- (iii) for the benefit of the Development – *the Quarterly visits and the book loan program will benefit the Development as an ongoing component of the social services menu*

Note that Development is defined in the 2016 Multifamily Rules as: “A residential rental housing project that consists of one or more buildings under common ownership and financed under a common plan which has applied for Department funds. This includes a project consisting of multiple buildings that are located on scattered sites and contain only rent restricted units.” Therefore there is no requirement that the contribution be toward the construction costs of the Development.

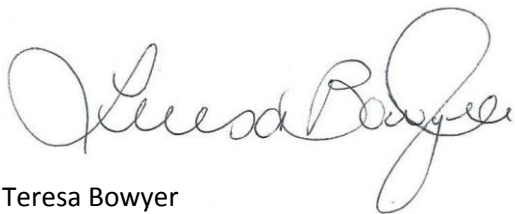
Ms. Gamble noted in her response to the Applicant, “the library is a service that they [the residents] already have access to. Having it onsite might be a convenience for the residents, but it is not a contribution to the Development.” Respectfully, we disagree with Ms. Gamble’s statement for two reasons. First, nowhere does the QAP state that the contribution must be a benefit that is uniquely located at the site. Second, while there are many services or contributions that might be otherwise accessible to residents (e.g. transportation, additional street lighting, etc.), it is nonetheless a benefit for an elderly population to have these resources and services on-site. Beyond the direct financial benefit reflected in the operating expense, there are numerous other measurable health, social, and financial benefits of a library program:

- The program will increase opportunities to read. Reading benefits the Development, especially a Development for seniors who are home bound or have mobility issues.
- The program will announce and encourage participation in other community events that are sponsored by the library – including game nights, summer book clubs, movie nights, and chess and checkers club – which fosters resident involvement in the Ponder community. Pending resident interest, the library could also host such events at the Development.
- Books offer aging adults a sense of connection as well as entertainment and information.
- Reading preserves cognitive function, a critical component of good mental health.
- Reading helps seniors connect with others.
- The enjoyment of books is a lifelong activity and great mental health exercise.
- Books on site will save the 1-mile round trip to the Ponder Library or 19.8-mile round trip to the nearest bookstore. Using 2016 IRS mileage rates this is worth \$.54 and \$10.69 respectively per trip.

The QAP is deliberately silent on the form and minimum amount of the contribution. It only states that the contribution must be provided by the appropriate official of the municipality, have value, and benefit the Development. We believe we have demonstrated the letter meets these requirements of the QAP.

Thank you in advance for your consideration of this request and please do not hesitate to contact me should you have any questions.

Sincerely,



Teresa Bowyer
Development Director
Herman & Kittle Properties, Inc.
tbowyer@hermankittle.com
806-543-8645



June 6, 2016

Ms. Marni Holloway
Texas Department of Housing and Community Affairs
211 East 11th Street
Austin, TX 78701

RE: Homestead Prairie Senior Apartments, Ponder, TX - TDHCA #16011

Dear Ms. Holloway:

Proposed Developer, Herman & Kittle Properties, Inc. (HKP), and proposed Development Owner, Homestead Prairie Senior Apartments, LP, intend to submit an application to the Texas Department of Housing and Community Affairs (TDHCA) for 2016 Competitive 9% Housing Tax Credits to finance the construction of the subject property, located at 1007 N. FM 156, within the limits of Ponder, Texas.

I am writing to confirm that the Town of Ponder will provide a loan, grant, reduced fees or contribution of other value for the benefit of the Development. This will be achieved through a partnership with the Town of Ponder's Library Department to commit rotating loaned library books, which shall be located in a dedicated space at the Development. The Town Library Department will also commit to a Quarterly visit to the Development to encourage memberships and discuss other Library services and upcoming events. We estimate the Quarterly value of these services to be approximately \$10.

Notwithstanding anything herein to the contrary, the funding commitment by the Town of Ponder shall be contingent on (i) HKP securing an HTC award from TDHCA in an amount sufficient to develop the Project, (ii) site and design plan approval of the proposed development by the Town of Ponder; (iii) approval by the Town of Ponder of all matters discovered through the due diligence conducted by or on behalf of the Town of Ponder in connection with the development of the Development, and (iv) contingent on successful negotiation of grant, contribution, and/or loan conditions as applicable. The funds for this proposed grant, contribution, or loan have not been provided to the Town by HKP or a related party to HKP.

Please call or email me with any questions or should you require additional information. I can be reached at 940-479-2396.

Sincerely,

John Bassler
Mayor

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405 Shaffner, Ponder, TX 76259 • Office: 940-479-2396 • Fax: 940-479-2100

ANNUAL OPERATING EXPENSES

General & Administrative Expenses			
Accounting	\$	6,200	
Advertising	\$	5,300	
Legal fees	\$	2,500	
Leased equipment	\$		
Postage & office supplies	\$	1,890	
Telephone	\$	2,650	
Other	<i>Training & Travel</i>	\$ 2,000	
Other	<i>Subscriptions & Computer Support</i>	\$ 5,500	
Total General & Administrative Expenses:			\$ 26,040
Management Fee:	Percent of Effective Gross Income:	4.98%	\$ 20,622
Payroll, Payroll Tax & Employee Benefits			
Management	\$	32,000	
Maintenance	\$	20,000	
Other	<i>Insurance Benefits & Workman's Comp</i>	\$ 6,039	
Other	<i>Payroll Taxes</i>	4,468	
Total Payroll, Payroll Tax & Employee Benefits:			\$ 62,507
Repairs & Maintenance			
Elevator	\$	5,000	
Exterminating	\$	2,000	
Grounds	\$	6,360	
Make-ready	\$	6,319	
Repairs	\$	7,950	
Pool	\$	5,000	
Other	<i>describe</i>	\$	
Other	<i>describe</i>	\$	
Total Repairs & Maintenance:			\$ 32,629
Utilities (Enter Only Property Paid Expense)			
Electric	<i>Similar Properties</i>	\$ 13,250	
Natural gas	\$		
Trash	<i>Similar Properties</i>	\$ 3,604	
Water/Sewer	<i>Similar Properties</i>	\$ 6,625	
Other	<i>describe</i>	\$	
Other	<i>describe</i>	\$	
Total Utilities:			\$ 23,479
Annual Property Insurance:	Rate per net rentable square foot:	\$ 0.35	\$ 15,900
Property Taxes:			
Published Capitalization Rate:	10.00%	Source:	Not Published
Annual Property Taxes	\$	41,238	
Payments in Lieu of Taxes	\$		
Total Property Taxes:			\$ 41,238
Reserve for Replacements:	Annual reserves per unit:	\$ 250	\$ 13,250
Other Expenses			
Cable TV	\$		
Supportive Services (Staffing/Contracted Services)	\$	40	
TDHCA Compliance fees	\$	2,196	
TDHCA Bond Administration Fees (TDHCA as Bond Issuer Only)	\$		
Security	\$	3,180	
Other	<i>City of Ponder Book Loan Program In-Kind Contribution</i>	\$ -40	
Other	<i>Bank Charges/Bad Debt</i>	\$ 800	
Total Other Expenses:			\$ 6,176
TOTAL ANNUAL EXPENSES			\$ 241,841
Expense per unit:			\$ 4563
Expense to Income Ratio:			58.40%
NET OPERATING INCOME (before debt service)			\$ 172,278
Annual Debt Service			
	<i>Conventional Loan (1st Position)</i>	\$ 92,770	
	<i>HOME (2nd Position)</i>	\$ 50,592	
	\$		
	\$		
TOTAL ANNUAL DEBT SERVICE			\$ 143,362
Debt Coverage Ratio:			1.20
NET CASH FLOW			\$ 28,916

16011 Homestead Prairie
Senior Apartments
Executive Director's Response



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

Greg Abbott
GOVERNOR

BOARD MEMBERS
J. Paul Oxer, *Chair*
Juan S. Muñoz, PhD, *Vice Chair*
Leslie Bingham-Escareño
T. Tolbert Chisum
Tom H. Gann
J.B. Goodwin

July 19, 2016

Writer's direct phone # (512) 475-3296
Email: tim.irvine@tdhca.state.tx.us

Ms. Teresa Bowyer
Development Director
Herman & Kittle Properties, Inc.
500 East 96th Street Suite 300
Indianapolis, IN 46240

RE: APPEAL OF SCORING NOTICE: 16011 HOMESTEAD PRAIRIE SENIOR APARTMENTS, PONDER, TEXAS

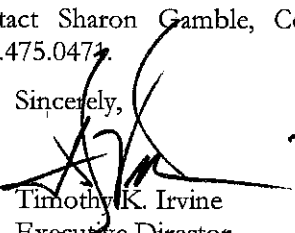
Dear Ms. Bowyer:

The Texas Department of Housing and Community Affairs (the "Department") is in receipt of your appeal, dated June 20, 2016, of the scoring notice for the above referenced Application. This Application was denied points under 10 TAC §11.9(d)(2) of the 2016 Qualified Allocation Plan ("QAP"), related to Commitment of Development Funding by Local Political Subdivision, because the letter provided by the City of Ponder indicates a commitment to loan books from the Town of Ponder Library Department to the Development for the use of its residents, as well as a quarterly visit from library staff to the Development to "encourage memberships and discuss other library services and upcoming events." In denying this point, staff determined that while the book loan is a great supportive service for the residents of the Development, it does not represent "a contribution of a loan, grant, reduced fees, or contribution of other value for the benefit of the Development" by the City of Ponder as the rule requires.

The appeal asserts that the book loan is an in-kind contribution to the Development, valued at \$40.00 per year, which is attributable to salary of the visiting library staff and the value of the books that will be rotated at the property. The term "development" is part of the statutory scoring criteria found in Tex. Gov't Code §2306.6725(a)(5) ("support from local political subdivisions based on the subdivisions' commitment of **development** funding")(emphasis added) and defined by rule in 10 TAC §10.3(a)(38) ("Development -- A residential rental housing project that consists of one or more buildings under common ownership . . .") The appeal included a revised Annual Operating Expenses form which indicates an expense of \$40.00 under Supportive Services, and a reduction of \$40.00 to indicate the city's contribution. That the cost is indicated in this way on this form supports staff's determination that this is a donation of a supportive service to benefit the residents, and not one of a loan, grant, reduced fees, or contribution of other value for the benefit of the Development. Accordingly I must deny the appeal. You have indicated that you wish to appeal this decision directly to the Governing Board. Therefore, this appeal has been placed on the agenda for the next meeting scheduled for July 28, 2016.

Should you have any questions, please contact Sharon Gamble, Competitive Tax Credit Program Administrator, at sharon.gamble@tdhca.state.tx.us or 512.475.0471.

Sincerely,


Timothy K. Irvine
Executive Director



6b

BOARD ACTION ITEM
MULTIFAMILY FINANCE DIVISION
JULY 28, 2016

Presentation, Discussion, and Possible Action on Timely Filed Scoring Notice Appeals under the Department's Multifamily Program Rules

RECOMMENDED ACTION

WHEREAS, a 9% Housing Tax Credit ("HTC") Application for 16218 Sphinx at Sims Bayou was submitted to the Department by the Full Application Delivery Date;

WHEREAS, staff has determined that the application did not meet the scoring criteria to be assigned priority status and therefore was not reviewed by staff;

WHEREAS, the Applicant was provided a notice of scoring for items not included in the applicant self-score, particularly §11.9(d)(1) Local Government Support, §11.9(d)(4) Quantifiable Community Participation, §11.9(d)(5) Community Support from State Representative, and §11.9(d)(6) Input from Community Organizations; and

WHEREAS, the Applicant timely filed an appeal that did not include any evidence of providing the required documentation to support a higher score and the Executive Director denied the appeal;

NOW, therefore, it is hereby

RESOLVED, that the scoring appeal for 16218 Sphinx at Sims Bayou is denied.

BACKGROUND

10 TAC §11.9 related to Competitive HTC Selection Criteria identifies the scoring criteria used in evaluating and ranking Applications. It includes those items required under Tex. Gov't Code, ch. 2306, §42 of the Internal Revenue Code ("the Code"), and other criteria established in a manner consistent with Chapter 2306 and the Code.

The Application did not score enough points under §11.9 of the 2016 Qualified Allocation Plan ("QAP") to be considered a priority application in the region, and was therefore it was not reviewed by staff. This determination was based on the Applicant's Self-Score and on information provided within the application. The Applicant was provided a notice of scoring for items not included in the applicant self-score, particularly §11.9(d)(1) Local Government Support, §11.9(d)(4) Quantifiable Community Participation, §11.9(d)(5) Community Support from State Representative, and §11.9(d)(6) Input from Community Organizations.

Through this notice, the Applicant was invited to provide in an appeal any information that might lead the Department to reconsider its determined score for these items. The appeal submitted by the Applicant included no direct information regarding these indicated scoring items for the Department to consider.

In the appeal, the Applicant states that the application was not intended to be considered based on score but on “set aside, self score, received date, or other ranking factors.” The appeal cites Tex. Gov't Code §2306.111(d-1), which prescribes when credits are not required to be allocated according to the regional allocation formula:

(d-1) In allocating low income housing tax credit commitments under Subchapter DD, the department shall, before applying the regional allocation formula prescribed by Section 2306.1115, set aside for at-risk developments, as defined by Section 2306.6702, not less than the minimum amount of housing tax credits required under Section 2306.6714. Funds or credits are not required to be allocated according to the regional allocation formula under Subsection (d) if:

- (1) the funds or credits are reserved for contract-for-deed conversions or for set-asides mandated by state or federal law and each contract-for-deed allocation or set-aside allocation equals not more than 10 percent of the total allocation of funds or credits for the applicable program;
- (2) the funds or credits are allocated by the department primarily to serve persons with disabilities; or
- (3) the funds are housing trust funds administered by the department under Sections 2306.201-2306.206 that are not otherwise required to be set aside under state or federal law and do not exceed \$3 million for each programmed activity during each application cycle.

The appeal asserts that this rule creates a “persons with disabilities set aside” and a “deed for conversions set aside,” that the QAP “omits 2 set asides that are statutory,” and that the “application submitted is in a set aside without any competition and should be reviewed and awarded before any applications.” To be clear, the statute requires that if the Department allocates funds of credits primarily to serve persons with disabilities, those funds or credits are not required to be allocated according to the regional allocation formula. It does not require that the Department make such an allocation. The Department does not make allocations of Competitive Housing Tax Credits primarily to serve persons with disabilities. Allocations are made to eligible Developments whose populations may include persons with disabilities.

The appeal also cites the 2015 State of Texas Consolidated Annual Performance and Evaluation Report (“CAPER”), which applies to the state’s use of funds received from the U.S. Department of Housing and Urban Development (“HUD”), to establish that “there is a disability set aside.” The CAPER discusses the state’s use of HUD funds to serve persons with disabilities as a distinct and prioritized population. Pursuant to Tex. Gov't Code §2306.111(c)(2), the Department is required to

utilize 5% of funds received under the Cranston-Gonzalez National Affordable Housing Act (HOME funds) to serve persons with disabilities, and this required use is often referred to as the persons with disabilities set-aside. This rule is not applicable to the Competitive Housing Tax Credit Program.

Pursuant to 10 TAC §10.902(c), because the Applicant provided no direct information or documentation (in the Application or otherwise) that affects the scoring of these items, staff recommends denial of the appeal.

16218 Sphinx at Sims Bayou
Scoring Letter and Application
Documents



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

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July 7, 2016

Mr. Rick Sims
SDC Sims Bayou Investments, LP
5731 Memorial Dr., Suite 202
Houston, TX, 77007

**RE: NOTICE OF SCORING FOR ITEMS NOT INCLUDED ON THE APPLICANT SELF-SCORE FORM:
TDHCA#16218, SPHINX AT SIMS BAYOU VILLAS**

The Texas Department of Housing and Community Affairs ("Department") has posted to its website an updated 2016 Competitive Housing Tax Credit (HTC) Program Application Submission Log, dated June 30, 2016, which reflects final scores of Applications for which Department staff has completed its review. Applications marked with a "C" in the "Review Status" column of the log have all received complete scoring notices. Applications marked with "UR" on the log are currently under review and will receive a complete scoring notice. Applications that are not under review or not expected to be reviewed due to the limited availability of credits are marked with an "N". Should any Application currently marked with an "N" ultimately be reviewed by staff, then a full scoring notice would be issued and the Applicant would have the opportunity to appeal at that time. While these Applications may not be reviewed by staff, they still may have scores assessed for the scoring criteria listed below.

- §11.9(d)(1) Local Government Support
- §11.9(d)(4) Quantifiable Community Participation
- §11.9(d)(5) Community Support from State Representative
- §11.9(d)(6) Input from Community Organizations

Pursuant to §10.902 of the Uniform Multifamily Rules, an Applicant or Development Owner may appeal the scoring of an Application under the applicable scoring criteria, and such appeal must be filed in writing with the Department not later than seven (7) calendar days after the date the Department publishes the results of any stage of the Application evaluation or otherwise notifies the Applicant or Development Owner of a decision subject to appeal. This letter serves as notice that the Application indicated above is marked with an "N" on the Application Submission Log dated June 30, 2016 and posted on the Department's website at <http://www.tdhca.state.tx.us/multifamily/htc/index.htm>. You may appeal any of the scores staff has assessed for those scoring items indicated above. **The appeal is due by 5:00 p.m., Austin local time, on Wednesday, July 14, 2016.**

If you have any questions or concerns, please contact Sharon Gamble at sharon.gamble@tdhca.state.tx.us, or by phone at 512-936-7834.

Sincerely,


Marni Holloway
Director of Multifamily Finance



Competitive Housing Tax Credit Selection Self-Score

Criteria Promoting Development of High Quality Housing

Point Item Description	QAP Reference	Points Selected
Unit Sizes	§11.9(b)(1)(A)	8
Unit Features	§11.9(b)(1)(B)	7
Sponsor Characteristics	§11.9(b)(2)	1
High Quality Housing Total		16

Criteria to Serve and Support Texans Most In Need

Point Item Description	QAP Reference	Points Selected
Income Levels of Tenants	§11.9(c)(1)	16
Rent Levels of Tenants	§11.9(c)(2)	13
Tenant Services	§11.9(c)(3)	11
Opportunity Index	§11.9(c)(4)	0
Educational Excellence	§11.9(c)(5)	0
Underserved Area	§11.9(c)(6)	2
Tenant Populations with Special Needs	§11.9(c)(7)	2
Proximity to Important Services	§11.9(c)(8)	2
Serve and Support Texans Most in Need Total		46

Criteria Promoting Community Support and Engagement

Point Item Description	QAP Reference	Points Selected
Local Government Support	§11.9(d)(1)	
Commitment of Development Funding by Local Political Subdivision	§11.9(d)(2)	1
Declared Disaster Area	§11.9(d)(3)	10
Quantifiable Community Participation	§11.9(d)(4)	
Community Support from State Representative	§11.9(d)(5)	
Input from Community Organizations	§11.9(d)(6)	
Concerted Revitalization Plan	§11.9(d)(7)	4
Community Support and Engagement Total		15

Criteria Promoting the Efficient Use of Limited Resources and Applicant Accountability

Point Item Description	QAP Reference	Points Selected
Financial Feasibility	§11.9(e)(1)	18
Cost of Development per Square Foot	§11.9(e)(2)	12
Pre-application Participation	§11.9(e)(3)	6
Leveraging of Private, State, and Federal Resources	§11.9(e)(4)	3
Extended Affordability	§11.9(e)(5)	2
Historic Preservation	§11.9(e)(6)	0
Right of First Refusal	§11.9(e)(7)	1
Funding Request Amount	§11.9(e)(8)	1
Point Deductions	§11.9(f)	
Efficient Use of Limited Resources and Applicant Accountability Total		43
Total Application Self Score		120

Community Input Scoring Items

TDHCA#: 16218

1. Local Government Support - §11.9(d)(1)

Resolution(s) of either no objection or support is included behind this tab.**

** Note that resolutions are due March 1, 2016

2. Community Support from State Representative - §11.9(d)(5)

Letter of either support or opposition is included behind this tab.**

** Note that resolutions are due March 1, 2016

3. Input from Community Organizations - §11.9(d)(6)

Applicant has included one or more letters of support or opposition behind this tab.

List information for each of the letters below:

A. Ark of Resolution Missionary Babtist Church

Name of Community Organization

Pastor V. L. Cooper

Contact Name

Support

Opposition

B. Lifeboat, inc.

Name of Community Organization

Nicole M. Durio

Contact Name

Support

Opposition

C.

Name of Community Organization

Contact Name

Support

Opposition

D.

Name of Community Organization

Contact Name

Support

Opposition

E.

Name of Community Organization

Contact Name

Support

Opposition

F.

Name of Community Organization

Contact Name

Support

Opposition

16218 Sphinx at Sims Bayou
Applicant Appeal to
Executive Director

SDC Sims Bayou Investments, LP

Texas Department of Housing and Community Affairs

July 13, 2016

RE: Request to appeal non-competitive status of application #16218, Sphinx at Sims Bayou Villas

To Whom it may concern,

With this letter I would like to formally request an appeal regarding the non-competitive status of application #16218, Sphinx at Sims Bayou Villas, based on the following information:

I submitted the application for 9% Tax Credit, Direct Loan, and CHDO Certification. As of July 7, 2016, The Department has not reviewed any of the applications I have submitted.

On July 7, 2016, I received a Notice from Sharon Gamble signed by Marni Holloway. The notice was styled Notice of Scoring for items not included on applicants' self-score form:

The Notice stated that pursuant to sections 13.902 of the Uniform Multifamily Rules, an applicant on Development Owner may appeal the scoring of an application under the applicable criteria.

It is apparent that I did not submit the application to receive an allocation on tax credit by having a competitive score. The application was submitted according to Texas Multifamily Rules section 10.201(5). Evaluation process (see exhibit) as outlined, the section clearly states the Department shall prioritize based upon the likelihood that an application will be competitive for an award based upon set aside, self-score, received date, or **other ranking factors**.

I submitted the application based upon other ranking factors, which are the following:

Argument I:

Since the 80th Legislature and the passage of (S.B. 1908) effective September 1, 2007. There has been a consistent trend of not awarding of Tax Credit to the Black housing sponsor. I conducted a study of the awards to Blacks and non-Blacks in regions 3, 6, 7 and 9. On the first allocation cycle after the amendment, there were 62 awards for non-Blacks and 6 to Blacks in 2008. After the amended Bill, the Blacks have received 9 awards in region 3, 6, 7, and 9, as comparable to 278 awards to non-Blacks. Last year the Black sponsor received two awards which represent 4% and those were taken and given to a non-black sponsor.

Argument II:

The trend is not discrimination; it is called Disfranchisement and Oppression. First of all, I did not create the concept or it is a bit of my imagination: We look no further than the Texas Declaration for Succession, and this Christian view regarding the Blacks. The 14th Amendment may have given the Blacks citizenship, the right to representation and to vote, but the 14th Amendment did not review the Southern Sentiment.

SDC Sims Bayou Investments, LP

The practice of disfranchisement is called wicked, cruel and based upon greed, this is not just my imagination on this definition is taken from the Congressional debates which the State of Texas was once disfranchised and this disability was removed by two third votes by Congress according to Section 2 and 3 of the 14th Amendment

Argument III:

On March 30, 2016, the IRS released the estimate for the 2016 population according to the IRS Texas has an estimated population of 27,469,114 with the estimated Tax Authority of \$ 64,552,418 of the 27,469,114; the Black population is 11.8 % or 7,617,185.

The City of Houston alone has a population of 2,296,224, of the total population Blacks account for 544,208. This is \$5,396,126 in tax credit authority within a defined geographical boundary; of the total tax credit authority for this geographical area \$ 1,278,881 of tax authority is exclusively due to the Black alone in the City of Houston.

Harris County population is 4,538,028, the total tax credit authority for the geographical boundary is \$ 10,664,365, and Blacks make up 19.6%, or 889,453, which give the department \$ 2,090,214, in tax credit authority exclusively based upon the black population.

The Department receives 65,000,000 in tax credit authority based upon the estimated population figures released by the IRS March 2016 26,902,140 in economic growth based upon the above listed figures. The trend mentioned earlier from 2010 to present that the Black housing sponsor has lost 490,000,000 in economic growth based upon the present allocation formula, while the non-Blacks has shown an 11.8 percent increase or 490,000,000 over the same period of time. This practice is totally inconsistent with the policy as stated: May I remind you this is economic development. (See Exhibit)

This is one of the factors why I submitted the application since I know the non-Black applicant "Spam" the pre-app to discourage other application and they submit application for multi-site, knowing the Southern Sentiment still exist. So they block out the Blacks because they know that the Department only sees the score. It is race neutral.

But this is very wrong if you want to block out the Blacks, then do not use the Tax Credit that is authorized by the Black being counted. The letter from staff states there is not enough tax credits. That is true to a certain extent, there are too many applicants that are non-Black, for the amounts awarded based upon the non-Black population, and that is more than credits for the Black population but not enough Black housing sponsor.

So, you tell me, I am Black, proposing to do a project in the area where the department receives over two million in LIHTC authority, to improve employment and under employment. Are you telling me based upon points you will allocate to the non-black for the non-black economic growth at the expense or the benefit of the Blacks?

SDC Sims Bayou Investments, LP

Argument: IV

Staff picks and chooses to apply beyond their authority according to the 2007 amendment (See exhibit)

Texas government Code 2306.111(d-1) (2). Now if you read the 2015 Capers page 52, there is a disability set aside. The last paragraph in 2306.111(d-1) states the following "**Funds or credits are not required to the regional allocation formula under Subsection (d) if:**"

HTC Set Asides under 2306.111, the 2015 Capers defines (d-1)(2), as a disability set aside and the Government Code plainly states that are not required to be allocated according to 2306.1115.

So, The Department is operating with a double standard, especially, when according to the 2015 capers page 52, the HOME funds has a 5 percent set aside to be used statewide for persons with disabilities especially when the amendment also included Low Income Housing Tax Credits

In addition I really need to argue this issue because defining primarily to serve person with disabilities The primary market area gross demand according to the market study conducted by Market Data, is 6570, for a 3.5 capture, but the housing gap for primary disability population for the Houston area for Permanent Supportive Housing, is 9440, and with the Integrated Housing Rule, HUD and the Olmstead definition of an integrated setting. My application separated the primary population from the secondary population, just as the third party market report separates primary market area from secondary market area.

So if the above items are mandated by the Texas Government Code then TDHCA should apply the code to this just as it was done when Talton questioned the implementation of the QAP according to 2306 and the amendments.

The non-black housing sponsor have played the **race card, with this proposed lawsuit od segregating blacks in the ghettos and as the courts stated it is the department responsibility to prevent prohibited practices, but a closer look reveals, that while building new housing at the same time there was a steady trend of economic disfranchisement and now under the current plan the Black Housing Sponsor is extinct.** Now it's my turn, I appeal because the applications, if approved based upon the scoring ranks will promote disfranchisement, oppression, it denies **black economic opportunities** and growth that is afforded to the other non-black applicants,

And finally, everyone I discuss the issue with has suggested litigation and lawsuits... Here is my response, to these suggestions;

Sam Houston was a very smart man and the state legislature should have listened to him on the subject of joining the confederacy, he told them due to the nature they would not stop at anything to defend the constitution... I also know that in reality TDHCA is not the problem and the real problem is the greedy applicants who hide behind the rules to carryout their hidden agenda. The applicants are my enemy, but the most terrible things is that TDHCA has been responsible for people saying discriminating and hurtful things about me because I standup and I do it the most civil way, this is with the pen, But I am treated terrible but you all fear and respect the one who use violence...this is why we have so much racial tension in this nation, we in the housing industry contribute greatly to it DISFRANCHISEMENT AND OPPRESSION, will always lead to violence. It was this other ranking factors why I submitted my application. This is the

SDC Sims Bayou Investments, LP

most civil and honorable way to prevent this evil practice.

In conclusion;

How is this issued to be settled?.

Simple! Do what Congress did when the Great State of Texas was disfranchised, The United States of America displayed the highest degree of mercy and pardons the great state and by two thirds vote removed the disability, And I may add that although the State of Texas DID NOT MEET ALL THE REQUIREMENT FOR READMISSION, The state was granted readmission. DISFRANCHISEMENT IS GOOD FOR NO ONE.

Respectfully

A handwritten signature in black ink, appearing to read "RICK SIMS", with a large, stylized initial "S" that loops around the name.

RICK SIMS

EXHIBITS



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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Leslie Bingham-Escareño
T. Tolbert Chisum
Tom H. Gann
J.B. Goodwin

July 7, 2016

Mr. Rick Sims
SDC Sims Bayou Investments, LP
5731 Memorial Dr., Suite 202
Houston, TX, 77007

RE: NOTICE OF SCORING FOR ITEMS NOT INCLUDED ON THE APPLICANT SELF-SCORE FORM:
TDHCA#16218, SPHINX AT SIMS BAYOU VILLAS

The Texas Department of Housing and Community Affairs ("Department") has posted to its website an updated 2016 Competitive Housing Tax Credit (HTC) Program Application Submission Log, dated June 30, 2016, which reflects final scores of Applications for which Department staff has completed its review. Applications marked with a "C" in the "Review Status" column of the log have all received complete scoring notices. Applications marked with "UR" on the log are currently under review and will receive a complete scoring notice. Applications that are not under review or not expected to be reviewed due to the limited availability of credits are marked with an "N". Should any Application currently marked with an "N" ultimately be reviewed by staff, then a full scoring notice would be issued and the Applicant would have the opportunity to appeal at that time. While these Applications may not be reviewed by staff, they still may have scores assessed for the scoring criteria listed below.

- §11.9(d)(1) Local Government Support
- §11.9(d)(4) Quantifiable Community Participation
- §11.9(d)(5) Community Support from State Representative
- §11.9(d)(6) Input from Community Organizations

Pursuant to §10.902 of the Uniform Multifamily Rules, an Applicant or Development Owner may appeal the scoring of an Application under the applicable scoring criteria, and such appeal must be filed in writing with the Department not later than seven (7) calendar days after the date the Department publishes the results of any stage of the Application evaluation or otherwise notifies the Applicant or Development Owner of a decision subject to appeal. This letter serves as notice that the Application indicated above is marked with an "N" on the Application Submission Log dated June 30, 2016 and posted on the Department's website at <http://www.tdhca.state.tx.us/multifamily/htc/index.htm>. You may appeal any of the scores staff has assessed for those scoring items indicated above. **The appeal is due by 5:00 p.m., Austin local time, on Wednesday, July 14, 2016.**

If you have any questions or concerns, please contact Sharon Gamble at sharon.gamble@tdhca.state.tx.us, or by phone at 512-936-7834.

Sincerely,


Marni Holloway
Director of Multifamily Finance



(B) the new docket number may not be issued more than four (4) months from the date the original application was withdrawn from the TBRB. The new docket number must be from the same program year as the original docket number or, for Applications that receive a new docket number from the program year that is immediately succeeding the program year of the original docket number, the requirements in clauses (i) and (ii) of this subparagraph must be met:

(i) The Applicant must certify that the Development will meet all rules and requirements in effect at the time the new docket number is issued; and

(ii) The Department must determine that the changes in the rules applicable to the program(s) under which the Application was originally awarded are not of a material nature that would necessitate a new Application and that any new forms and clarifications to the Application are of a nature that can be resolved through the Administrative Deficiency process; or

(C) if there are changes to the Application as referenced in subparagraph (A) of this paragraph or if such changes in the rules pursuant to subparagraph (B)(ii) of this paragraph are of a material nature the Applicant will be required to submit a new Application in full, along with the applicable fees, to be reviewed and evaluated in its entirety for a new Determination Notice to be issued. If there is public opposition but the Application remains the same pursuant to subparagraph (A) of this paragraph, a new Application will not be required to be submitted; however, the Application must be presented before the Board for consideration of the re-issuance of the Determination Notice.

(4) Withdrawal of Application. An Applicant may withdraw an Application prior to or after receiving an award of funding by submitting to the Department written notice of the withdrawal. An Applicant may be subject to a fee associated with a withdrawal if warranted and allowable under §10.901 of this chapter.

(5) Evaluation Process. Priority Applications, which shall include those Applications believed likely to be competitive, will undergo a program review for compliance with submission requirements and selection criteria, as applicable. In general, Application reviews by the Department shall be prioritized based upon the likelihood that an Application will be competitive for an award based upon the set-aside, self score, received date, or other ranking factors. Thus, non-competitive or lower scoring Applications may never be reviewed. The Director of Multifamily Finance will identify those Applications that will receive a full program review based upon a reasonable assessment of each Application's priority, but no Application with a competitive ranking shall be skipped or otherwise overlooked. This initial assessment may be a high level assessment, not a full assessment. Applications deemed to be priority Applications may change from time to time. The Department shall underwrite Applications that received a full program review and remain competitive to determine financial feasibility and an appropriate funding amount. In making this determination, the Department will use §10.302 of this chapter (relating to Underwriting Rules and Guidelines) and §10.307 of this chapter (relating to Direct Loan

GOVERNMENT CODE

TITLE 10. GENERAL GOVERNMENT

SUBTITLE G. ECONOMIC DEVELOPMENT PROGRAMS INVOLVING BOTH STATE AND LOCAL GOVERNMENTS

CHAPTER 2306. TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 2306.001. PURPOSES. The purposes of the department are to:

(1) assist local governments in:

(A) providing essential public services for their residents;

and

(B) overcoming financial, social, and environmental

problems;

(2) provide for the housing needs of individuals and families of low, very low, and extremely low income and families of moderate income;

(3) contribute to the preservation, development, and redevelopment of neighborhoods and communities, including cooperation in the preservation of government-assisted housing occupied by individuals and families of very low and extremely low income;

(4) assist the governor and the legislature in coordinating federal and state programs affecting local government;

(5) inform state officials and the public of the needs of local government;

(6) serve as the lead agency for:

(A) addressing at the state level the problem of homelessness in this state;

(B) coordinating interagency efforts to address homelessness; and

(C) addressing at the state level and coordinating interagency efforts to address any problem associated with homelessness, including hunger; and

(7) serve as a source of information to the public regarding all affordable housing resources and community support services in the state.

Added by Acts 1993, 73rd Leg., ch. 268, Sec. 1, eff. Sept. 1, 1993.

Amended by Acts 1997, 75th Leg., ch. 980, Sec. 4, eff. Sept. 1, 1997; Acts 2001, 77th Leg., ch. 432, Sec. 1, eff. Sept. 1, 2001; Acts 2001, 77th

Leg., ch. 1367, Sec. 1.01, eff. Sept. 1, 2001; Acts 2003, 78th Leg., ch. 330, Sec. 1, eff. Sept. 1, 2003.

Sec. 2306.002. POLICY. (a) The legislature finds that:

(1) every resident of this state should have a decent, safe, and affordable living environment;

(2) government at all levels should be involved in assisting individuals and families of low income in obtaining a decent, safe, and affordable living environment; and

(3) the development and diversification of the economy, the elimination of unemployment or underemployment, and the development or expansion of commerce in this state should be encouraged.

(b) The highest priority of the department is to provide assistance to individuals and families of low and very low income who are not assisted by private enterprise or other governmental programs so that they may obtain affordable housing or other services and programs offered by the department.

Added by Acts 1993, 73rd Leg., ch. 268, Sec. 1, eff. Sept. 1, 1993.

Amended by Acts 1995, 74th Leg., ch. 76, Sec. 5.60, eff. Sept. 1, 1995.

Sec. 2306.003. PUBLIC PURPOSE. The duties imposed and activities authorized by this chapter serve public purposes, and public money may be borrowed, spent, advanced, loaned, granted, or appropriated for those purposes.

Added by Acts 1993, 73rd Leg., ch. 268, Sec. 1, eff. Sept. 1, 1993.

Sec. 2306.004. DEFINITIONS. In this chapter:

(1) "Board" means the governing board of the department.

(2) "Bond" means an evidence of indebtedness or other obligation, regardless of the source of payment, issued by the department under Subchapter P, including a bond, note, or bond or revenue anticipation note, regardless of whether the obligation is general or special, negotiable or nonnegotiable, in bearer or registered form, in certified or book-entry form, in temporary or permanent form, or with or without interest coupons.

(3) "Contract for Deed" means a seller-financed contract for the conveyance of real property under which:

(A) legal title does not pass to the purchaser until the consideration of the contract is fully paid to the seller; and

median family income; and

(3) meet any additional requirements or limitations

prescribed by the department.

(c) The department may contract with other agencies of the state or with private entities to determine whether applicants qualify as first-time homebuyers under this section or otherwise to administer all or part of this section.

Sec. 2306.1075. FEES. The board of directors of the department may set and collect from each applicant any fees the board considers reasonable and necessary to cover the expenses of administering the program.

Sec. 2306.1076. FUNDING. (a) The department shall ensure that a loan under this section is structured in a way that complies with any requirements associated with the source of the funds used for the loan.

(b) In addition to funds set aside for the program under Section 1372.023, the department may solicit and accept gifts and grants for the purposes of this section.

SECTION 3. Subsection (c), Section 2306.111, Government Code, as amended by Chapters 1367 and 1448, Acts of the 77th Legislature, Regular Session, 2001, is reenacted and amended to read as follows:

(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:

(1) ~~(at least)~~ 95 percent of these funds for the benefit of non-participating small cities and rural 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; and

(2) ~~five percent of these~~ ~~(- All) funds~~ ~~(not set aside under this subsection shall be used)~~ ~~for the benefit of persons with disabilities who live in any area of this state~~ ~~(areas other than non-participating areas).~~

SECTION 4. Section 2306.111, Government Code, is amended by amending Subsections (d), (d-1), (e), (f), and (g) and adding Subsections (d-2) and (d-3) to read as follows:

(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 DP to all urban ~~(urban/exurban)~~ areas and rural areas of each uniform state service region based on a formula developed by the department under Section 2306.1115 ~~(that is based on the need for housing assistance and the availability of housing resources in those urban/exurban areas and rural areas, 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 urban ~~(urban/exurban)~~ areas and rural areas in other uniform state service regions based on identified need and financial feasibility).~~

(d-1) In allocating low income housing tax credit commitments under Subchapter DD, the department shall, before applying the regional allocation formula prescribed by Section 2306.1115, set aside for at-risk developments, as defined by Section 2306.6702, not less than the minimum amount of housing tax credits required under Section 2306.6714. Funds or credits are not required to be allocated according to the regional allocation formula under Subsection (d) if:

- (1) the funds or credits are reserved for contract-for-deed conversions or for set-asides mandated by state or federal law[*] and
- [-*] each contract-for-deed allocation or set-aside allocation equals not more than 10 percent of the total allocation of funds or credits for the applicable program;
- (2) the funds or credits are allocated by the department primarily to serve persons with disabilities; or
- (3) the funds are housing trust funds administered by the department under Sections 2306.201-2306.206 that are not otherwise required to be set aside under state or federal law and do not exceed \$3 million during each application cycle.

(d-2) In allocating low income housing tax credit commitments under Subchapter DD, the department shall allocate five percent of the housing tax credits in each application cycle to developments that receive federal financial assistance through the Texas Rural Development Office of the United States Department of Agriculture. Any funds allocated to developments under this subsection that involve rehabilitation must come from the funds set aside for at-risk developments under Section 2306.6714 and any additional funds set aside for those developments under Subsection (d-1). This subsection does not apply to a development financed wholly or partly under Section 538 of the Housing Act of 1949 (42 U.S.C. Section 1490p-2).

(d-3) In allocating low income tax credit commitments under Subchapter DD, the department shall allocate to developments in rural areas 20 percent or more of the housing tax credits in the state in the application cycle, with \$500,000 or more in housing tax credits being reserved for each uniform state service region under this subsection. Any amount of housing tax credits set aside for developments in a rural area in a specific uniform state service region under this subsection that remains after the initial allocation of housing tax credits is available for allocation to developments in any other rural area first, and then is available to developments in urban areas of any uniform state service region.

(e) The department shall include in its annual low income housing plan under Section 2306.0721:

- (1) the formula developed by the department under Section 2306.1115 [Subsection (d)]; and
- (2) the allocation targets established under the formula for the urban [urban/exurban] areas and rural areas of 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 the urban [urban/exurban] areas and rural areas of each uniform state service region in the preceding year for each federal and state program affected by the requirements of Subsection (d).

(g) For all urban [urban/exurban] areas and rural areas of 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 department rule;

(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 local funding sources to minimize the amount of state subsidy needed to complete the project; and
- (E) provide integrated, affordable housing for individuals and families with different levels of income.

SECTION 5. Subchapter F, Chapter 2306, Government Code, is amended by adding Section 2306.1115 to read as follows:

Sec. 2306.1115. REGIONAL ALLOCATION FORMULA. (a) To allocate housing funds under Section 2306.111(d), the department shall develop a formula that:

- (1) includes as a factor the need for housing assistance and the availability of housing resources in an urban area or rural area;
- (2) provides for allocations that are consistent with applicable federal and state requirements and limitations; and
- (3) includes other factors determined by the department to be relevant to the equitable distribution of housing funds under Section 2306.111(d).

(b) The department shall use information contained in its annual state low income housing plan and other appropriate data to develop the formula under this section.

SECTION 6. Subsection (b), Section 2306.6710, Government Code, is amended to read as follows:

(b) If an application satisfies the threshold criteria, the department shall score and rank the application using a point system that:

- (1) prioritizes in descending order criteria regarding:
 - (A) financial feasibility of the development based on the supporting financial data required in the application that will include a project underwriting pro forma from the permanent or construction lender;
 - (B) quantifiable community participation with respect to the development, evaluated on the basis of written statements from any neighborhood organizations on record with the state or county in which the development is to be located and whose boundaries contain the proposed development site;
 - (C) the income levels of tenants of the development;
 - (D) the size and quality of the units;
 - (E) the commitment of development funding by local political subdivisions;
 - (F) the level of community support for the application, evaluated on the basis of written statements from the state representative or the state senator that represents the district containing the proposed development site [elected officials];



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DECLARATION OF CAUSES: February 2, 1861

A declaration of the causes which
impel the State of Texas to secede
from the Federal Union.

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The government of the United States, by certain joint resolutions, bearing date the 1st day of March, in the year A.D. 1845, proposed to the Republic of Texas, then a free, sovereign and independent nation, the annexation of the latter to the former as one of the co-equal States thereof,

The people of Texas, by deputies in convention assembled, on the fourth day of July of the same year, assented to and accepted said proposals and formed a constitution for the proposed State, upon which on the 29th day of

We hold as undeniable truths that the governments of the various States, and of the confederacy itself, were established exclusively by the white race, for themselves and their posterity; that the African race had no agency in their establishment; that they were rightfully held and regarded as an inferior and dependent race, and in that condition only could their existence in this country be rendered beneficial or tolerable.

That in this free government all white men are and of right ought to be entitled to equal civil and political rights; that the servitude of the African race, as existing in these States, is mutually beneficial to both bond and free, and is abundantly authorized and justified by the experience of mankind, and the revealed will of the Almighty Creator, as recognized by all Christian nations; while the destruction of the existing relations between the two races, as advocated by our sectional enemies, would bring inevitable calamities upon both and desolation upon the fifteen slave-holding States.

By the secession of six of the slave-holding States, and the certainty that others will speedily do likewise, Texas has no alternative but to remain in an isolated connection with the North, or unite her destinies with the South.

For these and other reasons, solemnly asserting that the federal constitution has been violated and virtually abrogated by the several States named, seeing that the federal government is now passing under the control of our enemies to be diverted from the exalted objects of its creation to those of oppression and wrong, and realizing that our own State can no longer look for protection, but to God and her own sons--We the delegates of the people of Texas, in Convention assembled, have passed an ordinance dissolving all political connection with the government of the United States of America and the people thereof and confidently appeal to the intelligence and patriotism of the freemen of Texas to ratify the same at the ballot box, on the 23rd day of the present month.

Adopted in Convention on the 2nd day of Feby, in the year of our Lord one thousand eight hundred and sixty-one and of the independence of Texas the twenty-fifth.

SOURCE:

Winkler, Ernest William, ed. *Journal of the Secession Convention of Texas 1861*, Edited From the Original in the Department of State.... Austin: Texas Library and Historical Commission, 1912, pp. 61-65.

Page last modified: August 25, 2011



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U.S. Census Quick Facts

QuickFacts

Houston city, Texas

QuickFacts provides statistics for all states and counties, and for cities and towns with a population of 5,000 or more.

All Topics	HOUSTON CITY, TEXAS
People	
Population	
Population estimates, July 1, 2015, (V2015)	2,296,224
Population estimates base, April 1, 2010, (V2015)	2,109,372
Population, percent change - April 1, 2010 (estimates base) to July 1, 2015, (V2015)	8.9%
Population, Census, April 1, 2010	2,089,451
Age and Sex	
Persons under 5 years, percent, July 1, 2015, (V2015)	X
Persons under 5 years, percent, April 1, 2010	8.1%
Persons under 18 years, percent, July 1, 2015, (V2015)	X
Persons under 18 years, percent, April 1, 2010	26.9%
Persons 65 years and over, percent, July 1, 2015, (V2015)	X
Persons 65 years and over, percent, April 1, 2010	9.0%
Female persons, percent, July 1, 2015, (V2015)	X
Female persons, percent, April 1, 2010	49.8%
Race and Hispanic Origin	
White alone, percent, July 1, 2015, (V2015) (a)	X
White alone, percent, April 1, 2010 (a)	50.5%
Black or African American alone, percent, July 1, 2015, (V2015) (a)	X
Black or African American alone, percent, April 1, 2010 (a)	23.7%
American Indian and Alaska Native alone, percent, July 1, 2015, (V2015) (a)	X
American Indian and Alaska Native alone, percent, April 1, 2010 (a)	0.7%
Asian alone, percent, July 1, 2015, (V2015) (a)	X
Asian alone, percent, April 1, 2010 (a)	6.0%
Native Hawaiian and Other Pacific Islander alone, percent, July 1, 2015, (V2015) (a)	X
Native Hawaiian and Other Pacific Islander alone, percent, April 1, 2010 (a)	0.1%
Two or More Races, percent, July 1, 2015, (V2015)	X
Two or More Races, percent, April 1, 2010	3.3%
Hispanic or Latino, percent, July 1, 2015, (V2015) (b)	X
Hispanic or Latino, percent, April 1, 2010 (b)	43.8%
White alone, not Hispanic or Latino, percent, July 1, 2015, (V2015)	X
White alone, not Hispanic or Latino, percent, April 1, 2010	26.6%
Population Characteristics	
Veterans, 2010-2014	80,369
Foreign born persons, percent, 2010-2014	28.4%
Housing	
Housing units, July 1, 2015, (V2015)	X
Housing units, April 1, 2010	892,646
Owner-occupied housing unit rate, 2010-2014	44.5%
Median value of owner-occupied housing units, 2010-2014	\$125,400
Median selected monthly owner costs - with a mortgage, 2010-2014	\$1,482
Median selected monthly owner costs - without a mortgage, 2010-2014	\$508
Median gross rent, 2010-2014	\$862
Building permits, 2015	X
Families and Living Arrangements	
Households, 2010-2014	792,783
Persons per household, 2010-2014	2.89
Living in same house 1 year ago, percent of persons age 1 year+, 2010-2014	79.4%
Language other than English spoken at home, percent of persons age 5 years+, 2010-2014	46.9%
Education	
High school graduate or higher, percent of persons age 25 years+, 2010-2014	75.9%
Bachelor's degree or higher, percent of persons age 25 years+, 2010-2014	29.8%
Health	
With a disability, under age 65 years, percent, 2010-2014	7.0%
Persons without health insurance, under age 65 years, percent	30.9%
Economy	
In civilian labor force, total, percent of population age 16 years+, 2010-2014	68.1%


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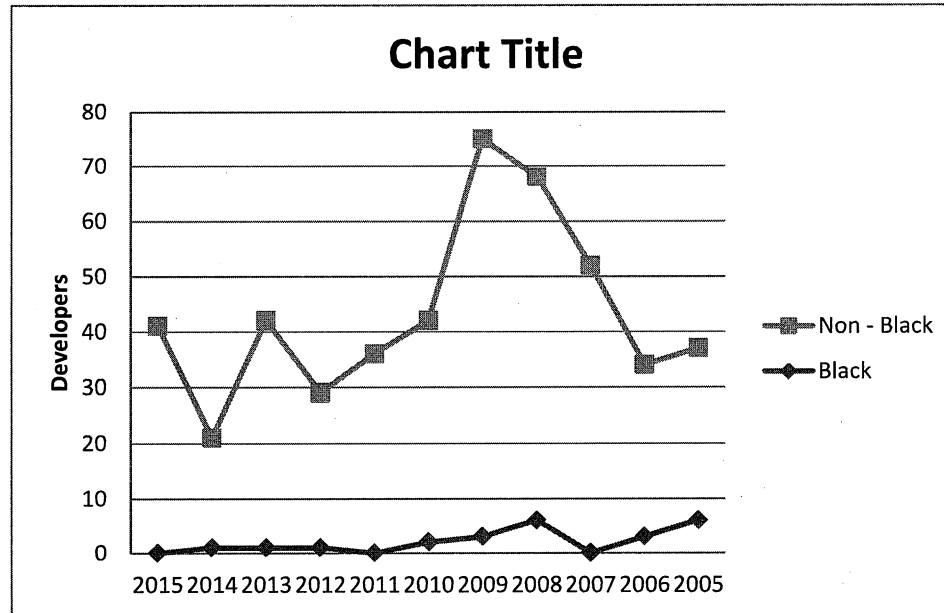
Harris County, Texas

QuickFacts provides statistics for all states and counties, and for cities and towns with a population of 5,000 or more.

All Topics	HARRIS COUNTY, TEXAS	UNITED STATES
People		
Population		
Population estimates, July 1, 2015, (V2015)	4,438,028	321,418,820
Population estimates base, April 1, 2010, (V2015)	4,093,078	308,758,105
Population, percent change - April 1, 2010 (estimates base) to July 1, 2015, (V2015)	10.9%	4.1%
Population, Census, April 1, 2010	4,092,459	308,745,538
Age and Sex		
Persons under 5 years, percent, July 1, 2015, (V2015)	7.7%	6.2%
Persons under 5 years, percent, April 1, 2010	8.2%	6.5%
Persons under 18 years, percent, July 1, 2015, (V2015)	27.0%	22.9%
Persons under 18 years, percent, April 1, 2010	28.0%	24.0%
Persons 65 years and over, percent, July 1, 2015, (V2015)	9.4%	14.8%
Persons 65 years and over, percent, April 1, 2010	8.1%	13.0%
Female persons, percent, July 1, 2015, (V2015)	50.3%	50.8%
Female persons, percent, April 1, 2010	50.2%	50.8%
Race and Hispanic Origin		
White alone, percent, July 1, 2015, (V2015) (a)	70.2%	77.1%
White alone, percent, April 1, 2010 (a)	56.8%	72.4%
Black or African American alone, percent, July 1, 2015, (V2015) (a)	18.6%	13.3%
Black or African American alone, percent, April 1, 2010 (a)	18.9%	12.6%
American Indian and Alaska Native alone, percent, July 1, 2015, (V2015) (a)	1.1%	1.2%
American Indian and Alaska Native alone, percent, April 1, 2010 (a)	0.7%	0.9%
Asian alone, percent, July 1, 2015, (V2015) (a)	7.2%	5.6%
Asian alone, percent, April 1, 2010 (a)	6.2%	4.8%
Native Hawaiian and Other Pacific Islander alone, percent, July 1, 2015, (V2015) (a)	0.1%	0.2%
Native Hawaiian and Other Pacific Islander alone, percent, April 1, 2010 (a)	0.1%	0.2%
Two or More Races, percent, July 1, 2015, (V2015)	1.8%	2.6%
Two or More Races, percent, April 1, 2010	3.2%	2.9%
Hispanic or Latino, percent, July 1, 2015, (V2015) (b)	42.0%	17.8%
Hispanic or Latino, percent, April 1, 2010 (b)	40.6%	16.3%
White alone, not Hispanic or Latino, percent, July 1, 2015, (V2015)	31.0%	61.6%
White alone, not Hispanic or Latino, percent, April 1, 2010	33.0%	63.7%
Population Characteristics		
Veterans, 2010-2014	175,509	20,700,711
Foreign born persons, percent, 2010-2014	25.3%	13.1%
Housing		
Housing units, July 1, 2015, (V2015)	1,720,441	134,789,944
Housing units, April 1, 2010	1,598,698	131,704,730
Owner-occupied housing unit rate, 2010-2014	66.7%	64.4%
Median value of owner-occupied housing units, 2010-2014	\$133,400	\$175,700
Median selected monthly owner costs -with a mortgage, 2010-2014	\$1,515	\$1,522
Median selected monthly owner costs -without a mortgage, 2010-2014	\$537	\$457
Median gross rent, 2010-2014	\$895	\$920
Building permits, 2015	33,976	1,182,582
Families and Living Arrangements		
Households, 2010-2014	1,482,002	116,211,092
Persons per household, 2010-2014	2.89	2.63
Living in same house 1 year ago, percent of persons age 1 year+, 2010-2014	82.3%	85.0%
Language other than English spoken at home, percent of persons age 5 years+, 2010-2014	42.9%	20.9%
Education		
High school graduate or higher, percent of persons age 25 years+, 2010-2014	79.1%	86.3%

AWARDED TAX CREDIT - 9% - REGIONS 3, 6, 7 & 9

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Black	0	1	1	1	0	2	3	6	0	3	6
Non-Black	41	20	41	28	36	40	72	62	52	31	31
% Award from Black	0.00%	0.04%	0.02%	0.04%	0.00%	0.05%	0.04%	0.10%	0.00%	10%	19%



Government "rests upon the great truth, that the negro is not equal to the white man." Speaking of the anti-slavery fanatics of the North, he said, in the same speech, "Their conclusions are right if their premises are; they assume that the negro is equal, and hence conclude that he is entitled to equal privileges and rights with the white man. If their premises were correct their conclusions would be logical and just; but their premises being wrong, their argument fails."

The position taken by Mr. Stephens is certainly correct. If the negro be inferior to the white man, and incapable of self-government, modified slavery results as a matter of course. The southern argument, asserting the divinity of slavery, proceeded from this idea. We have declared that slavery in no form shall exist hereafter. In so declaring, we necessarily deny the negro's incapacity to take care of and govern himself. Now, if the abolition of slavery is not to be followed by such privileges and rights as will maintain and perpetuate the freedom of the emancipated, it amounts to nothing. It is "as sounding brass or a tinkling cymbal." Mr. Stephens said that this idea of inferiority, upon which slavery was founded upon the one side, and the opposite idea of man's equality on the other, carrying with it equal rights and equal privileges, caused the late war. It was first a contest of opinion, then a contest of force. In the overthrow of the rebellion one idea triumphed, and necessarily the other was vanquished. False ideas, then, and false teachings had corrupted our institutions. These teachings interfered with the harmony of the Government. They had produced disease. That disease had developed itself in a destructive war. It was for us, when violence had ceased, when the paroxysms of acute pain had been allayed, to consider whether the cause of disease should be removed entirely or be left in the system to fester again.

I think it somewhat unfortunate that Congress was not in session when armed hostility ceased. It is possible that, had it been in session, it would have done nothing. It had certainly been derelict in failing to provide for a contingency, which for many months before its occurrence it was evident must soon happen. And why did it fail thus to provide? For the same reason that produced the war. Because we could not agree as to the *status* of the negro. We feared to grapple with prejudice and did nothing.

President Johnson, finding the rebellion overthrown and himself just advanced to the executive power of the nation, naturally enough felt a desire to see the Union at once restored. He had borne a prominent part among the friends and supporters of the Government, and it would be by no means strange that he were possessed of an ambition, laudable and honorable within itself, to take a yet more prominent and exalted position in rebuilding the shattered columns of the Union. The war had been waged that the States might be kept in their proper relations to the Government. It was the wish of every earnest patriot in the land to see complete restoration, and to see it as soon as possible. It had been a fearful period, those four years of anxiety and dread. The loyal people never desired the war. They accepted it simply as a necessity. They went to the battle without malice toward their enemies, but simply to save the Union, and in so doing to secure the happiness and even safety of both North and South. Hence when victory came the first shout of exultation was immediately followed by an exhibition of charity and magnanimity toward a fallen foe which brought to the national name more true glory than all the achievements of war, and gave each hero a fame that will live when his most daring deeds of martial prowess shall have been long forgotten. The assassination of Mr. Lincoln checked but did not subdue this feeling of mercy.

The incoming President took counsel of his Cabinet advisers as to the course of policy to be pursued. They were substantially the same

who had devised a plan of restoration with the lamented Lincoln in 1863. At that time not more than three of the seceded States could possibly be drawn into any scheme of restoration. The rebel government held undisputed sway over all the others. The erection of loyal governments in these three States at that time should have been regarded in the light of a military measure, a means rather to crush out organized treason by fostering a counter-power in its midst. Mr. Lincoln's plan was certainly not designed to build up permanent institutions to exist in a time of peace, founded upon the consent of one tenth of the inhabitants. An oath had been prescribed for the voter, good enough for that period and well calculated for the purposes designed, but wholly unfitted to the spring of 1865, when the armies of Lee and Johnston had returned home and the reestablishment of the Union had become a fixed fact. They had been stripped of the musket. They, of course, expected for the time being to be deprived of the ballot. It was the ballot in the seceded States which had made their rebellion so formidable. It had given the rebellion form and consistency. It had clothed treason with legal sanction. It gave the insurgents a government and lent organized purpose to every movement. The ballot had previously aided treason only because the ballot was partial. If even one half of the negroes could have voted in the seceded States in 1861 secession would have been lost in each one of them. Secession was successful at that time, because it was entirely in the hands of those whose fancied interests and whose real prejudices had brought on the war. One would suppose that when armed violence had been suppressed entirely, they who had commenced it should give a full and not a partial acceptance to the situation. I think the South at first was willing in good faith to do so. They expected nothing else. The more intelligent among them admitted that the whole case submitted to the arbitrament of the sword had been decided against them. They did not cease to believe in secession, but the point was decided and they yielded to the decision. They did not believe that slavery should be abolished, but slavery was involved in the case as made up, and they yielded, as yields the unsuccessful suitor in the highest court of judicature. They did not believe that equal rights and equal privileges should be accorded to the negro. But this question they knew was involved in the contest also. The premises taken by the supporters of the Union were proved to be correct, and now, in the language of Mr. Stephens, the whole conclusion was "logical and just."

The Cabinet, however, had committed themselves to a policy, and now came that thing so dangerous always in human conduct—pride of opinion, attachment to preconceived notions. It may be possible that the mind, like machinery, runs best in old and worn grooves. It is certainly true that the change of condition in public affairs made no change in policy. What had been an acknowledged temporary arrangement was now to be made a permanent institution. A plan of restoration was adopted which put the political power of the South right where it was at the beginning of the war. Many persons think that this was designed, and the President and his Cabinet wished to build up a new party, having its strength in the old rebellion. I cannot think so. I do not think so. I think they were actuated by the best of motives, but committed a blunder. They were certainly too hasty, but I attribute their haste, first, to that ambition of which I have spoken, and second, to a false pride of opinion, with which man's happiness must ever contend until his whole moral nature has been reconstructed.

So soon as the southern people found political power again in their grasp, the spirit of humility gradually disappeared, and they conceived a hope that the judgment rendered against them in the tribunal of arms might now be arrested. They supposed that something might be saved from the wreck of their political fortunes, which, properly invested, would ulti-

mately restore them to their former place and grandeur in the Government. If slavery could be saved, this were an investment of the most priceless character, but the President said, "Slavery shall not be saved." For this the country owes Andrew Johnson a debt of gratitude. They then thought if the technical right of secession, even, could be admitted in the words of their conventional proceedings, it would be so much laid up for the future. The President said "that no words must be used upon which an inference could hang favoring the right of secession." In this Andrew Johnson was right, and no true man will withhold his praise. They next endeavored to save treason from odium by providing that the debt contracted in its perpetration should be acknowledged and paid. To this the President gave his refusal, and again the country is thankful to Andrew Johnson for this act of true statesmanship.

For these acts the President was denounced as a tyrant. I only regret that his tyranny did not go far enough. He stopped at the precise point where the greatest degree of moral courage was needed. Southern prejudice against race had started the war, northern prejudice had prolonged it. Southern prejudice, if unsustained, would have given us a war of but short duration. Northern sympathy came to its aid, and doubled its miseries. At this period the South was ready to cast off its prejudices if the demand had been made. The President and his Cabinet had boldly conducted us to the overthrow of southern rebellion. But they now cowed before this spirit in the North which had aided and prolonged the strife. The South saw its opportunity and promptly collected together all the elements of prejudice and hatred against the negro for purposes of future party power. They denied him the right to hold real or personal property, excluded him from their courts as a witness, denied him the means of education, and forced upon him unequal burdens. Though nominally free, so far as discriminating legislation could make him so he was yet a slave. It was at this period, as I have said, that the President and his Cabinet faltered. If they had put their veto upon these measures, their voice would have been the law; the South would have been saved from their worst enemies, themselves, and the whole country would have felt secure in the beginning of a better era. But they were encouraged by this indecision and want of moral firmness in the President and his Cabinet, and adopted a system of laws which doomed the negro to hopeless ignorance, degradation, and misery. They not only denied him the ballot, but denied him the commonest rights of human nature. If this thing were to be continued there was no hope left for his future amelioration. He must be a degraded outcast. The only change made was in the name: he was once a slave, and men called him a slave; men now mocked his condition by calling him a freeman.

Thus encouraged the southern States became insolent in the immediate prospect of power, and presumed to insult the loyal sentiment of the country by conferring honors upon the most obnoxious leaders of their rebellion. They even elected and sent to Congress the men who have held the highest places in the rebel government.

In this condition of affairs Congress convened. The first thing, of course, was to close the doors of Congress against this rebel invasion. The next was to do a simple act of justice to the negroes and poorer whites of the South, who had been always loyal to the Government. For that purpose, "the act to establish a Bureau for the Relief of Freedmen and Refugees," called the "Freedmen's Bureau bill," and the "act to protect all persons in the United States in their civil rights," called "the civil rights bill," were presented to Congress and adopted. Whatever may be said against these measures, and much has been said, their sole object was to break down in the seceded States the system of oppression to which I have alluded. Their only effect was, after feeding

the starving white and black, to give the right to hold real and personal estate to the negro, to enable him to sue and be sued in courts, to let him be confronted by his witnesses, to have the process of the courts for his protection, and to enjoy in the respective States those fundamental rights of person and property which cannot be denied to any person without disgracing the Government itself. It was simply to carry out that provision of the Constitution which confers upon the citizens of each State the privileges and immunities of citizens in the several States. These measures did not pretend to confer upon the negro the suffrage. They left each State to determine that question for itself. Their highest aim was to secure what the lawyers call civil rights to every person within the jurisdiction of the Government. The necessity for these or similar measures was imperative. To have failed in this duty would not only have rendered the results of the war perfectly abortive, but would have completely withered the laurels we won in its successful prosecution.

The President saw fit to veto those measures, supposing them to be unconstitutional. I never doubted the power of Congress to pass them. I never doubted that the Government would be disgraced if it failed to establish for the private citizen the muniments of freedom intended to be secured by them. I did have my doubts whether this was the best way to accomplish the end. It would necessarily bring about a conflict between State and Federal jurisdiction. I knew it would meet with resistance in the States. I thought it would be repulsed, as even beneficence itself is always repulsed when forced on an unwilling community. I feared that in the conflict to arise the rights of the weak would be lost sight of, and finally sacrificed. I then believed, and do now believe, that the necessity for these measures is an unfortunate necessity. That necessity cannot exist where the local government is founded upon the consent of the entire people. The people of Georgia know what laws are best for their own happiness and security. But when one half of the people legislate for all this truth ceases in its application. Let all have a voice in making the law and the popular heart will execute it, because the liberty of all consists in its enforcement. It is only where political power is in the hands of a favored few that oppression can be practiced. It is only where oppression exists that the agents of a superior power are needed for protection. Give the negro the ballot and he will take care of himself, because his interest requires it. Give him a bureau agent, and he will sometimes be plundered, because his interest and the interest of the agent may differ.

At an earlier day in the session I offered a proposition which I thought would secure these ends. It was a constitutional amendment in three lines. It prohibited the States, in prescribing the qualifications of voters, from discriminating against the negro on account of his color. Had this been adopted, by its own force it made him a citizen in each State, because it gave him the highest prerogative of a freeman. There would then have been no necessity for declaring who are citizens of the United States, for every freeman would have worn the honored badge of citizenship. It would then have been useless to declare that no State shall abridge the privileges and immunities of citizens of the United States, for those simple words presented an effectual bar against it. It would have been superfluous to interdict the States from taking life, liberty, or property from the citizen without due process of law; for liberty being first given, the citizen can protect his own life and property. The provision securing equal protection of the laws against inimical State legislation might then be dispensed with as wholly unnecessary. The very section we are now considering, with all its difficulties of verbal adjustment, might be abandoned and the Constitution be left in that respect as our fathers made it. The neces-

sity for abridging representation would have ceased, for both representative and elector would have been loyal. These few words would have accomplished directly what this proposes to accomplish indirectly after years of political strife, in which truth and conscience and patriotism are too often sacrificed to the attainment of success. Had that been done it were useless to enact an exclusion from office of the leaders of the rebellion. Where all men are interested in the Government, none but peaceful revolutions are needed. Reforms are worked at the ballot-box. Government then, and only then, becomes a divine institution. Rebellion against it not only injures the public weal, but it shocks the moral sense of a contented and happy people. They who lead such rebellions are at once visited with public odium. In public estimation traitors then stand as the greatest of criminals. They are looked upon as monsters in human shape. Cain bore the mark of one crime—murder; but a people perfectly free will never fail to stamp traitors, as they deserve to be stamped, with the mark of all crimes.

If that proposition had been adopted we need not pledge our faith to the payment of the public debt. That faith would have been best secured in the honest convictions and the moral sense of the people. Had it been adopted, we need not have proclaimed by constitutional enactment the invalidity of the rebel debt, founded as it is upon contracts made in contravention of public policy, against the best interests of the State, in violation of the laws of the land, and for the purpose of enslaving the very men whose substance would be required to pay it.

But, Mr. President, in all this I may have been mistaken. The presumption is, I was mistaken, for a large majority have ruled against me. I yet have faith in its ultimate success. Necessity, if nothing else, will soon bring believers. Believers may be now few, but as through the faith of the Hebrew mother, so again they will soon be "many as the stars of the sky in multitude, and as the sand which is by the sea-shore innumerable."

The old saying is true, that we must take things as we find them. I am somewhat an optimist, and this at last may be the best. The negroes during the war were our faithful allies. They are now steeped in poverty and must remain so unless Congress does something to help them. The poor whites of the South are not in a much better condition. State governments are already in the hands of those hostile, through prejudice or interest, to their improvement or amelioration. The legislation of these governments even now frets with oppression. Within the scope of State jurisdiction there is no such thing as equality in the law. The State courts are already deciding the "civil rights bill" to be unconstitutional. The validity of all laws must depend at last upon human judgment. Judges, even in the highest courts, are but mortals. Should the Supreme Court of the United States affirm the judgment of these inferior tribunals, the present period would be no better for the rights of the negro than that when the Supreme Court once before supposed he had no rights which the white man was bound to respect. Should such be the action of this tribunal, the problem would at once be presented, whether four million people can be peacefully held nominally free, but actually slave.

If it be true that these negroes are not susceptible of education; if they are more nearly allied to brutes than to men; if as free men they can add nothing to the wealth of the country; if they are unfit to take part or lot in the State governments, it may be asked, why should they be represented in Congress? If they are incapable of choosing a Representative for themselves, why should those who treat them as inferior beings, and almost deny their humanity, claim the right to represent them as citizens? It is said that women and aliens in the North are retained in the basis of representation, why should not the negroes be retained in the South?

It may be answered that these women and aliens are treated as human beings; they are regarded as persons and not dumb brutes; they enjoy the right to acquire property, to enter the courts for its protection, to follow the professions, to accumulate wealth, whereby national resources are increased and national power augmented; they are a part of the people. The road to the ballot is open to the foreigner; it is not permanently barred. It is not given to the woman, because it is not needed for her security. Her interests are best protected by father, husband, and brother. The negro is the object of that unaccountable prejudice against race which has its origin in the greed and selfishness of a fallen world. That prejudice belongs to an age of darkness and violence, and is a poisonous, dangerous exotic when suffered to grow in the midst of republican institutions, where we boast an asylum for the oppressed of every land. Why do we shudder to meet this question? Nearly five million people, strong, vigorous, and inured to labor, are in your midst, partially without civil, wholly without political rights. What will you do with them? You have three alternatives before you, and only three. You must kill them, colonize them, or ultimately give them a part of your political power. For this last alternative the country is not yet prepared. With the two former humanity and common sense will successfully struggle.

But I am told that this proposition will operate as a penalty on the South. Suppose it were a penalty from which she could not escape, would it be an adequate punishment for the crime committed? Might it not, if justice untempered with mercy were consulted, be made a permanent rule until the public debt were paid and the curses of treason were effaced from the land? If it be a penalty, it is one which the offender may escape. It is likened unto the penalties of the divine law. The choice of good and evil is before them. The indulgence of evil is followed by punishment, because it is an inexorable law of man's organization. The choice of good is followed by happiness, contentment, prosperity. It is thus wisely ordained, that interest may constrain to duty, in the exercise of which the world is advanced and man ennobled. This may be called a penalty, but a simple act of justice will fully discharge it. It is equal, for it applies to all the States.

Another advantage consists in the fact that it compels the moral and intellectual culture of the lower classes. If not properly qualified for the exercise of the ballot, the State governments may fall into the hands of incompetent and dangerous persons. Until all can vote, all cannot be represented. All cannot safely vote until a large majority are educated. This provision, then, may constrain to justice in a double sense. The strong argument in favor of it is, that as the Constitution now stands four white voters in the South, formerly soldiers in Lee's army, will be equal in representative power to six of those who followed Grant from the Rapidan to Richmond or Sherman from Atlanta to the sea. I therefore accept it, in the hope that the South, seeing its true interests, will, even before the next census, learn to seek justice for themselves in the exercise of the golden rule.

The third section of this amendment provides that no person shall be a Senator or Representative in Congress, or elector of President and Vice President, or hold any office, civil or military, under the United States or under any State, who, having previously taken an oath as a member of Congress, or as an officer of the United States, or as a member of any State Legislature, or as an executive or judicial officer of any State, to support the Constitution of the United States, shall have engaged in insurrection or rebellion against the same, or given aid and comfort to the enemies thereof. But Congress may by a two-thirds vote of each House remove the disability. The language of this section is so framed as to disfranchise from office the leaders of the past rebellion as well as the leaders of any rebellion hereafter to

come. It strikes at those who have heretofore held high official position, and who therefore may be presumed to have acted intelligently. When the section is closely scrutinized, it will be seen that comparatively few men will fall subject to the exclusion. It does not, as sometimes supposed, reach all who may have taken an oath to support the Constitution of the United States. The civil officers of the Federal Government, previous to the war, were comparatively few. With the exception of postmasters, perhaps not a thousand are yet remaining in the South. The Army and Navy of the United States were very small before the war, and I presume it is doubtful whether three hundred military and naval officers yet survive the rebellion who will be affected, and these will be chiefly officers who were educated in the Military and Naval Schools at the expense of the Government. They not only forfeited their oaths, but committed an act of ingratitude which forever stamps them as unfit for public position. I have but little idea what number of persons will be reached as former members of Congress. The number cannot be very great. Those who were actuated by convictions of duty, and believed themselves right in their rebellion, boldly went to the front and fell victims to their error. Those who sinned against light and knowledge, knowing the iniquity of their conduct, exhibited such want of moral worth as to forbid an honest discharge of public duty hereafter. The executive and judicial officers of the seceding States are supposed to be men, not only of intelligence, but of distinguished abilities. These persons are not numerous, they will not likely exceed two or three hundred. Some of these took so prominent a part, and were so relentless and vindictive in their persecutions of Union men, as to have become especially obnoxious to the loyal sentiment of the country. It will be best for the South itself to discard all such men for the future. Much the largest class of persons to be excluded under this amendment will be found among the former members of the State Legislatures. What may be the probable number I have but little idea. Perhaps fifteen hundred or two thousand will cover all classes debarred under this amendment from the privilege of holding office. If we deduct from this the number who will be able to prove themselves innocent when charged with complicity with the rebellion, we shall have two or three hundred left, consisting chiefly of those who, as officers of the Army, educated at public expense, surrendered their commands into the hands of the enemy, or who as members of Congress met in conclave under the roof of the Capitol to plot treason against a Government which had honored them, and which daily paid them for acts of treachery done under the sacred name of public duty. Those fierce "furies of the guillotine," who came into public life under the reign of terror, inaugurated in 1861, and who sought and obtained the offices of the confederate government because their natures were as wicked and devilish as the treason they supported, will yet be able to hold office, State and national. They are not disqualified by this section. They never took an oath to support the Constitution of the United States, for they were unnoticed until the reign of crime commenced. They were born into public life with the confederate constitution. They were turbulent, dangerous men, who found no favor in times of peace. It required commotion and storm to bring them to the surface. The rebellion was in a large measure their work. It required daring and heartless men to conduct it, and they soon became its leaders. After the adoption of the amendment we shall see these men in public office. The whole country will conclude that those who are disfranchised are no worse than those who yet lead southern sentiment, and Congress, by a vote of two thirds, will remove the disability. I have no doubt that this will be the conclusion of the whole matter.

I would not be understood in what I am now saying as complaining of the provision. I would perhaps be more merciful still, simply

because no adequate punishment can be devised for the wickedness of the offense. We cannot punish all. To discriminate among those who are equally guilty wears the garb of injustice. We cannot even punish those who are guilty of the highest crimes, crimes which give treason its darkest hue. To do so would stamp the nation with cruelty; therefore we cannot begin without injustice. We must be merciful. I am willing to make the highest virtue of that necessity. There is so much guilt as to render the task of punishment hopeless. Hence the provision depriving even the worst rebel leaders of the ballot has been wholly abandoned. Lee, Johnston, Wade Hampton, Moseby, and even Jeff. Davis, are left as qualified electors, competent to vote for State officers and members of Congress. Moseby, after the passage of this amendment, may be legally elected to any office in the gift of the Government.

Distinguished Senators tell us that this deprivation of office is a punishment. If it be a punishment, it is so insignificant when compared with the crime that it is scarcely entitled to the name. They tell us that it is a bill of attainder. Suppose it were; are the people in their sovereign capacity prohibited from passing a bill of attainder? The people, in forming a Constitution, said that Congress should pass no such bill. They surely possessed the power to authorize Congress to do so. But for the similar prohibition on the States each State could pass a bill of attainder. The people reserved the power to themselves. They surely can amend their Constitution. If they had the power originally to declare that a member of the lower House of Congress shall have been seven years a citizen of the United States, a Senator nine years, and the President a native-born citizen, a resident for fourteen years, they certainly had the right to say that no man shall hold office who has committed murder, burglary, or larceny; and if they can so declare, they may certainly disfranchise one who has been guilty of treason. It is said the law is *ex post facto* in its character; what if it is? Have not the people the right, by a constitutional amendment, to enact such a law? It was even feared that Congress would be able to do so, and it was admitted that the States might do so if the people had not inhibited it in the Federal Constitution. I am aware that bills of attainder and *ex post facto* laws are unjust within themselves, and ought not to be passed where the power to do so is clear.

But I deny that this is a bill of attainder or an *ex post facto* law. Such laws are criminal and not civil in their character. In the one case they select a particular delinquent, and punish him by the sole act of the Legislature without the forms of law; in the other, they call that a crime which was innocent at the time of the act, and assume to punish it, or prescribe a greater degree of punishment for that which was already punishable. Before this provision can be called a bill of attainder or *ex post facto* law, it must be amenable to the charge that it proposes in some form to punish. It is sufficient for this argument to say that this is an act fixing the qualifications of officers and not an act for the punishment of crime.

And again, punishment means to take away life, liberty, or property. These are absolute or inalienable rights. To take them away is an injury to the person. It is what we call punishment. They ought never to be taken away without due process of law. Office is the creature of Government. It is true it may be called a right. The right is not absolute but conventional. The Government created it and the Government can take it away. It has never been regarded in the American courts as a punishment when conventions and Legislatures deprived incumbents of their offices. Every State constitution contains provisions inhibiting the passage of bills of attainder, *ex post facto* laws, and laws impairing the obligations of contracts. The Federal Constitution provides the same limitation upon State power, which opens the

Federal courts to any person aggrieved, and yet it is notorious that every State in the Union has turned officials out of office, changed their terms of service, reduced their salaries, and entirely abolished the laws under which they held. Nobody ever supposed that this was punishment, and unless that were punishment this cannot be.

If this provision be all, even if faithfully carried out, it will be an act of the most stupendous mercy that ever mantled the crimes of rebellion. This rebellion was causeless. It was not only causeless but gigantic in its proportions, carrying hundreds of thousands to an untimely grave, and leaving a legacy of debt sufficient to crush the energies of any nation less vigorous and powerful than ours. It was not only a gigantic rebellion, but it was conducted by its leaders in a spirit of fiendish ferocity which renders them wholly unworthy of public confidence hereafter. It is said that these leaders ought not to be condemned unheard, that they should not even be disqualified for official position until their guilt is established in a court of justice. If it were proposed to take from them life, liberty, or property, I would be unwilling to do so except according to the law of the land. But when it is only proposed to fix a qualification for office and deny them future distinctions, which would rather make their treason honorable than odious, I do not hesitate to act.

I know this will do but little good; I doubt whether it will do any. If they shall bring forth fruits meet for repentance, I perhaps will be the first to remove the disability. I never have exercised a malicious spirit toward these people. I have pitied, but never hated. No act of confiscation has ever received my support. No such act ever will. I never but once voted to disfranchise those who participated in the rebellion, and then only because I believed the best interests of my State demanded it. The necessity for such exclusion there has perhaps already passed. They clamor for suffrage, and I for one am willing to grant it to them if they will now be generous enough to extend it to all who carried the musket to defend the Government while they carried the musket to destroy it.

Mr. President, the only remaining section of the proposed amendment pledges the public faith to the honest discharge of those obligations which we have incurred in maintaining the national life. This is but an act of justice to the creditor and a proper precaution against the establishment of parties hereafter appealing to the sordid interests and lowest passions of men. It not only accepts honesty as a principle, but indorses it as the highest and best policy of the State as well as of individuals. It also declares the rebel debt void, and therein it merely adopts an old and familiar principle of the common law. No agreement founded on an immoral consideration, no contract made, the object of which is to resist the law or overthrow Government, can be enforced. It may be asked, then, why adopt this amendment? The answer is, the defendant may not avail himself of his defense. He may be willing to make a new promise, and the debt, though now void, may be sufficient to support this new promise. And again, payment may be made voluntarily, though the debt be void. But the chief argument in its favor is that it forever settles a question, and settles it as it deserves to be settled. It precludes the organization of a political party, which might appeal to the pride of the South and receive material aid from the corruption funds of foreign creditors.

Under all the circumstances I think the country should accept the amendment, for it does much toward settling some of the vexed questions of the past.

Mr. YATES. Mr. President, I had not expected to say anything upon this question. I preferred to proceed to a vote immediately. We have had much debate upon it. I know the anxiety which gentlemen feel to come to a vote on this question, and I shall say but a very few words.

I have thought that in consequence of the position which I assumed in the beginning of



Thursday, June 25, 2015



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Statement by Attorney General Ken Paxton on Fair Housing Ruling

Texas Attorney General Ken Paxton issued the following statement regarding today's Supreme Court ruling in the *Texas Department of Housing and Community Affairs, et al., v. The Inclusive Communities Project, Inc.*, which remanded the case back to the lower courts based on the Court's decision in this case:

"Texas stands strongly against racial discrimination, and sets policy true to the letter and spirit of the Fair Housing Act. Today's decision places an unfair burden on landlords, lenders and developers, and will ironically lead them to make their decisions based upon consideration of race. The Administration's interpretation of federal housing law is overreaching and misguided, and I am disappointed with the Supreme Court's ruling. This case, however, is far from over. The Court recognized the 'novelty' of the plaintiff's claims, and noted that the FHA does not prohibit actions taken for 'legitimate objectives.' The Texas Department of Housing and Community Affairs acted with the legitimate objective of revitalizing neighborhoods and providing affordable, fair housing when it distributed federal tax credits."



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IRS Releases 2016 Population Estimates

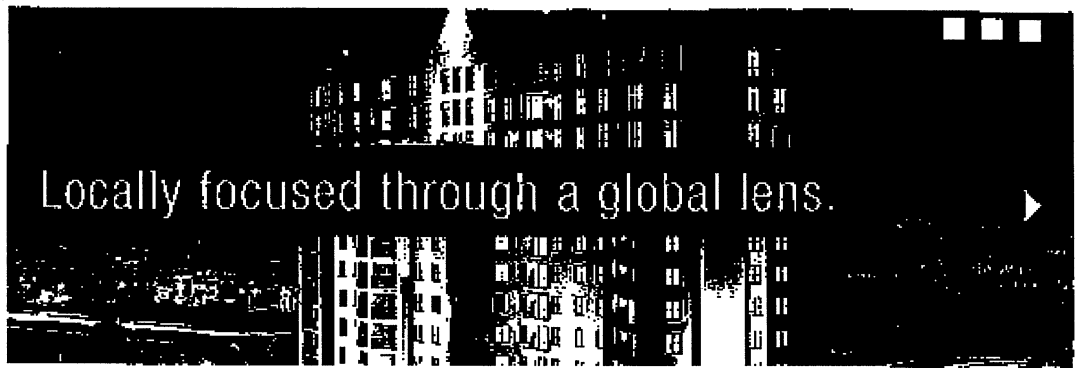
March 30, 2016 | Federal / Agency News

The Internal Revenue Service released population estimates for 2016. Annual population estimates determine the amount of Low-Income Housing Tax Credit and tax-exempt private activity bond authority is available for a given year.

In order to determine the LIHTC authority for this year, the number of people estimated to be living in each state will be multiplied by \$2.35. Unless that result is smaller than \$2.69 million, the state will receive that much in LIHTC authority to distribute to build affordable housing. If the result is smaller than \$2.69 million, it will receive \$2.69 million in authority.

A state's tax-exempt bond volume cap will be the greater of \$100 multiplied by the state population or \$302,875,000.

STATE	POPULATION	ESTIMATED LIHTC AUTHORITY	ESTIMATED TAX-EXEMPT PRIVATE ACTIVITY BOND CAP
Alabama	4858979	\$11,418,601	\$485,897,900
Alaska	738432	\$2,690,000	\$302,875,000
South Carolina	4896146	\$11,505,943	\$489,614,600
South Dakota	858469	\$2,690,000	\$302,875,000
Tennessee	6600299	\$15,510,703	\$660,029,900
Texas	27469114	\$64,552,418	\$2,746,911,400
Utah	2995919	\$7,040,410	\$302,875,000



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**Thomas C.
Huth**
President-
CEO

Thomas (Tom) Huth is head of the Palladium Group companies in the United States. He is the president and chief executive officer of Palladium USA International, Inc. and other associated Palladium Group companies in the United States including Omnium Management Company, Palladium USA's self-managed and third-party multifamily property management platform. In this role, Mr. Huth is responsible for new business development opportunities. The Palladium Group develops, owns and operates real estate in ten countries including the United States with the U.S. focus on multifamily assets and property management.

Prior to his current position, he was senior vice president and chief financial officer of the Palladium Group companies in the United States responsible for directing all financial aspects of the Group's U.S. operations.

Prior to joining the Palladium Group in 1998, Mr. Huth, a certified public accountant, served as vice president and treasurer for Lexford Management Company and controller for Lexford Properties, Inc. where he was responsible for all financial operations for Lexford's Columbus, Ohio based 516 apartment community as well as representing a total of 36,405 residential units as well as all of Lexford's Dallas, Texas based third-party fee management operations of approximately 20,000 residential units. Both Lexford Properties and Lexford Management were affiliated with Lexford Residential Trust, a Columbus, Ohio based Real Estate Investment Trust.

Prior to Lexford, Mr. Huth was director of corporate accounting and tax for Partnership Services, Inc., formerly known as Consolidated Capital Equities Corporation (Con Cap).

Mr. Huth started his career in the Dallas, Texas office of Arthur Andersen & Company where he was responsible for engagements in the real estate, hotel, service, retail and manufacturing arenas.

He has been licensed to practice Public Accountancy in Texas since 1992, is a licensed Texas Real Estate Broker, member of the American Institute of Certified Public Accountants, member of the Texas Society of Certified Public Accountants, member of the Urban Land Institute, member of the NAHB Sales and Marketing Council, member of the National Multi-Housing Council, member of The Real Estate Council, past Board Member of the Real Estate Financial Executives Association, past Board Member of the Multifamily Leadership Board of NAHB, and a past Junior Achievement Project Business Consultant.

Mr. Huth has bachelor's degrees in both real estate and accounting from the University of Cincinnati.



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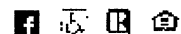
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Corporate Leadership



President: Bradley E. Forslund
E-Mail: bforslund@crl.biz (mailto:bforslund@crl.biz)

Mr. Forslund has over 20 years experience in the real estate industry. During his career he has been active in development, acquisitions, dispositions, and asset management. He has developed over 7,000 units totaling approximately \$600MM in total project cost. Prior to Churchill, Mr. Forslund was the Dallas/FortWorth Regional Managing Partner and Senior Vice President of JPI. Prior to JPI, he was an Assistant Vice President of Acquisitions and Development with United Dominion Realty Trust.

Mr. Forslund holds C.P.A. and Broker licenses from the State of Texas. His education includes a B.B.A. degree in Accounting from the University of Wisconsin, and a Graduate Finance Certificate from the Edwin L. Cox School of Business, SMU. He has served on the boards of the West End Association and the Central Dallas Association (CDA).



Partner: Tony Sisk
E-Mail: tsisk@crl.biz (mailto:tsisk@crl.biz)

Mr. Sisk has been involved in the development of senior care and senior housing communities since 1997. Mr. Sisk's initial development projects were market-rate retirement, assisted-living and nursing-care facilities. In 2000, he began developing independent senior living communities financed through tax exempt bonds and tax credit equity.

Prior to 1997, Mr. Sisk was active in many aspects of the commercial and residential real estate industry, including investment and retail transactions, land investment development, commercial and apartment development, management and investment banking. Until 1982, Mr. Sisk was a partner at an Austin-based CPA firm and had spent 10 years in public accounting, primarily Arthur Andersen. He received a BBA in accounting from UT Austin in 1972.



Executive Vice President Robert B. Tinning, CPM
E-Mail: rtinning@crl.biz (mailto:rtinning@crl.biz)

Mr. Tinning is a Certified Property Manager and graduated from the University of North Texas with a B.B.A. in administrative management. Mr. Tinning has over 28 years of property management experience and has overseen conventional and affordable properties in both lease-up and stabilized stages. He has been the executive vice president responsible for a management company with a portfolio of 23,000 units and previously the president of another management company. Mr. Tinning has been a regional vice president for the National Apartment Association, on the Executive Committee of the Texas Apartment Association, serves on the Executive Committee of the Apartment Association of Greater Dallas, and is past president of the apartment associations of Dallas, Tarrant County, and New Mexico.



Director of Marketing: Michell Medellin
E-Mail: mmedellin@cri.biz (mailto:mmedellin@cri.biz)

Mrs. Medellin has a BBA in Marketing from the University of North Texas. She has a track record of successful recruitment and sales in different industries such as K-12 administration, Academia and nonprofits. She has been in the apartment industry for the last couple of years and loves everything about it. At Churchill Residential, she assists during new lease-ups, oversees all marketing efforts and branding for the Churchill Residential brand and properties. Mrs. Medellin is an active Chairman of the Board for Color Me Empowered, a Dallas non-profit that provides visual arts programming to at-risk children.

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July 19, 2016

Writer's direct phone # (512) 475-3296
Email: tim.irvine@tdhca.state.tx.us

Mr. Rick Sims
SDC Sims Bayou Investments, LP
5731 Memorial Drive, Ste 202
Houston, Texas 77007

RE: APPEAL OF SCORING NOTICE: 16218 SPHINX AT SIMS BAYOU, HOUSTON, TEXAS

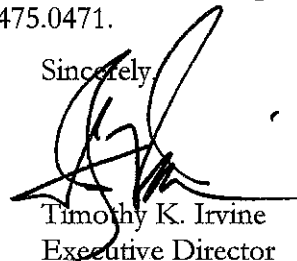
Dear Mr. Sims:

The Texas Department of Housing and Community Affairs (the "Department") is in receipt of your appeal, dated July 13, 2016, of the scoring notice for the above referenced Application. This Application did not score enough points under §11.9 of the 2016 Qualified Allocation Plan ("QAP") to be considered a priority application in the region, and was therefore not reviewed by staff. This determination was based on the Applicant's Self-Score and on information provided within the application. The Applicant was provided a notice of scoring for items not included in the applicant self-score, particularly §11.9(d)(1) Local Government Support, §11.9(d)(4) Quantifiable Community Participation, §11.9(d)(5) Community Support from State Representative, and §11.9(d)(6) Input from Community Organizations.

Through this notice, the Applicant was invited to provide, in an appeal, any information that might lead the Department to reconsider its determined score for these items. The appeal submitted by the Applicant included no information regarding these indicated scoring items for the Department to consider. Accordingly I must deny the appeal. If you are not satisfied with this decision, you may file a further appeal with the Board of Directors of the Texas Department of Housing and Community Affairs. Please review §10.902 of the 2016 Uniform Multifamily Rules for full instruction on the appeals process. To ensure a timely disposition, the matter has been placed on the agenda for the July 28, 2016, Board meeting. If you do not wish to pursue this matter before the Board, please contact TDHCA prior to this date to pull the matter from the agenda.

Should you have any questions, please contact Sharon Gamble, Competitive Tax Credit Program Administrator, at sharon.gamble@tdhca.state.tx.us or 512.475.0471.

Sincerely,



Timothy K. Irvine
Executive Director

16218 Sphinx at Sims Bayou
Board Appeal Documents

Board of Directors

Texas Department of Housing and Community Affairs

FACTS

I submitted the application for 9% Tax Credit, Direct Loan, and CHDO Certification. As of July 7, 2016, The Department has not reviewed any of the applications I have submitted.

On July 7, 2016, I received a Notice from Sharon Gamble signed by Marni Holloway. The notice was styled Notice of Scoring for items not included on applicants' self-score form. On July 19, 2016 I received a denial of my appeal from Executive Director Tim Irvine.

It is apparent that I did not submit the application to receive an allocation on tax credit by having a competitive score. The application was submitted according to Texas Multifamily Rules section 10.201(5). Evaluation process (see exhibit A) as outlined, the section clearly states the Department shall prioritized based upon the likelihood that an application will be competitive for an award based upon set aside, self score, received date, or other ranking factors.

ISSUE

Application submitted is in a set aside without any competition and should be reviewed and awarded before any applications according to 2306.111 (d1)(2) after (d1)(2) then its d(2) Rural, after Rural At- Risk etc.

History

2005 TDHCA allows 25 points for Transitional Housing, Attorney General Opinion states this is not consistent with The Texas Government Code. TDHCA had an emergency QAP to comply with Texas Government Code .

2007 Texas Legislature Amends 2306.111 d(1)(2) persons with disabilities set aside to low income housing program. Effective 2008. Housing types when it became effective Elderly, General, and Transitional. No change to the QAP set aside to reflect the amendments

2010 TDHCA changes **Supportive Housing** to replace **Transitional Housing** – Transitional requirement target homeless and can only reside in housing 2 years. Supportive Housing target person with disabilities with need of supportive services for independent living. Change in the QAP to include disabilities population, no change in the set aside.

2011 Supportive Housing become a Target Population same as Elderly and General Housing , no change in the QAP according to 2007 Amendments.

2016 First Challenge of the disability set aside according to the 2007 Amendment.

I submitted the application based upon other ranking factors, which are the following:

Argument I:

80th Legislature and the passage of (S.B. 1908) effective September 1, 2007. See exhibit (1)

Argument II:

The Qualified Allocation plan omits 2 set Asides that are statutory according to the the amendment S.B. 1908 and 2306 (d-1)(2) **Exhibit (2)**

Argument III:

Texas government Code 2306.111(d-1)(2). Now if you read the 2015 Capers, there is a disability set aside. The last paragraph in 2306.111(d-1) states the following "***Funds or credits are not required to the regional allocation formula under Subsection (d) if:***" (exhibit 3)

Argument IV

There is a consistency with the wording and application in 2306.111(c-1) and 2306.111(d-1) (Exhibit 4)

HTC Set Asides under 2306.111, the 2015 Capers defines (d-1)(2), as a disability set aside and the Government Code plainly states that are not required to be allocated according to 2306.1115.

So, the question is against what project according to Texas Government Code 2306.111 (d-1)(2) do I need to outscore.

When the QAP clearly states these are statutory set aside exactly as stated in the Government Code in the exact order as mandated by the government code absent the Deed for Conversion and Disabilities provision as mandated by the government code.

The staff is applying section 2306.1115 to my application which I am exempt.

Respectfully

Rick Sims,

(3) The Development meets one of the criteria described in subparagraphs (A) - (E) of this paragraph pursuant to §42(d)(5) of the Code:

- (A) the Development is located in a Rural Area;
- (B) the Development is proposing entirely Supportive Housing and is expected to be debt free or have no foreclosable or non-cash flow debt;
- (C) the Development meets the criteria for the Opportunity Index as defined in §11.9(c)(4) of this chapter (relating to Competitive HTC Selection Criteria);
- (D) the Applicant elects to restrict an additional 10 percent of the proposed low income Units for households at or below 30 percent of AMGI. These Units must be in addition to Units required under any other provision of this chapter; or
- (E) the Development is not an Elderly Development and is not located in a QCT that is in an area covered by a concerted revitalization plan. A Development will be considered to be in an area covered by a concerted revitalization plan if it is eligible for and elects points under §11.9(d)(7) of this chapter.

§11.5.Competitive HTC Set-Asides. (§2306.111(d)) This section identifies the statutorily-mandated set-asides which the Department is required to administer. An Applicant may elect to compete in each of the set-asides for which the proposed Development qualifies. In order to be eligible to compete in the Set-Aside, the Application must meet the requirements of the Set-Aside as of the Full Application Delivery Date. Election to compete in a Set-Aside does not constitute eligibility to compete in the Set-Aside, and Applicants who are ultimately deemed not to qualify to compete in the Set-Aside will be considered not to be participating in the Set-Aside for purposes of qualifying for points under §11.9(3) of this chapter (related to Pre-Application Participation).

(1) Nonprofit Set-Aside. (§2306.6729 and §2306.6706(b)) At least 10 percent of the State Housing Credit Ceiling for each calendar year shall be allocated to Qualified Nonprofit Developments which meet the requirements of §42(h)(5) of the Code and Texas Government Code, §2306.6729 and §2306.6706(b). Qualified Nonprofit Organizations must have the controlling interest in the Development Owner applying for this set-aside (*e.g.*, greater than 50 percent ownership in the General Partner). If the Application is filed on behalf of a limited partnership, the Qualified Nonprofit Organization must be the Managing General Partner. If the Application is filed on behalf of a limited liability company, the Qualified Nonprofit Organization must be the controlling Managing Member. Additionally, for Qualified Nonprofit Development in the Nonprofit Set-Aside the nonprofit entity or its nonprofit Affiliate or subsidiary must be the Developer or a co-Developer as evidenced in the development agreement. An Applicant that meets the requirements to be in the Qualified Nonprofit Set-Aside is deemed to be applying under that set-aside unless their Application specifically includes an affirmative election to not be treated under that set-aside and a certification that they do not expect to receive a benefit in the allocation of tax credits as a result of being affiliated with a nonprofit. The Department reserves the right to request a change in this election and/or not recommend credits for those unwilling to change elections if insufficient Applications in the Nonprofit Set-Aside are received. Applicants may not use different organizations to satisfy the state and federal requirements of the set-aside.

Missing (d-1)(1)
Missing (d-1)(2)

(2) USDA Set-Aside. (§2306.111(d-2)) At least 5 percent of the State Housing Credit Ceiling for each calendar year shall be allocated to Rural Developments which are financed through USDA. If an Application in this set-aside involves Rehabilitation it will be attributed to and come from the At-Risk Development Set-Aside; if an Application in this set-aside involves New Construction it will be

attributed to and come from the applicable Uniform State Service Region and will compete within the applicable sub-region unless the Application is receiving USDA Section 514 funding. Commitments of Competitive Housing Tax Credits issued by the Board in the current program year will be applied to each set-aside, Rural Regional Allocation, Urban Regional Allocation and/or USDA Set-Aside for the current Application Round as appropriate. Applications must also meet all requirements of Texas Government Code, §2306.111(d-2).

(3) At-Risk Set-Aside. (§2306.6714; §2306.6702)

← 2306.111 (d-1)

(A) At least 15 percent of the State Housing Credit Ceiling for each calendar year will be allocated under the At-Risk Development Set-Aside and will be deducted from the State Housing Credit Ceiling prior to the application of the regional allocation formula required under §11.6 of this chapter (relating to Competitive HTC Allocation Process). Through this set-aside, the Department, to the extent possible, shall allocate credits to Applications involving the preservation of Developments identified as At-Risk Developments. (§2306.6714) Up to 5 percent of the State Housing Credit Ceiling associated with this set-aside may be given priority to Rehabilitation Developments under the USDA Set-Aside.

(B) An At-Risk Development must meet all the requirements of Texas Government Code, §2306.6702(a)(5). For purposes of this subparagraph, any stipulation to maintain affordability in the contract granting the subsidy, or any HUD-insured or HUD-held mortgage will be considered to be nearing expiration or nearing the end of its term if expiration will occur or the term will end within two (2) years of July 31 of the year the Application is submitted. Developments with HUD-insured or HUD-held mortgages qualifying as At-Risk under §2306.6702(a)(5) may be eligible if the HUD-insured or HUD-held mortgage is eligible for prepayment without penalty. To the extent that an Application is eligible under §2306.6705(a)(5)(B)(ii)(b) and the units being reconstructed were demolished prior to the beginning of the Application Acceptance Period, the Application will be categorized as New Construction.

(C) An Application for a Development that includes the demolition of the existing Units which have received the financial benefit described in Texas Government Code, §2306.6702(a)(5) will not qualify as an At-Risk Development unless the redevelopment will include at least a portion of the same site. Alternatively, an Applicant may propose relocation of the existing units in an otherwise qualifying At-Risk Development if:

- (i) the affordability restrictions and any At-Risk eligible subsidies are approved to be transferred to the Development Site (i.e. the site proposed in the tax credit Application) prior to the tax credit Commitment deadline;
- (ii) the Applicant seeking tax credits must propose the same number of restricted units (*e.g.* the Applicant may add market rate units); and
- (iii) the new Development Site must qualify for points on the Opportunity Index under §11.9(c)(4) of this chapter (relating to Competitive HTC Selection Criteria).

(D) Developments must be at risk of losing affordability from the financial benefits available to the Development and must retain or renew the existing financial benefits and affordability unless regulatory barriers necessitate elimination of a portion of that benefit for the Development. For Developments qualifying under §2306.6702(a)(5)(B), only a portion of the subsidy must be retained for the proposed Development, but no less than 25 percent of the

DISTRIBUTION OF INVESTMENTS

This section reports on how PY 2014 funds were distributed and the location of HOME awards.

Allocation Formula

The HOME Program is implemented through State and local governments called participating jurisdictions which are States, and units of general local governments, including consortia and urban counties, which receive funds directly from HUD. The 95/5 rule, Texas Government Code §2306.111(c), is a state law mandating that TDHCA is to allocate no less than 95 percent of HOME funds to serve households located outside of non-participating jurisdictions, and TDHCA must use 5 percent of the HOME funds to serve persons with disabilities.

In the One Year Action Plan, TDHCA had a goal of allocating a minimum of 20 percent of the annual HOME allocation to applicants serving persons with special needs. Persons with “special needs” include the elderly, frail elderly, persons with disabilities, persons with alcohol or other drug addiction, persons with HIV/AIDS, persons with the Violence Against Women Act protections (domestic violence, dating violence, sexual assault, or stalking), colonia residents, migrant farmworkers, homeless populations, veterans, wounded warriors (as defined by the Caring for Wounded Warriors Act of 2008), and public housing residents.¹ Eligible activities include homebuyer assistance, homeowner rehabilitation, and tenant-based rental assistance.

Regional Allocation Formula

Texas Government Code §2306.111(d) mandates that TDHCA allocate housing funds awarded in the HOME, Housing Trust Fund, and Housing Tax Credit (“HTC”) programs using a formula developed by TDHCA. As a result, a large portion of the HOME funds were awarded in early 2012 using the Regional Allocation Formula (“RAF”) developed pursuant to Texas Government Code §2306.111. PY 2014 funding associated with the following set-asides was not distributed through the RAF: CHDO Operation, Contract for Deed Conversions and Persons with Disabilities.

Texas Government Code §2306.1112 establishes TDHCA’s Executive Award and Review Advisory Committee. HOME funding recommendations for contract awards made in 2014 were presented to this committee prior to recommendation to TDHCA’s Governing Board.

¹ TDHCA added additional special needs categories through an Action Plan amendment in December 2013. Assistance to individuals in these additional categories will be reported in the next CAPER.

6c

BOARD ACTION ITEM
MULTIFAMILY FINANCE DIVISION
JULY 28, 2016

Presentation, Discussion, and Possible Action on Timely Filed Scoring Notice Appeals under the Department's Multifamily Program Rules

RECOMMENDED ACTION

WHEREAS, a 9% Housing Tax Credit ("HTC") Application for 16319 The Residence at Coulter was submitted to the Department by the Full Application Delivery Date;

WHEREAS, staff has determined that the application did not score enough points to be considered priority and was not reviewed by staff;

WHEREAS, the Applicant was provided a notice of scoring for items not included in the applicant self-score, particularly §11.9(d)(1) Local Government Support, §11.9(d)(4) Quantifiable Community Participation, §11.9(d)(5) Community Support from State Representative, and §11.9(d)(6) Input from Community Organizations; and

WHEREAS, the Applicant timely filed an appeal and the Executive Director denied the appeal;

NOW, therefore, it is hereby

RESOLVED, that the scoring appeal for 16319 The Residence at Coulter is denied.

BACKGROUND

10 TAC §11.9 related to Competitive HTC Selection Criteria identifies the scoring criteria used in evaluating and ranking Applications. It includes those items required under Texas Government Code, Chapter 2306, §42 of the Internal Revenue Code ("the Code"), and other criteria established in a manner consistent with Chapter 2306 and §42 of the Code.

The Application did not score enough points under 10 TAC §11.9 of the 2016 Qualified Allocation Plan ("QAP") to be considered a priority application in the region, and was therefore not reviewed by staff. This determination was based on the Applicant's Self-Score and on information provided for the application, in particular the representative letter score previously addressed by the Board at the March 31, 2016, Board meeting. The Applicant was provided a notice of scoring for items not included in the applicant self-score. Through this notice, the Applicant was invited to provide in an appeal any information that might lead the Department to reconsider its determined score for these items.

The submitted appeal requested that the Department reconsider its determined score under 10 TAC §11.9(d)(5) Community Support from State Representative regarding two letters submitted by Representative John Smithee: one dated February 15, 2016, and one dated March 1, 2016. At the March 31, 2016, Board meeting, the Board approved a motion that “direct[ed] staff to reduce the points by eight and not accept the letter as amended but to recognize the letter of February 15 as the representative letter for this applicant.”

The appeal is based on staff’s denial of the awarding of 8 points to the Residence at Coulter for a letter from the state representative in whose district the proposed development is located. The appeal expresses a belief that there is a “fundamental and irreconcilable conflict” between TEX. GOV’T CODE §§2306.6710(b)(J) and 2306.6725(a)(2); specifically, that the former section requires that in order for the application to receive points under this scoring item, the representative must only state the level of community support, while the latter only applies to demonstration of community support without regard to a state representative. In particular, the appeal asserts that in preparing his letter, the representative referred only to the statutory requirements in TEX. GOV’T CODE §2306.6710(b)(1)(J), while in reviewing the letter, staff referred only to the rule requirements of 10 TAC §11.9(d)(5). Consistent with the Code Construction Act (TEX. GOV’T CODE ch. 331) TDHCA is required to try to harmonize the laws that govern its activities and to give effect to all parts of those laws. It must read the statute as a whole in order to do this.

The appeal notes that TEX. GOV’T CODE §2306.6710(b)(1)(J) does not mention the qualified allocation plan (“QAP”) at all for guidance. However, the QAP is a comprehensive document that sets forth the threshold and scoring criteria applicable to the administration of the low income housing tax credit program, and the Department is statutorily required to publish in the QAP the “details of the scoring system used by the department to score applications.” It is a reasonable reading of the law that the QAP must treat all of the scoring criteria, not only those set forth in TEX. GOV’T CODE §2306.6710(b)(1).

The appeal further notes that TEX. GOV’T CODE §2306.6725(a)(2) deals with the ability of the proposed project to “demonstrate community and neighborhood support as defined by the qualified allocation plan.” However, there are, within the statute and the rules, multiple separate and distinct scoring criteria that touch upon these issues. These include resolutions from local governments, quantifiable community participation, letters from state representatives, and contributions of local government financial support. On its face, TEX. GOV’T CODE §2306.6725(a) mandates that these factors be included within the scoring and point system in allocating low income housing tax credits; thus they must be considered in the development of the QAP scoring criteria.

The appeal further asserts that even if none of the above are found to be grounds to grant the appeal, the Applicant should have been issued a Notice of Administrative Deficiency allowing it the opportunity to respond to the February 15 letter. 10 TAC §10.201(7), related to the Administrative Deficiency Process, allows an applicant to provide clarification, correction, or non-material missing information to resolve inconsistencies in the original Application. This rule is to be read in conjunction with TEX. GOV’T CODE §2306.6708 (Application Changes or Supplements), which

states that an applicant may not change or supplement an application in any manner after the filing deadline, unless requested by the department to clarify information or to correct administrative deficiencies. The distinction between the instances cited by the appeal (where the administrative deficiency process was used) and the current situation is the difference between “change” and “clarify” in the statute. As is evident in the discussion of this matter before the Board at its March 31 meeting, the Board concluded the statements contained in the February 15th letter were best described as neutral, and to have given effect to the second letter would change, as opposed to clarify, that letter.

Because the statutory and rule parameters require a neutral letter to be scored as zero points, staff recommends denial of the appeal.

16319 The Residence at Coulter
Scoring Letter and Application
Documents



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

Greg Abbott
GOVERNOR

BOARD MEMBERS
J. Paul Oxer, *Chair*
Juan S. Muñoz, PhD, *Vice Chair*
Leslie Bingham-Escareño
T. Tolbert Chisum
Tom H. Gann
J.B. Goodwin

July 7, 2016

Ms. Audrey Watson
OPG Coulter Partners, LLC
5345 W. 151st Terrace
Leawood, KS, 66224

**RE: NOTICE OF SCORING FOR ITEMS NOT INCLUDED ON THE APPLICANT SELF-SCORE FORM:
TDHCA#16319, THE RESIDENCE AT COULTER**

The Texas Department of Housing and Community Affairs ("Department") has posted to its website an updated 2016 Competitive Housing Tax Credit (HTC) Program Application Submission Log, dated June 30, 2016, which reflects final scores of Applications for which Department staff has completed its review. Applications marked with a "C" in the "Review Status" column of the log have all received complete scoring notices. Applications marked with "UR" on the log are currently under review and will receive a complete scoring notice. Applications that are not under review or not expected to be reviewed due to the limited availability of credits are marked with an "N". Should any Application currently marked with an "N" ultimately be reviewed by staff, then a full scoring notice would be issued and the Applicant would have the opportunity to appeal at that time. While these Applications may not be reviewed by staff, they still may have scores assessed for the scoring criteria listed below.

- §11.9(d)(1) Local Government Support
- §11.9(d)(4) Quantifiable Community Participation
- §11.9(d)(5) Community Support from State Representative
- §11.9(d)(6) Input from Community Organizations

Pursuant to §10.902 of the Uniform Multifamily Rules, an Applicant or Development Owner may appeal the scoring of an Application under the applicable scoring criteria, and such appeal must be filed in writing with the Department not later than seven (7) calendar days after the date the Department publishes the results of any stage of the Application evaluation or otherwise notifies the Applicant or Development Owner of a decision subject to appeal. This letter serves as notice that the Application indicated above is marked with an "N" on the Application Submission Log dated June 30, 2016 and posted on the Department's website at <http://www.tdhca.state.tx.us/multifamily/htc/index.htm>. You may appeal any of the scores staff has assessed for those scoring items indicated above. **The appeal is due by 5:00 p.m., Austin local time, on Wednesday, July 14, 2016.**

If you have any questions or concerns, please contact Sharon Gamble at sharon.gamble@tdhca.state.tx.us, or by phone at 512-936-7834.

Sincerely,

A handwritten signature in black ink, appearing to read "Marni Holloway", written over a horizontal line.

Marni Holloway
Director of Multifamily Finance





The State of Texas
House of Representatives
Austin, Texas

John Smithee

State Representative
District 86

Dallam
Deaf Smith
Hartley
Oldham
Parmer
Randall

Committees:
Judiciary & Civil
Jurisprudence,
Chair
State
Affairs

February 15, 2016

Mr. Tim Irvine, Executive Director
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, TX 78701

RE: TDHCA Application for Amarillo projects

Dear Mr. Irvine:

Pursuant to Tex. Gov't Code § 2306.6710(b)(1)(J), I provide this written statement regarding the level of community support for the following applications concerning proposed development sites in the Texas House of Representatives District 86, of which I have been made aware:

1. Las Palmas
2. The Residence at Coulter
3. Valencia

My office has neither the resources nor ability to assess the applicants or to determine to what extent they are reputable or honest. Neither are we in a position to independently evaluate the individual projects. Therefore, my office has conducted no investigation into any of the applicants or their proposed projects, and this letter should not be taken as an opinion as to either matter.

I provide this statement of the level of community support as reflected in the following information regarding the level of community support for one or more of the above projects:

- By resolutions of January 19, 2016, the Amarillo City Council expressed its unanimous support for each of these projects.
- By letter from the City of Amarillo verifying the actions taken by city leadership in support of these projects.
- By editorial of January 24, 2016, the Amarillo Globe News voiced its support for each of these projects.
- I am not currently aware of any significant community opposition to any of the projects.

Yours very truly,

A handwritten signature in black ink that reads "John Smithee".

John Smithee



The State of Texas
House of Representatives
Austin, Texas

John Smithee

State Representative
District 86

Dallam
Deaf Smith
Hartley
Oldham
Parmer
Randall

March 1, 2016

Committees:
Judiciary & Civil
Jurisprudence,
Chair
State
Affairs

Mr. Tim Irvine, Executive Director
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, TX 78701

RE: TDHCA Application for Amarillo projects

Dear Mr. Irvine:

This letter is intended to comply with the express language of Tex. Gov't Code § 2306.6710(b)(1)(J), regarding the level of community support for the applications regarding the following projects located within the Texas House of Representatives District 86, of which I have been made aware:

1. Las Palmas
2. The Residence at Coulter
3. Valencia

This letter is intended to express clear and unequivocal community support for these projects, and should not be taken as neutral on the question of community support. My evaluation is based on the following community input:

- By resolutions of January 19, 2016, the Amarillo City Council expressed its unanimous support for each of these projects.
- By letter from the City of Amarillo verifying the actions taken by city leadership in support of these projects.
- By editorial of January 24, 2016, the Amarillo Globe News voiced its support for each of these projects.
- I am not currently aware of any significant community opposition to any of the projects.

Yours very truly,

A handwritten signature in black ink that reads "John Smithee".

John Smithee

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

BOARD OF DIRECTORS MEETING

John H. Reagan Building
Room JHR 140
105 W. 15th Street
Austin, Texas

March 31, 2016
10:32 a.m.

MEMBERS:

J. PAUL OXER, Chair
JUAN MUÑOZ, Vice-Chair
LESLIE BINGHAM ESCAREÑO, Member (Absent)
T. TOLBERT CHISUM, Member
TOM H. GANN, Member
J.B. GOODWIN, Member

TIMOTHY K. IRVINE, Executive Director

1 (No response.)

2 MR. OXER: There are none. I'll have the
3 record note that Mr. Chisum had to leave to make a flight.
4 With his absence we still maintain a quorum.

5 Okay. Here's Marni.

6 MS. HOLLOWAY: Here I am.

7 MR. OXER: Number 8.

8 MS. HOLLOWAY: Number 8(a) is a report and
9 possible action regarding the eligibility of state
10 representative letters for application number 16319,
11 Residence at Coulter.

12 The letter from the state representative for
13 the district in which the Residence at Coulter is located,
14 in staff's estimation, merits scoring as a positive letter
15 despite concerns raised due to the submission of multiple
16 letters by the representative.

17 On January 25, 2016, Representative John
18 Smithee submitted the letter attached to this item in your
19 Board book a Exhibit A. There are multiple exhibits. The
20 letter did not reference any pre-application specifically,
21 and so staff considered it a general comment. The QAP
22 requirement for representatives' letters says in part
23 that: This documentation will be accepted with the
24 application or through delivery to the Department from the
25 applicant or the state representative and must be

1 submitted no later than the final input from elected
2 official's delivery date, as identified in Section 11.2 of
3 this chapter. Once a letter is submitted to the
4 Department, it may not be changed or withdrawn.

5 The elected official's delivery date in this
6 instance was March 1; that was the application delivery
7 date.

8 On February 15 of 2016, the representative
9 provided the letter attached in your Board book as Exhibit
10 B which was based on his interpretation of Texas
11 Government Code 2306.6710(J) which directs the Department
12 to evaluate the level of community support for the
13 application, evaluate it on the basis of a written
14 statement from the state representative who represents the
15 district containing the proposed development site. So
16 that's the language in statute.

17 Upon being made aware of the specific
18 requirements of the Department's rule, Representative
19 Smithee prepared a third letter which conforms to the
20 rules requirements. On March 1, 2016, which was within
21 the time frame for timely submission of the letter, the
22 email attached in your Board book as Exhibit D was
23 provided to the Department. The attachment to that email
24 was the same letter as Exhibit B which was the February 15
25 letter.

1 The representative's office quickly identified
2 that this transmission had been made in error, and on
3 March 3 of 2016, the email attached as Exhibit E was
4 provided. Attached to that email was the letter that is
5 now Exhibit F which clearly states the representative's
6 intent that his letter is a letter of support and not to
7 be taken as neutral.

8 It is staff's assessment that the last letter
9 was not intended to be a change to or withdrawal of the
10 earlier letters, it was intended to clarify the
11 representative's support of the application. It appears
12 that re-sending the earlier letter on March 1 was an error
13 which the office promptly identified and corrected by
14 sending the final letter on March 3 of 2016, which is
15 within the administrative deficiency timelines.

16 Staff believes that the core issue before the
17 Board is whether a state representative should be afforded
18 an opportunity to clarify a letter of support by the
19 deadline when the letter is believed by the representative
20 to follow the statute but does not adhere to the technical
21 requirements of the Department's rule. If the answer by
22 this Board is that a state representative should be
23 allowed to clarify such a letter of support by the
24 deadline, then the next issue is whether the
25 representative's clerical error of attaching the previous

1 letter at the deadline should be permitted to be
2 corrected, and whether the letter dated March 1, 2016
3 should be substituted for the letter submitted on February
4 15, 2016.

5 MR. IRVINE: Might I add a comment?

6 MR. OXER: Sure.

7 MR. IRVINE: Under Texas Government Code
8 Section 2306.6710(f) goes on to provide guidance with
9 regard to the way that you evaluate these statements under
10 (J) -- and it's small (f) as relating back to (b)(1)(J) --
11 and it says specifically: Positive points for positive
12 written statements, zero points for neutral statements
13 received. And so the real question to me is does the
14 original letter constitute a positive written statement
15 after you consider the totality of the situation.

16 MR. OXER: Dr. Muñoz.

17 DR. MUÑOZ: I have a question for the executive
18 director and Beau. So when you read the letters dated in
19 February, particularly the letter on the 15th, just above
20 the final development Valencia: My office has neither the
21 resources, this letter should not be taken as an opinion
22 as to either matter, provide this statement of the level
23 of community support as reflected in the following
24 information, et cetera. Okay, so that's how it ends. But
25 when you go to the March 1 letter, which to me falls into

1 the category of neutral. Under the final development
2 Valencia in the new letter submitted, I believe, if I'm
3 understanding correctly: This letter is intended to
4 express clear and unequivocal community support for these
5 projects. Which to me seems like a much more sort of
6 definitively other than neutral letter. Is that then the
7 same letter?

8 MR. IRVINE: That's the real crux of it is that
9 is a clarification permitted or is it a change.

10 MR. OXER: Any comments from the Board?

11 DR. MUÑOZ: Well, I'll say this, it's certainly
12 a change in the language. I don't know how that could be
13 disputed.

14 MR. ECCLES: Just to clarify the point, in our
15 rules regarding community support from state
16 representative, it mentions that once a letter is
17 submitted to the Department, it may not be changed or
18 withdrawn. So the question for the Board then becomes is
19 the movement from the February 15 letter to the March 1
20 dated letter a change.

21 MR. OXER: It certainly appears to be a change
22 from neutral to assuming positive, and even then they got
23 it 15 days late -- or 15 days behind it before they
24 corrected that part.

25 DR. MUÑOZ: You know, again, in that second

1 paragraph it -- this is the language, Beau: This letter
2 should not be taken as an opinion as to either matter. We
3 don't have the resources or the capacity to evaluate this.
4 I mean, my interpretation is that that offers sort of a
5 justification of neutrality. And in the March letter that
6 seems to have been altered. Clear and unequivocal to me
7 is implying something different than this letter in
8 February. And so if the letter then that we received is
9 changed and late --

10 MR. OXER: Any questions?

11 DR. MUÑOZ: No, no. I'm going to leave it out
12 there for the dramatic pause.

13 (General laughter.)

14 MR. OXER: Any other questions for Marni on
15 this item?

16 MS. HOLLOWAY: I believe we have some folks
17 here to speak.

18 MR. OXER: They'll get to as soon as we make
19 the motion.

20 DR. MUÑOZ: Hey, Marni. So the one letter was
21 dated -- I've got to go back and forth -- so I'm looking
22 at the first letter.

23 MS. HOLLOWAY: The very first one dated January
24 25?

25 MR. OXER: February 15.

1 MS. HOLLOWAY: The February 15. Okay.

2 DR. MUÑOZ: While I'm not qualified to judge
3 the most qualified applicants and have very little
4 background. I'm kind of basing my interpretation on that.

5 Clearly the representative is indicating there's we, but
6 I don't know firsthand as to the viability or quality of
7 these developments. And then I read in the next letter
8 that he's been made aware of these developments, we don't
9 have the resources to evaluate them, they seem honest, but
10 we can't conduct any kind of investigation, and so it
11 should not be taken as an opinion of dissent or
12 affirmation, but these conversations were held on these
13 dates.

14 And then the last one: This letter is intended
15 to express clear and unequivocal support for these
16 projects and should not be taken as neutral. It's no
17 longer neutral; the first two are sort of neutral.

18 MS. HOLLOWAY: Well, so that was the question.

19 We weren't clear, frankly, with the February 15 letter
20 what the intent there was. Representative Smithee chose
21 to compose his letter based on the statute, so we were
22 having difficulty fitting it into the rule either way.
23 The later letter we think clarified his position, and that
24 was the consensus of where we wound up after numerous
25 conversations regarding these letters.

1 MR. OXER: The application of the concept of
2 administrative deficiency, that administrative
3 deficiency -- and I'll invite your comments, Counselor and
4 Mr. E-D -- that invites rectifying administrative
5 deficiencies by the applicant. If there had been no
6 letter and it was simply missing, you could say that that
7 letter got in perhaps as something they left out. But
8 having had the letter put into it, does changing that
9 letter constitute an administrative deficiency?

10 MS. HOLLOWAY: So we actually did not issue an
11 administrative deficiency on this item for this
12 application.

13 MR. OXER: I think I recall that you said that
14 should changing the letter simply represent an
15 administrative deficiency or simply having attached the
16 wrong letter on the email be an administrative deficiency.

17 MS. HOLLOWAY: When the original Board item was
18 composed, I believe that the intent was to illustrate that
19 getting this final letter on March 3 was well within what
20 would have been an administrative deficiency deadline had
21 we issued one. So we did not issue a deficiency, and
22 actually, it was Representative Smithee's office that
23 identified that they had intended to send this letter and
24 not resend the previous letter.

25 MR. OXER: Okay.

1 DR. MUÑOZ: The previous letter dated the 15th?

2 MS. HOLLOWAY: Yes. So there's a copy of the
3 email on March 1 from Andrea Stingley that says: Hello.
4 Attached is a letter from Representative Smithee. This is
5 Exhibit C email had the Exhibit B letter, the February 15
6 letter attached to it. And then on Thursday, March 3,
7 there's another email that you have a copy of that says:
8 Michael, I sent this letter to the agency but realized
9 that I may have emailed you the previous letter via email.

10 Here is the letter from March 1 that I referenced the
11 other day.

12 So that's how we were made aware that the
13 February 15 letter was not the letter that was not
14 intended, the March 1 letter was.

15 MR. OXER: Staff recommendation on this item
16 is?

17 MS. HOLLOWAY: This is actually a report and
18 possible action. We have issued a scoring log that
19 provides eight points for this letter. If the Board
20 chooses to take action that would remove those points,
21 then we would issue a scoring notice to the applicant so
22 that they would have an opportunity to work through that
23 process for an appeal.

24 MR. OXER: And that's on the eight points in
25 the event of a neutral letter.

1 MS. HOLLOWAY: So it would be zero points for a
2 neutral letter, eight points for a positive letter.

3 MR. OXER: So you've already issued the points.

4 MS. HOLLOWAY: The log has been published that
5 shows these points. Yes.

6 MR. OXER: So who made the request to change
7 this if they already got the points?

8 MS. HOLLOWAY: This was staff working through
9 this issue with these letters and a sense that this is
10 something that we needed to at least tell you all about as
11 an issue that was coming up for us.

12 MR. OXER: Tim.

13 MR. IRVINE: I would say that staff obviously,
14 when a representative speaks to us in writing and takes a
15 specific position, we are appropriately deferential, and
16 when Chairman Smithee provided his initial letter, we
17 believed on its face that it was problematic and would be
18 treated as a neutral letter. We received followup
19 communication from the office indicating that it had been
20 their intent, based on their reading of the statutory
21 requirement, to be providing a letter that would be scored
22 positively, and there were obviously logistical issues,
23 such that we did not finally have in our possession until
24 after the deadline anything from the office clearly
25 indicating a letter of unambiguous support.

1 I think that there's certainly a timing issue,
2 but then there's also, frankly, the issue does staff have
3 the latitude to allow for a clarification, and if so, is
4 it consistent with the rule.

5 MR. ECCLES: And one more thing just talking
6 about Marni's shop, I don't believe that there's a process
7 for issuing an administrative deficiency to a state
8 representative.

9 MS. HOLLOWAY: No. It would go to the
10 applicant, of course.

11 MR. ECCLES: Of course not.

12 MR. OXER: Well, since they're never wrong, why
13 would you have to issue one?

14 (General laughter.)

15 MR. ECCLES: No comment.

16 However, in your shop is a letter dated March 1
17 from a state representative, so it would make sense that
18 from that the log would reflect whatever the on the ground
19 judgment was.

20 MS. HOLLOWAY: The initial judgment. Yes.

21 MR. ECCLES: That's it.

22 MR. OXER: Okay.

23 DR. MUÑOZ: And staff's recommendation one more
24 time.

25 MS. HOLLOWAY: This is a report and possible

1 action. Staff's recommendation is that you accept the
2 report. You have the option, because it's titled report
3 and possible action, to take this as an action item and
4 take the action that you feel is appropriate.

5 MR. OXER: When was the scoring log posted?

6 MS. HOLLOWAY: The last one went up on the
7 16th.

8 MR. OXER: A couple of weeks ago.

9 MS. HOLLOWAY: Yes.

10 MR. OXER: Had any blowback?

11 MS. HOLLOWAY: I'm sorry?

12 MR. OXER: Had any blowback, not from the
13 proponents but I'm talking about everybody else.

14 MR. IRVINE: It obviously impacts other
15 applicants.

16 MS. HOLLOWAY: Yes. This item would impact
17 probably more than just this application because the
18 question of whether we can accept a clarification. And I
19 don't know for sure but it could potentially impact other
20 applications. We would have to get further through the
21 process to determine that.

22 DR. MUÑOZ: As I read it, the representative is
23 endorsing several.

24 MS. HOLLOWAY: Yes, three of them.

25 DR. MUÑOZ: Right. So not necessarily one, but

1 the need.

2 MR. OXER: So this could come up on those other
3 two also.

4 MS. HOLLOWAY: We did not have full
5 applications from the other two.

6 MR. OXER: Okay. Hold on. Just as a
7 tangential comment regarding the QAP deliberations that we
8 were involved in yesterday, there seems to be some
9 question about what constitutes an endorsement or approval
10 or support letter. May I request, as a simple humble
11 member of this Board, that we put some direct language and
12 say in this letter this is the language that's got to be
13 in your letter, and absent this language, skip it, we're
14 not accepting it.

15 MS. HOLLOWAY: We certainly could look at that,
16 and I believe there are probably some other people in the
17 room who could speak to that more than I can. I believe
18 that at one point there was a requirement for that kind of
19 specific language in rule, I believe. Or was it in the
20 template?

21 MR. OXER: Are we asking too much, Beau?

22 MR. ECCLES: Well, the rule does contain an
23 example of wording that would garner a neutral, and that
24 is specifically saying either that you don't endorse the
25 specific development but you say I'm in favor of fair

1 housing. But I believe the example in the rule is the
2 local support the development and I support the locals.
3 The sort of transitive support via somebody else's support
4 indicates that the rule is looking for the state
5 representative's support as if it were a vote. It is the
6 representative's endorsement of this development.

7 DR. MUÑOZ: Okay, Beau, let me ask a question.
8 However, in this letter that's not what I believe is
9 being sort of stated. The letter essentially claim that
10 our office -- the representative's office is aware of
11 several expressions of local support, either through city
12 council action, an article in the Globe supporting these,
13 statements by the City of Amarillo leadership.

14 MR. OXER: We don't need an inventory of
15 everybody else's support, we need the representative's
16 support.

17 DR. MUÑOZ: So I mean, I don't see that. What
18 I see the representative saying is there seems to be --
19 there is by these sort of actions support for these,
20 plural, projects and I know of no dissent or I know of no
21 opposition.

22 MR. ECCLES: Well, which letter are we talking
23 about?

24 MR. OXER: That's the February 15 letter.

25 MS. HOLLOWAY: The March 1 letter lists the

1 community support citations.

2 DR. MUÑOZ: Right.

3 MR. ECCLES: The question then becomes the
4 statute says that it's going to be judged on the basis of
5 community support for the application evaluated on the
6 basis of a written statement from the state representative
7 who represents the district and that positive points will
8 be given for positive written statements, negative points
9 for negative written statements, and zero points for
10 neutral statements received.

11 Now, certainly the legislature has also given
12 this Board the authority to write rules to enact this
13 legislation and to make it programmatically sound.

14 DR. MUÑOZ: Well, it certainly appears that the
15 letter is a letter that is not neutral from the state rep
16 affirming community enthusiasm for these projects.

17 MR. OXER: But is it confirming his enthusiasm
18 for them?

19 DR. MUÑOZ: Well, does it require his
20 affirmative statement?

21 MR. OXER: They already got the points for the
22 community supporting the project. For them to get the
23 points for the representative supporting the project, he
24 has to say he supports it. Is that correct?

25 MS. HOLLOWAY: That is, in fact, what the rule

1 says.

2 MR. IRVINE: Staff added the language in the
3 rule to make it a personal statement from the
4 representative so that it would effectuate the legislative
5 intent that the two scoring items be, in fact, two
6 separate scoring items. And I think what this all comes
7 down to is that if you want staff to apply a hard edge use
8 of its rule-based language, the letter initially submitted
9 is a neutral letter. If you want staff to be deferential
10 to a representative in fleshing out after the fact what
11 was stated to be their intent, then you take a different
12 course.

13 MR. OXER: Well, we need a motion to consider,
14 and since it's in a report item, to say that you're
15 dealing with it, one of the options that we have is just
16 keep dealing with it.

17 MS. HOLLOWAY: That is one of the options. As
18 I said, the item is titled as a report and possible
19 action. That is so you may just accept the report and
20 we'll move on down the road, and I would imagine that
21 there would be an administrative deficiency, third party
22 deficiency on this application on this item. If you
23 choose to not accept the report and direct staff not to
24 score this letter this way, then we'll go back to the
25 office and issue a scoring notice to the applicant and

1 likely go through that appeals process.

2 MR. OXER: What we're trying to do is get the
3 message -- it's not going to be like it's going to
4 sound -- what we're trying to do is get the message to
5 state representatives that if these projects are there,
6 then we want an unequivocal support by them personally,
7 not to suggest that there's an inventory of everybody else
8 in five counties that support it. Do they or don't they.

9 Now, I can see in the attachment to emails,
10 everybody has done that, I understand that. Last time we
11 did that, we knocked out a project and they didn't get to
12 play. We've had a lot of people that were deficiency in
13 their support or deficiency in their submittals that
14 didn't have the right one and they got left out of the
15 game. Okay?

16 You've already done this, there's been scoring
17 done on it. I'm not necessarily excited about the
18 prospect or the way this worked out, but it has worked out
19 at this point. How do we get the message to you folks on
20 that front row there that if you do this again we're going
21 to chop one of your legs off?

22 MR. ECCLES: Figuratively speaking, of course.

23 MR. OXER: It's like we told the last one, just
24 wipe the blood up when you get over there.

25 DR. MUÑOZ: Run through those two options

1 again. If one of us makes a motion to accept the report
2 and no action, then staff would do what?

3 MS. HOLLOWAY: Then staff will do nothing. We
4 will move forward as we have started, considering this as
5 a support letter. Part of what's available to other
6 applicants through the QAP is this third party
7 administrative deficiency process, so if another applicant
8 has an action they would like to bring, has something that
9 they want to point out to us, they can do that that way.
10 If you do take action and direct us to not consider
11 this --

12 DR. MUÑOZ: If someone makes the motion to
13 deny, to not accept the report?

14 MR. OXER: There's two pieces. One is
15 acceptance of the report, and then we can act also, I
16 understand.

17 MR. IRVINE: I don't think you need to accept
18 or reject the report, I think you simply need to decide if
19 you want to take action to resolve this matter
20 definitively right now, you have the posted legal
21 opportunity. If you want to say we determined as a Board
22 that we want this to be scoring outcome, then you can
23 articulate it and we will implement it. There are
24 administrative processes to protect all the parties'
25 rights going forward if that's what you do. If you don't

1 take such action, I don't want to sugarcoat it, I think
2 it's inevitable that this conflict will come back to this
3 Board. So it's a matter of do you have enough information
4 to say where you fall on it.

5 MR. GANN: And I had a question just for
6 clarification for myself. The last letter which kind of
7 said the correct information came in on the 3rd, did it
8 not?

9 MS. HOLLOWAY: It did.

10 MR. GANN: Which is two days after the
11 deadline.

12 MS. HOLLOWAY: That is correct. That letter
13 was attached to the email that's in your Board book that
14 came from the staff person in Representative Smithee's
15 office saying I made a mistake, I sent you the wrong
16 letter.

17 MR. GANN: It was a mistake but it all happened
18 after.

19 MS. HOLLOWAY: Yes.

20 MR. OXER: And we have historically made some
21 considerable deference or been considerably deferential to
22 the representatives for a lot of reasons, because we
23 appreciate the work that they're doing for our state also.

24 I would, frankly -- I want to close the door. I
25 recognize that there have been mistakes that were made,

1 that you guys missed it the first time through, it's been
2 brought to your attention and we're looking at it. Can we
3 get something in the record so this doesn't happen again?

4 Just to let you know, folks, you've gone
5 through and you've tripped all those triggers now and
6 everything is lit up and waiting for you on the next one.

7 SPEAKER FROM AUDIENCE: We're in opposition to
8 it.

9 MR. OXER: I understand that. There's going to
10 be a few here that are going to be in opposition and few
11 here that want to make it work.

12 MS. HOLLOWAY: That's exactly the case.

13 MR. OXER: Okay. So we actually have the
14 option to accept the report and do nothing else. Is that
15 correct, Counselor?

16 MR. ECCLES: It is. You'll see it again
17 through one party.

18 MR. OXER: There will at least be a challenge.
19 I expect so, Mr. Flores, you'll be challenging this in
20 one way or another.

21 MR. ECCLES: Either way the Board goes on this,
22 there's going to be a challenge and you'll see it again.

23 MR. IRVINE: If I could say on behalf of staff
24 I would prefer clarity sooner rather than later.

25 MR. OXER: Okay.

1 MR. GOODWIN: And you've currently scored it as
2 zero. Right?

3 MS. HOLLOWAY: We've currently scored it as
4 eight. We've scored this as a support letter. The log as
5 it sits right now has language on it that says this hasn't
6 been verified because we're still so early in the process.

7 But that said, if the decision is not to accept this as a
8 support letter, then we will issue a scoring notice to the
9 applicant and go through that process.

10 MR. GOODWIN: So you've scored it as eight even
11 though the letter missed the deadline.

12 MS. HOLLOWAY: Yes.

13 MR. GOODWIN: Do we do that?

14 MR. IRVINE: This is the first time we've ever
15 done it, and we did it based on, first of all, deference
16 to the position that the second letter was a
17 clarification, and using the nunc pro tunc provision that
18 the erroneous sending of the February 15 letter on March 1
19 was ministerially correctable.

20 MR. OXER: But the ministerial correctability
21 of that letter does not change the fact that once the
22 February 15 was issued, it essentially represented a
23 neutral letter at that time. So the question is under
24 statute and rule, do we have the option to allow that
25 change which the rule says we do not. Is that correct?

1 MR. IRVINE: Correct.

2 MR. OXER: All right. Let's have it, one of
3 you.

4 MS. HOLLOWAY: No pressure.

5 MR. GOODWIN: I'm opposed to giving it the
6 eight points but I don't know how to structure it.

7 MR. IRVINE: I think you just moved.

8 MR. OXER: The structure would be --

9 MR. GOODWIN: We'll obviously be revisiting
10 this.

11 MR. OXER: We're going to visit it now or
12 later.

13 MR. GANN: Our deal is which side do we want t
14 be on, the right side, what our rules say, or do we want
15 to go through some different questions. So I think we
16 just need to make a decision now.

17 MR. OXER: I think we need to make the decision
18 now.

19 Structuring it, the motion would be to direct
20 staff to reduce the points by eight and not accept the
21 letter because the one that was submitted, even with its
22 ministerial replacement, represented a material change in
23 the letter that was received on February 15. Is that
24 motionable, actionable?

25 MR. GOODWIN: That was exactly what I intended

1 to say.

2 (General laughter.)

3 MR. GANN: And I will second that.

4 MR. ECCLES: Just as a clarification, the
5 motion is that the February 15 letter sent on February 15
6 is the letter of the representative and should be scored
7 accordingly.

8 MR. GOODWIN: As neutral.

9 MR. ECCLES: As neutral.

10 MR. OXER: I rarely make the motion here since
11 I'm driving the bus.

12 MR. GOODWIN: I'll make that the motion.

13 MR. OXER: Okay. As described?

14 MR. GOODWIN: I accept that.

15 MR. GANN: My second was that also.

16 MR. OXER: Okay. Motion by Mr. Goodwin, and a
17 second by Mr. Gann, to direct staff to reduce the points
18 by eight and not accept the letter as amended but to
19 recognize the letter of February 15 as the representative
20 letter for this applicant.

21 Is that sufficiently stated, Beau?

22 MR. ECCLES: Yes.

23 MR. OXER: Okay. I gather we have public
24 comment. That's clear on the record what we're doing?

25 MS. ANDERSON: Yes, it is.

1 Thank you. My name is Sarah Anderson and I'm
2 not here necessarily to represent the developer but I did
3 want to ask legal counsel about a general point of order
4 about some of this process real quick.

5 In the general processes we go through, there's
6 a very specific appeals process that we're supposed to
7 follow, and the appeals process is Section 10.902 appeals
8 process Part B, and I just want to ask counsel because I
9 think it's going to determine how we're going to continue
10 from here. Specifically, Part B says an applicant or a
11 development owner may not appeal a decision regarding an
12 application filed by or an issue related to another
13 applicant or other development owner.

14 And the reason I'm bringing this up is that
15 because we all do have a process we're supposed to follow,
16 while I don't want to prevent other people from speaking
17 at some point, I'm not sure that because this is a
18 determination that the Department is making that being
19 able to speak on the item and impacting your decision
20 seems outside of the appeal allowable process. So I just
21 wanted to ask that question.

22 MR. ECCLES: Who are representing?

23 MS. ANDERSON: I'm representing the developer,
24 the person who received the five letters we've been
25 talking about.

1 MR. ECCLES: The developer of the Residence at
2 Coulter.

3 MS. ANDERSON: Correct. And so this is a
4 process, this is a determination the staff is making on
5 our application, and at this point it is not appealable
6 until the determination is made. It's only appealable
7 through a challenge or this new appeal process which they
8 have to file, at which point they would then come forward
9 and be able to speak on this item as you're determining.
10 So I'm trying to figure out right now is --

11 MR. OXER: What you're asking is is the appeal
12 legitimate at this point.

13 MS. ANDERSON: Yes. I mean, should the people
14 who are coming to speak against this item be able to speak
15 and impact your decision on this particular item at this
16 point. I know they should be able to be heard, but I'm
17 not sure whether or not it's open for them to be appealing
18 staff's decision yet.

19 MR. OXER: So it actually wouldn't be an appeal
20 because there's no developer out there that's going to
21 appeal being given eight points.

22 MS. ANDERSON: Well, or appeal the
23 determination on another application. In other words, I
24 can't come up to you and appeal what staff has done on
25 somebody else's application. I have to go through an

1 appeal process that goes through staff and then ends up on
2 your agenda.

3 MR. OXER: The first time that you get anybody
4 gets to make a commentary on another application is during
5 the challenge process after the appeals.

6 MS. ANDERSON: Correct. As opposed to right
7 now you're just trying to determine an issue on my
8 application that should not be impacted by a challenger at
9 this point.

10 MR. ECCLES: The rule doesn't really speak to
11 impact, this is just a public comment.

12 MS. ANDERSON: That's why I'm trying to figure
13 out the point of order. I mean, it specifically says they
14 cannot appeal, and that is, in essence, what they would do
15 if they got to get up and speak before you have voted.

16 MR. ECCLES: Well, the only point that I would
17 disagree on is you appeal an order. The order hasn't been
18 made yet. There's been a motion and now it's public
19 comment.

20 MS. ANDERSON: Correct.

21 MR. ECCLES: And then you get to appeal if it
22 goes the way of the motion.

23 MS. ANDERSON: I have an administrative issue
24 that is still going through the process which does not
25 allow for somebody else to step in and muddy the waters

1 yet. That's at least what the rule implies.

2 MR. ECCLES: I appreciate what you're saying.
3 I don't believe that the rules preclude having public
4 comment at this point.

5 MS. ANDERSON: Okay.

6 MR. IRVINE: I believe the intent of the rule
7 was that they may not initiate it and use it as an
8 opportunity to challenge something, but I think that the
9 statute is clear that the public has a right to comment on
10 Board actions.

11 MR. ECCLES: For instance, if they were to
12 proffer evidence and new documents and charts and whatnot,
13 I think that has more the hallmarks of an appeal, but just
14 coming forward and on those matters that are already in
15 the Board book and offering their thoughts. Just like
16 anyone in the audience could say, you know what, I think
17 that they're right or I think that you're wrong, I think I
18 would be hard pressed to say that they would be precluded
19 from making such statements.

20 MS. ANDERSON: Okay. Just wanted to ask the
21 question. Never hurts to ask.

22 So the developer will actually be speaking on
23 this. I will say that it's messy and it's messy because
24 we have a state rep who is an attorney, who read the
25 statute, who is angry at having to opine to begin with.

1 This is a city that has not had a letter written or even
2 the city support for five to ten years. There were issues
3 with a developer there. Anybody who has a longstanding
4 history might know that the City of Amarillo has not
5 supported affordable housing for a very long time.

6 So what we have is a state rep who feels like
7 his letter on the 15th -- and I will say that from my
8 conversations with him, he feels that the letter on the
9 15th was a letter of support. He's an attorney, he says
10 he read statute, and if asked, that was a support letter,
11 which I believe is the crux of the issue because if his
12 viewpoint when he turns it in is unequivocally he believes
13 it was support, staff is reading it as neutral, I say tie
14 goes to the rep.

15 MR. OXER: If the rep sends a letter that's on
16 his letterhead that's got his signature on it and has a
17 big plus sign in it and sends that in, that's
18 differentiated from putting in one that has a big minus
19 sign on it and sending that in. Do those constitute
20 unequivocal support?

21 MS. ANDERSON: It's a good question, and it
22 just might happen one day.

23 MR. OXER: And I understand that. But at this
24 point it's not a matter of what he thinks, it has to be a
25 matter of that we think because we're the ones scoring it.

1 MR. ECCLES: And more to the point, it's what
2 the letter says. I appreciate and I have no doubt of the
3 veracity of your statements, but you can hardly expect the
4 Board to take your expressions of conversations with the
5 representative to trump what they have to do under the
6 statute, and that is statements here in the letter as
7 positive.

8 MS. ANDERSON: Correct.

9 MR. OXER: Sarah, this is not new in terms of
10 what we've been looking for. How many years have we been
11 talking about this?

12 MS. ANDERSON: I spent so many hours talking to
13 the state rep who kept pointing out that he fulfilled the
14 language of the statute.

15 MR. OXER: In his estimation.

16 MS. ANDERSON: In his estimation. And I guess
17 the only thing I could say is that when it was submitted
18 and staff had a question and it was clarified to me that
19 it was addressed to that point. Other than him getting up
20 and saying, you know, when I say there's these people's
21 support and it's an obvious support letter -- I don't know
22 other than him getting up and saying what his intent was
23 that all of us can conjecture what was on the paper.

24 MR. OXER: Well, I can tell what it would it
25 be. Not only the intent, write it in the letter

1 MS. ANDERSON: Right. And we asked him to
2 clarify because you cannot rewrite a letter, and his mind,
3 what he told us was it was a support letter. And I
4 believe he spoke with staff and called and said it was a
5 support letter and couldn't understand why nobody would
6 understand why it wasn't a support letter.

7 MR. OXER: Well, you can understand why there
8 are people in that first row over there.

9 MS. ANDERSON: Well, sure, absolutely.

10 MR. OXER: Well, can you understand why we
11 think the way we do?

12 MS. ANDERSON: I can, and I know we're going to
13 be right back before you and hopefully we'll have him with
14 us next time to clarify what he believed was obvious. So
15 thank you.

16 MR. OXER: And even it was, I mean, he's
17 changed the letter going forward, the rewrite on it. You
18 can't say that there was no difference between those two
19 letters, between the February 15 and the March 1 letter.

20 MS. ANDERSON: Right. There was addition of
21 something and clarification.

22 MR. OXER: Help us out, Meagan. She's running,
23 someone stop her.

24 MS. ANDERSON: I want to run away too.

25 MR. OXER: Who left that chain off of that

1 chair.

2 (General laughter.)

3 MS. ANDERSON: So I'm sure we'll be back in
4 front of you again, whichever way this goes.

5 MR. OXER: Okay.

6 DR. MUÑOZ: I have a question of staff. Did
7 anybody speak to the representative themselves?

8 MR. OXER: Marni, get up and talk to us,
9 please.

10 MS. HOLLOWAY: I did not speak with the
11 representative or any of his staff. I believe Michael
12 spoke with at least Andrea on the representative's staff.

13 DR. MUÑOZ: Okay. Here's my question. Sarah
14 just said the state rep spoke with staff. I'm pretty sure
15 if we look at the record, that's what it will say. So I'm
16 asking you: Did anybody speak with the representative?

17 MR. LYTTLE: Yes, I spoke with the
18 representative.

19 DR. MUÑOZ: And is that what he said?

20 MR. LYTTLE: The representative felt like his
21 initial letter was a letter of support as much as he could
22 write one per the statute.

23 MR. OXER: As much as he could?

24 MR. LYTTLE: He felt like he went by --

25 MR. OXER: He couldn't come out and say I

1 support the project, rather than saying I see no option to
2 oppose it?

3 MR. LYTTLE: He felt like he was doing that as
4 result of what statute said.

5 MR. OXER: Next. Three minutes.

6 MR. STELL: Mr. Chairman, members of the Board.
7 My name is Paul Stell. Good afternoon. I'm with Stellar
8 Development Company. Our headquarters is in Lubbock,
9 Texas. We've been in the tax credit business since 2006,
10 and my partner, Madhouse Development, and I have a
11 competing application in this region.

12 Although I respect and appreciate what staff
13 does and the opinions that have been set forth today
14 already, I respectfully disagree with them and agree with
15 the proposal that's been put forth. What staff has
16 proposed, I believe violates the rules the agency has
17 consistently upheld and enforced over the years. As Mr.
18 Irvine said, this is the first time they've ever done
19 this, and there's a reason for that.

20 Specifically, I have two concerns. The final
21 letter, as it was submitted, was submitted late, and
22 deadlines in the rules have always been considered
23 sacrosanct, they've always been inviolable. And there
24 have been numerous occasions when developers turned
25 something in late, sometimes even of no fault of their

1 own, that might have been days, it might have been hours
2 or even minutes, and their applications were denied. This
3 was late.

4 Secondly, the final letter is a change from the
5 previous letter. As Dr. Muñoz quoted, and I quote from
6 his letter, he says, "My office has neither the resources
7 nor ability to assess the applicants or to determine to
8 what extent they are reputable or honest, neither are we
9 in a position to evaluate the individual projects.

10 Therefore, my office has conducted no investigation into
11 any of the applicants or their projects, and this letter
12 should not be taken as an opinion as to either matter.:

13 The final letter, of course, takes that out.

14 And as a matter of analogy, if the Board asked
15 me today my position on a matter and I told you I had no
16 opinion about the matter, but then returned tomorrow and
17 told you I'm in favor of it or against it, you would
18 immediately recognized that I had changed my position from
19 that of having had no opinion or having been in a position
20 of neutrality to that of being either for or against it.

21 The rule has very specific language prohibiting
22 changes in it, and so much so that it even gives an
23 admonition to the developer that he is not to turn in a
24 letter in early for that every reason, you cannot change
25 it. And so the burden is not on the state rep to get it

1 right, the burden is upon the developer to make sure it is
2 right. Whether it's coming from a state rep, a city
3 council, a market analysis firm, whatever we turn in, we
4 have to ensure that it is turned in in the form that you
5 need. The language in the rule has very sharp edges and
6 it is not ambiguous or confusing in any manner.

7 And so I believe the letter violates the rules
8 twice: it was late, first, and secondly, it was changed.

9 And so I encourage you to stand by and continue to uphold
10 the rules as you've proposed and as the motion that sits
11 on the floor as it speaks.

12 MR. OXER: Great. Thanks, Paul.

13 MR. STELL: Thank you. If you have any
14 questions, I'm happy to answer them.

15 MR. OXER: I think we've got it taken care of.
16 Cynthia. Three minutes, Cynthia.

17 MS. BAST: Good afternoon. Cynthia Bast from
18 Locke Lord. To be clear, we're representing the applicant
19 for the Villas in Region 1 Urban, and that is with Mr.
20 Flores and Mr. Stell.

21 Our client presented this question to me and
22 when I looked at the materials, I honestly felt fairly
23 certain that I knew what the staff would recommend, and to
24 be honest, I was surprised when the staff assessment came
25 out in the Board book because I did think that the

1 position of accepting that March letter and declaring it
2 support was not consistent with the rules that you've
3 exactly been talking about, the fact that deadlines must
4 be met, the fact that the plain language of the rules must
5 control, and so I appreciate and do support the motion
6 that is on the floor.

7 When this came up I got a little bit of PTSD
8 because it harkened me back to 2011 -- and I know some of
9 you were there -- when we had a very contentious issue on
10 a state senator letter. Back then many of the rules were
11 the same and some of the language was identical, but one
12 of the differences was that there was an April 1 deadline
13 for submitting a support or objection letter and then a
14 June 1 deadline by which they could withdraw it.

15 And in this particular circumstance the support
16 letter was received by the deadline, the withdrawal letter
17 was received before the deadline, and then the senator
18 said, Oops, I didn't mean it, I want to withdraw my
19 withdrawal so that we can go back to support. He even
20 came and personally appeared before this Board and
21 expressed his regret and asked you all to please take his
22 support for that application. And the Board said, No.
23 They said, We have a rule that says that a withdrawal
24 letter once submitted cannot be changed, and we must
25 follow our rule. Over deference to the senator and the

1 applicant's appeal, my client's appeal was denied at that
2 point.

3 I've heard a little bit about the
4 representative's concern about the statute versus the
5 rule, and that he followed the statute, that the rules
6 seem to be asking for something more, and to the point
7 where maybe the rule exceeds your rulemaking authority,
8 and I heartily disagree with that. We have a 2004
9 attorney general opinion that looked at our rules very
10 closely, and in particular this rule, 6710, and it said,
11 In deciding whether an administrative agency has exceeded
12 its rulemaking powers, the determinative factor is whether
13 the rule's provisions are in harmony with the general
14 objections in the statute. And that's exactly what you
15 gentlemen have been talking about.

16 And in fact, I think that staff very eloquently
17 harmonized the rule and the statute in a response to the
18 representative's office by email on February 23 -- which
19 we discovered in an open records request, it is not part
20 of your Board book -- where they basically said, The
21 statute calls for positive points for positive support,
22 negative points for negative. We have to read that in
23 conjunction with we have two categories, local support and
24 representative support, and therefore, the representative
25 saying the local support cannot be enough, you can't

1 harmonize the rule and the statute that way.

2 So I think that your motion here is exactly
3 right on, and I appreciate you taking the time on this
4 important matter because these letters are hard and we
5 recognize that these developers work hard with these state
6 representatives and we appreciate that you uphold the
7 process.

8 MR. OXER: They're hard and we want them to be
9 unambiguous.

10 MS. BAST: That's exactly right.

11 MR. OXER: Mr. Flores, you're about to get what
12 you want, I gather. You'll get three minutes, but I'll
13 tell you we're about to lose a quorum here unless you get
14 in a hurry.

15 MR. FLORES: I'm going to try to take less than
16 a minute. First of all, let me thank you for your
17 thoughtful consideration of this matter. You know,
18 there's a reason for the rules and I appreciate the
19 Board's reliance on the strict interpretation of these
20 rules.

21 You know, one of the comments you made, Mr.
22 Chairman, was about trying to have this very carefully
23 worded so that we, as developers, have clear direction on
24 what the state rep. This is not the state rep's problem.
25 The state rep is our responsibility, not this Board. The

1 letter that was wrong was the developer's mistake, not the
2 state rep's mistake. In the QAP it reads: To qualify
3 under this paragraph for the four points letters must be
4 on the state representative's letterhead, be signed by the
5 state representative, identify the specific development,
6 and clearly state support for or opposition to a specific
7 development. That's pretty clear. Anyone can read that,
8 the developer should have read that, they should have
9 known what they needed from that state rep. Again, this
10 is not the state rep's problem, this is the developer's
11 problem.

12 Thank you again for your thoughtful
13 consideration of this issue.

14 MR. OXER: Thanks for your comments, Mr.
15 Flores.

16 MR. ECCLES: I'll just make a comment. To the
17 extent that you're saying it's the developer's problem, I
18 don't it to look like it's necessarily the developer's
19 fault that it came out this way. State representatives
20 have their own thought process and what they want to do
21 and what they want to write, and that's not subject to the
22 direct control of anybody.

23 MR. FLORES: Point well taken.

24 MR. OXER: And we obviously wholeheartedly with
25 what Beau has offered up on that, and we know you can't

1 control any of those, but in the end, any administrative
2 deficiency is with the developer and the applicant, now
3 with the legislator.

4 MR. FLORES: And that was more my point. Thank
5 you, sir.

6 MR. OXER: All right.

7 Hi. Welcome aboard.

8 MS. WATSON: Hi. Audrey Watson with Overland
9 Property Group.

10 I would like to make a few points here, but
11 before I do that, I was hoping that you could read the
12 Texas Code 2306.6710(b)(1)(J). I'm sorry. Do you happen
13 to have that? I believe you read it earlier. Do you
14 happen to have that one more time?

15 MR. ECCLES: (b)(1)(J) reads: The level of
16 community support for the application, evaluated on the
17 basis of a written statement from the state representative
18 who represents the district containing the proposed
19 development site.

20 MS. WATSON: So the issue was Representative
21 Smithee believed that his February 15 letter was a letter
22 of support because it did satisfy that requirement. So I
23 believe he intended to have the February 15 support is a
24 letter of support. He had never -- there was some
25 discussion of a 2011 letter where the rep changed and

1 flip-flopped. There is no issue of the representative
2 flip-flopping, it's an issue of how his support was
3 communicated and his interpretation of statute and him
4 feeling that he met the statute.

5 And again going back to the letter on the 15th
6 was his intent for the letter of support. He never
7 changed on that. It was staff that requested
8 clarification from him. Had he felt it was a neutral
9 letter, he would have not followed up with clarification.
10 He did not change his position, he was just, at the
11 advice of staff, clarifying his initial letter.

12 MR. OXER: And to be clear, Audrey, your point
13 is to oppose the motion that we have on the floor at this
14 point and continue to have them enjoy the eight points for
15 the letter.

16 MS. WATSON: Yes, sir.

17 MR. OXER: Okay. Any questions?

18 (No response.)

19 MR. OXER: Okay. Thank you.

20 Sarah, you've got one minute.

21 MS. ANDERSON: One more point. Sarah Anderson,
22 S. Anderson Consulting, with the developer.

23 The discussion came out about whether or not
24 clarification is allowed for the state rep letters. I
25 will point out that every single other player in the tax

1 credit process is allowed clarification. The local
2 neighborhood organizations, when they submit documentation
3 on their support or opposition, are allowed to go through
4 deficiency and clarification process. The applicant is
5 allowed to go through a deficiency and clarification
6 process. If I receive a letter from the city that is in
7 my application that may be a little weird, I'm allowed a
8 clarification process with the city. I don't see why the
9 state rep should not be allowed to clarify.

10 DR. MUÑOZ: But Sarah, first of all, it's not
11 necessarily that staff said that there's a deficiency in
12 your neutral letter, and why would staff think, hey, can
13 you clarify your neutral position as stated?

14 MS. ANDERSON: I would only say --

15 DR. MUÑOZ: I know after the fact. I heard
16 what Michael said.

17 MS. ANDERSON: So technically, if we were to
18 follow that down the road, if staff scored this as a zero,
19 it would be an administrative deficiency that says we're
20 unsure of what this letter should be and we want
21 clarification, at which point we could have gotten back to
22 the state rep. Which I would say that should be the
23 process that should be followed at this point is that if
24 you've got the rep saying he believes it said one thing
25 and you guys aren't quite sure, then we should be able to,

1 through the deficiency process, get that clarification,
2 only talking about the letter on February 15.

3 Thank you.

4 MR. OXER: Thanks.

5 Audrey, one more point, or do you want to sign
6 in?

7 MS. WATSON: I'm signing in.

8 MR. OXER: Okay. We'll let you go on with that
9 while we're working.

10 Any questions from the Board?

11 (No response.)

12 MR. OXER: All right. There's a motion by Mr.
13 Goodwin, second by Mr. Gann, to deny -- come on up, Marni,
14 and help us get this straight -- to score the letter as
15 neutral and rescind the eight points for a positive letter
16 and accept only the February 15 letter.

17 MS. HOLLOWAY: Understood.

18 MR. OXER: That's clear what we did? Does
19 everybody agree that's what we did?

20 MR. GOODWIN: Yes.

21 MR. OXER: That being the case, those in favor?

22 (A chorus of ayes.)

23 MR. OXER: And opposed?

24 (No response.)

25 MR. OXER: There are none.

1 I suspect we're going to see some more activity
2 on this one way or the other, and so if nothing else, we
3 made clear what our intentions are and we'll deal with the
4 aftermath which I'm sure we'll have to deal with.

5 All right. What else you got?

6 MS. HOLLOWAY: Item 8(b) is presentation,
7 discussion and possible action regarding the financing
8 structure of a multifamily direct loan award.

9 The application for Westridge Villa was
10 originally submitted in the 2015 competitive tax credit
11 cycle. The application was subsequently changed and
12 resubmitted as a HOME CHDO application under the 2051
13 multifamily direct loan NOFA. HUD has very specific
14 requirements for CHDOs community housing development
15 organizations, and the definition of CHDO at 24 CFR 92.2
16 is the basis for this Board action request.

17 So HUD's definition, their regulatory
18 definition says: A community housing development
19 organization means a private nonprofit organization that
20 is organized under state or local laws, has no part of its
21 net earnings inuring to the benefit of any member,
22 founder, contributor or individual, and three, is neither
23 controlled by nor under the direction of individuals or
24 entities seeking to derive profit or gain from the
25 organization. So that's HUD's definition of a CHDO, in

16319 The Residence at Coulter
Applicant Appeal to
Executive Director

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July 14, 2016

Mr. Tim Irvine
Executive Director
Via Email: tim.irvine@tdhca.state.tx.us
Ms. Marni Holloway
Via Email: marni.holloway@tdhca.state.tx.us
Texas Department of Housing and Community Affairs
PO Box 13941
Austin, TX 78711

Re: The Residence at Coulter
TDHCA No. 16319
Appeal of Scoring Notice determination, dated July 7, 2016 that The Residence at Coulter is not entitled to 8 points for the letter of support submitted by State Representative John Smithee by letter dated February 15, 2016, which letter was clarified by letter, dated March 1, 2016 but submitted on March 3, 2016.

Dear Mr. Irvine and Ms. Holloway:

I represent the OPG Coulter Partners, LLC (“OPG”) in connection with its project known as The Residence at Coulter (“Coulter”) in Amarillo, Texas (the “City”).

This letter constitutes a formal appeal to you as Executive Director of the determination made in the Scoring Notice, dated July 7, 2016, that Coulter is not entitled to 8 points for the letter of support submitted by State Representative John Smithee (“Representative Smithee”), dated February 15, 2016 and clarified by letter dated March 1, 2016 (delivered on March 3, 2016) because the board determined that the March 1, 2016 letter changed the February 15, 2016 letter, which is prohibited under the QAP requirement in 10 TAC 11.9 (d) (5). Copies of the February 15, 2016 and March 1, 2016 letters are attached.

This appeal is based on a fundamental and irreconcilable conflict between two parts of the enabling statute (Texas Government Code, Title 10 §2306.6710 (b) (1) (J) and §2306.6725 (a) (2)), which conflict is heightened by the traditional interpretation given to the QAP requirement in 10 TAC 11.9 (d) (5).

When an applicant seeks additional points for its application, the applicant may be able to persuade a state representative to sign and issue a letter that is commonly referred to as a letter of

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support. The staff evaluates letters of support under the criteria set forth in the QAP under 10 TAC 11.9 (d) (5), which is quoted below:

5) *Community Support from State Representative. (§2306.6710(b) (1) (J); §2306.6725(a) (2)) Applications may receive up to eight (8) points or have deducted up to eight (8) points for this scoring item. To qualify under this paragraph letters must be on the State Representative's letterhead, be signed by the State Representative; identify the specific Development and clearly state support for or opposition to the specific Development. This documentation will be accepted with the Application or through delivery to the Department from the Applicant or the State Representative and must be submitted no later than the Final Input from Elected Officials Delivery Date as identified in §11.2 of this chapter. **Once a letter is submitted to the Department it may not be changed or withdrawn.** Therefore, it is encouraged that letters not be submitted well in advance of the specified deadline in order to facilitate consideration of all constituent comment and other relevant input on the proposed Development. State Representatives to be considered are those in office at the time the letter is submitted and whose district boundaries include the Development Site. Neutral letters or letters that do not specifically refer to the Development or specifically express support or opposition will receive zero (0) points. A letter that does not directly express support but expresses it indirectly by inference (e.g. "the local jurisdiction supports the Development and I support the local jurisdiction") will be treated as a neutral letter.*

When Representative Smithee submitted his February 15, 2016 letter (see Exhibit A), he did not mention or refer to the QAP requirements for a letter that are set out in 10 TAC 11.9 (d) (5). Instead, Representative Smithee **specifically stated that his letter was being submitted under §2306.6710 (b) (1) (J) in order to provide the "level of community support"** for three applications, one of which was Coulter. The relevant part of §2306.6710 (b) (1) (J) is quoted below:

Sec. 2306.6710. EVALUATION AND UNDERWRITING OF APPLICATIONS. (a) In evaluating an application, the department shall determine whether the application satisfies the threshold criteria required by the board in the qualified allocation plan. The department shall reject and return to the applicant any application that fails to satisfy the threshold criteria.

(b) If an application satisfies the threshold criteria, the department shall score and rank the application using a point system that:

(1) prioritizes in descending order criteria regarding:

(J) the level of community support for the application, evaluated on the basis of a written statement from the state representative who represents the district containing the proposed development site;

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Representative Smithee's February 15, 2016 letter completely complies with §2306.6710(b) (1) (J), which only mandates that the representative state the **level of community support**. Representative Smithee stated that the three projects were supported by the City of Amarillo City Council and the local newspaper. He also stated that he was not aware of any opposition. There is no requirement in this section that Representative Smithee state or even indicate his individual support for the project or projects in question.

However, when the staff reviewed Representative Smithee's letter, they did not evaluate it under §2306.6710 (b) (1) (J), but, instead, evaluated it under the requirements in the QAP (10 TAC 11.9.5 (d) (5)). This resulted in a staff determination that Representative Smithee's letter should be considered to be neutral because he did not specifically express his support as required by the QAP. Thus, the staff determined that no points should be awarded.

The TDHCA has the right to issue rules regarding community support such as those set out in 10 TAC 11.9.5 (d) (5) through Texas Government Code, Title 10 §2306.6725 (a)(2), which is quoted below.

Sec. 2306.6725(a) (2). SCORING OF APPLICATIONS.

a) In allocating low income housing tax credits, the department shall score each application using a point system based on criteria adopted by the department that are consistent with the department's housing goals, including criteria addressing the ability of the proposed project to:

*2) **demonstrate community and neighborhood support as defined by the qualified allocation plan;***

Text of subsection as amended by Acts 2015, 84th Leg., R.S., Ch. 954 (S.B. [1316](#)), Sec. 2

When §2306.6710 (b) (1) (J) and §2306.6725 (a) (2) are compared, it becomes abundantly clear is that there are **two completely independent statutory sections** dealing with how community support is to be demonstrated. Under §2306.6710(b) (1) (J) (used by Representative Smithee) a **state representative is specifically mentioned**. Under this section, the representative can demonstrate the level of community support without ever indicating whether he or she supports a project on an individual basis. Further, the **QAP requirements are not directly or indirectly referred to in this section**.

In contrast, under §2306.6725 (a) (2), community support is to be demonstrated by compliance with the QAP. **Notably, §2306.6725 (a) (2 does not mention state representatives at all**. It is the QAP that brings state representatives into the support issue.

Each of the Government Code sections quoted above requires that applications be scored based on their separate requirements. However, the QAP allows points only if an applicant produces a letter from a state representative that complies with the QAP.

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The failure to recognize that there are two different statutory schemes for demonstrating community support led to the discussion during the March 31, 2016 meeting regarding Representative Smithee's letters. Staff recommended that Representative Smithee's letter of March 1 that was delivered on March 3 be substituted for the February 15, 2016 letter because it was a clarification and was delivered late through clerical error. The board decided it was not a clarification but a change that was prohibited under the QAP. If the March 1, 2016 had been submitted on or before March 1, 2016, Coulter would have received points. No one recognized that Representative Smithee's letter of February 15, 2016 complied with §2306.6710(b) (1) (J) and that Coulter should have been awarded points on the basis of that letter alone without the revised letter of March 1, 2016.

Representative Smithee did not err when he submitted his February 15, 2016 letter in the form sent to the staff. His letter complied with §2306.6710 (b) (1) (J). However, the staff did not treat a letter written pursuant to §2306.6710 (b) (1) (J) as **another method of demonstrating community support** and, instead, evaluated it under QAP (10 TAC 11.9.5 (d) (5).

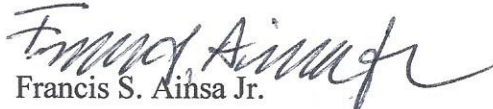
As a direct result of the failure to recognize that §2306.6710 (b) (1) (J) is an alternate statutory method of demonstrating community support, Coulter has been unjustifiably denied 8 points for the letter written by Representative Smithee on February 15, 2016.

Alternatively, even if the board is not prepared to deal administratively with the two statutory schemes discussed above, the Board should nonetheless give Coulter the opportunity to respond to the February 15, 2016 letter through an Administrative Deficiency. The discussion at the March 31, 2016 Board Meeting was centered around a letter that was submitted by Representative Smithee in response to telephone communications with staff and not through a formal Administrative Deficiency. The Administrative Deficiency process is in place to clarify or correct inconsistencies that may be cured by supplemental information or explanation which will not necessitate a substantial reassessment or re-evaluation of the Application. There are two known instances where Applicants have been able to clarify scoring items with an Administrative Deficiency. The first involves multiple applications submitting City Resolutions for local funding that did not specify a dollar amount. Those points were initially denied by staff and deemed uncorrectable, but the Executive Director granted an appeal and allowed clarification through the Administrative Deficiency process. The second is an application that submitted a financing letter that did not include the necessary language to be awarded two of a possible eighteen Financial Feasibility points. Staff decided that completely missing language was able to be corrected by the Administrative Deficiency process. The Representative for Coulter should be able to clarify his letter if staff is unsure of its intent. This is an especially important in this case because Representative Smithee's March 1, 2016 letter complies with the QAP, a point on which there is no dispute.

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Given the facts and the statutory analysis described above, the board should grant the appeal and award 8 points to Coulter. Otherwise, through no fault of Coulter, a great injustice will be allowed to stand.

Very truly yours,


Francis S. Ainsa Jr.

FSA/lb

Encs.

cc: Mr. Brett Johnson
Ms. Audrey M. Watson
Ms. Alyssa Carpenter
Ms. Sarah Anderson
Ms. Sharon Gamble



Exhibit B

The State of Texas
House of Representatives
Austin, Texas

John Smithee

State Representative
District 86

Dallam
Deaf Smith
Hartley
Oldham
Parmer
Randall

February 15, 2016

Committees:
Judiciary & Civil
Jurisprudence,
Chair
State
Affairs

Mr. Tim Irvine, Executive Director
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, TX 78701

RE: TDHCA Application for Amarillo projects

Dear Mr. Irvine:

Pursuant to Tex. Gov't Code § 2306.6710(b)(1)(J), I provide this written statement regarding the level of community support for the following applications concerning proposed development sites in the Texas House of Representatives District 86, of which I have been made aware:

1. Las Palmas
2. The Residence at Coulter
3. Valencia

My office has neither the resources nor ability to assess the applicants or to determine to what extent they are reputable or honest. Neither are we in a position to independently evaluate the individual projects. Therefore, my office has conducted no investigation into any of the applicants or their proposed projects, and this letter should not be taken as an opinion as to either matter.

I provide this statement of the level of community support as reflected in the following information regarding the level of community support for one or more of the above projects:

- By resolutions of January 19, 2016, the Amarillo City Council expressed its unanimous support for each of these projects.
- By letter from the City of Amarillo verifying the actions taken by city leadership in support of these projects.
- By editorial of January 24, 2016, the Amarillo Globe News voiced its support for each of these projects.
- I am not currently aware of any significant community opposition to any of the projects.

Yours very truly,

John Smithee



The State of Texas
House of Representatives
Austin, Texas

John Smithee
State Representative
District 86

Dallam
Deaf Smith
Hartley
Oldham
Parmer
Randall

March 1, 2016

Committees:
Judiciary & Civil
Jurisprudence,
Chair
State
Affairs

Mr. Tim Irvine, Executive Director
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, TX 78701

RE: TDHCA Application for Amarillo projects

Dear Mr. Irvine:

This letter is intended to comply with the express language of Tex. Gov't Code § 2306.6710(b)(1)(J), regarding the level of community support for the applications regarding the following projects located within the Texas House of Representatives District 86, of which I have been made aware:

1. Las Palmas
2. The Residence at Coulter
3. Valencia

This letter is intended to express clear and unequivocal community support for these projects, and should not be taken as neutral on the question of community support. My evaluation is based on the following community input:

- By resolutions of January 19, 2016, the Amarillo City Council expressed its unanimous support for each of these projects.
- By letter from the City of Amarillo verifying the actions taken by city leadership in support of these projects.
- By editorial of January 24, 2016, the Amarillo Globe News voiced its support for each of these projects.
- I am not currently aware of any significant community opposition to any of the projects.

Yours very truly,

John Smithee



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

Greg Abbott
GOVERNOR

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Leslie Bingham-Escareño
T. Tolbert Chisum
Tom H. Gann
J.B. Goodwin

July 7, 2016

Ms. Audrey Watson
OPG Coulter Partners, LLC
5345 W. 151st Terrace
Leawood, KS, 66224

RE: NOTICE OF SCORING FOR ITEMS NOT INCLUDED ON THE APPLICANT SELF-SCORE FORM:
TDHCA#16319, THE RESIDENCE AT COULTER

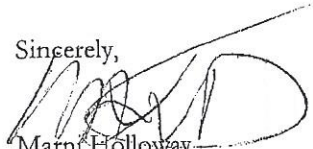
The Texas Department of Housing and Community Affairs ("Department") has posted to its website an updated 2016 Competitive Housing Tax Credit (HTC) Program Application Submission Log, dated June 30, 2016, which reflects final scores of Applications for which Department staff has completed its review. Applications marked with a "C" in the "Review Status" column of the log have all received complete scoring notices. Applications marked with "UR" on the log are currently under review and will receive a complete scoring notice. Applications that are not under review or not expected to be reviewed due to the limited availability of credits are marked with an "N". Should any Application currently marked with an "N" ultimately be reviewed by staff, then a full scoring notice would be issued and the Applicant would have the opportunity to appeal at that time. While these Applications may not be reviewed by staff, they still may have scores assessed for the scoring criteria listed below.

- §11.9(d)(1) Local Government Support
- §11.9(d)(4) Quantifiable Community Participation
- §11.9(d)(5) Community Support from State Representative
- §11.9(d)(6) Input from Community Organizations

Pursuant to §10.902 of the Uniform Multifamily Rules, an Applicant or Development Owner may appeal the scoring of an Application under the applicable scoring criteria, and such appeal must be filed in writing with the Department not later than seven (7) calendar days after the date the Department publishes the results of any stage of the Application evaluation or otherwise notifies the Applicant or Development Owner of a decision subject to appeal. This letter serves as notice that the Application indicated above is marked with an "N" on the Application Submission Log dated June 30, 2016 and posted on the Department's website at <http://www.tdhca.state.tx.us/multifamily/htc/index.htm>. You may appeal any of the scores staff has assessed for those scoring items indicated above. **The appeal is due by 5:00 p.m., Austin local time, on Wednesday, July 14, 2016.**

If you have any questions or concerns, please contact Sharon Gamble at sharon.gamble@tdhca.state.tx.us, or by phone at 512-936-7834.

Sincerely,


Marni Holloway
Director of Multifamily Finance



16319 The Residence at Coulter Executive Director's Response



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

Greg Abbott
GOVERNOR

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July 19, 2016

Writer's direct phone # (512) 475-3296
Email: tim.irvine@tdhca.state.tx.us

Mr. Francis S. Ainsa Jr.
Ainsa Hutson, LLP
5809 Acacia Circle
El Paso, Texas 79912

RE: APPEAL OF SCORING NOTICE: 16319 THE RESIDENCE AT COULTER, AMARILLO, TEXAS

Dear Mr. Ainsa:

The Texas Department of Housing and Community Affairs (the "Department") is in receipt of your appeal, dated July 14, 2016, of the scoring notice for the above referenced Application. This Application did not score enough points under 10 TAC §11.9 of the 2016 Qualified Allocation Plan ("QAP") to be considered a priority application in the region, and was therefore not reviewed by staff. This determination was based on the Applicant's Self-Score and on information provided within the application. By letter dated July 7, 2016, the Applicant was provided a notice of scoring for items not included in the applicant self-score, particularly 10 TAC §11.9(d)(1) Local Government Support, §11.9(d)(4) Quantifiable Community Participation, §11.9(d)(5) Community Support from State Representative, and §11.9(d)(6) Input from Community Organizations. Through this notice, the Applicant was invited to provide in an appeal any information that might lead the Department to reconsider its determined score for these items.

The submitted appeal requested that the Department reconsider its determined score under 10 TAC §11.9(d)(5) Community Support from State Representative regarding two letters submitted by Representative John Smithee. This issue was considered by the Department's Governing Board on March 31, 2016, and the motion approved by the Board "direct[ed] staff to reduce the points by eight and not accept the letter as amended but to recognize the letter of February 15 as the representative letter for this applicant."

You have appealed staff's denial of the awarding of 8 points to the Residence at Coulter for a letter from the state representative in whose district the proposed development is located, and in your appeal you have propounded a belief that there is a "fundamental and irreconcilable conflict" between TEX. GOV'T CODE §§2306.6710(b)(J) and 2306.6725(a)(2); specifically, you indicate that the former section requires that in order for the application to receive points under this scoring item, the representative must only state the level of community support, while the latter only applies to demonstration of community support without regard to a state representative. In particular, you assert in the appeal that in preparing his letter, the representative referred only to the statutory requirements in TEX. GOV'T CODE §2306.6710(b)(1)(J), while in reviewing the letter, staff referred only to the rule requirements of 10 TAC §11.9(d)(5). Consistent with the Code Construction Act (TEX. GOV'T CODE ch. 331) TDHCA is required to try to harmonize the laws that



govern its activities and to give effect to all parts of those laws. It must read the statute as a whole in order to do this. As I will relate in this letter, I firmly believe that these, and other, statutory and rule provisions can be readily harmonized. Accordingly, I am denying your appeal.

The appeal notes that TEX. GOV'T CODE §2306.6710(b)(1)(J) does not mention the qualified allocation plan ("QAP") at all for guidance. However, the QAP is a comprehensive document that sets forth the threshold and scoring criteria applicable to the administration of the low income housing tax credit program, and the Department is statutorily required to publish in the QAP the "details of the scoring system used by the department to score applications." (*see* TEX. GOV'T CODE §2306.6710(c)). It is a reasonable reading of the law that the QAP must treat all of the scoring criteria, not only those set forth in TEX. GOV'T CODE §2306.6710(b)(1).

Next, you note that TEX. GOV'T CODE §2306.6725(a)(2) deals with the ability of the proposed project to "demonstrate community and neighborhood support as defined by the qualified allocation plan." However, there are, within the statute and the rules, multiple separate and distinct scoring criteria that touch upon these issues. These include resolutions from local governments (TEX. GOV'T CODE §2306.6710(b)(1)(B)), quantifiable community participation (TEX. GOV'T CODE §2306.6710(b)(1)(I)), letters from state representatives (TEX. GOV'T CODE §2306.6710(b)(1)(J)), and contributions of local government financial support (TEX. GOV'T CODE §2306.6710(e)). On its face, TEX. GOV'T CODE §2306.6725(a) mandates that these factors be included within the scoring and point system in allocating low income housing tax credits; thus they must be considered in the development of the QAP scoring criteria as required by TEX. GOV'T CODE §2306.6710(c).

As the Department has gone about the development and implementation of the 2016 QAP it has endeavored to preserve the separate and distinct nature of each scoring item. As required by the Administrative Procedures Act (TEX. GOV'T CODE ch. 2001) and by (TEX. GOV'T CODE ch. 2306, subch. DD) this was carried out in a public rulemaking process. That process, and the rules that resulted, clearly preserve and articulate the separate and distinct nature of each scoring item. It is also noteworthy that the rulemaking process is a complex process that involves the controlled use of interpretive judgment. Nonetheless, I am constrained to follow a strict interpretation of the 2016 QAP. As I apply the 2106 QAP to these facts and circumstances I conclude:

- 1) The Department's Governing Board, by rule, has determined that in order for a state representative letter to be awarded positive points as a letter of support it must specifically state that the representative supports the proposed transaction. The rule precludes the possibility of support by inference.
- 2) The Department staff understands and respects that a representative's office may lack the resources to perform its own evaluation of an application or applicant, but the statute does empower the representative to express whether (in his or her determination) there is support for a development. While such a letter may certainly recite independent determinations as support for the position it expresses, that position, as the representative's own considered position, is a requirement under these rules. Moreover, a representative in expressing their opinion is not bound by the conclusions and positions others (such as local governments and neighborhood organizations) may have reached.

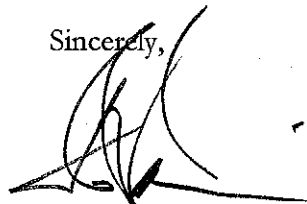
- 3) Once a letter is submitted it may not be changed or withdrawn. This is consistent with the statutory creation of an application due date, set out and established in TEX. GOV'T CODE §2306.6724(d) and the general prohibition of changing or supplementing an application after the filing deadline as set out in §2306.6708.

The appeal further asserts that even if none of the above are found to be grounds to grant the appeal, the Applicant should have been issued a Notice of Administrative Deficiency, allowing it to clarify or correct an inconsistency in the application. Namely, you assert that the applicant should have had "the opportunity to respond to the February 15, 2016, letter through an Administrative Deficiency."

10 TAC §10.201(7) allows an applicant to provide clarification, correction, or non-material missing information to resolve inconsistencies in the original Application. This rule is to be read in conjunction with TEX. GOV'T CODE §2306.6708 (Application Changes or Supplements), which states that an applicant may not change or supplement an application in any manner after the filing deadline, unless requested by the department to clarify information or to correct administrative deficiencies. The distinction between the instances cited by the appeal (where the administrative deficiency process was used) and the current situation is the difference between "change" and "clarify" in the statute. Two letters by State Representative Smithee have been reviewed by staff and the Board: one dated February 15, 2016, and one dated March 1, 2016. As is evident in the discussion of this matter before the Board at its March 31, 2016, meeting, the Board concluded the statements contained in the February 15th letter were best described as neutral and to have given effect to the second letter would be changed, as opposed to clarifying, that letter. Given that TEX. GOV'T CODE §2306.6710(f) requires that the department award "positive points for positive written statements received; negative points for negative written statements received; and zero points for neutral statements received," the evaluation of the February 15, 2016, letter from Representative Smithee's office was within the statutory and rule parameters to be scored as zero points without "clarification," as the distinction between the statutory point values for such statements is clearly material.

For the reasons set forth, above, I must deny the appeal. I am, as you have requested, placing this appeal before the TDHCA Governing Board for consideration at its July 28, 2016, meeting.

Sincerely,



Timothy K. Irvine
Executive Director

6d

BOARD ACTION REQUEST
MULTIFAMILY FINANCE DIVISION
JULY 28, 2016

Presentation, Discussion, and Possible Action Regarding the Issuance of Multifamily Housing Revenue Bonds (Gateway at Hutchins Apartments) Series 2016 Resolution No. 16-022 and Determination Notice of Housing Tax Credits

RECOMMENDED ACTION

WHEREAS, the Board adopted the inducement resolution for Gateway at Hutchins Apartments at the November 12, 2015, Board meeting;

WHEREAS, the 4% Housing Tax Credit application, sponsored by Family Gateway Affordable Housing, Inc. was submitted on December 28, 2015;

WHEREAS, in lieu of a Certification of Reservation, a Carryforward Designation Certificate was issued in the amount of \$29,000,000, for Gateway at Hutchins, on January 27, 2016, with a bond delivery deadline of December 31, 2018;

WHEREAS, pursuant to 10 TAC §10.101(a)(4) of the Uniform Multifamily Rules related to Undesirable Neighborhood Characteristics, applicants are required to disclose the presence of certain undesirable characteristics of a proposed development site;

WHEREAS, the applicant disclosed the presence of such characteristics; specifically, that one of the schools, Wilmer-Hutchins Elementary, located in the attendance zone of the proposed development did not achieve a 2015 Met Standard rating by the Texas Education Agency (“TEA”);

WHEREAS, based on the performance index indicators in the 2015 TEA Accountability Ratings, along with the letter from the Dallas ISD School Board Trustee whose district would include Gateway at Hutchins, in which he expresses his strong belief that Wilmer-Hutchins Elementary is headed in the right direction, has a new principal, and has demonstrated the necessary steps to meet and exceed the Met Standard rating by the time Gateway at Hutchins is placed into service;

WHEREAS, staff recommends the site not be considered ineligible under 10 TAC §10.101(a)(4) of the Uniform Multifamily Rules; and

WHEREAS, EARAC recommends the issuance of Multifamily Housing Revenue Bonds (Gateway at Hutchins Apartments) Series 2016 and the issuance of a Determination Notice with the condition that closing occur within 120 days (on or before November 25, 2016);

NOW, therefore, it is hereby

RESOLVED, that the issuance of \$29,000,000 in tax-exempt Multifamily Housing Revenue Bonds Series 2016, Resolution No. 16-022 is hereby approved in the form presented to this meeting;

FURTHER RESOLVED, the issuance of a Determination Notice of \$1,586,539 in 4% Housing Tax Credits for Gateway at Hutchins Apartments, subject to EARAC and underwriting conditions that may be applicable as found in the Real Estate Analysis report posted to the Department's website, is hereby approved in the form presented to this meeting; and

FURTHER RESOLVED, that if approved, staff is authorized, empowered, and directed, for and on behalf of the Department to execute such documents, instruments and writings and perform such acts and deeds as may be necessary to effectuate the foregoing.

BACKGROUND

General Information: The Bonds will be issued in accordance with Tex. Gov't Code Chapter 1371 and Tex. Gov't Code Chapter 2306, the Department's Enabling Statute (the "Statute"), which authorizes the Department to issue revenue bonds for its public purposes, as defined therein. *(The Statute provides that the Department's revenue bonds are solely obligations of the Department, and do not create an obligation, debt or liability of the State of Texas or a pledge or loan of faith, credit or taxing power of the State of Texas.)*

Gateway at Hutchins Apartments involves the new construction of 336 units proposed to be located at 805 N. Denton Street in Hutchins, Dallas County. The development will serve the general population and the site is currently zoned appropriately. Although the Carryforward Designation Certificate issued by the Bond Review Board does not have a prescribed restriction on the percentage of Area Median Family Income ("AMFI") that must be served, all 336 units will be rent and income restricted at 60% AMFI. The census tract (0169.02) has a median household income of \$35,543, is in the fourth quartile, and has a poverty rate of 22.7%.

Site Analysis: The applicant disclosed the presence of undesirable neighborhood characteristics under §10.101(a)(4)(B) of the Uniform Multifamily Rules; specifically, one of the schools in the attendance zone for this development did not achieve the Met Standard rating according to the 2015 Accountability Ratings by TEA.

The proposed development is located within the Dallas Independent School District and Wilmer-Hutchins Elementary ("WH Elementary") did not achieve the Met Standard rating. From a historical perspective, the schools in Hutchins were part of Wilmer-Hutchins ISD until 2006 when TEA annexed Wilmer-Hutchins ISD into Dallas ISD in order to assess the schools for future use. In 2008, voters of Dallas ISD approved a school bond that included a new campus for WH Elementary and renovations to the middle and high schools. In 2013, WH Elementary achieved Met Standard, but then fell to Improvement Required in 2014 and 2015. The 2015 Accountability Rating indicated they failed to achieve Met Standard by one point on Performance Index Three relating to Closing Performance Gaps and showed improvement on the other Performance Index Indicators. A letter was submitted by Dallas ISD School Board Trustee and 2nd Vice President Lew Blackburn whose district includes Gateway at Hutchins Apartments. He expressed his strong belief that WH Elementary is headed in the right direction, has a new principal, and has demonstrated the necessary steps to meet and exceed the Met Standard rating by the time Gateway at Hutchins is placed into

service. He indicated that the proposed development will add families to the neighborhood, providing them with access to high-quality, affordable housing, with programs and services that will foster educational achievements that in turn will help improve the school ratings.

Organizational Structure and Previous Participation: The Borrower is Hutchins 805 North Denton, LLC and includes the entities and principals as illustrated in Exhibit A. The applicant is considered a Small Category 1 portfolio and the previous participation was deemed acceptable by EARAC without further review or discussion. EARAC reviewed the proposed financing and underwriting report and recommends issuance of Multifamily Housing Revenue Bonds and a Determination Notice, subject to conditions.

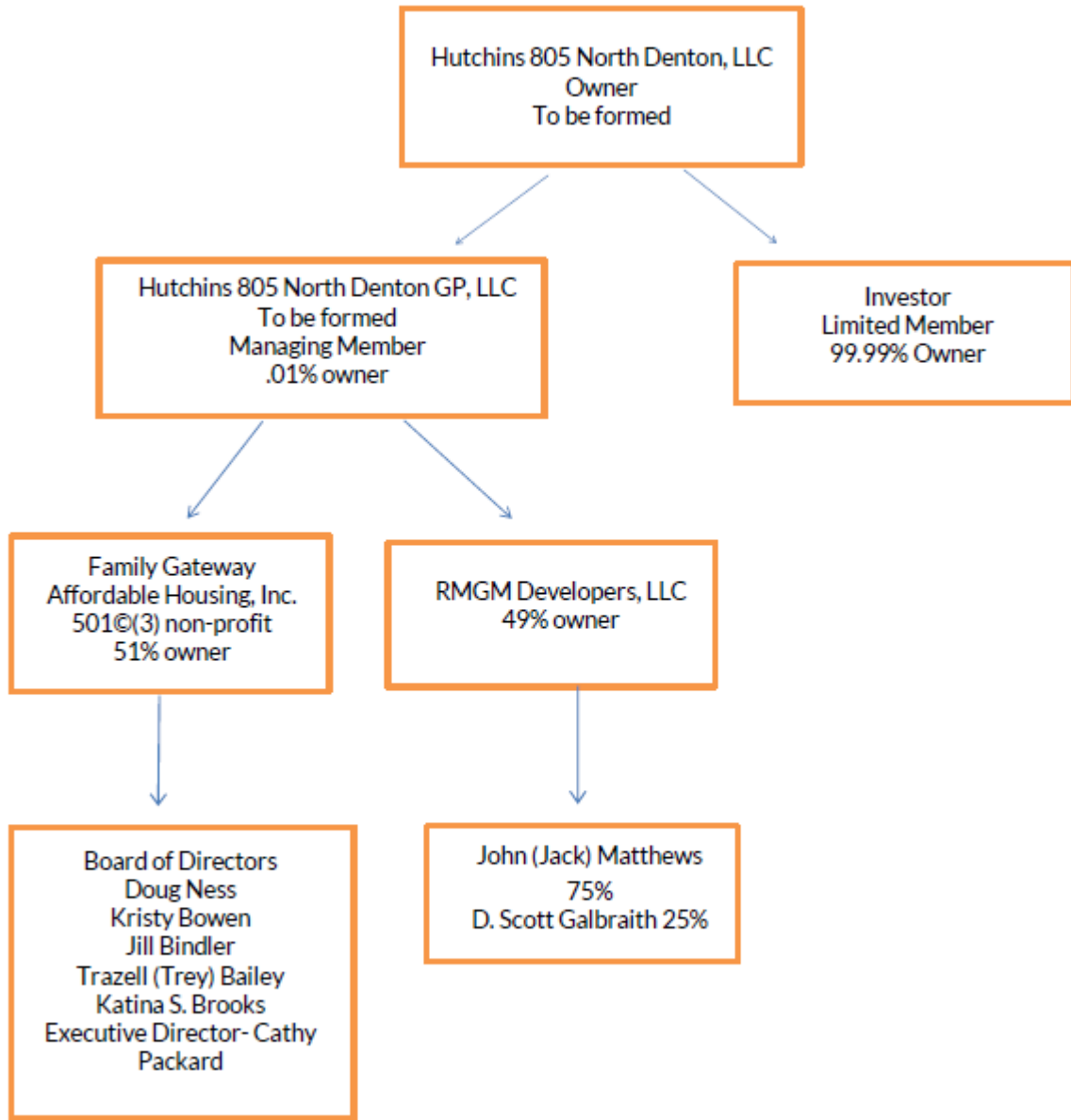
Public Hearing/Public Comment: A public hearing was conducted by staff on April 12, 2016. There was no one in attendance at the hearing and a copy of the transcript is included herein. The Department received letters of support from Dallas County Judge Clay Lewis Jenkins, Mayor Mario Vasquez and Dallas ISD Board of Trustee Lew Blackburn. No letters of opposition have been received.

Summary of Financial Structure

The Department will issue an unrated tax-exempt fixed rate governmental note (similar to fixed rate bonds in other structures) in the amount of \$29,000,000 that will be purchased by Citibank, N.A. under their Tax-Exempt Back-to-Back Loan Program. Citibank, N.A. will acquire the loan and the Department's related governmental note at closing which will be used to fund an interim construction loan that will be converted to a permanent mortgage loan once the conditions to conversion have been met and the development has placed into service. Payments on the construction loan are expected to be interest only for 36-months at a variable rate equal to LIBOR plus a spread of 2.25%. Currently, one month LIBOR is trading at approximately 0.47%, for an all-in rate of 2.72%. Prior to closing, the permanent phase interest rate will be locked, resulting in a fixed rate equal to the 20-year LIBOR plus a spread of 2.30%. Currently, the 20-year LIBOR swap index is 1.63% for a current indicative rate of 3.93%, which was used by Real Estate Analysis for purposes of underwriting. The governmental note will have a 17-year term, 35-year amortization and maturity date of March 1, 2037. Along with being the permanent lender, Citibank, N.A. will be the servicer of the loan and bondholder.

Exhibit A

Gateway at Hutchins Apartments

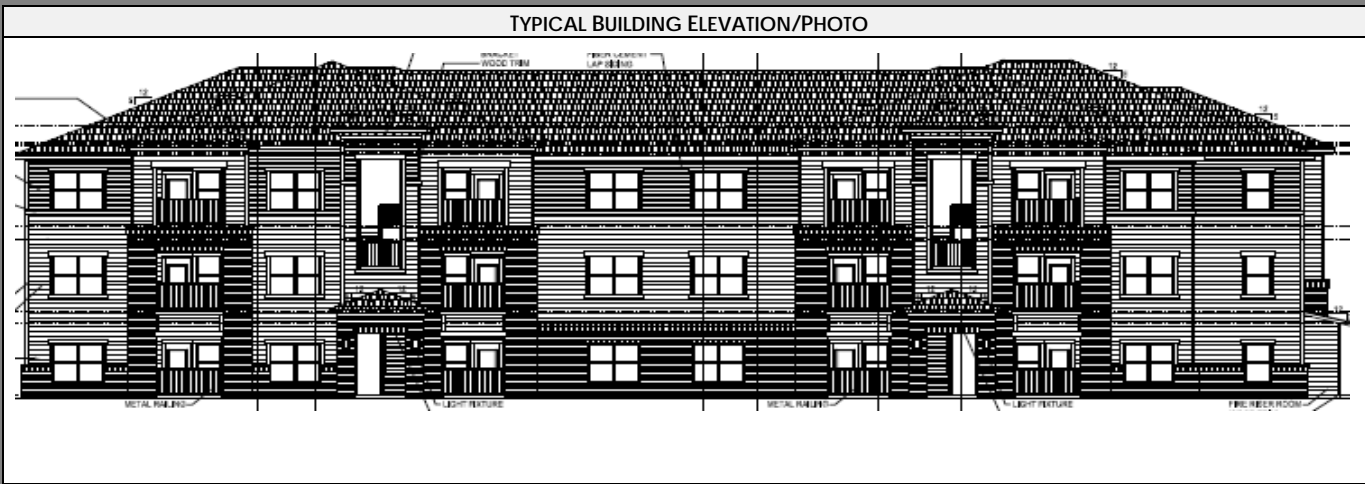


APPLICATION SUMMARY

PROPERTY IDENTIFICATION	
Application #	16602
Development	Gateway at Hutchins
City / County	Hutchins / Dallas
Region/Area	3 / Urban
Population	General
Set-Aside	General
Activity	New Construction

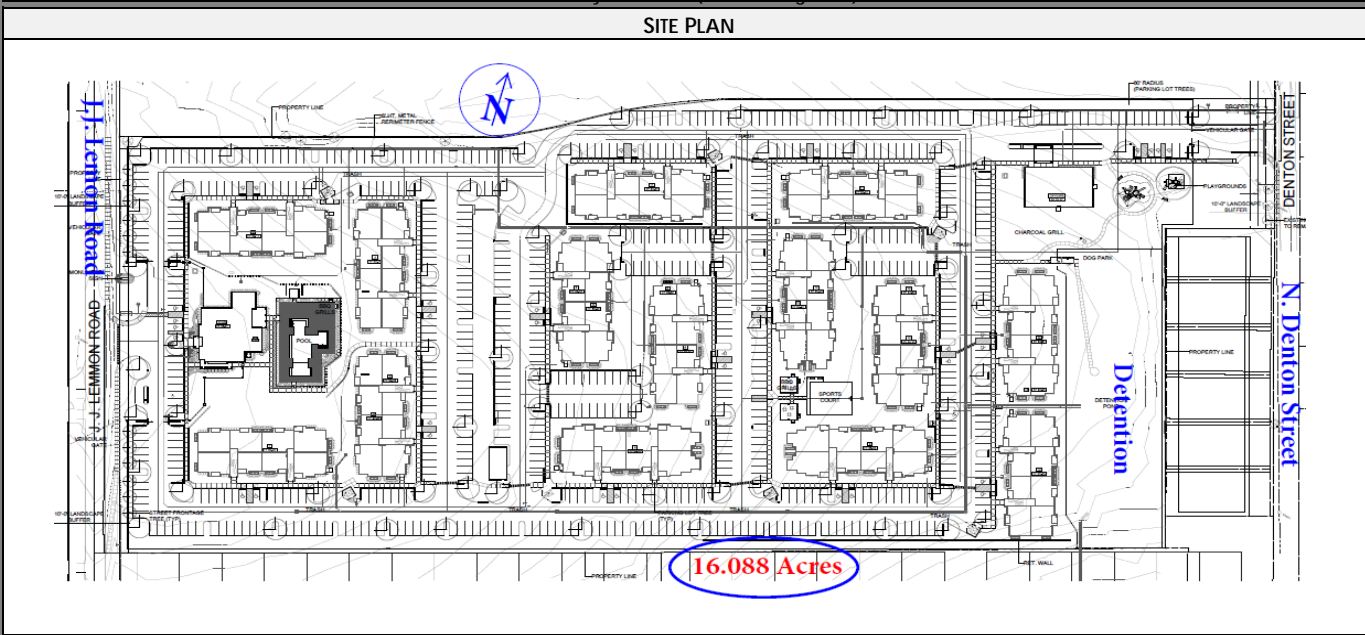
RECOMMENDATION						
TDHCA Program	Request	Approved				
LIHTC (Annual)	\$1,586,539	\$1,586,539	\$4,722/Unit	\$1.01		
	Amount	Rate	Amort	Term	Lien	
Private Activity Bonds	\$29,000,000	3.93%	35	17	1st	
MDLP (Repayable)						
MDLP (Cash Flow)						
HOME CHDO Expenses						

KEY PRINCIPALS / SPONSORS		
Family Gateway Affordable Housing		
Cathy Packard (Executive Director)		
John Matthews		
Scott Galbraith		
Related-Parties	Contractor - No	Seller - No



UNIT DISTRIBUTION			INCOME DISTRIBUTION		
# Beds	# Units	% Total	Income	# Units	% Total
-	-	0%	30%	-	0%
84	84	25%	40%	-	0%
126	126	38%	50%	-	0%
108	108	32%	60%	336	100%
18	18	5%	MR	-	0%
TOTAL	336	100%	TOTAL	336	100%

PRO FORMA FEASIBILITY INDICATORS			
Pro Forma Underwritten		Applicant's Pro Forma	
Debt Coverage	1.35	Expense Ratio	0.0%
Breakeven Occ.	79.3%	Breakeven Rent	\$0
Average Rent	\$912	B/E Rent Margin	\$912
Property Taxes	\$912/unit	Exemption/PILOT	NA
Total Expense	\$4,578/unit	Controllable	\$2,595/unit



MARKET FEASIBILITY INDICATORS			
Gross Capture Rate (10% Maximum)	7.5%		
Highest Unit Capture Rate	42%	32%	108
Dominant Unit Cap. Rate	24%	38%	126
Premiums (↑60% Rents)	No		
Rent Assisted Units	NA	NA	

DEVELOPMENT COST SUMMARY			
Costs Underwritten		Applicant's Costs	
Avg. Unit Size	914 SF	Density	20.9/acre
Acquisition		\$4.7K/unit	\$1,575K
Building Cost	\$67.15/SF	\$61K/unit	\$20,616K
Hard Cost		\$77K/unit	\$25,949K
Total Cost		\$134K/unit	\$45,017K
Developer Fee	\$5,032K	(4% Deferred)	Paid Year: 4
Contractor Fee	\$3,437K	30% Boost	Yes

DEBT (Must Pay)					CASH FLOW DEBT / GRANT FUNDS					EQUITY / DEFERRED FEES		
Source	Term	Rate	Amount	DCR	Source	Term	Rate	Amount	DCR	Source	Amount	
CitiBank	17/35	3.93%	\$27,123,500	1.35						City Real Estate Advisors	\$16,022,280	
										RMGM Developers, LLC	\$1,871,536	
TOTAL DEBT (Must Pay)			\$27,123,500		CASH FLOW DEBT / GRANTS				\$0		TOTAL EQUITY SOURCES	\$17,893,816
											TOTAL DEBT SOURCES	\$27,123,500
											TOTAL CAPITALIZATION	\$45,017,316

CONDITIONS

Receipt and acceptance by Cost Certification:

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

Should any terms of the proposed capital structure change, the analysis must be re-evaluated and adjustment to the credit allocation and/or terms of other TDHCA funds may be warranted.

BOND RESERVATION / ISSUER	
Issuer	TDHCA
Expiration Date	12/31/2018
Bond Amount	\$29,000,000
BRB Priority	NA
Expected Close	TBD
Bond Structure	Private Placement

RISK PROFILE	
STRENGTHS/MITIGATING FACTORS	
Ongoing commercial development bringing jobs and housing demand to the area	
46% expense ratio	
1.33 DCR	

WEAKNESSES/RISKS	
High unit capture rates	



RESOLUTION NO. 16-022

RESOLUTION AUTHORIZING AND APPROVING THE ISSUANCE, SALE AND DELIVERY OF TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS GOVERNMENTAL LENDER NOTE (GATEWAY AT HUTCHINS APARTMENTS); 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, very low and extremely low income (as defined in the Act) and families of moderate income (as described in the Act and determined by the Governing Board of the Department (the "Board") from time to time); and

WHEREAS, the Act authorizes the Department: (a) to make mortgage loans to housing sponsors to provide financing for multifamily residential rental housing in the State of Texas (the "State") intended to be occupied by individuals and families of low, very low and extremely low income and families of moderate income, as determined by the Department; (b) to issue its revenue bonds, for the purpose, among others, of obtaining funds to make such loans and provide financing, to establish necessary reserve funds and to pay administrative and other costs incurred in connection with the issuance of such bonds; and (c) to pledge all or any part of the revenues, receipts or resources of the Department, including the revenues and receipts to be received by the Department from such multifamily residential rental development loans, and to mortgage, pledge or grant security interests in such loans or other property of the Department in order to secure the payment of the principal or redemption price of and interest on such bonds; and

WHEREAS, the Board has determined to authorize the issuance of its Texas Department of Housing and Community Affairs Governmental Lender Note (Gateway at Hutchins Apartments) (the "Governmental Lender Note") pursuant to and in accordance with the terms of a Funding Loan Agreement (the "Funding Loan Agreement") among the Department, Citibank, N.A., as funding lender (the "Funding Lender"), and Wilmington Trust, National Association, as fiscal agent (the "Fiscal Agent"), for the purpose of obtaining funds to finance the Development (defined below), all under and in accordance with the Constitution and laws of the State; and

WHEREAS, the Department desires to use the proceeds of the Governmental Lender Note to fund a mortgage loan to Hutchins 805 North Denton, LLC, a Texas limited liability company (the "Borrower") in order to finance the cost of acquisition, construction and equipping of a qualified residential rental development described in Exhibit A attached hereto (the "Development") located within the State and required by the Act to be occupied by individuals and families of low and very low income and families of moderate income, as determined by the Department; and

WHEREAS, the Board, by resolution adopted on November 12, 2015, declared its intent to issue its revenue bonds to provide financing for the Development; and

WHEREAS, the Borrower has requested and received a carryforward designation of 2015 private activity bond volume cap from the State of Texas;

WHEREAS, it is anticipated that the Department and the Borrower will execute and deliver a Borrower Loan Agreement (the "Borrower Loan Agreement") pursuant to which (i) the Department will agree to make a mortgage loan funded with the proceeds of the Governmental Lender Note (the "Borrower Loan") to

the Borrower to enable the Borrower to finance the cost of acquisition, construction and equipping of the Development and related costs, and (ii) the Borrower will execute and deliver to the Department a multifamily note (the "Borrower Note") in an original principal amount equal to the original aggregate principal amount of the Governmental Lender Note, and providing for payment of interest on such principal amount equal to the interest on the Governmental Lender Note and to pay other costs described in the Borrower Loan Agreement; and

WHEREAS, it is anticipated that the Borrower Note will be secured by a Multifamily Deed of Trust, Assignment of Rents, Security Agreement, and Fixture Filing (the "Security Instrument") from the Borrower for the benefit of the Department and assigned to the Fiscal Agent; and

WHEREAS, the Department's rights (except for certain reserved rights) under the Borrower Loan Agreement, the Borrower Note and the Security Instrument will be assigned to the Fiscal Agent pursuant to an Assignment of Deed of Trust and Loan Documents (the "Assignment") from the Department to the Fiscal Agent; and

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

WHEREAS, the Board has determined that the Department, the Fiscal Agent, and the Borrower will execute a Regulatory and Land Use Restriction Agreement (the "Regulatory Agreement") with respect to the Development, which will be filed of record in the real property records of Dallas County, Texas; and

WHEREAS, the Board has further determined that Citibank, N.A. (the "Purchaser") will purchase the Governmental Lender Note from the Department; and

WHEREAS, the Board has examined proposed forms of (a) the Funding Loan Agreement, the Borrower Loan Agreement, the Regulatory Agreement, the Assignment and the Tax Exemption Agreement (collectively, the "Issuer Documents"), all of which are attached to and comprise a part of this Resolution and (b) the Security Instrument and the Borrower Note; has found the form and substance of such documents to be satisfactory and proper and the recitals contained therein to be true, correct and complete; and has determined, subject to the conditions set forth in Article I, to authorize the issuance of the Governmental Lender Note, the execution and delivery of the Issuer Documents, the acceptance of the Security Instrument and the Borrower Note and the taking of such other actions as may be necessary or convenient in connection therewith;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BOARD OF THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS:

ARTICLE 1

ISSUANCE OF GOVERNMENTAL LENDER NOTE; APPROVAL OF DOCUMENTS

Section 1.1 Issuance, Execution and Delivery of the Governmental Lender Note. That the issuance of the Governmental Lender Note is hereby authorized pursuant to the Act, including particularly Section 2306.353 thereof, all under and in accordance with the conditions set forth herein and in the Funding Loan Agreement, and that, upon execution and delivery of the Funding Loan Agreement, the Authorized Representatives of the Department named in this Resolution are each hereby authorized to execute, attest and affix the Department's seal to the Governmental Lender Note and to deliver the Governmental Lender Note to the Attorney General of the State (the "Attorney General") for approval, the Comptroller of Public Accounts of

the State for registration and the Fiscal Agent for authentication (to the extent required in the Funding Loan Agreement), and thereafter to deliver the Governmental Lender Note to or upon the order of the Purchaser.

Section 1.2 Interest Rate, Principal Amount, Maturity and Price. That (i) the Governmental Lender Note shall bear interest at a variable rate as described in the Borrower Note subject to adjustment as provided in the Funding Loan Agreement; provided that the initial interest rate shall be determined in the manner described in the Borrower Note as if such note were outstanding on the Rate Determination Date (as defined in the Borrower Note) immediately preceding the delivery date of the Governmental Lender Note; provided further that, in no event shall the interest rate (including any default rate) on the Governmental Lender Note exceed the maximum interest rate permitted by applicable law; (ii) the aggregate principal amount of the Governmental Lender Note shall be \$29,000,000; (iii) the final maturity of the Governmental Lender Note shall occur on March 1, 2037; and (d) the price at which the Governmental Lender Note is sold to the Purchaser shall be the principal amount thereof.

Section 1.3 Approval, Execution and Delivery of the Funding Loan Agreement. That the form and substance of the Funding Loan Agreement are hereby approved, and that the Authorized Representatives each are hereby authorized to execute the Funding Loan Agreement, and to deliver the Funding Loan Agreement to the Fiscal Agent.

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

Section 1.5 Approval, Execution and Delivery of the Tax Exemption Agreement. The form and substance of the Tax Exemption Agreement relating to the Governmental Lender Note are hereby approved and the Authorized Representatives are each hereby authorized to execute the Tax Exemption Agreement and to deliver the Tax Exemption Agreement to the Borrower and the Fiscal Agent.

Section 1.6 Approval, Execution and Delivery of the Regulatory Agreement. That the form and substance of the Regulatory Agreement are hereby approved, and that the Authorized Representatives each are hereby authorized to execute, attest and affix the Department's seal to the Regulatory Agreement, and to deliver the Regulatory Agreement to the Borrower and the Fiscal Agent and to cause the Regulatory Agreement to be filed of record in the real property records of Dallas County, Texas.

Section 1.7 Sale of the Governmental Lender Note. That the sale of the Governmental Lender Note to the Purchaser is hereby authorized and approved.

Section 1.8 Acceptance of the Borrower Note and the Security Instrument. That the form and substance of the Borrower Note and the Security Instrument are hereby accepted by the Department and that the Authorized Representatives each are hereby authorized to endorse and deliver the Borrower Note to the order of the Fiscal Agent without recourse.

Section 1.9 Approval, Execution and Delivery of the Assignment. That the form and substance of the Assignment are hereby approved, and that the Authorized Representatives each are hereby authorized to execute the Assignment, and to deliver the Assignment to the Fiscal Agent.

Section 1.10 Taking of Any Action; Execution and Delivery of Other Documents. That the Authorized Representatives are each hereby authorized to take any actions and to execute, attest and affix the Department's seal to, and to deliver to the appropriate parties, all such other agreements, commitments, assignments, bonds, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, notices of acceptance, written requests and other papers, whether or not mentioned herein, as they

or any of them consider to be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 1.11 Power to Revise Form of Documents. That, notwithstanding any other provision of this Resolution, the Authorized Representatives are each hereby authorized to make or approve such revisions in the form of the documents attached hereto as exhibits as, in the judgment of such Authorized Representative, and in the opinion of Bracewell LLP, Bond Counsel to the Department, may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution, such approval to be evidenced by the execution of such documents by the Authorized Representatives.

Section 1.12 Exhibits Incorporated Herein. That all of the terms and provisions of each of the documents listed below as an exhibit shall be and are hereby incorporated into and made a part of this Resolution for all purposes:

- Exhibit B - Funding Loan Agreement
- Exhibit C - Borrower Loan Agreement
- Exhibit D - Regulatory Agreement
- Exhibit E - Borrower Note
- Exhibit F - Security Instrument
- Exhibit G - Assignment
- Exhibit H - Tax Exemption Agreement

Section 1.13 Authorized Representatives. That the following persons are hereby named as Authorized Representatives of the Department for purposes of executing, attesting, affixing the Department's seal to, and delivering the documents and instruments and taking the other actions referred to in this Article 1: the Chair or Vice Chair of the Board, the Executive Director of the Department, the Deputy Executive Director of Asset Analysis and Management of the Department, the Director of Bond Finance of the Department, the Director of Multifamily Finance of the Department, the Director of Texas Homeownership of the Department and the Secretary or any Assistant Secretary to the Board. Such persons are referred to herein collectively as the "Authorized Representatives." Any one of the Authorized Representatives is authorized to act individually as set forth in this Resolution.

ARTICLE 2

APPROVAL AND RATIFICATION OF CERTAIN ACTIONS

Section 2.1 Approval and Ratification of Application to Texas Bond Review Board. That the Board hereby ratifies and approves the submission of the application for approval of state bonds to the Texas Bond Review Board on behalf of the Department in connection with the issuance of the Governmental Lender Note in accordance with Chapter 1231, Texas Government Code.

Section 2.2 Approval of Submission to the Attorney General. That the Board hereby authorizes, and approves the submission by the Department's Bond Counsel to the Attorney General, for his approval, of a transcript of legal proceedings relating to the issuance, sale and delivery of the Governmental Lender Note.

Section 2.3 Certification of the Minutes and Records. That the Secretary or Assistant Secretary to the Board hereby is authorized to certify and authenticate minutes and other records on behalf of the Department for the Governmental Lender Note and all other Department activities.

Section 2.4 Authority to Invest Proceeds. That the Department is authorized to invest and reinvest the proceeds of the Governmental Lender Note and the fees and revenues to be received in connection with the financing of the Development in accordance with the Funding Loan Agreement and to enter into any agreements relating thereto only to the extent permitted by the Funding Loan Agreement.

Section 2.5 Engagement of Other Professionals. That the Executive Director of the Department or any successor is authorized to engage auditors to perform such functions, audits, yield calculations and subsequent investigations as necessary or appropriate to comply with the requirements of Bond Counsel to the Department, provided such engagement is done in accordance with applicable law of the State.

Section 2.6 Ratifying Other Actions. That all other actions taken by the Executive Director of the Department and the Department staff in connection with the issuance of the Governmental Lender Note and the financing of the Development are hereby ratified and confirmed.

ARTICLE 3

CERTAIN FINDINGS AND DETERMINATIONS

Section 3.1 Findings of the Board. That in accordance with Section 2306.223 of the Act and after the Department's consideration of the information with respect to the Development and the information with respect to the proposed financing of the Development by the Department, including but not limited to the information submitted by the Borrower, independent studies commissioned by the Department, recommendations of the Department staff and such other information as it deems relevant, the Board hereby finds:

(a) Need for Housing Development.

(i) that the Development is necessary to provide needed decent, safe, and sanitary housing at rentals or prices that individuals or families of low and very low income or families of moderate income can afford,

(ii) that the financing of the Development is a public purpose and will provide a public benefit, and

(iii) that the Development will be undertaken within the authority granted by the Act to the housing finance division and the Borrower.

(b) Findings with Respect to the Borrower.

(i) that the Borrower, by operating the Development in accordance with the requirements of the Borrower Loan Agreement, the Tax Exemption Agreement and the Regulatory Agreement, will supply well-planned and well-designed housing for individuals or families of low and very low income or families of moderate income,

(ii) that the Borrower is financially responsible, and

(iii) that the Borrower is not, and will not enter into a contract for the Development with, a housing developer that (A) is on the Department's debarred list, including any parts of that list that are derived from the debarred list of the United States Department of Housing and Urban Development; (B) breached a contract with a public agency; or (C) misrepresented to a subcontractor the extent to which the developer has benefited from contracts or financial assistance that has been awarded by a public agency, including the scope of the developer's participation in contracts with the agency and the amount of financial assistance awarded to the developer by the Department.

(c) Public Purpose and Benefits.

(i) that the Borrower has agreed to operate the Development in accordance with the Borrower Loan Agreement, the Tax Exemption Agreement and the Regulatory Agreement, which

require, among other things, that the Development be occupied by individuals and families of low and very low income and families of moderate income, and

(ii) that the issuance of the Governmental Lender Note to finance the Development is undertaken within the authority conferred by the Act and will accomplish a valid public purpose and will provide a public benefit by assisting individuals and families of low and very low income and families of moderate income in the State to obtain decent, safe, and sanitary housing by financing the costs of the Development, thereby helping to maintain a fully adequate supply of sanitary and safe dwelling accommodations at rents that such individuals and families can afford.

Section 3.2 Determination of Eligible Tenants. That the Board has determined, to the extent permitted by law and after consideration of such evidence and factors as it deems relevant, the findings of the staff of the Department, the laws applicable to the Department and the provisions of the Act, that eligible tenants for the Development shall be (1) individuals and families of low and very low income, (2) persons with special needs, and (3) families of moderate income, with the income limits as set forth in the Regulatory Agreement.

Section 3.3 Sufficiency of Loan Interest Rate. That the Board hereby finds and determines that the interest rate on the Borrower Loan established pursuant to the Borrower Loan Agreement will produce the amounts required, together with other available funds, to pay for the Department's costs of operation with respect to the Governmental Lender Note and the Development and enable the Department to meet its covenants with and responsibilities to the holders of the Governmental Lender Note.

Section 3.4 No Gain Allowed. That, in accordance with Section 2306.498 of the Act, no member of the Board or employee of the Department may purchase the Governmental Lender Note in the secondary open market for municipal securities.

ARTICLE 4

GENERAL PROVISIONS

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

Section 4.2 Non-Governmental Obligations. That the Governmental Lender Note shall not be and do not create or constitute in any way an obligation, a debt or a liability of the State or create or constitute a pledge, giving or lending of the faith or credit or taxing power of the State. The Governmental Lender Note shall contain on its face a statement to the effect that the State is not obligated to pay the principal thereof or interest thereon and that neither the faith or credit nor the taxing power of the State is pledged, given or loaned to such payment.

Section 4.3 Effective Date. That this Resolution shall be in full force and effect from and upon its adoption.

Section 4.4 Notice of Meeting. This Resolution was considered and adopted at a meeting of the Governing Board that was noticed, convened, and conducted in full compliance with the Texas Open Meetings Act, Chapter 551 of the Texas Government Code, and with §2306.032 of the Texas Government Code, regarding meetings of the Governing Board.

[Execution page follows]

PASSED AND APPROVED this 28th day of July, 2016.

[SEAL]

J. Paul Oxer, Chair

ATTEST:

Secretary

EXHIBIT A

Description of Development

Borrower: Hutchins 805 North Denton, LLC, a Texas limited liability company

Development: The Development is a 336-unit affordable multifamily community to be known as Gateway at Hutchins Apartments and to be located at 805 N. Denton Street, Hutchins, Dallas County, Texas 75141. It will consist of 14 3-story residential buildings with approximately 307,008 net rentable square feet. The unit mix will consist of:

84	one-bedroom/one-bath units
126	two-bedroom/two-bath units
108	three-bedroom/two-bath units
18	four-bedroom/two-bath units
<hr/>	
336	Total Units

Unit sizes will range from approximately 660 square feet to approximately 1,250 square feet.



DALLAS COUNTY JUDGE CLAY LEWIS JENKINS

Mr. Tim Irvine
Executive Director
Texas Department of Housing & Community Affairs
221 East 11th Street, Insurance Building Annex
PO Box 13941
Austin, TX 78711-3941

October 23, 2015

Dear Mr. Irvine,

I received the Public Notification for The Gateway at Hutchins Project, TDHCA Number 15608, located in Hutchins, Dallas County, Texas, which I represent.

I am pleased to lend my support to this project, which will serve the constituents in Dallas County and promote needed development in the Southern Sector.

Sincerely,

Clay Jenkins

Clay Jenkins
Dallas County Judge
411 Elm Street, Second Floor
Dallas, TX 75202
214-653-7949

ARTIS JOHNSON
MAYOR

JANIS G. DANIELS
CITY SECRETARY

February 5, 2016

Via email

Mr. Tim Irvine, Executive Director
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, TX 78701-2410



City of
HUTCHINS
SOUTH GATE TO "BIG D"

P.O. BOX 500
321 NORTH MAIN
HUTCHINS, TEXAS 75141

972-225-6121
FAX 972-225-5559

RE: Gateway at Hutchins – Request for Waiver of Undesirable Neighborhood Characteristics

Dear Mr. Irvine,

As Mayor of the City of Hutchins, I wish to lend my full support for the waiver request for the Gateway at Hutchins Project (the "Project"). My understanding is that rule changes in 2016 require an applicant for tax credits to receive a waiver of Undesirable Area Characteristics if one or more of the schools serving the Project does not have a MET standard rating.

Our community is pleased that Wilmer Hutchins Elementary is headed in the right direction, and that DISD has an action plan to guide efforts, and the school is closely monitored. I believe this school has shown that it has taken the steps necessary to meet and exceed MET standard by the time residents of the Project are ready to put their children in this school.

DISD has, and continues to, work very closely with these schools to ensure that the children of Hutchins are receiving a high quality education. Both the elementary and high school, within walking distance of the Project are new facilities.

There are three schools in the City of Hutchins, all within the Dallas Independent School District (DISD). In 2006, the state terminated the Wilmer-Hutchins ISD and our children were transported to other DISD schools while the Wilmer-Hutchins schools were evaluated. My understanding is that Kennedy-Curry Middle School and Wilmer-Hutchins High School meet MET standard, while Wilmer Hutchins elementary school failed in 2014 and 2015.

Reportedly, the 2015 requirement for meeting MET standard was the Target Score in either Index One or Two, and on both Index Three and Four, thereby meeting three of the four indexes. Wilmer-Hutchins Elementary missed meeting the standard by **ONLY** one point on Index Three, but exceeded standards on Index Two and Four. Further, the school scores continue to improve.

The Project will add families to the neighborhood, and includes an early childhood education facility to better prepare children for elementary school. The programs and services to be offered will enhance life skills and foster education achievements.

Please accept this letter in support of the waiver request for the above noted Project.

Sincerely,

Mayor Mario Vasquez

A handwritten signature in black ink that reads "Mario Vasquez". The signature is written in a cursive style with a long, sweeping underline.

Wilmer-Hutchins
Elementary School
5.



Dallas Independent School District

Board of Trustees

February 8, 2016

Eric Cowan
President
District 7

Miguel Solis
1st President
District 8

Lew Blackburn, Ph.D.
2nd Vice President
District 5

Nancy Bingham
Secretary
District 4

VACANT
District 2

Dan Micciche
District 3

Joyce Foreman
District 6

Bernadette Nutall
District 9

Michael Hinajosa
Superintendent of Schools

Dallas ISD
Box 1
3700 Ross Ave.
Dallas, Texas 75204
972-925-3700
www.DallasISD.Org

Via email

Mr. Tim Irvine, Executive Director
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, TX 78701-2410

RE: Gateway at Hutchins – Request for Waiver of Undesirable Neighborhood Characteristics

Dear Mr. Irvine,

I am the member of the Dallas Independent School District (“DISD”) Board of Trustees representing the schools which serve the site of the Gateway at Hutchins Project (the “Project”). I understand that there is a new rule in 2016 which requires that an applicant for tax credits receive a waiver of Undesirable Area Characteristics if one or more of the schools serving the Project does not have a *Met Standard* rating from the Texas Education Agency (TEA). DISD schools that services the City of Hutchins are Wilmer-Hutchins Elementary, Kennedy-Curry Middle School and Wilmer-Hutchins High School.

In 2006, the TEA Commissioner of Education annexed the Wilmer-Hutchins ISD to DISD. The children were transported to more than 20 DISD schools until the Wilmer-Hutchins area schools could be assessed for future use. With funds from the 2008 school bond, approved by the voters of DISD, Wilmer-Hutchins Elementary was built, Kennedy-Curry Middle School and Wilmer-Hutchins High School were renovated.

DISD continues to work very closely with these schools to ensure that the children of Hutchins are receiving a high quality education. DISD is very proud of the progress that has been, and continues to be made at these schools.

Kennedy-Curry Middle School and Wilmer-Hutchins High School have earned a rating of *Met Standard* from TEA. Wilmer-Hutchins Elementary School was rated *Improvement Required* in 2014 and 2015.

In 2014, the Wilmer-Hutchins Elementary School met only one Index Standard. In 2015, the requirement for meeting *Met Standard* was to

meet the Target Score in either Index One or Two, and on both Index Three and Four, thus having to meet three of the four indexes. Wilmer-Hutchins Elementary School missed meeting the standard by only one point on Index Three. For Index Two the standard was 30 and they scored 43. And for Index Four the standard was 12 and they scored 17. On Index Three the standard was 28 and they scored 27. As you may see, the improvements have been dramatic.

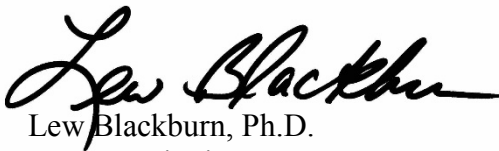
I strongly believe Wilmer-Hutchins Elementary School is headed in the right direction, with a new principal who is dedicated to ensuring academic achievement and social success for the students. DISD has developed an action plan for the school (attached for your review), and the other under-performing schools. Each school has an individualized plan and is being closely monitored. I believe that Wilmer-Hutchins Elementary School has shown that it has taken the steps necessary to meet and exceed the *Met Standard* rating by the time residents of the Project are ready to enroll their children in the school.

DISD supports the continued development of housing that addresses diversity, access, and affordability. The Project will add families to the neighborhood, and includes a much needed early childhood education facility. The programs and services to be offered will enhance life skills and hopefully foster education achievements.

Improving school rankings in DISD can be achieved more so when families have access to high-quality and affordable housing. The Project helps address the critical housing need in Hutchins, but also prioritizes guiding children to advanced learning opportunities.

Please accept this letter in support of the waiver request for the Project.

Respectfully,

A handwritten signature in black ink that reads "Lew Blackburn". The signature is written in a cursive style with a large, prominent initial "L".

Lew Blackburn, Ph.D.
Trustee, District 5
Dallas ISD

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

PUBLIC HEARING
ON
ISSUANCE OF TAX-EXEMPT MULTIFAMILY REVENUE BONDS
RELATING TO
GATEWAY AT HUTCHINS

Cafeteria
William Hutchins Elementary School
7475 J.J. Lemon Road
Dallas, Texas

Tuesday,
April 12, 2016
6:00 p.m.

BEFORE: LIZ CLINE-REW, TDHCA Housing
Specialist

ON THE RECORD REPORTING
(512) 450-0342

P R O C E E D I N G S

1
2 MS. CLINE-REW: Let the record show that there
3 are no attendees; therefore the meeting is now adjourned.

4 The time is now 6:15 p.m. My name is Liz Cline-Rew,
5 housing specialist with TDHCA.

6 (Whereupon, at 6:15 p.m., the public hearing
7 was concluded.)

C E R T I F I C A T E

1
2
3 IN RE: Gateway at Hutchins

4 LOCATION: Dallas, Texas

5 DATE: April 12, 2016

6 I do hereby certify that the foregoing pages,
7 numbers 1 through 3, inclusive, are the true, accurate,
8 and complete transcript prepared from the verbal recording
9 made by electronic recording by Barbara Wall before the
10 Texas Department of Housing and Community Affairs.
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21
22
23

 04/19/2016
(Transcriber) (Date)

On the Record Reporting
3636 Executive Ctr Dr., G-22
Austin, Texas 78731

6e

BOARD ACTION REQUEST
MULTIFAMILY FINANCE DIVISION
JULY 28, 2016

Presentation, Discussion, and Possible Action Regarding the Issuance of Multifamily Housing Revenue Bonds (Mercantile Apartments) Series 2016 Resolution No. 16-023 and Determination Notice of Housing Tax Credits

RECOMMENDED ACTION

WHEREAS, the Board adopted the inducement resolution for Mercantile Apartments at the Board meeting of November 12, 2015;

WHEREAS, in lieu of a Certification of Reservation, a Carryforward Designation Certificate was issued in the amount of \$29,500,000, for Mercantile Apartments, on January 27, 2016, with a bond delivery deadline of December 31, 2018;

WHEREAS, a 4% Housing Tax Credit application, sponsored by the Forth Worth Housing Finance Corporation, was submitted to the Department on March 31, 2016;

WHEREAS, in accordance with 10 TAC §1.301(d)(1), the compliance history is designated as an Extra Large Portfolio Category 3 and deemed acceptable, subject to conditions, by the Executive Award and Review Advisory Committee (“EARAC”) after review and discussion; and

WHEREAS, EARAC recommends the issuance of Multifamily Housing Revenue Bonds (Mercantile Apartments) Series 2016 and the issuance of a Determination Notice with the condition that closing occur within 120 days (on or before November 25, 2016);

NOW, therefore, it is hereby

RESOLVED, that the issuance of \$29,500,000 in tax-exempt Multifamily Housing Revenue Bonds Series 2016, Resolution No. 16-023 is hereby approved in the form presented to this meeting;

FURTHER RESOLVED, the issuance of a Determination Notice of \$1,552,255 in 4% Housing Tax Credits for Mercantile Apartments, subject to EARAC and underwriting conditions that may be applicable as found in the Real Estate Analysis report posted to the Department’s website is hereby approved as presented to this meeting conditioned upon all of the following:

1. The applicant will agree to list a responsible party as the Owner contract in CMTS who will forward all compliance correspondence to both appropriate personnel with NRP and Fort Worth Housing Finance Corporation (HFC).

2. During construction and continuing throughout throughout the compliance period NRP and Ft. Worth HFC will conduct monthly partner level calls and/or meetings to ensure timely response to all issues including compliance.
3. All Principals of the applicant group will review the listed webinars and provide a certification that this has been completed prior to December 31, 2016. The videos are available at <http://www.tdhca.state.tx.us/pmcomp/presentations.htm> and include: 2012 Income and Rent Limits Webinar Video; How to properly use the Income and Rent Tool; 2012 Supportive Services Webinar Video; How to identify and properly implement Supportive Services; Income Eligibility Presentation Video; 2013 Annual Owner's Compliance Report (AOCR) Webinar Video; 2015 Tenant Selection Criteria Webinar Video; 2015 Tenant Selection Criteria Presentation; 2015 Tenant Selection Criteria- Q and A's; §10.610 – Tenant Selection Criteria; 2015 Affirmative Marketing Requirements Webinar Video; 2015 Affirmative Marketing Requirements Presentation; 2015 Affirmative Marketing Requirements- Q and A's, and Fair Housing Webinars
4. Upon request, from the Department, NRP and HCS will provide documentation that reflects implementation of these measures.
5. Closing occur within 120 days of Board approval (on or before November 25, 2016).

FURTHER RESOLVED, that if approved, staff is authorized, empowered, and directed, for and on behalf of the Department to execute such documents, instruments and writings and perform such acts and deeds as may be necessary to effectuate the foregoing.

BACKGROUND

General Information: The Bonds will be issued in accordance with Tex. Gov't Code Chapter 1371 and Tex. Gov't Code Chapter 2306, the Department's Enabling Statute (the "Statute"), which authorizes the Department to issue revenue bonds for its public purposes, as defined therein. *(The Statute provides that the Department's revenue bonds are solely obligations of the Department, and do not create an obligation, debt or liability of the State of Texas or a pledge or loan of faith, credit or taxing power of the State of Texas.)*

Mercantile Apartments involves the new construction of 324 units proposed to be located at the northwest quadrant of Northern Cross Blvd. and Endicott Avenue in Fort Worth, Tarrant County. The development will serve the general population and the site is currently zoned appropriately. The Carryforward Designation Certificate issued by the Bond Review Board does not have a prescribed restriction on the percentage of Area Median Family Income ("AMFI") that must be served. The development will include 12 units that will be rent and income restricted at 50% AMFI, 299 units will be rent and income restricted at 60% AMFI and the remaining 13 units will be at market rate with no rent and income restrictions. The census tract (1050.06) has a median household income of \$29,531, is in the fourth quartile, and has a poverty rate of 37.7%.

Organizational Structure and Previous Participation: The Borrower is Mercantile Apartments, Ltd. and includes the entities and principals as illustrated in Exhibit A. The applicant is considered an Extra Large Category 3 portfolio and the previous participation was deemed acceptable by EARAC with conditions after review and

discussion. EARAC reviewed the proposed financing and underwriting report and recommends issuance of Multifamily Housing Revenue Bonds and a Determination Notice, subject to conditions.

Public Hearing/Public Comment: A public hearing was conducted by staff on June 7, 2016. There was no one in attendance at the hearing and a copy of the transcript is included herein. The Department received an opposition letter from the Eagle Mountain-Saginaw ISD at the time of pre-application in October 2015 and received another letter in May 2016. A letter from City Council member Cary Moon was also submitted that expressed the merits of the Mercantile Apartments development. No other letters have been received.

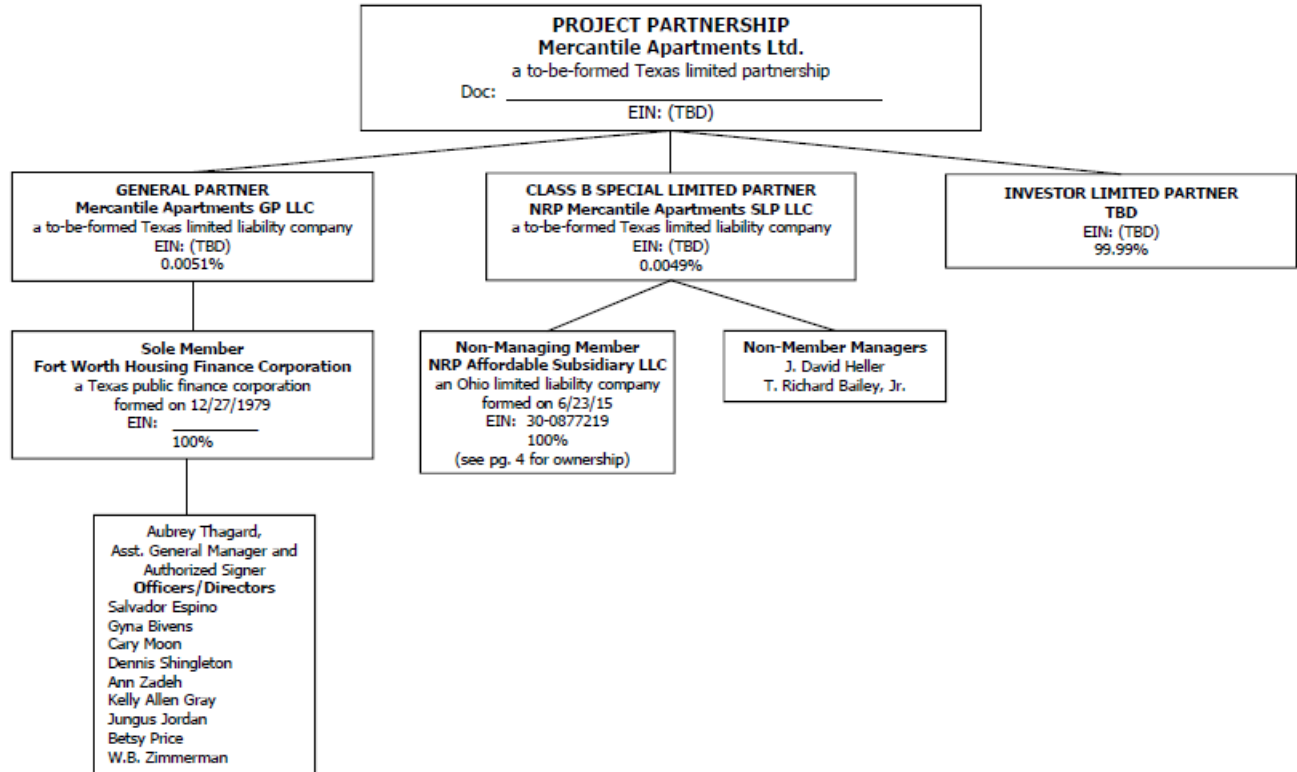
Summary of Financial Structure

The Department will issue an unrated tax-exempt fixed rate governmental note (similar to fixed rate bond in other structures) in the amount of \$29,500,000 that will be initially purchased by NaviStone Mercantile Instrument Purchaser, LLC, a related entity to the borrower. NaviStone Mercantile Instrument Purchasers, LLC will acquire the loan and the Department's related governmental note at closing which will be used to fund an interim construction loan. Bank of America will be providing a bridge loan of \$9,000,000 that will be used to cover some construction costs that can't be paid for with bond proceeds (i.e. "bad costs") and to bridge the delivery of some of the equity proceeds. There will be an Intercreditor Agreement in place, to which the Department is a party, which will serve to mitigate related party concerns relating to approval of construction requisitions, default remedies, etc.

Once the conditions to conversion to the permanent loan have been met, Jones Lang LaSalle ("JLL") will purchase the loan from NaviStone under Freddie Mac's Delegated Underwriting for Targeted Affordable Housing program. While this is anticipated to occur on approximately March 1, 2019, there is a 6-month extension option available should it be necessary. Shortly thereafter Freddie Mac will acquire the loan and the Department's related governmental note from JLL where it is expected to be securitized with other loans shortly thereafter. JLL will remain as the servicer of the loan for Freddie Mac, who will be the permanent lender and bondholder. The governmental note will have a bond interest rate of 4.08% with an 18-year term, 35-year amortization and maturity date of October 1, 2034.

Exhibit A

Mercantile Apartments

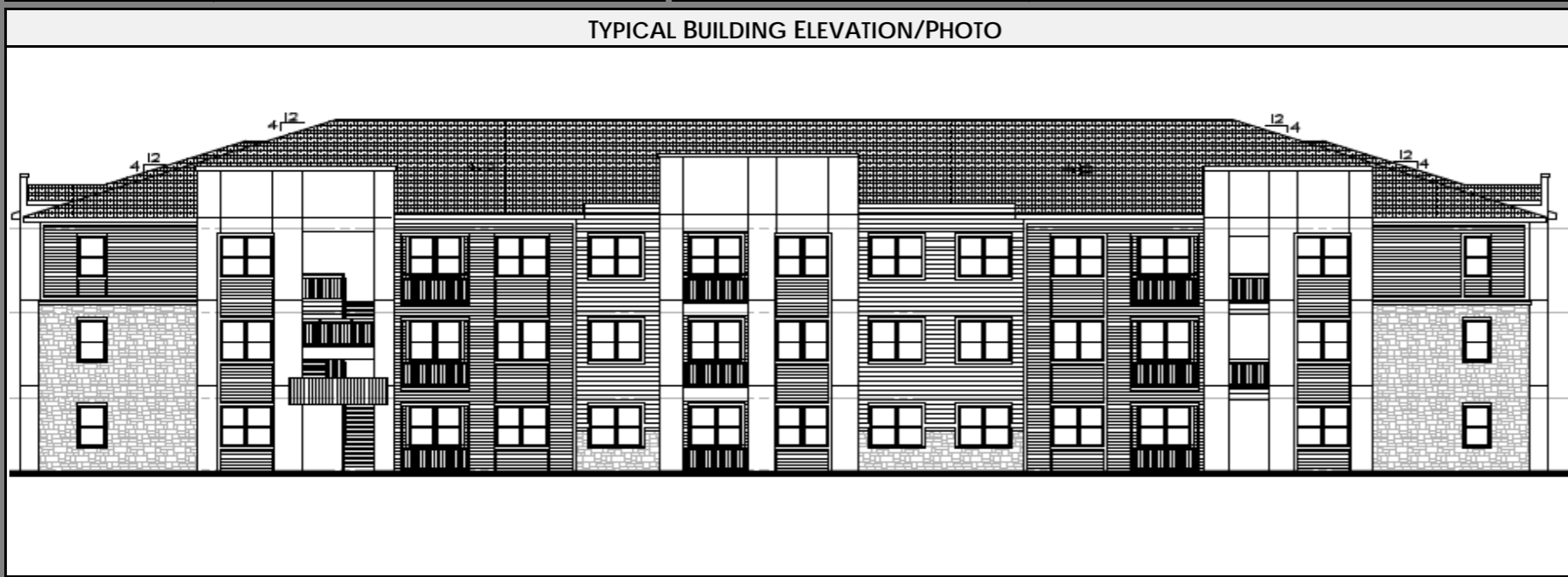


APPLICATION SUMMARY

PROPERTY IDENTIFICATION	
Application #	16607
Development	Mercantile Apartments
City / County	Fort Worth / Tarrant
Region/Area	3 / Urban
Population	General
Set-Aside	General
Activity	New Construction

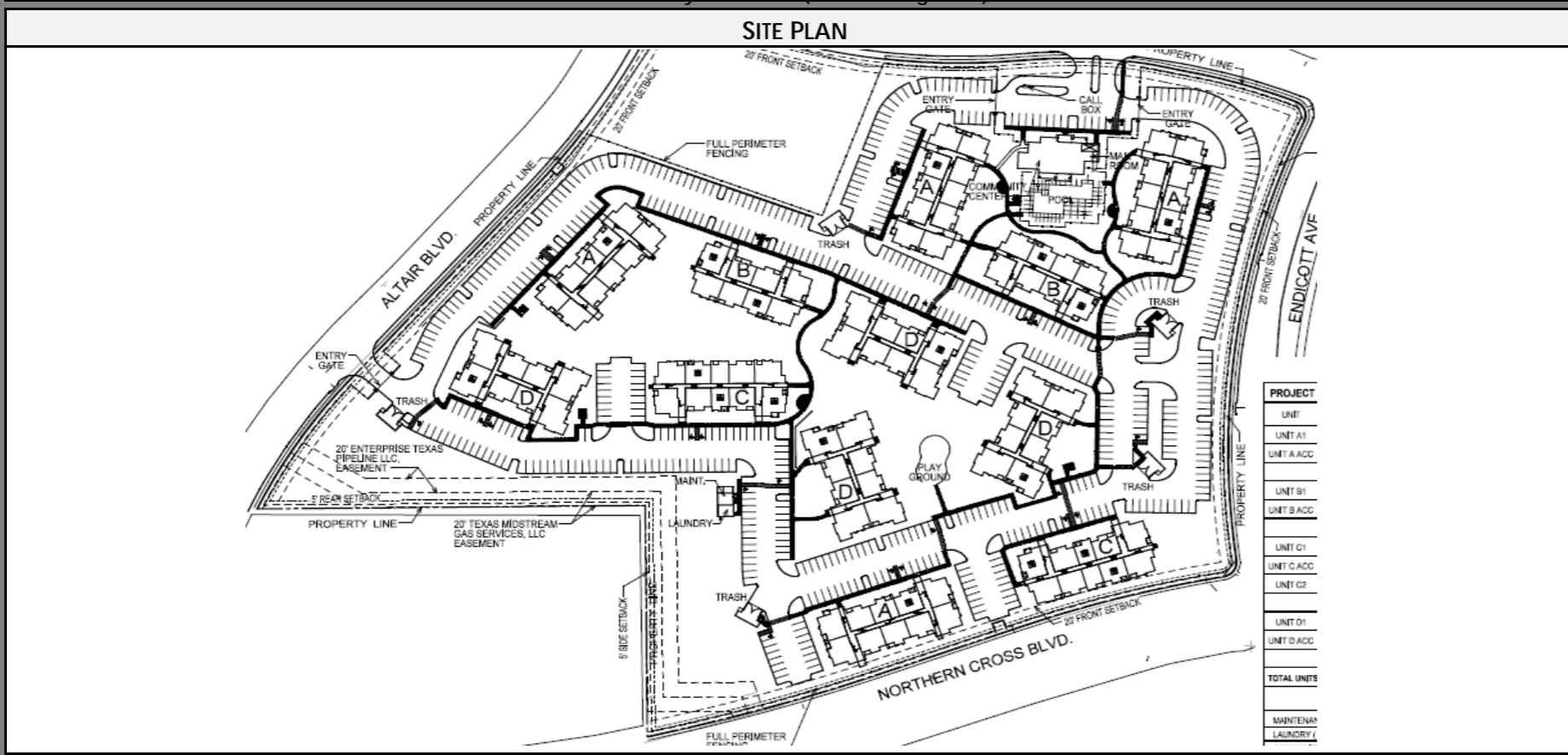
RECOMMENDATION						
TDHCA Program	Request	Approved				
LIHTC (4% Credit)	\$1,522,255	\$1,522,255	\$4,698/Unit	\$1.08		
	Amount	Rate	Amort	Term	Lien	
Private Activity Bonds	\$29,500,000	4.08%	35	15	1	
MDLP (Repayable)						
MDLP (Non-Repayable)						
CHDO Expenses						

KEY PRINCIPAL / SPONSOR		
General Partner(s)		
Fort Worth Housing Finance Corporation		
Developer(s)		
NRP		
Related-Parties	Contractor - Yes	Seller - No



UNIT DISTRIBUTION			INCOME DISTRIBUTION		
# Beds	# Units	% Total	Income	# Units	% Total
Eff	-	0%	30%	-	0%
1	12	4%	40%	-	0%
2	168	52%	50%	12	4%
3	128	40%	60%	299	92%
4	16	5%	MR	13	4%
TOTAL	324	100%	TOTAL	324	100%

PRO FORMA FEASIBILITY INDICATORS			
Pro Forma Underwritten		Applicant's Pro Forma	
Debt Coverage	1.19	Expense Ratio	40.7%
Breakeven Occ.	83.6%	Breakeven Rent	\$804
Average Rent	\$891	B/E Rent Margin	\$87
Property Taxes	Exempt	Exemption/PILOT	0%
Total Expense	\$4,081/unit	Controllable	\$2,975/unit



MARKET FEASIBILITY INDICATORS			
Gross Capture Rate (10% Maximum)		3.8%	
Highest Unit Capture Rate	63%	3 BR/60%	122
Dominant Unit Cap. Rate	51%	2 BR/60%	156
Premiums (↑60% Rents)	Yes	\$120/Avg.	
Rent Assisted Units	8	2% Total Units	

DEVELOPMENT COST SUMMARY			
Costs Underwritten		Applicant's Costs	
Avg. Unit Size	1,019 SF	Density	19.0/acre
Acquisition		\$14K/unit	\$4,634K
Building Cost	\$57.33/SF	\$58K/unit	\$18,920K
Hard Cost		\$75K/unit	\$24,304K
Total Cost		\$144K/unit	\$46,743K
Developer Fee	\$4,943K	(15% Deferred)	Paid Year: 3
Contractor Fee	\$3,204K	30% Boost	Yes

DEBT (Must Pay)					CASH FLOW DEBT / GRANT FUNDS					EQUITY / DEFERRED FEES		
Source	Term	Rate	Amount	DCR	Source	Term	Rate	Amount	DCR	Source	Amount	
JLL/ Freddie mac	15/35	4.08%	\$29,500,000	1.19						US Bancorp	\$16,478,411	
										NRP Lone Star Development, LLC	\$764,376	
TOTAL DEBT (Must Pay)			\$29,500,000		CASH FLOW DEBT / GRANTS				\$0		TOTAL EQUITY SOURCES	\$17,242,787
											TOTAL DEBT SOURCES	\$29,500,000
											TOTAL CAPITALIZATION	\$46,742,787

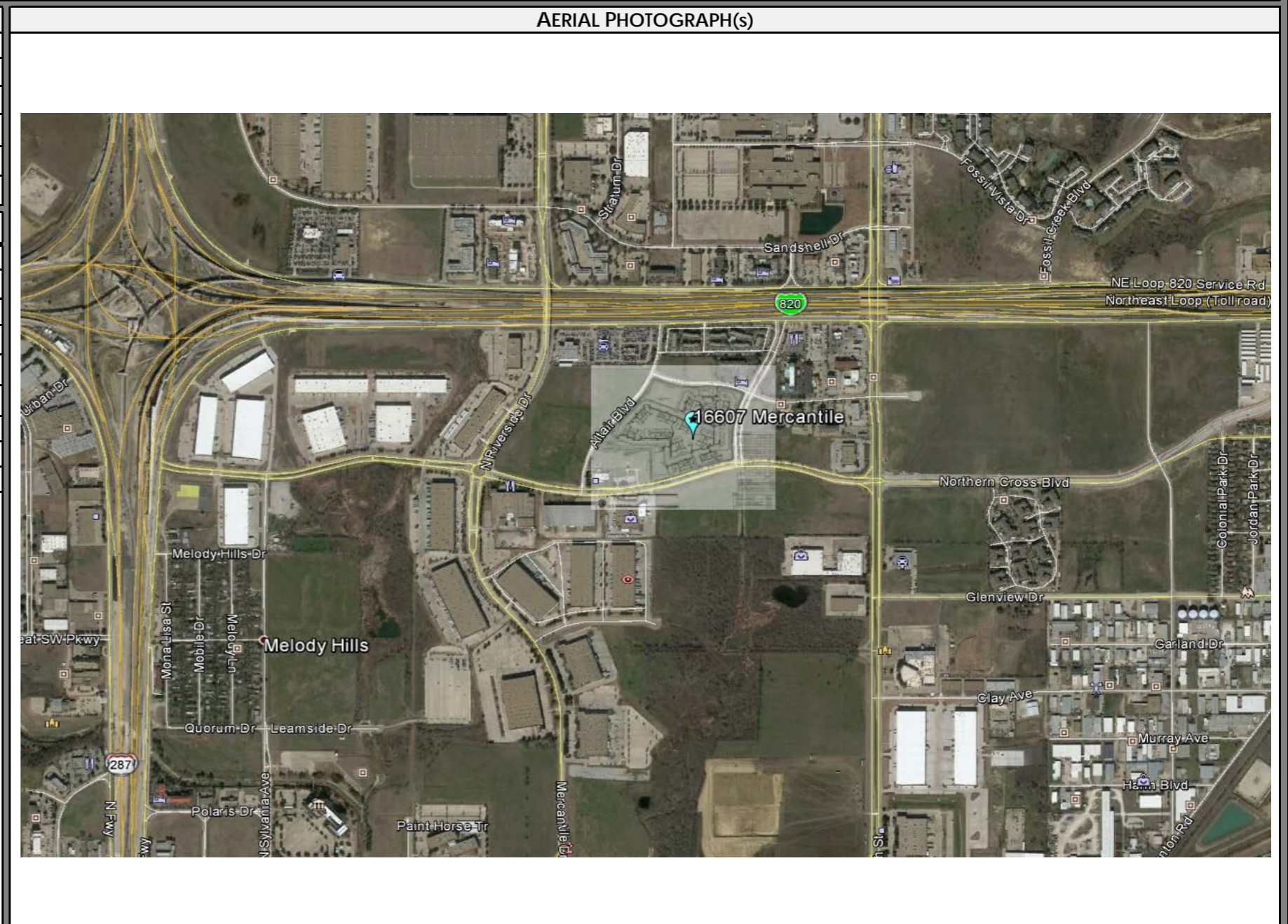
CONDITIONS

- Receipt and acceptance by Cost Certification:
 - a: Fully Executed HAP Contract
 - b: Architect certification that noise study recommendations were successfully implemented in the completion of the Development.

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

BOND RESERVATION / ISSUER	
Issuer	TDHCA
Expiration Date	12/31/2018
Bond Amount	\$30,225,000
BRB Priority	N/A
Expected Close	8/22/2016
Bond Structure	Freddie-Mac Unfunded-Forward TEL

RISK PROFILE	
STRENGTHS/MITIGATING FACTORS	
HTC family deals in PMA are 97% occupied	
No HTC family deals in PMA since 2002	
3.8% Gross Capture Rate for HTC units	
Feasible w/o HAP Contact or Market Premiums	
Expense Ratio	
WEAKNESSES/RISKS	
86% of units have Capture Rates over 50%	
Dependent on Property Tax Exemption	



RESOLUTION NO. 16-023

RESOLUTION AUTHORIZING AND APPROVING THE ISSUANCE, SALE AND DELIVERY OF TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS MULTIFAMILY NOTE (MERCANTILE APARTMENTS); 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, very low and extremely low income (as defined in the Act) and families of moderate income (as described in the Act and determined by the Governing Board of the Department (the "Board") from time to time); and

WHEREAS, the Act authorizes the Department: (a) to make mortgage loans to housing sponsors to provide financing for multifamily residential rental housing in the State of Texas (the "State") intended to be occupied by individuals and families of low, very low and extremely low income and families of moderate income, as determined by the Department; (b) to issue its revenue bonds, for the purpose, among others, of obtaining funds to make such loans and provide financing, to establish necessary reserve funds and to pay administrative and other costs incurred in connection with the issuance of such bonds; and (c) to pledge all or any part of the revenues, receipts or resources of the Department, including the revenues and receipts to be received by the Department from such multifamily residential rental development loans, and to mortgage, pledge or grant security interests in such loans or other property of the Department in order to secure the payment of the principal or redemption price of and interest on such bonds; and

WHEREAS, the Board has determined to authorize the issuance of its Multifamily Note designated Texas Department of Housing and Community Affairs Multifamily Note (Mercantile Apartments) (the "Governmental Lender Note") pursuant to and in accordance with the terms of a Funding Loan Agreement (the "Funding Loan Agreement") among the Department, BOKF, NA, as fiscal agent (the "Fiscal Agent"), and Navistone Mercantile Instrument Purchaser LLC, as initial funding lender (the "Initial Funding Lender"), for the purpose of obtaining funds to finance the Development (defined below), all under and in accordance with the Constitution and laws of the State; and

WHEREAS, the Department desires to use the proceeds of the Governmental Lender Note to fund a mortgage loan to Mercantile Apartments Ltd., a Texas limited partnership (the "Borrower") in order to finance the cost of acquisition, construction and equipping of a qualified residential rental development described in Exhibit A attached hereto (the "Development") located within the State and required by the Act to be occupied by individuals and families of low and very low income and families of moderate income, as determined by the Department; and

WHEREAS, the Board, by resolution adopted on November 12, 2015, declared its intent to issue its revenue bonds to provide financing for the Development; and

WHEREAS, the Borrower has requested and received a carryforward designation of 2015 private activity bond volume cap from the State of Texas;

WHEREAS, it is anticipated that the Department, the Borrower and the Fiscal Agent will execute and deliver a Project Loan Agreement (the "Project Loan Agreement") pursuant to which (i) the Department will agree to make a mortgage loan funded with the proceeds of the Governmental Lender Note (the "Project

Loan”) to the Borrower to enable the Borrower to finance the cost of acquisition, construction and equipping of the Development and related costs, and (ii) the Borrower will execute and deliver to the Department a multifamily note (the “Project Note”) in an original principal amount equal to the original aggregate principal amount of the Governmental Lender Note, and providing for payment of interest on such principal amount equal to the interest on the Governmental Lender Note and to pay other costs described in the Project Loan Agreement; and

WHEREAS, it is anticipated that the Project Note will be secured by a Multifamily Deed of Trust, Assignment of Rents, Security Agreement, and Fixture Filing (Leasehold) (the “Security Instrument”) from the Borrower for the benefit of the Department and assigned to the Fiscal Agent; and

WHEREAS, the Department’s rights (except for certain unassigned rights) under the Project Loan Agreement, the Project Note and the Security Instrument will be assigned to the Fiscal Agent pursuant to an Assignment of Security Instrument (the “Assignment”) from the Department to the Fiscal Agent; and

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

WHEREAS, the Board has determined that the Department, the Fiscal Agent, the Fort Worth Housing Finance Corporation, as fee owner (the “Fee Owner”), and the Borrower will execute a Regulatory and Land Use Restriction Agreement (the “Regulatory Agreement”) with respect to the Development, which will be filed of record in the real property records of Tarrant County, Texas; and

WHEREAS, the Borrower will obtain a taxable loan from Bank of America, N.A. (the “Bank”) and the Bank has requested that the Department enter into an Intercreditor Agreement (the “Intercreditor Agreement”); and

WHEREAS, the Board has further determined that the Initial Funding Lender will purchase the Governmental Lender Note from the Department; and

WHEREAS, upon completion of certain conditions it is expected that the Federal Home Loan Mortgage Corporation (“Freddie Mac”) and its seller/servicer will facilitate the financing of the Development in the permanent phase by acquiring the Governmental Lender Note and in connection with the conversion to the permanent phase the Borrower will execute and deliver the Amended and Restated Project Note (the “Amended Project Note”); and

WHEREAS, the Board has examined proposed forms of (a) the Funding Loan Agreement, the Project Loan Agreement, the Regulatory Agreement, the Assignment, the Tax Exemption Agreement and the Intercreditor Agreement (collectively, the “Issuer Documents”), all of which are attached to and comprise a part of this Resolution and (b) the Security Instrument, the Project Note and the Amended Project Note; has found the form and substance of such documents to be satisfactory and proper and the recitals contained therein to be true, correct and complete; and has determined, subject to the conditions set forth in Article I, to authorize the issuance of the Governmental Lender Note, the execution and delivery of the Issuer Documents, the acceptance of the Security Instrument and the Project Note and the taking of such other actions as may be necessary or convenient in connection therewith;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BOARD OF THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS:

ARTICLE 1

ISSUANCE OF GOVERNMENTAL LENDER NOTE; APPROVAL OF DOCUMENTS

Section 1.1 Issuance, Execution and Delivery of the Governmental Lender Note. That the issuance of the Governmental Lender Note is hereby authorized pursuant to the Act, including particularly Section 2306.353 thereof, all under and in accordance with the conditions set forth herein and in the Funding Loan Agreement, and that, upon execution and delivery of the Funding Loan Agreement, the Authorized Representatives of the Department named in this Resolution are each hereby authorized to execute, attest and affix the Department's seal to the Governmental Lender Note and to deliver the Governmental Lender Note to the Attorney General of the State (the "Attorney General") for approval, the Comptroller of Public Accounts of the State for registration and the Fiscal Agent for authentication (to the extent required in the Funding Loan Agreement), and thereafter to deliver the Governmental Lender Note to or upon the order of the Purchaser.

Section 1.2 Interest Rate, Principal Amount, Maturity and Price. That (i) the Governmental Lender Note shall bear interest at a Construction Phase Interest Rate (as defined in the Funding Loan Agreement) of 6.00% and a Permanent Phase Interest Rate (as defined in the Funding Loan Agreement) of a fixed rate per annum equal to the sum of (i) 2.35% and (ii) the 10-year US Treasury Security to be determined prior to the delivery of the Governmental Lender Note, which will be computed, payable and allocated on the basis of a 360-day year consisting of twelve 30-day months, and is, subject to adjustment as provided in the Funding Loan Agreement; provided that, in no event shall the interest rate (including any default rate) on the Governmental Lender Note exceed the maximum interest rate permitted by applicable law; (ii) the aggregate principal amount of the Governmental Lender Note shall be \$29,500,000; (iii) the final maturity of the Governmental Lender Note shall occur on October 1, 2034; and (d) the price at which the Governmental Lender Note is sold to the Purchaser shall be the principal amount thereof.

Section 1.3 Approval, Execution and Delivery of the Funding Loan Agreement. That the form and substance of the Funding Loan Agreement are hereby approved, and that the Authorized Representatives each are hereby authorized to execute the Funding Loan Agreement, and to deliver the Funding Loan Agreement to the Fiscal Agent and the Initial Funding Lender.

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

Section 1.5 Approval, Execution and Delivery of the Tax Exemption Agreement. The form and substance of the Tax Exemption Agreement relating to the Note are hereby approved and the Authorized Representatives are each hereby authorized to execute the Tax Exemption Agreement and to deliver the Tax Exemption Agreement to the Borrower and the Fiscal Agent.

Section 1.6 Approval, Execution and Delivery of the Regulatory Agreement. That the form and substance of the Regulatory Agreement are hereby approved, and that the Authorized Representatives each are hereby authorized to execute, attest and affix the Department's seal to the Regulatory Agreement, and to deliver the Regulatory Agreement to the Borrower, the Fee Owner and the Fiscal Agent and to cause the Regulatory Agreement to be filed of record in the real property records of Tarrant County, Texas.

Section 1.7 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 each are hereby authorized to execute the Intercreditor Agreement, and to deliver the Intercreditor Agreement to the Bank, the Fiscal Agent, the Initial Funding Lender and Bank of America, N.A., as Servicer.

Section 1.8 Sale of the Governmental Lender Note. That the sale of the Governmental Lender Note to the Purchaser is hereby authorized and approved.

Section 1.9 Acceptance of the Project Note, the Amended Project Note and the Security Instrument. That the form and substance of the Project Note, the Amended Project Note and the Security Instrument are hereby accepted by the Department and that the Authorized Representatives each are hereby authorized to endorse and deliver the Project Note to the order of the Fiscal Agent without recourse.

Section 1.10 Approval, Execution and Delivery of the Assignment. That the form and substance of the Assignment are hereby approved, and that the Authorized Representatives each are hereby authorized to execute the Assignment, and to deliver the Assignment to the Fiscal Agent.

Section 1.11 Taking of Any Action; Execution and Delivery of Other Documents. That the Authorized Representatives are each hereby authorized to take any actions and to execute, attest and affix the Department's seal to, and to deliver to the appropriate parties, all such other agreements, commitments, assignments, bonds, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, notices of acceptance, written requests and other papers, whether or not mentioned herein, as they or any of them consider to be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 1.12 Power to Revise Form of Documents. That, notwithstanding any other provision of this Resolution, the Authorized Representatives are each hereby authorized to make or approve such revisions in the form of the documents attached hereto as exhibits as, in the judgment of such Authorized Representative, and in the opinion of Bracewell LLP, Bond Counsel to the Department, may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution, such approval to be evidenced by the execution of such documents by the Authorized Representatives.

Section 1.13 Exhibits Incorporated Herein. That all of the terms and provisions of each of the documents listed below as an exhibit shall be and are hereby incorporated into and made a part of this Resolution for all purposes:

- Exhibit B - Funding Loan Agreement
- Exhibit C - Project Loan Agreement
- Exhibit D - Regulatory Agreement
- Exhibit E - Project Note and Amended Project Note
- Exhibit F - Security Instrument
- Exhibit G - Assignment
- Exhibit H - Tax Exemption Agreement
- Exhibit I - Intercreditor Agreement

Section 1.14 Authorized Representatives. That the following persons are hereby named as Authorized Representatives of the Department for purposes of executing, attesting, affixing the Department's seal to, and delivering the documents and instruments and taking the other actions referred to in this Article 1: the Chair or Vice Chair of the Board, the Executive Director of the Department, the Deputy Executive Director of Asset Analysis and Management of the Department, the Director of Bond Finance of the Department, the Director of Multifamily Finance of the Department, the Director of Texas Homeownership of the Department and the Secretary or any Assistant Secretary to the Board. Such persons are referred to herein collectively as the "Authorized Representatives." Any one of the Authorized Representatives is authorized to act individually as set forth in this Resolution.

ARTICLE 2

APPROVAL AND RATIFICATION OF CERTAIN ACTIONS

Section 2.1 Approval and Ratification of Application to Texas Bond Review Board. That the Board hereby ratifies and approves the submission of the application for approval of state bonds to the Texas Bond Review Board on behalf of the Department in connection with the issuance of the Governmental Lender Note in accordance with Chapter 1231, Texas Government Code.

Section 2.2 Approval of Submission to the Attorney General. That the Board hereby authorizes, and approves the submission by the Department's Bond Counsel to the Attorney General, for his approval, of a transcript of legal proceedings relating to the issuance, sale and delivery of the Governmental Lender Note.

Section 2.3 Certification of the Minutes and Records. That the Secretary or Assistant Secretary to the Board hereby is authorized to certify and authenticate minutes and other records on behalf of the Department for the Governmental Lender Note and all other Department activities.

Section 2.4 Authority to Invest Proceeds. That the Department is authorized to invest and reinvest the proceeds of the Governmental Lender Note and the fees and revenues to be received in connection with the financing of the Development in accordance with the Funding Loan Agreement and to enter into any agreements relating thereto only to the extent permitted by the Funding Loan Agreement.

Section 2.5 Engagement of Other Professionals. That the Executive Director of the Department or any successor is authorized to engage auditors to perform such functions, audits, yield calculations and subsequent investigations as necessary or appropriate to comply with the requirements of Bond Counsel to the Department, provided such engagement is done in accordance with applicable law of the State.

Section 2.6 Ratifying Other Actions. That all other actions taken by the Executive Director of the Department and the Department staff in connection with the issuance of the Governmental Lender Note and the financing of the Development are hereby ratified and confirmed.

ARTICLE 3

CERTAIN FINDINGS AND DETERMINATIONS

Section 3.1 Findings of the Board. That in accordance with Section 2306.223 of the Act and after the Department's consideration of the information with respect to the Development and the information with respect to the proposed financing of the Development by the Department, including but not limited to the information submitted by the Borrower, independent studies commissioned by the Department, recommendations of the Department staff and such other information as it deems relevant, the Board hereby finds:

(a) Need for Housing Development.

(i) that the Development is necessary to provide needed decent, safe, and sanitary housing at rentals or prices that individuals or families of low and very low income or families of moderate income can afford,

(ii) that the financing of the Development is a public purpose and will provide a public benefit, and

(iii) that the Development will be undertaken within the authority granted by the Act to the housing finance division and the Borrower.

(b) Findings with Respect to the Borrower.

(i) that the Borrower, by operating the Development in accordance with the requirements of the Project Loan Agreement, the Regulatory Agreement and the Tax Exemption Agreement, will supply well-planned and well-designed housing for individuals or families of low and very low income or families of moderate income,

(ii) that the Borrower is financially responsible, and

(iii) that the Borrower is not, and will not enter into a contract for the Development with, a housing developer that (A) is on the Department's debarred list, including any parts of that list that are derived from the debarred list of the United States Department of Housing and Urban Development; (B) breached a contract with a public agency; or (C) misrepresented to a subcontractor the extent to which the developer has benefited from contracts or financial assistance that has been awarded by a public agency, including the scope of the developer's participation in contracts with the agency and the amount of financial assistance awarded to the developer by the Department.

(c) Public Purpose and Benefits.

(i) that the Borrower has agreed to operate the Development in accordance with the Project Loan Agreement, the Regulatory Agreement and the Tax Exemption Agreement, which require, among other things, that the Development be occupied by individuals and families of low and very low income and families of moderate income, and

(ii) that the issuance of the Governmental Lender Note to finance the Development is undertaken within the authority conferred by the Act and will accomplish a valid public purpose and will provide a public benefit by assisting individuals and families of low and very low income and families of moderate income in the State to obtain decent, safe, and sanitary housing by financing the costs of the Development, thereby helping to maintain a fully adequate supply of sanitary and safe dwelling accommodations at rents that such individuals and families can afford.

Section 3.2 Determination of Eligible Tenants. That the Board has determined, to the extent permitted by law and after consideration of such evidence and factors as it deems relevant, the findings of the staff of the Department, the laws applicable to the Department and the provisions of the Act, that eligible tenants for the Development shall be (1) individuals and families of low and very low income, (2) persons with special needs, and (3) families of moderate income, with the income limits as set forth in the Regulatory Agreement.

Section 3.3 Sufficiency of Loan Interest Rate. That the Board hereby finds and determines that the interest rate on the Project Loan established pursuant to the Project Loan Agreement will produce the amounts required, together with other available funds, to pay for the Department's costs of operation with respect to the Governmental Lender Note and the Development and enable the Department to meet its covenants with and responsibilities to the holders of the Governmental Lender Note.

Section 3.4 No Gain Allowed. That, in accordance with Section 2306.498 of the Act, no member of the Board or employee of the Department may purchase the Governmental Lender Note in the secondary open market for municipal securities.

ARTICLE 4

GENERAL PROVISIONS

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

Section 4.2 Non-Governmental Obligations. That the Governmental Lender Note shall not be and do not create or constitute in any way an obligation, a debt or a liability of the State or create or constitute a pledge, giving or lending of the faith or credit or taxing power of the State. The Governmental Lender Note shall contain on its face a statement to the effect that the State is not obligated to pay the principal thereof or interest thereon and that neither the faith or credit nor the taxing power of the State is pledged, given or loaned to such payment.

Section 4.3 Effective Date. That this Resolution shall be in full force and effect from and upon its adoption.

Section 4.4 Notice of Meeting. This Resolution was considered and adopted at a meeting of the Governing Board that was noticed, convened, and conducted in full compliance with the Texas Open Meetings Act, Chapter 551 of the Texas Government Code, and with §2306.032 of the Texas Government Code, regarding meetings of the Governing Board.

[Execution page follows]

PASSED AND APPROVED this 28th day of July, 2016.

[SEAL]

J. Paul Oxer, Chair

ATTEST:

Secretary

EXHIBIT A

Description of Development

Borrower: Mercantile Apartments Ltd., a Texas limited partnership

Development: The Development is a 324-unit affordable multifamily community to be known as Mercantile Apartments and to be located at the Northwest quadrant of Northern Cross Blvd. and Endicott Avenue, Fort Worth, Tarrant County, Texas 76137. It will consist of twelve 3-story residential buildings with approximately 330,000 net rentable square feet. The unit mix will consist of:

12	one-bedroom/one-bath units
168	two-bedroom/two-bath units
128	three-bedroom/two-bath units
16	four-bedroom/two-bath units
<hr/>	
324	Total Units

Unit sizes will range from approximately 662 square feet to approximately 1,485 square feet.



EAGLE MOUNTAIN SAGINAW ISD

Fostering a Culture of Excellence

October 28, 2015

Multifamily Finance Division

P.O. Box 13941

Austin, TX 78711-3491

Ref: Development Number 15610

Governing Board:

Eagle Mountain-Saginaw Independent School District is aware of a proposed multifamily development, The Mercantile, located in the industrial/commerce district Mercantile Center, near I-35 and Loop 820.

To our knowledge, there are no medical, grocery, retail, educational, pharmaceutical, or community resources (such as parks) in the immediate area. This area is an industrial park and is no way suitable as a residential zone. The absence of these resources does not meet the vision of the Blue Zone Project that the City of Fort Worth has adopted. The Blue Zone Project works with community leaders to inspire positive sustainable changes to policy and built-environment. Community policy has a big impact on healthy choices. Sidewalks, bike lanes, community gardens, mobile food markets, farmers' markets, and other community infrastructures affect our ability to move naturally, connect socially, and access healthy food. When permanent changes are made to our surroundings, we can change behaviors and help our whole community lead healthier, happier, and longer lives. Placing families without the economic means to have adequate resources creates an economic island with no connectivity to services, which is especially difficult for those individuals who are low income.

The Eagle Mountain-Saginaw ISD is one of the fastest growing school districts in the state. In order to address this growth the district is very careful about managing growth patterns so that it can provide adequate resources for our students. Our growth projections are based on the current zoning stipulations for our school district. Adding this proposed multifamily development would cause the City to rezone this property from Industrial. EMS would have to redraw our attendance boundaries, which would cause the District to have to build a new elementary at a cost of approximately 27 million dollars at taxpayer expense. In addition, the taxpayer will lose the taxable value of property associated with individual development.



EAGLE MOUNTAIN SAGINAW ISD

Fostering a Culture of Excellence

District representatives met with Jay Johnson and Debra Guerrero of the NRP Group on August 27, 2015 to discuss The Mercantile. They explained their project and our concerns were expressed. It was stated, "If the District doesn't want us, we don't want to be here." Our district leadership team also met to discuss this proposed development. Due to the economic hardship and the lack of community resources that would be placed on our taxpayers in the immediate area of the proposed development, it was the consensus of the group that this proposal cannot be supported by the school district. We implore you to not approve the funding for this ill-conceived project. There are better locations within our school district to support the needs of these families, who deserve a better quality of life than living in an industrial zone.

Sincerely,

Jim F. Chadwell, Ed.D.

Superintendent

Clete Welch

Chief Operations Officer



EAGLE MOUNTAIN SAGINAW ISD

Fostering a Culture of Excellence

May 31, 2016

TDHCA
Multifamily Finance Division
Attention: Teresa Morales
Multifamily Division Manager
P.O. Box 13941
Austin, TX 78711-3941

Dear Ms. Morales,

The Eagle Mountain-Saginaw Independent School District was notified of a proposed multifamily development, The Mercantile, located in the industrial/commerce district Mercantile Center, near I-35 and Loop 820. The school district is very concerned about this development, because it is within an industrial park and is not conducive to an acceptable quality of life for its tenants. EMS ISD opposed a zoning change with the Zoning Board, which voted unanimously against the change. In addition, City staff concurred that the development was not appropriate for this area. Unfortunately, the Fort Worth Council overturned the Zoning Board.

This area is not suitable for residential due to the lack of infrastructure, medical, grocery, retail, educational, pharmaceutical, and community resources (such as parks) in this industrial zone. The absence of these resources does not meet the vision of the Blue Zone Project that the City of Fort Worth adopted. Placing families without the economic means to have adequate resources creates an economic island with no connectivity to services, which is especially difficult for those individuals who are low income. Furthermore, EMS ISD students, who are homeless and reside temporarily in nearby hotels, have reported active prostitution in this area.

EMS ISD strategically plans for future growth of the District. Plans for future schools are made based on the current zoning within our district. EMS ISD has been able to plan accordingly for other multifamily developments in the area since they were zoned multifamily on the City of Fort Worth's master plan. Changing the zoning for this property will cause EMS ISD to disrupt our students by having to redesign attendance zones and to move children to different elementary schools. In addition, 100% of these students would be bussed to schools from 4 to 11 miles away.

We implore you not to approve the funding for this ill-conceived project. There are better locations within our school district to support the needs of these families, who deserve a better quality of life than living in an industrial zone. Please contact me if you have any questions or need further information.

Sincerely,

Jim F. Chadwell, Ed.D.
Superintendent

From: [Moon, Cary](#)
To: [Teresa Morales](#)
Cc: [Ortiz, Alicia](#)
Subject: TDHCA Support - The Mercantile
Date: Monday, December 07, 2015 11:27:19 PM

Teresa Morales
TDHCA, Multifamily Division

RE: The Mercantile
Fort Worth, TX

Dear Teresa Morales,

On 17 Nov 2015 the City of Fort Worth Mayor and City Council voted 7-2 to approve the Multifamily development with an Affordable Housing component at the Mercantile Center.

In light of the known opposition of the Eagle Mountain Saginaw ISD, which was known when the Mayor and City Council approved the zoning, the merits of the project for which we need to express to the Governor include:

- workforce housing with access to 24,000 jobs on 1500 acres
- requirement of owner-sponsored after school and summer education program
- transit-oriented development with access to public transportation
- the ISD receives significant revenue from the hundreds of millions of commercial buildings in the Mercantile Center.

The City of Fort Worth is working to comply with state and federal standards for the proper dispersion of Affordable Housing throughout our City. As we plan and build our city, we are confident in the compatible use for this project.

It was a pleasure to meet the Governor at the FaceBook ground breaking in Fort Worth and then again at the house of Mojoy Haddad in Arlington.

Please let me know if additional assistance is needed from me or my office on this matter.

Cary Moon
City Council Member Dist 4 - City of Fort Worth
email: cary.moon@cityoffortworthtexas.gov
phone: 682-215-7247

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

PUBLIC HEARING
ON
ISSUANCE OF TAX-EXEMPT MULTIFAMILY REVENUE BONDS
RELATING TO
MERCANTILE APARTMENTS

Meeting Room
Haltom City Public Library
4809 Haltom Road
Haltom City, Texas

Tuesday,
June 7, 2016
6:05 p.m.

BEFORE: SHANNON ROTH, TDHCA Housing Specialist

ON THE RECORD REPORTING
(512) 450-0342

P R O C E E D I N G S

1
2 Good evening. My name is Shannon Roth. I
3 would like to proceed with the public hearing. Let the
4 record show that it is 6:05 p.m., Tuesday, June 7, 2016.
5 We are at the Haltom City Public Library located at 4809
6 Haltom Road, Haltom City, Texas 76117.

7 I'm here to conduct a public hearing on behalf
8 of the Texas Department of Housing and Community Affairs
9 with respect to an issue of tax-exempt multifamily revenue
10 bonds for a residential rental community.

11 This hearing is required by the Internal
12 Revenue Code. The sole purpose of the hearing is to
13 provide a reasonable opportunity for interested
14 individuals to express their views regarding the
15 development and the proposed bond issue.

16 No decisions regarding the development will be
17 made at this hearing. The Department's board is scheduled
18 to meet to consider this transaction on July 14, 2016. In
19 addition to providing your comments at this hearing, the
20 public is also invited to provide comment directly to the
21 board at any of their meetings. The Department staff will
22 also accept written comments from the public up to
23 5:00 p.m. on July 5, 2016.

24 The bonds will be issued as tax-exempt
25 multifamily revenue bonds in the aggregate principal

1 amount not to exceed \$30,225,000 and taxable bonds, if
2 necessary, in an amount to be determined and issued in one
3 or more series by the Texas Department of Housing and
4 Community Affairs, the Issuer.

5 The proceeds of the bonds will be loaned to
6 Mercantile Apartments, Ltd., or a related person or
7 affiliate entity thereof, to finance a portion of the cost
8 of acquiring and constructing and equipping a multifamily
9 rental housing community described as follows: 324-unit
10 multifamily residential rental development to be
11 constructed on approximately 17.02 acres of land located
12 at approximately the northwest quadrant of Northern Cross
13 Boulevard and Endicott Avenue, Tarrant County, Texas. The
14 proposed multifamily rental housing community will be
15 initially owned and operated by the borrower or a related
16 person or affiliate thereof.

17 I'd now like to open the floor for public
18 comment.

19 Let the record show that there are no
20 attendees; therefore, the meeting is now adjourned, and
21 the time is 6:06 p.m.

22 (Whereupon, at 6:06 p.m., the public hearing
23 was concluded.)

C E R T I F I C A T E

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IN RE: Mercantile Apartments
LOCATION: Haltom City, Texas
DATE: June 7, 2016

I do hereby certify that the foregoing pages, numbers 1 through 4, 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.

Samuel A. Strickland 06/14/2016
(Transcriber) (Date)

On the Record Reporting
3636 Executive Ctr Dr., G-22
Austin, Texas 78731

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**TO BE POSTED NOT LATER THAN THE
THIRD DAY BEFORE THE DATE OF
THE MEETING**

6g

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THIRD DAY BEFORE THE DATE OF
THE MEETING**