BOARD BOOK OF APRIL 26, 2018

Texas Department of Housing and Community Affairs

PROGRAMMATIC IMPACT IN FISCAL YEAR 2017

The Texas Department of Housing and Community Affairs ("TDHCA") is the State of Texas' lead agency responsible for affordable housing and administers a statewide array of programs to help Texans become more independent and self-sufficient. Short descriptions and key impact measures for these programs – including the total number of households/individuals to be served and total funding either administered or pledged for Fiscal Year 2017 (September 1, 2016, through August 31, 2017) – are set out below:

Multifamily New Construction & Rehabilitation:
Provides mechanisms to attract investment capital and to make available significant financing for the construction and rehabilitation of affordable rental housing through the Housing Tax Credit, Multifamily Bond, and Multifamily Direct Loan programs.

Total Households Served: 8,583
Total Funding: $886,263,818*

Single Family Homeownership Program:
Provides down payment and closing cost assistance, mortgage loans, and mortgage credit certificates to eligible households through the My First Texas Home and Mortgage Credit Certificates programs.

Total Households Served: 5,870
Total Funding: $870,405,445

Weatherization Assistance Program:
Provides funding to help low-income households control energy costs through the installation of energy efficient materials and through energy conservation education.

Total Households Served: 3,349
Total Funding: $24,379,360

Comprehensive Energy Assistance Program:
Provides energy utility bill assistance to households with an income at or below 150% federal poverty guidelines.

Total Households Served: 134,465
Total Funding: $94,482,215

Single Family Homebuyer Assistance, New Construction, Rehabilitation, Bootstrap, and Contract for Deed:
Assists with the purchase, construction, repair, or rehabilitation of affordable single family housing by providing grants and loans through the HOME Single Family Development, HOME Homeowner Rehabilitation Assistance, HOME Homebuyer Assistance, Amy Young Barrier Removal, and Texas Bootstrap programs. Stabilizes homeownership in colonias through the HOME Contract for Deed program.

Total Households Served: 326
Total Funding: $17,323,164

Rental Assistance:
Provides rental, security, and utility deposit assistance through HOME Tenant Based Rental Assistance, and rental assistance payments through HUD Section 8 Housing Choice Vouchers and Section 811 Project Based Rental Assistance.

Total Households Served: 1,678
Total Funding: $13,668,121

Homelessness
Funds local programs and services for individuals and families at risk of homelessness or experiencing homelessness. Primary programs are the Homeless Housing and Services program and the Emergency Solutions Grants program.

Total Individuals Served: 36,555
Total Funding: $15,009,483

Community Services Block Grant:
Provides administrative support for essential services for low-income individuals through Community Action Agencies.

Total Individuals Served: 492,727
Total Funding: $31,237,527

Sources: this data comes from the TDHCA 2018 State Low Income Housing Plan and Annual Report draft. Multifamily New Construction & Rehab data come from the most recent award logs from FY2017 for 4%, 9%, and Direct Loan Applications. Because Multifamily logs are updated on a monthly basis to reflect the changing status of Applications, this impact statement will also be updated on a monthly basis.

Note: Some households may be served by more than one TDHCA program.

*FY2017 data for the Multifamily program is artificially low, largely due to federal tax reform's timing effects on 4% housing tax credit developments. A significant amount of 4% activity was delayed into the 4 months after FY2017 (Sept., Oct., and Nov., and Dec.).

EQUAL HOUSING OPPORTUNITY

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
GOVERNING BOARD MEETING

A G E N D A
8:00 AM
April 26, 2018

John H. Reagan Building
JHR 140, 105 W 15th Street
Austin, Texas 78701

CALL TO ORDER
ROLL CALL — **J.B. Goodwin, Chair**
CERTIFICATION OF QUORUM

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

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

Resolution recognizing May as *Community Action Month*

Resolution recognizing May as *National Mobility Awareness Month*

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

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

EXECUTIVE

a) Presentation, discussion, and possible action on Board meeting minutes summaries for January 18, 2018; February 22, 2018; and March 22, 2018 — **J. Beau Eccles**, Board Secretary

LEGAL

b) Presentation, discussion, and possible action on the adoption of an Order to Correct Clerical Mistake concerning the Agreed Final Order entered July 28, 2016, regarding Avalon Apartments (HTC #91036/ CMTS 954) — **Jeffrey T Pender**, Deputy General Counsel
c) Presentation, discussion, and possible action regarding the adoption of an Agreed Final Order concerning Westwind Village (HTC 97092 / HOME 537078 / CMTS 1747)
d) Presentation, discussion, and possible action regarding the adoption of an Agreed Final Order concerning Cloverleaf Apartments (HTC 70135 / CMTS 932)
e) Presentation, discussion, and possible action regarding the adoption of an Agreed Final Order concerning Lexington Square Apartments (HTC Exchange 1509009910 / CMTS 4493)

COMMUNITY AFFAIRS

f) Presentation, discussion, and possible action on the Program Year ("PY") 2018 Department of Energy ("DOE") Weatherization Assistance Program ("WAP") State Plan and Awards exclusive of the 2018 Health and Safety Plan — **Michael DeYoung**, Director, Community Affairs
g) Presentation, discussion, and possible action on approval of the Draft Program Year ("PY") 2018 Department of Energy ("DOE") Weatherization Assistance Program ("WAP") Health and Safety Plan for public comment

h) Presentation, discussion, and possible action on release of the Draft FFY 2019 Low Income Home Energy Assistance Program ("LIHEAP") State Plan to be made available for public comment

SINGLE FAMILY OPERATIONS AND SERVICES

i) Presentation, discussion, and possible action authorizing extensions to Neighborhood Stabilization Program 1 ("NSP1") Contracts and Program Income ("NSP1-PI") Reservation Agreements

Homero Cabello
Director
SF Operations & Services

BOND FINANCE

j) Presentation, discussion, and possible action on Resolution No. 18-018 regarding the annual approval of the Department's Investment Policy

Monica Galuski
Chief Investment Officer

k) Presentation, discussion, and possible action on Resolution No. 18-019 regarding the annual approval of the Department's Interest Rate Swap Policy

ASSET MANAGEMENT

l) Presentation, discussion, and possible action to approve a Material Amendment to the Housing Tax Credit ("HTC") Land Use Restriction Agreement ("LURA")

Raquel Morales
Director
Asset Management

04002	Cricket Hollow Apartments	Willis

m) Presentation, discussion, and possible action regarding a change in the ownership structure of the Development Owner and Developers prior to issuance of IRS Form(s)

17012	Secretariat Apartments	Arlington
17225	Cascade Villas	Wichita Falls

n) Presentation, discussion, and possible action regarding a material amendment to the Housing Tax Credit ("HTC") Application and a change in the ownership structure of the Development Owner, Developer, and Guarantors prior to issuance of IRS Form(s) 8609

17730	Blue Flame Apartments	El Paso

MULTIFAMILY FINANCE

o) Presentation, discussion, and possible action on a Determination Notice for Housing Tax Credits with another Issuer

Marni Holloway
Director, MF Finance

18402	Hampton Homes	Texarkana
18403	HATT Scattered Sites	Texarkana
18404	Robison Terrace	Texarkana
18405	Williams Homes	Texarkana
18406	Bright Street	Texarkana
18414	Prince Hall Gardens	Fort Worth
18415	Hills at Leander	Leander
18416	Commons at Manor Village	Manor

p) Presentation, discussion, and possible action on the re-issuance of a Determination Notice for Housing Tax Credits with another Issuer

17421	Brookwood Apartments	San Antonio
18424	Flora Lofts	Dallas

HOME AND HOMELESSNESS PROGRAMS

q) Presentation, discussion, and possible action on awards for the 2017 HOME Investment Partnerships Program ("HOME") Single Family Programs Homebuyer Assistance ("HBA") and Tenant-Based Rental Assistance ("TBRA") Notice of Funding Availability ("NOFA")

Abigail Versyp
Director
HOME and Homelessness Programs

RULES

r) Presentation, discussion, and possible action regarding proposed amendments to 10 TAC Chapter 23, Single Family HOME Program Rules Subchapter F, Tenant-Based Rental Assistance Program, §23.61 concerning Tenant-Based Rental Assistance ("TBRA") General Requirements, and directing their publication for public comment in the *Texas Register*

Abigail Versyp
Director
HOME and Homelessness Programs

s) Presentation, discussion, and possible action on orders proposing repeal of 10 TAC Chapter 7, Subchapter A, General Provisions, and 10 TAC Chapter 7, Subchapter B, Homeless Housing and Services Program, and orders proposing new 10 TAC Chapter 7, Subchapter A, General Provisions, and 10 TAC Chapter 7, Subchapter B, Homeless Housing and Services Program and directing their publication for public comment in the *Texas Register* — **Abigail Versyp**, Director, HOME and Homelessness Programs

CONSENT AGENDA REPORT ITEMS

ITEM 2: THE BOARD ACCEPTS THE FOLLOWING REPORTS:

a) TDHCA Outreach Activities, (March-April) — **Michael Lyttle**, Chief of External Affairs

b) Report on the Department's Interim Balance Sheet/Statement of Net Position for the period ended February 28, 2018 — **David Cervantes**, Chief Financial Officer

c) Report on the Department's 2nd Quarter Investment Report in accordance with the Public Funds Investment Act ("PFIA")

d) Report on the Department's 2nd Quarter Investment Report relating to funds held under Bond Trust Indentures — **Monica Galuski**, Chief Investment Officer

e) Report on the 2019 QAP Planning Project — **Marni Holloway**, Director, MF Finance

f) Report on the status of Multifamily Direct Loan Application 17510, Brook Haven Supportive Housing

g) Quarterly Report on Texas Homeownership Division Activity — **Cathy Gutierrez**, Director, Texas Homeownership

ACTION ITEMS

ITEM 3: REPORTS

Report on the meeting of the QAP and Multifamily Rules Committee, and possible action regarding any recommendations of that committee on items addressed at its posted meeting of Wednesday, April 25, 2018, including confirmation of the meaning of the plain wording of current statute and rule as it relates to particular scenarios — **Leo Vasquez, III**, Chair, QAP & MF Rules Committee

ITEM 4: MULTIFAMILY FINANCE

Marni Holloway, Director, MF Finance

a) Presentation, discussion, and possible action on a Determination Notice for Housing Tax Credits with another Issuer and an Award of Direct Loan Funds

18412 Lord Road — San Antonio

b) Presentation, discussion, and possible action regarding site eligibility under 10 TAC §10.101(a)(3) of the Uniform Multifamily Rules related to the Undesirable Neighborhood Characteristics for Park Yellowstone Townhomes in Houston

c) Presentation, discussion, and possible action on a waiver relating to 10 TAC §10.101(b)(8), related to Development Accessibility Requirements for Beckley Townhomes in Dallas

d) Presentation, discussion, and possible action on a timely filed appeal of application termination under the Department's Multifamily Program Rules

18250 Sweetbriar Hills Apartments — Jasper

APPENDIX

Multifamily Application Logs

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.B. Goodwin**, Chair

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 ending 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.

Individuals who require auxiliary aids, services or sign language interpreters for this meeting should contact Terri Roeber, ADA Responsible Employee, at 512-475-3959 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

Texas Department of Housing and Community Affairs
RESOLUTION

WHEREAS, Community Action Agencies are nonprofit, and unit of local government organizations, designated under the Economic Opportunity Act of 1964 to serve as "eligible entities" and to ameliorate the effects of poverty and help persons experiencing poverty to transition to self sufficiency;

WHEREAS, Community Action builds and promotes economic stability and enhances stronger communities and the opportunity to live in dignity;

WHEREAS, nationally Community Action has enhanced the lives of millions by providing essential, life-changing services and opportunities;

WHEREAS, Community Action serves 99% of America's counties in rural, suburban, and urban communities, and works towards the goal of ending poverty in our lifetime;

WHEREAS, Texas has a strong vibrant network of Community Action Agencies to deliver Community Action to Texans in need;

WHEREAS, Community Action will continue to implement innovative and cost-effective programs to improve the lives and living conditions of the impoverished; continue to provide support and opportunities for all eligible households in need of assistance; and continue to develop and carry out effective welfare system reforms; and

WHEREAS, the Texas Department of Housing and Community Affairs and the State of Texas support the Community Action network in Texas in working to improve communities and make Texas a better place to live not only during Community Action Month in May, but throughout the entire year;

NOW, therefore, it is hereby

RESOLVED, that the Governing Board of the Texas Department of Housing and Community Affairs does hereby celebrate May 2018, as Community Action Month in Texas, and encourages all Texas individuals and organizations, public and private, to join and work together in this observance of the hard work and dedication of Texas Community Action agencies.

Signed this twenty-sixth day of April 2018.

J. B. Goodwin, Chair	Leslie Bingham Escareño, Vice Chair
Asusena Reséndiz, Member	Sharon Thomason, Member
Paul A. Braden, Member	Leo Vasquez, Member
Timothy K. Irvine, Executive Director	

Texas Department of Housing and Community Affairs

RESOLUTION

WHEREAS, May 2018 is National Mobility Awareness Month, which is dedicated to showing the community at large how Persons with Disabilities can live active, mobile lifestyles, and raise awareness of the mobility solutions available in the local community;

WHEREAS, a goal of the Texas Department of Housing and Community Affairs ("the Department") is to ensure that all Texans have access to safe and decent affordable housing;

WHEREAS, it is the policy of the Department to support equal housing opportunities in the administration of its Single Family and Multifamily Programs, especially in regards to Persons with Disabilities accessing new home construction, home rehabilitation, housing vouchers, and rental assistance programs and services;

WHEREAS, this year, the Department is celebrating eight years of offering the Amy Young Barrier Removal Program, named in honor of the late advocate for Texans with Disabilities who helped shape the state-funded program to improve the quality of life for Persons with Disabilities throughout the State of Texas;

WHEREAS, the Amy Young Barrier Removal Program provides one-time grants of up to $20,000 for Persons with Disabilities, both renters and homeowners earning up to 80% of the Area Median Family Income, who need home modifications to increase accessibility and eliminate hazardous conditions in their homes;

WHEREAS, since 2010, the Amy Young Barrier Removal Program has completed approximately $16.8 million worth of accessibility modifications on approximately 880 homes of Texans with Disabilities, such as constructing roll-in showers, installing shower wands and lever faucets, widening doorways, modifying kitchens and laundry rooms with accessible cabinetry and appliances, building ramps, and improving walkways with handrails, paving, and lighting to accommodate program participants' specific needs;

WHEREAS, the Department applauds the nonprofit organizations and local governments around the state who have become Amy Young Barrier Removal Program Administrators and who advocate for their clients through quality construction, pragmatic solutions, and respectful service; and

WHEREAS, the Department encourages Texans to explore the numerous TDHCA programs and resources related to increasing and maintaining mobility during National Mobility Awareness Month and throughout the year;

NOW, therefore, it is hereby

RESOLVED, that in the pursuit of the goal and responsibility of increasing mobility opportunities of Texans with Disabilities, the Governing Board of the Texas Department of Housing and Community Affairs, does hereby celebrate May 2018 as National Mobility Awareness Month and encourages all Texas individuals and organizations, public and private, to join and work together in this observance of National Mobility Awareness Month.

Signed this Twenty-Sixth Day of April, 2018.

J.B. Goodwin	Leslie Bingham Escareño
Paul A. Braden	Asusena Reséndiz
Sharon Thomason	Leo Vasquez
Timothy K. Irvine, Executive Director	

Consent Agenda

1a

BOARD ACTION REQUEST

BOARD SECRETARY

APRIL 26, 2018

Presentation, discussion, and possible action on Board meeting minutes summaries for January 18, 2018; February 22, 2018; and March 22, 2018

RECOMMENDED ACTION

Approve the Board meeting minutes summaries for January 18, 2018; February 22, 2018; and March 22, 2018

RESOLVED, that the Board meeting minutes summaries for January 1, 2018; February 22, 2018; and March 22, 2018, are hereby approved as presented.

Texas Department of Housing and Community Affairs Governing Board
Board Meeting Minutes Summary
January 18, 2018

On Thursday, the eighteenth day of January 2018, at 8:00 a.m., the regular meeting of the Governing Board ("Board") of the Texas Department of Housing and Community Affairs ("TDHCA" or the "Department") was held in Room JHR 140 of the John H. Reagan Building, 105 W. 15th Street, Austin, Texas.

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

- J.B. Goodwin
- Paul A. Braden
- Asusena Reséndez
- Sharon Thomason

J.B. Goodwin served as Chair, and James "Beau" Eccles, TDHCA General Counsel, served as secretary.

1) The Board unanimously adopted a resolution recognizing February 2018 as Black History Month in Texas.

2) The Board unanimously approved the Consent Agenda as presented.

3) Action Item 3(a) – Quarterly Report on Texas Homeownership Division Activity – was presented by Monica Galuski, TDHCA Chief Investment Officer. The Board unanimously accepted the report.

4) Action Item 3(b) – Report on change in reporting to the Internal Revenue Service ("IRS") regarding eligible basis – was presented by Patricia Murphy, TDHCA Chief of Compliance. Following public comment (listed below), the Board unanimously accepted the report.

- Cynthia Bast, attorney for Locke Lord, provided additional information on the item and also thanked TDHCA staff for working on the matter
- Jean Latsha, Pedcor Investments, provided additional information on the item and also thanked TDHCA staff for working on the matter

5) Action Item 4(a) – Presentation, discussion, and possible action on a Request for Rural Designation under 10 TAC §10.204(5)(B) for the Cameron Park Colonia – was presented by Marni Holloway, TDHCA Director of Multifamily Finance, with additional information from Tim Irvine, TDHCA Executive Director. The Board unanimously approved the request from the applicant for a rural designation.

6) Action Item 4(b) – Presentation, discussion, and possible action regarding site eligibility under 10 TAC §10.101(a)(2), related to Undesirable Site Features for Residences of Stillwater in Georgetown – was presented by Ms. Holloway. Following public comment (listed below), the Board unanimously denied staff recommendation of finding the site ineligible and, by its action, the Board found the site eligible conditioned on the eligibility for complying with HUD requirements on noise mitigation.

- John Shackelford, attorney for the applicant, yielded his time to Jean Latsha, the applicant
- Ms. Latsha testified in opposition to staff recommendation

7) Action Item 4(c) – Presentation, discussion, and possible action regarding an award of Direct Loan funds from the 2017-1 Multifamily Direct Loan Notice of Funding Availability for 17028 The Vineyard on Lancaster, Fort Worth – was presented by Andrew Sinnott, TDHCA Multifamily Loan Program administrator. The Board unanimously approved staff recommendation to make the award.

8) In the midst of the deliberation on Action Item 4(d), the Board went into Executive Session at 9:15 a.m. to receive legal advice from counsel and reconvened in open session at 10:16 a.m. No action was taken in Executive Session.

9) Action Item 4(d) – Presentation, discussion, and possible action regarding the interpretation of provisions of the Qualified Allocation Plan relating to the claiming of disaster points; the timing of submittal of resolutions of local government support or opposition and state representative input letters; and the handling of these matters by staff if they create a change in self-score that would disqualify an applicant for pre-application points – was presented by Ms. Holloway. Following public comment (listed below), the Board unanimously approved a motion that the two-year disaster period in question be measured from the date that the Governor took action to declare the area a disaster area and that all items, including the local government resolution and the state representative letters, must be submitted for the application to be complete.

- Ryan Combs, Palladium, provided information on the item
- Sarah Anderson, S. Anderson Consulting, provided information on the item
- Russ Michaels, attorney representing several tax credit clients, provided information on the item

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

There being no further business to come before the Board, the meeting adjourned at 10:20 a.m.   The next meeting is set for Thursday, February 22, 2018.

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Secretary

Approved:

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Chair

Texas Department of Housing and Community Affairs Governing Board
Board Meeting Minutes Summary
February 22, 2018

On Thursday, the twenty-second day of February 2018, at 8:00 a.m., the regular meeting of the Governing Board ("Board") of the Texas Department of Housing and Community Affairs ("TDHCA" or the "Department") was held in Room JHR 140 of the John H. Reagan Building, 105 W. 15th Street, Austin, Texas.

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

- J.B. Goodwin
- Paul A. Braden
- Asusena Reséndez
- Sharon Thomason
- Leo Vasquez

J.B. Goodwin served as Chair, and James "Beau" Eccles, TDHCA General Counsel, served as secretary.

1) The Board unanimously approved the Consent Agenda as presented.

2) Action Item 2(a) – Presentation, discussion and possible action regarding site eligibility under 10 TAC §10.101(a)(2) related to Undesirable Site Features for 18259 Cannon Courts in Bangs – was presented Sharon Gamble, TDHCA Administrator of the 9% Competitive Housing Tax Credit Program. Following public comment (listed below), the Board unanimously approved the site as eligible.

- Susan Kidwell, Locke Lord attorney representing the applicant, provided additional information on the item
- Sarah Andre, consultant, provided comments on the item

3) Action Item 2(b) – Presentation, discussion and possible action regarding site eligibility under 10 TAC §10.101(a)(3) related to Undesirable Neighborhood Characteristics for Residences of Stillwater in Georgetown – was presented by Marni Holloway, TDHCA Director of Multifamily Finance. The Board unanimously approved staff recommendation to find the site eligible.

4) Action Item 2(c) – Presentation, discussion, and possible action regarding extension of due date for local government resolutions for affected applications in the 2018 Competitive Housing Tax Credit Application Cycle – was presented by Ms. Holloway. The Board unanimously approved staff recommendation to extend the deadline for the resolutions.

5) Chairman Goodwin exercised his discretion on consideration of the order of items on the agenda to take up Action Item 2(e) – Presentation, discussion, and possible action regarding an amendment to the Construction Loan Agreement for TX Majors Place Apartments, LP. Ms. Holloway presented the item. The Board unanimously approved staff recommendation to approve the amendment request.

6) Action Item 2(d) – Presentation, discussion, and possible action on Timely Filed Appeals under any of the Department's Program Rules for 18269 2400 Bryan Street in Dallas, 18159 Rutherford Park in Houston, 18161 Monroe Crossing in Houston, and 18164 Lafayette Park Apartments in La Porte – was presented by Ms. Holloway with additional information from Tim Irvine, TDHCA Executive Director, and Ms. Gamble. Consideration of 18164 Lafayette Park Apartments did not occur as the item was pulled from the agenda by request of the applicant. Following public comment (listed below), the Board unanimously denied staff recommendation on 18159 and 18161 and, as a result of their vote, approved the appeal with the effect that the pre-applications for 18159 and 18161 were timely filed. The Board also upheld staff recommendation to deny the appeal from 18269.

- Tamea Dula, Coats Rose attorney representing 18159 and 18161, testified in opposition to staff recommendation
- Lilly Kathekar, affiliated with the applicant of 18159 and 18161, provided additional information on the matter
- Jeremy Bartholomew, affiliated with the applicant of 18159 and 18161, testified in opposition to staff recommendation
- Steve Ford, developer of 18159 and 18161, testified in opposition to staff recommendation
- Sarah Anderson, S. Anderson Consulting, provided comments on the matter regarding 18159 and 18161
- Claire Palmer, attorney, provided comments on the matter regarding 18159 and 18161
- Claire Palmer, attorney representing 18269, testified in opposition to staff recommendation on the matter regarding 18269
- The Honorable Morgan Meyer, State Representative for Texas House District 108, testified in opposition to staff recommendation on the matter regarding 18269
- Clifford Sparks, City of Dallas, testified in opposition to staff recommendation on the matter regarding 18269

7) In the midst of the deliberation on Action Item 2(d), the Board went into Executive Session at 9:20 a.m. and reconvened in open session at 9:38 a.m. No action was taken in Executive Session.

8) The following public comment was made on matters other than items for which there were posted agenda items:

- Gerry Cichon, Housing Authority of the City of El Paso, provided comments about the status of public housing in El Paso as well as the HUD Rental Assistance Demonstration Program
- Javier Camacho, Housing Authority of the City of El Paso, provided comments about the status of public housing in El Paso as well as the HUD Rental Assistance Demonstration Program

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

There being no further business to come before the Board, the meeting adjourned at 9:57 a.m.   The next meeting is set for Thursday, March 22, 2018.

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Secretary

Approved:

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Chair

Texas Department of Housing and Community Affairs Governing Board
Board Meeting Minutes Summary
March 22, 2018

On Thursday, the twenty-second day of March 2018, at 8:02 a.m., the regular meeting of the Governing Board ("Board") of the Texas Department of Housing and Community Affairs ("TDHCA" or the "Department") was held in Room JHR 140 of the John H. Reagan Building, 105 W. 15th Street, Austin, Texas.

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

- J.B. Goodwin
- Leslie Bingham-Escareño
- Paul A. Braden
- Asusena Reséndez
- Sharon Thomason
- Leo Vasquez

J.B. Goodwin served as Chair, and James "Beau" Eccles, TDHCA General Counsel, served as secretary.

1) The Board unanimously adopted a resolution recognizing April 2018 as Fair Housing Month in Texas.

2) The Board unanimously approved the Consent Agenda as presented.

3) Action Item 3(a) – Report on Department's Fair Housing Activities – was presented by Suzanne Hemphill, TDHCA Fair Housing Project Manager. The Board unanimously accepted the report.

4) Action Item 3(b) – Resident Survey and 2019 QAP Project Plan Report – was presented by Marni Holloway, TDHCA Director of Multifamily Finance. Following public comment (listed below), the Board unanimously accepted the report.

- Sarah Anderson, S. Anderson Consulting, made comments regarding the timing of the rule-making and pre-application due date

5) Action Item 3(c) – Internal Audit of TDHCA Bond Program's Processes and Controls; Action Item 3(d) – Report on the meeting of the Audit and Finance Committee; and Action Item 4 – Review and possible acceptance of State Auditor's Office audit of the TDHCA financial statements were taken together and presented by Mark Scott, TDHCA Director of Internal Auditor. Following public comment (listed below), the Board unanimously accepted the audit and reports.

- Sarah Puerto, State Auditor's Office, provided additional information regarding Action Item 4

6) Action Item 5(a) – Presentation, discussion, and possible action regarding the Issuance of a Governmental Lender Note (The Preserve at Hunters Crossing) Resolution No. 18-015 and a Determination Notice of Housing Tax Credits – was presented by Ms. Holloway. The Board unanimously approved staff recommendation to issue the note and housing tax credits, and approve the resolution.

7) Chairman Goodwin exercised his discretion on consideration of the order of items on the agenda to take up Action Item 5(c) – Presentation, discussion, and possible action regarding site eligibility under 10 TAC §10.101(a)(3) related to Undesirable Neighborhood Characteristics and 10 TAC §10.101(a)(2) of the Uniform Multifamily Rules related to Undesirable Site Features for Anna Dupree Terrace in Houston – presented by Ms. Holloway with additional information from Mr. Irvine. Following public comment (listed below), the Board denied staff recommendation to find the site ineligible and, by its action, determined the site to be eligible.

- Cynthia Bast, Locke Lord and representing the applicant, testified in opposition to staff recommendation
- Bill Elsbree, Creative Property Management, testified in opposition to staff recommendation
- Sandra Massie Hines, youth and elderly homeless advocate, testified in opposition to staff recommendation
- Raynold Richardson, part of the development team, testified in opposition to staff recommendation
- Dr. Murphy D. Simon, Jr., Bethel Institutional Missionary Baptist Church, testified in opposition to staff recommendation

8) Action Item 5(d) – Presentation, discussion, and possible action on a timely filed appeal of Application termination under the Department's Multifamily Program Rules for 18106 Hallsville Estates, Hallsville; and 18109 The Trails at San Angelo, San Angelo – was presented by Ms. Holloway. Following public comment (listed below), the Board approved staff recommendation to deny the appeals with one abstention (Mr. Vasquez).

- Cynthia Bast, Locke Lord and representing the applicant, testified in opposition to staff recommendation
- Sarah Andre, consultant, testified in support of staff recommendation
- Chris Applequist, Generation Housing Development and the applicant, testified in opposition to staff recommendation
- Sarah Anderson, S. Anderson Consulting, testified in support of staff recommendation
- Adrian Iglesias, Generation Housing Development and the applicant, testified in opposition to staff recommendation

9) Action Item 5(e) – Presentation, discussion, and possible action on an Amendment to the 2018-1 Multifamily Direct Loan Notice of Funding Availability – was presented by Ms. Holloway with additional information from Megan Sylvester, TDHCA Federal Compliance Counsel. The Board unanimously approved staff recommendation to approve the amendment.

10) Action Item 5(b) – Presentation, discussion, and possible action regarding the Issuance of Multifamily Housing Revenue Bonds (Springs Apartments) Series 2018 Resolution No. 18-016 and a Determination Notice of Housing Tax Credits – was presented by Ms. Holloway. The Board unanimously approved staff recommendation to issue the bonds and housing tax credits.

11) Action Item 5(f) – Presentation, discussion, and possible action on a request for waiver of rules for Brook Haven Supportive Housing (17510) – was presented by Ms. Holloway. The Board unanimously approved a motion to table the item and asked TDHCA Real Estate Analysis staff to engage in an underwriting analysis on the application.

- Rick Sims, the applicant, testified on the matter

12) The following public comment was made on matters other than items for which there were posted agenda items:

- Joy Horak-Brown, New Hope Housing, provided information on her organization's developments and thanked TDHCA for previous awards
- Cynthia Bast, Locke Lord, provided information on preservation of affordable housing in Texas

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

There being no further business to come before the Board, the meeting adjourned at 10:26 a.m. The next meeting is set for Thursday, March 26, 2018.

____

Secretary

Approved:

____

Chair

1b

BOARD ACTION REQUEST

LEGAL DIVISION

APRIL 26, 2018

Presentation, discussion, and possible action on the adoption of an Order to Correct Clerical Mistake concerning the Agreed Final Order entered July 28, 2016, regarding Avalon Apartments (HTC# 91036 / CMTS 954)

RECOMMENDED ACTION

WHEREAS the Board signed an Agreed Final Order with respect to Avalon Apartments, a 75-unit apartment complex in Arlington, on July 28, 2016, assessing penalties against the former owner, Ms. Flaza Jasaroski, owner of Avalon Apartments, LLC ("Former Owner"), and the new owner, Dante Andrade, Manager of Touro Enterprises LLC, as Manager for Avalon Living, LLC ("New Owner");

WHEREAS, Former Owner was required to, and did pay a $20,000 administrative penalty at the closing of the sale of the property, and New Owner agreed to pay the remaining $42,000 portion of the administrative penalty, to be forgiven if all violations were resolved by New Owner within 180 days of closing;

WHEREAS, New Owner addressed all physical (UPCS) and file monitoring violations within the 180 days required in the Agreed Final Order, but did not timely make certain written notifications to the Department as required in the attachments to the Agreed Final Order, thereby placing New Owner in technical default of the Agreed Final Order, triggering the requirement to pay the remaining $42,000 of the assessed penalty;

WHEREAS, New Owner conducted a rehab of the property in 2017 and 2018 costing approximately $650,000 dollars, placing this property in compliance with applicable rules and regulations for the first time since at least 2009, and New Owner continues to upgrade units out of cash flow;

WHEREAS, the Board wishes to continue to encourage serious, capable buyers, such as New Buyer, to purchase distressed affordable properties and return them to service in the state's available affordable housing stock; and

WHEREAS, the staff mistakenly included language in the Agreed Final Order imposing full penalty liability on the New Owner for, among other things, non-substantive violations of the Order, which was not the intent of the Enforcement Committee, or this Board,

NOW, therefore, it is hereby

RESOLVED, that the above-referenced Agreed Final Order is hereby amended, to reflect that the remaining $42,000 penalty was not intended to be assessed against the New Owner provided the New Owner timely addressed all existing compliance violations, and as so amended, is hereby adopted as the order of this Board.

BACKGROUND

In June 2017, the Enforcement Committee voted to recommend the assessment of $62,000 in administrative penalties against the former owner of Avalon Apartments, Avalon Apartments LLC ("Former Owner"), and the new owner of Avalon Apartments, Avalon Living LLC ("New Owner"). Both parties signed the Agreed Final Order, and the Board signed the Agreed Final Order on July 28, 2016. The Agreed Final Order required that the Former Owner (the party responsible for all of the compliance violations related to the property to date) pay $20,000 of the $62,000 penalty at the closing for the sale of the property. The remaining $42,000 was to be paid by the New Owner if the New Owner failed to complete all of the required corrective actions in a timely manner. It should be noted that on two previous occasions the Former Owner was assessed administrative penalties with respect to this property, but did not complete the ordered corrective actions.

The Former Owner paid the $20,000 at the closing as required in the Order. The New Owner timely completed its rehab of the property, costing approximately $650,000 dollars. The property is now in compliance with all applicable standards for the first time since 2009. New Owner continues to upgrade units out of cash flow.

Though the New Owner addressed all of the outstanding violations, it failed to comply with certain procedural documentation/reporting requirements found in the addenda of the Order, thereby triggering the requirement to pay the remaining $42,000 discussed above. The New Owner promptly addressed these issues upon being notified, and requested that it not be penalized for the oversight.

Upon subsequent review of the language in the Final Order, and upon further with discussion with members of the Enforcement Committee, staff believes the language did not reflect the intent of the recommendation of the Enforcement Committee. The Committee recognizes that the Department is interested in encouraging parties to purchase distressed properties. such as Avalon Apartments, and bring them back into the Department's active affordable housing portfolio.

Specifically, in this case the Legal Division did not adjust its standard ordering language to reflect this important consideration. The Committee confirms that it did not intend for the $42,000 portion of the $62,000 penalty to be collected if the New Owner timely and completely addressed and resolved all prior violations.

The Enforcement Committee has reviewed this proposed Order to Correct Clerical Mistake, and agrees that it now reflects the intent of its original recommendation, and requests that the Board enter this Order to Correct Clerical Mistake correcting the Agreed Final Order of July 28, 2016.

ENFORCEMENT ACTION AGAINST	§	BEFORE THE
AVALON APARTMENTS, L.L.C. WITH	§	TEXAS DEPARTMENT OF
RESPECT TO	§	HOUSING AND
AVALON APARTMENTS	§	COMMUNITY AFFAIRS
(LIHTC FILE # 91036 / CMTS # 954)	§	

ORDER TO CORRECT CLERICAL MISTAKE

On the 28th day of July, 2016, the Governing Board ("Board") of the Texas Department of Housing and Community Affairs ("TDHCA") signed an order ("Agreed Final Order") resolving an enforcement matter against **AVALON APARTMENTS, L.L.C.,** a Texas limited liability corporation. The owner as of July 28, 2016, Ms. Flaza Jasaroski, and the proposed new owner of the property, Dante Andrade, Manager of Touro Enterprises LLC, a Texas limited liability corporation, as manager for Avalon Living LLC, a Texas limited liability company, signed the Agreed Final Order. The transfer to the proposed New Owner was approved by the Department's Asset Management Division, and the sale closed on August 12, 2016.

Certain language included in the Agreed Final Order should not have been included in the ordering paragraphs applying to the proposed new owner. The Board finds that this clerical error will work an injustice against the new owner if not corrected, and does not satisfy the requirements of Tex. Gov't Code §2306.042, regarding factors to consider when assessing administrative penalties.

Upon recommendation of the Legal Division and the Enforcement Committee, the Board makes the following findings of fact and conclusion of law, and enters this order:

FINDINGS OF FACT

1. On July 28, 2016, the Board signed the Agreed Final Order in an enforcement action against Avalon Apartments, L.L.C., a Texas limited liability corporation ("Property") (HTC file No. 91036 / CMTS No. 954 / LDLD No. 102).

2. The Agreed Final Order was signed by the former owner of Avalon Apartments, Avalon Apartments, LLC, by its owner Flaza Jazaroski, and by the current owner, Dante Andrade, Manager of Touro Enterprises LLC, a Texas limited liability corporation, as manager of Avalon Living LLC, a Texas limited liability company.

3. At the time the Agreed Final Order was signed by both parties, they had already entered into a contract for sale of Avalon Apartments to Mr. Andrade, which sale had the approval of the Department's Asset Management Division. Upon sale, control of Avalon Apartments, LLC was to transfer from Ms. Jazoroski to Avalon Living LLC.

4. The Agreed Final Order included a $62,000 penalty, $20,000 of which was to be paid to the Department at closing by the former owner, Ms. Jasaroski (who was responsible for the existing violations) and the remaining $42,000 to be paid by the new owner, Mr. Andrade if

he did not place Avalon Apartments in full compliance with all applicable requirements in the Agreed Final Order within 180 days of the date of closing.

5. Mr. Andrade timely addressed all UPCS and file monitoring violations within the 180 days as required by the Agreed Final Order, bringing the property into full compliance for the first time since at least 2009. Many pre-existing violations could not immediately be fully corrected during the 180 day period, and the Agreed Final Order required Mr. Andrade to submit notices to the Department relating to those violations. Although all substantive requirements of the Agreed Final Order were timely met, there were twelve instances of failure to provide notice to the Department that vacant units were ready for occupancy, three instances of not providing copies to the Department of notices of nonrenewal of leases that had been issued to pre-existing nonqualified households, and one instance of not providing notice to the Department that lease addenda had been signed by all households. There were also four instances of illegible or unsigned employer verifications submitted. Upon being notified of the problems, Mr. Andrade provided corrective documentation as soon as the affected units were vacated by the pre-existing noncompliant households and became available for occupancy by qualified Low Income tenants. Although having placed the property in actual compliance with all substantive physical and file requirements, Mr. Andrade was technically in violation of notification requirements found in the attachments to the Agreed Final Order.

6. Because the new owner did not fully satisfy all conditions of the Agreed Final Order by failing to notify the Department as required in the attachments to the Agreed Final Order, the new owner was notified to pay the remaining $42,000 penalty.

7. Neither the Enforcement Committee nor the Board intended for a new owner, approved by the Asset Management Division, to be subject to the full remaining amount of the penalty simply for failing to timely notify the Department of its efforts to address the prior owner's violations that were not immediately able to be corrected, provided all prior compliance violations were corrected.

8. Staff determined that the new owner, Mr. Dante Andrade, has complied with all substantive terms and conditions of the Agreed Final Order and has satisfactorily addressed all prior compliance violations.

CONCLUSIONS OF LAW

1. The Board retains jurisdiction and authority to enforce or make clerical corrections to its final orders. Tex. Gov't Code §§2306.041-.0503.

2. Correction of this Agreed Final Order is necessary to assure that the penalty assessed in the Agreed Final Order is based on the factors required to be considered in assessing a penalty under Tex. Gov't Code §2306.042.[1]

[1] Requires that the amount of the penalty shall be based on: (1) the seriousness of the violation, (2) history of previous violations, (3) amount necessary to deter future violations, (4) efforts made to correct the violation, and (5) any other matter that justice may require

Based upon the foregoing findings of fact and conclusions of law, the Board of the Texas Department of Housing and Community Affairs orders the following:

IT IS HEREBY ORDERED that numbered paragraph 7, on page 7 of 25 of the Agreed Final Order is amended as indicated below:

> If Buyer timely ~~and fully complies with the terms and conditions of this Agreed Final Order,~~ corrects~~ing~~ 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.

IT IS FURTHER ORDERED that paragraph 8, on page 7 of 25 of the Agreed Final Order is amended as indicated below:

> If Respondent or Buyer fails to timely correct all violations ~~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 this order shall have no precedential value, and is limited to the facts and circumstances in this contested case.

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

(Remainder of page intentionally left blank)

Approved by the Governing Board of TDHCA on April 26, , 2018.

By:
Name: J. B. Goodwin
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 26th day of April, 2018, personally appeared J.B. Goodwin, 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 26th day of April, 2018, 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

1c

BOARD ACTION REQUEST

LEGAL DIVISION

APRIL 26, 2018

Presentation, discussion, and possible action regarding the adoption of an Agreed Final Order concerning Westwind Village (HTC 97092 / HOME 537078 / CMTS 1747)

RECOMMENDED ACTION

WHEREAS, Westwind Village, owned by Westwind Village, a public facility corporation and instrumentality of the Housing Authority of the City of Carrizo Springs, Texas, as successor by merger to Westwind Village Partners, Ltd., a Texas limited partnership ("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, but assessing no administrative penalty; 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 assessing no administrative penalty, but stipulating that violations occurred at Westwind Village (HTC 97092 / HOME 537078 / CMTS 1747), as presented at this meeting, but authorizing staff to make any necessary non-substantive technical corrections, is hereby adopted as the order of this Board.

BACKGROUND

Westwind Village, a public facility corporation and instrumentality of the Housing Authority of the City of Carrizo Springs, Texas, as successor by merger to Westwind Village Partners, Ltd., a Texas limited partnership ("Owner") is the owner of Westwind Village ("Property"), a low income apartment complex composed of 60 units, located in Carrizo Springs, Dimmit County. Records of the Texas Secretary of State list the following members and/or officers: Alfredo Castaneda. CMTS lists Mr. Castaneda as the primary contact for Owner and the property manager. The property is self managed. The onsite manager is Lola Deanda.

The Property is subject to two Land Use Restriction Agreements (collectively, "LURAs") signed in consideration for a housing tax credit allocation in the annual amount of $407,370, and an interest free HOME loan in the total amount of $40,000, to build and operate the Property.

Owner was previously referred for an administrative penalty in 2012, but the referral was closed informally when full corrections were received. Owner was referred a second time for the following violations, with the final violation being resolved on February 23, 2018, after the Enforcement Committee deadline for avoiding the informal conference:

1. Violation for failure to implement updated utility allowance; and
2. Violation for failure to recertify three units on the sixth year of the HOME affordability period.

It is not appropriate to close the current administrative penalty referral with a warning letter because of the missed Committee deadline, however, full resolution was achieved before the informal conference, and Owner has agreed to sign an Agreed Final Order assessing no administrative penalty for noncompliance at Westwind Village, but stipulating that violations had occurred and were not timely corrected.

Consistent with direction from the Department's Enforcement Committee, an Agreed Final Order stipulating that violations occurred is recommended, with no administrative penalty. This will be a reportable item of consideration under previous participation for any new award to the principals of the owner.

ENFORCEMENT ACTION AGAINST	§	BEFORE THE
WESTWIND VILLAGE PARTNERS LTD	§	TEXAS DEPARTMENT OF
WITH RESPECT TO	§	HOUSING AND
WESTWIND VILLAGE	§	COMMUNITY AFFAIRS
(HTC 97092 / HOME 537078 /	§	
CMTS 1747)	§	

AGREED FINAL ORDER

General Remarks and official action taken:

On this 26th day of April, 2018, the Governing Board ("Board") of the Texas Department of Housing and Community Affairs ("TDHCA" or "Department") considered the matter of whether enforcement action should be taken against **WESTWIND VILLAGE**, a public facility corporation and instrumentality of the Housing Authority of the City of Carrizo Springs, Texas, as successor by merger to Westwind Village Partners, Ltd., 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 1997 and 1998, respectively, Respondent was awarded an allocation of Low Income Housing Tax Credits by the Board, in an annual amount of $407,370, along with a HOME loan in the total amount of $40,000, to build and operate Westwind Village ("Property") (HTC file No. 97092 / HOME file No. 537078 /CMTS No. 1747 / LDLD No. 390).

2. Respondent signed two Land Use Restriction Agreements regarding the Property, including a Declaration of Land Use Restrictive Covenants for Low-Income Housing Credits, effective December 9, 1999, and filed of record at Volume 274, Page 200 of the Official Public Records of Real Property of Dimmit County, Texas ("HTC LURA"), and a Land Use Restriction Agreement (Multifamily Properties)(HOME), effective January 28, 1999, and filed of record in the Official Public Records of Real Property of Dimmit County, Texas ("HOME LURA")(together, "LURAs"). In accordance with Section 2 of the HTC LURA and Section 7.7 of the HOME LURA, the LURAs are restrictive covenants/deed restrictions encumbering the property and binding on all successors and assigns for the full term of the LURAs. Respondent is subject to the regulatory authority of TDHCA.

Compliance Violations[1]*:*

3. An on-site monitoring review was conducted on March 28, 2017, 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 July 11, 2017, corrective action deadline was set, however, the following violations were not resolved before the corrective action deadline:
   a. Respondent failed to properly calculate the utility allowance for the property, a violation of 10 TAC §10.614 (Utility Allowances), which requires all developments to establish a utility allowance. The finding was resolved on January 17, 2018, after intervention by the Enforcement Committee.
   b. Respondent failed to provide a tenant income certification and supporting documentation, a violation of 10 TAC §10.612(c)(1) (Tenant File Requirements), which requires developments to recertify each HOME assisted unit every sixth year of the HOME affordability period. Recertification was not fully completed for units 309, 517, and 621. Multiple submissions were made and the violations were ultimately resolved on February 23, 2018, after intervention by the Enforcement Committee.
4. All violations listed above are considered resolved 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 and 10 TAC §2.

2. Respondent is a "housing sponsor" as that term is defined in Tex. Gov't Code §2306.004(14).

[1] Within this Agreed Final Order, all references to violations of TDHCA Compliance Monitoring rules at 10 TAC §§ 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.

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 §10.614 in 2017 by failing to properly calculate and implement an updated utility allowance.

5. Respondent violated 10 TAC §10.612 in 2017 by failing to recertify three households.

6. 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.

7. 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.

8. Because Respondent has violated rules promulgated pursuant to Tex. Gov't Code § 2306.053 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.

9. It is appropriate to assess no administrative penalty in accordance with 10 TAC §2.101

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 not be assessed an administrative penalty.

IT IS FURTHER ORDERED that Respondent shall follow the requirements of 10 TAC §10.406, a copy of which is included at Exhibit 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 April 26, 2018.

By: ______________________
Name: J.B. Goodwin
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 26th day of April, 2018, personally appeared J.B. Goodwin, 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 26th day of April, 2018, 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:

WESTWIND VILLAGE, a public facility corporation and instrumentality of the Housing Authority of the City of Carrizo Springs, Texas

By: ________________________________

Name: ________________________________

Title: ________________________________

Given under my hand and seal of office this ________ day of _____________, 2018.

____
Signature of Notary Public

____
Printed Name of Notary Public

NOTARY PUBLIC IN AND FOR THE STATE OF ______
My Commission Expires:___________

Exhibit 1

Texas Administrative Code

TITLE 10	COMMUNITY DEVELOPMENT
PART 1	TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
CHAPTER 10	UNIFORM MULTIFAMILY RULES
SUBCHAPTER E	POST AWARD AND ASSET MANAGEMENT REQUIREMENTS
RULE §10.406	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

1d

BOARD ACTION REQUEST

LEGAL DIVISION

APRIL 26, 2018

Presentation, discussion, and possible action regarding the adoption of an Agreed Final Order concerning Cloverleaf Apartments (HTC 70135 / CMTS 932)

RECOMMENDED ACTION

WHEREAS, Cloverleaf Apartments, owned by Irving Apartments 2017 LLC ("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, but assessing no administrative penalty; 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, assessing no administrative penalty, but stipulating that violations occurred at Cloverleaf Apartments (HTC 70135 / CMTS 932), as presented at this meeting, but authorizing staff to make any necessary non-substantive technical corrections, is hereby adopted as the order of this Board.

BACKGROUND

Irving Apartments 2017 LLC, a Texas limited liability company ("Owner"), is the owner of Cloverleaf Apartments ("Property"), a low income apartment complex composed of 51 units, located in the City of Irving, Dallas County. Records of the Texas Secretary of State list the following managing members: Sam Retter and Yaacov Hanover. CMTS lists Sam Retter as the primary contact for Owner. The Property is self managed by Mr. Retter.

The Property is subject to a Land Use Restriction Agreement ("LURA") signed by a prior owner in 1990 in consideration for a housing tax credit allocation in the amount of $38,319 to rehabilitate and operate the Property. The current Owner acquired the property in 2017 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. The ownership transfer was later approved by the Department on February 5, 2018.

The current Owner has no history of administrative penalty referrals, but was referred for an administrative penalty after failing to correct the following violations:

1. Failure to implement an updated utility allowance for the property;
2. Failure to maintain a compliant Affirmative Marketing Plan and evidence of associated marketing efforts; and
3. Failure to maintain complete written policies and procedures, including tenant selection criteria.

The violations were referred for an administrative penalty and extensive technical support was provided by the Compliance Division and Legal Division. Ultimately, the final violation was resolved on December 12, 2017, after the Enforcement Committee deadline for avoiding the informal conference. It is not appropriate to close the administrative penalty referral with a warning letter because of the missed Committee deadline, however, full resolution was achieved before the informal conference, and Owner has agreed to sign an Agreed Final Order assessing no administrative penalty for noncompliance at Cloverleaf Apartments, but stipulating that violations had occurred and were not timely corrected. The Agreed Final Order was not presented to the Board previously because staff was waiting to ensure that the ownership transfer request for current ownership was approved before finalizing the Agreed Final Order. The ownership transfer was approved on February 5, 2018.

Consistent with direction from the Department's Enforcement Committee, an Agreed Final Order stipulating that violations occurred is recommended, with no administrative penalty. This will be a reportable item of consideration under previous participation for any new award to the principals of the Owner.

ENFORCEMENT ACTION AGAINST	§	BEFORE THE
IRVING APARTMENTS 2017 LLC	§	TEXAS DEPARTMENT OF
WITH RESPECT TO	§	HOUSING AND
CLOVERLEAF APARTMENTS	§	COMMUNITY AFFAIRS
(HTC FILE # 70135 / CMTS # 932)	§	

AGREED FINAL ORDER

General Remarks and official action taken:

On this 26th day of April, 2018, the Governing Board ("Board") of the Texas Department of Housing and Community Affairs ("TDHCA" or "Department") considered the matter of whether enforcement action should be taken against **IRVING APARTMENTS 2017 LLC,** a Texas limited liability company ("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 1990, Cloverleaf J-V ("Respondent") was awarded an allocation of Low Income Housing Tax Credits by the Board, in an annual amount of $38,319 to rehabilitate Cloverleaf Apartments ("Property") (HTC file No. 70135 / CMTS No. 932 / LDLD No. 381).

2. Respondent signed a land use restriction agreement ("LURA") regarding the Property. The LURA was effective October 20, 1992, and filed of record at Volume 92211, Page 2793 of the Official Public Records of Real Property of Dallas County, Texas ("Records". In accordance with Section 2 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 purchased the Property on April 7, 2017 and is bound to the terms of the LURA in accordance with Section 2 thereof.

4. Respondent is subject to the regulatory authority of TDHCA.

Compliance Violations[1]*:*

5. An on-site monitoring review was conducted on June 30, 2016, to determine whether the property 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. Notification of noncompliance was sent on April 12, 2017, and a July 11, 2017, corrective action deadline was set, however, the following violations were not corrected by Respondent before the corrective action deadline:
    a. Respondent failed to implement an updated utility allowance for the property, a violation of 10 TAC §10.614 (Utility Allowances), which requires all developments to establish a utility allowance. The violation was resolved on December 1, 2017, 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. The violation was resolved on December 12, 2017, after intervention by the Enforcement Committee.
    c. Respondent failed to maintain written tenant selection criteria, a violation of 10 TAC §10.610 (Written Policies and Procedures), which requires all developments to establish written tenant selection criteria that meet minimum TDHCA requirements. The violation was resolved on December 12, 2017, after intervention by the Enforcement Committee.

6. All violations listed above are considered resolved 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 and 10 TAC §2.

2. Respondent is a "housing sponsor" as that term is defined in Tex. Gov't Code §2306.004(14).

[1] Within this Agreed Final Order, all references to violations of TDHCA Compliance Monitoring rules at 10 TAC §§ 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.

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 §10.614 by failing to implement an updated utility allowance.

5. Respondent violated 10 TAC §10.617 by failing to provide a complete affirmative marketing plan.

6. Respondent violated 10 TAC §10.610 by not maintaining written tenant selection criteria meeting TDHCA requirements.

7. 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.

8. 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.

9. Because Respondent has violated rules promulgated pursuant to Tex. Gov't Code § 2306.053 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.

10. It is appropriate to assess no administrative penalty in accordance with 10 TAC §2.101.

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 not be assessed an administrative penalty.

IT IS FURTHER ORDERED that Respondent shall follow the requirements of 10 TAC §10.406, a copy of which is included at Exhibit 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 April 26, , 2018.

By: ______________________________
Name: J.B. Goodwin
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 26th day of April, 2018, personally appeared J.B. Goodwin, 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 26th day of April, 2018, 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:

IRVING APARTMENTS 2017 LLC, Texas limited liability company

By: ________________________________

Name: ________________________________

Title: ________________________________

Given under my hand and seal of office this ________ day of _____________, 2018.

____
Signature of Notary Public

____
Printed Name of Notary Public

NOTARY PUBLIC IN AND FOR THE STATE OF ______
My Commission Expires:___________

Exhibit 1

Texas Administrative Code

TITLE 10	COMMUNITY DEVELOPMENT
PART 1	TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
CHAPTER 10	UNIFORM MULTIFAMILY RULES
SUBCHAPTER E	POST AWARD AND ASSET MANAGEMENT REQUIREMENTS
RULE §10.406	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

1e

BOARD ACTION REQUEST

LEGAL DIVISION

APRIL 26, 2018

Presentation, discussion, and possible action regarding the adoption of an Agreed Final Order concerning Lexington Square Apartments (HTC Exchange File # 1509009910 / CMTS # 4493)

RECOMMENDED ACTION

WHEREAS, Lexington Square Apartments, owned by NHDC Lexington Square Apartments, LP, a Texas limited partnership ("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; 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, assessing no administrative penalty, but stipulating that violations occurred at Lexington Square Apartments (HTC Exchange File # 1509009910 / CMTS # 4493), as presented at this meeting, but authorizing staff to make any necessary non-substantive technical corrections, is hereby adopted as the order of this Board.

BACKGROUND

NHDC Lexington Square Apartments, LP ("Owner") is the owner of Lexington Square ("Property"), a low income apartment complex composed of 80 units, located in the City of Angleton, Brazoria County. Records of the Texas Secretary of State list the following members and/or officers: Sebastiano Sterpa (Director), Armando J Bucelo Jr (Director), Gaven Clingham (Director), G. Allan Kingston (Director), Laura Kuhns (Director, Stephan Larson (Director), Andrew Wright (Director), James Cashion (Director), Steven PonTell (President), Philip Nelson Lee (Secretary), Mike Finn (Treasurer), Joe Thigpen (Director). CMTS lists Michael Finn as the primary contact for Owner, and he identifies himself as the Chief Financial Officer. The property is self managed via National Community Renaissance of CA, with Daniel Lorraine listed in CMTS as its primary contact. The onsite manager is Lolita White.

The Property is subject to a Land Use Restriction Agreement ("LURA") signed in consideration for a housing tax credit exchange subaward in the aggregate amount of $2,997,690 to rehabilitate and operate the Property.

Owner was previously referred for an administrative penalty, but the referral was closed informally when full corrections were received. Owner was referred again during 2017 for the following violations:

1. Failure to maintain a compliant Affirmative Marketing Plan and evidence of associated marketing efforts;
2. Failure to provide evidence of corporate good standing and material participation by a qualified nonprofit; and
3. Failure to provide evidence that six supportive services were being provided.

Corrections were received after the deadline for the Enforcement Committee to receive documentation to be considered at its informal conference. The Compliance Division was able to review the late corrective documentation before the informal conference, and it was found to resolve all violations listed above. It is not appropriate to close the current administrative penalty referral with a warning letter because of the referral history and because corrections were received after a Committee deadline, however, corrective documentation was received before the informal conference to address all violations, and Owner has agreed to sign an Agreed Final Order assessing no administrative penalty for noncompliance at Lexington Square, but stipulating that violations had occurred and were not timely corrected.

Consistent with direction from the Department's Enforcement Committee, an Agreed Final Order stipulating that violations occurred is recommended, with no administrative penalty. This will be a reportable item of consideration under previous participation for any new award to the principals of the owner.

ENFORCEMENT ACTION AGAINST NHDC LEXINGTON SQUARE APARTMENTS, LP WITH RESPECT TO LEXINGTON SQUARE (HTC EXCHANGE FILE # 1509009910 / CMTS # 4493)	§ § § § § § §	BEFORE THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

AGREED FINAL ORDER

General Remarks and official action taken:

On this 26th day of April, 2018, the Governing Board ("Board") of the Texas Department of Housing and Community Affairs ("TDHCA" or "Department") considered the matter of whether enforcement action should be taken against **NHDC LEXINGTON SQUARE APARTMENTS, LP,** 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 2007, Respondent was awarded an allocation of Low Income Housing Tax Credits by the Board. In 2010, Respondent exchanged the original allocation of credits, entering into a Tax Credit Exchange Subaward Agreement for the aggregate amount of $2,997,690, to rehabilitate and operate Lexington Square ("Property") (HTC file No. 1509009910 / CMTS No. 4493 / LDLD No. 334).

2. Respondent signed a land use restriction agreement ("LURA") regarding the Property. The LURA was effective July 13, 2010, and filed of record at Document Number 20100032168 of the Official Public Records of Real Property of Brazoria County, Texas ("Records"), as amended by a First Amendment executed on September 12, 2012, and filed in the Records at Document Number 2012041423.

3. Respondent is subject to the regulatory authority of TDHCA.

Compliance Violations[1]*:*

4. A Fair Housing Team review was conducted on August 11, 2017, to determine whether Respondent was in compliance with requirements to affirmatively market to demographic groups that are considered least likely to apply. The review found that 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. Notifications of noncompliance were sent and a November 9, 2017, corrective action deadline was set, however, the affirmative marketing violations were not corrected before the corrective action deadline. The violation was resolved on March 13, 2018, after intervention by the Enforcement Committee.

5. An on-site monitoring review was conducted on August 17, 2017, 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 29, 2017, corrective action deadline was set, however, the following violations were not corrected before the corrective action deadline:

   a. Respondent failed to provide evidence of corporate good standing and material participation by a qualified nonprofit, a violation of 10 TAC §10.620 which outlines requirements for material participation and a violation of Appendix A of the LURA which requires a qualified nonprofit to control the property and materially participate in its operation and development, as defined by Section 469(h) of the Internal Revenue Code. The violation was resolved on March 8, 2018, after intervention by the Enforcement Committee; and

   b. Respondent failed to provide evidence that six supportive services were being provided, a violation of 10 TAC §10.619 which outlines requirements for supportive services, and a violation of Appendix A of the LURA which provides a list of potential services that could be performed. At the time of the monitoring review, evidence had only been maintained for five services. The violation was resolved on February 23, 2018, after intervention by the Enforcement Committee.

6. All violations listed above are considered resolved at the time of this Order.

[1] Within this Agreed Final Order, all references to violations of TDHCA Compliance Monitoring rules at 10 TAC §§ 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.

CONCLUSIONS OF LAW

1. The Department has jurisdiction over this matter pursuant to Tex. Gov't Code §§2306.041-.0503 and10 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 §10.617 in 2017, by failing to provide a fully compliant affirmative marketing plan.

5. Respondent violated 10 TAC §10.620 and Appendix A of the LURA in 2017, by failing to provide evidence of corporate good standing and material participation by a qualified nonprofit organization.

6. Respondent violated 10 TAC §10.619 and Appendix A of the LURA in 2017, by failing to provide evidence that six supportive services had been provided.

7. 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.

8. 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.

9. Because Respondent has violated rules promulgated pursuant to Tex. Gov't Code § 2306.053 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.

10. It is appropriate to assess no administrative penalty in accordance with 10 TAC §2.101.

[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 not be assessed an administrative penalty.

IT IS FURTHER ORDERED that Respondent shall follow the requirements of 10 TAC §10.406, a copy of which is included at Exhibit 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 April 26, , 2018.

By: ____________________________________
Name: J.B. Goodwin
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 26th day of April, 2018, personally appeared J.B. Goodwin, 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 26th day of April, 2018, 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:

NHDC LEXINGTON SQUARE APARTMENTS, LP,
a Texas limited partnership

By: ______________________________

Name: ______________________________

Title: ______________________________

Given under my hand and seal of office this _______ day of ____________, 2018.

____
Signature of Notary Public

____
Printed Name of Notary Public

NOTARY PUBLIC IN AND FOR THE STATE OF _____
My Commission Expires:__________

Exhibit 1

Texas Administrative Code

TITLE 10	COMMUNITY DEVELOPMENT
PART 1	TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
CHAPTER 10	UNIFORM MULTIFAMILY RULES
SUBCHAPTER E	POST AWARD AND ASSET MANAGEMENT REQUIREMENTS
RULE §10.406	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

1f

BOARD ACTION REQUEST

COMMUNITY AFFAIRS DIVISION

APRIL 26, 2018

Presentation, discussion, and possible action on the Program Year ("PY") 2018 Department of Energy ("DOE") Weatherization Assistance Program ("WAP") State Plan and Awards exclusive of the 2018 Health and Safety Plan

RECOMMENDED ACTION

WHEREAS, the Department develops and submits a State Plan to DOE each year to administer the WAP;

WHEREAS, the Draft PY 2018 DOE WAP State Plan to include the 2018 Health and Safety Plan was approved for release for public comment at the Board meeting of February 22, 2018;

WHEREAS, the public comment period was open from March 9, 2018, to March 28, 2018, wherein no public comment was received;

WHEREAS, technical corrections from DOE were received and are reflected in the DOE WAP State Plan and Awards therein;

WHEREAS, consistent with DOE requirements (10 CFR §440.17) and as permitted by Tex. Gov't Code §2110.005 and 10 TAC §6.408, the Weatherization Assistance Program Policy Advisory Council met on Wednesday, March 28, 2018, by conference call, and upon review and discussion, recommended in favor of the Plan;

WHEREAS, the Department has prepared the Final PY 2018 DOE WAP State Plan exclusive of the 2018 Health and Safety Plan, including a list of the entities to be awarded funds and the proposed award amounts based on the formula contained in 10 TAC §6.404, Distribution of WAP Funds for submission to the DOE;

WHEREAS, the 2018 Health and Safety Plan will be re-released for public comment in a separate Board action during this Board meeting; and

WHEREAS, the Department expects to receive Program Year PY 2018 DOE WAP funds in the amount of $6,067,254, in addition to $1,200,000 in 2017 carryover funds;

NOW, therefore, it is hereby

RESOLVED, that the PY 2018 DOE WAP State Plan exclusive of the Health and Safety Plan, including associated awards in the form presented to this meeting, is hereby approved with authority to make non-substantive technical and grammatical edits and corrections including the clarification that where "staff" is indicated the clause be noted as "Executive Director, or designee;"

FURTHER RESOLVED, that the Executive Director and his designees and each of them be and they hereby are authorized, empowered, and directed, for and on behalf of the Department to submit such plan, together with such grammatical and non-substantive technical corrections as they may deem necessary or advisable, to DOE;

FURTHER RESOLVED, that the awards of PY 2018 DOE WAP funds in the amount of $6,642,954 as indicated in plan Section IV.1 Subgrantees, be and are hereby approved as described therein; and

FURTHER RESOLVED, that subsequent 2018 DOE WAP funds received and 2017 carryover funds will be similarly awarded in accordance with the approved method and formula or as needed to accommodate full utilization of funds among only those providers with ability to expend additional funds.

BACKGROUND

A draft of the 2018 DOE WAP State Plan was approved at the Board meeting of February 22, 2018, for release for public comment. The Draft Plan, which includes the Health and Safety Plan, and announcement of a public hearing was made available on the Department's website and by listserv email distribution, on Thursday, February 22, 2018. The Department conducted a public hearing on Tuesday, March 27, 2018, at 5:00 p.m. Austin local time at Department headquarters in Austin. The public comment period closed at 5:00 p.m. Austin local time on Wednesday, March 28, 2018. No public comment was received; however, comments were received from DOE which included administrative, technical, and clarification corrections. Administrative corrections were related to ensuring that attachments are reviewed and submitted with the Plan. Technical corrections were related to budgeting and budget justification, production estimates, and grammatical corrections. Clarification corrections were related to an analysis of past and future weatherization expenditure and performance and steps for improvement.

DOE regulations also require a Weatherization Assistance Program Policy Advisory Council ("WAP PAC") be designated in the Plan in order to provide guidance and comment on the plan. The WAP PAC members are appointed by the Department and broadly represent organizations and agencies throughout the State that represent low-income persons.

The WAP PAC meeting occurred on Wednesday, March 28, 2018, by conference call. After receiving an overview of the Weatherization Assistance Program and the Draft PY 2018 DOE WAP State Plan from Department staff, members reviewed and discussed the Plan and public comment, and all present members expressed support for the Plan.

Since the release of the Plan for public comment on February 22, 2018, Department staff became aware of new guidance from DOE regarding the Health and Safety Plan. To ensure that Plan is compliant, revisions are being made to the version that had originally been presented to the Board on February 22, 2018. Therefore, in a separate Board action at this Board meeting, the Department is requesting Board approval to re-release the 2018 Health and Safety Plan for public comment.

DOE Weatherization funding provides for the installation of weatherization measures to increase energy efficiency of a home including caulking, weather-stripping, adding ceiling, wall, and floor insulation, patching holes in the building envelope, duct work, and repair or replacement of energy inefficient heating and cooling systems. Additionally, the funds allow for Subgrantees to complete financial audits, household energy audits, outreach and engagement activities, and program administration. Further, funding provides for State administration and State training and technical assistance activities.

For PY 2018, of the $7,267,254 (DOE issued funds in addition to 2017 carryover funds), $6,642,954 will be distributed to Subrecipients as listed in the table below while the remaining $624,300 will be allocated to the Department's administrative and training and technical assistance functions.

The Plan includes awards of funds to entities.

The Previous Participation Rule (10 TAC, Chapter 1, Subchapter C, §1.302) includes a review of DOE WAP awards prior to contract execution. The review has been performed and awards are recommended by the Executive Award Review and Advisory Committee ("EARAC") with conditions for the following entities:

Agency	EARAC Recommendation Status
City of Fort Worth	Approved conditioned upon resolving the open findings identified during the February 28, 2018 monitoring report. The condition must be met prior to the contract execution but not to exceed 90 days from Board approval.
Nueces County Community Action Agency	Approved conditioned upon having all weatherization staff successfully complete the already scheduled training with the Department on April 19-20, 2018. This condition must be met prior to the contract execution, but not to exceed 90 days from Board approval.
Texoma Council of Governments	Approved conditioned upon having all weatherization staff schedule a training with the Department. This condition must be met prior to the contract execution, but not to exceed 90 days from Board approval.

PY 2018 Department of Energy ("DOE") Weatherization Assistance Program ("WAP") Awards

	SUBRECIPIENT	Award ($)
1	Alamo Area Council of Governments	553,705
2	BakerRipley#	848,451
3	Big Bend Community Action Committee	89,177
4	Brazos Valley Community Action Program	218,033
5	City of Fort Worth*	324,310
6	Combined Community Action, Inc.	140,851

7	Community Action Committee of Victoria Texas	196,654
8	Community Action Corporation of South Texas	756,140
9	Community Council of South Central Texas, Inc.	128,486
10	Concho Valley Community Action Agency	116,339
11	Dallas County Health and Human Services#	533,267
12	Economic Opportunities Advancement Corporation#	184,925
13	El Paso Community Action Program, Project Bravo#	301,284
14	Area currently served by the Greater East Texas Community Action Program**	621,473
15	Hill Country Community Action Association, Inc.	175,763
16	Nueces County Community Action Agency*	103,738
17	Panhandle Community Services	179,147
18	Rolling Plains Management Corporation	282,681
19	South Plains Community Action Association, Inc.	161,881
20	Texoma Council of Governments*	351,450
21	Travis County Health and Human Services and Veterans Services#	198,024
22	West Texas Opportunities	177,175
	Total	$6,642,954

* - See condition to award noted in table above
** - EARAC has not yet made a recommendation for this award. This action will be taken at a subsequent meeting.
# - Notes to the Board from EARAC:

- BakerRipley is recommended for award, but still is resolving findings identified in the single audit to Department satisfaction prior to contract execution.
- Dallas County Health and Human Services is recommended for award, but still is submitting their disclosure of litigation to the Department prior to contract execution.
- Economic Opportunities Advancement Corporation is recommended for award, but still is resolving findings identified in the single audit to Department satisfaction prior to contract execution.
- El Paso Community Action Program, Project Bravo is recommended for award, but still is resolving findings related to an incomplete CSBG Board structure (unrelated to WAP for which this award was approved).
- Travis County Health and Human Services and Veterans Services is recommended for award, but still is submitting their disclosure of litigation to the Department prior to contract execution.

OMB Number: 4040-004
Expiration Date: 10/31/2019

APPLICATION FOR FEDERAL ASSISTANCE SF-424

Version 02

1. Type of Submission:
- [ ] Preapplication
- [x] Application
- [ ] Changed/Corrected Application

2. Type of Application:
- [ ] New
- [x] Continuation
- [ ] Revision

If Revision, select appropriate letter(s)

Other (specify):

3. Date Received

4. Applicant Identifier:

5a. Fed Entity Identifier:

5b. Federal Award Identifier: DE-EE0007952

State Use Only:

6. Date Received by State: 07/01/2018

7. State Application Identifier: TX-W-200

8. APPLICANT INFORMATION:

a. Legal Name: State of Texas

b. Employer/Taxpayer Identification Number (EIN/TIN): 742610542

c. Organizational DUNS: 806781902

d. Address:

Street 1: P.O. BOX 13941

Street 2:

City: Austin

County:

State: TX

Province:

Country: U.S.A.

Zip / Postal Code: 787113941

e. Organizational Unit:

Department Name: Texas Department of Housing and Community Affairs

Division Name: Community Affairs Division

f. Name and contact information of person to be contacted on matters involving this application:

Prefix: Mr

First Name: Michael

Middle Name:

Last Name: DeYoung

Suffix:

Title: Community Affairs Division Director

Organizational Affiliation: Texas Dept. of Housing and Community Affairs

Telephone Number: 5124752125

Fax Number: 5124753935

Email: michael.deyoung@tdhca.state.tx.us

APPLICATION FOR FEDERAL ASSISTANCE SF-424

Version 02

9. Type of Applicant:

A State Government

10. Name of Federal Agency:

U. S. Department of Energy

11. Catalog of Federal Domestic Assistance Number:

81.042

CFDA Title:

Weatherization Assistance Program

12. Funding Opportunity Number:

DE-WAP-0002018

Title:

2018 Weatherization Assistance Program Funding

13. Competition Identification Number:

Title:

14. Areas Affected by Project (Cities, Counties, States, etc.):

Statewide

15. Descriptive Title of Applicant's Project:

Provide Statewide Weatherization Assistance

OMB Number: 4040-004
Expiration Date: 10/31/2019

APPLICATION FOR FEDERAL ASSISTANCE SF-424 Version 02

16.Congressional District Of:

a. Applicant: Texas Congressional District 01 b. Program/Project: TX-Statewide

Attach an additional list of Program/Project Congressional Districts if needed:

17. Proposed Project:

a. Start Date: 07/01/2018 b. End Date: 06/30/2019

18. Estimated Funding ($):

a. Federal	6,067,254.00
b. Applicant	0.00
c. State	0.00
d. Local	0.00
e. Other	0.00
f. Program Income	0.00
g. TOTAL	6,067,254.00

19. Is Application subject to Review By State Under Executive Order 12372 Process?:

☐ a. This application was made available to the State under the Executive Order 12372 Process for review on:

☐ b. Program is subject to E.O. 12372 but has not been selected by the State for review.

☒ c. Program is not covered by E.O. 12372

20. Is the applicant Delinquent On Any Federal Debt? (If "Yes", provide explanation)

No

21. By signing this application, I certify (1) to the statements contained in the list of certifications and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances** and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U.S. Code Title 218, Section 1001)**

☐ I AGREE

** The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions.

Authorized Representative:

Prefix: Mr First Name: Timothy

Middle Name: K.

Last Name: Irvine

Suffix:

Title: Executive Director

Telephone Number: 5124753296 Fax Number: 5124753858

Email: tim.irvine@tdhca.state.tx.us

Signature of Authorized Representative: **Date Signed:**

Standard Form 424 (Revised 10/2005)
Prescribed by OMB Circular A-102

OMB Approval No. 0348-0044

BUDGET INFORMATION - Non-Construction Programs

1. Program/Project Identification No. EE0007952	2. Program/Project Title Weatherization Assistance Program
3. Name and Address: State of Texas, P.O. BOX 13941, Austin, TX 787113941	4. Program/Project Start Date 07/01/2018
	5. Completion Date 06/30/2019

SECTION A - BUDGET SUMMARY

Grant Program Function or Activity (a)	Federal Catalog No. (b)	Estimated Unobligated Funds		New or Revised Budget		
		Federal (c)	Non-Federal (d)	Federal (e)	Non-Federal (f)	Total (g)
1. 2018 WAP Formula Funds	81.042	$ 1,200,000.00		$ 6,067,254.00		$ 7,267,254.00
2. STATE			$ 0.00		$ 0.00	$ 0.00
3.						
4.						
5. TOTAL		$ 1,200,000.00	$ 0.00	$ 6,067,254.00	$ 0.00	$ 7,267,254.00

SECTION B - BUDGET CATEGORIES

6. Object Class Categories	Grant Program, Function or Activity				Total
	(1) GRANTEE ADMINISTRATION	(2) SUBGRANTEE ADMINISTR	(3) GRANTEE T&TA	(4) SUBGRANTEE T&TA	(5)
a. Personnel	$ 171,053.00	$ 0.00	$ 158,343.00	$ 0.00	$ 329,396.00
b. Fringe Benefits	$ 42,763.00	$ 0.00	$ 39,586.00	$ 0.00	$ 82,349.00
c. Travel	$ 0.00	$ 0.00	$ 27,720.00	$ 0.00	$ 27,720.00
d. Equipment	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00
e. Supplies	$ 3,000.00	$ 0.00	$ 1,875.00	$ 0.00	$ 4,875.00
f. Contract	$ 0.00	$ 408,567.00	$ 22,000.00	$ 506,550.00	$ 6,664,954.00
g. Construction	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00
h. Other Direct Costs	$ 10,428.00	$ 0.00	$ 950.00	$ 0.00	$ 11,378.00
i. Total Direct Charges	$ 227,244.00	$ 408,567.00	$ 250,474.00	$ 506,550.00	$ 7,120,672.00
j. Indirect Costs	$ 76,119.00	$ 0.00	$ 70,463.00	$ 0.00	$ 146,582.00
k. Totals	$ 303,363.00	$ 408,567.00	$ 320,937.00	$ 506,550.00	$ 7,267,254.00
7. Program Income	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00

OMB Approval No. 0348-0044

BUDGET INFORMATION - Non-Construction Programs

1. Program/Project Identification No. EE0007952	2. Program/Project Title Weatherization Assistance Program	
3. Name and Address	State of Texas P.O. BOX 13941 Austin, TX 787113941	4. Program/Project Start Date 07/01/2018 5. Completion Date 06/30/2019

SECTION A - BUDGET SUMMARY

Grant Program Function or Activity (a)	Federal Catalog No. (b)	Estimated Unobligated Funds		New or Revised Budget		
		Federal (c)	Non-Federal (d)	Federal (e)	Non-Federal (f)	Total (g)
1.						
2.						
3.						
4.						
5. TOTAL		$ 1,200,000.00	$ 0.00	$ 6,067,254.00	$ 0.00	$ 7,267,254.00

SECTION B - BUDGET CATEGORIES

6. Object Class Categories	Grant Program, Function or Activity				Total
	(1) PROGRAM OPERATION S	(2) HEALTH AND SAFETY	(3) LIABILITY INSURANCE	(4) FINANCIAL AUDITS	(5)
a. Personnel	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 329,396.00
b. Fringe Benefits	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 82,349.00
c. Travel	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 27,720.00
d. Equipment	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00
e. Supplies	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 4,875.00
f. Contract	$ 4,748,548.00	$ 837,979.00	$ 123,710.00	$ 17,600.00	$ 6,664,954.00
g. Construction	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00
h. Other Direct Costs	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 11,378.00
i. Total Direct Charges	$ 4,748,548.00	$ 837,979.00	$ 123,710.00	$ 17,600.00	$ 7,120,672.00
j. Indirect Costs	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 146,582.00
k. Totals	$ 4,748,548.00	$ 837,979.00	$ 123,710.00	$ 17,600.00	$ 7,267,254.00
7. Program Income	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00

OMB Control No: 1910-5127
Expiration Date: 02/29/2020

U.S. Department of Energy

WEATHERIZATION ASSISTANCE PROGRAM (WAP)

WEATHERIZATION ANNUAL FILE WORKSHEET

(Grant Number: EE0007952, State: TX, Program Year: 2018)

IV.1 Subgrantees

Subgrantee (City)	Planned Funds/Units
Alamo Area Council of Governments (San Antonio)	$553,705.00 77
BakerRipley (Houston)	$848,451.00 121
Big Bend Community Action Committee (Marfa)	$89,177.00 9
Brazos Valley Community Action Program (College Station)	$218,033.00 27
Combined Community Action, Inc. (Giddings)	$140,851.00 16
Community Action Committee of Victoria Texas (Victoria)	$196,654.00 24
Community Action Corporation of South Texas (Alice)	$756,140.00 107
Community Council of South Central Texas, Inc (Seguin)	$128,486.00 14
Concho Valley Community Action Agency (San Angelo)	$116,339.00 13
Dallas County Health & Human Services (Dallas)	$533,267.00 74
Economic Opportunities Advancement Corporation (Waco)	$184,925.00 22
El Paso Community Action Program, Project Bravo (El Paso)	$301,284.00 39
Fort Worth, City of (Fort Worth)	$324,310.00 42
Greater East Texas Community Action Program (Nacogdoches)	$621,473.00 87
Hill Country Community Action Association, Inc. (San Saba)	$175,763.00 21
Nueces County Community Action Agency (Corpus Christi)	$103,738.00 11
Panhandle Community Services (Amarillo)	$179,147.00 21
Rolling Plains Management Corporation (Crowell)	$282,681.00 36
South Plains Community Action Association, Inc. (Levelland)	$161,881.00 19
Texoma Council of Governments (Sherman)	$351,450.00 46
Travis County Health and Human Services and Veterans Services (Austin)	$198,024.00 24
West Texas Opportunities (Lamesa)	$177,175.00 21
Total:	**$6,642,954.00** **871**

U.S. Department of Energy

WEATHERIZATION ASSISTANCE PROGRAM (WAP)

WEATHERIZATION ANNUAL FILE WORKSHEET

(Grant Number: EE0007952, State: TX, Program Year: 2018)

IV.2 WAP Production Schedule

Weatherization Plans	Units
Total Units (excluding reweatherized)	871
Reweatherized Units	0

Note: Planned units by quarter or category are no longer required, no information required for persons.

Average Unit Costs, Units subject to DOE Project Rules		
VEHICLE & EQUIPMENT AVERAGE COST PER DWELLING UNIT (DOE RULES)		
A	Total Vehicles & Equipment ($5,000 or more) Budget	$0.00
B	Total Units Weatherized	871
C	Total Units Reweatherized	00
D	Total Dwelling Units to be Weatherized and Reweatherized (B + C)	871
E	Average Vehicles & Equipment Acquisition Cost per Unit (A divided by D)	$0.00
AVERAGE COST PER DWELLING UNIT (DOE RULES)		
F	Total Funds for Program Operations	$4,748,548.00
G	Total Dwelling Units to be Weatherized and Reweatherized (from line D)	871
H	Average Program Operations Costs per Unit (F divided by G)	$5,451.83
I	Average Vehicles & Equipment Acquisition Cost per Unit (from line E)	$0.00
J	Total Average Cost per Dwelling (H plus I)	$5,451.83

IV.3 Energy Savings

Method used to calculate savings: ☑ WAP algorithm ☐ Other (describe below)

	Units	Savings Calculator (MBtus)	Energy Savings
This Year Estimate	871	29.3	25520
Prior Year Estimate	439	29.3	12863
Prior Year Actual	162	29.3	4747

Method used to calculate savings description:

IV.4 DOE-Funded Leveraging Activities

N/A

IV.5 Policy Advisory Council Members

☐ Check if an existing state council or commision serves in this category and add name below

Combined Community Action Inc.	Type of organization: Non-profit (not a financial institution) Contact Name: Kelly Franke Phone: (979)540-2985 Email: KJFranke@ccaction.com
Greater East Texas Community Action Program	Type of organization: Non-profit (not a financial institution) Contact Name: Karen Swenson, Executive Director Phone: (936)564-2491 Email: kswenson@sbcglobal.net
Health and Human Services Commission	Type of organization: Unit of State Government Contact Name: Toni Packard Phone: 5124384290 Email: toni.packard@hhsc.state.tx.us

U.S. Department of Energy

WEATHERIZATION ASSISTANCE PROGRAM (WAP)

WEATHERIZATION ANNUAL FILE WORKSHEET

(Grant Number: EE0007952, State: TX, Program Year: 2018)

IV.6 State Plan Hearings (Note: attach notes and transcripts to the SF-424)

Date Held	Newspapers that publicized the hearings and the dates the notice ran
03/27/2018	Public Hearing for the DOE State Plan begins at 5:00 pm (CST).
06/28/2018	Final Health and Safety Plan to be presented at TDHCA Board of Directors meeting for approval if substantive public comment was received. The meeting would also serve as a Public Hearing.
02/22/2018	Draft State Plan and Notice of Public Hearing posted on the TDHCA website; public listserve announcement sent announcing availability of Draft State Plan and public hearing details.
04/26/2018	TDHCA Board of Directors authorizes release of Draft Health and Safety Plan for public comment.
03/28/2018	WAPAC meeting regarding DOE State Plan.
05/23/2018	Public Hearing for the Health and Safety Plan begins at 10:30 am (CST).
05/24/2018	Public comment period for the Draft Health and Safety Plan ends at 12:00 pm (CST).
04/26/2018	Final DOE State Plan and list of awardees to be presented at TDHCA Board of Directors meeting for approval. The meeting will also serve as a Public Hearing.
03/28/2018	Comment period for the DOE State Plan ends at 5:00 pm (CST).
05/24/2018	WAPAC meeting regarding the Health and Safety Plan.
04/26/2018	Draft Health and Safety Plan and Notice of Public Hearing posted on the TDHCA website; public listserve announcement sent announcing availability of Draft Health and Safety Plan and public hearing details.
03/09/2018	Announcement of Public Hearing for Draft State Plan published in Texas Register. Public comment period for Draft State Plan begins.
05/11/2018	Announcement of Public Hearing for Draft Health and Safety Plan published in Texas Register. Public comment period for Draft Health and Safety Plan begins.
02/22/2018	TDHCA Board of Directors authorizes release of Draft State Plan for public comment.

IV.7 Miscellaneous

Recipient Business Officer
Michael De Young
Michael.deyoung@tdhca.state.tx.us
221 East 11th Street
Austin, Texas 78701
(512) 475-2125

Recipient Principal Investigator
Michael De Young
Michael.deyoung@tdhca.state.tx.us
221 East 11th Street
Austin, Texas 78701
(512) 475-2125

Policy Advisory Council
The Policy Advisory Council ("PAC") is broadly representative of organizations and agencies and provides balance, background, and sensitivity with respect to solving the problems of low-income persons, including weatherization and energy conservation problems. Historically, the PAC has met annually after the public hearing for the DOE plan.

The low-income elderly population is represented by the PAC members from Combined Community Action and the Greater East Texas Community Action Program. The low-income persons with disabilities population is represented by the PAC member from the Health and Human Services Commission.

Liability Insurance
The liability insurance separate line item includes pollution occurrence insurance in addition to the general liability insurance. Most regular liability insurance policies do not provide coverage for potential effects of many heatlh and safety measures, such as lead distrubances and other pollution occurrence items. The Department strongly recommends the Subgrantees require their contractors to carry pollution occurrence insurance to avoid liability for any mistakes the contractors may make. Each Subgrantee should get a legal opinion regarding the best course to take for implementing the pollution occurrence insurance coverage.

U.S. Department of Energy

WEATHERIZATION ASSISTANCE PROGRAM (WAP)

STATE PLAN/MASTER FILE WORKSHEET

(Grant Number: EE0007952, State: TX, Program Year: 2018)

This worksheet should be completed as specified in Section III of the Weatherization Assistance Program Application Package.

V.1 Eligibility

V.1.1 Approach to Determining Client Eligibility

Provide a description of the definition of income used to determine eligibility

Applicants whose income is at or below 200% of the Federal Poverty Income Guidelines are eligible for the DOE Weatherization Program.

Describe what household eligibility basis will be used in the Program

During the LIHEAP application process, households will be screened for DOE Weatherization benefits and determined eligible if their income is at or below 200% of the Federal Poverty Income Guidelines.

Describe the process for ensuring qualified aliens are eligible for weatherization benefits

The Welfare Reform Act, officially referred to as the Personal Responsibility and Work Opportunity Act of 1996, H.R. 3734, placed specific restrictions on the eligibility of aliens for "Federal means-tested public benefits" for a period of five years. As defined in a Federal Register notice dated August 26, 1997 (62 FR 45256) the Department of Health and Human Services (HHS) is interpreting "Federal means-tested public benefits" to include only those benefits provided under Federal means-tested, mandatory spending programs. HHS Information Memorandum LIHEAP-IM-25 dated August 28, 1997, states that all qualified aliens, regardless of when they entered the U.S., continue to be eligible to receive assistance and services under the Low-Income Home Energy Assistance Program (LIHEAP) if they meet other program requirements.

To ensure program continuity between LIHEAP and DOE Weatherization for the many Subgrantees operating both programs, the DOE Weatherization Assistance Program will follow the interpretation as adopted by HHS. A possible area of confusion resides in the types of local agencies that are exempt/nonexempt from "status verification requirements." Local agencies that are both charitable and nonprofit would be exempt, which comprise about three-quarters of the local agency network. However, those agencies which are designated as local government agencies operating the Weatherization Assistance Program and do not subgrant eligibility determination to a qualified nonprofit organization would not be exempt and, therefore, must conduct "status verification." WAP Subgrantees that are not exempt shall use the Systematic Alien Verification for Entitlements (SAVE) system to verify the status of qualified aliens that apply for weatherization services. The Department has provided training to those entities required to use the SAVE system.

The DOE and LIHEAP WAP are in compliance with **LIHEAP-IM-99-10 issued June 15, 1999 states that weatherization in a multifamily building is not a covered activity for status verification.**

V.1.2 Approach to Determining Building Eligibility

Procedures to determine that units weatherized have eligibility documentation

Subgrantees maintain a client file for each unit weatherized, including documented proof that the dwelling unit is an eligible dwelling unit as defined in 10 CFR §440.22. The Department determines that weatherized units have eligibility documentation during monitoring reviews.

Describe Reweatherization compliance

Texas limits reweatherization to 5% of all units weatherized. To ensure the cap is not exceeded, Subgrantees may not reweatherize a unit without prior approval from the Department.

Reweatherization will be allowed on units that have received weatherization prior to September 30, 1994. A new energy audit must be conducted on each unit reweatherized.

Describe what structures are eligible for weatherization

10 TAC §6.403 includes the following definitions which describe structures eligible for weatherization:

Dwelling Unit--A house, including a stationary mobile home, an apartment, a group of rooms, or a single room occupied as separate living quarters.

Multifamily Dwelling Unit--A structure containing more than one Dwelling Unit.

Rental Unit--A Dwelling Unit occupied by a person who pays rent for the use of the Dwelling Unit.

Shelter--A Dwelling Unit or units whose principal purpose is to house on a temporary basis individuals who may or may not be related to one another and who are not living in nursing homes, prisons, or similar institutional care facilities.

Describe how Rental Units/Multifamily Buildings will be addressed

In accordance with 10 CFR §440.22(b)(3), the Department requires that Subgrantees keep on file procedures that address protection of renters' rights, to ensure:

- Written permission of the building owner or his agent before commencing work.
- Cash/in-kind contribution from building owner when feasible.
- Benefits of the services accrue primarily to the low-income tenants residing in such units.
- For a reasonable period of time after completion, the household will not be subjected to rent increases (unless those increases are demonstrably related to other matters other than the weatherization work performed).
  - There are adequate procedures whereby the Grantee can receive tenant complaints and owners can appeal, should rental increases occur.
- No undue or excessive enhancement shall occur to the value of the dwelling unit.
- To secure the federal investment and to address issues of eviction from and sale of property, per 10 CFR §440.22(c), Grantees may seek landlord agreement to placement of a lien (or other contractual restrictions) upon the property being weatherized.

The Department will abide by 10 CFR §440.22, ensuring that not less than 66% of the eligible building units (50% for duplexes and four-unit buildings, and certain eligible types of large multifamily buildings) are eligible units or will become eligible dwelling units within 180 days under a Federal, State or local government program for rehabilitating the building or making similar improvements. WPN 016 provides guidance on Department of Housing and Urban Development ("HUD") and Department of Agriculture ("USDA") multifamily buildings that have been pre-determined to meet income eligibility guidelines. WPN 016 provides guidance on the review and verification required for those buildings. Assessments and client file documentation for rental units and multifamily units are also detailed in the Multifamily Weatherization Best Practice posted on the Department's website at http://www.tdhca.state.tx.us/community-affairs/wap/docs/WAP-BP-MFWeatherization.pdf.

Because large multifamily buildings (buildings containing 25 or more dwelling units or those with shared central heating (i.e. boilers) and/or shared cooling plants (i.e. cooling tower that use water as the coolant) regardless of the number of dwelling units) have different audit requirements, Subgrantees must obtain prior written approval through the Department to use the 50% eligibility, and DOE must approve the proposed activity. The Department will seek DOE approval.

Subgrantees must submit to the Department a request for permisson to weatherize large multifamily buildings. Request for permission must include evidence of significant energy savings. Significant energy savings is defined as items ranked as an SIR of 1.0 or greater in the energy audit.

Describe the deferral Process

A Dwelling Unit shall not be weatherized when there is a potentially harmful situation that may adversely affect the occupants or the Subgrantee's weatherization crew and staff, or when a Dwelling Unit is found to have structural concerns that render the Dwelling Unit unable to benefit from weatherization. The Subgrantee must declare their intent to defer weatherization on an eligible unit on the assessment form. The assessment form must include the client's name and address, dates of the assessment, and the date on which the client was informed of the issue in writing. The written notice to the client must include a clear description of the problem, conditions under which weatherization could continue, the responsibility of all parties involved, and any rights or options the client has. A copy of the notice must be given to the client, and a signed copy placed in the client application file. Only after the issue has been corrected to the satisfaction of the Subgrantee shall weatherization work begin.

If structural concerns or health and safety issues identified (which would be exacerbated by any weatherization work performed) on an individual unit cannot be abated within program rules or within the allowable WAP limits, the unit exceeds the scope of this program.

Should a client request a second opinion on a deferral or walk-away, the Subgrantee is encouraged to contact the appropriate local government inspector to request an inspection of the site. Should the client refuse to have a local government inspector inspect the unit, the crew will note the refusal in the client file, and no work shall be performed on the unit. If the inspector deems that work pending deferral can or should be performed, crews/contractors and contractors are encouraged to work with the inspector's suggestions to make the improvements. However, the inspector does not make the final determination on the amount of work, cost of work, or measures applied to the unit. Should the Subgrantee deem the suggested measures to be financially or programmatically out of the scope of weatherization, the Subgrantee may defer the weatherization work on the unit. Documentation of this determination, whether the weatherization is completed or not, must be included in the client file.

Crewmembers or contractors who work on a unit that could or should be a deferral or walk-away do so at their own risk.

V.1.3 Definition of Children

Definition of children (below age): **18**

V.1.4 Approach to Tribal Organizations

☐ Recommend tribal organization(s) be treated as local applicant?

If YES, Recommendation. If NO, Statement that assistance to low-income tribe members and other low-income persons is equal.

The 70th Texas Legislature created the Native American Restitutionary Program (Oil Overcharge Restitutionary Act, Texas Government Code, Chapter 2305) for the purposes of providing oil overcharge restitution to the Texas Native Americans. In the Texas WAP, the Native-American Indian population is treated and served in the same manner as other applicants.

V.2 Selection of Areas to Be Served

The Texas WAP is available to eligible low-income households in all 254 counties of the state. Subgrantees are held responsible for all intake, eligibility, and weatherization activities. If the Subgrantees' performance record is satisfactory according to both state and federal regulations, then the Department may offer to renew the contract if the Subgrantee so desires. The Department's award committee may decline to recommend an award or place additional conditions on an award based upon its previous participation review as outlined in 10 TAC §1.302.

New or additional DOE subgrantees for counties that become unserved by the DOE WAP will be selected according to DOE regulations found in 10 CFR§440.15 and 10 TAC §1.302. If the Department determines it is necessary to permanently reassign a service area to a new subgrantee, the subgrantee will be chosen in accordance with 10 CFR §440.15. A new or additional subgrantee is defined as a CAA or other public or nonprofit entity that is not currently operating a Department-funded Weatherization Assistance Program. All counties are served by 22 existing entities.

(The Department may deobligate all or part of the funds provided under this contract as outlined in 10 TAC §6.405. A Subgrantee's failure to expend the funds provided under this State plan in a timely manner may also result in the Subgrantee's ineligibility to receive additional funding during the program year.)

Formula Distribution

The Department updates the budget allocation proportion by county and Subgrantee based on poverty income, elderly poverty, median household income (from the 2010 U.S. Census data), and climate data (from the National Climatic Data Center, Climate Normals, 2010), as outlined in 10 TAC §6.404.

The Department allocates funds to Subgrantees by applying a formula based upon the DOE allocation for program year; or if the allocation amount is not known, based on an assumption of level funding from the previous program year. Once the allocation amount is known, the formula is re-run. The allocation formulas reflect the 2010 Census data. If any carryover funds are available, they will be distributed by allocation formula and used to increase the number of units to be weatherized. The Department will adjust guidance to reflect the adjusted average expenditure limit per unit for the program year.

The fund allocations for individual service areas are determined by a 5-factor distribution formula as outlined in 10 TAC §6.404:

(1) Number of non-elderly poverty households per county;
(2) Number of elderly poverty households per county;
(3) Median income variance per county;
(4) Inverse poverty household density ratio per county; and
(5) Heating/Cooling Degree days per county.

V.3 Priorities for Service Delivery

The Department will ensure by contract that its Subgrantees give priority to weatherizing dwellings owned or occupied by low-income persons who are particularly vulnerable such as the Elderly, Persons with Disabilities, Families with Young Children, Households with High Energy Burden, and Households with High Energy Consumption. Applicants from these groups must be placed at the top of a Subgrantee's waiting list. The Department ensures that Subgrantees give proper attention to these requirements through monitoring/evaluation of the Subgrantee.

V.4 Climatic Conditions

The climatic conditions for the State of Texas are imbedded in the algorithms of the Weatherization Assistant (WA 8.9) energy audit software toll engineered by the Oak Ridge National Laboratory for the Department of Energy. As part of the energy audit modeling, the Department requires the Subgrantee Network to select the nearest weather station to the dwelling units. The Weather files imbedded in the WA 8.9 contains 30 year data of Heating and Cooling degree days for each weather station.

As described in the report prepared by the Pacific Northwest National Laboratory & Oak Ridge National Laboratory for the Department of Energy, the state of Texas has several IECC climate zones. http://apps1.eere.energy.gov/buildings/publications/pdfs/building_america/ba_climateguide_7_1.pdf. These climate zones are used as an aid in helping Subgrantees to identify the appropriate climate designation for the counties in which they are providing WAP services. In addition to prescribing appropriate mechanical equipment (example of climate specific measures would be evaporative cooling which may be prescribed in the Hot Dry climate of Texas and not in the Mixed Humid part of Texas) the IRC prescriptive thermal envelope of measures are different. The climate zones found in Texas are as follows:

1. Hot-Humid

A hot-humid climate is defined as a region that receives more than 20 inches (50 cm) of annual precipitation and where one or both of the following occur:

- A 67°F (19.5°C) or higher wet bulb temperature for 3,000 or more hours during the warmest six consecutive months of the year; or
- A 73°F (23°C) or higher wet bulb temperature for 1,500 or more hours during the warmest six consecutive months of the year.

IRC Prescriptive Thermal Envelope Measures:

	Zone 2A and 2B	Zone 3A
Ceiling	R 38	R38
Windows	U 0.40	U 0.35
Walls	R-13	R-13 + 5
Floors	R – 13	R 19
SHGC	0.25	0.25

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2. Hot-Dry

A hot-dry climate is defined as a region that receives less than 20 inches (50 cm) of annual precipitation and where the monthly average outdoor temperature remains above 45°F (7°C) throughout the year.

IRC Prescriptive Thermal Envelope Measures:

Zone 3A and 3B

Ceiling	R38
Windows	U0.35
Walls	R13 + 5
Floors	R 19
SHGC	.025

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3. Mixed-Humid

A mixed-humid climate is defined as a region that receives more than 20 inches (50 cm) of annual precipitation, has approximately 5,400 heating degree days (65°F basis) or fewer, and where the average monthly outdoor temperature drops below 45°F (7°C) during the winter months.

IRC Prescriptive Thermal Envelope Measures:

Zone 3A

Ceiling	R38
Windows	U 0.35
Walls	R13 + 5
Floors	R 19
SHGC	.025

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4. Mixed-Dry

A mixed-dry climate is defined as a region that receives less than 20 inches (50 cm) of annual precipitation, has approximately 5,400 heating degree days (50°F basis) or less, and where the average monthly outdoor temperature drops below 45°F (7°C) during the winter months.

IRC Prescriptive Thermal Envelope Measures:

Zone 4

Ceiling	R49
Windows	U 0.35
Walls	R13 + 5
Floors	R 19

In addition to the 2015 IRC adopted by the State of Texas, several individual cities have adopted amendments to the code. The adoption and amendments to the 2015 IRC impact the WA 8.9 energy audits in that cities are required to evaluate user defined measures to meet the codes adopted by each individual City.

V.5 Type of Weatherization Work to Be Done

V.5.1 Technical Guides and Materials

Technical Guides and Materials

http://www.tdhca.state.tx.us/community-affairs/wap/guidance.htm

Weatherization Tools and Guides

- WAP Production Schedule/Tool (XLS) – Revised 12.30.16
- Weatherization Assistance (NEAT) – Student Guide (PDF) - Revised 11.9.15
- Single-Family Homes: Standard Work Specifications Field Guide (PDF)
- Manufactured Housing: Standard Work Specifications Field Guide (PDF)
- Weatherization FAQs Answered by TDHCA (PDF) – Revised 10.20.17
- DOE-WAP Timeline (PDF) Revised 10.30.15
- LIHEAP-WAP Timeline (PDF) Revised 10.30.15

- Material Installation Standards Manual (2012) (PDF)
- Weatherization Field Guide (2010)
- Mechanical Systems Field Guide (2010)
- Exhaust Fan Flow Meter Quick Guide (PDF)
- International Energy Conservation Code (IECC) Requirements (energycode.pnl.gov)
- Weatherization Reporting Instructions
- Weatherization Monthly Performance Report
- LIHEAP Performance Measures Module User Guide (PDF)
- Checking WAP Reports

Program Administration Forms

- DOE Budget Amendment Form (XLS)
- LIHEAP Budget Amendment Form (XLS)
- WAP Inventory List: Tools and Equipment (DOC fillable)
- Quality Control Inspection (QCI) Form

Assessment Calculators

- AC Replacement Calculator (XLS)
- Degradation Calculator (XLS)
- Refrigerator Replacement Calculator (XLS)
- Sidewall Density Calculation Sheet (XLS)
- ASHRAE 62.2 Calculator (www.residentialenergydynamics.com)

Client and Field Assessment Forms

- QCI Final Inspection Certification Form (PDF)
- Health & Safety Client Questionnaire & Inspection Checklist (PDF)
- LIHEAP Priority List (PDF) – Revised January 2017
- Blower Door and Duct Blower Data Sheet (XLS)
- Unified Notification Form (PDF) – Revised July 2011
- Mold-Like Substance Notification and Release Form (PDF)
- Consumer Mold Information Sheet (PDF)
- Whole House Assessment Sheet (XLSX)
- Refrigerator Replacement Form (DOC fillable)
- Landlord Permission to Perform Assessment (PDF)
- Multi-Family Project Preparation/Completion Checklist (PDF)
- Wall/Attic Inspection Form (XLS)
- Building Weatherization Report (BWR) (XLS) – Revised January 2017

Further, the Department has several Weatherization Best Practices posted at: http://www.tdhca.state.tx.us/communityaffairs/wap/wapbestpractices.htm.

Best Practices are developed based upon repeat questions that require more clarity than simply an FAQ. These have proved highly effective in multiple ways: increased compliance, better understanding on how to assess and proceed, increased consistency across the Network, and reduction in calls for same issues. They often have multiple references and are based upon sound building science principles.

All Subrecipient agreements and vendor contracts active in PY 2015 and beyond contain language which clearly documents the SWS specifications for work quality outlined in WPN 15-4, Section 2. A signed contract shall confirm that the organization understands and agrees to these expectations. Each contract includes a substantially equivalent clause or exhibit:

Materials and Work Standards

A. Subrecipient shall weatherize eligible dwelling units using only weatherization materials which meet or exceed the standards prescribed by DOE in Appendix A of 10 CFR Part 440.

B. All weatherization measures installed shall meet or exceed the standards prescribed by DOE in Weatherization Program Notice (WPN) 15-4 regarding Standard Work Specifications, as detailed in the Department's Standard Work Specifications.

C. All weatherization work must be performed in accordance to the DOE approved energy audit procedures, 10 CFR Part 440 Appendix A, State of Texas adopted International Residential Code (or that of jurisdictions authorized by State law to adopt later editions).

Subgrantee will include the substance of this section in all subcontracts

V.5.2 Energy Audit Procedures

Audit Procedures and Dates Most Recently Approved by DOE

Single-Family :	NEAT: DOE Approved June 2, 2016
Manufactured Housing :	MHEA: DOE Approved June 2, 2016
Multi-Family :	NEAT: 5-24 individually heated and cooled units - DOE Approved June 2, 2016

Comments

V.5.3 Final Inspection

The Department has provided Subgrantees with sufficient T&TA funding to obtain and/or maintain required QCI and MF-QCI certifications by an IREC certified training provider. The Department tracks Subgrantee compliance with unit inspection requirements of WPN 15-4.

The Department has four certified QCI staff, who maintain their certifications. The Department annually requires all Subgrantees to report the following for determining the number of units that the Department will inspect for compliance at each agency:

- Option 1 (at minimum 5% compliance final inspection required)= With multiple QCI staff, this Subrecipient will NOT allow the QCI staff member who conducts the Final Inspection on any/every DOE-funded/reported unit to perform any other aspect(s) associated with that same unit.
  Example: Initial Assessment; NEAT Audit; Work Order; etc
- Option 2 (10% compliance final inspection required)= With limited QCI staff, this Subgrantee will have a QCI staff member conduct the Final Inspection on any/every DOE-funded/reported unit AND will also perform other aspect(s) associated with that same unit.
  Example: Initial Assessment; NEAT Audit; Work Order; etc
- Option 3 (5% compliance final inspection required) = This Subgrantee typically has an independent third-party QCI contractor.
- **NOTE:** As scheduling permits, compliance will conduct 10% final inspections on completed units for Options 1 and 3, as well.

Six Subgrantees have multiple QCI Staff with separation of duties, twelve have limited QCI, and four are using third-party QCIs. All units are inspected by a certified QCI. In addition to final inspections, a completed QCI Final Inspection Certification Form is required. QCI Final Inspection Certification Form (PDF).

The Network is required to follow work standards as per the SWS guidelines. This requirement is within Subgrantee contracts, and the SWS guide is posted on the Department Program Guidance Webpage.

All units must meet DOE requirements and pass a QCI inspection. Any unit that fails to be brought into compliance results in disallowed costs and a finding for the reason(s) of the disallowed cost is issued in the monitoring report. The initial T&TA response to any findings is email guidance providing resources to resolve the findings by the training team. This is then followed by individualized T&TA, or a referral to the appropriate Tier 1 training provider, as deemed appropriate.

V.6 Weatherization Analysis of Effectiveness

Pursuant to 10 TAC, Chapter 1, Subchapter C, §1.302, a review of a Subgrantee’s compliance history in Department programs must be approved by the Department’s Executive Award and Review Advisory Committee ("EARAC") and provided to the Department’s Board of Directors in order that the Board may consider the compliance history and make and document its award decisions with full knowledge of these matters. Prior to the award of DOE funds to any Subgrantee, EARAC reviews:

U.S. Department of Energy

WEATHERIZATION ASSISTANCE PROGRAM (WAP)

STATE PLAN/MASTER FILE WORKSHEET

(Grant Number: EE0007952, State: TX, Program Year: 2018)

1. Summary information regarding findings identified during the last three years; and
2. If the Subgrantee is subject to the requirement of an annual single audit:
   A. A report of any required single audit or single audit certification form that is currently past due; and
   B. If such single audit has been submitted and the most recent single audit report contained findings, a copy of that single audit.

The Subrecipient Monitoring section, within the Compliance Division, submits information regarding its monitoring activity to EARAC. If EARAC finds that a Subgrantee has outstanding monitoring issues, their WAP award may be subject to conditions intended to avoid future noncompliance.

Issues identified during this review point to areas in a Subgrantee that require attention, both from a monitoring standpoint and a T&TA standpoint. The reviews not only hold the Subgrantee accountable, they also give the monitoring and T&TA sections guidance in planning future activities.

T&TA staff is copied on all monitoring reports and/or a staff meeting is held for monitors to debrief T&TA staff after each visit. In those meetings, monitoring staff relay issues found related to individual Subgrantee, as well as, overall trends identified. Following the monitoring report, T&TA staff provide initial email to Subgrantee to provide resources for identified issues. T&TA staff applies debrief information when determining the needs for agency-wide specific T&TA and to plan the curriculum for regional trainings.

Further, Subgrantee performance is reviewed periodically and at the end of the program year. The Department tracks subgrantee performance over time by reviewing their monthly production and expenditure reports. Subgrantees are required to submit a Production Report on the 15th of each month. If staff determines that a benchmark is missed or a subgrantee is falling behind on expenditure and/or production, a letter is issued from the Department and the subgrantee is required to submit a written Mitigation Action Plan.

Additionally, based upon monthly submitted performance and expenditures, individualized TA is provided to ensure full expenditure and an adequate rate of production. T&TA staff anlayzes the reports submitted by subgrantees and provides T&TA when necessary. Such T&TA may include: a course on production oriented management, proper reporting, procurement, and/or other relevant topics.

Analysis of reports includes the following:

- Number of homes completed;
- Number of applications pending;
- Number of homes in progress;
- Contract amount;
- Total funds expended;
- Balance of funds; and
- Special comments

The Department enforces the Deobligation/Reobligation of Awarded Funds rule as laid out in TAC §6.405. While the Department's performance review process has not achieved full expenditure of funds each Program year, the Department is currently researching potential modifications to the process in order to improve. A change that has been made in the past year, for example, is that the Department has revised Jason Gagne's job description to primarily focus on Weatherization. He has been tasked with the responsibility of overseeing the performance and expenditure report and production schedule process. To allow him to focus on Weatherization, Jason has had the responsibility for training other Community Affairs programs removed. Jason is also projected obtain his certification as a QCI in 2018.

It is the objective of the Department to achieve full expenditure for the current program year (PY 2017) and the next (PY 2018); however, Hurricane Harvey's impact was quite devastating to the Texas coast WAP subgrantees and it is yet to be determined how the xpenditure and performance numbers will be affected overall. There were seven of 22 Texas subgrantees affected by Harvey and 26 Texas counties were federally declared disaster counties able to receive federal disaster funds. Harvey not only directly affected the expenditure and production of the seven subgrantees, but also affected the adjacent subgrantees' expenditure and production. Because contractors seek out work for the greatest profit, many in adjacent and nearby subgrantee service areas may have delayed or stopped work altogether in adjacent and outlying subgrantee service areas to profit from the increased amount of work in the areas directly affected by Harvey (e.g. Houston). It remains to be seen if and how expenditure and performance has been affected by Harvey.

V.7 Health and Safety

Attached to SF-424

V.8 Program Management

V.8.1 Overview and Organization

The Department is the state's lead agency responsible for affordable housing and community assistance programs. The Department annually administers funds derived from mortgage revenue bond financing and refinancing, federal grants, and federal tax credits.

In 1991, the 72nd Texas Legislature created the Department. The Department's enabling legislation combined programs from the Texas Housing Agency, the Community Development Block Grant Program from the Texas Department of Commerce, and the Texas Department of Community Affairs.

On September 1, 1992, two programs were transferred to the Department from the Texas Department of Human Services: the Low Income Home Energy Assistance Program and the Emergency Nutrition and Temporary Emergency Relief Program. Effective September 1, 1995, in accordance with House Bill 785, regulation of manufactured housing was transferred to the Department. In accordance with House Bill 7, effective September 1, 2002, the Community Development Block Grant and Local Government Services Programs were transferred to the newly created Office of Rural Community Affairs. Effective September 1, 2002, in accordance with Senate Bill 322, the Manufactured Housing Division became an independent entity administratively attached to TDHCA. As a state agency, the Department is under the authority of the Governor of the State of Texas.

The Department's services are offered through three program categories: Single Family Programs, Multifamily Finance Production, and Community Affairs, which administers the WAP.

The Department subcontracts with a network of Subgrantees that provide the WAP services. The network is comprised of community action agencies (CAAs), regional Councils of Government (COGs), and organizations in the other public or private nonprofit entity category (PPNPs). All network Subgrantees are provided a draft copy of the yearly weatherization state plan and a notice of the state public hearing. The Public and all Subgrantees are invited and encouraged to participate in the public comment process.

Historically, the regular weatherization program year ran from April through March. Starting PY 2015, the weatherization program year has run from July through June.

The Department will continue to administer the program through Subgrantees in accordance with 10 CFR §440.15 provisions and State regulations. If existing Subgrantees are successfully administering the Program, the Department will offer to renew the contract if the Subgrantee so desires and if grant funds are available. When the Department determines that an organization is not administering the program satisfactorily, it may take the following action:

-Correction of the problem(s) with training or technical assistance;
-Re-assignment of the service area (or service area portion) to another Department existing Subgrantee; or,
-Solicitation or selection of a new or additional Subgrantee in accordance with 10 CFR §440.15 provisions.

A new or additional Subgrantee is defined as a CAA or other public or nonprofit entity that is not currently operating a DOE Weatherization Assistance Program.

Consolidation/downsizing: Any downsizing will occur through normal attrition, through a Subgrantee's determination that it can no longer administer the program efficiently/effectively, or through the Department's determination that a Subgrantee can no longer administer the program efficiently/effectively.

Reassignment of service areas for just cause: In the event that a service area can no longer be served by a Subgrantee, the Department reserves the right to reassign service areas. If it appears necessary to permanently reassign the service area, a new Subgrantee may be chosen in an open, competitive solicitation process in accordance with 10 CFR §440.15 or the reassignment may become permanent.

Client Education
The Department requires WAP Subgrantees to provide client education to each WAP client. Subgrantees are required to provide (at a minimum) educational materials in verbal and written format.

V.8.2 Administrative Expenditure Limits

The Department will use 5% of its grant funds for state administration. An additional 5% will be distributed for local WAP field operations under contract. Contract funds are intended for local administration, liability insurance coverage, local fiscal audit, materials, labor, program support and health and safety measures. To help ensure that Subgrantees comply with the full and proper use of all the contract funds, written definitions are to be provided to Subgrantees on budget categories as deemed necessary. The Department has elected to provide the maximum allowable funds for Subgrantee administration to Subgrantees receiving less than $350,000, so it has not included procedures for deciding which Subgrantees will receive additional funds. This decision is based on the following factors:

- Subgrantees often have to rely on other programs for WAP outreach and other administrative support;
- Subgrantees have had to adjust budgeting to keep pace with cost-of-living increases -- staff salaries, fringe benefits, rent, postage, travel, etc.;
- The State of Texas is 877 miles from Northern to Southern tips, 834 miles from Eastern to Western tips, and is comprised of a total of 266,807 square miles. The extra geography that Subgrantees have to cover to serve all the area's clients equitably requires additional staff, staff time, postage and phone costs, and vehicle wear and maintenance. (Source of Mileage Data: Texas Department of Transportation);
- Salaries, space, utilities, telephone, and similar costs associated with program support personnel should be charged to program support; and
- The increasing cost of maintaining appropriate qualified staff is challenging.

For Subgrantees receiving over $350,000, the administrative allowance will be 5% of each subgrant. For Subgrantees receiving less than $350,000, the administrative allowance will be 10% of each subgrant.

V.8.3 Monitoring Activities

The Department will monitor the Weatherization Assistance Program ("WAP") with the Monitoring staff included in the budget. Subgrantee is defined as an organization with whom the Department contracts and provides WAP funds.

Names and credentials of Department staff dedicated to monitoring DOE activities follow. Monitoring staff are paid out of Grantee Administration and the Grantee T&TA (see the Budget Explanation, Personnel line item, for detailed information on the percentages allocated from each budget category.

- Robert Moore - over 8 years of weatherization experience as a Texas WAP Subgrantee, QCI certified, BPI & Lead certified, OSHA30

- Robert Kunz - over 7 years of weatherization experience as a Texas WAP Subgrantee, QCI certified, BPI & Lead certified, OSHA30

- Kevin Glienke – over 8 years of weatherization monitoring experience; BPI Certified; has attended DOE sponsored conferences; QCI certified.

(All staff listed above conduct fiscal/administrative and technical assistance monitoring activities)

Complance Subrecipient Monitoring is stafffed with nine additional monitors not dedicated to weatherization. All of these qualified monitors may be tasked with fiscal and programmatic activities though funds provided by this State plan.

The Department will monitor each of the DOE Subgrantees during the contract period which will be July 1, 2018 through June 30, 2019. Many of the DOE Subgrantees also receive funds through the Department of Health and Human Services Community Service Block Grant and Low Income Home Energy Assistance Program. Whenever possible, all three programs will be monitored during one visit to the Subgrantee.

(See attached PY2018 Tentative Monitoring Schedule)

The Department understands DOE's expectation and will conduct at least one on-site visit annually to each Subrecipient for technical and fiscal/administrative monitoring.

Financial and Administrative monitoring will include, at minimum, a review of the Subgrantee's General Ledgers and policies and procedures (including procurement) as well as support documentation for reported expenditures. These documents will be reviewed to ensure compliance with DOE, Department and other applicable rules and regulations. Through sampled client file monitoring, the Department will ensure that program beneficiaries are eligible low-income families. Through sampled unit inspections, Department staff will ensure that installed measures are allowable and meet or exceed DOE requirements. The Department will review whether charged measures were installed properly and determine compliance with health and safety procedures, client eligibility, energy audit procedures, client education procedures and compliance with the SWS.

The Department will inspect 5% of all completed weatherized units. In order to achieve the 5% inspection rate, and comply with the requirements of WPN 15-

4, the Department is requesting that Subgrantees with a QCI on staff do not have that staff member involved with the weatherized unit prior to final inspection. The Department defines prior involvement as performing the audit, creating the work order or performing any weatherization work on the weatherized unit. The Department has created a QCI Final Inspection Form, for Subgrantees which will allow TDHCA to determine if a QCI employed by the Subgrantee had prior involvement with that unit. The Department will review each sampled QCI final inspection document to ensure compliance with the requirement to inspect 5% and will increase the required inspections if necessary.

The Department recognizes that there may be a need to perform additional unit inspections towards the end of the contract period to comply with the requirements of WPN 15-4 if there were not enough units available to sample during the full monitoring review.

(More frequent monitoring visits (Fiscal/Administrative and/or Technical) may be conducted at Subgrantees with significant identified risk)

Monitors will complete evaluation instruments to determine a Subgrantee's compliance. The instruments cover Financial and Administrative requirements, health and safety procedures, client eligibility, energy audit procedures, client education procedures, and compliance with the SWS. Compliance Monitors also review the hard copy of the NEAT or MHEA audit which is required to be in the client file to assure that the scope of the work was directed by the audit.

Monitors scan documents as support if there will be findings noted.
The following list provides additional monitoring details that may occur during the monitoring review.

- Monitors may request copies of fiscal records/support documentation and perform a desk review to gauge the fiscal condition of the Subgrantee prior to onsite monitoring.

- In addition, as needed, monitors may perform a desk review of records requested but not provided during the onsite review and records requested to clarify issues identified during the onsite monitoring visit. The Department recognizes the requirement to issue monitoring letter within 30 days of the review. The Department does not consider the review complete until receipt of information needed to ascertain compliance. Monitoring letters will be issued within 30 days of receipt of all necessary information.

The Department will issue monitoring reports within 30 days of completion of the review. Subgrantees are provided a 30 day corrective action period to respond and provide evidence of correction. On a case by case basis, the Department may grant an extension to respond to the report if there is good cause and the request is made during the corrective action period. The Department will review each response and determine if the Subgrantee has resolved the compliance issue. If the Department determines that the issue is not resolved, the Subgrantee will be notified and required to submit an additional response(s) until the compliance issue is resolved. In certain circumstances, the Department may "close" a compliance issue when there remain no additional actions that can be taken to resolve the issue. At the conclusion of this process, any unresolved compliance issues will be reported to DOE (instances of suspected fraud or serious program abuse will be reported immediately to DOE and the Texas State Auditors Office).

The Department will review the annual financial audits of each Subgrantee agency. The Department requires each Subgrantee to complete an Audit Certification form within 60 days of the end of the entity's fiscal year. This is used to determine if a Single Audit is required. All single audits and management letters must be uploaded to the Federal Clearinghouse within nine months of the Subgrantee's fiscal year end. Upon receipt of the Single Audit, a review is completed to determine if the packet submitted is complete and all opinions are provided. If the audit contains findings, they are reviewed and discussed by the Director if Internal Audit, the Chief of Compliance and staff to determine the appropriate steps to ensure the entity corrects the issues identified in the audit report or management letter. The Department issues correspondence to the entity, identifying that corrective action measures must be performed and requiring that support documentation be provided. The entity is provided a time frame to complete the corrective action and to respond to the correspondence. The entity must correct all identified issues within six months of the Single Audit being submitted to the Federal Clearinghouse.

The Department's Compliance Monitor(s) keep abreast of the required timeframe for the entity to complete the corrective action and to provide the response. When the response is received, the Department reviews the documentation to determine if the corrective action requirements have been met. If the issues have not been corrected, the Compliance Monitor and/or Compliance Subrecipient Monitoring Director will notify the Chief of Compliance. The Chief of Compliance may determine if the matter should be referred to the Department's Enforcement Committee in accordance with Department Rules and standard operating procedures. During the next monitoring visit to the entity, the Department will determine if the selection of expenditures or materials reviewed reflect compliance with the respective requirement.

1. Program Oriented Management Training – Prior to continuing any weatherization-related program activity, all Subgrantee staff that perform any action related to the WAP will be required to complete Program Oriented Management Training ("POM"). POM will include:

A. Review of WAP statutes and rules

B. Review of state program requirements

C. Review of financial and administrative best practices

D. Review of program best practices

2. Intensive Training and Technical Assistance – Once POM is completed, Subgrantee staff will receive training on critical program components. At each stage of Intensive T&TA, TDHCA team members will provide one-on-one guidance to Subgrantee staff to ensure the correct completion of each component. At the end of Intensive T&TA, Subgrantee staff will have completed another step toward completion a weatherized unit.

A. Client file documentation

B. Payment and reimbursement documentation

C. Accompanied unit assessment

D. Accompanied Audit completion

E. Accompanied Interim construction walk-through

F. Accompanied Final inspection

3. Staged Program Operation – When Subgrantee staff has completed Intensive T&TA, the Subgrantee will complete a pre-determined number of client intakes. Once the client intakes are completed, TDHCA team members will review the ensuing steps of the weatherization process in the following steps:

A. Review of the client file documentation

B. Review of unit assessments

C. Review of audit input and completion to work order

D. Accompanied final inspection

Once the Subgrantee has completed the determined number of units and the units have passed TDHCA monitoring, the Subgrantee will resume normal operations for the remainder of the program year. The Subgrantee will be reviewed in April of each year for determination of continued funding.

If it is determined that the Subgrantee is not able to administer the weatherization program, the Department will follow the requirements in 10 TAC §2.202 Contract Closeout.

V.8.4 Training and Technical Assistance Approach and Activities

The Department provides Subgrantees with sufficient T&TA funding to obtain and/or maintain required certifications; such as: QCI, MF-QCI, Building Analyst/Energy Auditor, Lead Safe Renovator, Lead Safe Worker, and OSHA 10 or 30. All training provided includes requirements for compliance with QWP specifications. The Department will conduct trainings based upon the following:

- Grant Requirements or as directed by DOE monitor or audit reports.
- Subgrantee Request. The Department has an online request system, with a T&TA menu list, or section for the Subgrantee to make a specific request or ask specific questions. The Department will contact the requestor and customize training to meet the need. https://tdhca.wufoo.com/forms/request-for-ca-program-assistance
  - In addition, submitted questions or requests are reviewed for creating FAQs or to identify topics for regional trainings, workshops, or individualized training.
- Monitor Reports. The Department's compliance team shares monitoring issues with the training team. The training team will initially provide resources and guides to address any findings, and follow up with T&TA as required.
  - Trends across the Network will be addressed in regional trainings or workshops.
- Management Request. Management may make a specific request and dictate the type of training needed.

Tier 1 Training:

Tier 1 training will be provided by accredited IREC training providers. Tier 1 Training will continue along with ongoing training to maintain skills and certifications. When federal requirements dictate Energy Auditor (EA) certifications they will be required. The Department will be requiring all Subgrantees to ensure their contractors receive other Tier 1 trainings, as needed. Each subcontractor for whom DOE funds are used to provide training for the certification, will be required to enter into a retention agreement with the Subgrantee.

The Department has four certified QCI staff who monitor and/or train weatherization Subgrantees on quality weatherization work, proper diagnostics, documentation, and compliance. The Department has a certified BPI Proctor who administers exams for QCI and MF-QCI. The Department continues to provide T&TA to assist Subgrantees in preparing for and obtaining required certifications. The Department created an online Web-page dedicated to Quality Work Plan requirements that contains guidance and resources. http://www.tdhca.state.tx.us/community-affairs/wap/quality-work-plan.htm

In 2017, the Department provided a Mobile Home Insulation course by Cal Steiner, via a regional series. Department T&TA staff provided a Managment course, using a Learning Communities format that covered: production, procurement, cost allocation contractors, SWS, documentation, inventory, assessments, QCI, and required diagnostics.

NOTE: New Mexico Energy Smart Academy recently partnered with a local Subrecipient to provide IREC certified courses in Texas including MFQCI and Energy Auditor.

Tier 2 Training:

Tier 2 training will be provided by Department training and technical assistance staff or its designee. With experience as Program Officers and Trainers, the staff has experience in Subgrantee monitoring, unit assessments, audits, materials installation, inspections, and the training and technical assistance that support each. The staff consists of:

- Laura Saintey – 10+ years experience in the construction industry and 6+ years experience in the WAP. Certified QCI, LeadSafe Renovator, OSHA 10, BPI Building Analyst Professional, BPI Certified Proctor, and attended DOE sponsored conferences.
- Jason Gagne- 2+ year experience in the WAP, BPI Building Analyst, Lead certified, OSHA 10, and attended DOE sponsored conferences.
- Kevin Glienke- 7+ years in weatherization monitoring and training, BPI certified, QCI, MF-QCI, and attended DOE sponsored conferences.
- Robert Moore- 8+ years of weatherization experience as a Texas WAP Subgrantee, QCI certified, BPI & Lead certified, OSHA 30 and attended DOE sponsored conferences.
- Robert Kunz- 7+ years of weatherization experience as a Texas WAP Subgrantee, QCI certified, BPI & Lead certified, OSHA 30 and attended DOE sponsored conferences.

In 2017, T&TA staff provided regional training to weatherization staff across the Network on proper diagnostics, Mobile Home Insulation and Weatherization Management training.

QCI testing was performed by the Department's BPI proctor.

Training Schedule 2018:

Quarterly Phone Calls. Agendas will be evaluated for topics based upon need and identified areas of concern. Topics may include:

- Program Ramp-Up
- Production Schedules
- Upcoming training dates
- Relevant topics for the quarter
- Topics identified by compliance
- FAQs needing clarification
- Closeout and Reporting

Dates for Network Calls:

- April 2018
- July 2018
- October 2018
- January 2019
- April 2019
- July 2019

Online trainings opportunities are passed onto the Network via the state association e-newsletter, along with other notifications regarding outside conferences or workshops.

The Department has posted a link to the Energy Audit tutorial on the Department's website. Training staff will provide technical assistance on a one on one basis if necessary.

The Department is planning a Regional Series, hosted across the state, which will address the top three identified topics. For 2018, the Department has chosen to focus on the following:

- Quality Work: In-process inspections
- Procuring for contractors
- Continued emphasis on final QCI's

Regional Training locations:

- Austin
- Dallas
- Houston
- San Antonio
- El Paso

Evaluation of Training Activities

In order to evaluate compliance with the quality work specifications and the efficacy of its training activities, the training staff or its designee will review its training activities semiannually and compare those to the Subgrantee monitoring reports. Additionally, Subgrantees will be given the opportunity to provide feedback through online Training Evaluation. These evaluations are reviewed to make improvements to future provided T&TA. Training staff or its designee will conduct periodic surveys to solicit input from Subgrantees as to their training needs.

More specific training will be designed for each Agency based on the information prompting the request. TA will be documented by using the online training and technical assistance database. Additionally, for onsite T&TA visits, a report will be produced indicating Subgrantee staff present, materials and documents presented to the Subgrantee, and expected outcomes.

Should a Subgrantee hire a new weatherization coordinator, the Subgrantee will be required to notify the Department in writing within 30 days of the date of hiring the coordinator and request training. The Department will contact Subgrantees within 30 days of the date of notification to arrange for training. The Department hosts a quarterly “New Manager/Executive Director” course for all new staff who oversees WAP staff/crews

Program Evaluation

The Department utilizes an online contract system to collect expenditure and performance data from Subgrantees. Each Subgrantee is assigned to a trainer that monitors Subgrantee performance and expenditure on a quarterly basis utilizing dashboards. The Department developed a production tool to monitor expenditure and completed units on a monthly basis. Each month Subgrantees submit a monthly production report that is reviewed by a trainer. Trainer contacts Subgrantees regarding expenditure and performance each month.

Another method of evaluation is provided by the compliance division. The Department’s compliance staff provides the Subgrantees assigned trainer with a copy of the agency’s most recent monitor report, which is used to assess performance/expenditures and individualized training needs.

Client Education

The Department requires WAP Subgrantees to provide client education to each WAP client. Subgrantees are required to provide (at a minimum) educational materials in verbal and written format. Client education may include temperature strips that indicate the temperature in the room and energy savings materials, instructions for equipment operation and/or maintenance.

V.9 Energy Crisis and Disaster Plan

n/a

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BOARD ACTION REQUEST

COMMUNITY AFFAIRS

APRIL 26, 2018

Presentation, discussion, and possible action on approval of the Draft Program Year ("PY") 2018 Department of Energy ("DOE") Weatherization Assistance Program ("WAP") Health and Safety Plan for public comment

RECOMMENDED ACTION

WHEREAS, at the Board meeting of February 22, 2018, the Board approved the release of the Draft PY 2018 DOE WAP State Plan for public comment, which included 1) the State Plan and 2) the Health and Safety Plan;

WHEREAS, the State Plan is being presented to the Board under separate action at this Board meeting for final approval to be submitted to DOE;

WHEREAS, after incorporating recent DOE guidance regarding the Health and Safety Plan, significant enough changes were warranted to necessitate the re-release of the Health and Safety Plan for public comment; and

WHEREAS, the attached Draft PY 2018 DOE WAP Health and Safety Plan is proposed for public comment;

NOW, therefore, it is hereby

RESOLVED, that the Draft PY 2018 DOE WAP Health and Safety Plan, in the form presented to this meeting, is hereby approved for public comment;

RESOLVED, that if the Department receives no substantive comment on the Health and Safety Plan the Department will submit the Plan to DOE without returning to the Board for further approval; and

FURTHER RESOLVED, that if public comment is substantive, the Final Health and Safety Plan with consideration for public comment and technical corrections made by staff will be presented to the Board no later than the meeting of June 28, 2018, and will serve as a public hearing as required by 10 CFR §440.12(a).

BACKGROUND

At the Board meeting of February 22, 2018, the Board authorized the release of the Draft PY 2018 DOE WAP State Plan for public comment. During the comment period, Department staff became aware of new DOE guidance affecting the portion of the DOE WAP State Plan known as the Health and Safety Plan. After implementing the changes according to DOE's new guidance, staff determined that the Health and Safety Plan had been revised enough to warrant that it be released for public comment again separately from the State Plan. The State Plan along with a list of the entities to be awarded funds and the proposed award amounts are proposed to be approved and submitted to DOE under separate Board action this meeting.

The more substantive changes in the Health and Safety Plan from the version originally proposed include: Health and Safety measure categories and average expenditures to justify a Health and Safety budget greater than 15%, a definition for at risk occupants (i.e. Vulnerable Populations), a new section addressing "Fuel Leaks", a new requirement for clients to sign a Radon Informed Consent Form, and removal of sections "Fire Hazards" and "Spray Polyurethane Foam (SPF)" among other formatting and section name changes.

With approval by the Board, upon completion of the public comment period without substantive comment, the Department will send the Health and Safety Plan with any necessary technical changes to DOE without further Board action. However, if substantive public comment is received, the Department will present the Health and Safety Plan to the Board no later than the meeting of June 28, 2018.

The Health and Safety Plan is an important component of the DOE WAP. It is a guide for those who perform weatherization related work on homes (i.e. contractors, Subgrantees and Department staff) to limit or avoid health and safety issues in homes being weatherized. It outlines the issues, allowable actions, training and other aspects of many health and safety concerns. It considers such issues as combustion appliance safety and carbon monoxide abatement, replacement of unvented space heaters with vented ones, lead safe work practices, moisture control measures, building tightness assessments, mold and moisture prevention, pest infestation, and exhaust fans and added ventilation when necessary.

The Draft Health and Safety Plan and details regarding a public hearing for the Plan will be posted on the Department's website no later than April 27, 2018. An announcement of the availability of the Draft Plan and details regarding a public hearing for the Plan will be published in the *Texas Register* on May 11, 2018. Public comment for the Plan will begin on May 11, 2018, and end on May 24, 2018, at 12 pm Austin local time. Written comments may be submitted to Gavin Reid at gavin.reid@tdhca.state.tx.us. The Department will conduct a public hearing for the Draft Plan on May 23, 2018, in Room 320 of the Thomas Jefferson Rusk Building at 10:30 am Austin local time.

DOE regulations require a Weatherization Policy Advisory Council be designated in the DOE WAP State Plan in order to provide guidance and comment on the Plan. The Policy Advisory Council is composed of three individuals appointed by the Department. The Policy Advisory Council meeting is scheduled to occur on May 24, 2018, after the public hearing and after general public comment has been received.

The full text of the 2018 Draft Health and Safety Plan may be viewed at the Department's website: http://www.tdhca.state.tx.us/board/meetings.htm. The public may also receive a copy of the 2018 Draft Health and Safety Plan by contacting Jason Gagne at jason.gagne@tdhca.state.tx.us or by phone at (512) 475-0166.

WEATHERIZATION HEALTH AND SAFETY PLAN

TEXAS WEATHERIZATION CONTACT INFORMATION

Michael DeYoung
Director of Community Affairs
221 E. 11th Street
Austin, TX 78701
512-475-2125
michael.deyoung@tdhca.state.tx.us

Contents

Weatherization Grantee Health and Safety Plan

1.0 – General Information

Grantees are encouraged to enter additional information here that does not fit neatly in one of the other sections of this document.

Allowable Department of Energy (DOE) related health and safety (H&S) actions and expenditures are those necessary to maintain the physical well-being of both the occupants and/or weatherization workers where:

- Costs are reasonable as determined by The Department of Energy (DOE) in accordance with this approved Master Plan;
- The actions must be taken to effectively perform weatherization; or
- The actions are necessary as a result of weatherization work.

This plan will provide guidance to the Texas Weatherization Network. Health and Safety issues will be identified by Program Assessors during the initial assessment. Weatherization Crews (either subcontracted or in house) will perform the task(s) identified in the initial assessment and listed in the work order(s).

Weatherization agencies and their representatives, including subcontractors, are required to take all reasonable precautions against performing work on homes that will subject the occupants or themselves to health and/or safety risks. In cases where an occupant's health is fragile, or an occupant has been identified to have a health condition, including allergies, and/or the crew work activities would themselves constitute a health and/or safety hazard, the occupant(s) at risk shall be required to leave during the performance of the work activities. In cases where an occupant is identified as having an allergy to a specific weatherization material, that material will not be installed. If comparable alternative materials are available and the occupant has no known allergies to the alternative materials and they meet DOE regulations, crews/contractors may substitute the alternative material(s). If no safe alternative material meeting DOE standards is available, the measure shall not be installed. This must be well documented in the client file.

This health and safety plan is taken from a DOE approved template. The text at the top of the template is boilerplate language and may not always apply to activities described in TDHCA's DOE plan. Capitalized terms in the Plan have definitions in Chapters 1, 2, or 6 of Part 1, Title 10 of the Texas Administrative Code.

2.0 – Budgeting

Grantees are encouraged to budget Health & Safety (H&S) costs as a separate category and, thereby, exclude such costs from the average cost per unit cost (ACPU) limitation. This separate category also allows these costs to be isolated from energy efficiency costs in program evaluations. Grantees are reminded that, if H&S costs are budgeted and reported under the program operations category rather than the H&S category, the related H&S costs must be included in the calculation of the ACPU and cost-justified through the approved energy audit.

Select which option is used below.	
Separate Health and Safety Budget ☑	Contained in Program Operations ☐

3.0 – Health and Safety Expenditure Limits

Pursuant to 10 CFR 440.16(h), Grantees must set H&S expenditure limits for their Program, providing justification by explaining the basis for setting these limits and providing related historical experience.

Low percentages should include a statement of what other funding is being used to support H&S costs, while larger percentages will require greater justification and relevant historical support. It is possible that these limits may vary depending upon conditions found in different geographical areas. These limits must be expressed as a percentage of the ACPU. For example, if the ACPU is $5,000, then an average expenditure of $750 per dwelling would equal 15 percent expenditures for H&S.

15 percent is not a limit on H&S expenditures but exceeding this amount will require ample justification. These funds are to be expended by the Program in direct weatherization activities. While required as a percentage of the ACPU, if budgeted separately, the H&S costs are not calculated into the per-house limitation. DOE strongly encourages using the table below in developing justification for the requested H&S budget amount. Each H&S measure the Grantee anticipates addressing with H&S funds should be listed along with an associated cost for each measure, and by using historical data the estimated frequency that each measure is installed over the total production for the year.

It is also recommend reviewing recent budget requests, versus expenditures to see if previous budget estimates have been accurate. The resulting "Total Average H&S Cost per Unit" multiplied by the Grantee's production estimate in the Annual File should correlate to the H&S budget amount listed in the Grantee's state plan.

Should a Grantee request to have more than 15 percent of Program Operations used for health and safety purposes, DOE will conduct a secondary level of review. DOE strongly encourages use of this H&S template and matrix to help expedite this process

H&S Measure Matrix - Optional			
Double Click To Open For Editing			
Cells this shade auto calculate			
Enter Measure ↓	**Enter** Cost ↓	**Enter** Frequency % ↓	Auto Calculates
ASHRAE Fans	$292.00	59.0%	$172.28
Lead Safe Measures	$153.00	44.0%	$67.32
Unsafe/Inoperable Central Furnace	$2,026.00	28.0%	$567.28
CAZ Construction	$530.00	3.0%	$15.90
CO Detector	$52.00	77.0%	$40.04
Smoke Alarms	$31.00	69.0%	$21.39
Electrical Repair (minor)	$275.00	35.0%	$96.25
Replace Unvented Space Heater (to VSI	$141.00	13.0%	$18.33
Hi-Low Venting Water Heater	$48.00	42.0%	$20.16
Water Heater Measures	$270.00	26.0%	$70.20
Total Average H&S Cost Per Unit			$1,089.15
Enter Estimated Production (Annual File: IV.2 WAP Production Schedule) →			871
Enter Estimated Program Operations Budget →			4,748,548
H&S Budget (Total Average H&S Cost Per Unit * Estimated Production)			$948,649.65
Requested H&S Percentage Per Unit (H&S Budget/Program Operations)			20.0%

4.0 – Incidental Repair Measures

If Grantees choose to identify any H&S measures as incidental repair measures (IRMs), they must be implemented as such under the Grantee's weatherization program in all cases – meaning, they can never be applied to the H&S budget category. In order to be considered IRMs, the measure must fit the following definition and be cost justified along with the associated efficiency measure;

Incidental Repairs means those repairs necessary for the effective performance or preservation of weatherization materials. Such repairs include, but are not limited to, framing or repairing windows and doors which could not otherwise be caulked or weather-stripped and providing protective materials, such as paint, used to seal materials installed under this program. (10 CFR 440 "Definitions")

5.0 – Deferral/Referral Policy

Deferral of services may be necessary if H&S issues cannot be adequately addressed according to WPN 17-06 guidance. The decision to defer work in a dwelling is difficult but necessary in some cases. This does not mean that assistance will never be available, but that work must be postponed until the problems can be resolved and/or alternative sources of help are found. If, in the judgment of the auditor, any conditions exist which may endanger the health and/or safety of the workers or occupants, the unit should be deferred until the conditions are corrected. Deferral may also be necessary where occupants are uncooperative, abusive, or threatening. Grantees must be specific in their approach and provide the process for clients to be notified in writing of the deferral and what conditions must be met for weatherization to continue. Grantees must also provide a process for the client to appeal the deferral decision to a higher level in the organization.

Grantee has developed a comprehensive written deferral/referral policy that covers both H&S, and other deferral reasons?
Yes ☑ No ☐
Where can this deferral/referral policy be accessed?
10 TAC RULE §6.415

6.0 – HAZARD IDENTIFICATION AND NOTIFICATION FORM(S)
Documentation forms must be developed that include at a minimum: the client's name and address, dates of the audit/assessment and when the client was informed of a potential H&S issue, a clear description of the problem, a statement indicating if, or when weatherization could continue, and the client(s) signature(s) indicating that they understand and have been informed of their rights and options.
Documentation Form(s) have been developed and comply with guidance?
Yes ☑ No ☐

7.0 – Health and Safety Categories

For each of the following H&S categories identified by DOE:

- *Explain whether you concur with existing guidance from WPN 17-06 and how that guidance will be implemented in your Program, if you are proposing an alternative action/allowability, or if the identified category will not be addressed and will always result in deferral. Alternatives must be comprehensively explained and meet the intent of DOE guidance.*
- *Where an Action/Allowability or Testing is "required" or "not allowed" through WPN 17-06, Grantees must concur, or choose to defer all units where the specific category is encountered.*
- *"Allowable" items under WPN 17-06 leave room for Grantees to determine if the category, or testing, will be addressed and in what circumstances.*
- *Declare whether DOE funds or alternate funding source(s) will be used to address the particular category.*
- *Describe the explicit methods to remedy the specific category.*
- *Describe what testing protocols (if any) will be used.*
- *Define minimum thresholds that determine minor and major repairs*
- *Identify minimum documentation requirements for at-risk occupants*
- *Discuss what explicit steps will be taken to educate the client, if any, on the specific category if this is not explained elsewhere in the Plan. Some categories, like mold and moisture, require client education.*
- *Discuss how training and certification requirements will be provided for the specific category. Some categories, like Lead Based Paint, require training.*
- *Describe how occupant health and safety concerns and conditions will be solicited and documented*

Grantees may include additional H&S categories for their particular Programs. Additional categories must include, at a minimum, all of the same data fields as the DOE-provided categories. Two additional tables have been created to utilize.

7.1 – Air Conditioning and Heating Systems

Concurrence, Alternative, or Deferral				
Concurrence with Guidance ☑	Alternative Guidance ☐	Results in Deferral ☐		
Air Conditioning Unallowable Measure ☐	Heating Unallowable Measure ☐			
Funding				
DOE ■	LIHEAP ☐	State ☐	Utility ☐	Other ☐

How do you address unsafe or non-functioning primary heating/cooling systems?
“Red tagged”, inoperable, or nonexistent primary heating and/or cooling system replacement, repair, or installation is allowed due to extreme climate conditions in Texas for Vulnerable Populations. Texas’ climate conditions include climate zones 2A, 2B, 3A, 3B, and 4B which can be described as Hot-Humid, Hot-Dry, and Mixed-Dry. This diversity in climate conditions requires Texas to have the flexibility to address all scenarios related to providing heating and cooling to Vulnerable Populations. Subgrantee will use Manual J and/or NEAT/MHEA outputs to determine proper sizing of replacement heating and cooling appliances. All heating and cooling systems will be evaluated as an energy conservation measure before consideration as a health and safety measure. If the heating/cooling system issue is determined to be beyond the scope of DOE WAP, weatherization agencies will defer the work and refer the client to other resource agencies who may be able to address the problem. Texas’ deferral policy and protocols shall always be strictly adhered to when deferring weatherization work. If the client is completely without cooling or heating, the weatherization agencies shall make a referral to an agency with funding that can provide Vulnerable Population clients with a portable air conditioner or temporary means of heat, such as a portable heat pump or blankets. Texas requires HVAC system installation to follow local and state code and it must be performed by a licensed HVAC professional. Weatherization agencies may subcontract licensed HVAC companies/individuals to perform heating/cooling systems installations and repairs if they follow proper state procurement procedures. When replacing a primary wood stove in a mobile/manufactured home the new unit must be listed for use with manufactured homes and must be installed in accordance with their listings. Units that are not manufacturer approved, discovered during an initial assessment, should be replaced with an approved manufactured home appliance, under H&S. All state and local codes must be followed. Vented space heaters shall be treated as furnaces. Combustion safety testing is required when combustion appliances are present. Weatherization Assessors and Final Inspectors must conduct the combustion appliance safety inspection. This includes all of the following: carbon monoxide testing, draft measurement, spillage evaluation, worst case depressurization of the combustion appliance zone (CAZ), a safe flue pipe, chimney or vent, adequate combustion air, and gas leakage as applicable. Combustion safety test results must be acted upon appropriately according to the Standard Work Specifications and BPI protocols.

How do you address unsafe or non-functioning secondary heating systems, Including unvented secondary space heaters?

Maintenance and repair of secondary heating units is allowed.
 	
Minor maintenance activities can be performed for traditional open masonry fireplaces and wood burning stove/pellet stoves. This would be a health and safety issue requiring photo documentation and receipt of services by the professional with a description of what services were performed. Inspection, repair and or cleaning shall be sub-contracted to a qualified solid fuel heating system vendor
 	
An unsafe, unrepairable open masonry fireplace would be treated similarly to that of an unvented space heater if it is the primary source of heat. The fireplace must be rendered inoperable and replaced with a vented heating unit. The type of existing fuel will dictate the replacement. If the client has a combustion fuel source (e.g. - gas, propane, etc) then seal up the fireplace, and add a vented gas heater.
 	
Testing will be required to assure adequate supply of electricity is available for existing stand alone electric space heaters. This will be accomplished through the use of three wire circuit testers, GFI electrical outlet testers, and line voltage testers. Repair, replacement or installation is not allowed. Removal is recommended.
 	
Removal is required, except as secondary heat where the unit conforms to ANSI Z21.11.2. Units that do not meet ANSI Z21.11.2 must be removed prior to weatherization but may remain until a replacement heating system is in place.
 	
Testing for air-free carbon monoxide (CO) is to be performed. All units must have an ANSI Z21.11.1 label, and meet IRC and IFGC codes. The client must be informed of the dangers of unvented space heaters – CO, Moisture, and NO2. CO can be dangerous even if CO alarm does not sound.
 	
Assessors must calibrate the CO tester outside the home and test the ambient air in the home; following the standards in the Standard Works Specifications:
• Perform an inspection of the heater. Any of the following conditions are grounds for repair or replacement:
    o Carbon monoxide (CO) test indicates ambient CO levels above 35 PPM
    o Bad burners (missing, broken, or otherwise un-repair-able)
    o Cross-fueled (between NG and LPG) and the orifices and/or pressure regulator have not been changed
    o Missing radiants
    o Open flame burners
    o Rubber supply lines
    o Charring or scorching
 	
If the cause cannot be determined, Subgrantee must calibrate equipment and re-test. If still indeterminable, refer to local gas company. Any time replacement is deemed necessary, first consider performing the replacement as an ECM (energy saving measure) before replacing as a Health & Safety measure.

Indicate Documentation Required for At-Risk Occupants
The application will be used to determine if a household includes Vulnerable Populations (also known as at-risk occupants). Vulnerable Populations are defined as Elderly (60 or older), Disabled or Children 5 and younger.
Testing Protocols
Make sure primary systems are present, operable, and performing correctly. Check DOE-approved audit to determine if the system can be installed as an energy conservation measure (ECM) prior to replacement as an H&S measure. Determine and document presence of Vulnerable Populations when installing air-conditioning as a Health and Safety (H&S) measure. On combustion equipment, inspect chimney and flue and test for Combustion Appliance Zone (CAZ) depressurization. For solid fuel appliances look for visual evidence of soot on the walls, mantel or ceiling or creosote staining near the flue pipe.
Client Education
When deferral is necessary, provide information to the client, in writing, describing conditions that must be met in order for weatherization to commence. A copy of this notification must also be placed in the client file. Discuss appropriate use and maintenance of units. Provide all paperwork and manuals for any installed equipment. Discuss and provide information on proper disposal of bulk fuel tanks when not removed as part of the weatherization work. Where combustion equipment is present, provide safety information including how to recognize depressurization.
Training
Licensing and/or certification for HVAC installers as required by authority having jurisdiction (AHJ). CAZ depressurization test and inspection training. Additional training will be handled on an ongoing and as-needed basis as identified by new requirements, new staff hires, results of monitoring reports, requests by Subgrantees etc.

7.2 - Asbestos - All

What is the blower door testing policy when suspected Asbestos Containing Material (ACM) is identified?

This is not allowed if vermiculite is present. Subgrantee will inspect pipe and other coverings for asbestos. Encapsulation is allowed by an AHERA asbestos control professional, and should be conducted prior to any blower door testing if the materials are friable.

7.2a – Asbestos - in siding, walls, ceilings, etc.

Concurrence, Alternative, or Deferral		
Concurrence with Guidance ☑	Alternative Guidance ☐	Results in Deferral ☐

Funding				
DOE ■	LIHEAP ☐	State ☐	Utility ☐	Other ☐

How do you address suspected ACM's in siding, walls, or ceilings that will be disturbed through the course of weatherization work?
Asbestos is the name given to a number of naturally occurring fibrous minerals with high tensile strength, the ability to be woven, and resistance to heat and most chemicals. Because of these properties, asbestos fibers have been used in a wide range of manufactured goods, including roofing shingles, ceiling and floor tiles, paper and cement products, textiles, coatings, and friction products such as automobile clutch, brake and transmission parts. It is difficult to tell whether a material contains asbestos simply by looking at it, unless it is labeled. If in doubt, treat the material as if it contains asbestos. Do not dust, sweep, or vacuum debris that may contain asbestos. Never saw, sand, scrape, or drill holes in asbestos materials. Removal of siding is allowed to perform energy conservation measures. All precautions must be taken not to damage siding. Asbestos siding should never be cut or drilled. It is recommended, where possible, to insulate through home interior to avoid disturbing or removing the asbestos siding on the exterior of the home.
Testing Protocols
Testing is allowed by a certified AHERA tester. Visual inspection of exterior wall surface and subsurface, floors, walls, and ceilings for suspected ACM is required prior to drilling or cutting.
Client Education
In every instance, clients shall be informed both verbally and in writing that suspected asbestos containing materials are present. Clients shall also be informed as to the precautions that will be taken. Client written materials shall include information about the potential health risks associated with asbestos.
Training and Certification Requirements
The OSHA Fact Sheet on Asbestos is available on the Department's website under Health and Safety for all Subgrantees' use: http://www.tdhca.state.tx.us/community-affairs/wap/guidance.htm On-going Health & Safety training will continue via regional training, Q&As, and postings of FAQs to Department Website. http://www.tdhca.state.tx.us/community-affairs/wap/guidance.htm. Additional training will be handled on an ongoing and as-needed basis as identified by new requirements, new staff hires, results of monitoring reports, requests by Subgrantees, etc. AHERA certification required for testing and allowable removal.

7.2b – Asbestos - in vermiculite				
Concurrence, Alternative, or Deferral				
Concurrence with Guidance ☑		Alternative Guidance ☐		Results in Deferral ☐
Funding				
DOE ■	LIHEAP ☐	State ☐	Utility ☐	Other ☐
How do you address suspected ACM's in vermiculite that will be disturbed through the course of weatherization work?				
When vermiculite is present, unless testing determines otherwise, take precautionary measures as if it contains asbestos, such as not using blower door tests and utilizing personal air monitoring while in attics. Where blower door tests are performed, it is a best practice to perform pressurization instead of depressurization. Encapsulation by an AHERA certified asbestos control professional shall be allowed. Removal shall not be allowed.				
Testing Protocols				
Testing is allowed by a certified AHERA tester.				

Client Education
In every instance, clients shall be informed both verbally and in writing that suspected asbestos containing materials are present. Clients shall also be informed as to the precautions that will be taken. Client written materials shall include information about the potential health risks associated with asbestos.

Training and Certification Requirements
The OSHA Fact Sheet on Asbestos is available on the Department's website under Health and Safety for all Subgrantees' use: http://www.tdhca.state.tx.us/community-affairs/wap/guidance.htm On-going Health & Safety training will continue via regional training, Q&As, and postings of FAQs to Department Website. http://www.tdhca.state.tx.us/community-affairs/wap/guidance.htm. Additional training will be handled on an ongoing and as-needed basis as identified by new requirements, new staff hires, results of monitoring reports, requests by Subgrantees, etc. AHERA certification required for testing and allowable removal.

7.2c – Asbestos - on pipes, furnaces, other small covered surfaces

Concurrence, Alternative, or Deferral		
Concurrence with Guidance ☑	Alternative Guidance ☐	Results in Deferral ☐

Funding				
DOE ■	LIHEAP ☐	State ☐	Utility ☐	Other ☐

How do you address suspected ACM's (e.g., pipes, furnaces, other small surfaces) that will be disturbed through the course of weatherization work?
Inspect pipes, furnaces, and other coverings for asbestos. Encapsulation is allowed by an AHERA asbestos control professional and should be conducted prior to any blower door testing. Removal may also be allowed by an AHERA asbestos control professional based on the situation as determined by the inspector or Agency Representative
Testing Protocols
Testing is allowed by a certified AHERA tester.
Client Education
In every instance, clients shall be informed both verbally and in writing that suspected asbestos containing materials are present. Clients shall also be informed as to the precautions that will be taken. Client written materials shall include information about the potential health risks associated with asbestos.
Training and Certification Requirements
The OSHA Fact Sheet on Asbestos is available on the Department's website under Health and Safety for all Subgrantees' use: http://www.tdhca.state.tx.us/community-affairs/wap/guidance.htm On-going Health & Safety training will continue via regional training, Q&As, and postings of FAQs to Department Website. http://www.tdhca.state.tx.us/community-affairs/wap/guidance.htm. Additional training will be handled on an ongoing and as-needed basis as identified by new requirements, new staff hires, results of monitoring reports, requests by Subgrantees, etc. AHERA certification required for testing and allowable removal.

7.5 – Biologicals and Unsanitary Conditions (odors, mustiness, bacteria, viruses, raw sewage, rotting wood, etc.)

Concurrence, Alternative, or Deferral		
Concurrence with Guidance ☑	Alternative Guidance ☐	Results in Deferral ☐
	Unallowable Measure ☐	

Funding				
DOE ■	LIHEAP ☐	State ☐	Utility ☐	Other ☐

What guidance do you provide Subgrantees for dealing with biological and/or unsanitary conditions in homes slated for weatherization?
Remediation of conditions that may lead to or promote biological concerns and unsanitary conditions is allowed. Addressing bacteria and viruses is not an allowable cost. Deferral may be necessary in cases where a known agent is present in the home that may create a serious risk to occupants or weatherization workers. The use of personal protective equipment shall be strictly enforced. Respirators, protective eyewear, and protective clothing will be worn when there is suspicion or knowledge that biological agents may be present in order to eliminate or minimize crew exposure. In the past, remediation of conditions listed under this health and safety category was not allowed. It is allowable under WPN 17-7, except for the removal of known bacteria and viruses. Texas will assess the cost effectiveness and necessity of remediation of conditions that lead to or promote biological concerns and unsanitary conditions on a case by case basis.
Testing Protocols
A sensory inspection is required.
Client Education
Client must be informed of observed conditions. Clients must be provided information and explanation on how to maintain a sanitary home and steps to correct deferral conditions, if applicable.
Training
On-going Health & Safety training will continue via regional training, Q&As, and postings of FAQs to Department Website. http://www.tdhca.state.tx.us/community-affairs/wap/guidance.htm. Additional training specific to identifying structural and roofing issues will be handled on an ongoing and as-needed basis as identified by new requirements, new staff hires, results of monitoring reports, requests by Subgrantees, etc.

7.6 – Building Structure and Roofing

Concurrence, Alternative, or Deferral		
Concurrence with Guidance ☑	Alternative Guidance ☐	Results in Deferral ☐

Funding				
DOE ■	LIHEAP ☐	State ☐	Utility ☐	Other ☐

What guidance do you provide Subgrantees for dealing with structural issues (e.g., roofing, wall, foundation) in homes slated for weatherization?
Building rehabilitation is beyond the scope of the WAP. Homes with conditions that require more than incidental repair should be deferred. While conducting the initial audit, the building structure shall be inspected for structural integrity. Minor repairs to protect the DOE materials installed may be performed to protect the energy saving investment. Dwellings whose structural integrity is in question should be referred to agencies that deliver HUD funds or other appropriate local and state agencies. Weatherization services may need to be delayed or deferred until the dwelling can be made safe for crews/contractors and occupants. Incidental (minor) repairs necessary to effectively perform or preserve weatherization materials/measures are allowed. Examples of these include sealing minor roof leaks to preserve new attic insulation and repairing water-damaged flooring as part of replacing a water heater. Incidental structural repairs shall not include cosmetic applications, such as replacing a floor covering such as a carpet or linoleum. Only the structural part shall be replaced/repaired.
How do you define "minor" or allowable structure and roofing repairs, and at what point are repairs considered beyond the scope of weatherization?
Minor repairs would be repairs that are necessary for weatherization work to proceed, but that can be justified in the whole house SIR by the site-specific audit. Repairs would be beyond the scope of weatherization when causing the whole house SIR to drop below one.
If priority lists are used, and these repairs are designated as Incidental Repairs, at what point is a site-specific audit required?
N/A – Priority List is not used.
Client Education
Clients shall be notified verbally and in writing regarding any structurally compromised areas. Appropriate referral resources shall also be provided to the client.
Training
On-going Health & Safety training will continue via regional training, Q&As, and postings of FAQs to Department Website. http://www.tdhca.state.tx.us/community-affairs/wap/guidance.htm. Additional training specific to identifying structural and roofing issues will be handled on an ongoing and as-needed basis as identified by new requirements, new staff hires, results of monitoring reports, requests by Subgrantees etc.

7.7 – CODE COMPLIANCE

Concurrence, Alternative, or Deferral				
Concurrence with Guidance ☑		Alternative Guidance ☐		Results in Deferral ☐
Funding				
DOE ■	LIHEAP ☐	State ☐	Utility ☐	Other ☐

What guidance do you provide Subgrantees for dealing with code compliance issues in homes receiving weatherization measures?
Correction of pre-existing code compliance issues is not an allowable cost other than where weatherization measures are being conducted. When correction of preexisting code compliance issues is triggered and paid for with WAP funds, Subgrantee must cite specific code requirements with reference to the weatherization measure(s) that triggered the code compliance issue in the client file. State and local (or jurisdiction having authority) codes **must** be followed while installing weatherization measures. Condemned properties and properties where "red tagged" health and safety conditions exist that cannot be corrected under this guidance should be deferred. WAP funds may be used when weatherization measures are being conducted. They may not be used simply to correct pre-existing code compliance issues. Acquire all required permits and licenses pertinent to installing weatherization measures. These vary by jurisdiction and it is the responsibility of each Subgrantee agency to know what the codes are in each of the areas they work, as well as what permits and licenses are required in each of the areas they work.
What specific situations commonly trigger code compliance work requirements for your network? How are they addressed?
Condemned properties shall be deferred. Properties where "red-tagged" health and safety conditions exist, structural instability or damage (roof), electrical wiring type, condition or provisioning deficiencies, sewage drainage deficiencies that cannot be addressed with DOE H&S funding, should be deferred.
Client Education
Inform client of observed code compliance issues. Make appropriate referrals as necessary.
Training
The Department is working with the State Energy Conservation Office (DOE State Energy Program Subgrantee and is the State Authority to adopt code) on a collaborative effort to address code compliance issues. The group will address code education throughout the state of Texas. Classes will be available to all Subgrantees to attend at a nominal fee set by the group to cover costs.

7.8 – Combustion Gases

Concurrence, Alternative, or Deferral				
Concurrence with Guidance ☑		Alternative Guidance ☐		Results in Deferral ☐
Funding				
DOE ■	LIHEAP ☐	State ☐	Utility ☐	Other ☐

Testing Protocols
A complete mechanical systems assessment is required to be completed on every home. The procedure includes collecting general information; collecting and recording mechanical systems information; visual and diagnostic inspection of the venting and distribution system; and, combustion analysis and diagnostic testing of gas/propane fired equipment, and post-installation safety tests for CO. Combustion safety testing is required when combustion appliances are present. Pre and post combustion appliance safety inspections include all of the following: carbon monoxide testing, draft measurement, spillage evaluation, and worst case depressurization of the combustion appliance zone (CAZ). As applicable, every combustion appliance will be checked for a safe flue pipe, chimney or vent, adequate combustion air, and gas leakage. DOE will not permit any DOE-funded weatherization work where the dwelling unit is heated with an unvented gas- and/or liquid-fueled space heater as the primary heat source. In such cases the primary space heater must be removed and a vented code compliant heat source must be installed prior to the installation of weatherization measures. DOE will allow unvented gas- or liquid-fueled space heaters to remain as secondary heat sources provided they comply with ANSI Z21.11.2, the IRC, and the IFGC. LIHEAP-WAP may replace non-compliant secondary unvented gas- or liquid-fueled space heaters. Per ASHRAE 62.2, at least one CO alarm must be present in every home. CO alarms must be installed in all homes with combustion appliances; combustion appliances include: cook stoves, furnaces, water heaters, wood and coal burning stoves. Combustion appliances must be installed to the IRC or local code regulations. Client shall be provided with combustion safety and hazards information, including the importance of using exhaust ventilation when cooking and keeping burners clean to limit the production of CO. Best Practice: • Combustion Appliance Zone (CAZ) Testing • Isolating the Combustion Appliance Zone (CAZ)
How are crews instructed to handle problems discovered during testing, and what are the specific protocols for addressing hazards that require an immediate response?
Proper venting to the outside for combustion appliances, including gas dryers, is required. Correction of venting is allowed when testing indicates a problem. Standard Work Specifications CO Action Levels
Client Education
Client shall be provided with combustion safety and hazards information, including the importance of using exhaust ventilation when cooking and the importance of keeping burners clean to limit the production of CO.
Training
On-going Health & Safety training will continue via regional training, Q&As, and postings of FAQs to Department Website. http://www.tdhca.state.tx.us/community-affairs/wap/guidance.htm. Additional training will be handled on an ongoing and as-needed basis as identified by new requirements, new staff hires, results of monitoring reports, requests by Subgrantees etc.

7.9 – ELECTRICAL

Concurrence, Alternative, or Deferral		
Concurrence with Guidance ☑	Alternative Guidance ☐	Results in Deferral ☐

Funding				
DOE ■	LIHEAP ☐	State ☐	Utility ☐	Other ☐

What guidance do you provide Subgrantees for dealing with electrical hazards, including knob & tube wiring, in homes slated for weatherization?
Minor electrical repairs are allowed where health or safety of the occupant(s) may be at risk. Upgrades and repairs are allowed when necessary to perform specific weatherization measures. Aluminum wiring should be thoroughly inspected before any insulation work is done. If aluminum wiring is found to be active and in the areas to be insulated, no insulation should be added. When electrical repairs within the scope of the DOE WAP are required, the typical standard of remedy shall be to sub-contract the repair work to a licensed electrician. All appropriate procurement procedures shall be followed when sub-contracting. Testing shall include visual inspection, as well as voltage drop and voltage detection testing. Provide client information on overloading circuits and electrical safety and risks.
How do you define "minor" or allowable electrical repairs, and at what point are repairs considered beyond the scope of weatherization?
Minor upgrades and repairs necessary for weatherization measures and where the health or safety of the occupant(s) is at risk may be allowed. Examples of minor repairs include exposed electrical connections, damaged or nonworking switches and receptacles, and damaged or unsafe electrical wire conditions. Prior to insulating around Knob and Tube wiring, cost effectiveness must be evaluated and barriers must be installed to keep insulation at least three inches from the K&T. If K&T is permanently disabled (cannot be energized again) then it may be insulated over. Best Practice: • Knob & Tube Wiring
If priority lists are used, and these repairs are designated as Incidental Repairs, at what point is a site-specific audit required?
N/A – Priority List is not used.
Client Education
Provide information on overloading circuits and electrical safety and risks.
Training
On-going Health & Safety training will continue via regional training, Q&As, and postings of FAQs to Department Website. http://www.tdhca.state.tx.us/community-affairs/wap/guidance.htm. Additional training for how to identify electrical hazards and code compliance will be handled on an ongoing and as-needed basis as identified by new requirements, new staff hires, results of monitoring reports, requests by Subgrantees etc.

7.10 – Formaldehyde, Volatile Organic Compounds (VOCs), Flammable Liquids, and other Air Pollutants

Concurrence, Alternative, or Deferral		
Concurrence with Guidance ☑	Alternative Guidance ☐	Results in Deferral ☐

Funding				
DOE ■	LIHEAP ☐	State ☐	Utility ☐	Other ☐

What guidance do you provide Subgrantees for dealing with formaldehyde, VOCs, flammable liquids, and other air pollutants identified in homes slated for weatherization?

WAP workers may not remove pollutants. Removal of pollutants must be done by the client or a contracted professional prior to weatherization work being performed. If pollutants pose a risk to workers and removal cannot be performed by a professional or the client refuses to remove the pollutants, the unit must be deferred.

Visual, sensory, combustion appliances inspection/testing and completion of Client Questionnaire & Inspection Checklist shall be the primary detection method. All reasonable steps shall be taken to limit worker exposure to VOCs, air pollutants and biological contaminants utilizing OSHA PPE guidelines. Many VOCs are human-made chemicals that are used and produced in the manufacture of paints, paint thinner, petroleum fuels, sealants, and refrigerants. When using products known to emit VOCs, increase ventilation is required. Meet or exceed any label precautions. Identify, and if possible, have client or a contracted professional remove the source. Biological contaminants include bacteria, molds, mildew, viruses, animal dander and cat saliva, house dust, mites, cockroaches, and pollen. Identification of these contaminants can indicate elevated relative humidity level in a home and improper ventilation which would need to be addressed. State and local codes and regulations regarding disposal of toxic household wastes must be followed. Texas WAP crews/contractors shall take every precaution necessary to minimize exposure to air pollutants.

When using chemicals and products that may contain any of the pollutants within this category, strict adherence to label instructions and precautions shall be required. Known pollutants must be removed by the client or a contracted professional prior to performance of weatherization work.

Health and Safety Guidance

- EPA Guidance on Common Household Wastes & Materials
- Indoor Air Quality

Testing Protocols

Sensory inspection shall be the primary detection method.

Client Education

Clients must be informed of any conditions and/or associated risks observed. Client must be given written information on safety and proper disposal of household pollutants, if applicable.

Training

Guidance on how to recognize potential hazards and when removal is necessary is posted to the Department Website: http://www.tdhca.state.tx.us/community-affairs/wap/guidance.htm
On-going Health & Safety training will continue via regional training, Q&As, and postings of FAQs to Department Website. http://www.tdhca.state.tx.us/community-affairs/wap/guidance.htm
Additional training will be handled on an ongoing and as-needed basis as identified by new requirements, new staff hires, results of monitoring reports, requests by Subgrantees etc.

7.11 – FUEL LEAKS (PLEASE INDICATE SPECIFIC FUEL TYPE IF POLICY DIFFERS BY TYPE)				
Concurrence, Alternative, or Deferral				
Concurrence with Guidance ☑		Alternative Guidance ☐		Results in Deferral ☐
Funding				
DOE ■	LIHEAP ☐	State ☐	Utility ☐	Other ☐
Remediation Protocols				
Natural gas and LP gas piping system inspection and leakage testing will be conducted. An inspection of the accessible gas piping and connections, from the natural gas meter or LP gas tank to a point where the supply line connects to the gas valve of all appliances shall be completed. When a minor gas leak is found on the utility side of service, the utility service must be contacted before work may proceed. Where the auditor confirms gas leakage or identifies deficiencies in gas piping materials, connections, components, or supports, the deficiencies shall be marked and noted in project documentation. The homeowner/occupant shall be notified that repairs must be made. The auditor shall recommend that the homeowner/occupant immediately notify the gas company and/or a qualified professional to evaluate and perform all necessary repairs. Notify utilities and temporarily halt work when leaks are discovered that are the responsibility of the utility to address.				
How do you define allowable fuel leak repairs, and at what point are repairs considered beyond the scope of weatherization?				
Allowable repairs/replacement includes but is not limited to: Worn and/or leaking flexible gas lines and any flexible connectors manufactured prior to 1973 Worn or damaged gas valves Appliance gas valve/regulator housing and connections				
Client Education				
Inform clients in writing if fuel leaks are detected.				
Training				
Fuel leak testing.				

7.12 – GAS OVENS / STOVETOPS / RANGES				
Concurrence, Alternative, or Deferral				
Concurrence with Guidance ☑		Alternative Guidance ☐		Results in Deferral ☐
Funding				
DOE ■	LIHEAP ☐	State ☐	Utility ☐	Other ☐

What guidance do you provide Subgrantees for addressing unsafe gas ovens/stoves/ranges in homes slated for weatherization?

Replacement of cook stoves may be done with unrestricted funds from a funding source other than DOE. Repair and cleaning are allowed.

Cook Stoves with high CO:

- Clean or repair.
- If still has high CO levels, then see if another funding source is able to pay for the stove replacement.
- If no other source, the house must be deferred until the occupant can address the stove.
- Document all steps.
- Houses with stoves with CO levels of 200 ppm or higher which cannot be remedied must be deferred. The money spent trying to fix it, unsuccessfully, would be charged to Program Support.

Testing Protocols
Test gas ovens for CO. Inspect cooking burners and ovens for operability and flame quality.

Client Education
Inform clients of the importance of using exhaust ventilation when cooking and the importance of keeping burners clean to limit the production of CO.

Training
Testing techniques CO action levels

7.13 – Hazardous Materials Disposal [Lead, Refrigerant, Asbestos, Mercury (including CFLs/fluorescents), etc.] (please indicate material where policy differs by material)

Concurrence, Alternative, or Deferral				
Concurrence with Guidance ☑		Alternative Guidance ☐		Results in Deferral ☐

Funding				
DOE ■	LIHEAP ☐	State ☐	Utility ☐	Other ☐

Client Education
Inform client in writing of hazards associated with hazardous waste materials being generated/handled in the home.

Training
Appropriate Personal Protective Equipment (PPE) for working with hazardous waste materials. Disposal requirements and locations. Health and environmental risks related to hazardous materials.

Disposal Procedures and Documentation Requirements
Refrigerants shall be pumped into a recovery tank and disposed at an EPA approved site. Proper disposal procedures for Asbestos are available at Texas Commission on Environmental Quality (TCEQ): Special Waste Disposal: http://www.tceq.texas.gov/permitting/waste_permits/msw_permits/msw_specialwaste.html Texas WAP crews/contractors will follow all EPA RRP requirements for disposal of lead as well as state and local code requirements. Disposal procedures for mercury will follow TCEQ guidance available here: https://www.tceq.texas.gov/assets/public/comm_exec/pubs/rg/rg-377.pdf

7.14 – Injury Prevention of Occupants and Weatherization Workers (Measures such as repairing stairs and replacing handrails)

Concurrence, Alternative, or Deferral				
Concurrence with Guidance ☑		Alternative Guidance ☐		Results in Deferral ☐
Funding				
DOE ■	LIHEAP ☐	State ☐	Utility ☐	Other ☐
What guidance do you provide Subgrantees regarding allowable injury-related repairs (e.g., stairs, handrails, porch deck board)?				
Workers must take all reasonable precautions against performing work on homes that will subject workers or occupants to health and safety risks. Porch or stair repairs that would be required to make a home safe for weatherization workers are not an allowable measure in the program. Such situations are considered to be beyond the scope of Texas WAP.				
How do you define "minor" or allowable injury prevention measures, and at what point are repairs considered beyond the scope of weatherization? Quantify "minor" or allowable injury prevention measures.				
Minor injury prevention measures can include minor electrical repairs as described in section 7.9. Proper safety protocols should be followed to reduce risk of injury as described in sections 7.20 and 7.23. Any other injury prevention measure would be considered beyond the scope of WAP and shall result in unit deferral.				
Training				
OSHA 10 for crew members and OSHA 30 for supervisors.				

7.15 – Lead Based Paint

Concurrence, Alternative, or Deferral				
Concurrence with Guidance ☑		Alternative Guidance ☐		Results in Deferral ☐
Funding				
DOE ■	LIHEAP ☐	State ☐	Utility ☐	Other ☐

Safe Work Protocols
Weatherization requires all weatherization crews/contractors working in pre-1978 housing to be trained in Lead Safe Weatherization (LSW) and follow EPA's Lead; Renovation, Repair and Painting Program (RRP) rule. Deferral is required when the extent and condition of lead-based paint in the house would potentially create further health and safety hazards. In all pre-1978 homes, crews/contractors must assess the physical condition of the home prior to conducting an audit. Texas recommends assuming that lead paint may be present in any house built prior to 1978 and to follow the proper DOE LSW protocols, OSHA regulations and EPA regulations in all pre-1978 homes. Mobile homes are exempt because lead was not used in the original manufacture of mobile homes. However, crews/contractors must be alert to any mobile home remodels/add-ons that could have contained lead-based paint or varnish. Texas WAP crews/contractors will follow all EPA RRP requirements for disposal as well as state and local code requirements. Deferral is required when the extent and condition of lead-based paint in the house would potentially create further H&S hazards. Only those costs directly associated with the testing and lead safe practices for surfaces directly disturbed during weatherization activities are allowable. State policy mandates all workers on site on any weatherization project, whether they be a crew based employee of one of the sub-contractors or a private sector contractor, must complete an eight (8) hour Lead Safe Worker Practices Workshop. Best Practice: • Lead-safe Process and RRP Requirement WX Videos • 12 Steps to Lead Safety • Health & Safety Series: Respirators & Personal Protective Equipment Health and Safety Guidance • Lead; Renovation, Repair, and Painting Program; Lead Hazard Information; • Renovate Right
Testing Protocols
Testing is allowed per RRP requirements. Job site set up and cleaning verification is required by a Certified Renovator. Texas WAP crews/contractors will use LSW work practices that decrease the amount of dust generated.

Client Education
All Subgrantees are required to provide a copy of ”Renovate Right: Important Lead Hazard Information for Families, Child Care Providers and Schools” to an adult occupant prior to work starting on the home. This procedure is documented by a written acknowledgement that the adult occupant has received the brochure and that the information was not only distributed, but also explained, or certify in writing that a brochure had been delivered to an adult occupant and the provider has been unsuccessful in obtaining a written acknowledgement, as directed in the publication. Confirmation of receipt of this brochure by the client will be maintained in the client file.
Training and Certification Requirements
Each Subgrantee must be an EPA Certified Firm and have a Certified Lead Renovator on staff. The Subgrantee is responsible to obtain and maintain the required certifications.
Documentation Requirements
Documentation in the client file must include Certified Renovator certification; any training provided on-site; description of specific actions taken; lead testing and assessment documentation; and, photos of site and containment set up. Include the location of photos referenced if not in file.

7.16 – MOLD AND MOISTURE (INCLUDING BUT NOT LIMITED TO: DRAINAGE, GUTTERS, DOWN SPOUTS, EXTENSIONS, FLASHING, SUMP PUMPS, DEHUMIDIFIERS, LANDSCAPE, VAPOR RETARDERS, MOISTURE BARRIERS, ETC.)

Concurrence, Alternative, or Deferral				
Concurrence with Guidance ☑		Alternative Guidance ☐		Results in Deferral ☐
Funding				
DOE ■	LIHEAP ☐	State ☐	Utility ☐	Other ☐

What guidance do you provide Subgrantees for dealing with moisture related issues (e.g., drainage, gutters, down spouts, moisture barriers, dehumidifiers, vapor barrier on bare earth floors) in homes slated for weatherization?
Limited water damage repairs can be addressed by weatherization workers. Correction of moisture and mold creating conditions are allowed when necessary in order to weatherize the home and to ensure the long term stability and durability of the measures. Where severe mold-like substance and moisture issues cannot be addressed, deferral is required. Visual assessment is required and diagnostics such as moisture meters are recommended pre-assessment and prior to final inspection. The assessment shall assure existing mold-like conditions are noted, documented and disclosed to the client; and, shall assure existing building envelope conditions do not contribute to mold-like growth when weatherization measures are applied. Mold-like substance assessment means a visual assessment combined with certain allowable diagnostics. It does not mean testing for mold. **DOE funds may not be used to test for mold-like substances.** Texas WAP crews/contractors shall follow the Mold/Moisture Assessment Checklist when conducting the mold-like substances assessment at the time of the audit. Assessment shall include a general examination of the building, to include:

- Examine structure, maintenance activities, occupancy patterns
- Visually look for mold-like substances and water staining
- Look for evidence of standing water
- Look for evidence of condensation
- Check basement or crawl space and attic for proper venting and exhaust

Outdoors:

- Soil grade or drainage toward foundation
- Standing water adjacent to foundation
- Wall and roof damage allowing water intrusion
- Missing or blocked rain gutters
- No downspout extensions
- Firewood stacked adjacent to house
- Excessive shrubbery around foundation

Heating/cooling systems:

- Air intakes: debris (organic) vs. clean air
- Filters: dirty, damp, poor type
- Heat exchangers: dirty & damp coils, condensate pans, drainage, stagnant water
- Ducts: contamination, moisture

Occupied Space:

- Plumbing leaks
- Water stains on walls, ceilings and around windows
- Musty odor
- Surface Condensation (especially during mild weather)
- Mold-like substances on carpeting
- Humidifiers
- Window air conditioners
- Lack of bathroom, kitchen exhaust
- Clothes dryer not vented to outside
- Firewood stored indoors
- Wet clothes drying indoors

The DOE Training Resource:

- Mold and Moisture given by Michael Vogel of MSU Weatherization Training Center is available to all Subgrantees through TDHCA's website
- Energy Related Mold and Moisture…awareness and impacts for weatherization

Best Practice:

- Mold-safe Process

How do you define "minor" or allowable moisture-related measures, and at what point is work considered beyond the scope of weatherization?
Defined in Mold-Safe process flow-chart http://www.tdhca.state.tx.us/community-affairs/wap/docs/WAP-BP-Mold-Flowchart.pdf

Client Education
Provide client notification and disclaimer on mold-like substances and moisture awareness. The unified weatherization form that identifies if there are mold-like substances, must be included in the client files, regardless of whether there is mold-like substance in the home or not. A Mold -Like Substance Notification and Release Form for Texas Weatherization Programs must be filled out if mold or mold-like substances are found in the home. Texas Department of State Health Services, Consumer Mold Information Sheet is required to be given to clients who have moisture problems or mold-like substances, as part of client education.
Training
The DOE power-point presentation training on Mold and Moisture given by Michael Vogel of MSU Weatherization Training Center is available to all Subgrantees through TDHCA's website: http://www.tdhca.state.tx.us/community-affairs/wap/wap-training-videos.htm. Additional training will be handled on an ongoing and as-needed basis as identified by new requirements, new staff hires, results of monitoring reports, requests by Subgrantees etc.

7.17 – PESTS

Concurrence, Alternative, or Deferral		
Concurrence with Guidance ☑	Alternative Guidance ☐	Results in Deferral ☐

Funding				
DOE ■	LIHEAP ☐	State ☐	Utility ☐	Other ☐

What guidance do you provide Subgrantees for dealing with pests and pest intrusion prevention in homes slated for weatherization?
Pest removal is allowed only where infestation would prevent weatherization or poses a health and safety concern for workers. Infestation of pests may be cause for deferral where it cannot be reasonably removed. Determine whether the pest infestation would prevent or hamper the weatherization work. If removal is a viable and cost-effective option, take the necessary steps to remove the pest infestation problem so that the weatherization work can proceed. If removal is not a viable and cost-effective option or significant health and safety risks exist, defer the weatherization work and provide client with appropriate referral information. Best Practice: • Pests
Define Pest Infestation Thresholds, Beyond Which Weatherization Is Deferred
Costs beyond $50 in labor and materials to mitigate pest infestations will be addressed by TDHCA to determine if deferral is necessary.
Testing Protocols
Assessment of presence and degree of infestation and risk to worker.
Client Education
Inform client of observed pest condition and associated risks and document in client file.
Training
How to assess presence and degree of infestation, associated risks, and deferral policy. Additional training will be handled on an ongoing and as-needed basis as identified by new requirements, new staff hires, results of monitoring reports, requests by Subgrantees etc.

7.18 – Radon				
Concurrence, Alternative, or Deferral				
Concurrence with Guidance ☑		Alternative Guidance ☐		Results in Deferral ☐
Funding				
DOE ■	LIHEAP ☐	State ☐	Utility ☐	Other ☐
What guidance do you provide Subgrantees around radon?				
TDHCA will provide subgrantees with a Radon Informed Consent Form and the EPA's *A Citizen's Guide to Radon*. State specific resources can be found at: https://www.epa.gov/radon/find-information-about-local-radon-zones-and-state-contact-information#stateradon The Texas Department of State Health Services website also contains useful information: • Radon				
Testing Protocols				
Testing in not authorized in Texas WAP as Texas has no areas of "Highest Potential," according to the United States Environmental Protection Agency standards.				
Client Education				
Provide all clients EPA's *A Citizen's Guide to Radon* and inform them of radon related risks. https://www.epa.gov/radon/citizens-guide-radon-guide-protecting-yourself-and-your-family-radon				
Training and Certification Requirements				
Training will be provided regarding updated requirements per WPN 17-7 including use of the informed consent form.				
Documentation Requirements				
Client signed informed consent form.				

7.19 – Safety Devices: Smoke and Carbon Monoxide Alarms, Fire Extinguishers				
Concurrence, Alternative, or Deferral				
Concurrence with Guidance ☑		Alternative Guidance ☐		Results in Deferral ☐
Funding				
DOE ■	LIHEAP ☐	State ☐	Utility ☐	Other ☐

What is your policy for installation or replacement of the following:
Smoke Alarms: Smoke alarms may be installed where alarms are not present or are inoperable. At minimum, all Dwelling Units should have at least one smoke alarm on each level, including one near the combustion zone and at least one near the bedrooms. Ceiling-mounted smoke alarms must be mounted at least 6 inches from any wall. Wall-mounted smoke alarms must be installed at least 6 but less than 18 inches from the ceilings. They should always be installed according to applicable local codes or ordinances. Don't install smoke alarms in these cases: • In a home that already has a functioning smoke alarm • Within 12 inches of exterior doors and windows • With an electrical connection to a switched circuit • With a connection to a ground-fault interrupter circuit (GFCI)
Carbon Monoxide Alarms: CO alarms must be installed where alarms are not present or are inoperable. A CO alarm should also be installed in accordance with SWS. CO alarms should be installed in all homes with unvented space heaters (all unvented space heaters must comply with ANSI Z21.11.2) and in all homes where backdrafting could occur in a furnace, space heater, wood stove, fireplace, or water heater. Always install CO alarms according to the manufacturer's instructions. Don't install CO alarms in these cases: • In a room that may get too hot or cold for alarm to function properly • Within 5 feet of a combustion appliance, vent, or chimney • Within 5 feet of a storage area for vapor-producing chemicals • Within 12 inches of exterior doors and windows • Within a furnace closet or room • With an electrical connection to a switched circuit • With a connection to a ground-fault interrupter circuit (GFCI)
Fire Extinguishers: A fire extinguisher may be provided in homes with solid fuel burning equipment. The fire extinguisher must be installed according to the manufacturer's standards and local code in the vicinity of the primary heating source.
Testing Protocols
Check existing alarms for operation. Verify operation of installed alarms.
Client Education
The client will be provided with the manufacturer's information sheet on use of smoke/CO detectors.
Training
Location and code requirements for installation of alarms.

7.20 – Occupant Health and Safety Concerns and Conditions

Concurrence, Alternative, or Deferral		
Concurrence with Guidance ☑	Alternative Guidance ☐	Results in Deferral ☐

Funding				
DOE ■	LIHEAP ☐	State ☐	Utility ☐	Other ☐

What guidance do you provide Subgrantees for soliciting the occupants' health and safety concerns related to components of their homes?

A Health & Safety Questionnaire/ Checklist for use by Subgrantees can be found under Client and Field Assessment Forms on the Department Website:
http://www.tdhca.state.tx.us/communityaffairs/wap/guidance.htm

What guidance do you provide Subgrantees for determining whether occupants suffer from health conditions that may be negatively affected by the act of weatherizing their home?

Subgrantee must discuss results of survey with clients and potential measures list to determine if any measures could have an effect on the client's health.

What guidance do you provide Subgrantees for dealing with potential health concerns when they are identified?

When a person's health may be at risk and/or the work activities could create an H&S hazard the at risk occupant will be required to take appropriate action based on the severity of the risk.

Temporary relocation of Vulnerable Populations may be allowed. Failure or inability to take appropriate actions will result in a deferral.

Client Education

Provide client information of any known risks. Provide worker contact information so client can inform of any issues.

Documentation Form(s) have been developed and comply with guidance? Yes ☑ No ☐

7.21 – Ventilation and Indoor Air Quality

Concurrence, Alternative, or Deferral		
Concurrence with Guidance ☑	Alternative Guidance ☐	Results in Deferral ☐

Funding				
DOE ■	LIHEAP ☐	State ☐	Utility ☐	Other ☐

Identify the Most Recent Version of ASHRAE 62.2 Implemented (optional: identify Addenda used)

Texas WAP has adopted the ASHRAE 62.2 2016 standard.

Testing and Final Verification Protocols

Required measurements, including fan flow of existing fans installed equipment, will be captured on the TDHCA provided Blower Door and Duct Blower Data Sheet (XLS). Pre and post measurements must be calculated using the ASHRAE 62.2-2016 Calculator or other certified software.

Client Education
Provide client with information on function, use, and maintenance (including location of service switch and cleaning instructions) of ventilation system and components. Provide client with equipment manuals for installed equipment. Include disclaimer that ASHRAE 62.2 does not account for high polluting sources or guarantee indoor air quality.
Training
Training for use of the new ASHRAE 62.2-2016 Calculator is available on the RedCalc website and TDHCA provides training on the difference between the 2013 and 2016 standard on an as needed basis. Tools and Guides: • Exhaust Fan Flow Meter Quick Guide (PDF) • Single-Family Homes: Standard Work Specifications Field Guide (PDF)

7.22 – Window and Door Replacement, Window Guards

Concurrence, Alternative, or Deferral				
Concurrence with Guidance ☑		Alternative Guidance ☐		Results in Deferral ☐
Funding				
DOE ■	LIHEAP ☐	State ☐	Utility ☐	Other ☐
What guidance do you provide to Subgrantees regarding window and door replacement and window guards?				
Replacement, repair, or installation is not an allowable health and safety cost but may be allowed as an efficiency measure if cost justified. When working on windows follow LSW requirements for pre-1978 homes.				
Testing Protocols				
Not applicable				
Client Education				
Provide written information on lead risks wherever issues are identified.				
Training				
Guidance is provided through two best practices: Window Repair or Replacement Door Repair or Replacement				

7.23 – Worker Safety (OSHA, etc.)

Concurrence, Alternative, or Deferral				
Concurrence with Guidance ☑		Alternative Guidance ☐		Results in Deferral ☐
Funding				
DOE ■	LIHEAP ☐	State ☐	Utility ☐	Other ☐
How do you verify safe work practices? What is your policy for in-progress monitoring?				

Workers must follow OSHA standards and Safety Data Sheets (SDS) and take precautions to ensure the health and safety of themselves and other workers. SDS must be posted wherever workers may be exposed to hazardous materials. As part of the safety for crew, assessors will indentify health and safety hazards according the OSHA method "Focus Four" which includes, electrical, fall protection, caught in and between, and struck-by hazards. The client will be informed in writing of any hazards and the associated risks that may have been observed. Health and Safety Guidance OSHA Focus Four
Training and Certification Requirements
OSHA 10-hour training for all crew level WAP employees OSHA 30-hour training for all crew leaders All OSHA training shall be updated as required and kept current. SDS must be present at the work sites.

7.24 – Water Heaters

Concurrence, Alternative, or Deferral				
Concurrence with Guidance ☐		Alternative Guidance ☑		Results in Deferral ☐
Funding				
DOE ■	LIHEAP ☐	State ☐	Utility ☐	Other ☐
Remediation Protocols				
Replacement or repair of water heaters is allowed on a case by case basis. The Subgrantees must initially attempt to qualify existing Water Heater as an ECM. If the Water Heater does not rank, Subgrantees may repair or replace the existing unit as a Health and Safety Measure. Further detailed in the Water Heater Replacement Best Practice on the TDHCA Website: http://www.tdhca.state.tx.us/community-affairs/wap/docs/WAP-BP-WaterHeaterRepairorReplace.pdf				
Testing Protocols				
Appropriate combustion appliance testing and water temperature testing.				
Client Education				
Clients shall be given all manufacturers information on the appropriate use and maintenance of water heating units.				
Training				
Combustion Appliance Zone (CAZ) training and identifying potential hazards associated with water heaters.				

1h

BOARD ACTION REQUEST

COMMUNITY AFFAIRS DIVISION

APRIL 26, 2018

Presentation, discussion, and possible action on release of the Draft FFY 2019 Low Income Home Energy Assistance Program ("LIHEAP") State Plan to be made available for public comment

RECOMMENDED ACTION

WHEREAS, the Texas Department of Housing and Community Affairs ("Department") develops and submits a State Plan to the U.S. Department of Health and Human Services ("USHHS") each year to administer the LIHEAP; and

WHEREAS, the Department has not yet received final grant guidance from USHHS for preparation of the Draft FFY 2019 LIHEAP State Plan ("Plan"), but has prepared the Plan for public comment based on existing USHHS guidance;

NOW, therefore, it is hereby

RESOLVED, that the Plan, in the form presented to this meeting, is hereby approved to be released for public comment and public hearing, and to be announced in the *Texas Register*;

RESOLVED, that if USHHS releases different guidance after Board approval, the Board authorizes staff to make needed conforming changes and non-substantive changes to the Plan, and to change the public hearing dates and the comment period;

RESOLVED, that the Department is intending to propose rule changes to 10 TAC Chapter 6 Community Affairs Programs, and if this or other rulemaking results in changes, the Plan will be revised to reflect those changes as applicable; and

FURTHER RESOLVED, that the final plan with consideration for final grant guidance, public comment and technical corrections made by staff, along with award recommendations to subrecipients is anticipated to be presented to the Board later in the summer.

BACKGROUND

The Department develops and submits to USHHS a LIHEAP Plan each year on or before September 1st. USHHS provides a model plan to guide the format and content. The draft, upon approval by the Board, will be released for public comment and four public hearings will be held around the state. Public hearings provide the opportunity for comment from the public and the subrecipient network. Public hearings for the Plan will be held as follows:

Wednesday, May 30, 2018 from 5:30-6:30 p.m. in the Thomas Jefferson Rusk Building, Room 320, located at 208 East 10th Street, Austin, TX 78701

Wednesday, May 30, 2018 from 1:00-2:00 p.m. at 959 E. Rosedale, Fort Worth, TX 76104

Thursday, May 31, 2018 from 5:30-6:30 p.m. at 3838 Aberdeen Way, Houston, TX 77277

Thursday, May 31, 2018 from 2:00-3:00 p.m. at 1101 E. Garden Lane, Midland, TX 79701

The public comment period to accept comments regarding the Plan will be open from Friday, May 11, 2018 through Monday, June 4, 2018 at 5:00 p.m. Austin local time. Written comments concerning the Plan may also be submitted to the Texas Department of Housing and Community Affairs, Community Affairs Division, P.O. Box 13941, Austin, TX 78711-3941, or by email to gavin.reid@tdhca.state.tx.us, or by fax to (512) 475-3935. Comments are due no later than 5:00 p.m. Austin local time, Monday, June 4, 2018.

Upon completion of the public hearings and public comment period, staff will modify the Plan, if appropriate, based on public comment. Staff will also include any changes required by federal guidance, although staff anticipates they will be minimal, if any. Staff anticipates presenting the revised Plan, along with recommendations for subrecipient awards, to the Board for review and final approval later in the summer.

LIHEAP funds, as reflected in the Plan, are utilized in the following three ways:

- The Department allocates at least 75% of the LIHEAP funds to the Comprehensive Energy Assistance Program ("CEAP") which provides utility assistance to eligible households, including crisis assistance and services to reduce home energy needs.
- The Department allocates up to 15% of the LIHEAP funds to the Weatherization Assistance Program ("WAP"). It should be noted that there is generally greater flexibility with LIHEAP weatherization funds than U.S. Department of Energy ("DOE") weatherization funds, so continuing to allocate some portion of these funds for this activity allows households to receive more comprehensive assistance than were they to be served solely by DOE WAP.
- The Department allocates 10% of LIHEAP funds for Department and subrecipient administration.

In review of the Plan, attached, it should be noted that the Plan follows a template and series of required responses pre-determined by USHHS with character limitations and specific instructions.

LOW INCOME HOME ENERGY ASSISTANCE PROGRAM (LIHEAP)

MODEL PLAN

PUBLIC LAW 97-35, AS AMENDED

FEDERAL FISCAL YEAR 2019

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 disbursal 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.

* This assurance is applicable only to States, and to territories whose annual regular LIHEAP allotments exceed $200,000. Neither territories with annual allotments of $200,000 or less nor Indian tribes/tribal organizations are subject to Assurance 15.

(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, 2018

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 1[1]

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 Operation[2]	
☒	Heating assistance	Start date: 10/01/2018	End date: 09/30/2020
☒	Cooling assistance	Start date: 10/01/2018	End date: 09/30/2020
☒	Crisis assistance	Start date: 10/01/2018	End date: 09/30/2020
☒	Weatherization assistance	Start date: 10/01/2018	End date: 09/30/2020

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 assistance[3]

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**

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[1] Capitalized terms are defined in Title 10, Chapters 1, 2, or 6 (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): funds are utilized for all eligible components

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**
Temporary Assistance for Needy Families	No	No	No	No
Supplemental Security Income	Yes	Yes	Yes	Yes
Supplemental Nutrition Assistance Program	No	No	No	No
Means-tested Veterans 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?
Texas provides Categorical Eligibility for SSI and Means-Tested Veterans 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) [4]
☐ 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 §6.4-)
☒ 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 excluded by other Federal law)
☐ 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 TAC §6.4 or by other federal law

[4] Exceptions on use of net income are provided for in 10 TAC §6.4 .

Section 2 - HEATING ASSISTANCE

Eligibility, 2605(b)(2) – Assurance 2

2.1 Designate The income eligibility threshold used for the heating component:

Household Size	*Eligibility Guidelines*	*Eligibility Threshold*
All Household Sizes	HHS Poverty Guidelines	150%
All Household Sizes	State Median Income	60%[5]

2.2 Do you have additional eligibility requirements for **<u>HEATING</u> <u>ASSISTANCE</u>?**

☐ Yes ☒ No [6]

2.3 Check the appropriate boxes below and describe the policies for each.

	Yes	No
● Do you require an assets test?	☐	☒
● Do you have additional/differing eligibility policies for:		
• Renters?	☐	☒
• Renters living in subsidized housing?	☐	☒
• Renters with utilities included in the rent?[7]	☐	☒
● Do you give priority in eligibility to:		
• Elderly?	☒	☐
• Disabled?	☒	☐
• Young children?	☒	☐
• Households with high energy burdens?	☒	☐
• Other? Households with high energy consumption	☒ -	☐

5 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, Texas 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. Texas 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.

6 10 TAC §6.307(e) states: "A Household unit 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 §6.2 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."

7 Per 10 TAC §6.309(g)(9), Subrecipient may make payments to landlords on behalf of eligible renters who pay their utility and/or fuel bills indirectly. Subrecipient shall notify each participating household of the amount of assistance paid on its behalf. Subrecipient shall document this notification. Subrecipient shall maintain proof of utility or fuel bill payment. Subrecipient shall ensure that amount of assistance paid on behalf of client is deducted from client's rent.

Determination of Benefits, 2605(b)(5) – Assurance 5, 2605(c)(1)(B)

2.4 Describe how you prioritize the provision of heating assistance to vulnerable households, e.g., benefit amounts, application period, etc.
Subrecipients use a 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: Alternative Billing Method)

Benefit Levels, 2605(b)(5) – Assurance 5, 2605(c)(1)(B)

2.6 Describe estimated benefit levels for FY 2019:

$1 Minimum benefit $5,400 Maximum benefit

Note: Households are eligible for up to $1,200 under utility assistance component and up to $1,200 under Crisis component and they may be eligible for an additional $3,000 for heating and cooling repair under the Crisis component

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 non-vulnerable 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. Vulnerable Households that include at least one member that is Elderly, Disabled, or a Child age 5 or younger, may receive service and repair of existing heating and cooling units not to exceed $3,000 or a portable air conditioning/evaporative coolers and heating units (portable electric heaters are allowable only as a last resort) regardless of local weather criteria.
Eligible Households may receive 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. Eligible Households may receive 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 10 TAC §6.310 (e).

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:

	Household Size	Eligibility Guidelines	Eligibility Threshold
1	All Household Sizes	HHS Poverty Guidelines	150%
2	All Household Sizes	State Median Income	60%[8]

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.

	Yes	No
● Do you require an assets test?	☐	☒
● Do you have additional/differing eligibility policies for:		
• Renters?	☐	☒
• Renters living in subsidized housing?	☐	☒
• Renters with utilities included in the rent?[9]	☐	☒
● Do you give priority in eligibility to:		
• Elderly?	☒	☐
• Disabled?	☒	☐
• Young children?	☒	☐
• Households with high energy burdens?	☒	☐
• Other? Households with high energy consumption	☒	☐

3.3 (continued) Check the appropriate boxes below and describe the policies for each.

[8] 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, Texas will use the highest of 150% of the poverty guidelines or 60% of the State's median income. Texas 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.

[9] Per 10 TAC §6.309(g)(9), Subrecipient may make payments to landlords on behalf of eligible renters who pay their utility and/or fuel bills indirectly. Subrecipient shall notify each participating household of the amount of assistance paid on its behalf. Subrecipient shall document this notification. Subrecipient shall maintain proof of utility or fuel bill payment. Subrecipient shall ensure that amount of assistance paid on behalf of client is deducted from client's rent.

Explanations of policies for each "yes" checked above:

10 TAC §6.307 states "Subrecipients must establish a written procedure to serve Households that have a Vulnerable Population Household member, Households with High Energy Burden, and Households with High Energy Consumption. High Energy Burden shall be the highest rated item in sliding scale priority determinations. The Subrecipient must maintain documentation of the use of the criteria."

Priority must be given to Elderly, Disabled, Households with Young Children, and Households with High Energy Burden and High Energy Consumption.

3.4 Describe how you prioritize the provision of cooling assistance to vulnerable households, e.g., benefit amounts, application periods, etc.
Subrecipients use a 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 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:

$1 Minimum benefit $5,400 Maximum benefit

Note: Households are eligible for $1,200 under utility assistance component and $1,200 under Household Crisis component and they may be eligible for an additional $3,000 for service and repair of existing heating and cooling units. If any component of the existing heating or cooling, or heating and cooling system cannot be repaired using parts, Subrecipients can replace the component in order to repair the heating or cooling, or heating and cooling system under the Household Crisis component.

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.

<u>Section 4: CRISIS ASSISTANCE</u>,

Eligibility - 2604(c), 2605(c)(1)(A)

4.1 Designate the income eligibility threshold used for the crisis component:

	Household Size	Eligibility Guidelines	Eligibility Threshold
1	All Household Sizes	HHS Poverty Guidelines	150%
2	All Household Sizes	State Median Income	60%[10]

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 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 Vulnerable Population Households (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?

10 TAC §6.301(b)(3) defines a Life Threatening Crisis as: "A life threatening crisis exists when at least one person in the applicant Household would be adversely affected 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 customer report) to the degree that, in the opinion of a reasonable person, the effect could cause loss of 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 be requested about the medical condition of the applicant/customer but must state that such a device is required in the Dwelling Unit to sustain life."

[10] 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, Texas will use the highest of 150% of the poverty guidelines or 60% of the State's median income ("SMI"). Texas may also use this flexibility to set poverty guidelines in a local crisis as defined by the Department's Executive Director. Texas 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.

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 Hours[11]

Crisis Eligibility, 2605(c)(1)(A)?

4.6 Do you have additional eligibility requirements for **<u>CRISIS ASSISTANCE</u>?**

☐ Yes ☒ No

4.7 Check the appropriate boxes below and describe the policies for each.

	Yes	No
● Do you require an assets test?	☐	☒
● Do you give priority in eligibility to:		
• Elderly?	☒	☐
• Disabled?	☒	☐
• Young children?	☒	☐
• Households with high energy burdens?	☒	☐
• Other? Households with high energy consumption	☒	☐
● In order to receive crisis assistance:[12]		
• Must the household have received a shut-off notice or have a near empty tank?	☐	☒
• Must the household have been shut off or have an empty tank?	☐	☒
• Must the household have exhausted their regular heating benefit?	☐	☒
• Must renters with heating costs included in their rent have received an eviction notice?	☐	☒
• Must heating/cooling be medically necessary?	☐	☒
• Must the household have non-working heating or cooling equipment?	☒	☐
• Other?	☐	☒

[11] 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.

[12] The program has different requirements depending on whether the household contains a member of a priority group.

4.7 (continued)

- Do you have additional/differing eligibility policies for:
  - Renters? ☐ ☒
  - Renters living in subsidized housing? ☐ ☒
  - Renters with utilities included in the rent? [13] ☐ ☒

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?

☒ Amount to resolve crisis, up to a maximum of <u>$1200</u>

☒ 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: 10 TAC §6.313: "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.

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[13] Per 10 TAC §6.309(g)(9), Subrecipient may make payments to landlords on behalf of eligible renters who pay their utility and/or fuel bills indirectly. Subrecipient shall notify each participating household of the amount of assistance paid on its behalf. Subrecipient shall document this notification. Subrecipient shall maintain proof of utility or fuel bill payment. Subrecipient shall ensure that amount of assistance paid on behalf of client is deducted from client's rent.

4.11 (continued)

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 $________0 maximum benefit

Summer Crisis $________0 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. Only as a result of natural disasters, provision of temporary shelter, blankets, fans, costs for certain transportation, air conditioners, and generators is allowed under conditions specified in 10 TAC §6.309 and §6.310.

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 (only components of a central HVAC system)			X
Cooling system repair			X
Cooling system replacement (only components of a central HVAC system)			X
Wood stove purchase			
Pellet stove purchase			
Solar panel(s)			
Utility poles / Gas line hook-ups			
Other (Specify): For Households which include a member of a Vulnerable Population, service and repair or purchase of portable heating and cooling units can be provided if a system is non-existent up to $3000.			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 relating to 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:

	Household Size	Eligibility Guidelines	Eligibility Threshold
1	All Household Sizes	HHS Poverty Guidelines	150%
2	All Household Sizes	State Median Income	60%[14]

5.2 Do you enter into an interagency agreement to have another government agency administer a **<u>WEATHERIZATION component</u>?** ☐ Yes ☒ No

5.3 If yes, name the agency. _NA____

5.4 Is there a separate monitoring protocol for weatherization? ☒ Yes ☐ No

<u>WEATHERIZATION</u> - 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

[14] 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, Texas will use the highest of 150% of the poverty guidelines or 60% of the State’s median income (“SMI”). Texas may also use this flexibility to set poverty guidelines in a local crisis as defined by the Department’s Executive Director. TDHCA 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.

5.5 (continued)

☒ 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).
- ☒ 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.

Under what rules do you administer LIHEAP weatherization? (Check only one.)

☐ Mostly under DOE WAP rules, with the following LIHEAP rule(s) where LIHEAP and WAP rules differ: (Check all that apply.)

- ☐ Income Threshold.
- ☐ 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

	Yes	No
5.6 Do you require an assets test?	☐	☒
5.7 Do you have additional/differing eligibility policies for:		
• Renters?	☐	☒
• Renters living in subsidized housing?	☐	☒
5.8 Do you give priority in eligibility to:		
• Elderly?	☒	☐
• Disabled?	☒	☐
• Young children?	☒	☐
• Households with high energy burdens?	☒	☐
• Other?	☒	☐

Explanation: Households with high energy consumption

Benefit Levels

5.9 Do you have a maximum LIHEAP weatherization benefit/expenditure per household?

☒ ☐

5.10 If yes, what is the maximum amount? $6,500
NOTE: 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.)

- [x] Weatherization needs/assessments/audits
- [x] Caulking and insulation
- [ ] Storm windows
- [x] Furnace/heating system modifications/repairs
- [x] Furnace replacement
- [x] Cooling system modifications/repairs
- [x] Water conservation measures
- [x] Compact fluorescent light bulbs
- [x] Energy related roof repair
- [x] Major appliance repairs
- [x] Major appliance replacement
- [x] Windows/sliding glass doors
- [x] Doors
- [x] Water Heater
- [x] Cooling system replacement
- [x] 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; Window screens to help prevent exposure to the Zika virus for Households with pregnant women.

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	Heating	Cooling	Crisis	Weatherization
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
	Heating	Cooling	Crisis	Weatherization
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 most subcontracted with local contractors

Note for 8.5: In the USHHS-OLDC system where the State Plan is entered, it only allows states to select one type of entity. The Department will select Nonprofits; although we will also contract with Units of government and CAAs.

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

8.6 (continued)
(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 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 conduct 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? 37

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

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. The Department provides Subrecipients with a Department approved Vendor Agreements to utilize. The document can be found at the Department's website at http://www.tdhca.state.tx.us/community-affairs/ceap/docs/17-CEAP-Vendor-Agreement.pdf

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. The Department provides Subrecipients with a Department approved Vendor Agreements to utilize. The document can be found at the Department's website at http://www.tdhca.state.tx.us/community-affairs/ceap/docs/17-CEAP-Vendor-Agreement.pdf

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[15]	Type	Brief Summary	Resolved?	Action Taken
Monitoring must incorporate additional procedures to review and test selected expenditures for LIHEAP.	Non-Compliance	Implement additional monitoring procedures To assure proper disbursal of and accounting of LIHEAP funds.	Pending HHS response	Department has implemented significant improvements to monitoring procedures. Source documentation for expenditures are reviewed. Department provided updated monitoring tools and procedures to HHS.
Monitoring procedures need to ensure LIHEAP funds are allocated appropriately.	Non-Compliance	Revise monitoring procedures. Ensure that additional fiscal controls are needed to ensure LIHEAP funds are allocated appropriately at the state and sub-grantee level.	Pending HHS response	Department has implemented significant improvements to monitoring procedures and provided updated monitoring tools and procedures to HHS.
Additional controls needed for vendor refunds.	Non-Compliance	Incorporate into grant award agreements additional controls for vendor refunds.	Pending HHS response	Department revised the vendor refund requirements and incorporated into the grant award agreements.
Unclear definition of obligation.	Non-Compliance	Department must provide HHS – OCS with its written policies	Pending HHS response	Department developed written policy regarding obligation and is revising Texas Administrative Code to include

[15] Based on USHHS-OCS LIHEAP Compliance Review Letter of January 2018.

		regarding the definition of obligation.		definition of obligation.
Inconsistent estimates and reporting of carry over funds	Non-Compliance	Department must ensure that the 10 percent carryover limit is not exceeded.	Pending HHS response	Department is working with a group of subrecipients to design a new deobligation/reobligation policy for use in FY 2019. At the end of each fiscal year any contracts with remaining funds will be extended until full expenditure. Subrecipients will not draw funds from the new contract until prior year funds are expended.
Additional fiscal controls needed to track various sources and applications of LIHEAP funds	Non-Compliance	Department must implement changes to record-keeping and/or accounting systems to implement fiscal controls to enable LIHEAP transactions to be readily differentiated and tracked, including Assurance 16 activities.	Pending HHS response	After the 2016 monitoring visit, the Department chose to no longer fund Assurance 16. The Community Affairs contract system is able to capture the following budget categories for each subrecipient contract: Administration, Program Services Support, Crisis and Utility Assistance (Heating and/or Cooling). The Financial Services Division has the same categories in the Accounting System and program staff reconciles monthly to ensure accuracy between the two systems.
Delays in releasing contracts to subgrantees	Non-Compliance	The Department has had delays in releasing contracts to subgrantees in time for the	Pending HHS response	HHS concern may be related to possible gaps in serve that have arisen during gaps in contract terms. This has been resolved by extending the contract until a

		January 1st start date per LIHEAP Plan.		following year contract is in effect, ensuring no lapses in contract terms. 2017 and 2018 contracts were made available prior to January 1st.
Inconsistent Fair Hearing Procedures	Non-Compliance	State must establish thorough written policies and procedures for providing an opportunity for a fair hearing, not only for applicants who are denied assistance.	Pending HHS response	Written policies responsive to the issue of fair hearing procedures were clarified in the Department's contracts with subrecipients.
Inaccurate Household Report	Non-Compliance	State must develop a system to collect unduplicated household data for reporting to HHS and implement the procedure.	Pending HHS response	Department began working with APRISE and Verve Associates LLC in 2016 to create a system that would enable Department to satisfy the unduplicated household reporting requirements. In 2017 the Department submitted the required documentation to HHS.
Inadequate information provided to HHS on LIHEAP funds being properly spent within federal obligation period	Non-Compliance	State must provide documentation to demonstrate that LIHEAP funds have been properly spent or repaid to the state and re-obligated timely by the state within the original	Pending HHS response	This finding relates to two subrecipients and the Department has pursued this matter through the State Attorney General's Office.

		federal obligation period. Absent such, HHS will pursue a disallowance of the state for full amount.		
State must implement policy and procedures to address ineligible use of LIHEAP funds	Non-Compliance	The State must implement policy and procedures to address ineligible benefits, such as water, waste water and solid water charges and that LIHEAP funds aren't used for such.	Pending HHS response	The Department will implement policies to ensure that LIHEAP funds aren't used for ineligible benefits, such as water, waste water and solid water charges and include these updates in the Texas Administrative Code prior to July 31, 2018.
Verification of Citizenship and Qualified Alien Status	Non-Compliance	State needs to develop written policies and procedures on how to ensure unqualified aliens will not receive LIHEAP assistance, except in the case of a mixed status household.	Pending HHS response	The Department will update its rules and contracts to integrate the requirement that each subrecipient must confirm that no unqualified aliens are receiving benefits and report to the Department on how they will accomplish the process of confirmation. Current policy takes into consideration mixed status households. These requirements will be addressed in a revision to the Texas Administrative Code prior to July 31, 2018.

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).[16]

☐ 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)).

10.4 (continued)

☒ 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.

[16] For 2018, Subrecipients will follow the audit requirements in 45 CFR 75 Subpart F, as applicable, and the requirements in the Texas Single Audit Act.

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 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 subject to an inspection review 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.

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) 0

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?

Pending input to be received at public hearings.

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**
Wednesday, May 30, 2018 from 5:30 p.m. - 6:30 p.m.	LIHEAP Plan Public Hearing – Rusk State Office Building, Room 320, 208 East 10th Street, Austin, Texas 78701
Wednesday, May 30, 2018 from 1:00 -2:00 p.m.	LIHEAP Plan Public Hearing –959 E. Rosedale, Fort Worth, TX 76104
Thursday, May 31, 2018 from 5:30 p.m.-6:30 p.m.	LIHEAP Plan Public Hearing – 3838 Aberdeen Way, Houston, TX 77277
Thursday, May 31, 2018 form 2:00-3:00 p.m.	LIHEAP Plan Public Hearing – 1101 E. Garden Lane, Midland, TX 79701

11.4 How many parties commented on your plan at the hearing(s)?

TBD

11.5 Summarize the comments you received at the hearing(s).

Pending public hearings.

General Comments:

Pending public hearings.

General Comments:

Pending public hearings.

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 at this time.

12.2 How many of those fair hearings resulted in the initial decision being reversed?
None.

12.3 Describe any policy and/or procedural changes made in the last Federal fiscal year as a result of fair hearings?
None

12.4 Describe your fair hearing procedures for **households whose applications are denied.**
Subrecipient 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 Title 10, Part 1, Ch 6, Subch A, §6.8 of the State Rules. The rule states:

(a) Subrecipient shall establish a denial of service complaint procedure to address written complaints from program applicants/customers. At a minimum, the procedures described in paragraphs (a)(1) - (8) of this subsection shall be included:

(1) Subrecipients shall provide a written denial of assistance notice to applicant within ten (10) calendar days of the determination. Such a determination is defined as a denial of assistance, but does not include a level of assistance lower than the possible program limits or a reduction in assistance, as long as such process is in accordance with the Subrecipient's written policy. This notification shall include written notice of the right of a hearing and specific reasons for the denial by program. The applicant wishing to appeal a decision must provide written notice to Subrecipient within twenty (20) days of receipt of the denial notice.

(2) A Subrecipient must establish an appeals committee composed of at least three persons. Subrecipient shall maintain documentation of appeals in their customer files.

(3) Subrecipients shall hold a private appeal hearing (unless otherwise required by law) by phone or in person in an accessible location within ten (10) business days after the Subrecipient received the appeal request from the applicant and must provide the applicant notice in writing of the time/location of the hearing at least seven (7) calendar days before the appeal hearing.

(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 third calendar day following the decision (three 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.

(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/customers 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 Tex. Gov't Code, Chapter 2001.

(d) The hearing under subsection (c) shall be conducted by the State Office of Administrative Hearings on behalf of the Department in the locality served by the Subrecipient.

(e) If the applicant/customer 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?
N/A- The State does not use funds under Assurance 16.

13.2 How do you ensure that you don't use more than 5% of your LIHEAP funds for these activities?
NA-The State does not use funds under Assurance 16.

13.3 Describe the impact of such activities on the number of households served in the previous Federal fiscal year.
NA-The State does not use funds under Assurance 16.

13.4 Describe the level of direct benefits provided to those households in the previous Federal fiscal year.
NA-The State does not use funds under Assurance 16.

13.5 How many households applied for these services?
NA-The State does not use funds under Assurance 16.

13.6 How many households received these services?
NA-The State does not use funds under Assurance 16.

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.
N/A

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?
NA			

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:

The Department offers a manager training for newly hired managers or Executive Directors, as needed, which is then followed up with individualized technical assistance. Employees are provided with a notebook with plans, rules, the contract, and budget.

b. Local Agencies:

☒ Formal training conference

How often?

☒ Annually
☐ Biannually
☒ As needed
☒ Other – Describe: The Department provides training at an annual conference which is sponsored by the Texas Association of Community Action Agencies. The Department provides annual Energy Audit training for the Network. The Department provides a guide for developing the Annual Service Delivery Plan and a webinar on how to develop their Annual Service Delivery Plan.

☒ On-site training

How often?

Annually
☐ Biannually
☒ As needed
☒ Other –

As needed as determined either by the Department or by request of the agency. The Department identifies key areas for training needs based upon monitor reports and Sub-grantee requests that are addressed in quarterly calls and or webinars to provide program guidance."

☐ 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. The Department hosts an additional WAP quarterly teleconference to provide updates on rules, regulations, and technical issues that are identified.

15.1 (continued)

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.
The Department was able to meet the four LIHEAP performance measures.

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:

17.1 (continued)

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 ☐	Required ☐	Required ☐
	Requested ☐	Requested ☐	Requested ☐
Social Security Number (without actual card)	Required ☐	Required ☐	Required ☐
	Requested ☐	Requested ☐	Requested ☐
Government-issued identification card (i.e.,: driver's license, state ID, Tribal ID, passport, etc.)	Required ☐	Required ☐	Required ☐
	Requested ☐	Requested ☐	Requested ☐

	Other	**Applicant Only Required**	**Applicant Only Requested**	**All Adults in House hold Required**	**All Adults in Household Requested**	**All Household Members Required**	**All Household Members Requested**
1	**Other: clients provide their identification to the Subrecipients at the time of application. See attachment.**	☒	☐	☐	☐	☐	☐

*Households may include members who are not seeking assistance and may not be included in the household count. A live in aide or attendant is not considered part of the Household for purposes of determining Household income, but is considered for a benefit based on the size of the Household.

b. Describe any exceptions to the above policies: NA

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 (for tribal grantees only)
- ☐ 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 nonprofit 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 Chapter1, Subchapter D §1.409 requires that:

(a) Client Records including Multifamily Development Owners. The Department requires Subrecipient organizations to document client services and assistance. 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.
(b) Records of client eligibility must be retained for five (5) years starting from the date the Household activity is completed, unless otherwise provided in federal regulations governing the program.
(c) Other records must be maintained as described in the Contract or the LURA, and in accordance with federal or state law for the programs described in the Chapters of this Part.

Texas Administrative Code, Title 10 Chapter 1, Subchapter D §1.401

The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise. Capitalized words used herein have the meaning assigned in the specific Chapters and Rules of this Title that govern the program associated with the request, or assigned by federal or state law.

(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) Equipment--tangible personal property having a useful life of more than one year or a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by entity for financial statement purposes, or $5,000. Entities not subject to UGMS do not have to include information technology systems unless the item exceeds the lesser of the capitalization level established by entity for financial statement purposes, or $5,000.
(4) Executive Award Review and Advisory Committee ("EARAC")--the Committee established in Tex. Gov't Code chapter 2306, that recommends the award or allocation of any Department funds.
(5) Professional services--for a unit of government is as defined by state law. For Private Nonprofit Organizations it means services:
(A) within the scope of the practice, as defined by state law, of:
(i) accounting;
(ii) architecture;
(iii) landscape architecture;
(iv) land surveying;
(v) medicine;
(vi) optometry;
(vii) professional engineering;
(viii) real estate appraising;
(ix) professional nursing; or
(x) legal services; or
(B) provided in connection with the professional employment or practice of a person who is licensed or registered as:
(i) a certified public accountant;
(ii) an architect;
(iii) a landscape architect;
(iv) a land surveyor;
(v) a physician, including a surgeon;
(vi) an optometrist;
(vii) a professional engineer;
(viii) a state certified or state licensed real estate appraiser;
(ix) attorney; or

(x) a registered nurse.

(6) Single Audit--The audit required by Office of Management and Budget ("OMB"), 2 CFR Part 200, Subpart F, or Tex. Gov't Code, chapter 783, Uniform Grant and Contract Management, as reflected in an audit report.

(7) Single Audit Certification Form--A form that lists the source(s) and amount(s) of Federal funds and/or State funds expended by the Subrecipient during their fiscal year along with the outstanding balance of any loans made with federal or state funds if there are continuing compliance requirements other than repayment of the loan.

(8) Subrecipient--Includes any entity, or Administrator as defined under Chapter 20, receiving or applying for federal or state funds from the Department. Except as otherwise noted, the definition does not include Applicants/Owners in the Multifamily program, except for CHDO Operating funds.

(9) Supplies--means tangible personal property other than "Equipment" in this section.

(10) Uniform Grant Management Standards ("UGMS")--The standardized set of financial management procedures and definitions established by Tex. Gov't Code, chapter 783 to promote the efficient use of public funds by requiring consistency among grantor agencies in their dealings with grantees, and by ensuring accountability for the expenditure of public funds. State agencies are required to adhere to these standards when administering grants and other financial assistance agreements with cities, counties and other political subdivisions of the state. This includes all Public Organizations including public housing and housing finance agencies. In addition, Tex. Gov't Code Chapter 2105, subjects subrecipients of federal block grants (as defined therein) to the Uniform Grant and Contract Management Standards.

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

17.8 (continued)

☐ 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
☒ 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.

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)

<u>221 East 11th Street</u>

<u>Austin, Travis County, Texas, 78701</u>

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. (Attachment 3)
- Cooling component benefit matrix. (Attachment 3)
- Local Agency Monitoring Schedule (Attachment 4)

Attachment 3

Benefit Matrix

Program rules found at 10 Texas Administrative Code, §6.309(d). All benefits are determined based on a sliding scale:

(d) Benefit determinations for the Utility Payment Assistance Component and the household Crisis Component cannot exceed the sliding scale described in paragraphs (1) - (3) of this paragraph:

(1) Households with Incomes of 0 to 50% of Federal Poverty Guidelines may receive an amount not to exceed $1,200 per Component;

(2) Households with Incomes of 51% to 75% of Federal Poverty Guidelines may receive an amount not to exceed $1,100 per Component; and

(3) Households with Incomes of 76% to at or below 150% of Federal Poverty Guidelines may receive an amount not to exceed $1,000 per Component.

Attachment 4

Monitoring Schedule for FY 2019

LIHEAP Entity	**Review Type**	**Date of Last Full Onsite Review (if applicable)**
El Paso Community Action program, Project BRAVO, Inc.	Full on-site	FY18 – Q2
Panhandle Community Services	Full on-site	FY18 – Q1
Brazos Valley Community Programs	Full on-site	FY18 – Q1
Rolling Plains Management Corp.	Full on-site	FY18 – Q1
Combined Community Action, Inc.	Full on-site	FY18 – Q2
Hidalgo County Community Services Agency	Full on-site	FY15 – Q1
South Texas Development Council	Full on-site	FY18 – Q3
Community Action Committee of Victoria Texas	Full on-site	FY18 – Q3
Tri-County Community Action, Inc.	Full on-site	FY15 – Q4
Pecos County Community Action Agency	Full on-site	FY18 – Q2
Economic Opportunities Advancement Corp of PR XI	Full on-site	FY15 – Q1
Texas Neighborhood Services	Full on-site	FY16 – Q1
Aspermont Small Business Development Center, Inc.	Full on-site	FY16 – Q4
West Texas Opportunities, Inc.	Full on-site	FY18 – Q3
Greater East Texas Community Action Program	Full on-site	FY18 – Q3
Central Texas Opportunities	Full on-site	FY18 – Q3
Concho Valley	Full On-site	FY15 – Q3

LIHEAP Entity	Review Type	Date of Last Full Onsite Review (if applicable)
Community Action Agency		
Community Action Inc. of Central Texas	Full On-site	FY15 – Q4
Community Services of Northeast Texas, Inc.	Full On-site	FY18 – Q3
South Plains Community Action Association	Full on-site	FY18 – Q3
City of Fort Worth	Full On-site	FY18 – Q2

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BOARD ACTION REQUEST

SINGLE FAMILY OPERATIONS & SERVICES

APRIL 26, 2018

Presentation, discussion, and possible action authorizing extensions to Neighborhood Stabilization Program 1 ("NSP1") Contracts and Program Income ("NSP1-PI") Reservation Agreements.

RECOMMENDED ACTION

WHEREAS, the Texas Department of Housing and Community Affairs (the "Department") entered into NSP1 contracts and NSP1-PI Reservation Agreements with Program Administrators which will be expiring on August 31, 2018;

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 qualifying homebuyers and constructing units so that the vacant properties convert to their final eligible use;

WHEREAS, Department staff would like to authorize extensions of contracts and Reservation Agreements for specific Program Administrators under the NSP1 Program;

WHEREAS, Department staff continues to work closely with Program Administrators to provide technical assistance towards contract completion and will continue to actively monitor their progress; and

WHEREAS, some NSP1 Contracts and Program Income Reservation Agreements have exhausted all extensions that may be authorized by staff, and the extensions require approval by the Department's 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 not more than one additional year to NSP1 contracts, and NSP1-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

FURTHER RESOLVED, that these extensions will be for the following NSP1 Contracts and NSP1-PI Reservation Agreements:

- 77090000106 and 77090003106, City of Irving;
- 77090003108, Affordable Homes of South Texas; and
- 77090003154, City of Port Arthur.

BACKGROUND

The Neighborhood Stabilization Program ("NSP") is a U.S. Department of Housing and Urban Development ("HUD")-funded program authorized by H.R. 3221, 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, or acquire and hold, abandoned and foreclosed properties in areas with the greatest need for arresting declining property values resulting from excessive foreclosures.

Over the last year, NSP Administrators have made significant progress. Some contracts have closed out their contracts, while others still need additional time to progress to the close-out stage. Several NSP Administrators have experienced difficulties related to fulfilling eligibility requirements, local market conditions (including Hurricane Harvey recovery in Port Arthur), and lack of capacity. The Department continues to provide technical assistance and work closely with Administrators.

The NSP Contracts and Program Income Reservation Agreements for purchase and rehabilitation activities expire on August 31, 2018, and the Program Administrators require additional time to qualify homebuyers and construct units on vacant lots.

1j

BOARD ACTION REQUEST

BOND FINANCE DIVISION

APRIL 26, 2018

Presentation, discussion, and possible action on Resolution No. 18-018 regarding the annual approval of the Department's Investment Policy

RECOMMENDED ACTION

See attached Resolution.

BACKGROUND

The provisions of Tex. Gov't Code, Chapter 2256 (also known as the Public Funds Investment Act) require state agency boards to develop, adopt annually, and maintain a written investment policy (the "Investment Policy") that, among other things, details investment priorities and strategies, describes permissible investments, addresses ethics and conflicts of interest, establishes training requirements, and designates an Investment Officer. The Investment Policy also establishes requirements for financial advisors and service providers, and requires that investment professionals acknowledge receipt of the Investment Policy in order to do business with the Department. David Cervantes, Chief Financial Officer, and Monica Galuski, Chief Investment Officer, are the Investment Officers for the Department.

The prior Investment Policy has been amended to include statutory requirements related to Tex. Gov't Code, Chapter 2270 (Anti-Boycott Verification with respect to Israel) and Chapter 2252 (Iran, Sudan and Foreign Terrorist Organizations and Exemption from Disclosure of Interested Parties), and other minor changes. The Investment Officers, in conjunction with the Department's Financial Advisor and Bond Counsel, have reviewed the proposed Investment Policy and recommend approval and adoption of Resolution 18-018.

The proposed Investment Policy, blacklined against the prior policy, is attached for your reference.

RESOLUTION NO. 18-018

RESOLUTION OF THE GOVERNING BOARD APPROVING THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS INVESTMENT POLICY

WHEREAS, the Texas Department of Housing and Community Affairs, a public and official agency of the State of Texas (the "Department"), was created and organized pursuant to and in accordance with the provisions of Chapter 2306, Texas Government Code, as amended (together with other laws of the State applicable to the Department, collectively, the "Act"); and

WHEREAS, the Governing Board of the Department (the "Governing Board") desires to approve the Department's Investment Policy in the form presented to the Governing Board;

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 Approval of the Department's Investment Policy. The Investment Policy in the form presented to the Governing Board is hereby authorized and approved.

Section 1.2 Authorized Representatives. The following persons and each of them 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 Governing Board, the Executive Director of the Department, the Deputy Executive Directors of the Department, the Chief Financial Officer of the Department, the Chief Investment Officer 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 26th day of April, 2018.

____
Chair, Governing Board

ATTEST:

____
Secretary to the Governing Board

(SEAL)

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

INVESTMENT POLICY

As presented to the Board for adoption on April ~~27, 2017~~26, 2018

~~2017~~2018

April ~~27, 2017~~26, 2018

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Table of Contents

TEXAS DEPARTMENT OF HOUSING
AND COMMUNITY AFFAIRS

INVESTMENT POLICY

I. POLICY

It is the policy of the Texas Department of Housing and Community Affairs (the "Department") to invest public funds in a manner that will provide, by priority, the following objectives:

1. Safety of principal;
2. Sufficient liquidity to meet Department cash flow needs;
3. Market rate of return for the risk assumed; and
4. Conformance to all applicable state statutes governing the investment of public funds including the Department's enabling legislation, Texas Government Code, ~~Section~~ Chapter 2306, Texas Government Code, ~~Section~~ Chapter 2263, Ethics and Disclosure Requirements for Outside Financial Advisors and Service Providers, and specifically Texas Government Code, ~~Section~~ Chapter 2256, the Public Funds Investment Act (the "Act").

It is further the intent of the Department to set forth in this document how all investments will be administered, providing for an all-inclusive document that will ensure consistency and thoroughness in the presentation of such investments, as they affect the Department's presentation of its financial statements.

II. SCOPE

This investment policy applies to all investments, including both direct investments and investments that are subject to trust indentures created and supplemented in connection with bonds issued by the Department. All of these investments are accounted for in the Department's Comprehensive Annual Financial Report and include the General Fund, Special Revenue Fund, Trust and Agency Fund, and Enterprise Fund.

This investment policy does not apply to investments in instruments that constitute hedges, which include but are not limited to, interest rate swaps, caps, floors, futures contracts, forward contracts, etc., that satisfy the eligibility requirements of a "qualified hedge" as defined by Section 1.148-4(h)(2) of the Internal Revenue Code.

The Department has created and adopted a separate Interest Rate Swap Policy for guidance regarding the use and management of such hedges.

III. PRUDENCE

Investments shall be made with judgment and care under prevailing circumstances which persons of prudence, discretion and intelligence would exercise in the management of their own affairs; not for speculation, but for investment, considering the probable safety and liquidity of capital as well as the probable income to be derived.

The standard of prudence to be used by the investment officers named herein shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. An investment officer acting in accordance with the investment policy and written procedures and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

IV. INVESTMENT PRIORITIES

Investment by the Department will be in accordance with the following priorities in order of importance:

1. Understanding the suitability of the investment to the financial requirements of the Department. Suitability is the first priority in the Department's investment strategy, and will be evaluated on an overall basis and as a specific component of each of the remaining priorities;
2. Preservation and safety of principal;
3. Liquidity;
4. Marketability of the investment ~~if the need arises~~should the need arise to liquidate ~~the investment~~ before maturity;
5. Diversification of the investment portfolio; and
6. Yield (after taking into account the previous five priorities).

Such investment will be in accordance with all federal and state statutes, rules, and regulations.

V. STRATEGIES

The following are the primary strategies for investment activities in order of priority after taking into account the suitability of any investment:

1. Suitability. In accordance with Section 2256.005(d) of the Act, the first priority is the suitability of investment.

2. Preservation and Safety of Principal. Investments of the Department shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit risk and interest rate risk. To achieve this objective, diversification is required so that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

   A. Credit risk is the risk of loss due to the failure of the security issuer or backer, and may be mitigated by:

   - limiting investments to the safest types of securities;
   - pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with whom the Department will do business; and
   - diversifying the investment portfolio ~~so that~~to minimize potential losses on individual securities~~ will be minimized~~.

B. Interest rate risk is the risk that the market value of securities in the portfolio will fall due to changes in general interest rates, and may be mitigated by:

- structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities i~~o~~n the open market prior to maturity, and
- investing operating funds primarily in shorter-term securities.

3. Liquidity. The Department's investment portfolio shall remain sufficiently liquid to meet all reasonably anticipated cash flow needs. This is accomplished by structuring the portfolio so that securities mature concurrent with estimated or projected cash needs to meet anticipated demands. Since not all ~~possible~~ cash demands can be fully anticipated or projected with total accuracy, the portfolio should consist largely of securities with active secondary or resale markets, providing a reasonable level of flexibility to deal with unforeseen cash needs.

4. Marketability. The Department will evaluate investment opportunities based on the marketability of each investment to reduce risk in the event ~~if~~ the Department needs ~~arises~~ to liquidate the investment before maturity. Specifically, the Department will take into consideration the activity level of the secondary market for the investment.

5. Diversification. The Department will maintain a diversified investment portfolio. Maturities will be staggered to provide cash flows based on anticipated needs. Investment risks will be reduced through diversification among authorized investments.

6. Yield. The Department's investment portfolio shall be designed with the objective of attaining a market rate of return through budgetary and economic cycles, taking into account the investment risk constraints and cash flow needs of the Department. Return on investment for short-term operating funds is of less importance than the safety and liquidity objectives described above. The core of investments is limited to relatively low-risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities shall not be sold prior to maturity with the following exceptions:

   A. A security experiencing or reasonably seen as being at risk of material decline in credit quality could be sold early to minimize the risk of loss of principal;

   B. A security swap would improve the quality, yield, or target duration of the overall portfolio without creating other material risks or adverse features; or

   C. Liquidity needs of the portfolio require that the security be sold and there are no preferable alternatives.

VI. DELEGATION OF AUTHORITY

The Board establishes the investment policy and objectives, obtains expert advice and assistance with respect to its actions as is necessary to exercise its responsibilities prudently, and monitors the actions of staff and advisors to ensure compliance with its policy. It is the Board's intention that this policy be carried out by those persons who are qualified and competent in their area of expertise.

Authority to manage the Department's investment program is granted under the provisions of Texas Government Code, Section 2306.052(b) (4) and (5) to the Director of the Department, ("Executive Director"). Responsibility for the operation of the investment program is hereby delegated by the

Executive Director to the ~~Director of Bond Finance~~Chief Investment Officer and the Chief Financial Officer acting in those capacities (collectively the "Investment Officer") who shall carry out established written procedures and internal controls for the operation of the investment program consistent with this investment policy. The Investment Officer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials. Procedures should include reference to safekeeping, delivery vs. payment, investment accounting, repurchase agreements, wire transfer agreements, collateral/depository agreements and banking service contracts. Such procedures may include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Investment Officer.

VII. ETHICS AND CONFLICTS OF INTEREST

1. Department employees and Board members must comply with all applicable laws, and should specifically be aware of the following statutes:

   A. Texas Government Code, Section 825.211, *Certain Interests in Loans, Investments or Contracts Prohibited;*

   B. Texas Government Code, Section 572.051, *Standards of Conduct for Public Servants;*

   C. Texas Government Code, Sections 553.001-003, *Disclosure by Public Servants of Interest in Property Being Acquired by Government;*

   D. Texas Government Code, Section 552.352, *Distribution of Confidential Information;*

   E. Texas Government Code, Section 572.054, *Representation by Former Officer or Employee of Regulatory Agency Restricted;*

   F. Texas Penal Code, Chapter 36, *Bribery, Corrupt Influence and Gifts to Public Servants; and*

   G. Texas Penal Code, Chapter 39, *Abuse of Office, Official Misconduct.*

The omission of any applicable statute from this list does not excuse violation of its provisions.

2. Department employees and Board members must be honest in the exercise of their duties and must not take actions which will discredit the Department.

3. Department employees and Board members should be loyal to the interest of the Department to the extent that such loyalty is not in conflict with other duties which legally have priority, and should avoid personal, employment or business relationships that create conflicts of interest.

   A. Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions.

   B. Officers and employees shall disclose to the Executive Director any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the Department's investment portfolio.

   C. Officers and employees shall refrain from undertaking personal investment transactions with the same individuals with whom business is conducted on behalf of the Department.

D. Department employees and Board members may not use their relationship with the Department to seek or obtain personal gain beyond agreed compensation and/or any properly authorized expense reimbursement. This should not be interpreted to forbid the use of the Department as a reference or the communication to others of the fact that a relationship with the Department exists, provided that no misrepresentation is involved.

E. Department employees and Board members who have a personal business relationship with a business organization offering to engage in an investment transaction with the Department shall file a statement disclosing that personal business interest. An individual who is related within the second degree by affinity or consanguinity to an individual seeking to sell an investment to the Department shall file a statement disclosing that relationship. A statement required under this section must be filed with the Texas Ethics Commission and the Department's Board. For purposes of this policy, an individual has a personal business relationship with a business organization if:

- the individual owns 10 percent or more of the voting stock or shares of the business organization or owns $5,000 or more of the fair market value of the business organization;
- funds received by the Investment Officer from the business organization exceed 10 percent of the individual's gross income from the previous year; or
- the individual has acquired from the business organization during the previous year investments with a book value of $2,500 or more for the personal account of the individual.

VIII. AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

The Department (in conjunction with the State Comptroller) will maintain a list of financial institutions authorized to provide investment services. In addition, a list will also be maintained of approved security broker/dealers selected by credit worthiness; these may include "primary" dealers or regional dealers that qualify under Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule). No public deposit shall be made except in a qualified public depository as established by state law.

The Department will use as its authorized list of broker/dealers and financial institutions any broker/dealer or financial institution that is authorized to do business with the State Comptroller. With respect to investments provided in connection with the issuance of bonds, the above requirements will be deemed met if the investment provider has the minimum credit ratings required by rating agencies and is acceptable to the bond insurer/credit enhancer, if applicable, and if the investment meets the requirements of the applicable bond trust indenture. A broker, engaged solely to secure a qualified investment referred to in this paragraph on behalf of the Department, ~~which~~ and who will not be providing an investment instrument, shall not be subject to the above requirements~~,~~ and may only be engaged if approved by the Board.

IX. ETHICS AND DISCLOSURE REQUIREMENTS FOR OUTSIDE FINANCIAL ADVISORS AND SERVICE PROVIDERS

During the 78th Legislature, Regular Session, the Texas Legislature passed *Chapter 2263, Ethics And Disclosure Requirements For Outside Financial Advisors And Service Providers* ("Chapter 2263"). Chapter 2263, under Senate Bill 1059, requires certain actions by governing boards of state entities involved in the management and investment of state funds and adds disclosure requirements for outside financial advisors and service providers. Chapter 2263 became effective September 1, 2003. Each state governmental entity required to adopt rules under Chapter 2263, Government Code, as added by this Act, must have adopted its initial rules in time for the rules to take effect not later than January 1, 2004.

Applicability. Chapter 2263 applies in connection with the management or investment of any state funds managed or invested:

1. under the Texas Constitution or other law, including Chapter 404, State Treasury Operations of Comptroller, and Chapter 2256, Public Funds Investment; and
2. by or for:
   A. a public retirement system as defined by Section 802.001 that provides service retirement, disability retirement, or death benefits for officers or employees of the state;
   B. an institution of higher education as defined by Section 61.003, Education Code; or
   C. another entity that is part of state government and that manages or invests state funds or for which state funds are managed or invested.

Chapter 2263 applies in connection with the management or investment of state funds without regard to whether the funds are held in the state treasury.

Chapter 2263 does not apply to or in connection with a state governmental entity that does not manage or invest state funds and for which state funds are managed or invested only by the comptroller.

Definition. With respect to this Chapter 2263, "financial advisor or service provider" includes a person or business entity who acts as a financial advisor, financial consultant, money or investment manager, or broker.

Construction With Other Law. To the extent of a conflict between Chapter 2263 and another law, the law that imposes a stricter ethics or disclosure requirement controls.

Ethics Requirements For Outside Financial Advisors Or Service Providers. The governing body of a state governmental entity by rule shall adopt standards of conduct applicable to financial advisors or service providers who are not employees of the state governmental entity, who provide financial services to the state governmental entity or advise the state governmental entity or a member of the governing body of the state governmental entity in connection with the management or investment of state funds, and who:

1. may reasonably be expected to receive, directly or indirectly, more than $10,000 in compensation from the entity during a fiscal year; or
2. render important investment or funds management advice to the entity or a member of the governing body of the entity, as determined by the governing body.

A contract under which a financial advisor or service provider renders financial services or advice to a state governmental entity or other person as described immediately above, in regard to compensation or duties, is voidable by the state governmental entity if the financial advisor or service provider violates a standard of conduct adopted under this section.

In addition to the disclosures required by Chapter 2263 and described below, the Department will rely upon financial advisors and service providers' submission of an Acknowledgement of Receipt of Investment Policy and Certificate of Compliance with the Public Funds Investment Act forms to evidence compliance with the Department's code of conduct and procedures as related to investments.

Disclosure Requirements For Outside Financial Advisor Or Service Provider. A financial advisor or service provider described by Section 2263.004 shall disclose in writing to the administrative head of the applicable state governmental entity and to the state auditor:

1. any relationship the financial advisor or service provider has with any party to a transaction with the state governmental entity, other than a relationship necessary to the investment or funds management services that the financial advisor or service provider performs for the state governmental entity, if a reasonable person could expect the relationship to diminish the financial advisor's or service provider's independence of judgment in the performance of the person's responsibilities to the state governmental entity; and

2. all direct or indirect pecuniary interests the financial advisor or service provider has in any party to a transaction with the state governmental entity, if the transaction is connected with any financial advice or service the financial advisor or service provider provides to the state governmental entity or to a member of the governing body in connection with the management or investment of state funds.

The financial advisor or service provider shall disclose a relationship described by the immediately preceding subsections (1) or (2) without regard to whether the relationship is a direct, indirect, personal, private, commercial, or business relationship.

A financial advisor or service provider described by Section 2263.004 shall file annually a statement with the administrative head of the applicable state governmental entity and with the state auditor. The statement must disclose each relationship and pecuniary interest described by Subsection (a) or, if no relationship or pecuniary interest described by that subsection existed during the disclosure period, the statement must affirmatively state that fact.

The annual statement must be filed not later than April 15 on a form prescribed by the governmental entity, other than the state auditor, receiving the form. The statement must cover the reporting period of the previous calendar year. The state auditor shall develop and recommend a uniform form that other governmental entities receiving the form may prescribe. The Department's disclosure form is provided as Attachment "D".

The financial advisor or service provider shall promptly file a new or amended statement with the administrative head of the applicable state governmental entity and with the state auditor whenever there is new information to report related to the immediately preceding subsections (1) or (2).

Public Information. Chapter 552, Government Code, controls the extent to which information contained in a statement filed under this chapter is subject to required public disclosure or is excepted from required public disclosure.

Anti-Boycott Verification. Financial advisors and service providers are required to comply with the requirements of Chapter 2270 of the Texas Government Code. Compliance includes a representation by each financial advisor or service provider that their firm (including any wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate) (i) does not boycott Israel and (ii) will not boycott Israel during the term for which they provide services to the Department.

Iran, Sudan and Foreign Terrorist Organizations. Financial advisors and service providers are required to comply with the requirements of Chapter 2252 of the Texas Government Code. Compliance includes a representation by each financial advisor or service provider that their firm (including any wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate) is not an entity listed by the Texas Comptroller of Public Accounts under Sections 2252.153 or 2270.0201 of the Texas Government Code.

Exemption from Disclosure of Interested Parties. Financial advisors and service providers are required to comply with the requirements of Chapter 2252 of the Texas Government Code. Financial advisors and service providers that make a representation that their firm (including any wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate) is a publicly traded business entity are exempt from Section 2252.908 of the Texas Government Code.

X. AUTHORIZED AND SUITABLE INVESTMENTS

Trust Indenture Funds for which the Department has control of the investment decisions, all of which are held by Treasury Safekeeping for the benefit of bondholders, will be subject to the authorized investments set-forth in the applicable Indenture of Trust and any applicable supplemental indenture(s).

General, Special Revenue and Trust and Agency Funds, all of which are on deposit with the State Treasury (specifically excluding Enterprise Funds), are invested by the Treasury pursuant to Texas Government Code, Section 404.024 and Article 5221(f), Subsection 13A(d) as amended relating to Manufactured Housing.

Enterprise Fund

1. Subject to a resolution authorizing issuance of its bonds, the Department is empowered by Texas Government Code, Section 2306.173 to invest its money in bonds, obligations or other securities: or place its money in demand or time deposits, whether or not evidenced by certificates of deposit. A guaranteed investment contract is an authorized investment for bond proceeds. All bond proceeds and revenues subject to the pledge of an Indenture shall be invested in accordance with the applicable law and the provisions of the applicable indenture including "Investment Securities" as listed in such Indenture and so defined.
2. All other enterprise funds shall be invested pursuant to state law. The following are permitted investments for those funds pursuant to the Act:

   A. Obligations of, or guaranteed by governmental entities:

   - Obligations of the United States or its agencies and instrumentalities.
   - Direct obligations of this state or its agencies and instrumentalities.
   - Collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, that have a market value of not less than the principal amount of the certificates and which has a maturity that does not exceed 10 years.
   - Other obligations the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of this state or the United States or their respective agencies and instrumentalities.
   - Obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent.

B. A Certificate of Deposit is an authorized investment under this policy if the certificate of deposit is issued by a depository institution that has its main office or a branch office in this state and is:

- guaranteed or insured by the Federal Deposit Insurance Department (FDIC) or its successor;
- secured by obligations that are described in subsection 2A above, including mortgage backed securities directly issued by a federal agency or instrumentality that have a market value of not less than the principal amount of the certificates and secured by collateral as described in Section XII of this policy; and
- secured in any other manner and amount provided by law for deposits of the Department.

In addition to the authority to invest funds in certificates of deposit noted above, an investment in certificates of deposit made in accordance with the following conditions is an authorized investment under this policy:

- the funds are invested by an investing entity through a depository institution that has its main office or a branch office in this state and that is selected by the investing entity;
- the depository institution guaranteed or insured by the Federal Deposit Insurance Department (FDIC) or its successor as selected by the investing entity arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the investing entity;
- the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States;
- the depository institution guaranteed or insured by the Federal Deposit Insurance Department (FDIC) or its successor as selected by the investing entity acts as custodian for the investing entity with respect to the certificates of deposit issued for the account of the investing entity; and
- at the same time that the funds are deposited and the certificates of deposit are issued for the account of the investing entity, the depository institution guaranteed or insured by the Federal Deposit Insurance Department (FDIC) or its successor as selected by the investing entity receives an amount of deposits from customers of other federally insured depository institutions, wherever located, that is equal to or greater than the amount of the funds invested by the investing entity through the depository institution guaranteed or insured by the Federal Deposit Insurance Department (FDIC) or its successor.

C. A "repurchase agreement" is a simultaneous agreement to buy, hold for a specified time, and sell back at a future date, obligations of the United States or its agencies and instrumentalities at a market value at the time the funds are disbursed of not less than the principal amount of the funds disbursed. The term includes a direct security repurchase agreement and a reverse security repurchase agreement. The Department will comply with the Policy Statements and Recommended Practices for Repurchase Agreements as outlined in Attachment B. A fully collateralized repurchase agreement is an authorized investment under this policy if the repurchase agreement:

- has a defined termination date;
- is secured by collateral described in Section XV of this policy;
- requires the securities being purchased by the Department to be pledged to the Department, held in the Department's name, and deposited at the time the investment is made with the Department or with a third party selected and approved by the Department;

- is placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in this state; and
- in the case of a reverse repurchase agreement, notwithstanding any other law other than the Act, the term of any such reverse security repurchase agreement may not exceed 90 days after the date the reverse security repurchase agreement is delivered. In addition, money received by the Department under the terms of a reverse security repurchase agreement may be used to acquire additional authorized investments, but the term of the authorized investments acquired must mature not later than the expiration date stated in the reverse security repurchase agreement.

D. Commercial Paper is an authorized investment under this policy if the commercial paper:

- has a stated maturity of 270 days or fewer from the date of its issuance; and
- is rated not less than A-1 or P-1 or an equivalent rating by at least two nationally-recognized credit rating agencies, or one nationally-recognized credit rating agency and is fully secured, and by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state.

3. The following are not authorized investments pursuant to the Act:

A. Obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal;

B. Obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest;

C. Collateralized mortgage obligations that have a stated final maturity date of greater than 10 years; and

D. Collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

XI. DIVERSIFICATION

The Department will diversify its investments by security type and institution. The amount of required diversification will be determined based upon:

1. The maturity date of the investment – longer maturity dates will require more diversification; and
2. The rating of the underlying investment – lower rated investments will require a greater degree of diversification.

XII. PERFORMANCE STANDARDS

The investment portfolio shall be designed and managed with the objective of preserving principal and obtaining a rate of return throughout budgetary and economic cycles commensurate with the investment risk constraints and the cash flow needs. The basis used to determine whether market yields are being achieved shall be the three-month U.S. Treasury bill.

XIII. EFFECT OF LOSS OF REQUIRED RATING

An investment that requires a minimum rating under this subchapter does not qualify as an authorized investment during the period the investment does not meet or exceed the minimum rating. The Department shall take all prudent measures that are consistent with its investment policy to liquidate an investment that does not meet or exceed the minimum rating. Still further, the Investment Officer is required to review monthly all investments subject to this policy to ensure that there have been no rating changes which would render such investment in violation of this policy.

XIV. MAXIMUM MATURITIES

To the extent possible, the Department will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the Department will not directly invest in securities maturing more than five years from the date of purchase. The Department will periodically determine what the appropriate average weighted maturity of the portfolio should be based on anticipated cash flow requirements.

General funds dedicated to the support of single family programs may be invested in securities exceeding five years if the maturities of such investments are made to coincide as nearly as practicable with the expected use of funds.

In addition, funds may be invested in any investments that are being sold from a bond indenture or are the result of the operation of the Department's single family program so long as:

1. such investment furthers the goals of that program;
2. the Investment Officer receives Board approval prior to undertaking such investment.

XV. COLLATERALIZATION

Collateralization will be required on certificates of deposit, repurchase and reverse repurchase agreements, and savings and demand deposits if not insured by FDIC. In order to anticipate market changes and provide a level of security for all funds, the collateralization level should be at least 101% of the market value of principal and accrued interest for repurchase and reverse repurchase agreements. Collateralization of 100% will be required for overnight repurchase agreements and bank deposits in excess of FDIC insurance.

The following obligations may be used as collateral under this policy:

1. obligations of the United States or its agencies and instrumentalities;
2. direct obligations of this state or its agencies and instrumentalities;
3. collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States;
4. other obligations, the principal and interest of which are unconditionally guaranteed or insured by or backed by the full faith and credit of this state or the United States or their respective agencies and instrumentalities; and
5. obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally-recognized investment rating firm not less than A or its equivalent.

Collateral will always be held by an independent third party with whom the Department has a current custodial agreement. A clearly marked evidence of ownership or a safekeeping receipt must be supplied to the Department and retained. The right of collateral substitution is granted subject to prior approval by the Investment Officer.

XVI. SAFEKEEPING AND CUSTODY

All security transactions, including collateral for repurchase agreements, entered into by the Department will be executed by Delivery vs. Payment (DVP). This ensures that securities are deposited in the eligible financial institution prior to the release of funds. Securities will be held by a third-party custodian as evidenced by safekeeping receipts.

XVII. INTERNAL CONTROL

The Investment Officer is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the entity are protected from loss, theft or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that:

1. the cost of a control should not exceed the benefits likely to be derived; and
2. the valuation of costs and benefits requires estimates and judgments by management.

Once every two years, the Department, in conjunction with its annual financial audit, shall have external/internal auditors perform a compliance audit of management controls on investments and adherence to the Department's established investment policies. The internal controls shall address the following points:

1. Control of collusion. Collusion is a situation where two or more employees are working in conjunction to defraud their employer.

2. Separation of transaction authority from accounting and record keeping. By separating the person who authorizes or performs the transaction from the person who records or otherwise accounts for the transaction, a separation of duties is achieved.

3. Custodial safekeeping. Securities purchased from any bank or dealer including appropriate collateral as defined by state law shall be placed with an independent third party for custodial safekeeping.

4. Avoidance of physical delivery securities. Book entry securities are much easier to transfer and account for since actual delivery of a document never takes place. Delivered securities must be properly safeguarded against loss or destruction. The potential for fraud and loss increases with physically delivered securities.

5. Clear delegation of authority to subordinate staff members. Subordinate staff members must have a clear understanding of their authority and responsibilities to avoid improper actions. Clear delegation of authority also preserves the internal control structure that is contingent on the various staff positions and their respective responsibilities.

6. Written confirmation or telephone transactions for investments and wire transfers. Due to the potential for error and improprieties arising from telephone transactions, all telephone

transactions must be supported by written communications and approved by the appropriate person, as defined by investment internal control procedures. Written communications may be via fax if on letterhead and the safekeeping institution has a list of authorized signatures.

7. Development of a wire transfer agreement with the lead bank or third party custodian. This agreement should outline the various controls, security provisions, and delineate responsibilities of each party making and receiving wire transfers.

The Department's external/internal auditors shall report the results of the audit performed under this section to the Office of the State Auditor not later than January 1 of each even-numbered year. The Office of the State Auditor compiles the results of reports received under this subsection and reports those results to the legislative audit committee once every two years.

XVIII. REPORTING

1. Methods. Not less than quarterly, the Investment Officer shall prepare and submit to the Executive Director and the Board of the Department a written report of investment transactions for all funds covered by this policy for the preceding reporting period; including a summary that provides a clear picture of the status of the current investment portfolio and transactions made over the previous reporting period. This report will be prepared in a manner which will allow the Department and the Board to ascertain whether investment activities during the reporting period have conformed to the investment policy. While not required under the Act, this report will provide information regarding investments held under bond trust indentures as well as investments covered under the Act. The report must:

   A. describe in detail the investment position of the Department on the date of the report;

   B. be prepared jointly by each Investment Officer of the Department;

   C. be signed by each Investment Officer of the Department;

   D. contain a summary statement, prepared in compliance with generally accepted accounting principles for each fund that states the:

      - book value and market value of each separately invested asset at the beginning and end of the reporting period; and
      - fully accrued interest for the reporting period;

   E. state the maturity date of each separately invested asset that has a maturity date;

   F. state the fund in the Department for which each individual investment was acquired; and

   G. state the compliance of the investment portfolio of the Department as it relates to the investment strategy expressed in the Department's investment policy and relevant provisions of the policy.

   The reports prepared by the Investment Officer under this policy shall be formally reviewed at least annually by an independent auditor, and the result of the review shall be reported to the Board by that auditor.

2. Performance Standards. The investment portfolio will be managed in accordance with the parameters specified within this policy. The portfolio should obtain a market average rate of return during a market/economic environment of stable interest rates. Portfolio performance will be compared to appropriate benchmarks on a regular basis.

3. Marking to Market. A statement of the market value of the portfolio shall be issued at least quarterly. The Investment Officer will obtain market values from recognized published sources or from other qualified professionals as necessary. This will ensure that a review has been performed on the investment portfolio in terms of value and subsequent price volatility.

XIX. AUTHORIZED LIST OF BROKER/DEALERS AND FINANCIAL INSTITUTIONS

Not less than annually, the Investment Officer shall prepare and submit to the Executive Director and the Board of the Department a written report outlining the list of authorized broker/dealers and financial institutions maintained by the State Comptroller. The current list is provided in Attachment E.

XX. INVESTMENT POLICY ADOPTION

The Department's investment policy shall be adopted by resolution of the Board.

1. Exemptions. Any investment currently held that does not meet the guidelines of this policy shall be exempted from the requirements of this policy. At maturity or liquidation, such monies shall be reinvested only as provided by this policy.

2. Amendment. The policy shall be reviewed at least annually by the Board and any amendments made thereto must be approved by the Board. The Board shall adopt by written resolution a statement that it has reviewed the investment policies and strategies.

XXI. ACKNOWLEDGMENT OF RECEIPT OF INVESTMENT POLICY

A written copy of the investment policy shall be presented to any person offering to engage in an investment transaction related to Department funds. The qualified representative of the business organization shall execute a written instrument in a form acceptable to the Department and the business organization, substantially to the effect that the offering business organization has:

1. received and reviewed the investment policy of the Department; and

2. acknowledged that the business organization has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the Department and the business organization that are not authorized by the Department's investment policy, except to the extent that this authorization is dependent on an analysis of the makeup of the Department's entire portfolio or requires an interpretation of subjective investment standards.

The Investment Officer of the Department may not buy any securities from a person who has not delivered to the Department an instrument complying with this investment policy. (See sample documents in Attachment "C".)

XXII. TRAINING

Each member of the Department's Board and the Investment Officer who are in office on September 1, 1996 or who assume such duties after September 1, 1996, shall attend at least one training session relating to the person's responsibilities under this chapter within six months after taking office or assuming duties.

Training under this section is provided by the Texas Higher Education Coordinating Board and must include education in investment controls, security risks, strategy risks, market risks, diversification of investment portfolio, and compliance with this policy. The Investment Officer shall attend a training session not less than once in a two-year period and may receive training from any independent source approved by the Department's Board. The Investment Officer shall prepare a report on the training and deliver the report to the Board not later than the 180th day after the last day of each regular session of the legislature.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Attachment A

STRATEGY

SECTION 1

All of the Department's funds as listed below are program / operational in nature, excluding the bond funds which are listed separately in Section 2 below. The following funds are held in the State Treasury and the Department earns interest on those balances at the then applicable rate.

General Fund
Trust Funds
Agency Funds
Proprietary Funds (excluding Revenue Bond Funds)

SECTION 2

The Department's Revenue Bond Funds, including bond proceeds, are invested in various investments as stipulated by the controlling bond indenture. Certain investments, controlled by indentures prior to the latest revised Public Funds Investment Act, are properly grandfathered from its provisions. Typical investments include: guaranteed investment contracts; agency mortgage-backed securities resulting from the program's loan origination; in some cases, long-term Treasury notes; and bonds used as reserves with maturities that coincide with certain long-term bond maturities.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Attachment B

POLICY STATEMENTS AND RECOMMENDED PRACTICE

Repurchase Agreements

1. Repurchase agreements ("repos") are the sale by a bank or dealer of government securities with the simultaneous agreement to repurchase the securities on a later date. Repos are commonly used by public entities to secure money market rates of interest.

2. The Department affirms that repurchase agreements are an integral part of its investment program.

3. The Department and its designated Investment Officer should exercise special caution in selecting parties with whom they will conduct repurchase transactions, and be able to identify the parties acting as principals to the transaction.

4. Proper collateralization practices are necessary to protect the public funds invested in repurchase agreements. Risk is significantly reduced by delivery of underlying securities through physical delivery or safekeeping with the purchaser's custodian. Over-collateralization, commonly called haircut, or marking-to-market practices should be mandatory procedures.

5. To protect public funds the Department should work with securities dealers, banks, and their respective associations to promote improved repurchase agreement procedures through master repurchase agreements that protect purchasers' interests, universal standards for delivery procedures, and written risk disclosures.

6. Master repurchase agreements should generally be used subject to appropriate legal and technical review. If the prototype agreement developed by the Public Securities Association is used, appropriate supplemental provisions regarding delivery, substitution, margin maintenance, margin amounts, seller representations and governing law should be included.

7. Despite contractual agreements to the contrary, receivers, bankruptcy courts and federal agencies have interfered with the liquidation of repurchase agreement collateral. Therefore, the Department should encourage Congress to eliminate statutory and regulatory obstacles to perfected security interests and liquidation of repurchase collateral in the event of default.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Attachment C

ACKNOWLEDGMENT OF RECEIPT OF INVESTMENT POLICY

1. I am a qualified representative of ____ (the "Business Organization").

2. The Business Organization proposes to engage in an investment transaction (the "Investments") with the Texas Department of Housing and Community Affairs (the "Department").

3. I acknowledge that I have received and reviewed the Department's investment policy.

4. I acknowledge that the Business Organization has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the business organization and the Department that are not authorized by the Department's investment policy.

5. The Business Organization makes no representation regarding authorization of the Investments to the extent such authorization is dependent on an analysis of the Department's entire portfolio and which requires an interpretation of subjective investment standards.

Dated this _______ day of _________________, ________.

Name:____

Title: ____

Business Organization: ____

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Attachment D

Annual Disclosure Statement for Financial Advisors and Service Providers

Figure 1
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

ANNUAL DISCLOSURE STATEMENT FOR FINANCIAL ADVISORS AND SERVICE PROVIDERS
DUE NO LATER THAN APRIL 15

INSTRUCTIONS:

1) THE REPORTING PERIOD COVERED BY THIS STATEMENT CONSISTS OF THE PRECEDING CALENDAR YEAR.
2) A NEW OR AMENDED STATEMENT MUST BE PROMPTLY FILED WITH THE PARTIES LISTED IN STEP 4 WHENEVER THERE IS NEW INFORMATION TO REPORT UNDER TEXAS GOVERNMENT CODE, SECTION 2263.005(a).
3) THIS STATEMENT MUST BE SUBMITTED EVEN IF YOU ANSWER “NO” TO QUESTIONS 1 AND 2 IN PART 2.
4) SUBMIT A COPY OF THIS STATEMENT TO THE FOLLOWING (FOR EACH GOVERNMENTAL ENTITY TO WHICH YOU PROVIDE SERVICES):
   a. ADMINISTRATIVE HEAD OF THE STATE GOVERNMENTAL ENTITY
   b. THE STATE AUDITOR (mail to P.O. Box 12067, Austin, TX, 78711-2067)
5) PROMPT FILING REQUIRES A POSTMARK DATE NO LATER THAN APRIL 15 IF THE COMPLETED FORM IS RECEIVED AT THE CORRECT ADDRESS.

PART 1: GENERAL INFORMATION

FILING TYPE (Check one) ANNUAL DISCLOSURE FOR YEAR ENDING DECEMBER 31, 20___
UPDATED DISCLOSURE

NAME OF INDIVIDUAL ________________________________ JOB TITLE________________________

NAME OF BUSINESS ENTITY___________________________ TYPE OF SERVICE PROVIDED_________________________

ADDRESS____

CITY________________________ STATE________ ZIP______________ PHONE____________________

NAME OF STATE GOVERNMENTAL ENTITY AND/OR GOVERNING BOARD MEMBER TO WHICH YOU ARE PROVIDING SERVICES______________________________________

PART 2: DISCLOSURES

DEFINITION: (Texas Government Code, Section 2263.002)
Financial advisor or service provider includes a person or business entity who acts as a financial advisor, financial consultant, money or investment manager, or broker.

DISCLOSURE REQUIREMENTS FOR OUTSIDE FINANCIAL ADVISOR OR SERVICE PROVIDER (Texas Government Code, Section 2263.005)
Financial advisors and service providers (see definition) must disclose information regarding certain relationships with, and direct or indirect pecuniary interests in, any party to a transaction with the state governmental entity, without regard to whether the relationships are direct, indirect, personal, private, commercial, or business relationships.

1) Do you or does your business entity have any relationship with any party to a transaction with the state governmental entity (other than a relationship necessary to the investment or funds management services that you or your business entity performs for the state governmental entity) for which a reasonable person could expect the relationship to diminish your or your business entity’s independence of judgment in the performance of your responsibilities to the state entity?
Yes_____ No_____
If yes, please explain in detail. (Attach additional sheets as needed.)

____

____

2) Do you or does your business entity have any direct or indirect pecuniary interests in any party to a transaction with the state governmental entity if the transaction is connected with any financial advice or service that you or your business entity provides to the state governmental entity or to a member of the governing body in connection with the management or investment of state funds?
Yes_____ No_____
If yes, please explain in detail. (Attach additional sheets as needed.)

____

____

PART 3: SIGNATURE AND DATE
I hereby attest that all information provided above is complete and accurate. I acknowledge my or my firm's responsibility to submit promptly a new or amended disclosure statement to the parties listed in step 4 of the instructions if any of the above information changes.

Signature____ Date________________

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Attachment E

TEXAS TRUST

TEXAS TREASURY SAFEKEEPING TRUST COMPANY

COMPTROLLER GLENN HEGAR, CHAIRMAN

COMPTROLLER OF PUBLIC ACCOUNTS

Broker Dealer List

September, 2017

Amherst Pierpont Securities LLC
Bank of Oklahoma Financial Corp.*
Barclay's Capital Inc.
BB&T Capital Markets*
Blaylock Van LLC
BMO Capital Markets Corp.
BNP Paribas Securities Corp.
BNY Mellon Capital Markets, LLC
BOK Financial Services*
Cantor Fitzgerald & Co.
Capital Institutional Services, Inc.
Citigroup Global Markets Inc.
Credit Agricole Securities (USA)*
Credit Suisse (USA), LLC
Daiwa Capital Markets America Inc.
Drexel Hamilton LLC
FTN Financial Securities Corp.
Goldman Sachs & Co.
Hilltop Securities Inc.
HSBC Securities (USA), Inc.
Hunt Financial Securities LLC*
Incapital LLC
Jefferies, LLC
J.P. Morgan Securities LLC
KCG Americas LLC
Lloyd's Securities Inc.
Loop Capital Markets, Inc.
Merrill Lynch Pierce Fenner & Smith
Mesirow Financial Inc.
Mischler Financial Group, Inc.
Mitsubishi UFJ Securities (USA)
Mizuho Securities USA Inc.
Morgan Stanley Smith Barney LLC
Multi-Bank Securities, Inc.
National Alliance Capital Markets
Nomura Securities International Inc.
Oppenheimer & Co. Inc.*
Piper Jaffray & Co.
Ramirez & Company
Raymond James & Associates Inc.
RBC Capital Markets, LLC
RBS Securities Inc.
Rice Securities, LLC
Robert W. Baird & Co., Inc.
Scotia Capital (USA) Inc.
S.G. Americas Securities LLC
Signature Securities Group Corp.
Stifel, Nicolaus & Company Inc.
SunTrust Robinson Humphrey Inc.
T.D. Securities (USA) LLC
UBS Securities LLC
Vining Sparks IGB, LP
Wells Fargo Securities, LLC
Williams Capital Group, LP
ZB, NA, Investment Division

***Added 2017**

Thomas Jefferson Rusk State Office Building 208 East 10th Street Austin, Texas 78701
Phone (512) 463-4300 Fax (512) 463-4368

TEXAS TRUST

TEXAS TREASURY SAFEKEEPING TRUST COMPANY
COMPTROLLER GLENN HEGAR, CHAIRMAN

COMPTROLLER OF PUBLIC ACCOUNTS
Broker Dealer List
August, 2016

Amherst Pierpoint Securities LLC
Barclay's Capital Inc.
Blaylock Beal Van LLC
BMO Capital Markets Corp.
BNP Paribas Securities Corp.
BNY Mellon Capital Markets, LLC
BOSC, Inc.
Cantor Fitzgerald & Co.
Capital Institutional Services, Inc.
Citigroup Global Markets Inc.
Coastal Securities Inc.
Credit Suisse (USA), LLC
D.A. Davidson & Co.
Daiwa Capital Markets America, Inc.
Deutsche Bank Securities, Inc.
Drexel Hamilton LLC
The Fig Group, LLC **(H)**
Frost Bank Capital Markets
FTN Financial Securities Corp.
Goldman Sachs & Co.
Hilltop Securities Inc.*
HSBC Securities (USA), Inc.
Incapital LLC*
Jefferies, LLC
J.P. Morgan Securities LLC
KCG Americas LLC
Ladenburg Thalmann & Co, Inc.*
Lloyd's Securities Inc.
Loop Capital Markets, Inc.
Merrill Lynch Pierce Fenner & Smith
Mesirow Financial Inc.
MFR Securities, Inc.
Mischler Financial Group, Inc.
Mitsubishi UFJ Securities (USA)
Mizuho Securities USA Inc.
Morgan Stanley Smith Barney LLC
Multi-Bank Securities, Inc.*
National Alliance Capital Markets
Nomura Securities International Inc.
Piper Jaffray & Co.
Raymond James & Associates Inc.
RBC Capital Markets, LLC
RBS Securities Inc.
Rice Securities, LLC
Robert W. Baird & Co., Inc.
Samuel A. Ramirez & Company **(H)**
Scotia Capital (USA) Inc.
S.G. Americas Securities LLC
Signature Securities Group Corp.
Stifel, Nicholaus & Company Inc.
SunTrust Robinson Humphrey Inc.
T.D. Securities (USA) LLC
UBS Securities LLC
UMBFSI (United Missouri Bank)
Vining Sparks IGB, LP
Wells Fargo Securities, LLC
Williams Capital Group, LP
ZB, NA, Investment Division

(H)--Historically Underutilized Business

***Added 2016**

Thomas Jefferson Rusk State Office Building 208 East 10th Street Austin, Texas 78701
Phone (512) 463-4300 Fax (512) 463-4368

1k

BOARD ACTION REQUEST

BOND FINANCE DIVISION

APRIL 26, 2018

Presentation, discussion, and possible action on Resolution No. 18-019 regarding the annual approval of the Department's Interest Rate Swap Policy

RECOMMENDED ACTION

See attached Resolution.

BACKGROUND

The Department adopted an Interest Rate Swap Policy (the "Swap Policy") on September 9, 2004, to establish guidelines for the use and management of interest rate management agreements, including but not limited to, interest rate swaps, caps, collars, and floors acquired in connection with the issuance of debt obligations. The Swap Policy is reviewed and approved annually. It underwent substantial changes in 2009 and has had minor edits since.

The prior Swap Policy has been amended to include statutory requirements related to Tex. Gov't Code, Chapter 2270 (Anti-Boycott Verification with respect to Israel) and Chapter 2252 (Iran, Sudan and Foreign Terrorist Organizations and Exemption from Disclosure of Interested Parties), and other minor changes. Staff, in conjunction with the Department's Swap Advisor and Bond Counsel, has reviewed the proposed Swap Policy and recommends approval and adoption of Resolution 18-019.

The proposed Swap Policy, blacklined against the prior policy, is attached for your reference.

RESOLUTION NO. 18-019

RESOLUTION OF THE GOVERNING BOARD APPROVING THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS INTEREST RATE SWAP POLICY

WHEREAS, the Texas Department of Housing and Community Affairs, a public and official agency of the State of Texas (the "Department"), was created and organized pursuant to and in accordance with the provisions of Chapter 2306, Texas Government Code, as amended (together with other laws of the State applicable to the Department, collectively, the "Act"); and

WHEREAS, the Governing Board of the Department (the "Governing Board") desires to approve the Department's Interest Rate Swap Policy in the form presented to the Governing Board;

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 Approval of the Department's Interest Rate Swap Policy. The Interest Rate Swap Policy in the form presented to the Governing Board is hereby authorized and approved.

Section 1.2 ISDA Dodd-Frank Protocols. Each Authorized Representative is hereby severally authorized to take such actions as are necessary or desirable to enable the Board to adhere to any protocols promulgated by the International Swaps and Derivatives Association, Inc. ("ISDA") in connection with the Dodd-Frank Wall Street Reform and Consumer Protection Act, which adherence may (i) include the use of documents intended to address the subject matter of any such protocol but not using forms promulgated by ISDA, and (ii) be with respect to such counterparties as an Authorized Representative determines in his judgment are appropriate.

Section 1.3 Authorized Representatives. The following persons and each of them 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 Governing Board, the Executive Director of the Department, the Deputy Executive Directors of the Department, the Chief Financial Officer of the Department, the Chief Investment Officer 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 26th day of April, 2018.

____
Chair, Governing Board

ATTEST:

____
Secretary to the Governing Board

(SEAL)

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

INTEREST RATE SWAP POLICY

As presented to the Board on April ~~27, 2017~~26, 2018

~~2017~~2018

April ~~27, 2017~~26, 2018

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
INTEREST RATE SWAP POLICY

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 (the "Act"), as amended from time to time, for the purpose of providing a means of financing the costs of residential ownership, development and rehabilitation that will provide decent, safe and sanitary housing for individuals and families of low and very low income and families of moderate income (as described in the Act as determined by the Governing Board of the Department (the "Governing Board") from time to time) at prices they can afford.

The Act authorizes the Department: (a) to acquire, and to enter into advance commitments to acquire, mortgage loans (including participations therein) secured by mortgages on residential housing in the State of Texas (the "State"); (b) to issue its bonds, for the purpose of obtaining funds to make and acquire such mortgage loans or participations therein, 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 mortgage loans or participations therein, and to mortgage, pledge or grant security interests in such mortgages, mortgage loans or other property of the Department, to secure the payment of the principal or redemption price of and interest on such bonds.

I. Introduction

The purpose of this Interest Rate Swap Policy ("Policy") of the Texas Department of Housing and Community Affairs (the "Department") is to establish guidelines for the use and management of all interest rate management agreements, including, but not limited to, interest rate swaps, swaptions, caps, collars and floors (collectively "Swaps" or "Agreements") incurred in connection with the issuance of debt obligations. This Policy sets forth the manner of execution of Swaps and provides for security and payment provisions, risk considerations, and certain other relevant provisions.

II. Authority

The Department is authorized by Sections 1371.056 and 2306.351 of the Texas Government Code to enter into Swaps from time to time to better manage assets and liabilities and take advantage of market conditions to lower overall costs and reduce interest rate risk.

This Policy shall govern the Department's use and management of all Swaps. While adherence to this Policy is required in applicable circumstances, the Department recognizes that changes in the capital markets, agency programs, and other unforeseen circumstances may from time to time produce situations that are not covered by this Policy and will require modifications or exceptions approved or authorized by the Governing Board to achieve policy goals.

The Chief Financial Officer and the ~~Director of Bond Finance~~Chief Investment Officer are the designated administrators of the Department's Policy. The Bond Finance Division shall have the day-to-day responsibility for structuring, implementing, and managing Swaps, which includes, with the approval of the Executive Director, the execution of the Department's right to optional ~~par~~ termination of Swaps to avoid being overswapped (having a higher notional amount of swap outstanding than par amount of related bonds), for economic benefit to the Department, or to achieve other goals of the Department.

The Department shall be authorized to enter into Swaps only with qualified Swap counterparties as defined herein. The ~~Director of Bond Finance~~Chief Investment Officer, in consultation with the Chief Financial Officer, or a Department designee, shall have the authority to recommend counterparties, so long as the criteria set forth in this Policy are met.

The Chief Financial Officer and the ~~Director of Bond Finance~~Chief Investment Officer shall review this Policy on an annual basis and recommend any necessary changes to the Governing Board.

III. Purpose

The incurring of obligations by the Department involves a variety of interest rate payments and other risks for which a variety of financial instruments are available to offset, hedge, or reduce. It is the policy of the Department to utilize Swaps to better manage its assets and liabilities. The Department may execute Swaps if the transaction can be expected to result in one of, but not limited to, the following:

- Reduce exposure to changes in interest rates on a particular financial transaction or in the context of the management of interest rate risk derived from the Department's overall asset/liability balance.
- Result in a lower net cost of borrowing with respect to the Department's debt, a higher return on assets, and/or a stronger balance sheet.
- Manage variable interest rate exposure consistent with prudent debt practices.
- Achieve flexibility in meeting overall financial and programmatic objectives that cannot be achieved in conventional markets.
- Lock in fixed rates in current markets for use at a later date.
- Manage the Department's exposure to the risk of changes in the legal or regulatory treatment of tax-exempt bonds.
- Manage the Department's credit exposure to financial institutions.

The Department will not use Agreements that:

- Are purely speculative or incorporate extraordinary leverage;
- Lack adequate liquidity to terminate without incurring a significant bid/ask spread;
- Are characterized by insufficient pricing transparency and therefore make reasonable valuation difficult.

IV. Evaluation of Risks Associated with Swaps

Before entering into a Swap, the Department shall evaluate the risks inherent in the transaction. The risks to be evaluated will include basis risk, tax risk, counterparty risk, credit risk, termination risk, rollover risk, liquidity risk, remarketing risk, amortization mismatch risk, mortgage yield risk, non-origination risk, and PAC band risk. The following table outlines these various risks and the Department's evaluation methodology for those risks.

THIS SPACE INTENTIONALLY BLANK

Risk	Description	Evaluation Methodology
Basis Risk	The mismatch between actual variable rate debt service and variable rate indices used to determine Swap payments.	The Department will review historical trading differentials between the variable rate bonds and the index.
Tax Risk	The risk created by potential tax events that could affect Swap payments or their relationship to future bond payments.	The Department will review the tax events in proposed Swap agreements. The Department will evaluate the impact of potential changes in tax law on LIBOR indexed Swaps.
Counterparty Risk	The failure of the counterparty to make required payments or the occurrence of an event modifying the credit rating of the counterparty.	The Department will monitor exposure levels, ratings thresholds, and collateralization requirements.
Termination Risk	The need to terminate the transaction in a market that dictates a termination payment by the Department.	The Department will compute its termination exposure for all existing and proposed Swaps at market value and under a worst-case scenario.
Rollover Risk	The mismatch of the maturity of the Swap and the maturity of the underlying bonds.	The Department will determine its capacity to service variable rate bonds that may be outstanding after the maturity of the Swap.
Liquidity Risk	The inability to continue or renew a liquidity facility, and the risk that the cost of a facility will increase beyond expectations.	The Department will evaluate the expected availability of liquidity support for swapped and unhedged variable rate debt, if any.
Remarketing Risk	The risk that a remarketing agent may be unable to remarket VRDBs.	The Department will obtain a standby bond purchase facility to provide the funds necessary to purchase the VRDBs.
Amortization Mismatch Risk	The mismatch of outstanding Swap notional amount versus the outstanding bond principal subject to the hedge.	The Department may incorporate one or a combination of the following features: par termination options, PAC or lockout bonds.
Mortgage Yield Risk	The bond issue may not comply with yield restrictions if the Swap is terminated.	The Department will obtain legal opinions and or certificates as appropriate.
Non-origination Risk	The bond proceeds may not originate within the prescribed timeframe and require an unused proceeds call and possible termination payment.	The Department will evaluate bond and mortgage market conditions and quantify the potential termination payment due upon non-origination.

PAC Band Break Risk	The targeted PAC bonds may amortize faster than anticipated based on the PAC amortization schedule.	The Department will rely upon credit rating agency cashflows to ensure adequate PAC/companion bond structural integrity.
Collateral Posting Risk	The risk that the Department may be required to post liquid collateral to the Counterparty. Inability to post such liquid collateral upon short notice may result in the early termination of a Swap transaction.	The Department will seek to structure Swap Agreements so that the need to post collateral is highly unlikely. This can be accomplished by using high posting thresholds or low rating triggers.
Accounting Risk	The risk that the Department may be required to record changes in fair value of a derivative transaction as a gain or loss in its annual financial statements.	The Department, when feasible, should aim to structure Transactions that would expect to qualify as effective hedges under GASB 53.

The Department will diversify its exposure to counterparties. To that end, before entering into a transaction, the Department will determine its exposure to the relevant counterparty or counterparties and determine how the proposed transaction would affect that exposure. The exposure will not be measured solely in terms of notional amount, but rather how changes in interest rates would affect the Department's exposure ("Maximum Net Termination Exposure"). For purposes of these limits, "Maximum Net Termination Exposure" shall equal the aggregate termination payment for all existing and projected Swaps that would be paid by an individual counterparty. For purposes of this calculation, the aggregate termination payment is equal to the reasonably expected worse case termination payment of all existing Swaps plus the proposed transaction.

The Department will base the Maximum Net Termination Exposure on all outstanding derivative transactions. Limits will be established for each counterparty as well as the relative level of risk associated with each existing and projected Swap. In order to lessen counterparty risk, the Department will diversify exposure among multiple counterparties and avoid excessive concentration to any one counterparty. In situations where the Department may execute a swap transaction that would result in offsetting counterparty risk with an existing counterparty, the Department should seek to utilize that counterparty.

The ~~Director of Bond Finance~~Chief Investment Officer shall determine the appropriate term for a Swap on a case-by-case basis. The slope of the Swap curve, the marginal change in Swap rates from year to year along the Swap curve, and the impact that the term of the Swap has on the overall exposure of the Department shall be considered in determining the appropriate term of any Swap. The term of a Swap between the Department and a qualified Swap counterparty shall not extend beyond the final maturity date of the associated debt, or in the case of a refunding transaction, beyond the final maturity date of the refunding bonds.

The Department will review the use of forward-starting swaps and determine the duration based on market condition and the risk associated with using a forward-starting swap. The Department does not have any swaps with a knock-out option which could expose the Department to higher interest rates. The Department will advise the Board prior to entering into either a forward-starting swap or knock-out option.

The Department will inform the Board if the swap is a fixed notional value swap or a declining notional value swap. The ~~Director of Bond Finance~~Chief Investment Officer will review proposed swaps to ensure that the use of fixed notional value swaps does not place the Department at risk of incurring an incrementally higher expense if the related bond principal is paid off early.

The total "net notional amount" of all Swaps related to a bond issue should not exceed the amount of outstanding bonds, or bonds anticipated to be issued. For purposes of calculating the net notional amount, credit shall be given to any Swaps that offset another Swap for a specific bond transaction.

V. Long Term Financial Implications

In evaluating a particular transaction involving the use of derivatives, the Department shall review long-term implications associated with entering into derivatives, including costs of borrowing, historical interest rate trends, variable rate capacity, credit enhancement capacity, liquidity capacity, opportunities to refund related debt obligations and other similar considerations.

<u>Impact of Use of Liquidity</u>

The Department shall consider the impact of any variable rate demand bonds issued in combination with a Swap on the availability and cost of liquidity support for other Department variable rate programs.

<u>Call Option Value considerations</u>

When considering the relative advantage of a Swap versus fixed rate bonds, the Department will take into consideration the value of any call option on fixed rate bonds.

<u>Qualified Hedges</u>

The Department understands that, (1) if payments on and receipts from the Agreement are to be taken into account in computing the yield on the related bonds, the Agreement must meet the requirements for a "qualified hedge" under federal tax law (sometimes referred to as an "integrated Swap"); and (2) if one of the goals of entering into the Agreement is to convert variable yield bonds into fixed yield bonds (sometimes referred to as a "super integrated Swap"), then certain additional requirements must be met. In both of these situations, the terms of the Agreement and the process for entering into the Agreement must be reviewed and approved in advance by tax counsel.

VI. Form of Swap Agreements

Each Swap executed by the Department shall contain terms and conditions as set forth in the International Swap and Derivatives Association, Inc. ("ISDA") Master Agreement, including any schedules and confirmations. The Swaps between the Department and each qualified Swap counterparty shall include payment, term, security, collateral, default, remedy, termination, and other terms, conditions and provisions as the ~~Director of Bond Finance~~Chief Investment Officer deems necessary, desirable or consistent with industry best practices.

VII. Qualified Swap Counterparties

The Department will make its best efforts to work with qualified Swap counterparties that (i) have, or has a credit support counterparty that has, a general credit rating of at least "A2" with respect to ratings by Moody's Investors Service or "A" with respect to ratings by Standard and Poor's Rating Services or Fitch Ratings.

In addition to the rating criteria specified herein, the Department may seek additional credit enhancement and safeguards in the form of:

- i. Contingent credit support or enhancement;
- ii. Collateral consistent with the policies contained herein; and/or
- iii. Ratings downgrade triggers.

In addition, the Department will take into consideration a Swap counterparty's track record of successfully executing Swap transactions. The Department will only execute Swap transactions with qualified Swap counterparties.

In addition to credit-related requirements, swap counterparties and other providers of derivative products must comply with the following requirements to be eligible to enter into a contract with the Department:

Anti-Boycott Verification. Swap counterparties and other providers of derivative products are required to comply with the requirements of Chapter 2270 of the Texas Government Code. Compliance includes a representation by each counterparty or provider that their firm (including any wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate) (i) does not boycott Israel and (ii) will not boycott Israel during the term for which they provide services to the Department.

Iran, Sudan and Foreign Terrorist Organizations. Swap counterparties and other providers of derivative products are required to comply with the requirements of Chapter 2252 of the Texas Government Code. Compliance includes a representation by each counterparty or provider that their firm (including any wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate) is not an entity listed by the Texas Comptroller of Public Accounts under Sections 2252.153 or 2270.0201 of the Texas Government Code.

Exemption from Disclosure of Interested Parties. Swap counterparties and other providers of derivative products are required to comply with the requirements of Chapter 2252 of the Texas Government Code. Counterparties or providers that make a representation that their firm (including any wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate) is a publicly traded business entity are exempt from Section 2252.908 of the Texas Government Code.

VIII. Termination Provisions

The Department shall include in all Swaps provisions granting the Department the right to optionally terminate a Swap at any time at market over the term of the Agreement. The ~~Chief Financial Officer and Director of Bond Finance~~~~Chief Investment Officer~~Chief Investment Officer, in consultation with the Chief Financial Officer, shall determine if it is financially advantageous for the Department to terminate a Swap.

A ratings-based additional termination event shall be included in all of the Department's Swaps if the provider (or its credit support provider) fails to maintain either:

1. A credit rating of at least Baa2 from Moody's; or
2. A credit rating of at least BBB from S&P; or,
3. An equivalent rating determined above by a nationally recognized ratings service acceptable to both parties.

A termination payment to or from the Department may be required in the event of termination of a Swap due to a default or a decrease in credit rating of either the Department or the counterparty. If the cause of the termination is a counterparty downgrade, termination payments will be calculated on the side of the bid-offer spread that favors the Department. Additionally, the termination amount of the Swap should seek to compensate the Department, as allowed under the ISDA Agreement, all other costs for creating a replacement transaction of like terms and conditions.

It is the intent of the Department not to make a termination payment to a counterparty that does not meet its contractual obligations. Prior to making any such termination payment, the ~~Chief Financial Officer and Director of Bond Finance~~~~Chief Investment Officer~~Chief Investment Officer, in consultation with the Chief Financial Officer, shall evaluate whether it is financially advantageous for the Department to obtain a replacement counterparty to avoid making such termination payment or finance the termination payment through a long-term financing product.

For payments on early termination and optional termination, Market Quotation and the Second Method will apply, allowing for two way mark-to-market breakage (assuming the Swaps are documented under the 1992 form of the ISDA Master Agreements).

IX. Security and Source of Repayment

The Department may use the same security and source of repayment (pledged revenues) for Swaps as is used for the bonds that are hedged or carried by the Swap, if any, but shall consider the economic costs and benefits of subordinating the Department's payments and/or termination payment under the Swap. The use of the same security and source of repayment (pledged revenues) is subject to the respective bond indenture's covenants and the prior approval of the Department's bond counsel.

X. Specified Indebtedness

The specified indebtedness related to credit events in any Swap should be narrowly defined and refer only to indebtedness of the Department that could have a materially adverse effect on the Department's ability to perform its obligations under the Swap. Debt should typically only include obligations within the same lien as the Swap obligation.

XI. Governing Law

Governing law for Swaps will be the State of Texas. Issues relating to jurisdiction, venue, waiver of jury trial and sovereign immunity will be subject to prevailing law and approval of the Texas Attorney General Office. Preference will be given to language providing that the counterparty will consent to jurisdiction in the Texas courts with respect to enforcement of the Agreement.

XII. Events of Default

Events of default of a Swap counterparty shall include, but are not limited to the counterparty's:

1. Failure to make payments when due;
2. Breach of representations and warranties;
3. Illegality;
4. Failure to comply with downgrade provisions; and
5. Failure to comply with any other provisions of the Agreement after a specified notice period.

XIII. Collateral Requirements

As part of any Swap, the Department may require the counterparty or the counterparty may require the Department to post collateral or other credit enhancement to secure any or all Swap payment obligations. As appropriate, the Chief Financial Officer and ~~Director of Bond Finance~~Chief Investment Officer may require collateral or other credit enhancement to be posted by each Swap counterparty under the following circumstances:

- Each counterparty to the Department may be required to post collateral if the credit rating of the counterparty or parent falls below a certain rating threshold, which varies by counterparty. Additional collateral for further decreases in credit ratings of each counterparty shall be posted by each counterparty in accordance with the provisions contained in the credit support annex to each Swap with the Department. At the current time, collateral posting rating triggers by the counterparties would range from A2/A to Baa1/BBB+.
- Collateral shall consist of cash, U.S. Treasury securities, or other mutually acceptable highly liquid securities.

- Collateral shall be deposited with an eligible third party custodian, or as mutually agreed upon between the Department and each counterparty.
- The market value of the collateral shall be determined on at least a weekly basis.
- The Department will determine reasonable threshold limits for increments of collateral posting based on a sliding scale reflective of credit ratings.
- The ~~Chief Financial Officer and Director of Bond Finance~~~~Chief Investment Officer~~Chief Investment Officer, in consultation with the Chief Financial Officer, shall determine on a case-by-case basis whether a form of credit enhancement in lieu of, or in addition to, collateral is more beneficial to the Department.
- The Department shall seek to not post collateral to the counterparty unless the Department's ratings fall below "A2" or "A".

XIV. Other Criteria

The Department may use a competitive or a negotiated process to select a Swap counterparty and price a Swap as it believes business, market or competitive conditions justify such a process. The conditions under which a negotiated selection is best used are provided below.

- Marketing of the Swap will require complex explanations about the security for payment or credit quality.
- Demand is weak among Swap counterparties.
- Market timing is important, such as for refundings.
- Coordination of multiple components of the financing is required.
- The Swap has non-standard features.
- The par amount is large enough to move the market in a manner adverse to the Department's interests.
- Counterparties are likely to demand individual changes in bid documents.

If a transaction is awarded through a negotiated process, the counterparty will provide the Department with:

- A statement that, in the counterparty's judgment, the difference in basis points between the rate of the transaction and the mid-market rate for a comparable transaction falls within the commonly occurring range for comparable transactions.
- A statement of the amount of the difference as determined by the counterparty.
- If the counterparty does not know of a comparable transaction or mid-market rate, a statement of another suitable measure of pricing acceptable to the counterparty.

The Department will use a swap advisory firm to assist in the price negotiation. Such swap advisory firm shall act as the "qualified independent representative" ("QIR") of the Department for purposes of CFTC Rule 23.450 (b) (1) to advise the Department on swaps, provided that such firm provide certification to the Department addressing why such firm meets the requirements to act as a QIR pursuant to CFTC Regulation 23.450(b)(1). Also, the Department may obtain an opinion from an independent party that the terms and conditions of any derivative entered into reflect a fair market value of such derivatives as of the execution date.

The counterparty must provide to the Department disclosure of any payments the counterparty made to another person to procure the transaction.

Prior to or at execution of any new swap transaction, the swap dealer and/or swap advisor, as the case may be, shall provide information to the Department consistent with the rules and regulations in effect at the time. Such rules would include the Business Conduct Standards for Swap Dealers and Major Swap Participants as published and enacted by the Commodity Futures Trading Commission. In addition the swap dealer should represent to the Department that it is in compliance with such rules including pay-to-play restrictions.

The Department will determine that the swap transaction will conform to this Interest Rate Swap Policy after reviewing a report of the ~~Director of Bond Finance~~Chief Investment Officer that identifies with respect to the transaction:

- its purpose;
- the anticipated economic benefit and the method used to determine the anticipated benefit;
- the use of the receipts of the transaction;
- the notional amount, amortization, and average life compared to the related obligation;
- any floating indices;
- its effective date and duration;
- the identity and credit rating of the counterparties;
- the cost and anticipated benefit of transaction insurance;
- the financial advisors and the legal advisors and their fees;
- any security for scheduled and early termination payments;
- any associated risks and risk mitigation features; and
- early termination provisions.

XV. Ongoing Monitoring and Reporting Requirements

Written records noting the status of all Swaps will be maintained by the Bond Finance Division and shall include the following information:

- Highlights of all material changes to Swaps or new Swaps entered into by the Department since the last report.
- Market value of each of the Swaps.
- The net impact of a 50 or 100 basis point parallel shift or other relevant shift in the appropriate Swap index or curve.
- For each counterparty, the total notional amount, the average life of each Swap and the remaining term of each Swap.
- The credit rating of each Swap counterparty and credit enhancer insuring Swap payments.
- Actual collateral posting by Swap counterparty, if any, in total by Swap counterparty.
- A summary of each Swap, including but not limited to the type of Swap, the rates paid by the Department and received by the Department, indices, and other key terms.
- Information concerning any default by a Swap counterparty to the Department, and the results of the default, including but not limited to the financial impact to the Department, if any.
- A summary of any Swaps that were terminated.

The Department will monitor its Swaps exposure on a periodic basis, as necessary, and will look for ways to reduce the cost of a Swap(s) or the overall Swap exposure.

The Bond Finance Division will monitor the performance of the QIR on an on-going basis.

The Department shall report its Swaps exposure in its annual financial statements and will reflect the use of derivatives in accordance with GASB requirements. With the adoption of GASB 53, the Department will be required to test hedge effectiveness on an annual basis. Any hedge deemed to be ineffective will result in the change in fair value being recorded as a gain or loss. While the long term economic value of the transaction should be more important when structuring a derivative, the Department should seek to structure transactions that are expected to be effective and would not result in changes in fair value affecting net income. For example, while a transaction structured to meet the Consistent Critical Terms method of GASB 53 would ensure hedge effectiveness, the Department should consider the tradeoffs of utilizing a transaction structure that may provide greater expected economic benefits at the expense of potentially not meeting hedge effectiveness. The disclosure requirements include:

1. Objective of the Derivative
2. Significant Terms
3. Fair Value
4. Associated Debt
5. Risks including but not limited to Credit Risk, Termination Risk, Interest Rate Risk, Basis Risk, Rollover Risk, Market Access Risk, Foreign Currency Risk.

With the adoption of GASB 72, the Department will be required to report the fair value of its Swaps in its annual financial statements, as more fully described in GASB 72. The Department will follow these guidelines and may engage a third party to assist in the required calculations.

The Chief Financial Officer and the ~~Director of Bond Finance~~Chief Investment Officer will review this Policy on an annual basis.

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11

BOARD ACTION REQUEST

ASSET MANAGEMENT DIVISION

APRIL 26, 2018

Presentation, discussion, and possible action to approve a Material Amendment to the Housing Tax Credit ("HTC") Land Use Restriction Agreement ("LURA") for Cricket Hollow Apartments (HTC #04002)

RECOMMENDED ACTION

WHEREAS,
Cricket Hollow Apartments (the "Development") received a 9% HTC award in 2003 and additional credits in 2007 to construct 176 multifamily units in Willis, Montgomery County;

WHEREAS, the HTC application for the Development received points and/or other preferences for agreeing to provide a Right of First Refusal ("ROFR") to purchase the Development and for having a Historically Underutilized Business ("HUB"), namely Hyperion Holdings, Inc., participate in the ownership of the Development;

WHEREAS, the LURA for the Development requires a two-year ROFR period and 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 Development;

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

WHEREAS, in Spring 2015 the Texas Legislature amended Tex. Gov't Code §2306.6725 and §2306.6726 to allow, among other things, for a 180-day ROFR period and to permit a Qualified Entity to purchase a property under ROFR, and defined a Qualified Entity to mean an entity described by, or an entity controlled by an entity described by, §42(i)(7)(A), Internal Revenue Code of 1986;

WHEREAS, removal of a HUB requirement from the LURA is a non-material amendment under 10 TAC §10.405(b)(1), and amendment to the ROFR period in the LURA is a material change requiring Board approval under 10 TAC §10.405(b)(2);

WHEREAS, the Owner has complied with the procedural amendment requirements in 10 TAC §10.405(b) to place this request before the Board, including holding a public hearing at which no negative public comment was received;

NOW, therefore, it is hereby

RESOLVED, that the material LURA amendment for Cricket Hollow Apartments 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

The Development was approved in 2004 for a 9% HTC award, and subsequently received additional credits in 2007, to construct 176 multifamily units in Willis, Montgomery County. In a letter dated February 27, 2018, Cricket Hollow Partners, L.P. (the "Development Owner") through its General Partner (Cricket Hollow Development, Inc., Brian Cogburn, Secretary) requested approval to amend the LURA related to the ROFR provision and to eliminate the requirement for a HUB to hold an ownership interest and to maintain regular, continuous, and substantial participation in the development and operation of the Development in order to facilitate a proposed sale of the property.

The additional use restrictions in the current LURA require, among other things, a 40 year Extended Use Period, material participation by a HUB throughout the Compliance Period and a two-year ROFR to sell the Development based on a set order of priority to a community housing development organization (as defined for purposes of the federal HOME Investment Partnership Program at 24 CFR Part 92), to a qualified nonprofit organization (as defined in Internal Revenue Code §42(h)(5)(C)), or to a tenant organization if at any time after the fifteenth year of the Compliance Period the owner decides to sell the property.

The request letter states that the Development Owner desires to pursue a proposed sale of the property. Therefore, the HUB General Partner is requesting approval to remove the HUB requirement and has stated that it is acting of its own volition in making this request, and that the HUB's participation regarding the Development has been substantive and meaningful and will continue to be until the sale is effectuated. The HUB General Partner intends to remain as General Partner of this Development until the anticipated sale is closed and ownership is transferred to a new owner, subject to the Department's review and approval of said transfer.

In 2015, the 84th Texas Legislature passed HB 3576, which amended Tex. Gov't Code §2306.6725 and §2306.6726 to allow for a 180-day ROFR period and to allow for a Qualified Entity to purchase a development under a ROFR provision of the LURA and satisfy the ROFR requirement. Additionally, §2306.6726, as amended by HB 3576, defines Qualified Entity to mean an entity described by, or an entity controlled by an entity described by, §42(i)(7)(A) of the Internal Revenue Code of 1986. The Department's 2018 Uniform Multifamily Rules, Subchapter E, §10.407 implemented administrative procedures to allow a Development Owner to conform to the new ROFR provisions described in the amended statute.

The Development Owner has complied with the amendment and notification requirements under the Department's rule at Tex. Gov't Code §2306.6712 and 10 TAC §10.405(b). The Development Owner held a public hearing on the matter on March 26, 2018, at 4:00 p.m. at the Development's management office/clubhouse. No negative public comment was received regarding the requested amendment.

Staff recommends approval of the LURA amendment as presented herein.

Cricket Hollow Partners, L.P.
1717 St. James Place, Suite 340
Houston, Texas 77056
713.626.7796 *Fax 713.622.2695*

February 27, 2018

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

Re: TDHCA File No. 04002 & 07004; Cricket Hollow Apartments (the "**Property**")

Dear Ms. Trevino:

The undersigned is the General Partner (herein so called) of Cricket Hollow Partners, L.P., a Texas limited partnership (the "**Partnership**") and the current owner of the Property. This letter constitutes our request for a material LURA amendment in order to: (1) remove the ongoing requirement for participation by a historically underutilized business (a "**HUB**") and (2) modify the two-year Right of First Refusal ("**ROFR**") period.

Request for HUB Restriction Removal

Cricket Hollow Development, Inc., ("CHD") is the General Partner and a wholly owned subsidiary of Hyperion Holdings, Inc. ("HHI"), which is designated as a HUB. HHI's HUB principal, James M. Billings, desires to retire and will not be seeking new tax credit developments. The Partnership's General Partner and limited partner ownership will remain in place. As such, the ownership will not change. The change being requested is that the Managing General Partner's HUB status no longer be required.

The LURA for this Property requires ownership participation by a HUB. Section 10.406(f) of the Rules recognizes that a LURA can be amended or remove the ongoing HUB participation requirement. The General Partner requests the TDHCA to approve removal of the HUB requirement from its LURA. In accordance with the Rules, the General Partner certifies to TDHCA as follows:

(1) CHD has not been removed from its position and is acting of its own volition in making this request.

(2) CHD's participation as the HUB with regard to the Property has been substantive and meaningful. The HUB's participation has allowed it to benefit financially from the Property's development and ongoing operations, as well as to learn and to acquire low income housing tax credit apartment ownership and operational experience.

Request to Amend the ROFR Period

In 2015, Texas Government Code Section 2306.6726 was amended to allow for a 180-day Right of First Refusal ("**ROFR**") period. Currently, the LURA for this Property requires a two-year ROFR period. Section 10.405(b)(2)(F) of the Rules allows for a LURA amendment in order to conform a ROFR period to the period described in Section 2306.6726. Thus, the Partnership requests a LURA amendment to eliminate the two-year ROFR period and replace it with the 180-day ROFR period.

LURA Amendment

In accordance with Section 10.405(b) of the Rules, the Partnership, is delivering a fee in the amount of $2,500. In addition, the Partnership, commits to hold a public hearing, as required by the Rules, and to notify all residents, investors, lenders, and appropriate elected officials as to these proposed amendments. Drafts of the public hearing notices are attached for your consideration. Upon approval from TDHCA, the Partnership, will proceed to set a date and time for the public hearing and will provide the TDHCA with evidence that the notice has been delivered and the hearing has been conducted. Therefore, the Partnership, requests staff recommendation, in support of this request, to be considered at the April 26, 2018 TDHCA Board meeting.

Thank you very much for your assistance. Please do not hesitate to contact us, if additional information is required.

Sincerely,

CRICKET HOLLOW PARTNERS, L.P., a Texas limited partnership

By: Cricket Hollow Development, Inc. a Texas corporation,
its general partner

Brian Cogburn

Brian Cogburn
Secretary

Cricket Hollow Apartments
9700 FM 1097, W
Willis Texas 77318
936-228-5700

March 19, 2018

TO ALL RESIDENTS OF CRICKET HOLLOW APARTMENTS

Re: LURA Amendment Request to TDHCA for Cricket Hollow Apartments

Dear Residents:

Cricket Hollow Partners, L.P. is asking the Texas Department of Housing and Community Affairs Governing Board (the "TDHCA Board") to approve an amendment to its Land Use Restrictive Agreement ("LURA") that removes the ownership's Historically Underutilized Business ("HUB") ownership requirement and a change in the Right of First Refusal ("ROFR") time period that ownership is required to offer the community for sale to a non-profit organization or a tenant organization. There was a change in Texas law, which allows ownership to request to the TDHCA Board to change the ROFR two-year time period to be a 180-day time period. TDHCA Uniform Multifamily Rules require that notice of this request be provided to all residents of the property. This letter is to inform you that there will be a public hearing to discuss these requests and we invite you to attend.

The public hearing is your opportunity to discuss the amendment request and voice your concern regarding the requested HUB ownership and ROFR time period amendments. Information obtained from this meeting will be submitted for consideration by the TDHCA Board at their April 26, 2018 meeting.

If you are unable to attend the public hearing and would like to submit your concerns in writing to the Department, please send your comments via email to asset.management@tdhca.state.tx.us or you may mail them to:

Texas Department of Housing & Community Affairs Asset Management Division
221 East 11th Street
Austin, Texas 78701

A public hearing on this issue is scheduled at the Cricket Hollow's Management Office/Clubhouse, 9700 FM 1097 W, Willis TX 77318 on March 26, 2018 at 4:00pm.

If you have any questions, feel free to call the management office. Thank you for choosing the Cricket Hollow Apartments to be your home.

Sincerely,

MFarmer

Michelle Farmer
Sr. District Supervisor
FDI Property Management Services

Cricket Hollow
Public Hearing Minutes
LURA Amendment

Date: 03-26-2018

The public hearing related to the request to amend Cricket Hollow's Right of First Refusal ("ROFR") period was held in the Cricket Hollow community room on March 26, 2018 at 4:00 pm. Cambria Darbison and Pat Schroeder were in attendance representing the owner and property manager. Three residents of the property were in attendance. A summary of the discussion is as follows:

Cambria Darbison opened by explaining the reason for the public hearing and offered to address any questions the residents had.

Resident Diana Ganim, from unit 1105, asked if the owner was selling.

Cambria Darbison confirmed owner is not planning on selling the property.

Resident Maxine Baines, from unit 803, asked why the amendment was being requested.

Cambria Darbison confirmed that the law had changed and allowed for the request.

Pat Schroeder explained that this change to the LURA would in no way impact the lease.

Cambria Darbison concluded the meeting at 4:15 pm.

CRICKET HOLLOW APARTMENTS – RESIDENT'S SIGN-IN SHEET

Meeting Date **March 26, 2018**

Place/Room: **Cricket Hollow Management Office & Clubhouse**

Name	Unit No.	Name	Unit No.
Elle Trevino	[redacted]		
Diana Ganim	[redacted]		
Maxine Baines	[redacted]		

Cricket Hollow Partners, L.P.
1717 St. James Place, Suite 340
Houston, Texas 77056
713.626.7796 *Fax 713.622.2695*

March 19, 2018

The Honorable Senator Robert Nichols
Texas State Senator
P.O. Box 12068, Capitol Station
Austin, TX 78711

Re: Cricket Hollow Apartments
9700 FM 1097, W
Willis Texas 77318
LURA Amendment Request to TDHCA

Dear Senator Nichols:

Cricket Hollow Partners, L.P. is asking the Texas Department of Housing and Community Affairs Governing Board (the "TDHCA Board") to approve an amendment to its Land Use Restrictive Agreement ("LURA"). The amendment request is to remove the ownership's Historically Underutilized Business ("HUB") ownership requirement, as it was at the beginning of this Ownership entity, for the remainder of the Extended Use Period. Additionally, we are requesting to change the Right of First Refusal ("ROFR") time period that ownership is required to offer the community for sale to a non-profit organization or a tenant organization. There was a change in Texas law, which allows ownership to request to the TDHCA Board to change the ROFR two-year time period to be a 180-day time period.

TDHCA Board rules require that notice of this request be given to the Senator for the district in which Cricket Hollow Apartments is located.

A public hearing on this issue is scheduled at Cricket Hollow Apartments:

Location: Cricket Hollow Apartments
9700 FM 1097, W
Willis Texas 77318

Date: March 26, 2018
Time: 4:00 pm

You are invited to attend and offer your comments.

Sincerely,

CRICKET HOLLOW PARTNERS, L.P., a Texas limited partnership

By: Cricket Hollow Development, Inc. a Texas corporation,
its general partner

Brian Cogburn
Brian Cogburn
Secretary

Cricket Hollow Partners, L.P.
1717 St. James Place, Suite 340
Houston, Texas 77056
713.626.7796 *Fax 713.622.2695*

March 19, 2018

The Honorable Will Metcalf
Texas House Member
Texas Capitol
Room E1.314
P.O. Box 2910
Austin, TX 78768

Re: Cricket Hollow Apartments
9700 FM 1097, W
Willis Texas 77318
LURA Amendment Request to TDHCA

Dear Representative Metcalf:

Cricket Hollow Partners, L.P. is asking the Texas Department of Housing and Community Affairs Governing Board (the "TDHCA Board") to approve an amendment to its Land Use Restrictive Agreement ("LURA"). The amendment request is to remove the ownership's Historically Underutilized Business ("HUB") ownership requirement, as it was at the beginning of this Ownership entity, for the remainder of the Extended Use Period. Additionally, we are requesting to change the Right of First Refusal ("ROFR") time period that ownership is required to offer the community for sale to a non-profit organization or a tenant organization. There was a change in Texas law, which allows ownership to request to the TDHCA Board to change the ROFR two-year time period to be a 180-day time period.

TDHCA Board rules require that notice of this request be given to the Representative for the district in which Cricket Hollow Apartments is located.

A public hearing on this issue is scheduled at Cricket Hollow Apartments:

Location: Cricket Hollow Apartments
9700 FM 1097, W
Willis Texas 77318

Date: March 26, 2018
Time: 4:00 pm

You are invited to attend and offer your comments.

Sincerely,

CRICKET HOLLOW PARTNERS, L.P., a Texas limited partnership

By: Cricket Hollow Development, Inc. a Texas corporation,
its general partner

Brian Cogburn

Brian Cogburn
Secretary

Cricket Hollow Partners, L.P.
1717 St. James Place, Suite 340
Houston, Texas 77056
713.626.7796 *Fax 713.622.2695*

March 19, 2018

The Honorable Leonard Reed
Mayor
City of Willis
200 N. Bell St
Willis, TX 77378

Re: Cricket Hollow Apartments
9700 FM 1097, W
Willis Texas 77318
LURA Amendment Request to TDHCA

Dear Mayor Reed:

Cricket Hollow Partners, L.P. is asking the Texas Department of Housing and Community Affairs Governing Board (the "TDHCA Board") to approve an amendment to its Land Use Restrictive Agreement ("LURA"). The amendment request is to remove the ownership's Historically Underutilized Business ("HUB") ownership requirement, as it was at the beginning of this Ownership entity, for the remainder of the Extended Use Period. Additionally, we are requesting to change the Right of First Refusal ("ROFR") time period that ownership is required to offer the community for sale to a non-profit organization or a tenant organization. There was a change in Texas law, which allows ownership to request to the TDHCA Board to change the ROFR two-year time period to be a 180-day time period.

TDHCA Board rules require that notice of this request be given to the Mayor of the City in which Cricket Hollow Apartments is located.

A public hearing on this issue is scheduled at Cricket Hollow Apartments:

Location: Cricket Hollow Apartments
9700 FM 1097, W
Willis Texas 77318

Date: March 26, 2018
Time: 4:00 pm

You are invited to attend and offer your comments.

Sincerely,

CRICKET HOLLOW PARTNERS, L.P., a Texas limited partnership

By: Cricket Hollow Development, Inc. a Texas corporation,
its general partner

Brian Cogburn

Brian Cogburn
Secretary

Cricket Hollow Partners, L.P.
1717 St. James Place, Suite 340
Houston, Texas 77056
713.626.7796 *Fax 713.622.2695*

March 19, 2018

Mr. David Fernandes
First Vice President
Asset Management
Boston Financial Investment Management, LP
101 Arch Street
Boston MA 02110-1106

Re: Cricket Hollow Apartments
9700 FM 1097, W
Willis Texas 77318
LURA Amendment Request to TDHCA

Dear Mr. Fernandes:

Cricket Hollow Partners, L.P. is asking the Texas Department of Housing and Community Affairs Governing Board (the "TDHCA Board") to approve an amendment to its Land Use Restrictive Agreement ("LURA"). The amendment request is to remove the ownership's Historically Underutilized Business ("HUB") ownership requirement, as it was at the beginning of this Ownership entity, for the remainder of the Extended Use Period. Additionally, we are requesting to change the Right of First Refusal ("ROFR") time period that ownership is required to offer the community for sale to a non-profit organization or a tenant organization. There was a change in Texas law, which allows ownership to request to the TDHCA Board to change the ROFR two-year time period to be a 180-day time period.

TDHCA Board rules require that notice of this request be given to the Cricket Hollow Apartments' investor.

A public hearing on this issue is scheduled at Cricket Hollow Apartments:

Location: Cricket Hollow Apartments
9700 FM 1097, W
Willis Texas 77318

Date: March 26, 2018
Time: 4:00 pm

You are invited to attend and offer your comments.

Sincerely,

CRICKET HOLLOW PARTNERS, L.P., a Texas limited partnership

By: Cricket Hollow Development, Inc. a Texas corporation,
its general partner

Brian Cogburn

Brian Cogburn
Secretary

Cricket Hollow Partners, L.P.
1717 St. James Place, Suite 340
Houston, Texas 77056
713.626.7796 *Fax 713.622.2695*

March 19, 2018

Mr. Brett McGuire
Vice President
Walker & Dunlop
7501 Wisconsin Avenue, Suite 1200E
Bethesda MD 20814-6531

Re: Cricket Hollow Apartments
9700 FM 1097, W
Willis Texas 77318
LURA Amendment Request to TDHCA

Dear Mr. McGuire:

Cricket Hollow Partners, L.P. is asking the Texas Department of Housing and Community Affairs Governing Board (the "TDHCA Board") to approve an amendment to its Land Use Restrictive Agreement ("LURA"). The amendment request is to remove the ownership's Historically Underutilized Business ("HUB") ownership requirement, as it was at the beginning of this Ownership entity, for the remainder of the Extended Use Period. Additionally, we are requesting to change the Right of First Refusal ("ROFR") time period that ownership is required to offer the community for sale to a non-profit organization or a tenant organization. There was a change in Texas law, which allows ownership to request to the TDHCA Board to change the ROFR two-year time period to be a 180-day time period.

TDHCA Board rules require that notice of this request be given to the Cricket Hollow Apartments' lender.

A public hearing on this issue is scheduled at Cricket Hollow Apartments:

Location: Cricket Hollow Apartments
9700 FM 1097, W
Willis Texas 77318

Date: March 26, 2018
Time: 4:00 pm

You are invited to attend and offer your comments.

Sincerely,

CRICKET HOLLOW PARTNERS, L.P., a Texas limited partnership

By: Cricket Hollow Development, Inc. a Texas corporation,
its general partner

Brian Cogburn

Brian Cogburn
Secretary

1m

BOARD ACTION REQUEST

ASSET MANAGEMENT DIVISION

APRIL 26, 2018

Presentation, discussion, and possible action regarding a change in the ownership structure of the Development Owner and Developers prior to issuance of IRS Form(s) for Secretariat Apartments (HTC #17012)

RECOMMENDED ACTION

WHEREAS, Secretariat Apartments (the "Development") received an award of 9% Housing Tax Credits ("HTCs") in 2017 for the new construction of 74 elderly preference multifamily units in the City of Arlington, Tarrant County;

WHEREAS, Secretariat Apartments Ltd. (the "Development Owner") has requested approval for changes to the ownership structure of the Development Owner and Developers;

WHEREAS, the proposed changes to the ownership structure of the Development Owner involve the addition of a new Limited Partner, Secretariat Apartments LP LLC, and a change to the ownership structure of Secretariat Apartments GP LLC, the General Partner of the Development Owner, that involves the exit of one of its original members and the addition of new entities;

WHEREAS, under the proposed ownership structure, NRP Secretariat Apartments LLC ("NRP"), one of the original members of the General Partner, will relinquish its ownership interest in the General Partner and will become the sole member of Secretariat Apartments LP LLC, the proposed Limited Partner;

WHEREAS, AHFC GP2, LLC, which is solely owned by the Arlington Housing Finance Corporation, will be added as the managing member of the General Partner;

WHEREAS, the proposed changes also include the addition of AHFC CODEV 1, LLC, which is solely owned by the Arlington Housing Finance Corporation, as another co-Developer in the transaction; and

WHEREAS, the transfer of ownership is being requested prior to the issuance of IRS Forms 8609 and 10 TAC §10.406(e) requires that parties reflected in the Application that have control must remain in the ownership structure and retain such control, unless approved otherwise by the Board, and changes in Developers are considered amendments under 10 TAC §10.405(a)(3)(C) requiring approval;

NOW, therefore, it is hereby

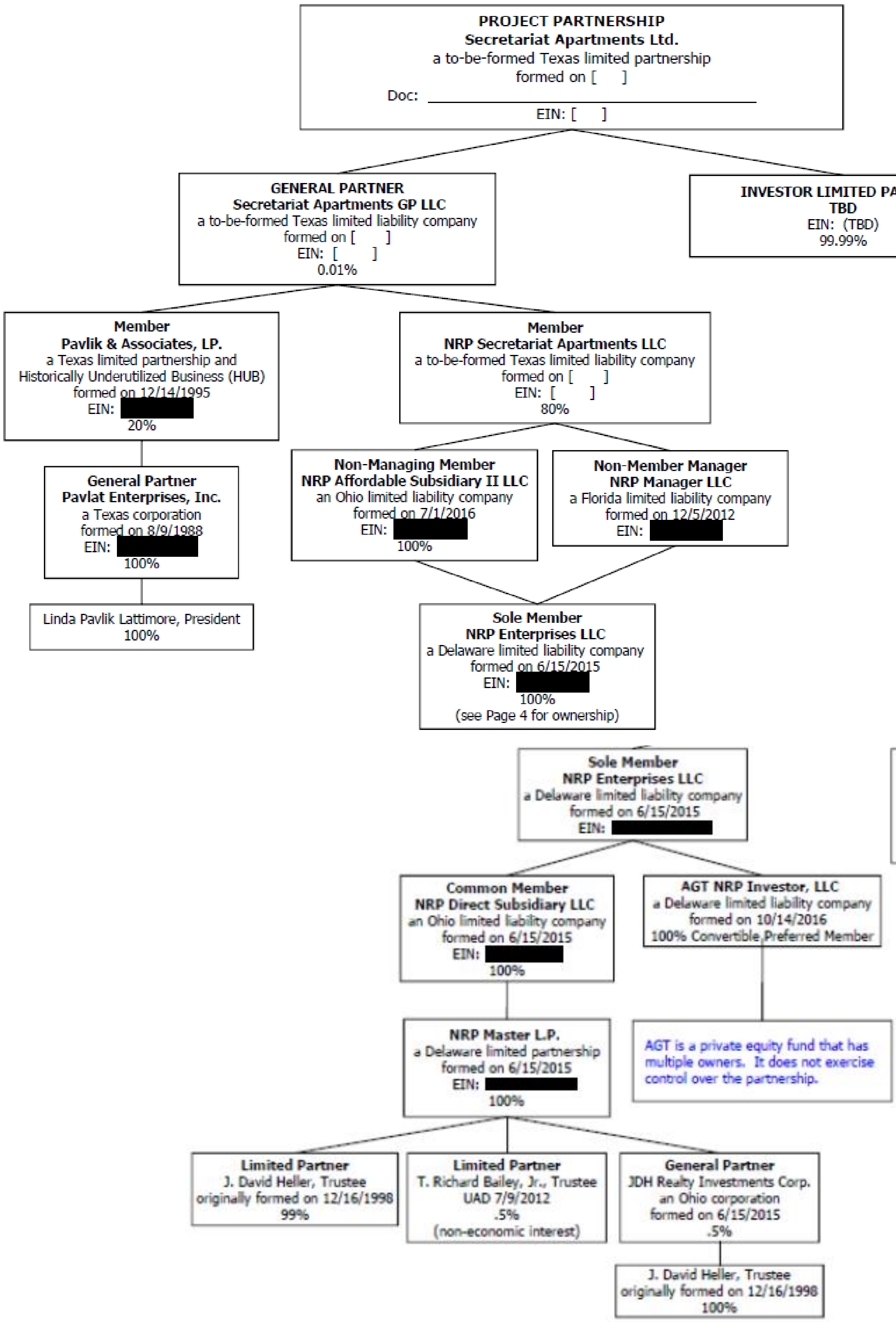
RESOLVED, that the ownership transfer and amendment in the Developer for Secretariat Apartments are approved as presented to this meeting, and the Executive Director and his designees are each authorized, empowered, and directed to take all necessary action to effectuate the foregoing.

BACKGROUND

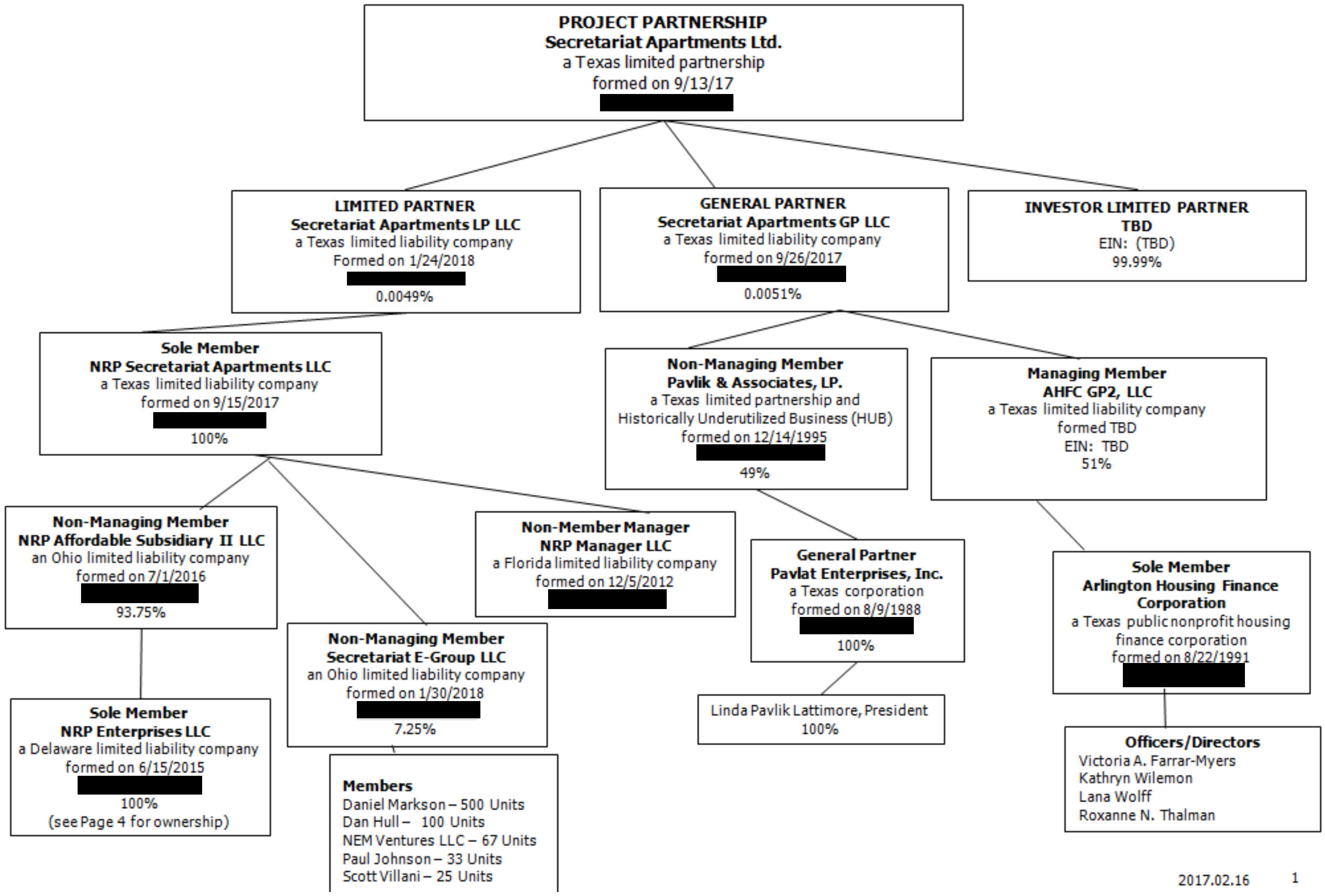
Secretariat Apartments Ltd. (the "Development Owner") was approved for a 9% HTC award in 2017 to construct 74 elderly preference multifamily units in the City of Arlington, Tarrant County. In a letter dated March 8, 2018, a representative of NRP requested approval for changes to the ownership structure of the Development Owner and Developers prior to issuance of IRS Form(s) 8609. The changes involve the addition of a Limited Partner, the exit of a member of the General Partner, which will remain in the Development Owner as the Sole Member of the incoming Limited Partner, the addition of a new Managing Member of the General Partner, and the addition of a new co-Developer, which is an affiliate of the incoming Managing Member of the General Partner.

The ownership structure will be altered by changes to the General Partner and the addition of a new Limited Partner. NRP Secretariat Apartments LLC will relinquish its 80% ownership interest in Secretariat Apartments GP LLC, the General Partner. In its place, AHFC GP2, LLC will be the new Managing Member of the General Partner but will instead possess a 51% ownership interest. The ownership interest of Pavlik & Associates, LP, the other member of the General Partner, will increase from 20% to 49%. AHFC GP2, LLC is wholly owned by the Arlington Housing Finance Corporation ("AHFC"), a government sponsored non-profit corporation. NRP Secretariat Apartments LLC will remain in the Development Owner as the Sole Member of a newly created Limited Partner, Secretariat Apartments LP LLC. The incoming Limited Partner will have 0.0049% interest in the Development Owner, and in order to accommodate the interest acquired by the incoming Limited Partner, the General Partner's ownership interest in the Development Owner will be reduced from 0.01% to 0.0051%. NRP's withdrawal from the General Partner constitutes a relinquishment of its control in the development. According to 10 TAC §10.406(e), "The party(ies) reflected in the Application as having control must remain in the ownership structure and retain such control, unless approved otherwise by the Board. A development sponsor, General Partner or Development Owner may not sell the Development in whole or voluntarily end their control prior to the issuance of 8609s." Because of this, the Development Owner is requesting Board approval for these changes to the ownership structure.

Ownership Structure Approved at Application



Revised Ownership Structure



Adding the AHFC to the ownership structure is part of a plan to secure an ad valorem property tax exemption to make the Development more financially secure. In addition to a controlling interest in the Development Owner, the AHFC will own fee title to the land and will then ground lease the site to the Development Owner. According to a representative for the Development Owner, the Development would also have to make an annual payment in lieu of taxes ("PILOT") of 25% in order to receive the exemption. By adopting these changes, the Development can reduce annual property taxes by 75%. If the property does secure the tax exemption and pays a 25% PILOT, over $50,000 can be saved per year in expenses. All else held equal from the previous underwriting analysis done by the Department, additional debt would be necessary to achieve a projected debt coverage ratio that falls within the Department's underwriting guidelines, but the additional debt would not over-subsidize the Development.

It is also important to note that the Development Owner has also applied for a Direct Loan from the Department. However, according to the Development Owner, this is only a precautionary measure that will only be pursued in the event that the Development Owner is unable to secure the tax exemption. If the Development Owner elects to move forward with the Direct Loan application, approval for that funding will be presented to the Department's Board in a separate action request.

The ownership transfer request also identifies a change to the Developers and requests approval for the change. The letter states that, in addition to AHFC becoming a party to the General Partner, another of its affiliates, AHFC CODEV1, LLC ("CODEV1"), will be added to the project as one of its co-Developers. AHFC CODEV1, LLC is wholly owned by the Arlington Housing Finance Corporation and will be entitled to 25% of the Developer Fee. In order to accommodate the 25% fee to CODEV1, the fees due to the two original co-Developers, NRP Lone Star Development LLC and Pavlik and Associates, LP, will be reduced. NRP Lone Star Development LLC was originally due 90% of the Developer Fee. It will now be eligible for 70% of the fee. Pavlik and Associates, LP was originally due 10% of the Developer Fee. It will now be eligible for 5% of the fee.

Staff recommends approval of the ownership transfer and amendment to the Developer for Secretariat Apartments as presented.

NRP

5309 Transportation Blvd.
Cleveland, Ohio 44125
Phone (216) 475-8900
Fax (216) 475-6101
www.nrpgroup.com

March 8, 2018

Mr. Rosalio Banuelos
Asset Manager
TDHCA
221 East 11th Street
Austin, Texas 78701-2410

Re: Secretariat Apartments (TDHCA# 17012) – Ownership Transfer Request

Mr. Banuelos:

The purpose of this letter is to request the TDHCA's approval of the following changes in the ownership structure of Secretariat Apartments Ltd. (the "Partnership") and the change in the developer fee for the project:

The Partnership was originally set up to be owned 99.99% by an Investor Limited Partner and .01% by a general partner, Secretariat Apartments GP LLC (the "General Partner"). The General Partner was originally set up to be owned 20% by Pavlik & Associates, LP. (the "HUB"), a historically underutilized business, and 80% by NRP Secretariat Apartments LLC ("NRP").

We intend to change the structure so that now the Partnership will be owned 99.99% by the Investor Limited Partner, .0049% by Secretariat Apartments LP LLC (the "LP"), and .0051% by the General Partner. The LP will be owned 100% by NRP. The General Partner will now be owned by 49% by the HUB and 51% by AHFC GP1, LLC.

AHFC CODEV 1, LLC will be added as a co-developer and in return will receive 25% of the developer fee. The HUB's developer fee will be reduced from 20% to 5% and NRP Lone Star Development LLC fee will be reduced from 90% to 70%.

We respectfully request your consideration in this matter and have enclosed the complete Ownership Transfer Request and fee for $1,000.

Sincerely,

By: Jessica Ludwig

Jessica Ludwig
NRP Assistant Project Manager – Development

Ownership Transfer Information

Complete the below information concerning this transfer. Information related to this and other forms in this packet may be found in the Post Award Activities Manual on the Department's Asset Management page.

Property Information

TDHCA ID#: 17012 | Primary Program: 9% HTC | CMTS#:

Property Name: Secretariat Apartments | Current Owner: Secretariat Apartments Ltd.

Type of Transfer: Changes to LP or Investment LP | Date of Transfer: TBD OR [X] Already Occurred

A full Ownership Transfer packet may not be required. See the Post Carryover Manual.

Have Forms 8609 been issued for this property? No | Has construction been completed? No

Controlling parties at Application must remain in the structure and retain control. Contact your Asset Manager.

Did this property receive points for non-profit participation? No | Will the non-profit change? No

N/A

Did this property receive points for a HUB? Yes | Will the HUB change? No

Is this property in or past year 15 of its Compliance Period? No | Does the ROFR process apply? Yes

Compliance Status

Any uncorrected issues of noncompliance beyond the Corrective Action Period? No

Any Corrective Action for noncompliance items currently in review? No | Date Submitted: N/A

Ownership Transfer Contact Information

Contact Name: Jessica Ludwig | Phone: (216) 584 - 0628 | Extension: N/A

Email: Jludwig@nrpgroup.com | Ownership Transfer Fee Submitted? Yes | Check #: 18237

Property Sale Information *(Only if Property Sale is Occurring with Transfer)*

Title Company: N/A | Title Company Contact: N/A

Email: N/A | Phone: ( ) - | Extension:

Sale will be: | Amount of New Financing (if any): $ N/A

Lender (if any): N/A | Terms of New Financing (if any): N/A % Interest

Terms of New Financing (if any): N/A yr Am N/A yr Term

Total Reserves: $ | Amount of Reserves to transfer: $ N/A

Submit Exhibit E - New Financing Proforma. | If HOME, will HOME loan be paid off at time of sale?

New Proposed Owner Information

Proposed Owner: N/A | Authorized Agent: N/A

Was the above or any of its members formed in a state other than Texas?

Proposed Owner Experience Summary

Does the proposed Owner or its members have experience in affordable housing operations or management?

Years of Cumulative Experience as indicated above:

N/A

New Management Agent Information

[ ] Management Agent will be replaced at the time of Transfer.

Entity: N/A | Taxpayer ID: N/A

Contact: N/A | Phone: ( ) - | Extension:

Address: N/A

Email: N/A

SECRETARIAT APARTMENTS

BEFORE

PROJECT PARTNERSHIP
Secretariat Apartments Ltd.
a to-be-formed Texas limited partnership
formed on [ ]
Doc: ____________________
EIN: [ ]

GENERAL PARTNER
Secretariat Apartments GP LLC
a to-be-formed Texas limited liability company
formed on [ ]
EIN: [ ]
0.01%

INVESTOR LIMITED PARTNER
TBD
EIN: (TBD)
99.99%

Member
Pavlik & Associates, LP.
a Texas limited partnership and
Historically Underutilized Business (HUB)
formed on 12/14/1995
[redacted]
20%

Member
NRP Secretariat Apartments LLC
a to-be-formed Texas limited liability company
formed on [ ]
EIN: [ ]
80%

General Partner
Pavlat Enterprises, Inc.
a Texas corporation
formed on 8/9/1988
[redacted]
100%

Non-Managing Member
NRP Affordable Subsidiary II LLC
an Ohio limited liability company
formed on 7/1/2016
[redacted]
100%

Non-Member Manager
NRP Manager LLC
a Florida limited liability company
formed on 12/5/2012
[redacted]

Linda Pavlik Lattimore, President
100%

Sole Member
NRP Enterprises LLC
a Delaware limited liability company
formed on 6/15/2015
[redacted]
100%
(see Page 4 for ownership)

SECRETARIAT APARTMENTS

DEVELOPERS

CO-DEVELOPER – 10%
Pavlik and Associates, LP.
a Texas limited partnership and
Historically Underutilized Business (HUB)
formed on 12/14/1995
[redacted]

General Partner
Pavlat Enterprises, Inc.
a Texas corporation
formed on 8/9/1988
[redacted]
100%

Linda Pavlik Lattimore, President
100%

CO-DEVELOPER – 90%
NRP Lone Star Development LLC
a Texas limited liability company
formed on 2/13/2012
[redacted]

Sole Member
NRP Holdings LLC
an Ohio limited liability company
formed on 12/26/2001
[redacted]
100%

Common Member
NRP Direct Subsidiary LLC
an Ohio limited liability company
formed on 6/23/2015
[redacted]
100%
(see Page 4 for ownership)

Non-Member Manager
NRP Investments LLC
an Ohio limited liability company
(successor by conversion to
NRP Investments Corp.)
originally formed on 3/15/1999
[redacted]
(see Page 4 for ownership)

Non-Member Manager
NRP Lone Star Manager LLC
a Texas limited liability company
formed on 12/5/2012
[redacted]

Non-Member Manager
J. David Heller

Sole Member
NRP Enterprises LLC
a Delaware limited liability company
formed on 6/15/2015
[redacted]
100%
(see Page 4 for ownership)

SECRETARIAT APARTMENTS

GUARANTORS

CO-GUARANTOR
NRP Holdings LLC
an Ohio limited liability company
formed on 12/26/2001
[redacted]

- **Common Member**
  NRP Direct Subsidiary LLC
  an Ohio limited liability company
  formed on 6/23/2015
  [redacted]
  100%
  (see Page 4 for ownership)

- **Non-Member Manager**
  NRP Investments LLC
  an Ohio limited liability company
  (successor by conversion to
  NRP Investments Corp.)
  originally formed on 3/15/1999
  [redacted]
  [redacted] Page 4 for ownership)

CO-GUARANTOR
NRP Investments LLC
an Ohio limited liability
company
(successor by conversion to
NRP Investments Corp.)
originally formed on 3/15/1999
[redacted]
100%
(see Page 4 for ownership)

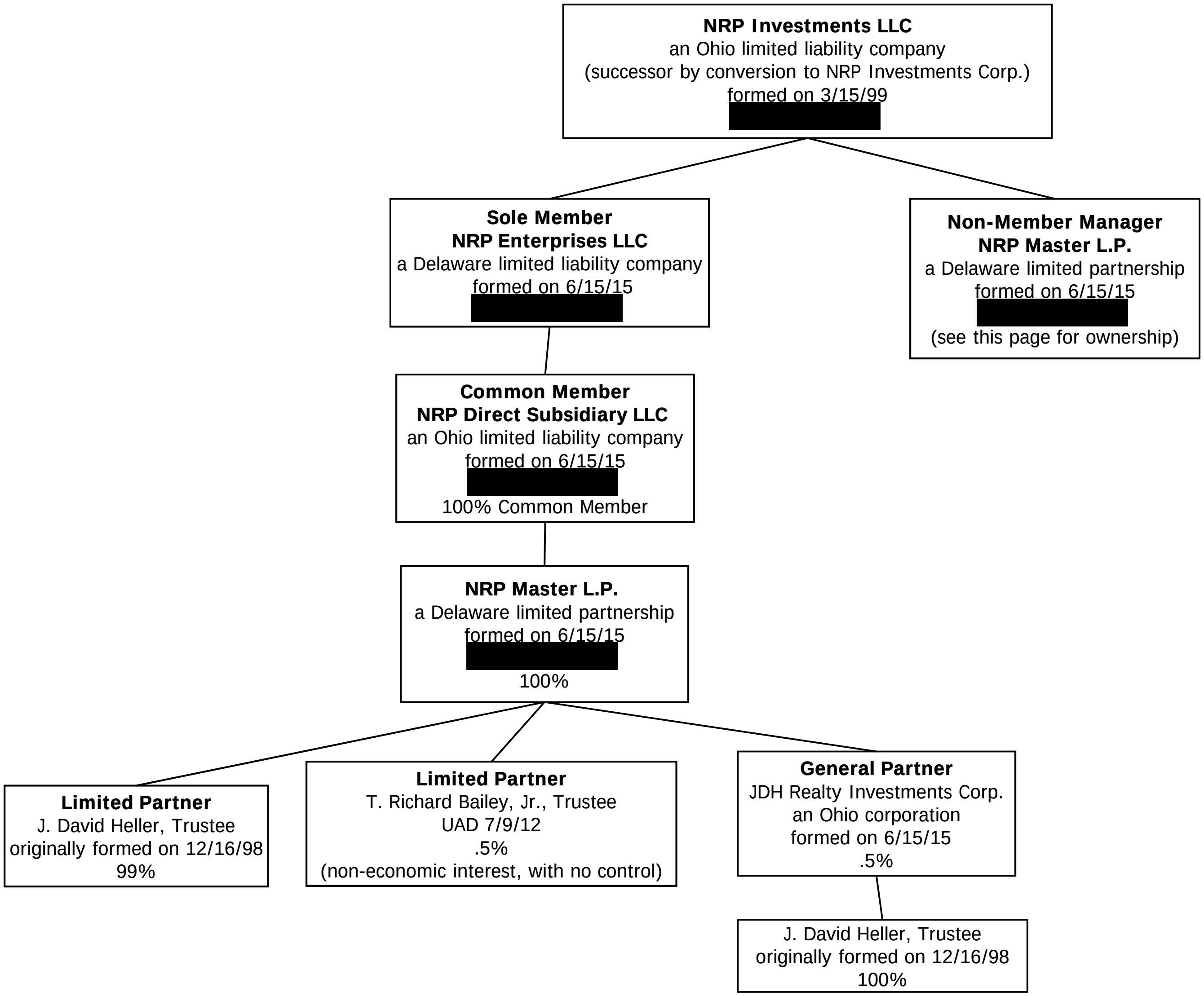
CO-GUARANTOR
NRP Contractors LLC
an Ohio limited liability company
formed on 3/19/1995
[redacted]

- **Sole Member**
  NRP Investments LLC
  an Ohio limited liability company
  (successor by conversion to
  NRP Investments Corp.)
  formed on 3/15/1999
  [redacted]
  100%
  (see Page 4 for ownership)

CO-GUARANTOR
NRP Contractors II LLC
an Ohio limited liability company
formed on 6/15/2015
[redacted]

- **Sole Member**
  NRP Enterprises LLC
  a Delaware limited liability company
  formed on 6/15/2015
  [redacted]
  100%
  (see Page 4 for ownership)

SECRETARIAT APARTMENTS



SECRETARIAT APARTMENTS

AFTER

PROJECT PARTNERSHIP
Secretariat Apartments Ltd.
a Texas limited partnership
formed on 9/13/17
[redacted]

LIMITED PARTNER
Secretariat Apartments LP LLC
a Texas limited liability company
Formed on 1/24/2018
[redacted]
0.0049%

GENERAL PARTNER
Secretariat Apartments GP LLC
a Texas limited liability company
formed on 9/26/2017
[redacted]
0.0051%

INVESTOR LIMITED PARTNER
TBD
EIN: (TBD)
99.99%

Sole Member
NRP Secretariat Apartments LLC
a Texas limited liability company
formed on 9/15/2017
[redacted]
100%

Non-Managing Member
Pavlik & Associates, LP.
a Texas limited partnership and
Historically Underutilized Business (HUB)
formed on 12/14/1995
[redacted]
49%

Managing Member
AHFC GP2, LLC
a Texas limited liability company
formed TBD
EIN: TBD
51%

Non-Managing Member
NRP Affordable Subsidiary II LLC
an Ohio limited liability company
formed on 7/1/2016
[redacted]
93.75%

Non-Member Manager
NRP Manager LLC
a Florida limited liability company
formed on 12/5/2012
[redacted]

General Partner
Pavlat Enterprises, Inc.
a Texas corporation
formed on 8/9/1988
[redacted]
100%

Sole Member
Arlington Housing Finance Corporation
a Texas public nonprofit housing finance corporation
formed on 8/22/1991
[redacted]

Non-Managing Member
Secretariat E-Group LLC
an Ohio limited liability company
formed on 1/30/2018
[redacted]
7.25%

Linda Pavlik Lattimore, President
100%

Sole Member
NRP Enterprises LLC
a Delaware limited liability company
formed on 6/15/2015
[redacted]
100%
(see Page 4 for ownership)

Members
Daniel Markson – 500 Units
Dan Hull – 100 Units
NEM Ventures LLC – 67 Units
Paul Johnson – 33 Units
Scott Villani – 25 Units

Officers/Directors
Victoria A. Farrar-Myers
Kathryn Wilemon
Lana Wolff
Roxanne N. Thalman

DEVELOPERS

CO-DEVELOPER – 5%
Pavlik and Associates, LP.
a Texas limited partnership and
Historically Underutilized Business (HUB)
formed on 12/14/1995
[redacted]
(See Page 1 for Ownership)

CO-DEVELOPER – 25%
AHFC CODEV 1, LLC
a Texas limited liability company
formed on 3/5/18
[redacted]

Sole Member
Arlington Housing Finance Corporation
a Texas public nonprofit housing finance corporation
formed on 8/22/1991
[redacted]
(See Page 1 for Ownership)

CO-DEVELOPER –70%
NRP Lone Star Development LLC
a Texas limited liability company
formed on 2/13/2012
[redacted]

Sole Member
NRP Holdings LLC
an Ohio limited liability company
formed on 12/26/2001
[redacted]
100%

Common Member
NRP Direct Subsidiary LLC
an Ohio limited liability company
formed on 6/23/2015
[redacted]
100%
(see Page 4 for ownership)

Non-Member Manager
NRP Investments LLC
an Ohio limited liability company
(successor by conversion to
NRP Investments Corp.)
originally formed on 3/15/1999
[redacted]
(see Page 4 for ownership)

Non-Member Manager
NRP Lone Star Manager LLC
a Texas limited liability company
formed on 12/5/2012
[redacted]

Non-Member Manager
J. David Heller

Sole Member
NRP Enterprises LLC
a Delaware limited liability company
formed on 6/15/2015
[redacted]
100%
(see Page 4 for ownership)

SECRETARIAT APARTMENTS

GUARANTORS

CO-GUARANTOR
NRP Holdings LLC
an Ohio limited liability company
formed on 12/26/2001
[redacted]

- **Common Member**
  NRP Direct Subsidiary LLC
  an Ohio limited liability company
  formed on 6/23/2015
  [redacted]
  100%
  (see Page 4 for ownership)

- **Non-Member Manager**
  NRP Investments LLC
  an Ohio limited liability company
  (successor by conversion to
  NRP Investments Corp.)
  originally formed on 3/15/1999
  [redacted]
  (see Page 4 for ownership)

CO-GUARANTOR
NRP Investments LLC
an Ohio limited liability
company
(successor by conversion to
NRP Investments Corp.)
originally formed on 3/15/1999
[redacted]
100%
(see Page 4 for ownership)

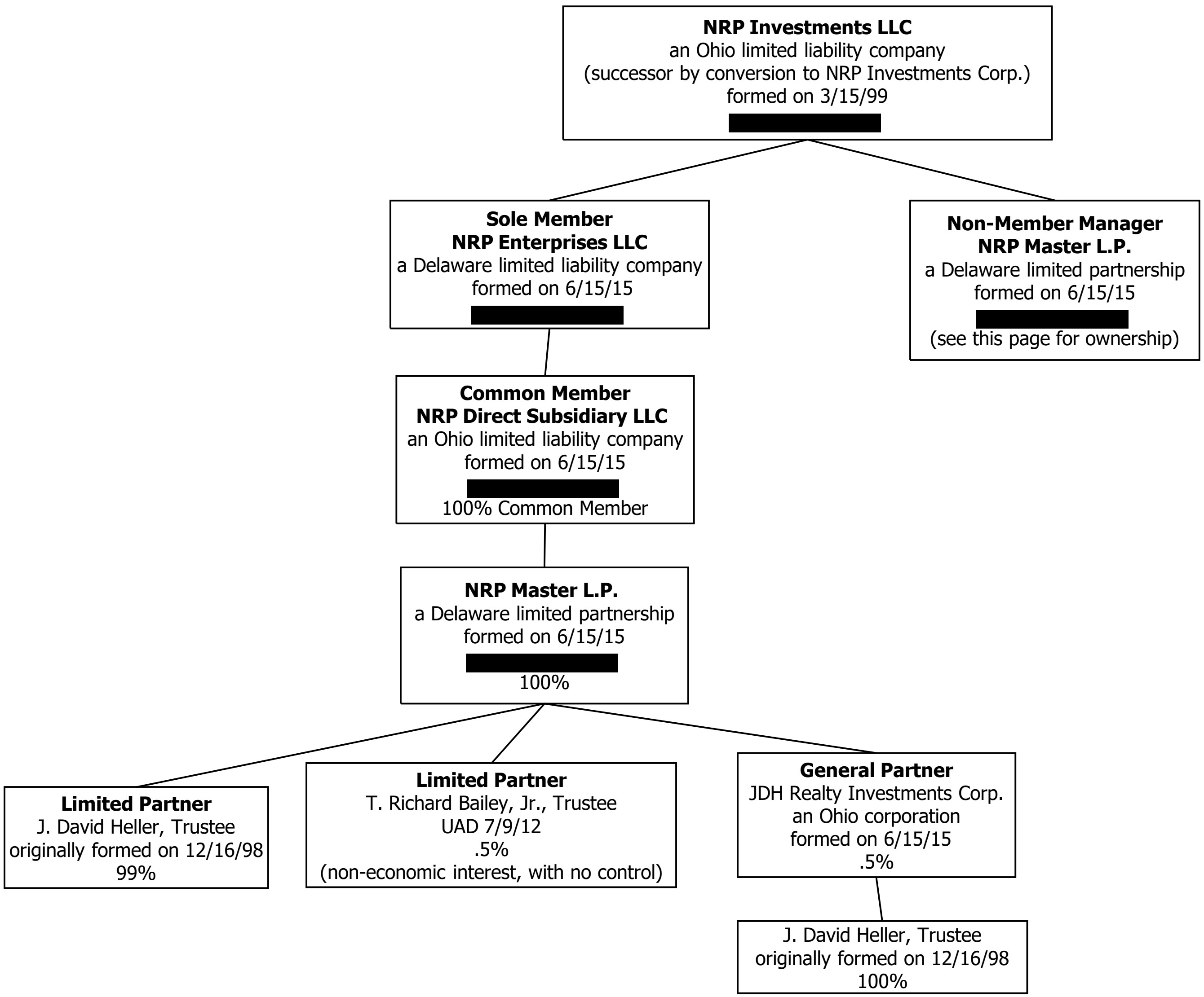
CO-GUARANTOR
NRP Contractors LLC
an Ohio limited liability company
formed on 3/19/1995
[redacted]

- **Sole Member**
  NRP Investments LLC
  an Ohio limited liability company
  (successor by conversion to
  NRP Investments Corp.)
  formed on 3/15/1999
  [redacted]
  100%
  (see Page 4 for ownership)

CO-GUARANTOR
NRP Contractors II LLC
an Ohio limited liability company
formed on 6/15/2015
[redacted]

- **Sole Member**
  NRP Enterprises LLC
  a Delaware limited liability company
  formed on 6/15/2015
  [redacted]
  100%
  (see Page 4 for ownership)

SECRETARIAT APARTMENTS



BOARD ACTION REQUEST

ASSET MANAGEMENT DIVISION

APRIL 26, 2018

Presentation, discussion, and possible action regarding a change in the ownership structure of the Development Owner and Developer prior to issuance of IRS Form(s) for Cascade Villas (HTC #17225)

RECOMMENDED ACTION

WHEREAS, Cascade Villas (the "Development") received a 9% Housing Tax Credit ("HTC") award in 2017 for the construction of 60 units in Wichita Falls, Wichita County;

WHEREAS, the HTC Application proposed O'Brien Companies, LLC as the Historically Underutilized Business ("HUB") and 37.5% member of the General Partner for the Development and the 5% member of the Developer;

WHEREAS, the Development Owner requests approval to replace O'Brien Companies in the structure of the Development Owner and the Developer; and

WHEREAS, the transfer of ownership is being requested prior to the issuance of IRS Form(s) 8609 and 10 TAC §10.406(e) requires that parties reflected in the Application that have control must remain in the ownership structure and retain such control, unless approved otherwise by the Board, and changes in Developers are considered amendments under 10 TAC §10.405(a)(3)(C) requiring approval;

NOW, therefore, it is hereby

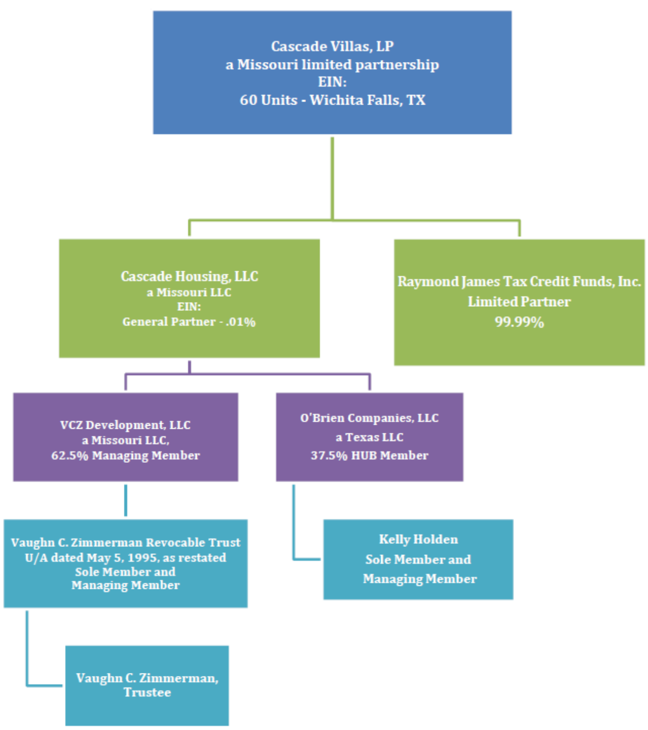
RESOLVED, that the ownership transfer and amendment to the Developer for Cascade Villas is approved, contingent upon the results of the previous participation and EARAC review, as presented to this meeting, and the Executive Director and his designees are hereby, authorized, empowered, and directed to take all necessary action to effectuate the foregoing.

BACKGROUND

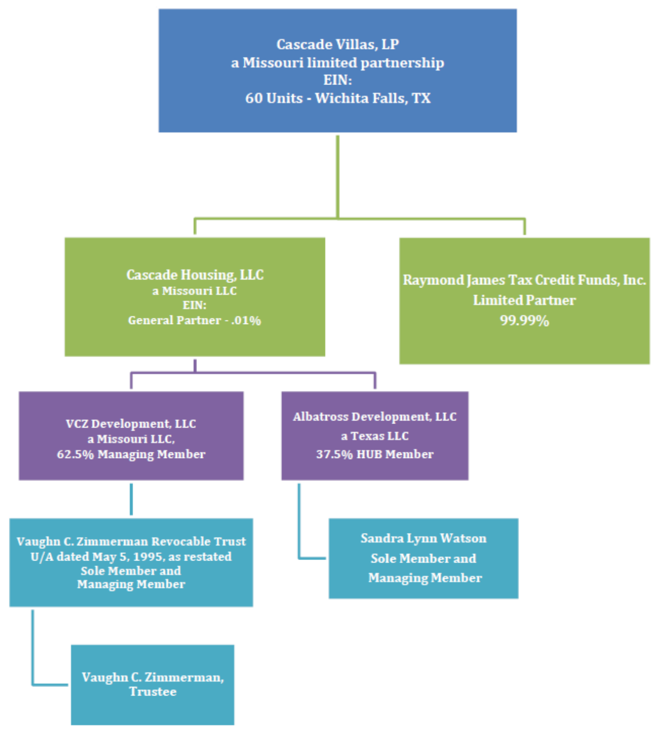
Cascade Villas was approved for a 9% HTC award in 2017 for the construction of 60 units in Wichita Falls. The Development is in the pre-construction phase and is required by the Carryover Allocation Agreement to place in service by December 31, 2019. On March 15, 2018, Cynthia Bast, the representative of Cascade Villas, LP (the "Development Owner"), submitted a request for an amendment to the Application to change the structure of the Development Owner. Specifically, the Development Owner seeks approval to replace O'Brien Companies, LLC ("O'Brien") as the HUB and 37.5% member of the General Partner. The owner of O'Brien, Kelly O'Brien (f/k/a Kelly Holden), has advised that she believes it is in her best interest to withdraw from all tax credit transactions in order to pursue other activities. The Development Owner explains that her withdrawal was unexpected and unforeseeable at the time the Application was submitted. Staff has also confirmed that the person used to meet the Experience requirement under 10 TAC §10.204(e) of the Uniform Multifamily Rules (Vaughn C. Zimmerman) will remain in the ownership structure of the Development Owner and Developer. Therefore, the Development Owner requests approval to transfer the interest and position currently held by O'Brien to Albatross Development, LLC ("Albatross"). Albatross is a Texas limited liability company and certified HUB that is solely owned by Sandra Watson.

Under 10 TAC §10.406(e), prior to the issuance of IRS Form(s) 8609, the parties reflected in the Application as having control must remain in the ownership structure and retain such control, unless approved otherwise by the Board. A comparison of the structure of the Development Owner between Application and the current amendment is reflected below:

Ownership Structure Approved at Application



Ownership Structure at Amendment

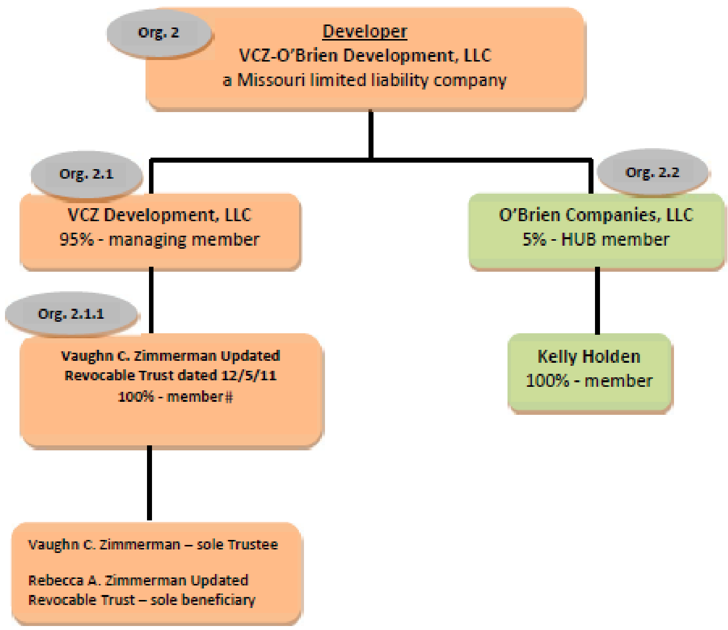


The withdrawal of O'Brien also affects the Developer, VCZ O'Brien Development, LLC. As a result, the Developer will be replaced by a newly created entity, VCZ Albatross Development, LLC. The only change from the original structure indentified in the Application will be the transfer of the 5% interest previously held by O'Brien to Albatross. VCZ Development, LLC will continue to be the managing member with 95% interest.

A comparison of the Developer between Application and the current amendment is reflected below:

<table>
<tr><th>Developer Structure Approved at Application</th><th>Developer Structure at Amendment</th></tr>
<tr><td>

Current



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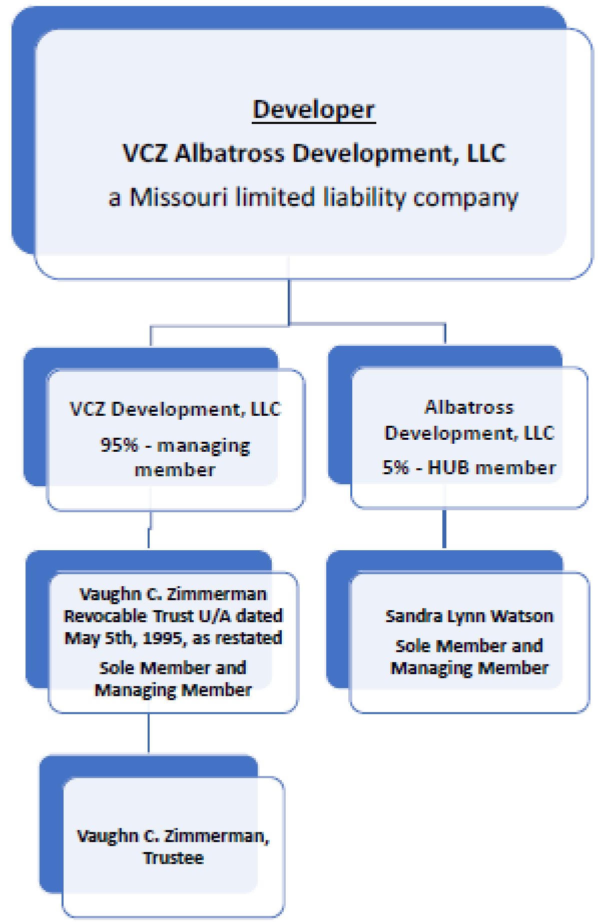
Proposed



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Additionally, the Application score will not be affected by the requested changes because a qualified HUB will continue to hold the same interest and position as originally proposed by the Development Owner.

Staff recommends approval of the requested change in the structure of the Development Owner and Developer contingent upon the results of the previous participation and EARAC review.

Locke Lord LLP
Attorneys & Counselors

600 Congress Avenue, Suite 2200
Austin, Texas 78701-3055
Telephone: 512-305-4700
Fax: 512-305-4800
www.lockelord.com

March 15, 2018

<u>Via Hand Delivery</u>
Texas Department of Housing
and Community Affairs
221 East 11th Street
Austin, Texas 78711-3941
Attn: Lee Ann Chance, Asset Manager

RE: Cascade Villas (the "**Development**")
TDHCA Development Number: 17225

Amendment Request for Change in HUB Member

Dear Ms. Chance:

We represent Cascade Villas, LP, a Missouri limited partnership (the "**Partnership**"), which is the owner of the Development. On behalf of the Partnership, we are submitting this request to obtain the Department's approval for an ownership change and an amendment to the application to reflect a change in the Historically Underutilized Business ("**HUB**") member, all as more fully described below.

In the Partnership's tax credit application (the "**Application**"), O'Brien Companies, LLC, a Texas limited company and certified HUB ("**O'Brien**") was identified as a Principal, having a 37.5% interest in Cascade Housing, LLC, a Missouri limited liability company (the "**General Partner**"), the general partner of the Partnership. Since the time the Application was submitted, O'Brien, has made the decision to terminate its participation in future tax credit transactions to focus on other activities. Please see attached as <u>Exhibit A</u> a letter from Ms. Kelly O'Brien f/k/a Kelly Holden reflecting her withdrawal from all active tax credit developments. This turn of events was unforeseeable at the time of the application submission; however, the remaining principals in the transaction have accepted her request. The Partnership proposes to have Albatross Development, LLC, a Texas limited liability company and certified HUB ("**Albatross**") assume the membership interest in the General Partner. O'Brien's withdrawal will not be implemented until the Department's approval is received.

In accordance with Section 10.405(a)(4) of the 2018 Multifamily Rules, we are submitting this letter as a material amendment to the Application. In support of this request, we have enclosed the following:

- Exhibit B: the organizational charting as presented in the Application, as well as a chart to show the proposed organizational structure after implementation of the changes described above.
- Exhibit C: organizational documents of Albatross together with a copy of its HUB Certificate.
- Exhibit D:
    - (i) Applicant Eligibility Form;
    - (ii) Previous Participation Certification forms for each of Albatross and Sandra Watson, the sole member of Albatross; and
    - (iii) a Credit Limit Certification form for Albatross.
- Exhibit E: a Statement of No Financial Impact executed by the Partnership.
- A check in the amount of $2,500 is enclosed for payment of the amendment processing fee.

We appreciate the Department's consideration of this request. If there is any additional information that is needed, please do not hesitate to let us know.

Sincerely,

Cynthia L. Bast

Cynthia L. Bast

Encl.

cc: Bob Davidson
Vaughn C. Zimmerman

EXHIBIT A

Statement of Voluntary Withdrawal

O'BRIEN COMPANIES, LLC

November 21, 2017

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

Re: TDHCA File Numbers Attached ("Zimmerman Portfolio")

Dear [Name]:

The undersigned, O'Brien Companies, LLC ("**Participant**") serves as a member of the general partner on the attached list of assets ("**General Partner**"), which is the general partner in the attached limited partnerships (the "**Owner**"). Participant is certified as an historically underutilized business (a "**HUB**"). The Owner is the current owner of the Property. The Property's LURA requires the ongoing material participation of a HUB, and Participant has been fulfilling that requirement.

Participant believes that it is in its best interest to withdraw from participation with the Zimmerman Portfolio so it can focus on other activities, and it has so advised the Owner and General Partner. Participant's decision to exit the ownership is an action of its own volition and its participation in the development and operation of the Property has been substantive and meaningful.

Participant is respectfully requesting TDHCA's approval to remove the ongoing HUB requirement from the LURA.

O'BRIEN COMPANIES, LLC

By: Kelly Holden

Kelly O'Brien (fka Kelly Holden)
Managing member

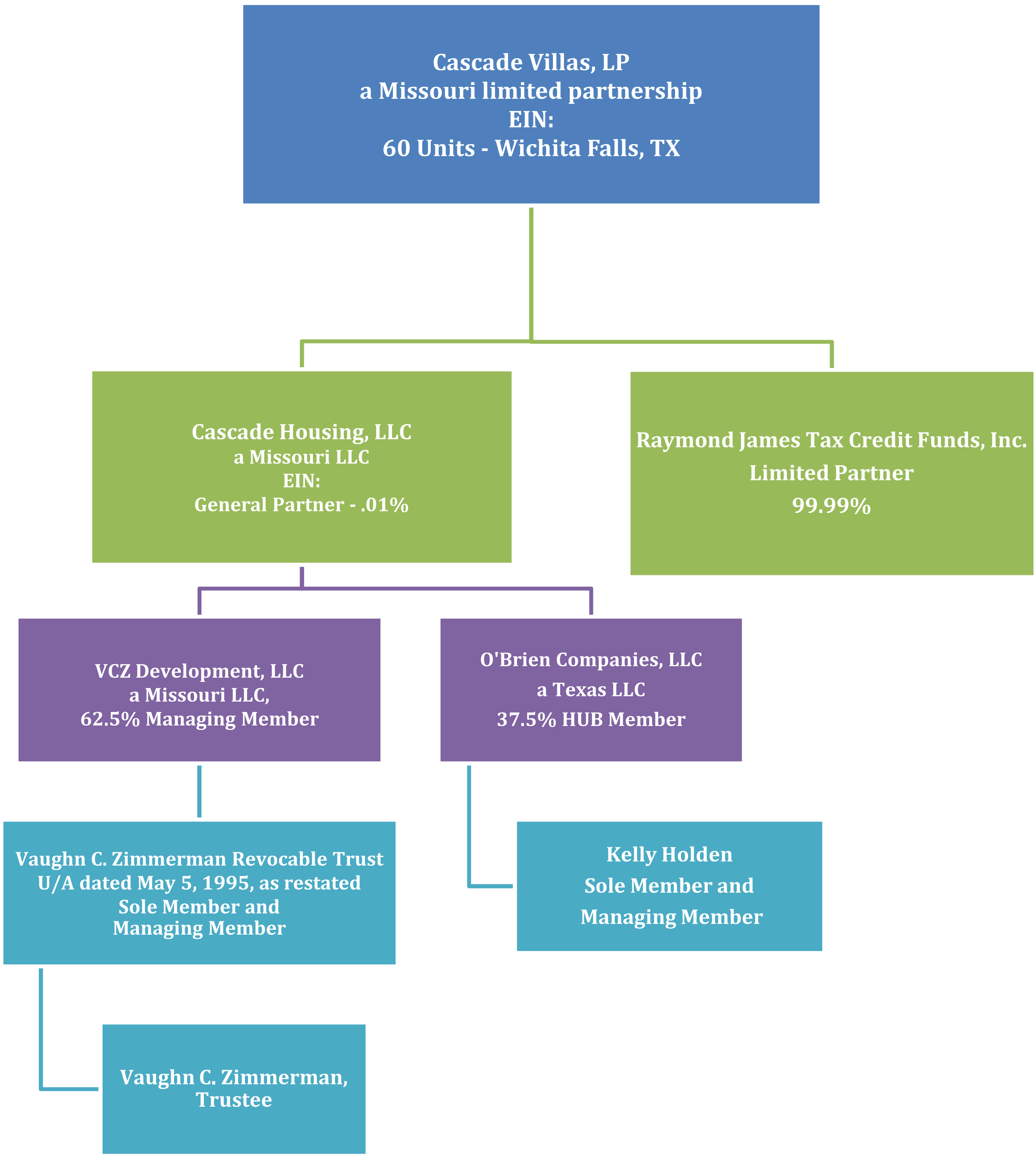
O'Brien Companies, LLC - HUB Involvement with Zimmerman Properties, LLC Texas Portfolio

#	Project Name	City	State	TDHCA #	Partnership Name	General Partner	HUB % of General Partner
1	Chisholm Trails	Vernon	TX	06-129	Vernon Campus View Apartments, LP	Vernon Campus View Housing, LLC	10.00%
2	Country Club	Pecos	TX	06-125	Pecos Country Club Apartments, LP	Pecos Country Club Housing, LLC	10.00%
3	Deer Creek	Levelland	TX	07-117	Levelland Deer Creek Apartments, LP	Levelland Deer Creek Housing, LLC	10.00%
4	Dunes	Seminole	TX	12-243	Seminole Dunes, LP	Seminole Dunes Housing, LLC	51.00%
5	Hampton Chase	Palestine	TX	05-184	Palestine Hampton Chase Apartments, LP	Zimmerman-O'Brien Housing, LLC	51.00%
6	Heights	Big Spring	TX	07-115	Big Spring Heights Apartments, LP	Big Spring Heights Housing, LLC	10.00%
7	Jacksonville Pines	Jacksonville	TX	06-128	Jacksonville Pines Apartments, LP	Jacksonville Pines Housing, LLC	10.00%
8	Knollwood Heights	Big Spring	TX	04-250	Knollwood Heights Apartments, LP	Knollwood Heights Housing, LLC	10.00%
9	Lakeside	Mt Pleasant	TX	07-118	Mt Pleasant Lakeside Apartments, LP	Mt Pleasant Lakeside Housing, LLC	10.00%
10	Market Place	Brownwood	TX	05-185	Market Place Apartments, LP	Market Place Housing, LLC	51.00%
11	Mill Creek Village	Longview	TX	03-028	Mill Creek Housing Apartments, LP	Mill Creek Housing Investments, LLC	10.00%
12	Riverside Park	Early	TX	14-122	Early Riverside Park Apartments, LP	Early Riverside Park Housing, LLC	37.50%
13	Riverstone Trails	Sunnyvale	TX	12-221	Sunnyvale Riverstone Trails Apartments, LP	Sunnyvale Riverstone Trails Housing, LLC	51.00%
14	Rose Meadows	Levelland	TX	13-129	Levelland Rose Meadows Apartments, LP	Levelland Rose Meadows Housing, LLC	37.50%
15	Wildwood Trails	Brownwood	TX	04-246	Wildwood Trails Apartments, LP	Wildwood Trails Housing, LLC	10.00%
16	Winchester Arms	Comanche	TX	13-128	Winchester Arms, LP	Winchester Arms Housing, LLC	37.50%
17	Sunset Arbor	Abilene	TX	99-126	Townhomes at Sunset Arbor, LP	Sunset Arbor Housing, LLC	51.00%
18	Cascade Villas	Wichita Falls	TX	17-225	Cascade Villas, LP	Cascade Housing, LLC	37.50%
1	Wilhoit O'Brien Development, LLC				Fee Developer		1.00%
2	ZP- O'Brien Development, LLC				Fee Developer		5.00%

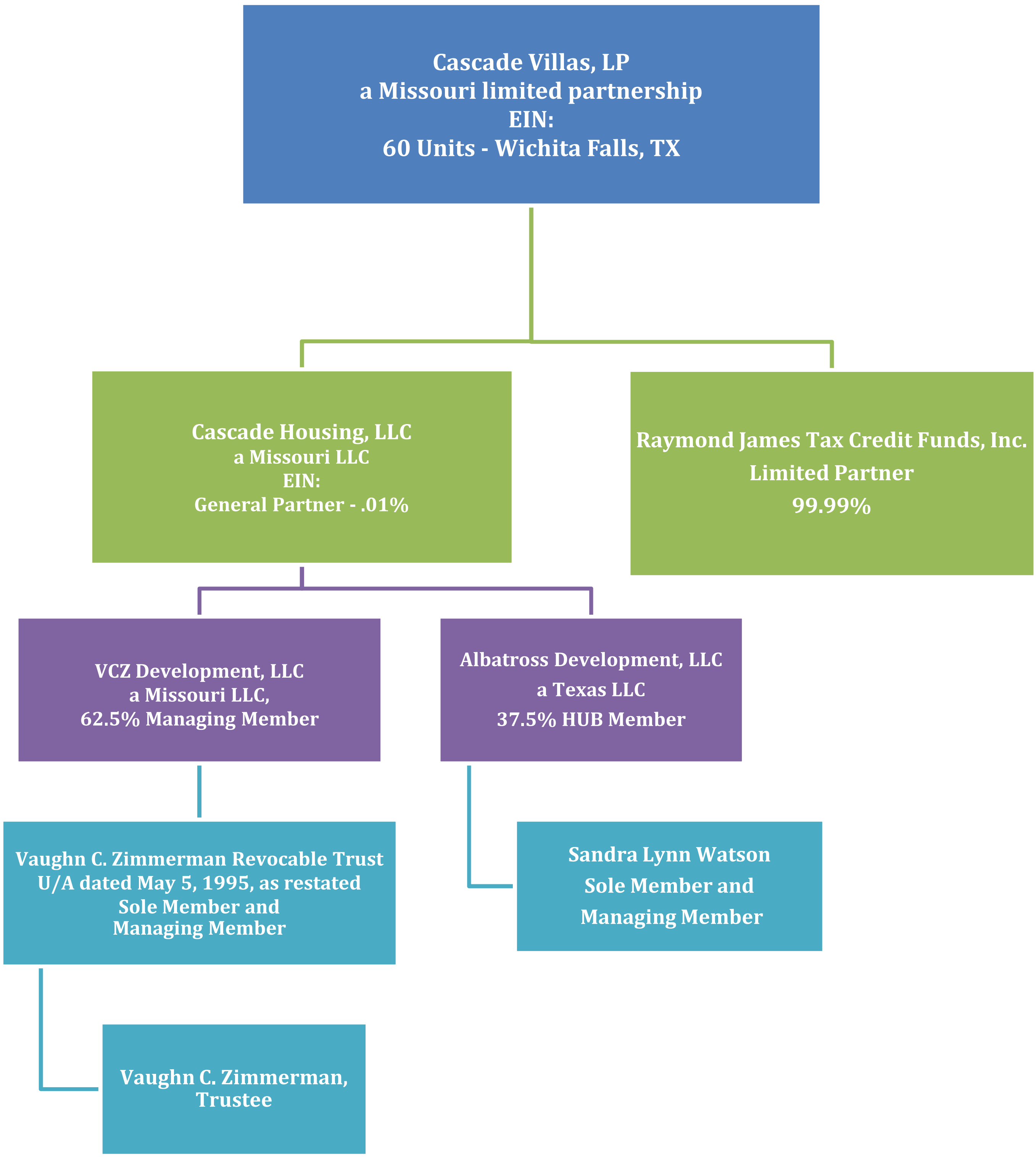
EXHIBIT B

Organizational Charts (From Application and Proposed)

CURRENT


Cascade Villas, LP
a Missouri limited partnership
EIN:
60 Units - Wichita Falls, TX
Cascade Housing, LLC
a Missouri LLC
EIN:
General Partner - .01%
Raymond James Tax Credit Funds, Inc.
Limited Partner
99.99%
VCZ Development, LLC
a Missouri LLC,
62.5% Managing Member
O'Brien Companies, LLC
a Texas LLC
37.5% HUB Member
Vaughn C. Zimmerman Revocable Trust
U/A dated May 5, 1995, as restated
Sole Member and
Managing Member
Kelly Holden
Sole Member and
Managing Member
Vaughn C. Zimmerman,
Trustee

PROPOSED


Cascade Villas, LP
a Missouri limited partnership
EIN:
60 Units - Wichita Falls, TX
Cascade Housing, LLC
a Missouri LLC
EIN:
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Limited Partner
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a Texas LLC
37.5% HUB Member
Vaughn C. Zimmerman Revocable Trust
U/A dated May 5, 1995, as restated
Sole Member and
Managing Member
Sandra Lynn Watson
Sole Member and
Managing Member
Vaughn C. Zimmerman,
Trustee

1n

BOARD ACTION REQUEST
ASSET MANAGEMENT DIVISION
APRIL 26, 2018

Presentation, discussion, and possible action regarding a material amendment to the Housing Tax Credit ("HTC") Application and a change in the ownership structure of the Development Owner, Developer, and Guarantors prior to issuance of IRS Form(s) 8609 for Blue Flame Apartments (HTC #17330)

RECOMMENDED ACTION

WHEREAS, Blue Flame Apartments (the "Development") received an award of 9% Housing Tax Credits in 2017 under the non-profit and at risk set aside for the adaptive re-use of 150 units of multifamily housing in El Paso, El Paso County;

WHEREAS, the Development Owner is now requesting a modification of the number of units or bedroom mix of units, a reduction of 3 percent or more in the square footage of the units or common area, a significant modification of the architectural design of the Development, a modification of the residential density of at least 5 percent, and changes in development sources and uses associated with the reduction in units due to what the Owner has represented as changes required by The Texas Historical Commission to preserve certain historical components in the building and to meet the City of El Paso's needs for commercial office space;

WHEREAS, the Development Owner is also requesting approval for changes to the organizational structures of the Development Owner, Developer, and Guarantor that involve a departure of controlling entities (a 40% co-GP, 40% co-developer, and guarantor) from the time of Application and 10 TAC §10.406(e) requires that the party(ies) reflected in the Application as having control must remain in the ownership structure and retain such control, unless approved otherwise by the Board and that a development sponsor, General Partner or Development Owner may not sell the Development in whole or voluntarily end their control prior to the issuance of 8609s;

WHEREAS, Board approval is required for a modification of the number of units or bedroom mix of units, a reduction of 3 percent or more in the square footage of the units or common area, a significant modification of the architectural design of the Development, and a modification of the residential density of at least 5 percent as directed in Tex. Gov't Code §2306.6712 and 10 TAC §10.405(a)(4)(B), (D), (E), and (F), and the Owner has complied with the amendment requirements therein;

WHEREAS, the requested changes do not negatively affect the Development, impact the viability of the transaction, impact the scoring of the application, or affect the amount of the tax credits awarded; and

WHEREAS, the Development Owner acknowledges that the Development will still meet the construction requirements in 10 TAC Chapter 1, Subchapter B;

NOW, therefore, it is hereby

RESOLVED, that the requested application amendments and changes to the Development Owner, Developer and Guarantor for Blue Flame Apartments are approved as presented at this meeting, and the Executive Director and his designees are each authorized, directed, and empowered to take all necessary action to effectuate the Board's determination contingent on any Executive Award Review and Advisory Committee ("EARAC") recommendation or additional conditions as a result of previous participation review.

BACKGROUND

Blue Flame Apartments was approved during the 2017 competitive 9% Housing Tax Credit cycle to convert a historic building into 150 adaptive re-use, multifamily, HUD Rental Assistance Demonstration ("RAD") program units in El Paso. The Development is part of an overall plan for a one to one replacement and relocation of existing public housing units from another property (the Pooley development) owned by the Housing Authority of the City of El Paso ("HACEP"). On November 30, 2017, Sarah Anderson, consulting for the partnership, EP Blue Flame, LP (ultimately owned by Paisano Housing Redevelopment Corporation, an affiliate of the Housing Authority of the City of El Paso, Gerry Cichon, Chief Executive Officer), submitted an amendment request identifying changes in the number of units, changes in architectural design, changes in common amenities, changes in parking, changes to the Owner, Developer, and Guarantor structures, and changes to the financial exhibits requiring re-evaluation by the Real Estate Analysis Division. Staff also identified changes in the residential density as a result of the reduction in units and reductions of three percent or more in the square footage of units or common areas. The changes requested are described in detail below.

Changes in Architectural Design, Number of Units & Bedroom Mix, Reductions of Three Percent or More in the Square footages of Units, and Changes in Residential Density

The amendment request submitted by the Applicant proposes to eliminate the originally planned 30 market rate, 2 bedroom units, reducing the total number of units from 150 to 120 and the net rentable square footage from 113,210 to 84,368, a reduction of 25.47%. The proposal will change the unit mix from efficiencies, one-, and two-bedrooms to all efficiencies and one-bedroom units, providing a mix of different square footages in some unit floor plans to match the new residential floor configurations (though there is no square footage reduction in the low income units). According to the Applicant's request, the change in planned market units is a direct result of: 1) The Developer's Historic Tax Credit Consultant's preliminary meetings with the Texas Historical

Commission (which directed the partnership to retain the commercial nature of the 16th floor of the building, including the elevator lobby, the President's corner office, and all of the corridors on the 16th floor and doors facing onto the corridors), and 2) The City of El Paso's interest in acquiring four floors of leasable commercial space for City use and offices in the top of the Blue Flame building (requesting that the conversion of floors that were previously market rate residential housing be converted to leasable office spaces). The change requested will result in architectural modifications to floors 14-16 (previously containing the 30 market units, none of which are now proposed to include residential units). In addition, though the Owner has stated that the downtown El Paso lot size of 0.32 acres will not change as a result of this request, the reduction in the number of residential units from 150 to 120 will result in a 20% reduction in density (from 468.75/units/acre to 375/units/acre). Per the request and evaluation by staff, the numbers of low income units will not change and there will be no change to the proposed rent or income set asides.

As documentation of the meetings with the Texas Historical Commission ("THC"), a letter from Ann McGlone, Principal of Ann Benson McGlone, LLC, a Historic Consultant hired by Franklin Companies to assist with the Blue Flame Development, documenting a meeting with Valerie Magolan at THC, was provided. The letter stated that it was Ms. Magolan's opinion that the 16th floor, which was the executive office level, needed to remain intact to meet the Secretary of Interior's Standards. THC, according to the Applicant, subsequently approved the application for the Blue Flame Development on February 8, 2018, while this Amendment was still in process and the National Park Service approval was received February 13, 2018, via the Blue Flame building's addition to the National Register. A letter from the City of El Paso signed by Gary S. Westin, Deputy City Manager and dated as of December 5, 2017, confirmed the City's request for 1-4 floors of leasable office space in the Blue Flame building and was later followed by an updated letter dated February 8, 2018, stating that the City's interest had expanded to all four floors of available leasable office space. The letter states that the City believes that the conversion of market rate units to commercial office space will be in the best interest of the Downtown El Paso area.

Material Alterations as defined in Texas Government Code §2306.6712(d) and 10 TAC §10.405(a)(4)	
Application	**Amendment**
Development Site: **0.32** acres Units: **150** Density: **468.75** units/acre Residential Buildings: **1** Non-Residential Floors: **4 (basement, ground, 17, 18)** Common Area Square Footage (basement floor *only* as counted at initial underwriting): **3,792** Common Area Square Footage (by total non-leasable space on basement and ground floor): **14,618** Total Building Leasable Area Square Footage: **12,291 (10,149 for basement & ground floor only; 2,142 for floor 17)** Residential Net Rentable SF: **113,210**	Development Site: **0.32** acres Units: **120** Density: **375.00** units/acre (-20%) Residential Buildings: **1** Non-Residential Floors: **7 (basement, ground, 14-18)** Common Area Square Footage (basement floor *only* for comparison to original underwriting): **2,222** Common Area Square Footage (by total non-leasable space on basement and ground floor): **13,321** Total Building Leasable Area Square Footage: **39,672 (11,110 for basement & ground floor only; 26,420 for floors 14-16; 2,142 for floor 17)** Residential Net Rentable SF: **84,368**

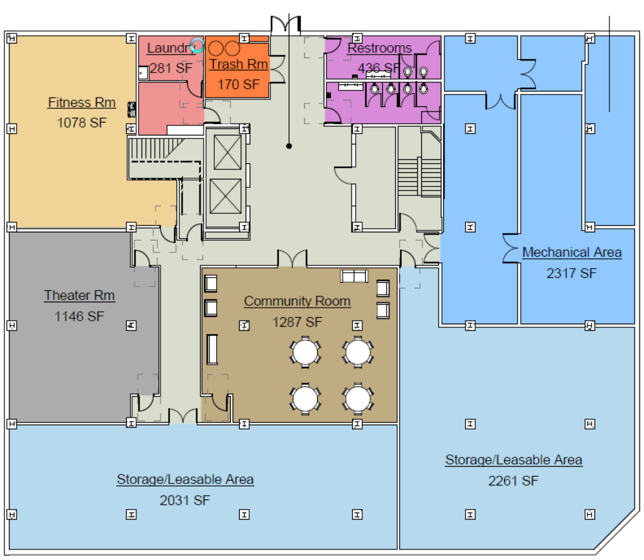
Material Alterations as defined in Texas Government Code §2306.6712(d) and 10 TAC §10.405(a)(4)

Application

HTC Units	# of Units	# BRs	# Baths	Unit Size
30%	1	0	1	705
50%	1	0	1	705
60%	2	0	1	789
30%	11	1	1	673
50%	2	1	1	673
50%	13	1	1	781
50%	8	1	1	657
60%	22	1	1	657
60%	30	1	1	668
60%	30	1	1	750
MR	30	2	1	969

30% units: 12
50% units: 24
60% units: 84
MR units: 30

Basement Floor:

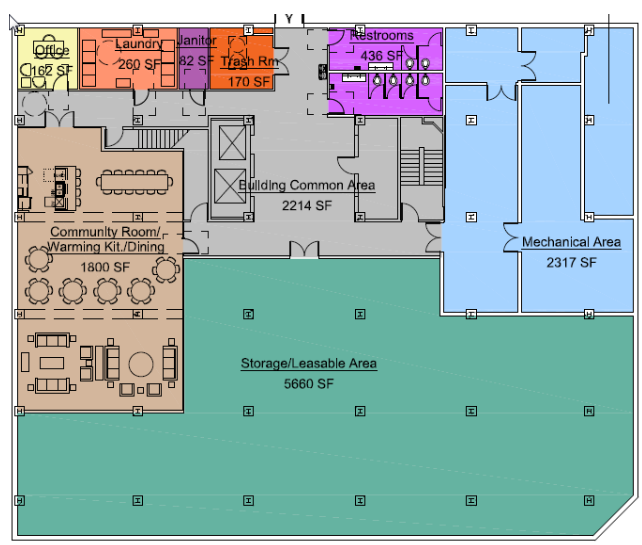


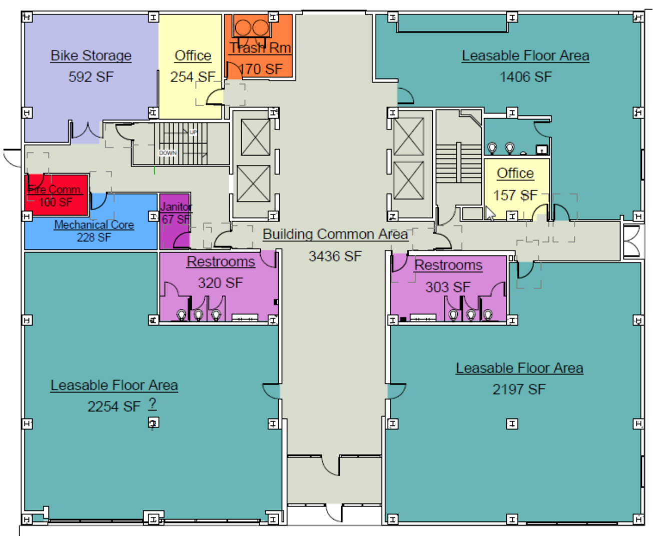
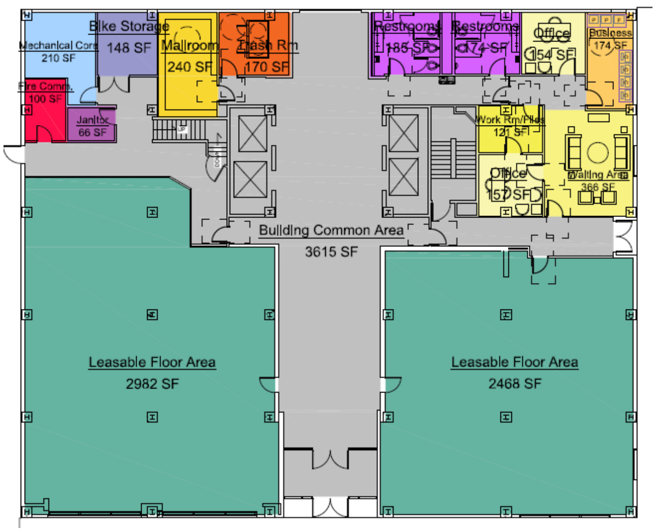
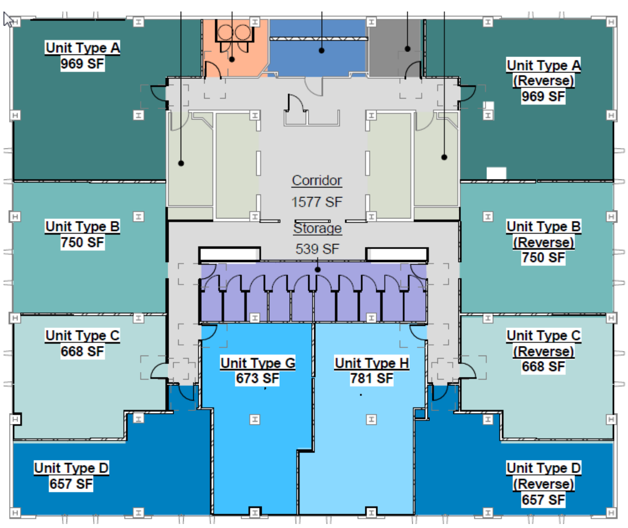
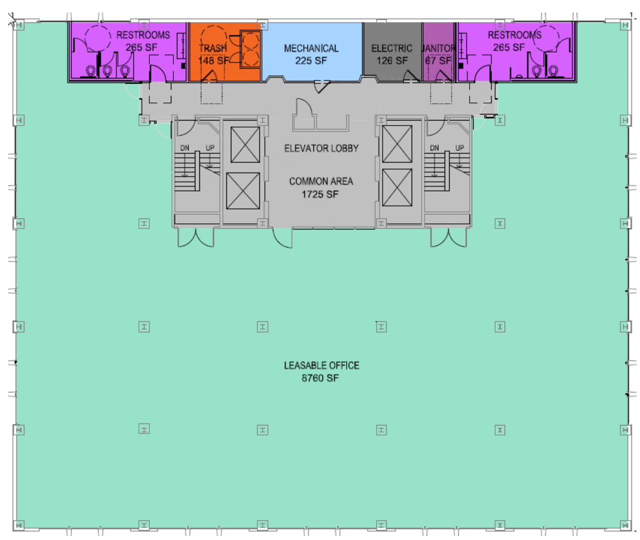
Amendment

HTC Units	# of Units	# BRs	# Baths	Unit Size
30%	1	0	1	705
50%	1	0	1	705
60%	2	0	1	789
30%	10	1	1	673
50%	2	1	1	673
60%	12	1	1	781
50%	7	1	1	781
30%	1	1	1	781
50%	14	1	1	657
60%	22	1	1	657
60%	24	1	1	668
60%	24	1	1	750

30% units: 12
50% units: 24
60% units: 84
MR units: 0

Basement Floor:



Material Alterations as defined in Texas Government Code §2306.6712(d) and 10 TAC §10.405(a)(4)	
Application	**Amendment**
Ground Floor: 	**Ground Floor:** 
Floor 14: 	**Floor 14:** 

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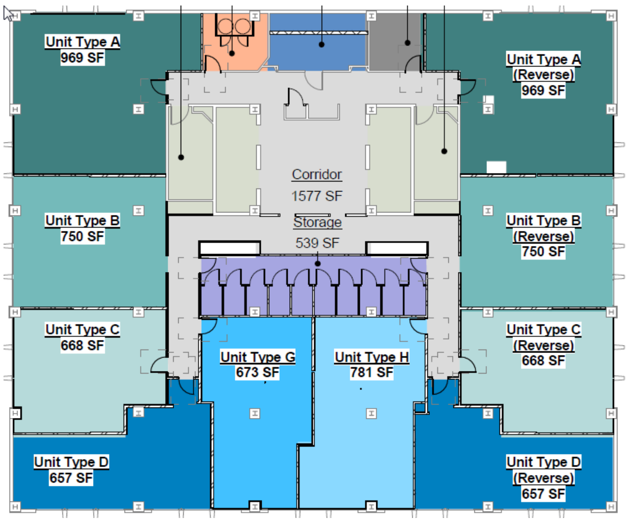
Floor 15:



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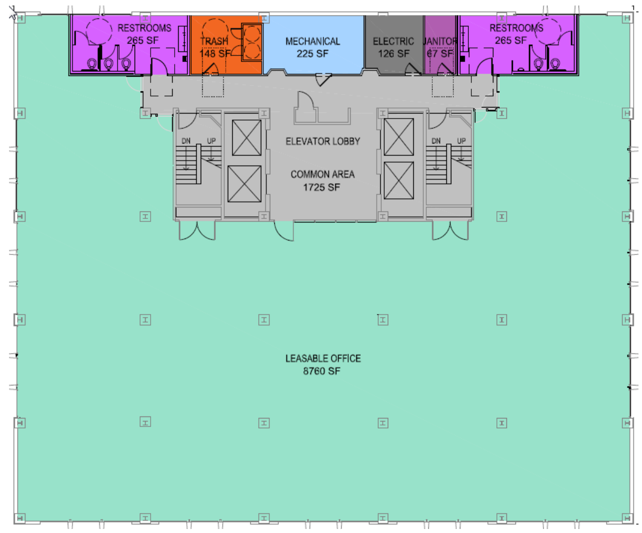
Floor 15:



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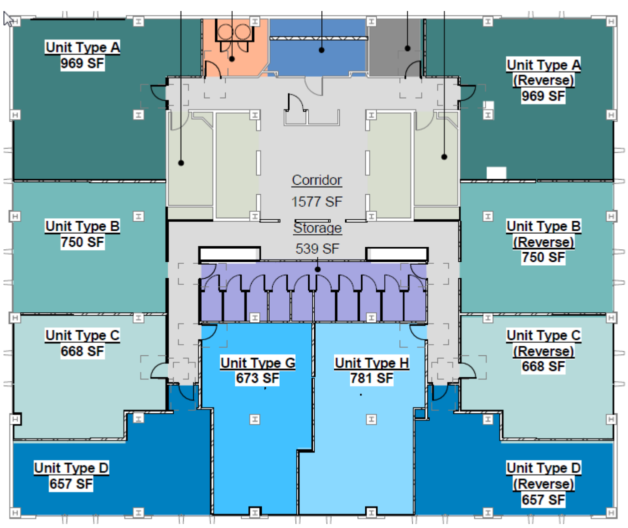
Floor 16:



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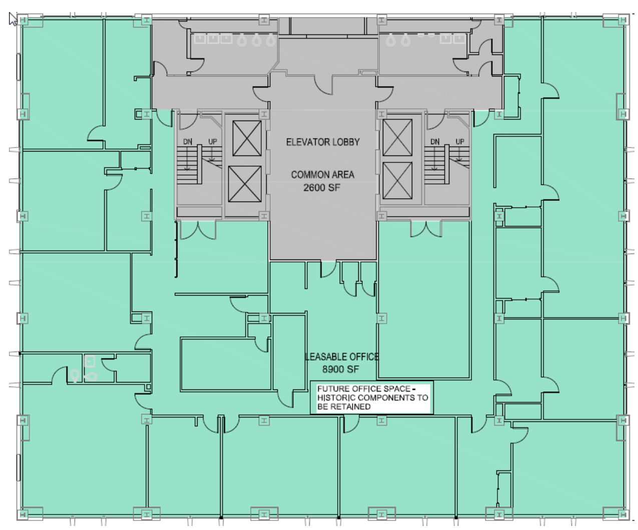
Floor 16:



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Changes in Common Area Square Footage

In addition to changes affecting the number of units, square footage, residential density, and architectural design, the Applicant's amendment also requests approval for material reductions to the common area square footage of the basement (from 3,792 square feet previously counted for only the basement level at initial underwriting for the laundry, fitness center, theater room, and community room to the comparable 2,222 square feet for the laundry, office, and community room/warming kitchen/dining room on the basement level replacing these spaces at the time of amendment, for a total reduction of 1,570 square feet or 41.40%).

Staff realized, however, that in reviewing the initial architectural drawings alongside those proposed at amendment, that the original common area square footage stated in the underwriting report only included common area on the basement floor and had not included additional office and bike storage spaces noted on the initial plans on the ground floor. As a result, staff re-reviewed both the basement and ground floor common areas for total common area space (which, in this case, staff examined as all space except leasable space available to commercial tenants). Based on this review, it appears that the original application proposed total non-leasable/common area space of 14,618 square feet on the basement and ground floor levels of the building and 10,149 leasable square feet on the basement and ground floor levels; at amendment, the request shows total non-leasable/common area space of 13,321 square feet on the basement and ground floor levels and 11,110 leasable square feet on the basement and ground floor levels, showing a total decrease of 1,297 square feet in the non-leasable/common area space, or a 8.87% decrease in common area square footage, which still results in a material change.

Based on the request, the changes to the basement and ground floor were made as a result of finalizing the interior amenities for the Development; a fitness room, theater room, and community room are now being consolidated into a community room/warming kitchen/dining room on the basement floor and a service coordinator office is added; other reconfigurations are now planned for the small community spaces on the ground floor (to include a mail room, business center, resident council office, and waiting area and re-consolidating leasable floor area in two areas rather than three). Previous plans for leasable space on floor 17 did not change and new non-residential plans for floors 14-16, according to the Owner, are being proposed due to the City of El Paso's request for leasable office space in the Blue Flame building.

<u>Non-Material Changes in Parking</u>

At the time of Application, the Owner planned for 180 garage parking spaces based on the related-party seller's ownership of a parking structure located one block from the Blue Flame building where 180 spaces would be designated for tenants based on a formal parking agreement that had not yet been drafted between the related-party seller and the Owner. At the time of amendment, the Owner has stated that Blue Flame will be considered exempt from City of El Paso parking requirements as a property inside the Boundaries of Improvement District No. 3 under the City of El Paso Downtown 2015 Plan. At the time of amendment, the Owner has reduced the amount of parking to be delivered from 180 spaces to 120 total spaces and has now proposed to offer one space per tenant unit.

<u>Changes in Development Costs & Financing</u>

The Owner was asked to submit a revised property condition assessment ("PCA") for the evaluation of the amendment and to submit revised financial exhibits to support updated total development costs. Though the amendment request is for a reduction in units, the revised PCA showed a new cost estimate of $24,679,613 for hard costs and contractor fees (an increase of 16% from original application and an increase of 22% in hard costs alone) and new financial exhibits include an estimated total development cost of $36,450,878 (an increase of 21% from the time of initial application). The Applicant is now envisioning that a condo regime will be recorded on the Blue Flame building whereby the building will be split into a residential space owned by the tax credit partnership and a commercial space owned by a to be formed commercial partnership, which will share 22% of the majority of building, financing, and soft costs and which will finance the cost of the commercial tenants and the reimbursement of construction costs to the tax credit partnership.

The sources and uses was updated to reflect revised lending and equity partners and changes in debt and equity structures and revised financial exhibits and term sheets were submitted. The new sources and uses shows a decrease in conventional debt (now from Citibank) during the permanent period (down from $7,850,000 to $3,060,000, a reduction of $4,790,000) balanced by increases in credit pricing resulting in larger equity contributions for additional projected credits, particularly in the case of Federal and State Historic Credit Equity, which was estimated at .89 and .70, respectively, for a combined total of $8,665,591 at application and which has increased to estimates of .92 and .90 respectively for a combined total of $13,706,314 at amendment in addition to the general third party equity amount of $13,751,041 now offered by Hunt Capital (replacing PNC as the equity provider).

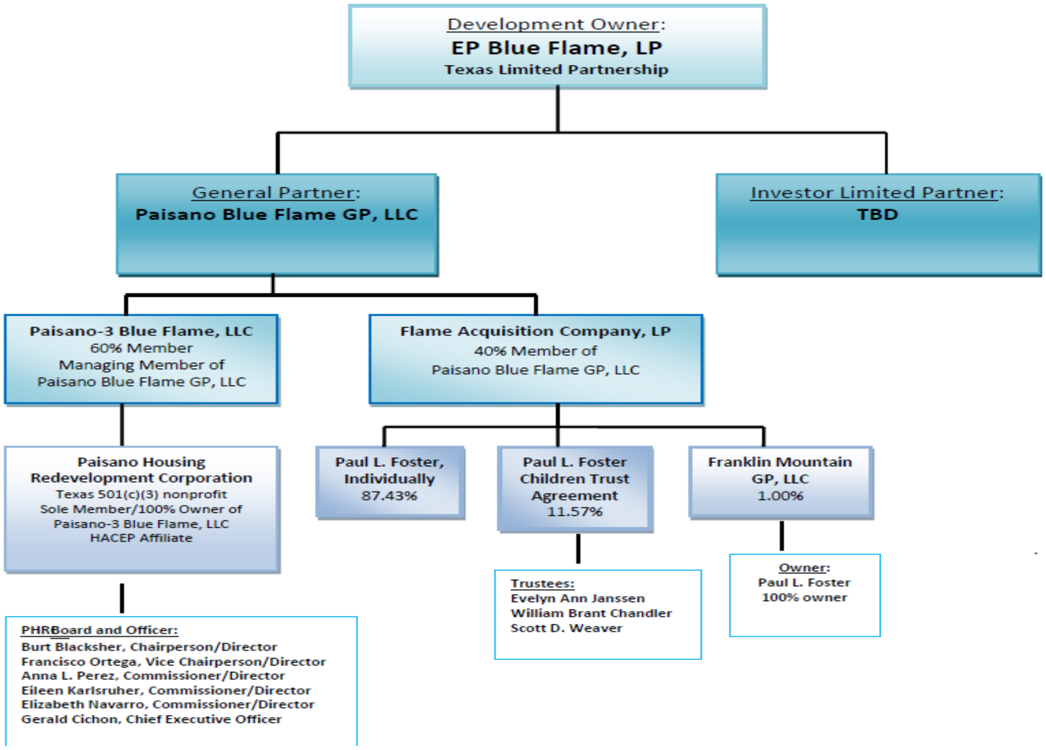
Real Estate Analysis ("REA") has re-evaluated the transaction pursuant to Tex. Gov't Code 2306.6712(b) and has concluded that the Development remains feasible. The analysis is attached to this Board Action Request.

Changes to Owner, Developer, and Guarantor Structures

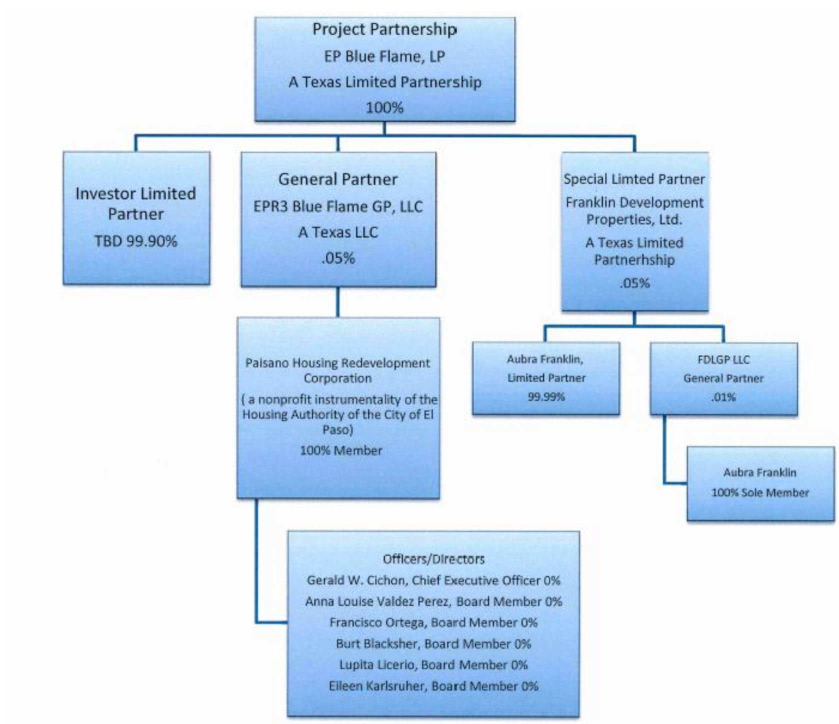
Finally, the amendment request addressed changes to the organizational structure of the Owner, Developer, and Guarantor. Based on the amendment request submitted from the Owner, because of the volume of developments that HACEP has in its pipeline, both HACEP and the Development's investors believe that an Owner/Developer/Guarantor should be added to the organizational structure. The amendment proposes to remove the original co-GP, Flame Acquisition Company, LP (40% member of the GP), from the ownership structure, change the name of the GP to EPR3 Blue Flame GP, LLC (.05% GP), and retain Paisano Housing Redevelopment Corporation as sole member and 100% owner of the GP). A new Special Limited Partner, Franklin Development Properties, Ltd. (.05% SLP) will also be added, bringing in FDLGP, LLC as its GP (.01%, owned 100% by Aubra Franklin).

Additionally, Franklin Development Properties, Ltd. has also come into the Developer structure as a 50% co-Developer (with the same associated entities beneath), replacing the prior co-Developer of Flame Acquisition Company, LP (which was previously 40% co-Developer) and has become another Guarantor in the structure in addition to Paisano Housing Redevelopment Corporation, replacing the other original Guarantor of Flame Acquisition Company, LP. Under the Uniform Multifamily Rules in 10 TAC §10.406(e), the parties reflected in the Application as having control must remain in the ownership structure and retain such control prior to release of 8609s or the completion of construction unless approved otherwise by the Board. A development sponsor, General Partner or Development Owner may not sell the Development in whole or voluntarily end their control prior to the issuance of 8609s. Due to the fact that the Franklin entity, in this case, is replacing the previous Flame Acquisition Company, LP, the Board must approve the proposed change subject to previous participation review.

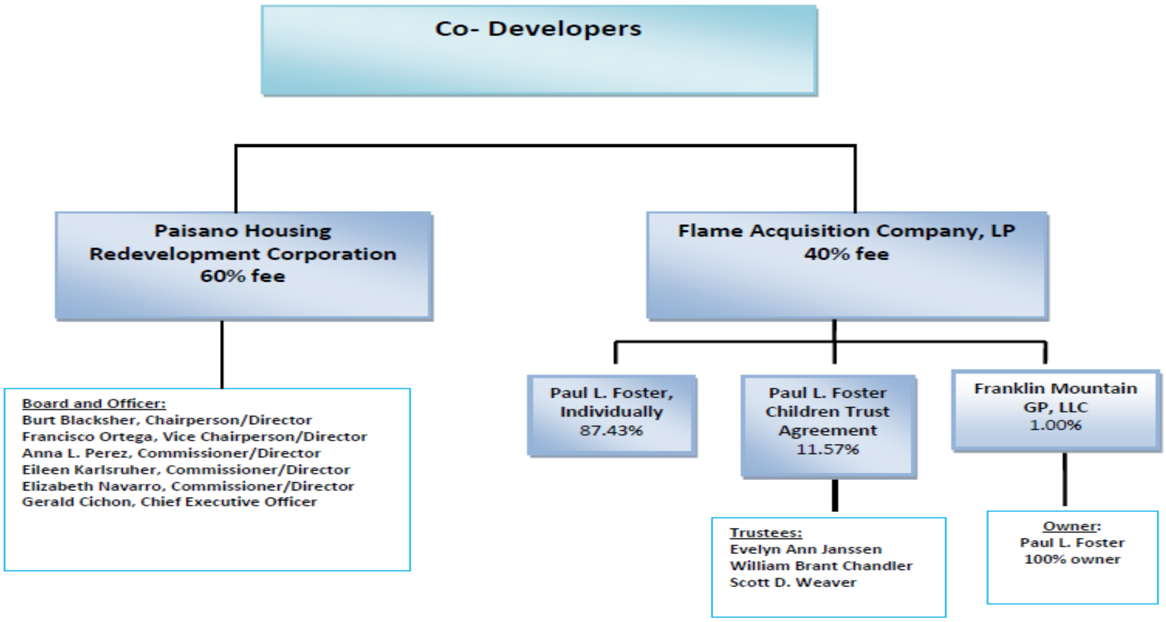
Ownership Structure at Application



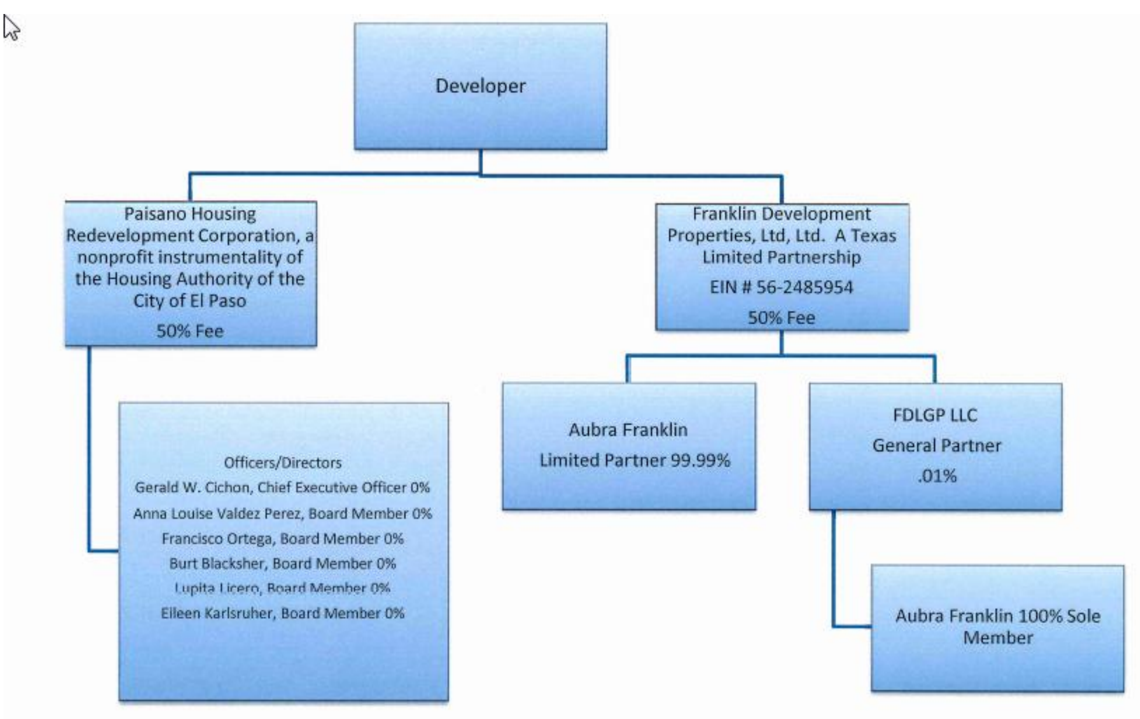
Revised Ownership Structure



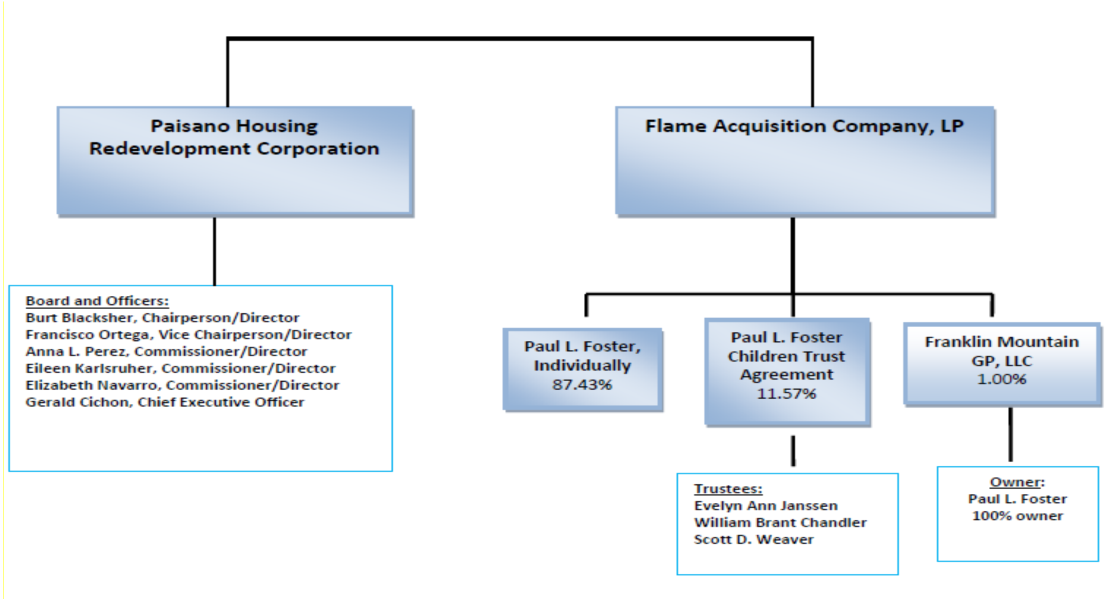
Developer at Application



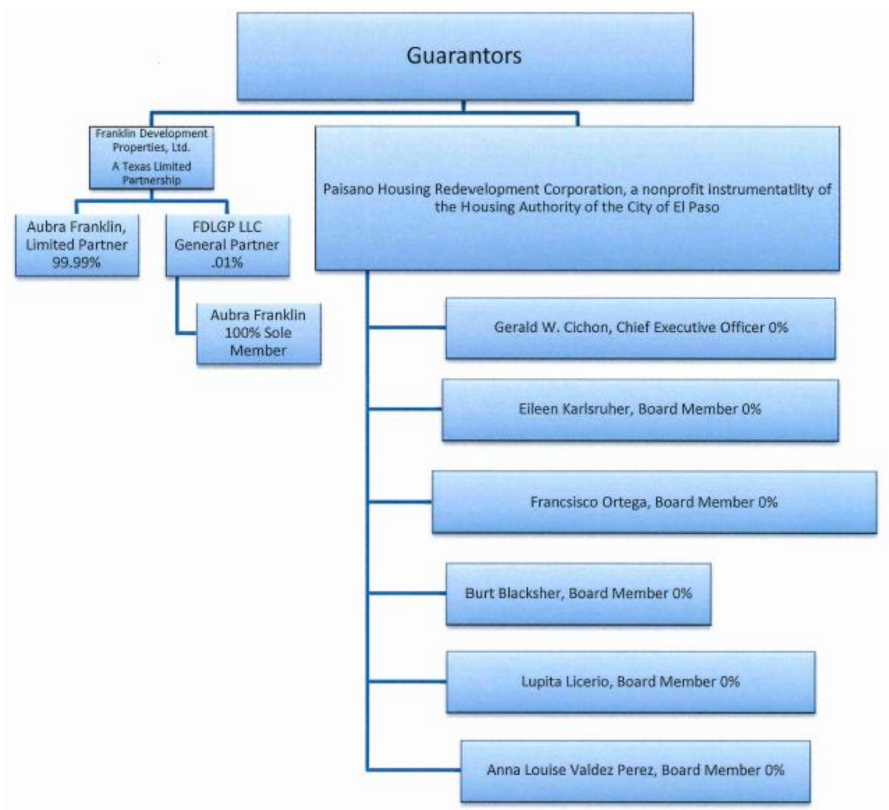
Revised Developer



Guarantor at Application



Revised Guarantor



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

Staff recommends approval of the requested material amendments to the Application and, changes to the Development Owner, Developer and Guarantor for Blue Flame Apartments, subject to previous participation review.

Real Estate Analysis Division
April 10, 2018

Addendum to Underwriting Report

TDHCA Application #: **17330** Program(s): **9% HTC**

Blue Flame

Address/Location: 120 N Stanton St

City: El Paso County: El Paso Zip: 79901

	APPLICATION HISTORY
Report Date	**PURPOSE**
04/10/18	**Amendment**
09/19/17	New Application - Initial Underwriting

ALLOCATION

	Previous Allocation				RECOMMENDATION				
TDHCA Program	**Amount**	**Rate**	**Amort**	**Term**	**Amount**	**Rate**	**Amort**	**Term**	**Lien**
LIHTC (Annual)	$1,494,828				**$1,494,828**				

CONDITIONS STATUS

1 Receipt and acceptance by Carryover:

a: An updated term sheet from the FHA Lender.

Status: PNC has been replaced by Citibank and Hunt and there is no longer any FHA financing. **Condition satisfied.**

b: Documentation of a formal Parking Lease Agreement.

Status: Existing Memorandum of Parking Agreement provides up to 200 parking permits to the Subject. Site control includes the acquisition of the existing parking lease agreement and will be transferred to the Development Owner upon acquisition of the property.

c: Documentation of the status of the Historic Tax Credit application and approval.

Status: Texas Historical Commission Approval was received February 8, 2018. National Park Service Approval was received February 13, 2018. **Condition satisfied**.

2 Receipt and acceptance by 10% test:

- HUD approval of RAD conversion including a commitment to enter into the Housing Assistance Payment contract (or executed CHAP or similar agreement), HUD approved rents and operating budget.

Status: **Pending**

3 Receipt and acceptance by Cost Certification:

a: Architect certification that all noise assessment recommendations were implemented and the Development is compliant with HUD noise guidelines.

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

Status: Pending

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.

ANALYSIS

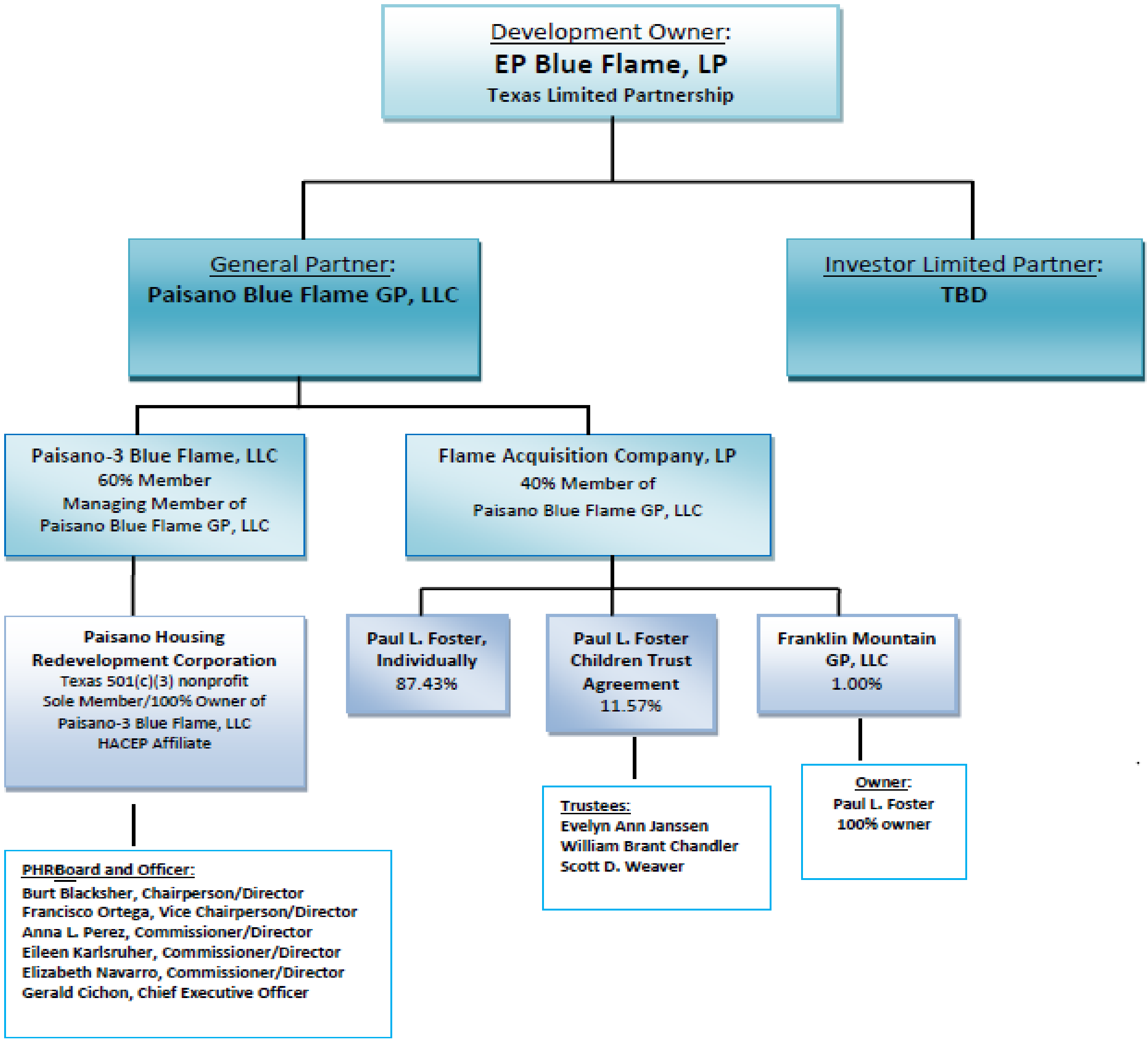
Applicant received a $1.49M annual tax credit award during the 2017 9% HTC competitive cycle. On December 18, 2017, Applicant submitted an initial request to amend the original Application and subsequently issued an updated request in March of 2018 to modify the ownership structure, unit/building configuration, development costs and financing structure.

The most notable changes to the unit/building configuration are:

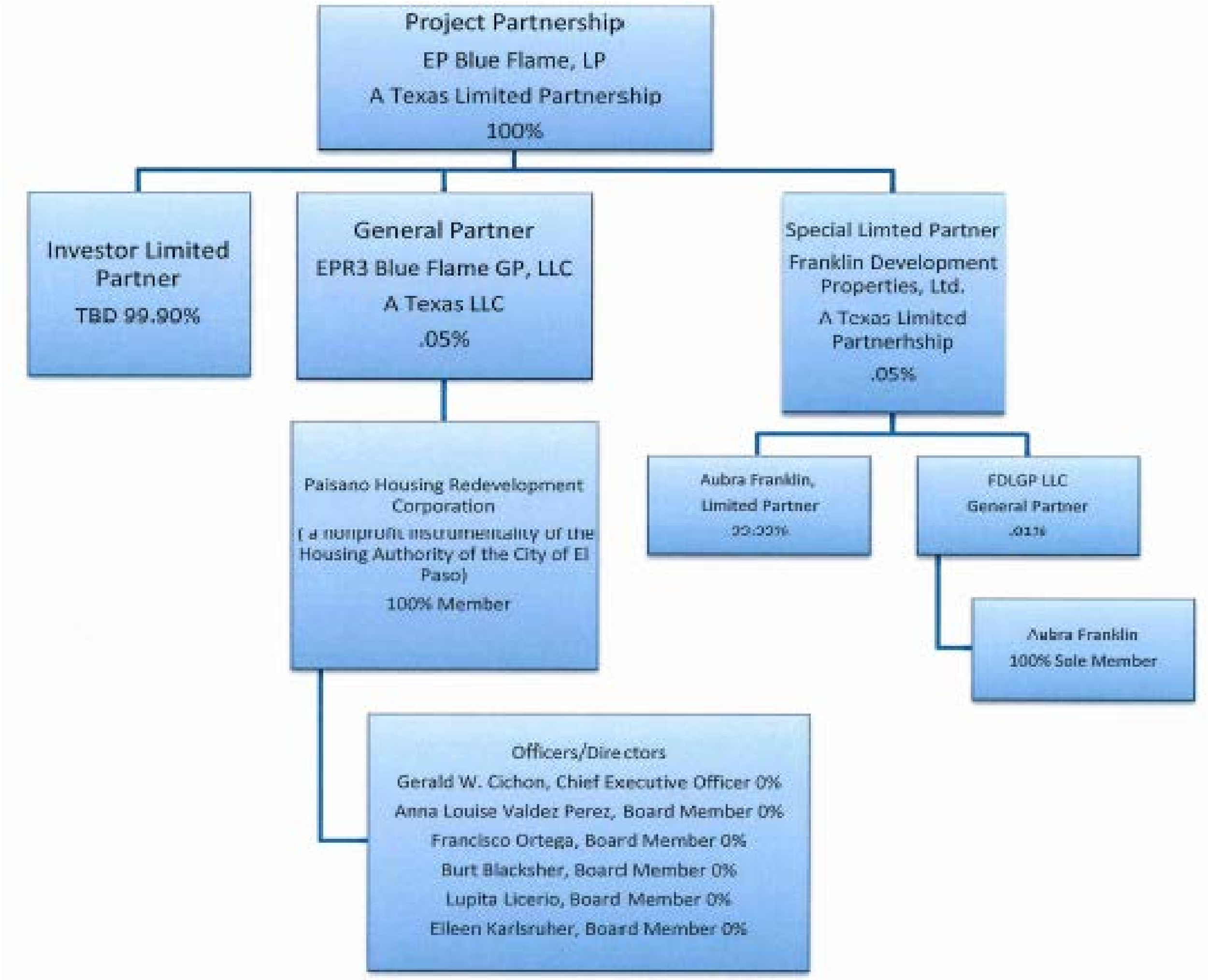
- Decrease from 150 to 120 total units
- Decrease in total NRA from 113,210 s.f to 84,368 s.f.
- Elimination of 2 BR units
- Elimination of all 30 Market rate units
- Avg Unit Size – Decrease from 755 s.f to 703 s.f.
- LIHTC/Residential (Floors 2-13). Previously all floors.
- Office (Floors 14-18).
- Basement & Ground Floor (Shared by LIHTC & Condo)

The most significant change to the ownership structure is the replacement of Flame Acquisition Company with Franklin Development. (See Org Charts below)

ORIGINAL OWNERSHIP STRUCTURE



AMENDED OWNERSHIP STRUCTURE



Operating Pro Forma

Applicant's revised pro forma is within 5% of Underwriter's; therefore the Applicant's pro forma continues to be used for analysis. Although the no changes to the CHAP were reported, total income has decreased $285K as a result of the reduced development. Applicant's total income and expenses have on average decreased by 20% as a direct result of the reduced development plan.

At ~$3,400/unit, controllable expenses may prove low or understated; however, RAD rents will be adjusted to adequately cover operating expenses.

Underwritten DCR decreases from 1.19 at original underwriting to 1.15.

Development Cost

Originally, no acquisition value had been included in the development costs, as the Applicant assumed that the land and building would be contributed to the partnership by the then current owner in exchange for ownership interest in the LIHTC partnership. Subsequently, the value would be paid from surplus cash flow over the 75 year ground lease period. However, a $2.25M Seller note has since been executed and fully repaid as of February 16, 2018.

Because of the addition of the commercial space, the Applicant will create a condo regime with the apartment and commercial space each being a condo.

Applicant has allocated 22% of the total cost to the Commercial condo based on a pro rata square footage of total commercial space versus residential space. This allocation method may not be accurate as several aspects of the costs are not generally allocated in the same manner (i.e., interiors of units/finishes). However, the Applicant indicates this conservative approach was taken in order to not artificially inflate the eligible basis. Final allocation will be made at Cost Certification.

Applicant submitted a revised PCA detailing the updates to the Developer's Scope of Work. The revised PCA identified Hard Costs (including demolition, non-residential renovations, contingency and contractor fees) totaling $24.68M (up from $21.21M) and are consistent with the Applicant's amended estimate.

Total Development Cost increased 21% (~$6.4M); however current costs reviewed by third party entities and based on 70% plans.

Additionally, since initial application, a new Developer has stepped in and cost increases may be due to a number of factors including spec and scope changes, market increases and underestimated costs at original application.

Sources of Funds

Citibank has replaced PNC's $7.85M FHA 221d4 loan with a $3.06M conventional loan. The new loan will have a higher interest rate at 6.10% and be amortized over a 35/15 year term instead of 40/40. Applicant added a $5.9M gap loan from the Housing Authority of the City of El Paso (HACEP) to help offset the newly included Acquisition costs and $7.9M in total commercial costs.

For simplicity, the Underwriter has listed the $2.5M Seller Note as a separate source and reduced the HACEP gap loan accordingly.

HACEP Gap Loan is a Related Party loan. Underwriter assumes $1.5M of this loan will be bona fide debt and amortized similar to the senior debt at 3% interest. If treated as deferred fee there is insufficient cash flow to retire the debt within the required 15 years.

Hunt Capital has replaced PNC as equity provider and the LIHTC equity rate has increased from $0.89 to $0.92, resulting in increased equity proceeds of ~$448K ($13.75M total).

Underwriter reduced the total $5.9M gap loan by $330K to reflect the resulting gap in financing. With the HACEP gap loan reduced to a total of $5.6M ($2.5M of which is Seller Note), the long term financial feasibility of the development is greatly improved.

Conclusion

The current analysis continues to support the original $1,494,828 credit allocation.

No change in the approved credit allocation is being recommended at this time.

Underwriter:	*Diamond Unique Thompson*
Manager of Real Estate Analysis:	*Thomas Cavanagh*
Director of Real Estate Analysis:	*Brent Stewart*

UNIT MIX/RENT SCHEDULE

Blue Flame, El Paso, 9% HTC #17330

LOCATION DATA	
CITY:	El Paso
COUNTY:	El Paso
Area Median Income	$45,400
PROGRAM REGION:	13

UNIT DISTRIBUTION						
# Beds	# Units	% Total	Assisted	Income	# Units	% Total
Eff	4	3.3%	4	30%	12	10.0%
1	116	96.7%	116	40%	-	0.0%
2	-	0.0%	0	50%	24	20.0%
3	-	0.0%	0	60%	84	70.0%
4	-	0.0%	0	MR	-	0.0%
TOTAL	**120**	**100.0%**	**120**	**TOTAL**	**120**	**100.0%**

Applicable Programs
9% Housing Tax Credits

Pro Forma ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	100.00%
APP % Acquisition	3.39%
APP % Construction	9.00%
Average Unit Size	703 sf

UNIT MIX / MONTHLY RENT SCHEDULE

HTC		RENT ASSISTED UNIT		UNIT MIX				APPLICABLE PROGRAM RENT			APPLICANT'S PRO FORMA RENTS				TDHCA PRO FORMA RENTS				MARKET RENTS		
Type	Gross Rent	Type	Gross Rent	# Units	# Beds	# Baths	NRA	Gross Rent	Utility Allow	Max Net Program Rent	Delta to Max	Rent psf	Net Rent per Unit	Total Monthly Rent	Total Monthly Rent	Rent per Unit	Rent psf	Delta to Max	Underwritten		Mrkt Analyst
TC 30%	$275	RAD	$623	1	0	1	705	$623	$0	$623	$0	$0.88	$623	**$623**	**$623**	$623	$0.88	$0	$810	$1.15	$810
TC 50%	$458	RAD	$623	1	0	1	705	$623	$0	$623	$0	$0.88	$623	**$623**	**$623**	$623	$0.88	$0	$810	$1.15	$810
TC 60%	$550	RAD	$623	2	0	1	789	$623	$0	$623	$0	$0.79	$623	**$1,246**	**$1,246**	$623	$0.79	$0	$820	$1.04	$820
TC 30%	$295	RAD	$668	10	1	1	673	$668	$0	$668	$0	$0.99	$668	**$6,680**	**$6,680**	$668	$0.99	$0	$865	$1.29	$865
TC 50%	$491	RAD	$668	2	1	1	673	$668	$0	$668	$0	$0.99	$668	**$1,336**	**$1,336**	$668	$0.99	$0	$865	$1.29	$865
TC 60%	$590	RAD	$668	12	1	1	781	$668	$0	$668	$0	$0.86	$668	**$8,016**	**$8,016**	$668	$0.86	$0	$880	$1.13	$880
TC 50%	$491	RAD	$668	7	1	1	781	$668	$0	$668	$0	$0.86	$668	**$4,676**	**$4,676**	$668	$0.86	$0	$865	$1.11	$865
TC 30%	$295	RAD	$668	1	1	1	781	$668	$0	$668	$0	$0.86	$668	**$668**	**$668**	$668	$0.86	$0	$865	$1.11	$865
TC 50%	$491	RAD	$668	14	1	1	657	$668	$0	$668	$0	$1.02	$668	**$9,352**	**$9,352**	$668	$1.02	$0	$865	$1.32	$865
TC 60%	$590	RAD	$668	22	1	1	657	$668	$0	$668	$0	$1.02	$668	**$14,696**	**$14,696**	$668	$1.02	$0	$880	$1.34	$880
TC 60%	$590	RAD	$668	24	1	1	668	$668	$0	$668	$0	$1.00	$668	**$16,032**	**$16,032**	$668	$1.00	$0	$880	$1.32	$880
TC 60%	$590	RAD	$668	24	1	1	750	$668	$0	$668	$0	$0.89	$668	**$16,032**	**$16,032**	$668	$0.89	$0	$880	$1.17	$880
TOTALS/AVERAGES:				**120**			**84,368**				**$0**	**$0.95**	**$667**	**$79,980**	**$79,980**	**$667**	**$0.95**	**$0**	**$874**	**$1.24**	**$874**

ANNUAL POTENTIAL GROSS RENT:	**$959,760**	**$959,760**	

STABILIZED PRO FORMA

Blue Flame, El Paso, 9% HTC #17330

	STABILIZED FIRST YEAR PRO FORMA															
	COMPARABLES				APPLICANT				PRIOR REPORT		TDHCA				VARIANCE	
	Database		Pooley Historical		% EGI	Per SF	Per Unit	Amount	Applicant	TDHCA	Amount	Per Unit	Per SF	% EGI	%	$
POTENTIAL GROSS RENT						$0.95	$667	$959,760	**$1,260,000**	**$1,260,000**	$959,760	$667	$0.95		0.0%	$0
							$0.00	$0	0							
							$0.00	$0	0							
Late fees, forfeit deposits							$5.00	$7,200	9,000							
Total Secondary Income							$5.00			9,000	$7,200	$5.00			0.0%	$0
POTENTIAL GROSS INCOME								$966,960	$1,269,000	$1,269,000	$966,960				0.0%	$0
Vacancy & Collection Loss							5.6% PGI	(54,150)	(71,010)	(95,175)	(48,348)	5.0% PGI			12.0%	(5,802)
Rental Concessions								-	0						0.0%	-
EFFECTIVE GROSS INCOME								$912,810	$1,197,990	$1,173,825	$918,612				-0.6%	($5,802)
General & Administrative	$30,946	$258/Unit	44,158	$368	4.21%	$0.46	$320	$38,416	$53,542	$60,000	$48,000	$400	$0.57	5.23%	-20.0%	(9,584)
Management	$39,477	6.0% EGI	79,710	$664	5.00%	$0.54	$380	$45,640	$59,900	$58,691	$45,931	$383	$0.54	5.00%	-0.6%	(291)
Payroll & Payroll Tax	$146,805	$1,223/Unit	43,184	$360	13.54%	$1.47	$1,030	$123,608	$129,608	$129,608	$123,608	$1,030	$1.47	13.46%	0.0%	-
Repairs & Maintenance	$59,594	$497/Unit	153,685	$1,281	12.57%	$1.36	$956	$114,739	$141,111	$105,000	$114,739	$956	$1.36	12.49%	0.0%	-
Electric/Gas	$15,886	$132/Unit	102,096	$851	10.57%	$1.14	$804	$96,446	$120,559	$120,559	$96,446	$804	$1.14	10.50%	0.0%	-
Water, Sewer, & Trash	$45,627	$380/Unit	31,169	$260	4.30%	$0.47	$327	$39,291	$49,115	$57,034	$45,627	$380	$0.54	4.97%	-13.9%	(6,336)
Property Insurance	$31,476	$0.37 /sf	10,456	$87	3.78%	$0.41	$288	$34,500	$34,500	$39,345	$31,476	$262	$0.37	3.43%	9.6%	3,024
Property Tax (@ 0%)	$57,228	$477/Unit	21,227	$177	0.00%	$0.00	$0	$0	$0	$0	$0	$0	$0.00	0.00%	0.0%	-
Reserve for Replacements	$25,429	$212/Unit	-	$0	4.60%	$0.50	$350	$42,000	$52,500	$45,000	$36,000	$300	$0.43	3.92%	16.7%	6,000
Supportive Services			5,425	$45	1.64%	$0.18	$125	$15,000	$16,800	$16,800	$15,000	$125	$0.18	1.63%	0.0%	-
TDHCA LIHTC/HOME Compliance Fees			-	$0	0.53%	$0.06	$40	$4,800	$4,800	$4,800	$4,800	$40	$0.06	0.52%	0.0%	-
Security			-	$0	1.10%	$0.12	$83	$10,000	$17,573	$17,573	$10,000	$83	$0.12	1.09%	0.0%	-
Parking lease			-	$0	2.74%	$0.30	$208	$25,000	$25,000	$25,000	$25,000	$208	$0.30	2.72%	0.0%	-
TOTAL EXPENSES					**64.57%**	**$6.99**	**$4,912**	**$ 589,440**	**$705,007**	**$679,409**	**$596,626**	**$4,972**	**$7.07**	**64.95%**	**-1.2%**	**$ (7,187)**
NET OPERATING INCOME ("NOI")					**35.43%**	**$3.83**	**$2,695**	**$323,371**	**$492,983**	**$494,416**	**$321,986**	**$2,683**	**$3.82**	**35.05%**	**0.4%**	**$ 1,385**
CONTROLLABLE EXPENSES							$3,437/Unit					$3,570/Unit				

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Blue Flame, El Paso, 9% HTC #17330

DEBT / GRANT SOURCES

		APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE							Prior Underwriting		AS UNDERWRITTEN DEBT/GRANT STRUCTURE						
		Cumulative DCR														Cumulative	
DEBT (Must Pay)	Fee	UW	App	Pmt	Rate	Amort	Term	Principal	Applicant	TDHCA	Principal	Term	Amort	Rate	Pmt	DCR	LTC
CitiBank, N.A.		1.16	1.16	278,369	6.10%	35	15	$3,060,000	$7,850,000	$7,850,000	$3,060,000	15	35	6.10%	$211,845	1.53	8.5%
HACEP		1.16	1.16		3.00%	0	50	$0			$1,450,000	15	35	3.00%	$66,964	1.16	4.0%
Adjustment to Debt Per §10.302(c)(2)		1.16	1.16								$0	0	0	0.00%		1.16	0.0%
CASH FLOW DEBT / GRANTS																	
City of El Paso		1.16	1.16		0.00%	0	0	$0			$0	0	0	0.00%		1.16	0.0%
HACEP		1.16	1.16		3.00%	0	50	$5,933,523			$1,653,039	50		3.00%		1.16	4.6%
HACEP Seller Note		1.16	1.16		0.00%	0	0	$0			$2,500,000	0	0	0.00%		1.16	6.9%
				$278,369	TOTAL DEBT / GRANT SOURCES			$8,993,523			$8,663,039	TOTAL DEBT SERVICE			$278,809	1.16	24.0%
NET CASH FLOW		$43,617	$45,002								APPLICANT	NET OPERATING INCOME		$323,371	$44,561	NET CASH FLOW	

EQUITY SOURCES

	APPLICANT'S PROPOSED EQUITY STRUCTURE					Prior Underwriting		AS UNDERWRITTEN EQUITY STRUCTURE					
EQUITY / DEFERRED FEES	DESCRIPTION	% Cost	Annual Credit	Credit Price	Amount	Applicant	TDHCA	Amount	Credit Price	Annual Credit	% Cost	Annual Credits per Unit	Allocation Method
Hunt Capital	LIHTC Equity	38.1%	$1,494,828	0.92	$13,751,041	$13,348,665	$13,302,638	$13,751,041	$0.92	$1,494,828	38.1%	$12,457	Previous Allocation
Hunt Capital	Federal Historic Credit Equity	17.1%		0.92	$6,166,166	$4,369,618	$4,369,618	$6,166,166	0.92		17.1%		
Hunt Capital	State Historic Credit Equity	20.9%		0.90	$7,540,148	$4,295,973	$4,295,973	$7,540,148	0.90		20.9%		
Paisano Housing Redevelopment	Deferred Developer Fees	0.0%	(0% Deferred)		$0	$179,614			(0% Deferred)		0.0%	Total Developer Fee:	$4,076,711
Additional (Excess) Funds Req'd		0.0%						$0			0.0%		
TOTAL EQUITY SOURCES		76.0%			$27,457,355			$27,457,355			76.0%		
TOTAL CAPITALIZATION					$36,450,878			$36,120,394			15-Yr Cash Flow after Deferred Fee:		$700,116

DEVELOPMENT COST / ITEMIZED BASIS

	APPLICANT COST / BASIS ITEMS					Prior Underwriting		TDHCA COST / BASIS ITEMS					COST VARIANCE	
	Eligible Basis										Eligible Basis			
	Acquisition	New Const. Rehab		Total Costs		Applicant	TDHCA	Total Costs			New Const. Rehab	Acquisition	%	$
Land Acquisition				$20,833 / Unit	$2,500,000	$0	$0	$2,500,000	$20,833 / Unit				0.0%	$0
Building Acquisition	$0			$ / Unit	$0	$0	$0	$0	$ / Unit			$0	0.0%	$0
Off-Sites				$ / Unit	$0	$0	$0	$0	$ / Unit				0.0%	$0
Site Work		$0		$ / Unit	$0	$0	$0	$0	$ / Unit		$0		0.0%	$0
Site Amenities		$0		$ / Unit	$0	$0	$0	$0	$ / Unit		$0		0.0%	$0
Interior Demolition				$ / Unit	$0	$0	$595,718	$332,200	$2,768 / Unit				-100.0%	($332,200)
Non-Residential Space				$ / Unit	$0	$0	$4,133,803	$4,462,876	$37,191 / Unit				-100.0%	($4,462,876)
Building Cost		$15,822,898	$244.38 /sf	$171,816/Unit	$20,617,974	$16,915,201	$12,185,680	$15,822,898	$131,857/Unit	$187.55 /sf	$15,822,898		30.3%	$4,795,076
Contingency		$804,100	5.08%	5.00%	$1,030,898	$1,691,520	$1,691,520	$1,030,898	5.00%	5.08%	$804,100		0.0%	$0
Contractor Fees		$2,327,780	14.00%	14.00%	$3,030,741	$2,604,941	$2,604,941	$3,030,741	14.00%	14.00%	$2,327,780		0.0%	$0
Soft Costs	0	$1,713,091		$18,963 / Unit	$2,275,529	$2,275,529	$2,275,529	$2,275,529	$18,963 / Unit		$1,713,091	$0	0.0%	$0
Financing	0	$1,488,327		$17,924 / Unit	$2,150,824	$2,150,824	$2,150,824	$2,150,824	$17,924 / Unit		$1,488,327	$0	0.0%	$0
Developer Fee	$0	$3,469,085	15.66%	15.75%	$4,280,665	$3,841,609	$3,633,858	$4,076,710	15.00%	15.00%	$3,323,429	$0	5.0%	$203,955
Reserves				$4,702 / Unit	$564,247	$564,247	$546,669	$437,718	$3,648 / Unit				28.9%	$126,529
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BA	$0	$25,625,281		$303,757 / Unit	$36,450,878	$30,043,870	$29,818,542	$36,120,394	$301,003 / Unit		$25,479,625	$0	0.9%	$330,484
Acquisition Cost	$0				$0									
Contingency		$0			$0									
Contractor's Fee		($0)												
Interim Interest		$0												
Developer Fee	$0	($145,656)			($203,955)									
Reserves					$0									
ADJUSTED BASIS / COST	$0	$25,479,625		$302,058/unit	$36,246,924			$36,120,394	$301,003/unit		$25,479,625	$0	0.4%	$126,529
TOTAL HOUSING DEVELOPMENT COSTS BASED ON 3RD PARTY PCA/CNA						$36,120,394								

CAPITALIZATION / DEVELOPMENT COST BUDGET / ITEMIZED BASIS ITEMS

Blue Flame, El Paso, 9% HTC #17330

	CREDIT CALCULATION ON QUALIFIED BASIS			
	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction Rehabilitation
ADJUSTED BASIS	$0	$25,479,625	$0	$25,479,625
Deduction of Federal Grants	$0	($6,166,166)	$0	($6,166,166)
Credit for Voluntary Basis Adj.		$5,392,635		$5,392,635
TOTAL ELIGIBLE BASIS	$0	$24,706,094	$0	$24,706,094
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	$0	$32,117,922	$0	$32,117,922
Applicable Fraction	100.00%	100.00%	100.00%	100.00%
TOTAL QUALIFIED BASIS	$0	$32,117,922	$0	$32,117,922
Applicable Percentage	3.39%	9.00%	3.39%	9.00%
ANNUAL CREDIT ON BASIS	$0	$2,890,613	$0	$2,890,613
CREDITS ON QUALIFIED BASIS	$2,890,613		$2,890,613	

	ANNUAL CREDIT CALCULATION BASED ON TDHCA BASIS		FINAL ANNUAL LIHTC ALLOCATION		
			Credit Price $0.9199	**Variance to Request**	
Method	Annual Credits	Proceeds	**Credit Allocation**	**Credits**	**Proceeds**
Eligible Basis	$2,890,613	$26,590,978	**----**	----	----
Needed to Fill Gap	$1,494,828	$13,751,041	**----**	----	----
Previous Allocation	$1,494,828	$13,751,041	**$1,494,828**	**$0**	**$0**

Long-Term Pro Forma

Blue Flame, El Paso, 9% HTC #17330

	Growth Rate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30	Year 35	Year 40
EFFECTIVE GROSS INCOME	2.00%	$912,810	$931,066	$949,688	$968,682	$988,055	$1,090,893	$1,204,434	$1,329,792	$1,468,198	$1,621,009	$1,789,725	$1,976,001
TOTAL EXPENSES	3.00%	$589,440	$606,666	$624,401	$642,658	$661,453	$764,079	$882,767	$1,020,045	$1,178,841	$1,362,549	$1,578,655	$1,830,094
NET OPERATING INCOME ("NOI")		**$323,371**	**$324,400**	**$325,287**	**$326,024**	**$326,602**	**$326,814**	**$321,667**	**$309,748**	**$289,356**	**$258,461**	**$211,070**	**$145,907**
EXPENSE/INCOME RATIO		64.6%	65.2%	65.7%	66.3%	66.9%	70.0%	73.3%	76.7%	80.3%	84.1%	88.2%	92.6%
MUST -PAY DEBT SERVICE													
CitiBank, N.A.		$211,845	$211,845	$211,845	$211,845	$211,845	$211,845	$211,845	$211,845	$211,845	$211,845	$211,845	$211,845
TOTAL DEBT SERVICE		$278,809	$278,809	$278,809	$278,809	$278,809	$278,809	$278,809	$278,809	$278,809	$278,809	$278,809	$278,809
DEBT COVERAGE RATIO		1.16	1.16	1.17	1.17	1.17	1.17	1.15	1.11	1.04	0.93	0.76	0.52
ANNUAL CASH FLOW		**$44,561**	**$45,591**	**$46,478**	**$47,214**	**$47,792**	**$48,004**	**$42,858**	**$30,938**	**$10,547**	**($20,349)**	**($67,739)**	**($132,902)**
Deferred Developer Fee Balance		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
CUMULATIVE NET CASH FLOW		$44,561	$90,152	$136,630	$183,844	$231,636	$473,127	$700,116	$881,673	$978,959	$943,663	$707,458	$180,755

Asset Management Division

Amendment Request Form

Completed forms and supporting materials can be emailed to asset.management@tdhca.state.tx.us

TYPE OF AMENDMENT REQUESTED

Date Submitted: 11/30/2017 Amendment Requested: *Application Amendment,*

Has the change been implemented? *No* Award Stage: *Carryover (Prior to Construction/10% Test)*

NOTE: *Material Application or LURA Amendment requests must be received **45 days before the Board Meeting**.*

Contact your Asset Manager if you are unsure what type of Amendment to request: https://www.tdhca.state.tx.us/asset-management/contacts.htm

DEVELOPMENT INFORMATION

Dev. Name: Blue Flame File No. / CMTS No.: 17330 /

CONTACT INFORMATION

Request Submitted By: Sarah Anderson Phone #/Email: (512) 554-4721 /

SECTION 1: COVER LETTER

A cover letter ***MUST*** be submitted with your request. Review your cover letter to ensure it includes:

☒ The change(s) requested ☒ The reason the change is necessary ☒ The good cause for the change

☒ An explanation of whether the amendment was reasonably foreseeable or preventable at the time of Application

SECTION 2: REQUIRED DOCUMENTATION

Entering an Amendment conveys to the Department that representations in the Application have changed. You ***MUST*** provide information about any and all changes made from the time of Application (or as last approved by the Department) in your request, including any items that will be impacted by the requested change. Failure to represent or properly document all changes may result in delays, denials, or a request for re-submission. The following is attached:

☒ Revised Development Financing Exhibits – if sources, terms, conditions, or amounts of financing will be impacted or changed by your amendment request, revised Application exhibits and term sheets (or executed Loan documents and LPA, if the loan has closed) must be submitted

☐ Signed Statement of No Financial Impact – if no sources, terms, conditions, or amount of financing will be impacted or changed by your amendment request, the Owner must sign and submit a statement to this effect

☒ Revised Application Exhibits/Documents Reflecting or Supporting All Requested Changes – revised site plans, surveys, Building and Unit Configuration exhibit, etc.

☒ Material Amendment fee of $2,500 for first amendments, $3,000 for second amendments, $3,500 for third or more. (Applicable to Non-Material Amendments only if changes have been implemented prior to Amendment approval) – *N/A for Developments only funded by a Direct Loan program (HOME, NSP, HTF)*

SECTION 3A: MATERIAL APPLICATION AMENDMENT ITEMS

Check all items that have been modified from the original application (see ***Subchapter E, §10.405(a)(3)***):

☐ Site plan ☐ Scope of tenant services ☐ Exclusion of reqs in Subchapters B & C

☒ Number of units* ☐ Reduction of 3%+ in unit sq ft ☐ Other

☐ Bedroom mix ☐ Reduction of 3%+ common area

☐ Architectural design ☐ Residential density (5%+ change)

If "Number of units" is selected above and the total LI units or LI units at any rent or income level will be reduced, also:

☐ Written confirmation from the lender *and* syndicator that the development is infeasible without the adjustment in units

☐ Evidence supporting the need for the adjustment in units

NOTE: **The approved amendment may carry a penalty in accordance with **§10.405(a)(6)(b).***

SECTION 3B: MATERIAL LURA AMENDMENT ITEMS

Check all items that require a material LURA amendment (see Subchapter E, ***§10.405(b)(2)***):

☐ Reductions in the number of LI units ☐ Change in Target Population

☐ Changes to income or rent restrictions ☐ Removal of Non-profit ☐ Other

☐ Change in ROFR period or other ROFR provisions

The following additional items are attached for consideration or will be forthcoming:

☐ Draft Notice of Public Hearing* ☐ Evidence of public hearing*

NOTE: **Draft Notices of Public Hearing must be provided with the Amendment materials 45 days prior to the Board meeting. *The Public Hearing must be held at least 15 business days prior to the Board meeting and evidence in the form of attendance sheets and a summary of comments made must be submitted to TDHCA within 3 days of the hearing.*

SECTION 4A: NON-MATERIAL APPLICATION AMENDMENT SUMMARY

Identify all non-material changes that have been or will be made (Contact your Asset Manager if you are unsure of whether your request is non-material):

Short Summary Regarding Application Changes

☒ Amendment is requesting a change in Developer(s) or Guarantor(s) and Previous Participation forms are attached.

SECTION 4B: NON-MATERIAL LURA AMENDMENT SUMMARY

Identify non-material amendments requested to the LURA:

Short Summary Regarding LURA Changes

SECTION 4C: NOTIFICATION ITEM SUMMARY

Identify any notification items from the time of application:

Short Summary Regarding LURA Changes

November 30, 2017

TDHCA
Multifamily Finance
221 E. 11th Street
Austin, TX 78701

RE; Blue Flame Apartments—TDHCA File No. 17330
Request for Application Amendment

Dear Ms. DeBellas:

On behalf of the Developer, I am submitting this request to obtain the Department's approval for amendments to the Developer's tax credit application for the Blue Flame Apartments (TDHCA File No. 17330), located in El Paso, TX.

Based on a meeting with the Texas Historic Commission (THC), the Developer's Historic Tax Credit Consultant was given direction regarding the need to retain the commercial nature of 16th floor of the building. (See Exhibit A-1 for more details on the proposed work anticipated to receive historic tax credits, both at the state and federal level.) Specifically, that:

> *Public spaces and significant offices are specifically called out in the Standards as spaces that should be retained…The Texas Historical Commission would require that we retain the elevator lobby and all of the corridors on the 16th floor, as well as all doors facing onto the corridors. They would also require that we retain, in whole, the President's corner office as a significant space.*

Additionally, based upon the most pressing needs and revitalization efforts for the downtown area, the City of El Paso is requesting that a minimum of three floors of commercial space be set aside for use by the City.

In order to comply with THC's directive to preserve certain historical components, as well as to meet the City's interest for commercial office use, the Developer is proposing to eliminate the 30 market rate units and re-configure floors 14-16 as leasable space. Floors 2-13 will continue to be dedicated for the 120 tax credits units as originally submitted in the tax credit application.

The Developer believes that the following amendment request will result in a design that more effectively accounts for the development's operation, the building's historic preservation measures, and remains true to the tax credit application.

Threshold 1: Changes to Unit Configuration

Description: Changes to the unit configuration were necessary as referenced above. The 30 market rate units will be eliminated with a re-configured plan of floors 2-13 for residential use (120 tax credit units) and floors 14-16 for commercial use.

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

Threshold 2 Changes to common amenities to better serve the population

Description: This amendment is a result of finalizing interior amenities for the development. The following amenities were added to the Area Plans (Basement and Ground Floor Plans). *See **Exhibit C** (basement and ground floor plans)*. With the elimination of the 30 market rate units, the total number of points required to meet Threshold for Common Amenities was reduced from 18 to 14 points required. The following reflect the revisions made to the common spaces:

- Fitness room was replaced with a Service Coordinator Office
- Theatre room was replaced with a Community Dining with warming kitchen area.
- A business center was added to the common spaces
- A Resident Council office was added to the common spaces.
- A mail room was added to the common ground floor area.

These changes are also in line with a predominately senior based household as indicated in the relocation plan.

Impact: Changes to the common amenities will not have an impact on the development cost.

Threshold 3 Changes to common area square footage

Description: No changes to the common area square footage. *See **Exhibit C**-basement and ground floor plans.*

Impact: No impact on development cost.

Threshold 4 Changes to Development Cost Schedule

Description: The Development Cost Schedule was updated to reflect the elimination of the 30 market rate units. *See **Exhibit D** for updated Development Cost Schedule.*

Impact: Total Development Costs decreased $5,040,595. Due to the recent uncertainty with the proposed tax legislation, the Partnership will be required to purchase the building prior to December 31, 2017. In order to accomplish this, the building will have to be purchased outright, in lieu of a long term lease. This added $2,500,000 of building acquisition costs to the development cost schedule.
The requested credits remain the same. Total qualified basis increased due to increase in applicable percentage.

Threshold 5 Changes to the Rent Schedule

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

Impact: Elimination of 30 Market rate units decreased Effective Gross Annual Income $285,180. The decrease will reduce NOI reducing Permanent Loan Amount. Total Net Rentable Square Feet for Tax Credit units increase slightly (from 84,140 sq. ft. to 84,368 sq. ft.) due to reconfiguring 120 units on twelve floors instead of fifteen. Percentage of units at 30%, 50% and 60% remains unchanged.

Threshold 6 Changes to Utility Allowances

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

Impact: No impact to the utility allowances.

Threshold 7 Changes to Operating Schedule

Description: The operating schedule was updated per the amended unit configuration and elimination of the market rate units. *See **Exhibit F** for the updated Operating Schedule.*

Impact: Reducing operating expenses for the 30 market rate units increased operating expense per unit from $4,700 per unit to $4,912 per unit. With lower permanent debt service, property is able to maintain the same 1.16 DCR as original application.

Threshold 8 Pro forma

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

Impact: 15 year operating pro-forma supports operating expenses at or above 1.15DCR through year 15.

Threshold 9 Sources and Uses

Description: Due to reduced total development costs, Sources and Uses is updated to reflect decrease in permanent loan amount needed ($7,850,000 to $5,161,576) and decrease in State/Federal Historic Tax credit equity ($8,665,591 to $6,493,034). *See **Exhibit H** for the updated Sources and Uses schedule.*

Impact: There is no change to LIHTC Credit Equity.

Threshold 10 Parking Requirements

Description: Under the El Paso Municipal Code, 20.14.050-Parking Requirements and Standards, parking regulations shall not apply to properties in Boundaries of Improvement District No. 3 shall also include all property designated under the Downtown 2015 Plan. The Blue Flame development is within the boundaries of the revitalization efforts of the Downtown 2015 Plan-originally identified at tax credit application. Based on the exemption per local code, the Developer has committed to delivering 1 parking space for every unit, totaling 120 parking spaces available at no charge to the tenants.

Impact: The Building Configuration Schedule included under **Exhibit B** has been updated to reflect the 120 parking spaces to be provided. A parking agreement was originally engaged at tax credit application. No impact on development cost.

Threshold 11 Changes to Owner/ Developer/ Guarantor Structure

Description: Because of the volume of developments that HACEP has in the pipelines, both HACEP and the development investors believe it would be in the best interest for all parties to add an Owner/ Developer/ Guarantor to the organizational structure. *See **Exhibit I** for the updated Organizational Charts.*

Impact: The organization charts have been amended. New organizational charts (Owners/ Developer/ Guarantor) and previous participation information is included as part of Exhibit H. None of the individuals or entities being added participated in the 2017 HTC round, so there are no $3M cap issues. Additionally, an EARAC review for the proposed Franklin entities was conducted on August 28, 2017. The committee approved the compliance history of the Franklin entities with no conditions.

The above mentioned changes are necessary for the development to be able to qualify for both State and federal tax credits which are crucial to the financial viability of the development. We believe that these changes were not reasonably foreseeable or preventable at the time of Application, as the review by THC could not be undertaken until the development was awarded tax credits and was prepared to proceed, and the City has only recently made the request for commercial space from the Developer.

While we are requesting a change in the total number of units, we are not impacting the number of affordable units, thus request that there be no penalty with regard to Section 10.405(a)(6)(b).

The Developer respectfully requests to TDHCA's approval to amend its tax credit application by accepting the above requests.

A check in the amount of $2,500.00 is enclosed for the payment of the amendment fee. Please do not hesitate to contact me should you need any additional information. Thank you for your time and attention to this matter.

Sincerely,

Sarah Anderson

Sarah Anderson
S. Anderson Consulting
512-554-4721
sarah@sarahandersonconsulting.com

ANN BENSON MCGLONE, LLC
PRESERVATION ■ ARCHITECTURE ■ URBAN DESIGN

November 15, 2017

Ryan G. Wilson
Executive Vice President, Development
Franklin Companies
21260 Gathering Oak, Ste 101
San Antonio, Tx 78260

Re: El Paso Natural Gas Company (Blue Flame) Building
Historic Tax Credits

Dear Ryan,

On Friday, November 10, I met with Valerie Magolan, Historic Tax Credit Specialist, with the Texas Historical Commission. I was accompanied by Beverly Baldwin of Alamo Architects and William Helm of InSitu Architects. We reviewed the proposed work at the Blue Flame Building with Valerie to get a better understanding of potential issues that might arise in our quest to obtain historic tax credits at both the state and federal level.

In general, it was a very positive meeting and the project was well received. However, I wanted to bring to your attention one issue that came up that has a direct effect on the project. In Valerie's opinion the 16th floor, which was the executive office level, will need to remain somewhat intact for the project to meet the Secretary of Interior's Standards. Public spaces and significant offices are specifically called out in the Standards as spaces that should be retained. This is very consistent with other Tax Credit projects I have been involved in.

The Texas Historical Commission would require that we retain the elevator lobby and all of the corridors on the 16th floor, as well as all doors facing onto the corridors. They would also require that we retain, in whole, the President's corner office as a significant space.

Texas Historical Commission will not offer a formal written review until we submit a formal application. In my experience though, I have found that these early meetings with THC are very useful and the THC staff are consistent in their analysis and advice. I am attaching the Meeting Minutes from our meeting that document the conversation.

Please let me know if we need to discuss further.

Sincerely,

Ann Benson McGlone

Ann McGlone, AIA
Principal

732 Patterson Avenue San Antonio, Texas 78209 tel 210.219.3648
ann@annbensonmcglone.com www.annbensonmcglone.com

MEETING MINUTES

Date/Time: **November 10, 2017; 10:30 a.m.**

Project: **Blue Flame Building**
Alamo Architects Job No. 2017-60

Location: **Alamo conference room**

Attendees:

Valerie Magolan	Texas Historical Commission
Ann McGlone	Ann Benson McGlone, LLC
Beverly Baldwin	Alamo Architects
William Helm	In-Situ Architects

Subject: **Review of Project Scope to obtain historic tax credits from the Texas Historical Commission**

1. Project Information
   a. 18 story high rise office building constructed in 1954 in El Paso, Texas. Building is listed on the National Register (NPS #355-84).
   b. Proposed use is low income residential units with some possible office floors as well as some amenities and future retail on the ground floor.
2. Timeline
   a. Under the current law, a phased project must complete within 60 months, single phase is 24 months.
   b. Under the new proposed House Bill, work must begin within 180 days of bill being passed which cuts federal tax credits. The Senate bill does not have the same requirement.
   c. Under new proposed House Bill, ownership would have to be in place by 12/31/17.
3. Exterior
   a. Storefront – Storefront can be modified to reflect the original configuration.
   b. Exterior materials – Proposed to be repaired and cleaned only.
   c. Canopy – Proposed to be repaired/replaced.
   d. Flame – Proposed to be repaired.
   e. Windows – Proposed to remain in place and sealed.
   f. Ext. Doors – Proposed to add doors within existing storefront configuration.
4. Core
   a. Elevators – Pending code compliance, elevator finishes should be retained.
   b. Stairs – Stairs should be brought into code compliance and retain as much historic character as possible.
5. Mechanical equipment – All existing mechanical proposed to be removed.
6. Basement – Finished spaces preferred. If existing space is not finished, not required to add finishes.
7. Ground floor –
   a. Retain lobby finishes and configuration.
   b. Side exit circulation paths should remain in place, but finishes are not critical.
   c. Future retail should be finished spaces.
8. Typical office floor
   a. Retain the configuration and finishes in elevator lobbies and "wings". The end of the wings appear to have been modified and are not critical to maintain.
   b. Corrugated glass should be retained where it currently exists.

9. 5th floor
    a. Historically a special use floor, no remnants of special use remain.
    b. No requirement to restore special use.
10. 16th floor
    a. Preferred historic components to be retained
        i. Circulation path (main hallway)
        ii. Doors along main hallway
        iii. Primary spaces (President's office)
        iv. Elevator lobby
    b. Areas/components not required to be retained
        i. Bathrooms
        ii. Non-primary offices
    c. Follow up approval – Plan should be provided in the THC application representing:
        i. Floor plan treated differently than other floors.
        ii. Historic components to be retained
11. Demolition – A general agreement was established that demolition could begin on all floors except for the 16th.

-End of Mtg. Minutes –

This summarizes the discussions and decisions made at the meeting. Any modifications or additions to the minutes should be forwarded in writing to this office within five (5) working days of their receipt.

Report By: Beverly Baldwin, submitted

Distribution: All attendees

Exhibit J

City Manager's Office

February 8, 2018

Gerald Cichon
Chief Executive Officer
Housing Authority of the City of El Paso
5300 E. Paisano Drive
El Paso, Texas 79905

Re: Blue Flame Office Space

Dear Mr. Cichon,

We want to congratulate HACEP on receiving an award of tax credits to rehabilitate the historic Blue Flame Building in downtown El Paso. The Blue Flame Building holds a special place in El Paso history and we continue to support an activity that will help revitalize the downtown area.

We realize that the approval process was complex and the ability to move forward with tax credits is a huge step in the process. Now that this project seems feasible with the award, we would very much like the opportunity to discuss the possibility of leasing office space for City use. We feel having a City presence in this building will be both beneficial to the City as well as the historical nature of the Blue Flame Building. We understand that the conversion of market rate units will be required to make this change, but believe that it will be in the best interest of the Downtown El Paso area.

Our interest level is possibly occupying all four floors for our office use at prices that are commensurate with the market. Please let us know if there is opportunity to discuss this exciting opportunity.

Sincerely,

Col (Ret) Cary S. Westin
Deputy City Manager
City Manager's Office

Cary Westin – Deputy City Manager of Economic Development & Tourism
City # 1 | 300 N. Campbell | El Paso, Texas 79901 | (915) 212-1063

BLUE FLAME

UPDATED 11-21-2017

CURRENT TOTAL / AVG.

	UNIT NAME	UNIT TYPE	NO. OF UNITS	% OF UNIT COUNT	% BY BDRM. TYPE	BED / UNIT	NO. OF BEDS	% OF BED COUNT	BATH / UNIT	NO. OF BATH	% OF BATH COUNT	SQ.FT.	TOTAL SQ. FT.	NOTES
	E	0 Bd / 1 Ba	2	2%	3%	0	0	0.0%	1	2	1.7%	705	1,410	
	F	0 Bd / 1 Ba	2	2%		0	0	0.0%	1	2	1.7%	789	1,578	
	A (formerly H)	1 Bd / 1 Ba	13	11%	97%	1	13	11.2%	1	13	10.8%	781	10,153	
	B	1 Bd / 1 Ba	30	25%		1	30	25.9%	1	30	25.0%	750	22,500	
	C	1 Bd / 1 Ba	30	25%		1	30	25.9%	1	30	25.0%	668	20,040	
	D	1 Bd / 1 Ba	30	25%		1	30	25.9%	1	30	25.0%	657	19,710	
	G	1 Bd / 1 Ba	13	11%		1	13	11.2%	1	13	10.8%	673	8,749	
TOTAL / AVG.			**120**	**100%**	**100%**		**116**	**100.0%**		**120**	**100%**		**84,140**	

NEW TOTAL / AVG.

	UNIT NAME	UNIT TYPE	NO. OF UNITS	% OF UNIT COUNT	% BY BDRM. TYPE	BED / UNIT	NO. OF BEDS	% OF BED COUNT	BATH / UNIT	NO. OF BATH	% OF BATH COUNT	SQ.FT.	TOTAL SQ. FT.	NOTES
	E	0 Bd / 1 Ba	2	2%	3%	0	0	0.0%	1	2	1.7%	705	1,410	228 SF MORE THAN ORIGINAL = **.27%** SQUARE FOOT INCREASE
	F	0 Bd / 1 Ba	2	2%		0	0	0.0%	1	2	1.7%	789	1,578	
	A (formerly H)	1 Bd / 1 Ba	**8**	7%	97%	1	8	6.9%	1	8	6.7%	781	6,248	
	A1 - ALT	1 Bd / 1 Ba	**12**	10%		1	12	10.3%	1	12	10.0%	781	9,372	
	B	1 Bd / 1 Ba	**24**	20%		1	24	20.7%	1	24	20.0%	750	18,000	
	C	1 Bd / 1 Ba	**24**	20%		1	24	20.7%	1	24	20.0%	668	16,032	
	D	1 Bd / 1 Ba	**36**	30%		1	36	31.0%	1	36	30.0%	657	23,652	
	G	1 Bd / 1 Ba	**12**	10%		1	12	10.3%	1	12	10.0%	673	8,076	
TOTAL / AVG.			**120**	**100%**	**100%**		**116**	**100.0%**		**120**	**100%**		**84,368**	

SPECIFICATIONS AND BUILDING/UNIT TYPE CONFIGURATION

Unit types should be entered from smallest to largest based on "# of Bedrooms" and "Sq. Ft. Per Unit." "Unit Label" should correspond to the unit label or name used on the unit floor plan. "Building Label" should conform to the building label or name on the building floor plan. The total number of units per unit type and totals for "Total # of Units" and "Total Sq Ft. for Unit Type" should match the rent schedule and site plan. If additional building types are needed, they are available by un-hiding columns Q through AA, and rows 51 through 79.

Specifications and Amenities (check all that apply)

Building Configuration (Check all that apply):	[ ] Single Family Construction	[ ] SRO	[ ] Transitional (per §42(i)(3)(B))	[ ] Duplex
	[ ] Scattered Site	[ ] Fourplex	[X] > 4 Units Per Building	[ ] Townhome
Development will have:	X Fire Sprinklers	X Elevators	4 # of Elevators	3000 Wt. Capacity

Number of Parking Spaces(consistent with Architectural Drawings):

Free	Paid		Free	Paid	
		Shed or Flat Roof Carport Spaces			Detached Garage Spaces
		Attached Garage Spaces			Uncovered Spaces
120		Structured Parking Garage Spaces			

Floor Composition/Wall Height:

85	% Carpet/Vinyl/Resilient Flooring	8 and 9	Ceiling Height
15	% Ceramic Tile		Upper Floor(s) Ceiling Height (Townhome Only)
	% Other	*Describe:*	

											Total # of Residential Buildings
Building Label	BFB										
Number of Stories	17										
Number of Buildings	1										1

Unit Label	# of Bed-rooms	# of Baths	Sq. Ft. Per Unit	Number of Units Per Building										Total # of Units	Total Sq Ft for Unit Type
B	1	1	750	24										24	18,000
C	1	1	668	24										24	16,032
D	1	1	657	36										36	23,652
E	0	1	705	2										2	1,410
F	0	1	789	2										2	1,578
G	1	1	673	12										12	8,076
A	1	1	781	8										8	6,248
A1	1	1	781	12										12	9,372
														-	-
														-	-
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Totals				120	-	-	-	-	-	-	-	-	-	120	84,368

Net Rentable Square Footage from Rent Schedule 84,368

Supportive Housing Applicants Only

Enter the total development common area from the architect's plans:

Ensure that this number matches your architectural drawings.

The additional square footage allowed for Supportive Housing per 11.9(e)(2) is: 6,000

The lesser of these two numbers added to NRA: 84,368

Use this number to figure points under 11.9(e)(2)

Blue Flame

EP BLUE FLAME, LP.

120 N. Stanton Street, El Paso, Texas

DATE: 11.22.2017

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SHEET INDEX

GENERAL

ARCHITECTURE

LOCATION MAP

PROJECT LOCATION

DISTANCE FROM MAIN ENTRANCE TO PARKING = **316' +-**

PARKING GARAGE
120 PARKING SPACES AVAILABLE
(PARKING MEETS ZONING REQUIREMENTS)

TOTAL HANDICAPPED ACCESSIBLE SPACES REQUIRED FOR UFAS & FHA
= 6 SPACES

NOT IN FLOOD ZONE

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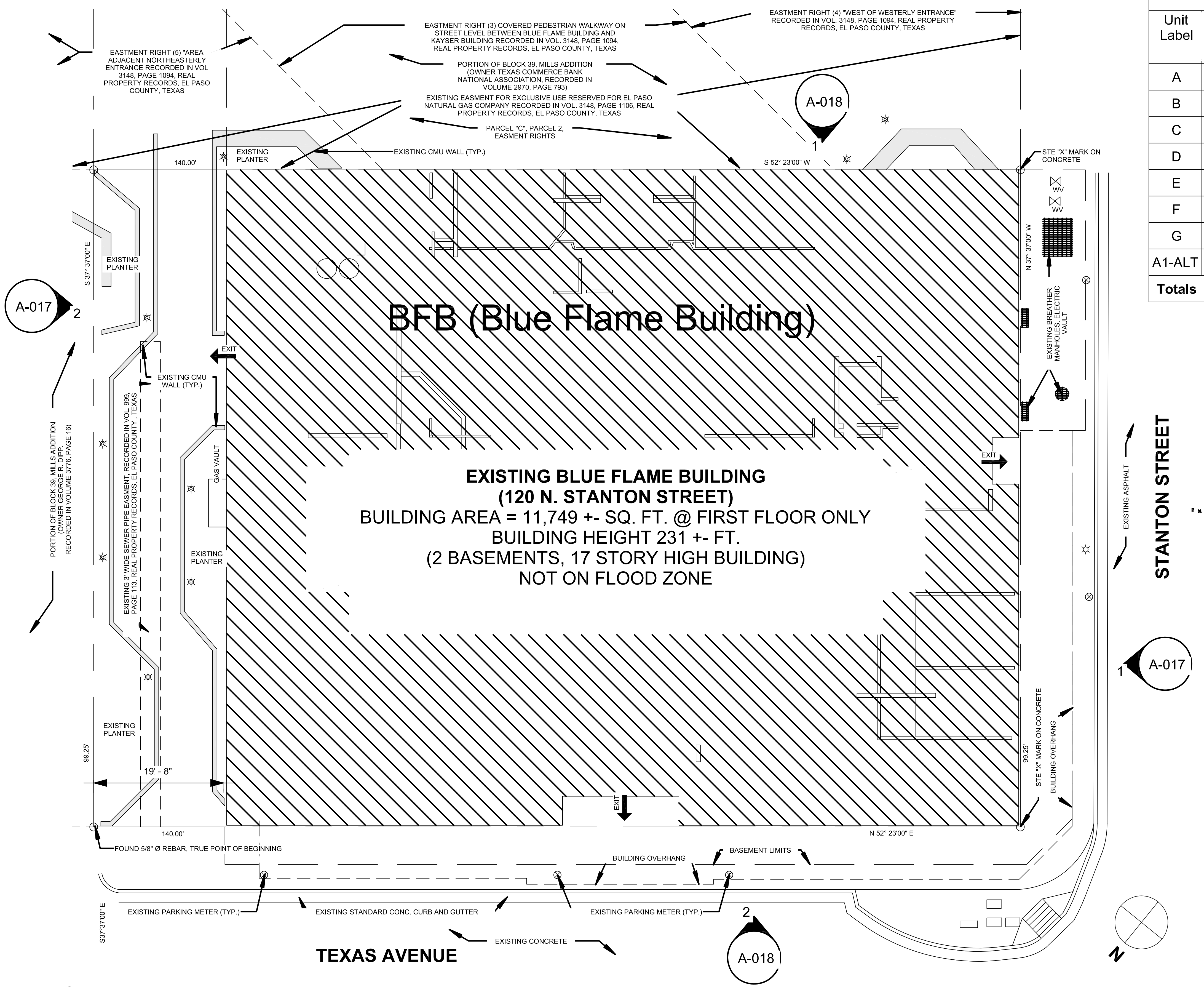
A-000



1 Site Plan
1/16" = 1'-0"

BFB Unit Type Matrix					
Unit Label	# of Bed-rooms	# of Baths	Sq. Ft. Per Unit	Total # of Units	Total Sq. Ft. for Unit Type
A	1	1	781	8	6,248
B	1	1	750	24	18,000
C	1	1	668	24	16,032
D	1	1	657	36	23,652
E	0	1	705	2	1,410
F	0	1	789	2	1,578
G	1	1	673	12	8,076
A1-ALT	1	1	781	12	9,372
Totals				120	84,368

ACCESSIBLE Unit Matrix				
Unit Label	# of Bed-rooms	# of Baths	ADA	SIGHT & HEARING
A	1	1		FLR.12
B	1	1	FLR.2, FLR.13	
C	1	1	FLR.9	FLR.8
D	1	1	FLR.6	FLR.4
E	0	1		FLR.2
F	0	1	FLR.5	
G	1	1	FLR.10	
A1-ALT	1	1	FLR.11	
Totals			7	4

TOTAL FULLY ACCESSIBLE HANDICAP AS REQUIRED
5% OF 120 = 7 UNITS

TOTAL SIGHT AND HEARING IMPAIRED UNITS PROVIDED
2% OF 120 = 4 UNITS

***ACCESSIBLE UNITS TO BE DISTRIBUTED EVENLY THROUGHOUT RESIDENTIAL FLOORS. SEE AREA PLAN SHEETS.**

SITE ACREAGE
.32 ACRE

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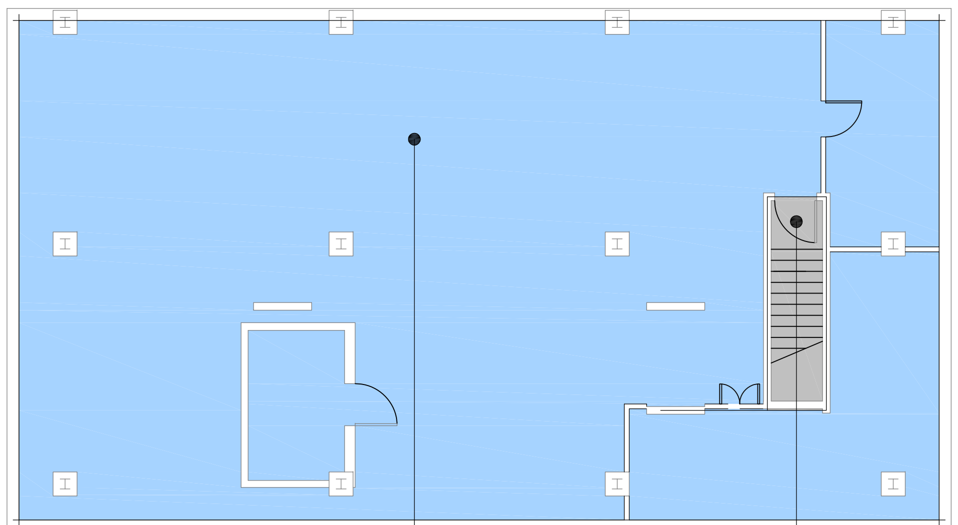
Site Plan

A-001

Building Area

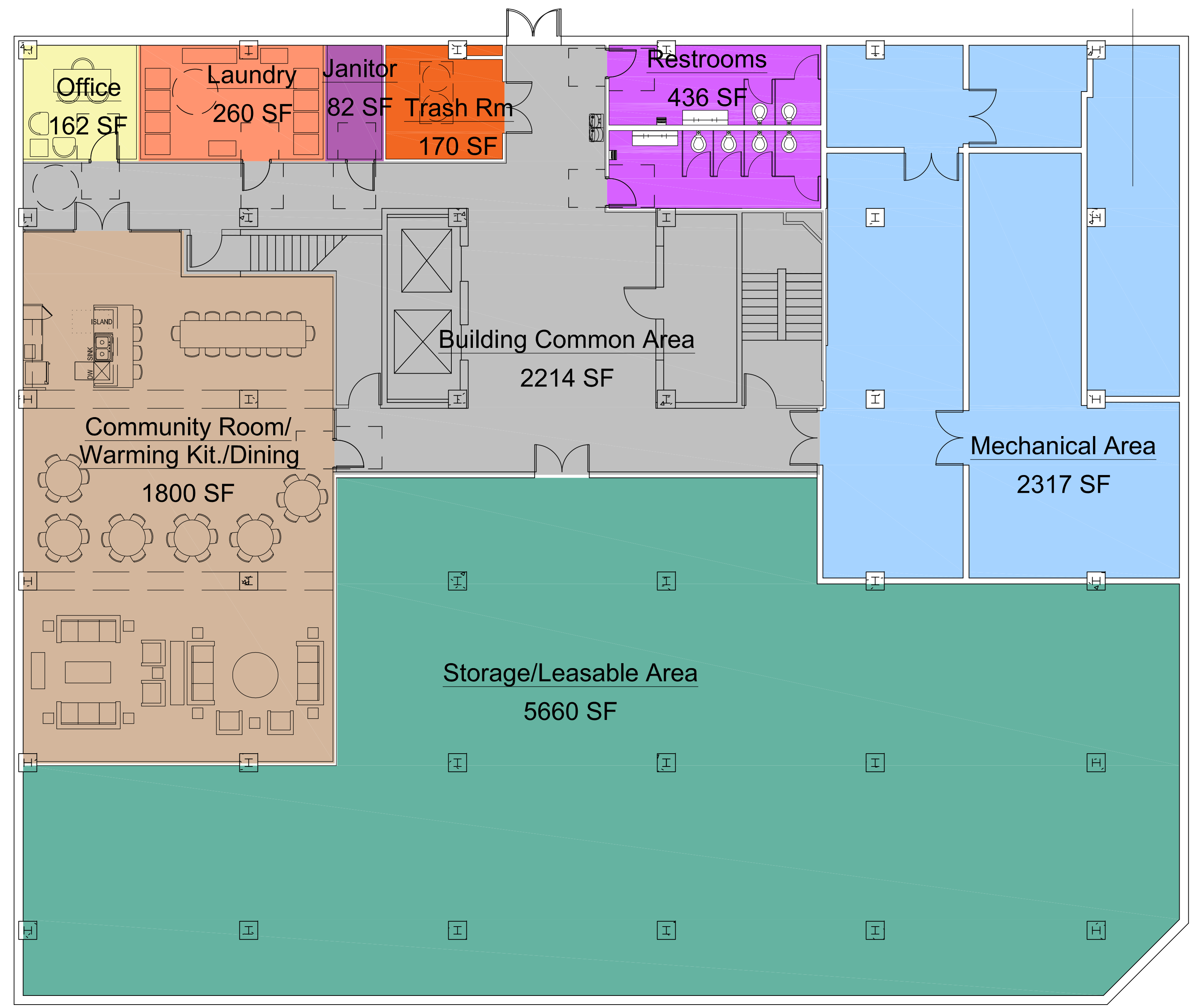
- Building Common Area
- Building Maintenance Area



1 Sub-Basement Area Plan
1/16" = 1'-0"

Building Area

- Building Common Area
- Community Room/Warming Kit./Dining
- Laundry
- Mechanical Area
- Restrooms
- Storage/Leasable Area
- Trash Rm
- Office
- Janitor



2 Basement Area Plan
1/16" = 1'-0"

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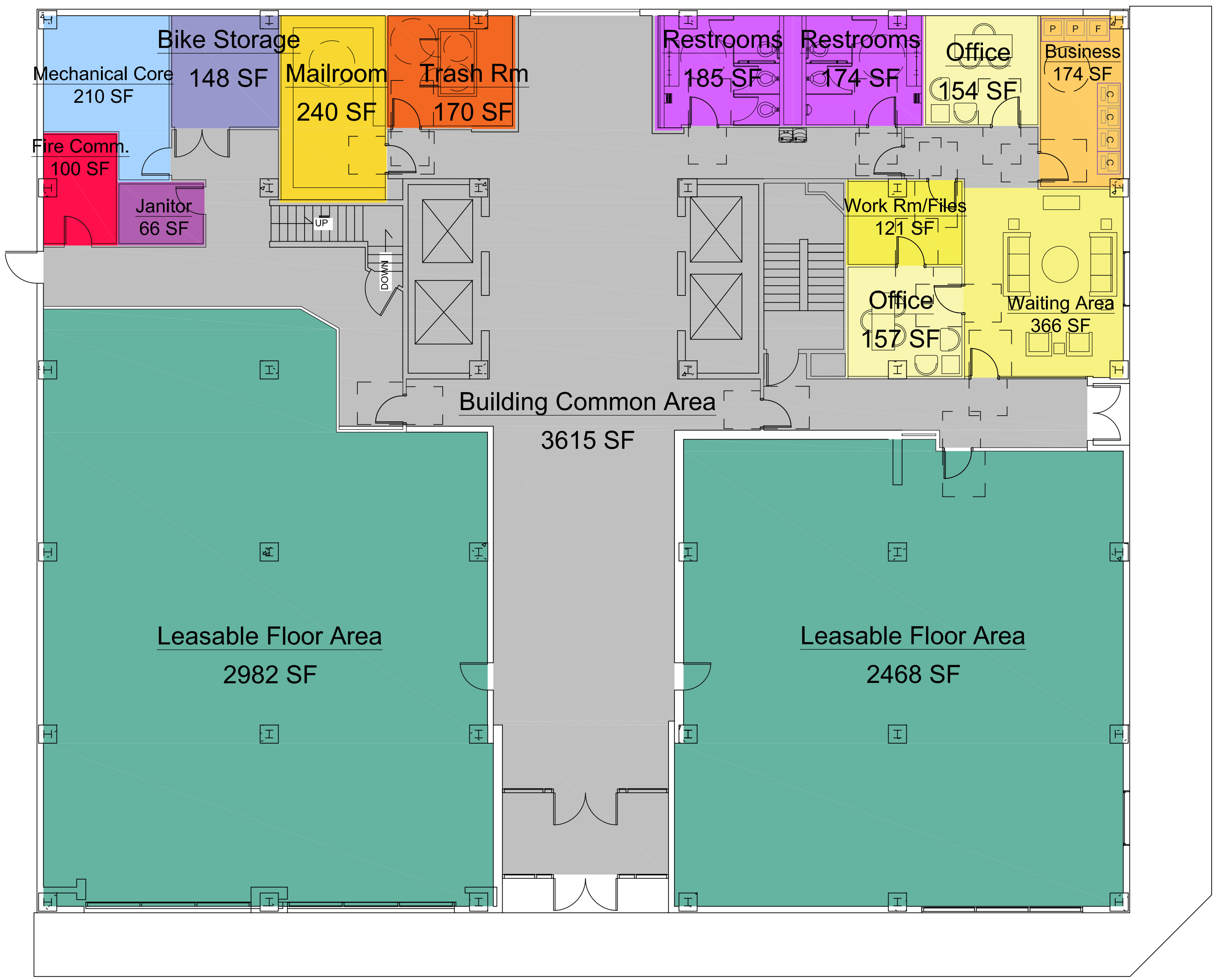
Area Plans - Basements

A-002



1 Area Plan - Ground Floor
1/16" = 1'-0"

Building Area

- Bike Storage
- Building Common Area
- Fire Comm.
- Janitor
- Leasable Floor Area
- Mechanical Core
- Office
- Work Room/Files
- Business Center
- Waiting Area
- Mail Room
- Restrooms
- Trash Rm

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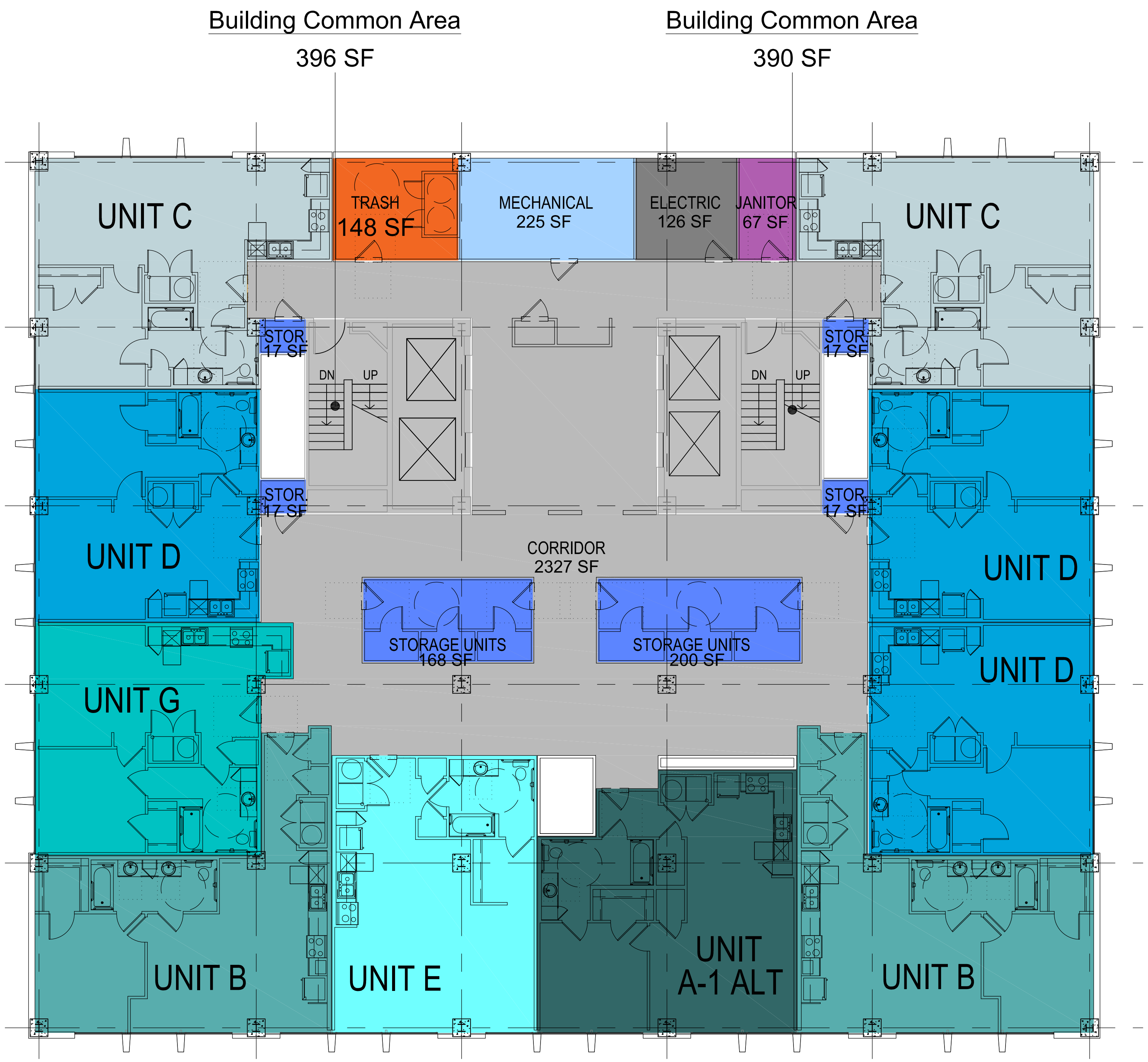
Area Plan - Ground Floor

A-003



1 Area Plan - Floors 2-3 (Typical)
1/16" = 1'-0"

Building Area

- Building Common Area
- Corridor
- Elec. Rm
- Mechanical Core
- Storage
- Trash Rm
- Unit Type A-1 ALT
- Unit Type B
- Unit Type C
- Unit Type D
- Unit Type E
- Unit Type G
- Janitor

FLOORS 2 AND 3:

(10) TOTAL UNITS PER FLOOR

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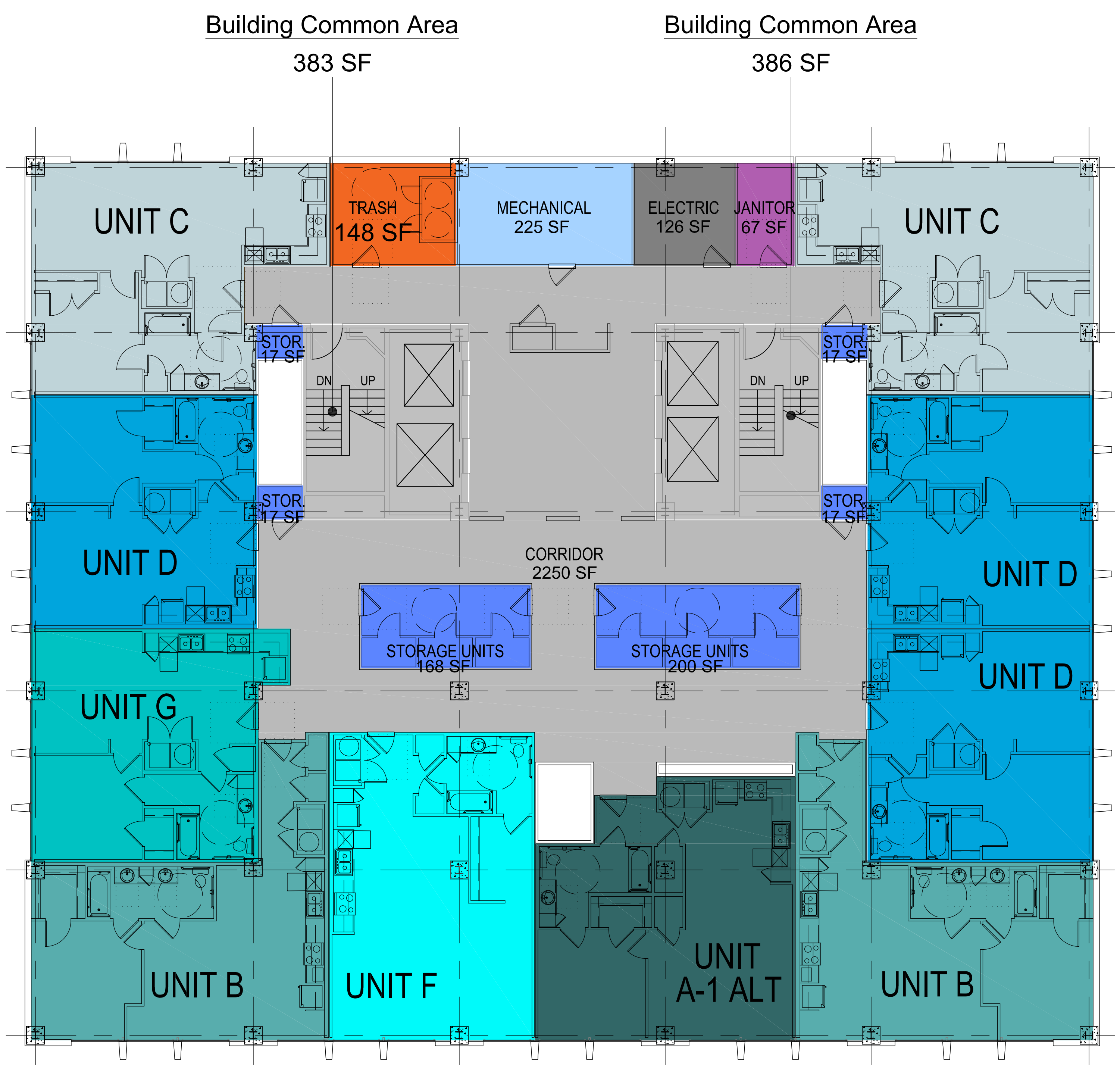
Area Plan - Floors 2-3

A-004



Building Area

	Building Common Area
	Corridor
	Elec. Rm
	Mechanical Core
	Storage
	Trash Rm
	Unit Type A-1 ALT
	Unit Type B
	Unit Type C
	Unit Type D
	Unit Type F
	Unit Type G
	Janitor

FLOORS 4 AND 5:

(10) TOTAL UNITS PER FLOOR

1 Area Plan - Floors 4-5 (Typical)
1/16" = 1'-0"

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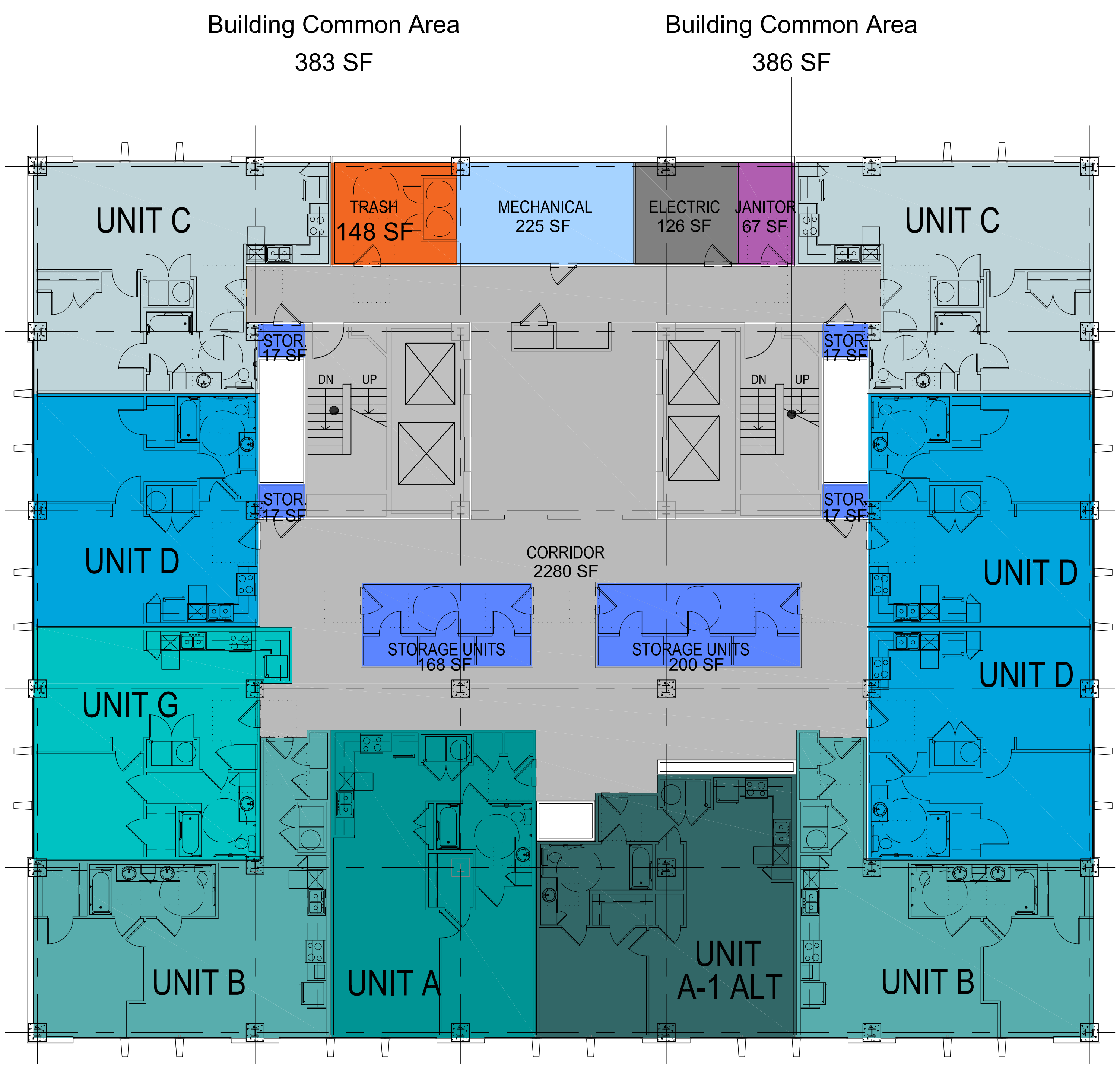
Area Plan - Floors 4-5

A-005



Building Area

- Building Common Area
- Corridor
- Elec. Rm
- Mechanical Core
- Storage
- Trash Rm
- Unit Type A
- Unit Type A-1 ALT
- Unit Type B
- Unit Type C
- Unit Type D
- Unit Type G
- Janitor

FLOORS 6 THROUGH 13:

(10) TOTAL UNITS PER FLOOR

1 Area Plan - Floors 6-13 (Typical)
1/16" = 1'-0"

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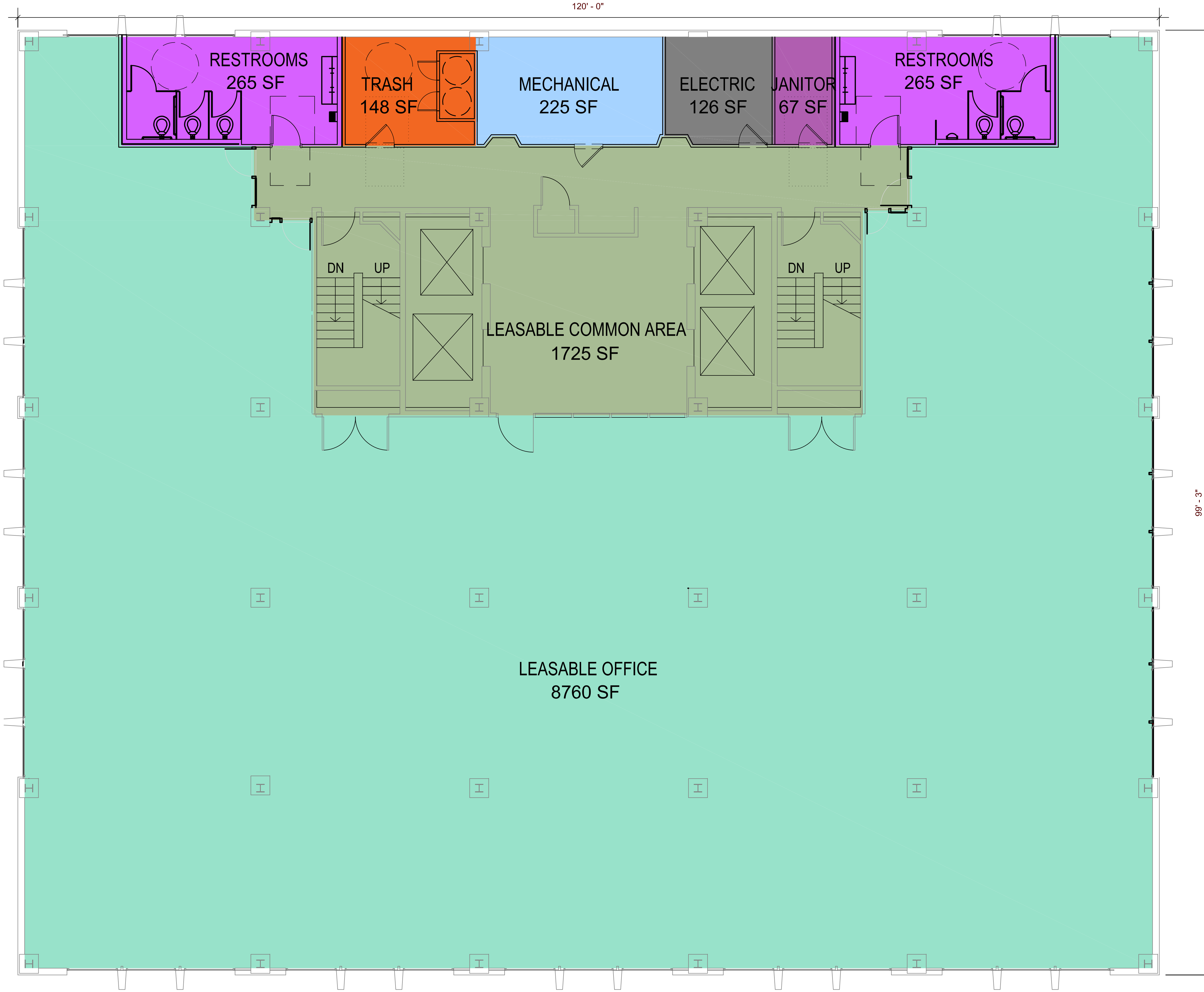
Area Plan - Floors 6-13

A-006



1 Area Plan 14-15 (Typical)
3/32" = 1'-0"

Building Area

- Leasable Common Area
- Leasable
- Elec. Rm
- Mechanical Core
- Trash Rm
- Janitor
- Restrooms

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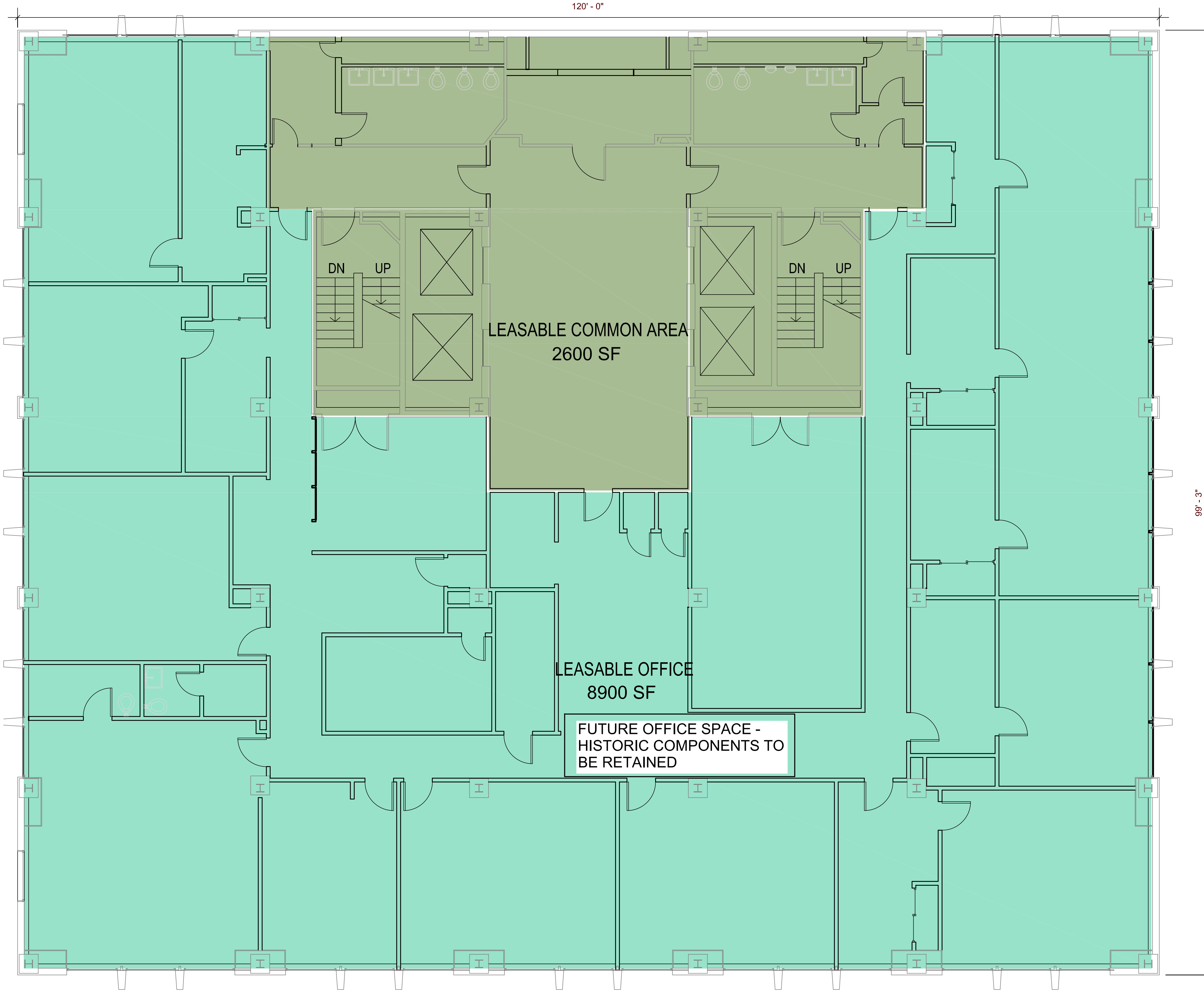
Area Plan - Floors 14-15

A-007

1 Area Plan - Floor 16
3/32" = 1'-0"



Building Area

- Leasable Common Area
- Leasable

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Area Plan - Floor 16

A-008

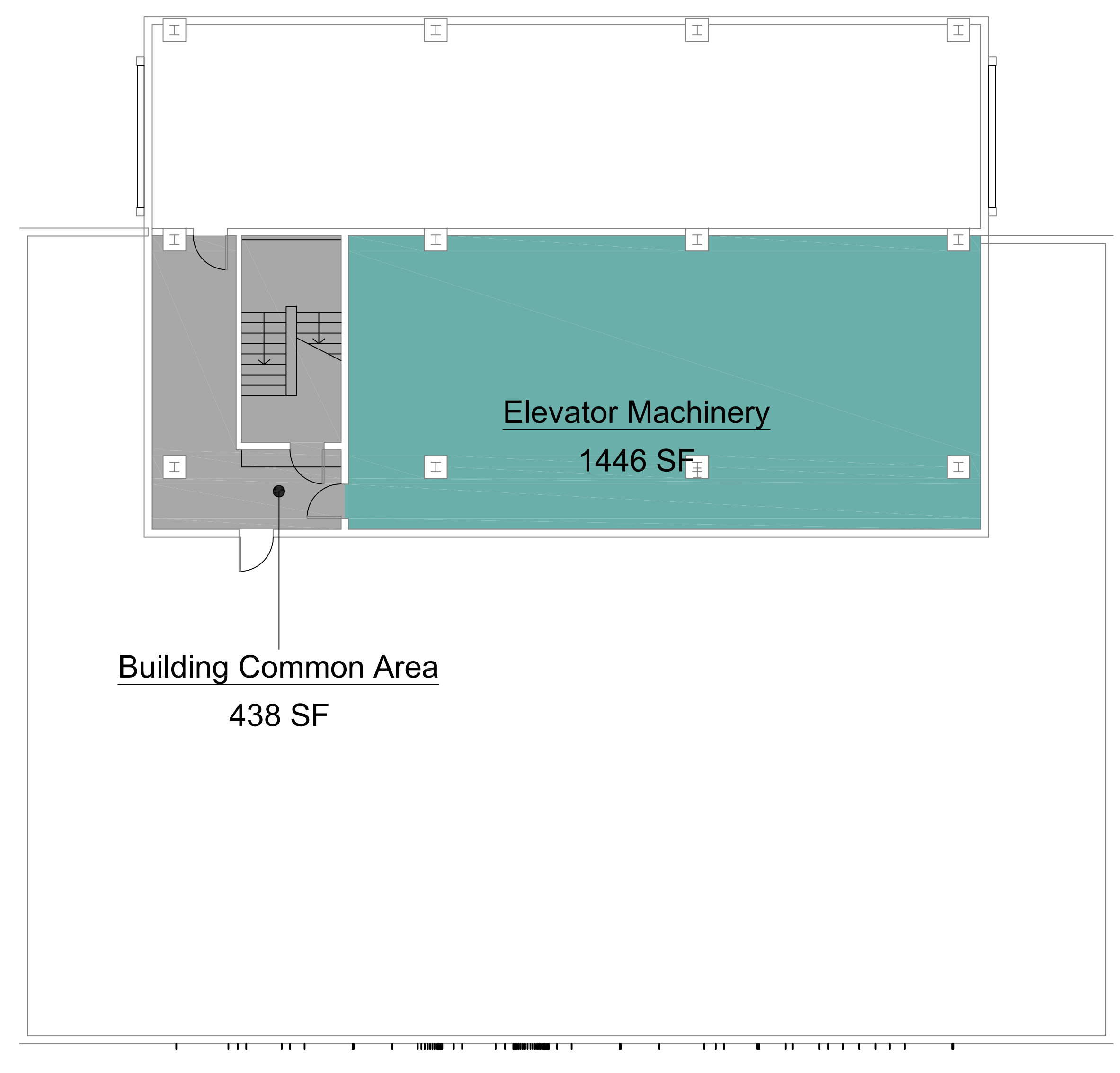
Building Area

- Leasable Common Area
- Leasable Floor Area
- Mechanical Area
- Restrooms
- Trash Rm

1 17th Floor Area Plan
1/16" = 1'-0"

Building Area

- Building Common Area
- Elevator Machinery



2 18th Floor Area Plan
1/16" = 1'-0"

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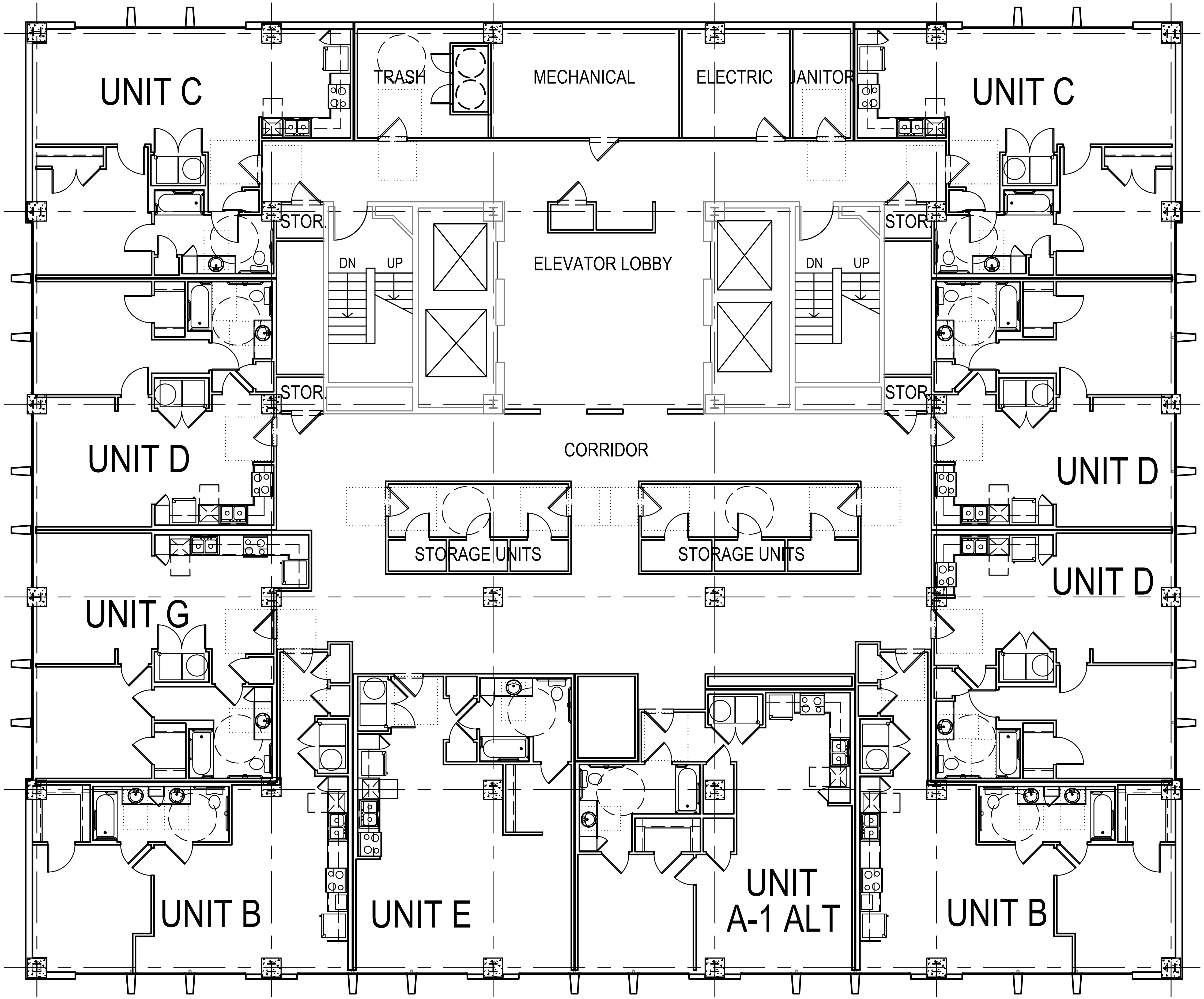
Area Plans - Floors 17-18

A-009



1 Typical Unit Floors 2-3 (Typical)
3/32" = 1'-0"

REFER TO ELEVATIONS FOR
FLOOR TO FLOOR HEIGHTS

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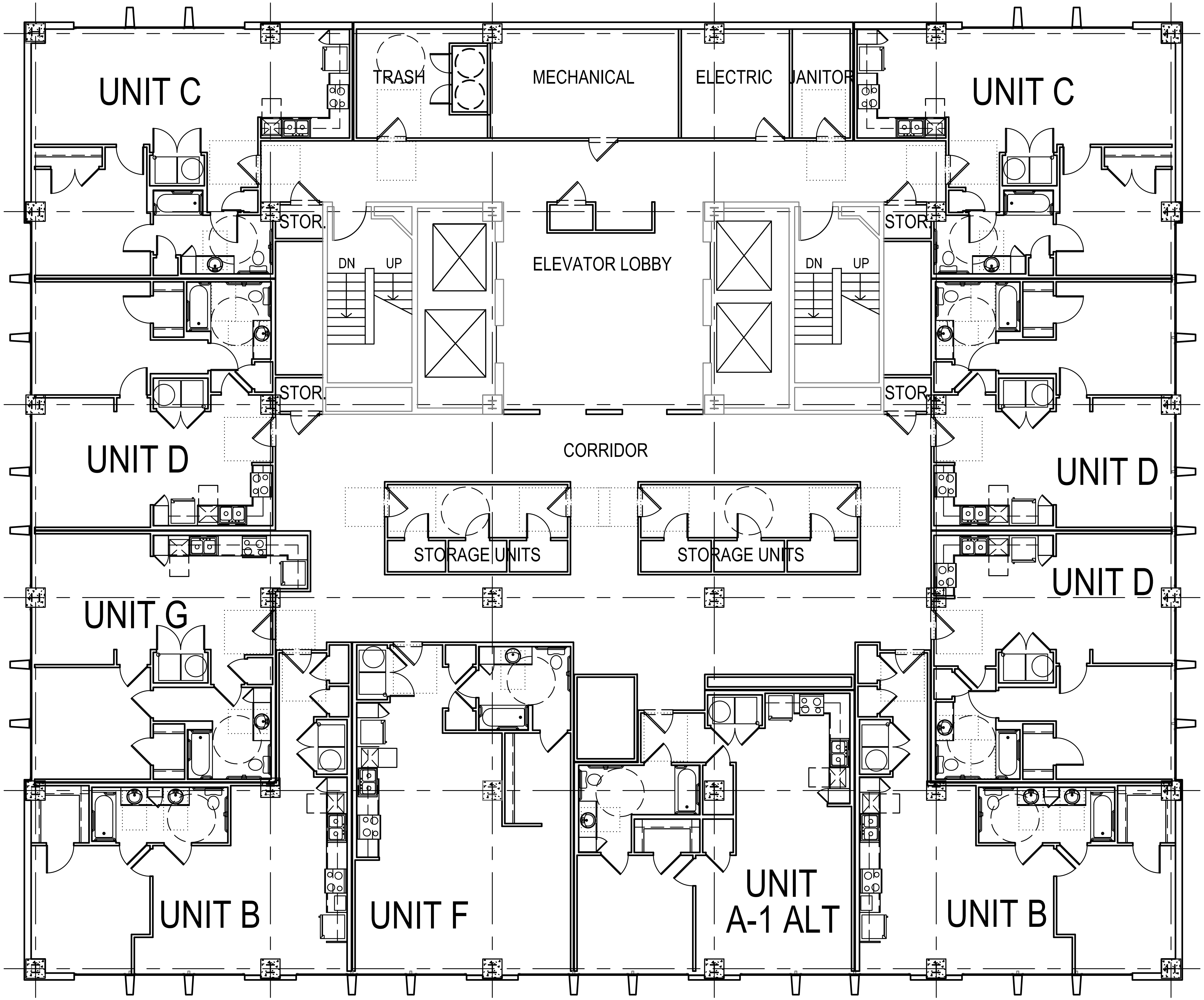
Typical Unit
Floors (2-3)

A-010



1 Typical Unit Floors 4-5 (Typical)
3/32" = 1'-0"

REFER TO ELEVATIONS FOR FLOOR TO FLOOR HEIGHTS

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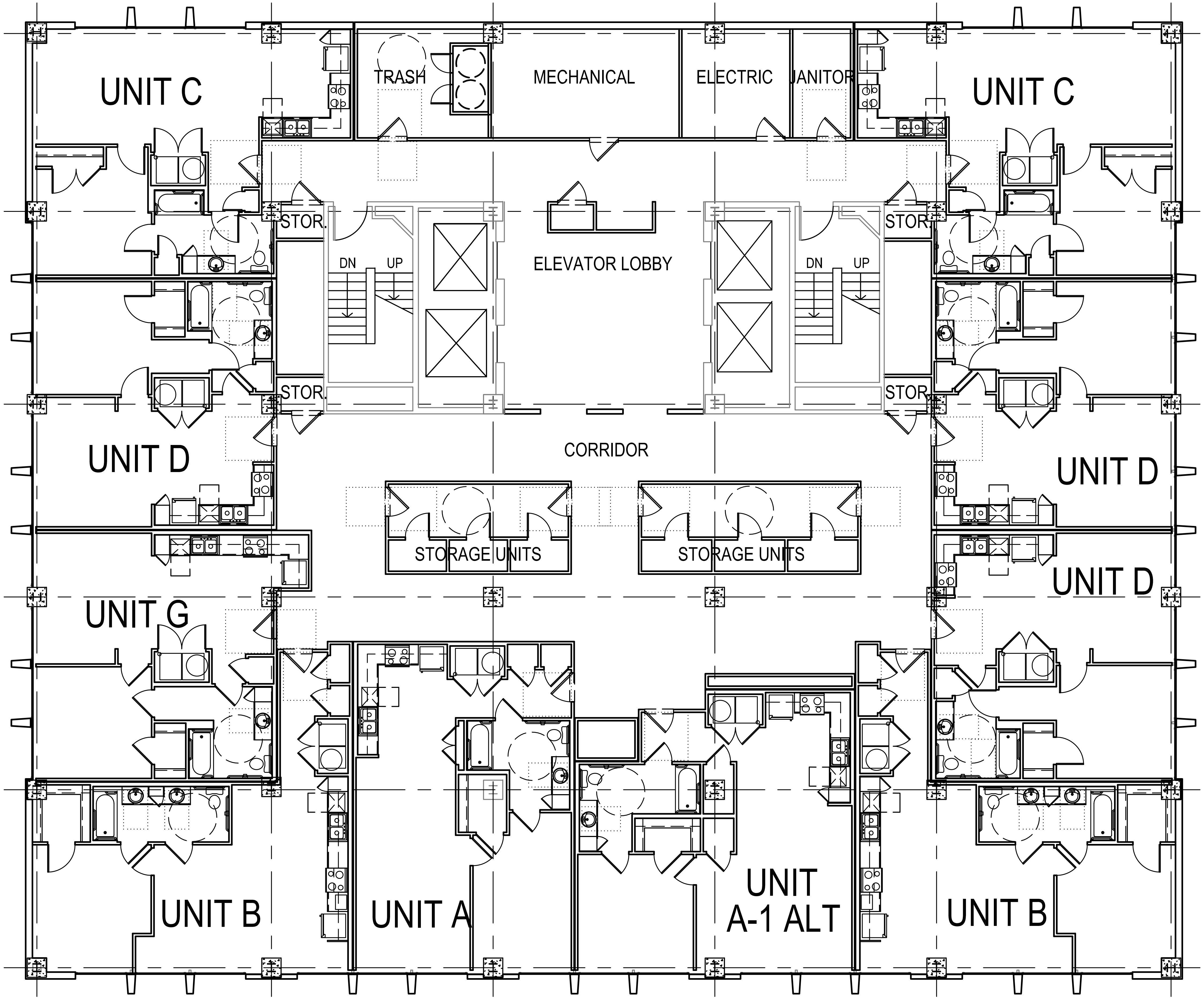
Typical Unit Floors (4-5)

A-011

11/14/2017 4:58:44 PM

1 Area Plan - Floors 6-13 (Typical)
3/32" = 1'-0"

REFER TO ELEVATIONS FOR FLOOR TO FLOOR HEIGHTS



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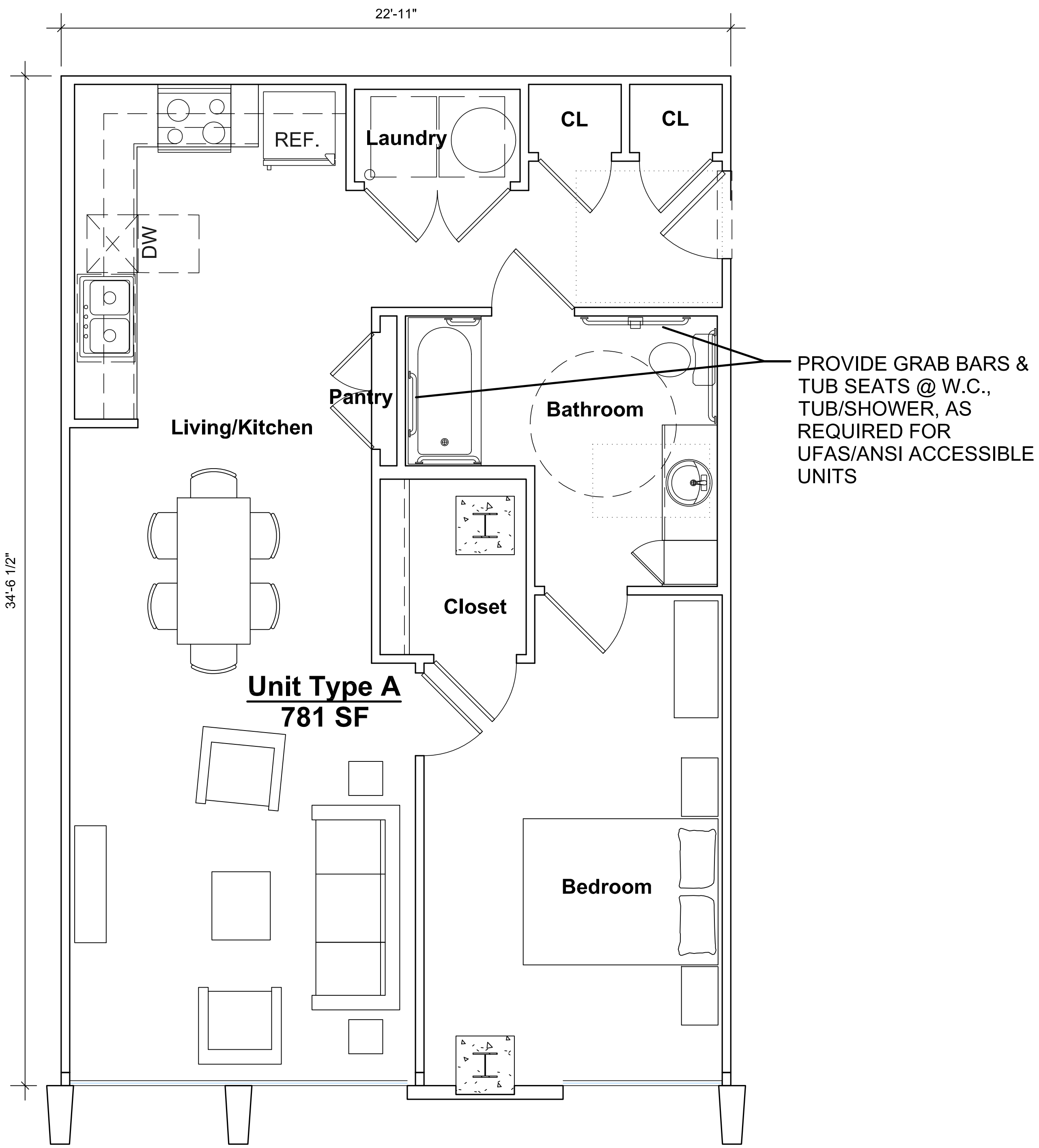
Area Plan - Floors 6-13

A-012

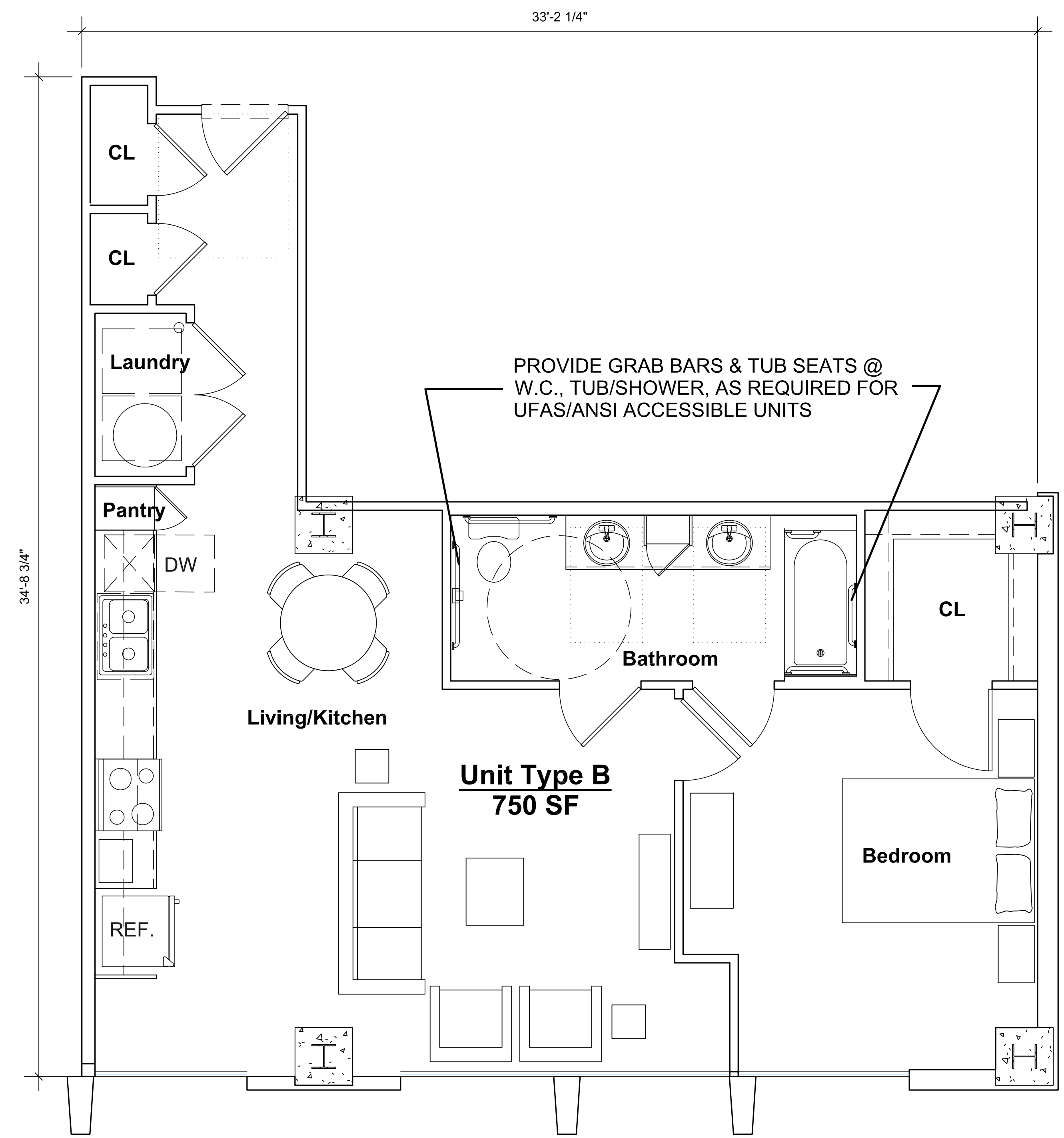
NOTE: ACCESSIBILITY NOTES REFER TO FULLY ACCESSIBLE UNITS.
ALL UNITS ARE TO BE FAIR HOUSING COMPLIANT.

REFER TO ELEVATIONS FOR FLOOR TO FLOOR HEIGHTS

REVISED 11.21.2017



① UNIT TYPE A
3/16" = 1'-0"



② UNIT TYPE B (+REVERSE)
3/16" = 1'-0"

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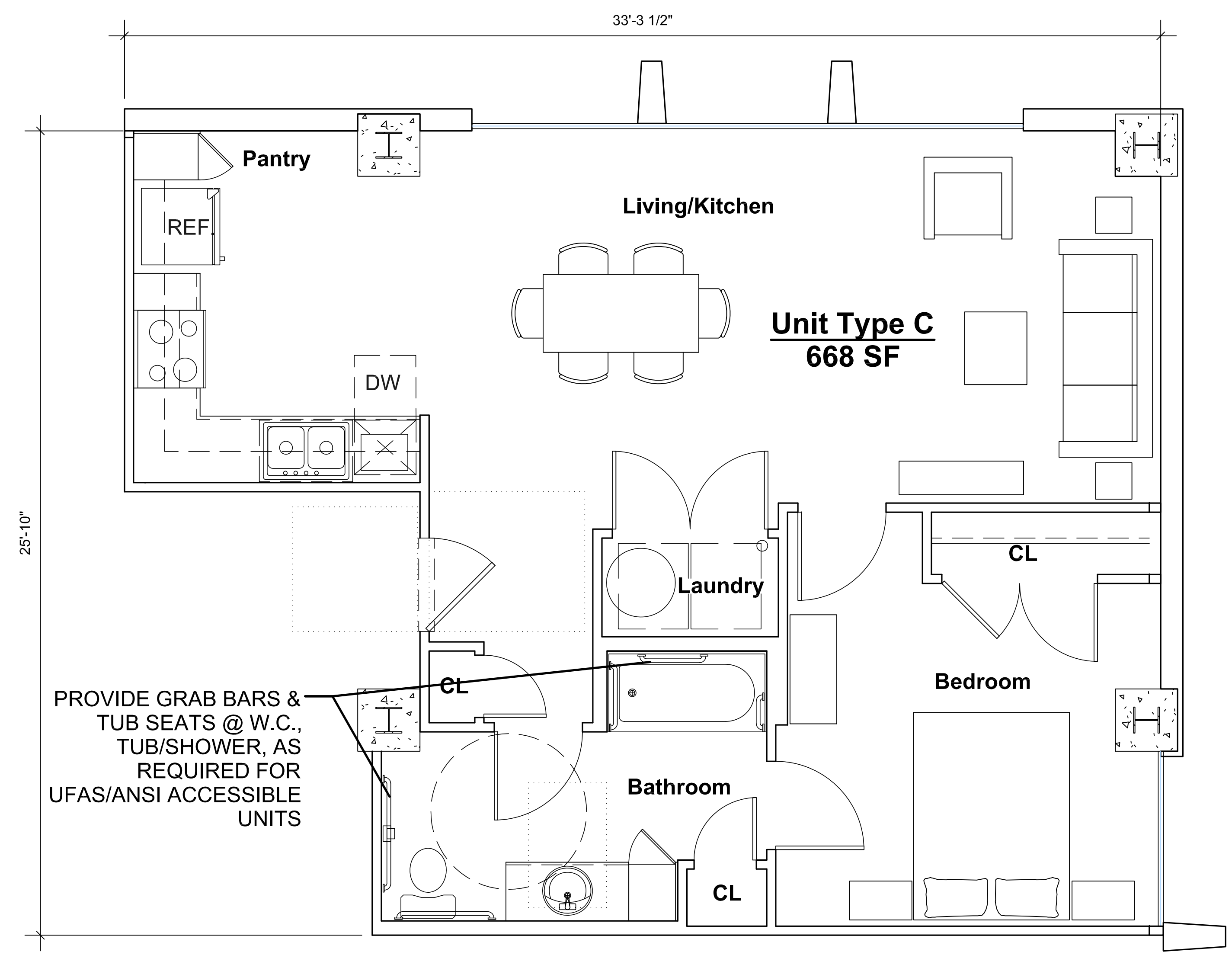
Typical Unit Plans A & B

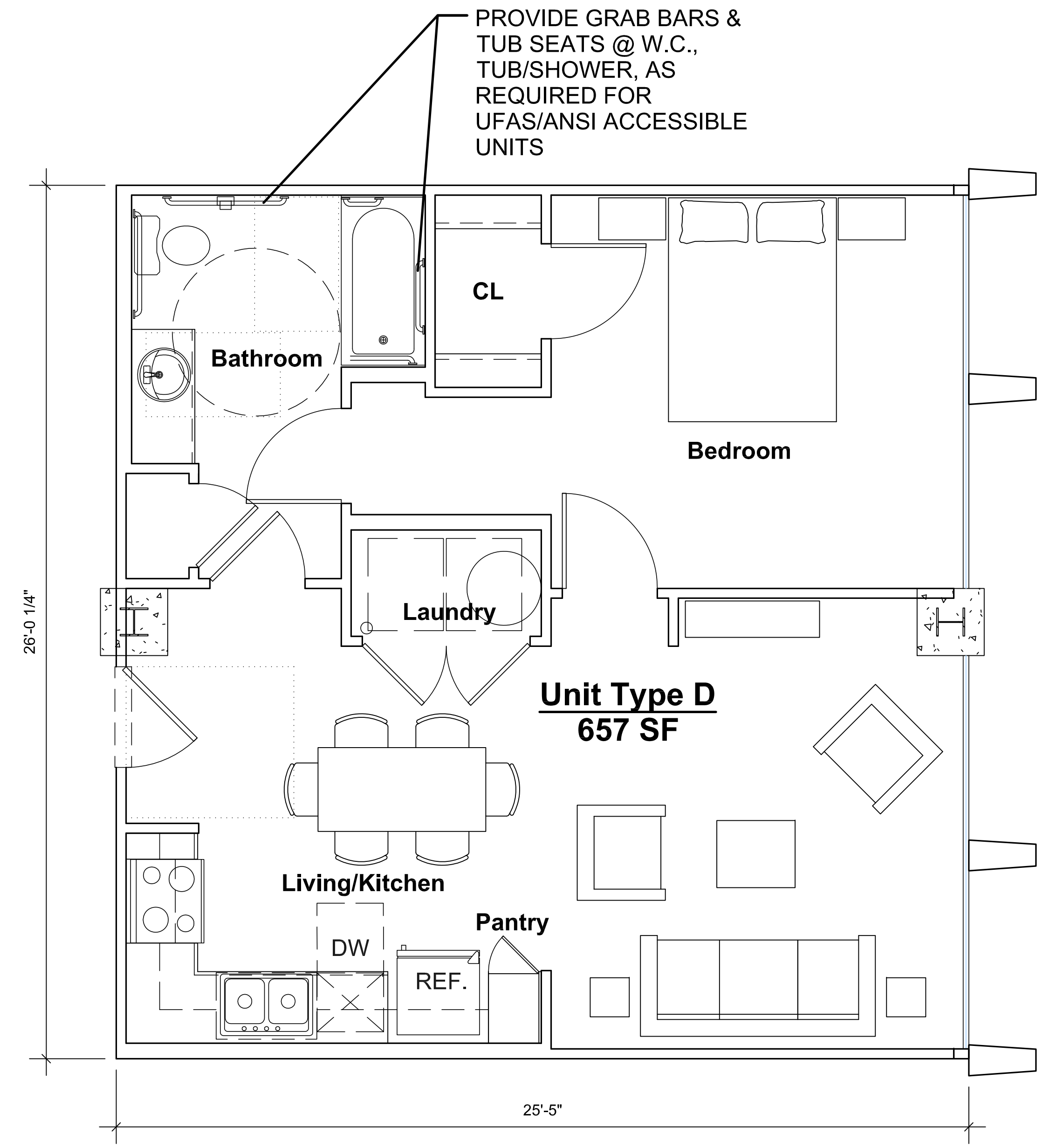
A-013

NOTE: ACCESSIBILITY NOTES
REFER TO FULLY ACCESSIBLE UNITS.
ALL UNITS ARE TO BE FAIR HOUSING COMPLIANT.

REFER TO ELEVATIONS FOR FLOOR TO FLOOR HEIGHTS

REVISED 11.21.2017





1 UNIT TYPE C (+REVERSE)
3/16" = 1'-0"

2 UNIT TYPE D (+REVERSE)
3/16" = 1'-0"

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Typical Unit Plans C & D

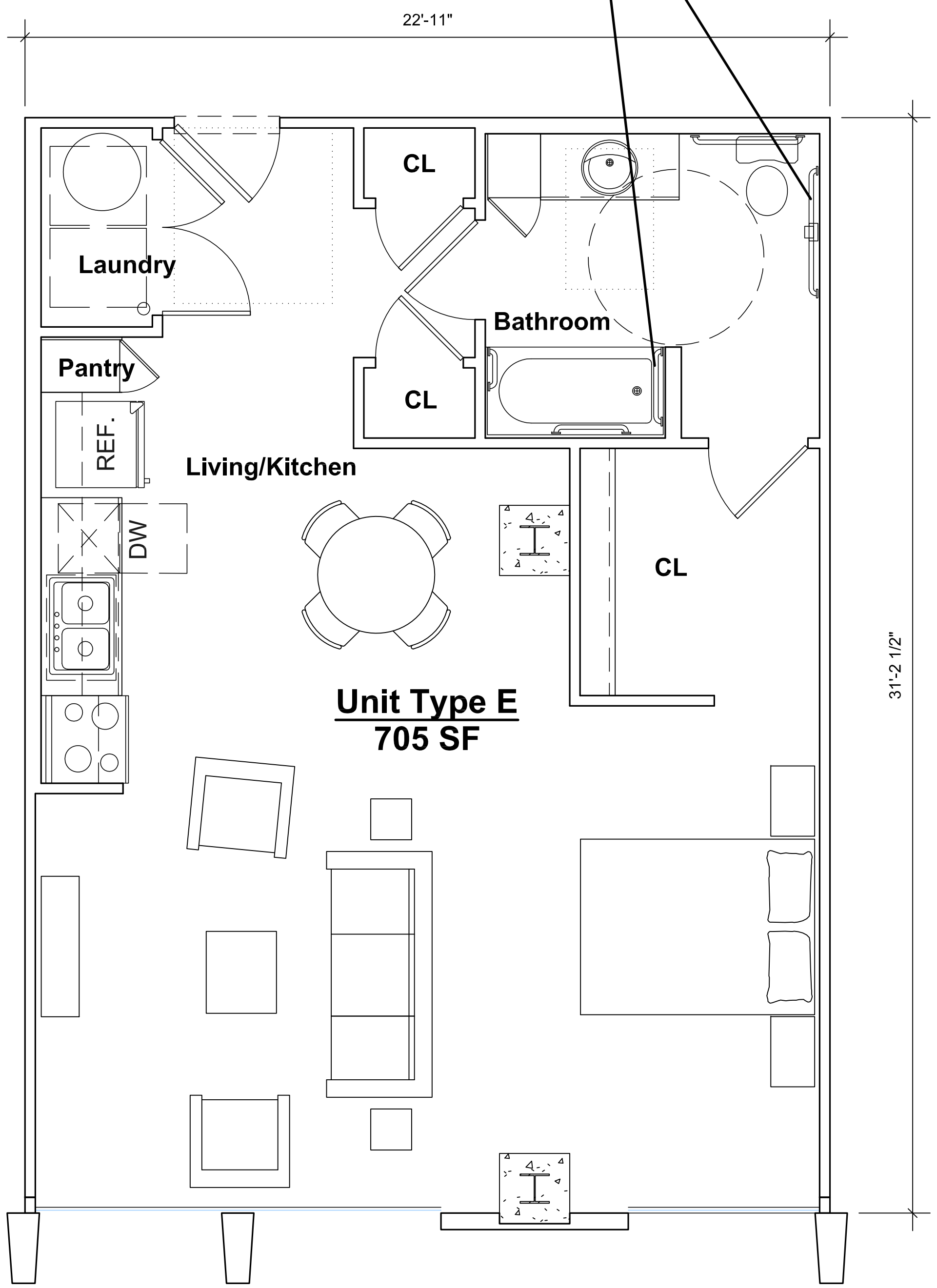
A-014

NOTE: ACCESSIBILITY NOTES REFER TO FULLY ACCESSIBLE UNITS. ALL UNITS ARE TO BE FAIR HOUSING COMPLIANT.

REFER TO ELEVATIONS FOR FLOOR TO FLOOR HEIGHTS

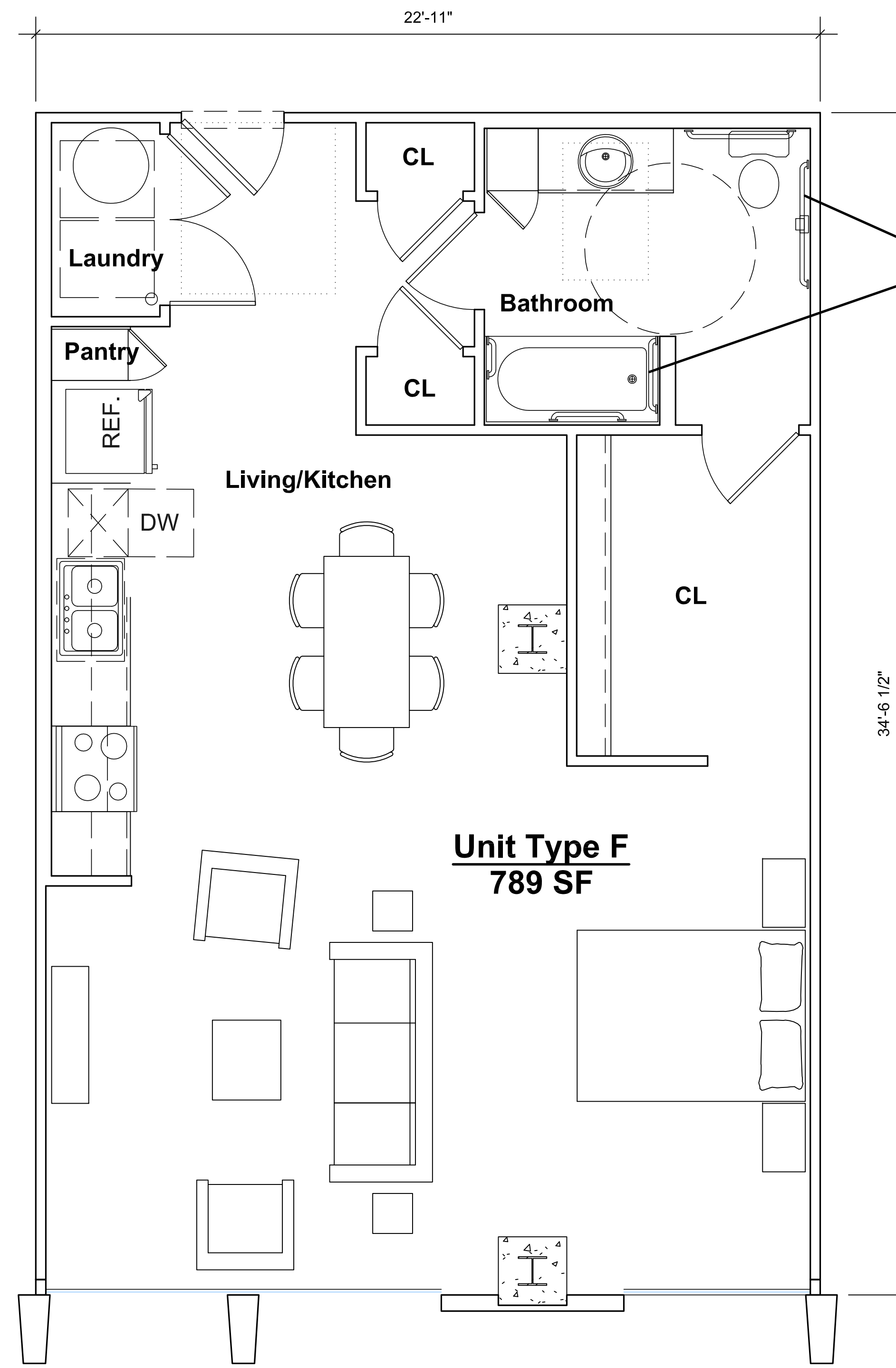
REVISED 11.21.2017

PROVIDE GRAB BARS & TUB SEATS @ W.C., TUB/SHOWER, AS REQUIRED FOR UFAS/ANSI ACCESSIBLE UNITS



1 UNIT TYPE E
3/16" = 1'-0"

PROVIDE GRAB BARS & TUB SEATS @ W.C., TUB/SHOWER, AS REQUIRED FOR UFAS/ANSI ACCESSIBLE UNITS



2 UNIT TYPE F
3/16" = 1'-0"

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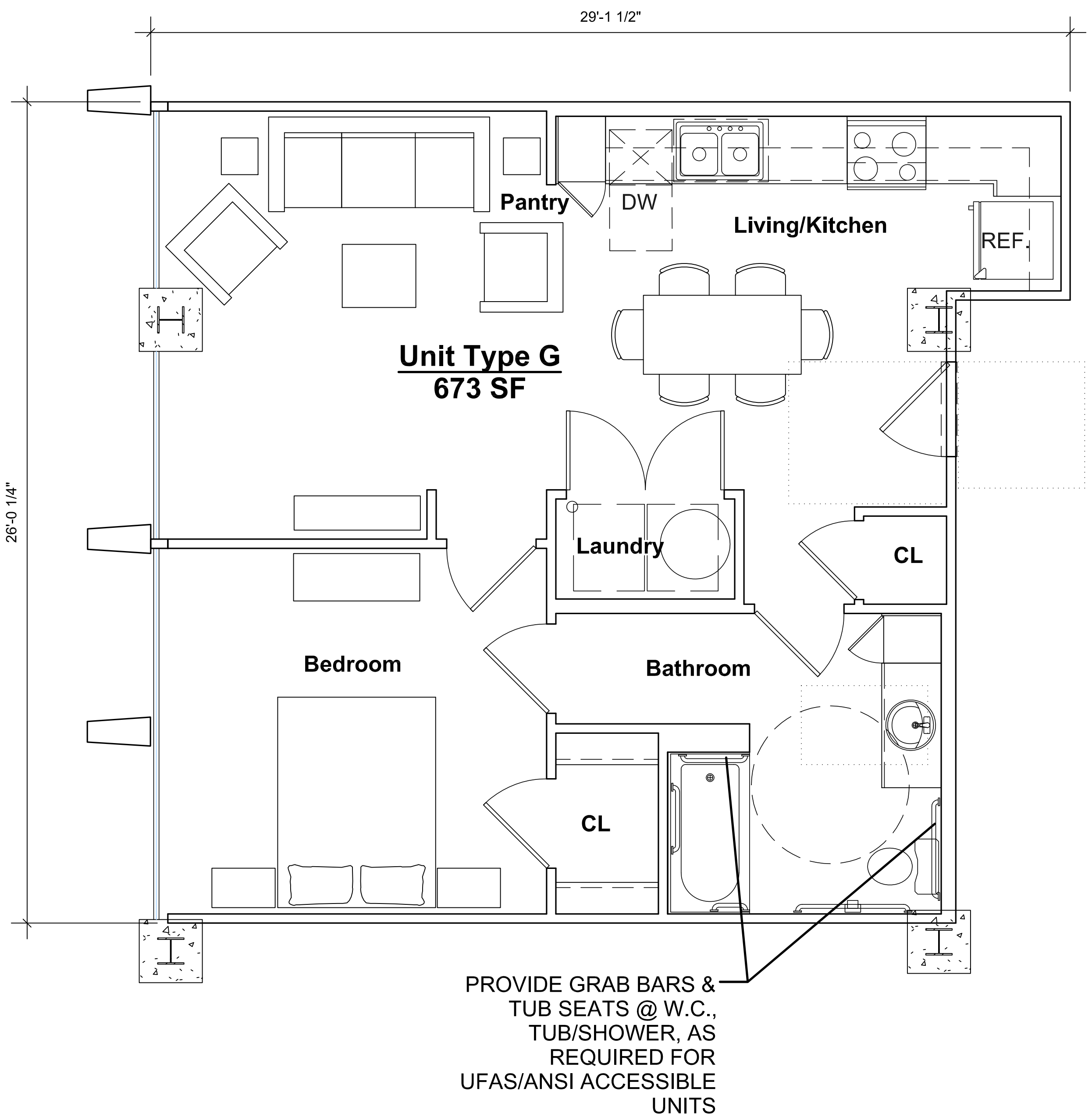
Typical Unit Plans E & F

A-015

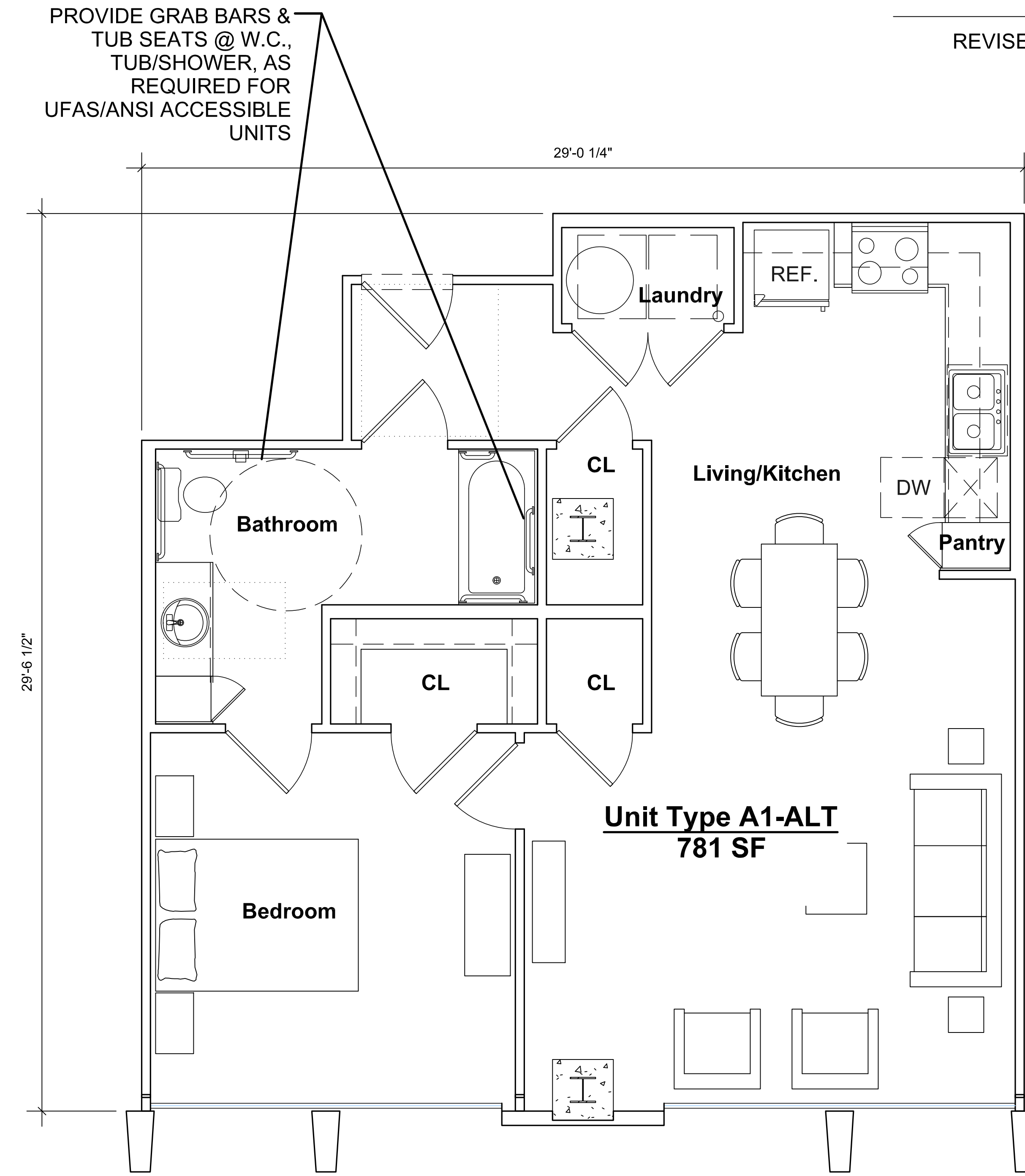
NOTE: ACCESSIBILITY NOTES REFER TO FULLY ACCESSIBLE UNITS. ALL UNITS ARE TO BE FAIR HOUSING COMPLIANT.

REFER TO ELEVATIONS FOR FLOOR TO FLOOR HEIGHTS

REVISED 11.21.2017



① UNIT TYPE G
3/16" = 1'-0"



② UNIT TYPE A-1 ALT
3/16" = 1'-0"

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El Paso, TX 79901
p 915.533.SITU (7488)
www.insituarc.com

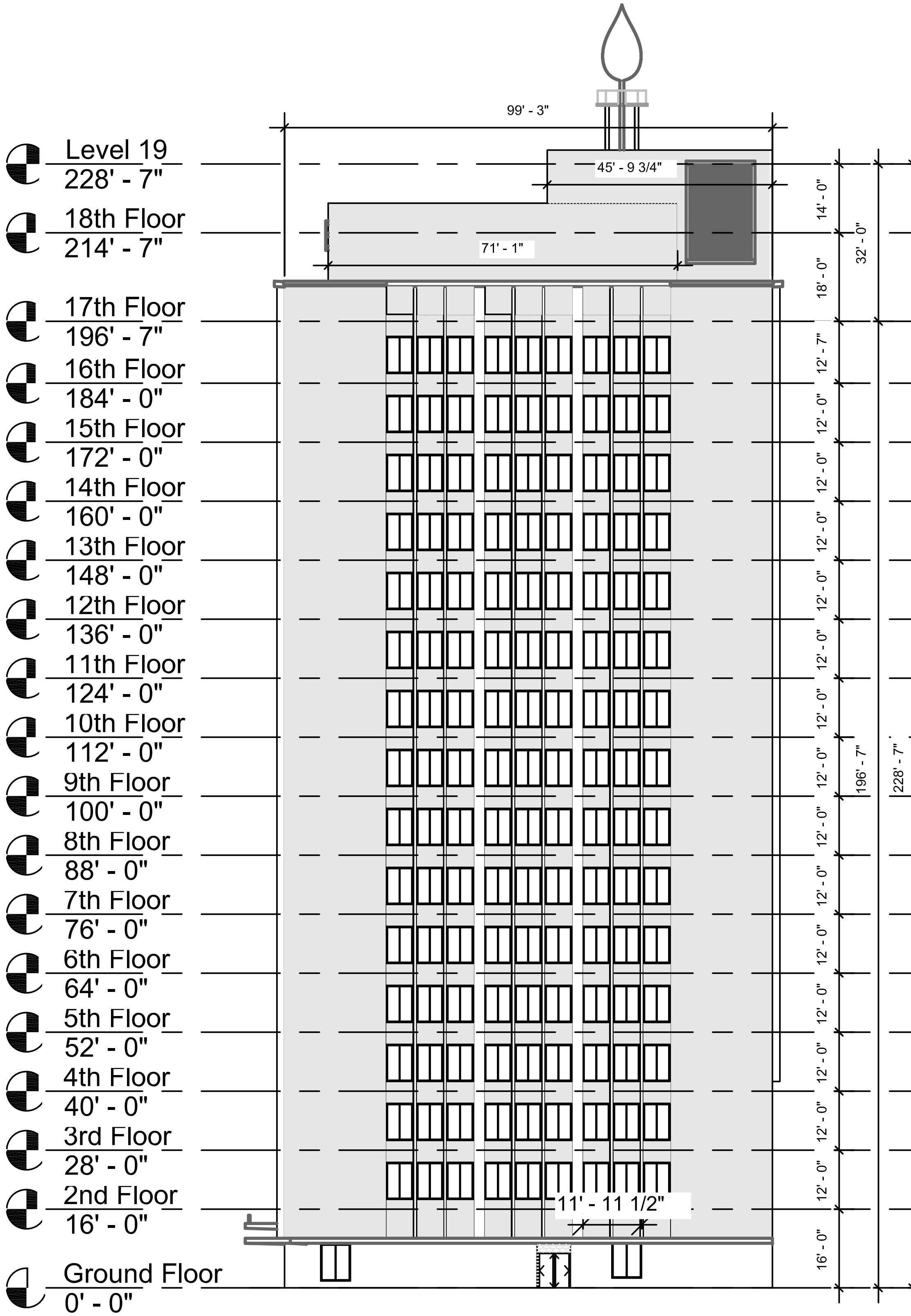
ALAMO ARCHITECTS
1512 SOUTH FLORES SAN ANTONIO, TX 78204
ph. 210.227.2612 fx: 210.227.9457

Blue Flame
120 N. Stanton Street, El Paso, Texas
EP BLUE FLAME, LP.

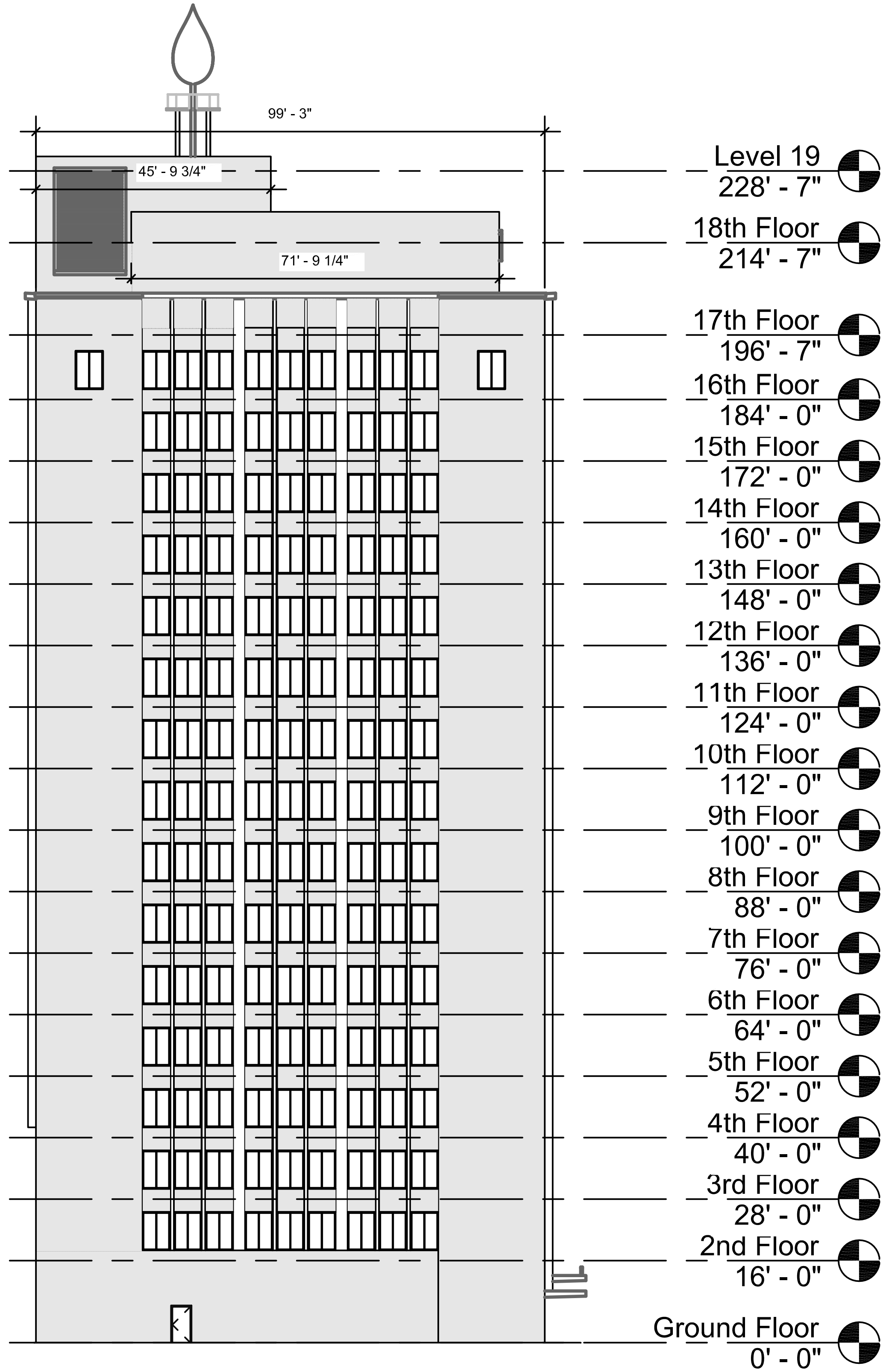
Typical Unit Plans G & A-1 ALT

A-016

EXTERIOR COMPOSITION:
GLASS WITH METAL TRANSOM PANEL: 47%
BRICK MASONRY: 53%



1 West Elevation (Stanton St.)
1/32" = 1'-0"



2 East Elevation
1/32" = 1'-0"

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El Paso, TX 79901
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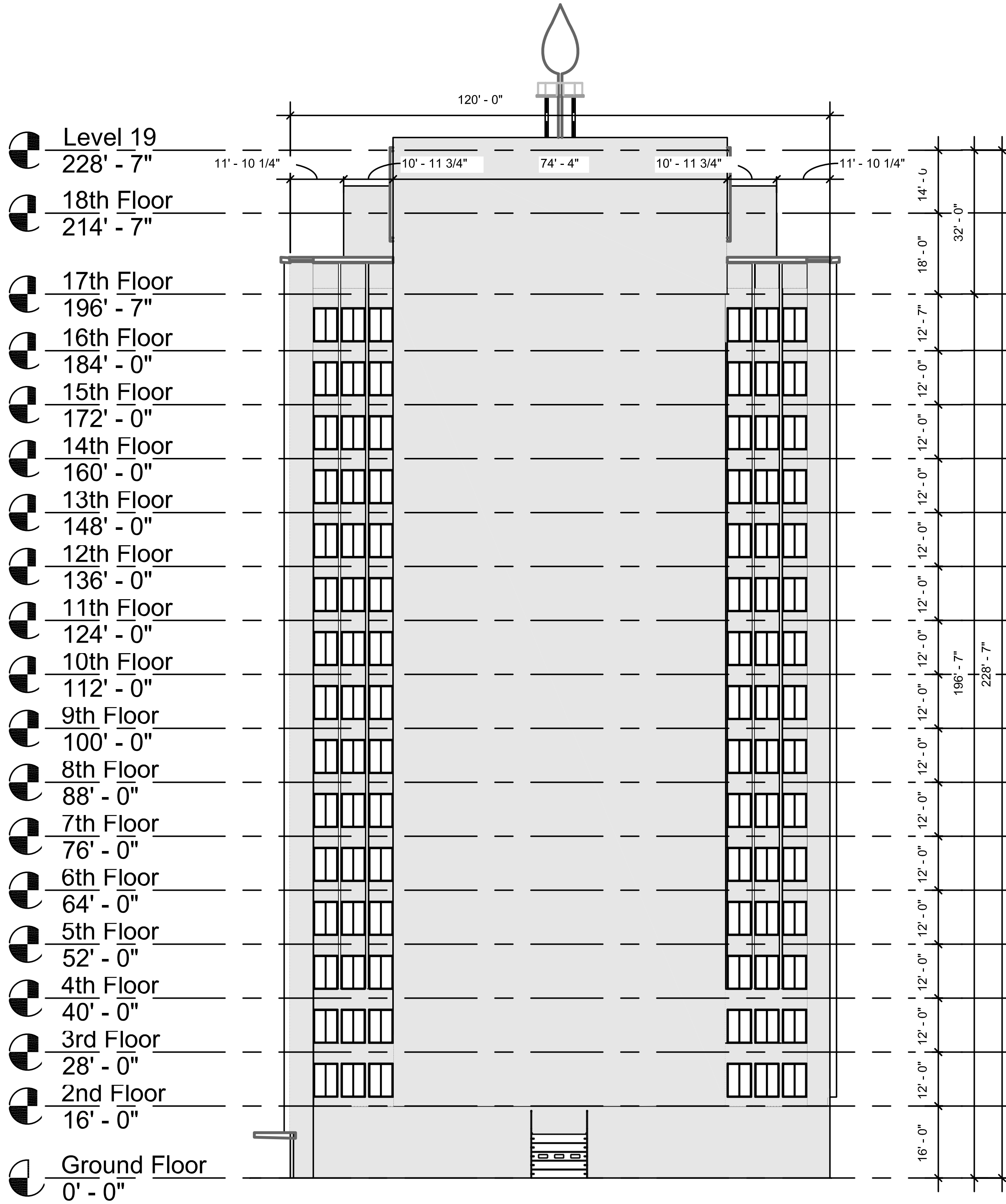
ph. 210.227.2612 fx: 210.227.9457

Blue Flame
120 N. Stanton Street, El Paso, Texas
EP BLUE FLAME, LP.

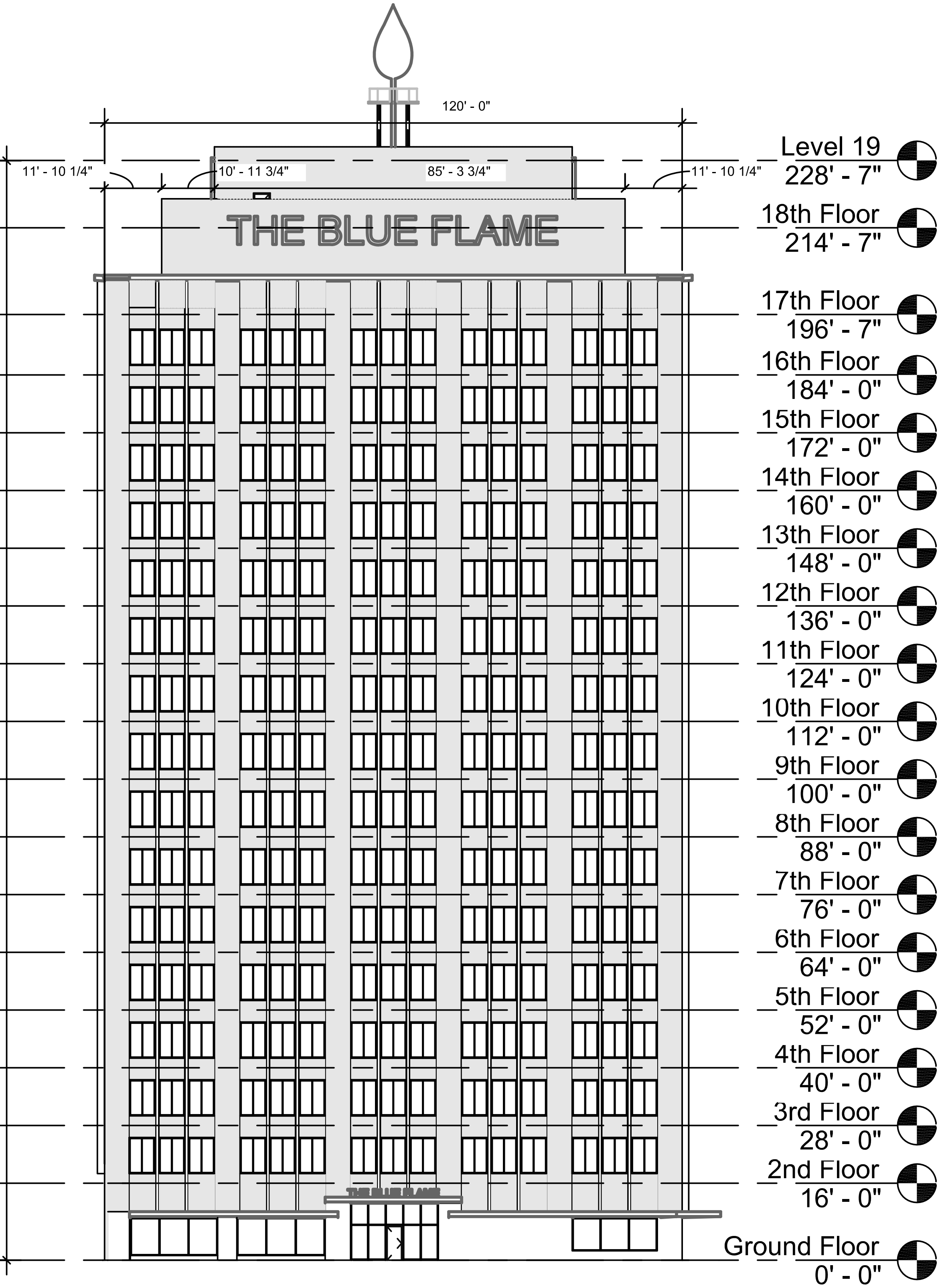
Exterior Elevations

A-017

EXTERIOR COMPOSITION:
GLASS WITH METAL TRANSOM PANEL: 47%
BRICK MASONRY: 53%



1 South Elevation
1/32" = 1'-0"



2 North Elevation (Texas Ave.)
1/32" = 1'-0"

in*situ
ARCHITECTURE
123 W. Mills Avenue
El Paso, TX 79901
p 915.533.SITU (7488)
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ALAMO ARCHITECTS
1512 SOUTH FLORES SAN ANTONIO, TX 78204
ph. 210.227.2612 fx: 210.227.9457

Blue Flame
120 N. Stanton Street, El Paso, Texas

EP BLUE FLAME, LP.

Exterior
Elevations

A-018

Exhibit H

Development Cost Schedule

Self Score Total: 11

This Development Cost Schedule must be consistent with the Summary Sources and Uses of Funds Statement. All Applications must complete the total development cost column and the Tax Payer Identification column. Only HTC applications must complete the Eligible Basis columns and the Requested Credit calculation below:

	TOTAL DEVELOPMENT SUMMARY			Scratch Paper/Notes
	Total	Eligible Basis (If Applicable)		
	Cost	Acquisition	New/Rehab.	
ACQUISITION				
Site acquisition cost	2,500,000			
Existing building acquisition cost				
Closing costs & acq. legal fees				
Other (specify) - see footnote 1				
Other (specify) - see footnote 1				
Subtotal Acquisition Cost	$2,500,000	$0	$0	
OFF-SITES[2]				
Off-site concrete				
Storm drains & devices				
Water & fire hydrants				
Off-site utilities				
Sewer lateral(s)				
Off-site paving				
Off-site electrical				
Other (specify) - see footnote 1				
Other (specify) - see footnote 1				
Subtotal Off-Sites Cost	$0	$0	$0	
SITE WORK[3]				
Demolition	0			
Asbestos Abatement (Demolition Only)				
Detention				
Rough grading				
Fine grading				
On-site concrete				
On-site electrical				
On-site paving				
On-site utilities				
Decorative masonry				
Bumper stops, striping & signs				
Other (specify) - see footnote 1				
Subtotal Site Work Cost	$0	$0	$0	
SITE AMENITIES				
Landscaping				
Pool and decking				
Athletic court(s), playground(s)				
Fencing				
Other (specify) - see footnote 1				
Subtotal Site Amenities Cost	$0	$0	$0	

BUILDING COSTS*:						
Concrete		40,000		31,200		
Masonry		74,000		57,720		
Metals		235,000		183,300		
Woods and Plastics		114,332		89,179		
Thermal and Moisture Protection		431,447		336,528		
Roof Covering		174,875		136,402		
Doors and Windows		724,990		565,492		
Finishes		3,424,477		2,671,092		
Specialties		252,638		197,057		
Equipment		458,347		357,510		
Furnishings		689,662		537,936		
Special Construction		628,300		490,074		
Conveying Systems (Elevators)		1,330,012		1,037,409		
Mechanical (HVAC; Plumbing)		7,322,204		5,711,319		
Electrical		3,822,273		2,981,371		
Individually itemize costs below:						
Detached Community Facilities/Building						
Carports and/or Garages						
Lead-Based Paint Abatement						
Asbestos Abatement (Rehabilitation Only)		563,217		439,309		
Structured Parking						
Commercial Space Costs						
Interior Demolition		332,200				
Subtotal Building Costs Before 11.9(e)(2)		$20,617,974	$0	$15,822,899		
Voluntary Eligible Building Costs (After 11.9(e)(2)) Enter amount to be used to achieve desired score.			$188.05 psf	$15,822,899		*Enter score for Building **OR** Hard Costs at end of form
TOTAL BUILDING COSTS & SITE WORK (including site amenities)		$20,617,974	$0	$15,822,899		
Contingency	5.00%	$1,030,898		804,100		
TOTAL HARD COSTS		$21,648,872	$0	$16,626,999		
OTHER CONSTRUCTION COSTS	**%THC**				%EHC	
General requirements (<6%)	6.00%	1,298,882		997,620	6.00%	
Field supervision (within GR limit)						
Contractor overhead (<2%)	2.00%	432,977		332,540	2.00%	
G & A Field (within overhead limit)		0				
Contractor profit (<6%)	6.00%	1,298,882		997,620	6.00%	
TOTAL CONTRACTOR FEES		$3,030,741	$0	$2,327,780		
TOTAL CONSTRUCTION CONTRACT		$24,679,613	$0	$18,954,779		
Voluntary Eligible "Hard Costs" (After 11.9(e)(2)) Enter amount to be used to achieve desired score.			$225.28 psf	$18,954,784		*Enter score for Building **OR** Hard Costs at end of form

SOFT COSTS[3]				
Architectural - Design fees	1,380,779		1,077,007	
Architectural - Supervision fees	0		0	
Engineering fees	50,000		39,000	
Real estate attorney/other legal fees	353,500		275,730	
Accounting fees	35,000		27,300	
Impact Fees				
Building permits & related costs	74,250		57,915	includes $10 reduction in permit fees
Appraisal	12,000		9,360	
Market analysis	10,280		8,018	
Environmental assessment	25,000		19,500	
Soils report				
Survey	18,000		14,040	
Marketing	1,000			
Hazard & liability insurance	27,720		21,621	
Real property taxes				
Personal property taxes				
Tenant Relocation Expenses	120,000		120,000	
Asbestos/LBP Testing/RPCA	20,000		15,600	
FF&E	148,000		148,000	
Subtotal Soft Cost	$2,275,529	$0	$1,833,091	
FINANCING:				
CONSTRUCTION LOAN(S)[3]				
Interest	816,838		637,133	
Loan origination fees	117,750		91,845	
Title & recording fees	85,000		66,300	
Closing costs & legal fees	75,000		58,725	
Inspection fees	18,000		14,040	
Credit Report				
Discount Points				
Prepaid MIP	24,000		18,720	
Other (specify) - see footnote 1				
PERMANENT LOAN(S)				
Loan origination fees	117,750			
Title & recording fees	15,000			
Closing costs & legal	35,000			
Bond premium	0			
Credit report				
Discount points				
Credit enhancement fees				
Prepaid MIP				
Other (specify) - see footnote 1				
Other (specify) - see footnote 1				
BRIDGE LOAN(S)				
Interest	410,000		319,800	
Loan origination fees	85,236		66,484	
Title & recording fees				
Closing costs & legal fees	30,000		23,400	
Other (specify) - see footnote 1				
Other (specify) - see footnote 1				

OTHER FINANCING COSTS[3]					
Tax credit fees	65,250				
Tax and/or bond counsel					
Payment bonds					
Performance bonds	246,000		191,880		
Credit enhancement fees					
Mortgage insurance premiums					
Cost of underwriting & issuance					
Syndication organizational cost	10,000				
Tax opinion					
RAD Consultant	50,000		50,000		
Historic Consultant	115,000		89,700		
Subtotal Financing Cost	$2,315,824	$0	$1,628,027		
DEVELOPER FEES[3]					
Housing consultant fees[4]	150,000		117,000		
General & administrative					
Profit or fee	3,965,665		3,212,385		
Subtotal Developer Fees 15.00%	$4,115,665	$0	$3,329,385	14.85%	
RESERVES					
Rent-up	0				
Operating	564,247				
Replacement					
Escrows	0				
Subtotal Reserves	$564,247	$0	$0		
TOTAL HOUSING DEVELOPMENT COSTS[5]	$36,450,878	$0	$25,745,282		
The following calculations are for HTC Applications only.					
Deduct From Basis:					
Federal grants used to finance costs in Eligible Basis					
Non-qualified non-recourse financing					
Non-qualified portion of higher quality units §42(d)(5)					
Historic Credits (residential portion only)					
Total Eligible Basis		$0	$25,745,282		
**High Cost Area Adjustment (100% or 130%)			130%		
Total Adjusted Basis		$0	$33,468,867		
Applicable Fraction			100%		
Total Qualified Basis	$33,468,867	$0	$33,468,867		
Applicable Percentage[6]			9.00%		
Credits Supported by Eligible Basis	$3,012,198	$0	$3,012,198		

(May be greater than actual request)

*11.9(c)(2) Cost Per Square Foot: DO NOT ROUND! **Applicants are advised to ensure that figure is not rounding down to the maximum dollar figure to support the elected points.**

Requested Score for 11.9(e)(2)	11

Name of contact for Cost Estimate: ______

Phone Number for Contact: ______

Footnotes:

[1] An itemized description of all "other" costs must be included at the end of this exhibit.

[2] All Off-Site costs must be justified by a Third Party engineer in accordance with the Department's format provided in the Offsite Cost Breakdown form.

[3] (HTC Only) Site Work expenses, indirect construction costs, developer fees, construction loan financing and other financing costs may or may not be included in Eligible Basis. Site Work costs must be justified by a Third Party engineer in accordance with the Department's format provided in the Site Work Cost Breakdown form.

[4] *(HTC Only)* Only fees paid to a consultant for duties which are not ordinarily the responsibility of the developer, can be included in Eligible Basis. Otherwise, consulting fees are included in the calculation of maximum developer fees.

[5] *(HTC Only)* Provide **all** costs & Eligible Basis associated with the Development.

[6] (HTC Only) Use the appropriate Applicable Percentages as defined in §10.3 of the Uniform Mutifamily Rules.

Exhibit G

Blue Flame Cost Schedule
Residential vs. Commercial

	Current	Residential	Commercial
	205,228 sq.ft	159,236 sq ft	45,992 sq.ft
	100%	78%	22%
ACQUISITION			
Site acquisition cost	2,500,000	1950000	550,000
Existing building acquisition cost			
Closing costs & acq. legal fees			
Other (specify)			
Other (specify)			
Subtotal Acquisition Cost	$2,500,000	$1,950,000	$550,000
OFF-SITES:			
Off-site concrete			
Storm drains & devices			
Water & fire hydrants			
Off-site utilities			
Sewer lateral(s)			
Off-site paving			
Off-site electrical			
Other (specify)			
Other (specify)			
Subtotal Off-Sites Cost	$0	$0	$0
SITE WORK:			
Demolition			
Rough grading			
Fine grading			
On-site concrete			
On-site electrical			
On-site paving			
On-site utilities			
Decorative masonry			
Bumper stops, striping & signs			
			0
Subtotal Site Work Cost	$0	$0	$0
SITE AMENITIES:			
Landscaping			
Pool and decking			
Athletic court(s), playground(s)			
Fencing			
Other (specify)			
			0
Subtotal Site Amenities Cost	$0	$0	$0
BUILDING COSTS:			
Concrete	40,000	31,200	8,800

Engineering fees	50,000	39,000	11,000
Real estate attorney/other legal fees	353,500	275,730	77,770
Accounting fees	35,000	27,300	7,700
Impact fees			0
Building permits & related costs	74,250	57,915	16,335
Appraisal	12,000	9,360	2,640
Market analysis	10,280	8,018	2,262
Environmental assessment	25,000	19,500	5,500
Soils report			0
Survey	18,000	14,040	3,960
Marketing	1,000	780	220
Hazard & liability insurance	27,720	21,621	6,099
Real property taxes			0
Personal property taxes			0
Tenant relocation expenses	120,000	120,000	0
Asbestos/LBP Testing/RPCA	20,000	15,600	4,400
FF&E	148,000	148,000	0
Subtotal Soft Cost	$2,275,529	$1,833,871	$441,658
FINANCING:			
CONSTRUCTION LOAN			
Interest	816,838	637,133	179,705
Loan origination fees	117,750	91,845	25,905
Title & recording fees	85,000	66,300	18,700
Closing costs & legal fees	75,000	58,725	16,275
Inspection fees	18,000	14,040	3,960
Credit Report		0	0
Discount Points			0
Prepaid MIP	24,000	18,720	5,280
			0
PERMANENT LOAN			
Loan origination fees	117,750	91845	25,905
Title & recording fees	15,000	11700	3,300
Closing costs & legal	35,000	27300	7,700
Bond premium		0	0
Credit report			0
Discount points			0
Credit enhancement fees			0
Prepaid MIP			0
Other (specify)			0
Other (specify)			0
BRIDGE LOAN			
Interest	410,000	319,800	90,200
Loan origination fees	85,236	66,484	18,752
Title & recording fees		0	0
Closing costs & legal fees	30,000	23,400	6,600
Other (specify)			0

Other (specify)			0
OTHER FINANCING COSTS			
Tax credit fees	65,250	65250	0
Tax and/or bond counsel			0
Payment bonds			0
Performance bonds	246,000	191,880	54,120
Credit enhancement fees			0
Mortgage insurance premiums			0
Cost of underwriting & issuance			0
Syndication organizational cost	10,000	10000	0
Tax opinion			0
Contractor Guarantee Fee			0
Developer Guarantee Fee			0
RAD Consultant	50,000	50,000	0
Historic Consultant	115,000	89,700	25,300
Subtotal Financing Cost	$2,315,824	$1,834,122	$481,702
DEVELOPER FEES:			
Housing consultant fees	150,000	117,000	33,000
General & administrative			0
Profit or fee	3,965,665	3,212,385	753,280
Subtotal Developer's Fees	$4,115,665	$3,329,385	$786,280
RESERVES:			
Rent-up		0	0
Operating	564,247	564247	0
Replacement			0
Escrows		0	0
Subtotal Reserves	$564,247	$564,247	$0
TOTAL HOUSING DEVELOPMENT COSTS	$36,450,878	$28,466,404	$7,984,474

Rent Schedule

Self Score Total: **11**

ivate Activity Bond Priority (For Tax-Exempt Bond Developments ONLY): ____________

Unit types must be entered from smallest to largest based on "# of Bedrooms" and "Unit Size", then within the same "# of Bedrooms" and "Unit Size" from lowest to highest "Rent Collected/Unit".

Rent Designations (select from Drop down menu)													
HTC Units	MF Direct Loan Units (HOME Rent/Inc)	State HTF Units	MRB Units	Other/ Subsidy	# of Units	# of Bed-rooms	# of Baths	Unit Size (Net Rentable Sq. Ft.)	Total Net Rentable Sq. Ft.	Program Rent Limit	Tenant Paid Utility Allow.	Rent Collected /Unit	Total Monthly Rent
					(A)			(B)	(A) x (B)			(E)	(A) x (E)
TC 30%				RAD	1	0	1.0	705	705	275	0	623	623
TC 50%				RAD	1	0	1.0	705	705	458	0	623	623
TC 60%				RAD	2	0	1.0	789	1,578	550	0	623	1,246
TC 30%				RAD	10	1	1.0	673	6,730	295	0	668	6,680
TC 50%				RAD	2	1	1.0	673	1,346	491	0	668	1,336
TC 60%				RAD	12	1	1.0	781	9,372	590	0	668	8,016
TC 50%				RAD	7	1	1.0	781	5,467	491	0	668	4,676
TC 30%				RAD	1	1	1.0	781	781	295	0	668	668
TC 50%				RAD	14	1	1.0	657	9,198	491	0	668	9,352
TC 60%				RAD	22	1	1.0	657	14,454	590	0	668	14,696
TC 60%				RAD	24	1	1.0	668	16,032	590	0	668	16,032
TC 60%				RAD	24	1	1.0	750	18,000	590	0	668	16,032
									0				-
									0				-
									0				-
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				TOTAL	120				84,368				79,980

Non Rental Income	$0.00	per unit/month for:		
Non Rental Income	0.00	per unit/month for:		
Non Rental Income	5.00	per unit/month for:	*Late Fees, Forfeit deposits*	600
+ TOTAL NONRENTAL INCOMI	$5.00	per unit/month		600
= POTENTIAL GROSS MONTHLY INCOME				80,580
- Provision for Vacancy & Collection Loss			% of Potential Gross Income: 5.60%	(4,512)
- Rental Concessions *(enter as a negative number)*			Enter as a negative value	
= EFFECTIVE GROSS MONTHLY INCOME				76,068
x 12 = EFFECTIVE GROSS ANNUAL INCOME				912,810

Rent Schedule (Continued)

		% of LI	% of Total	
HOUSING TAX CREDITS	TC30%	10%	10%	12
	TC40%			0
	TC50%	20%	20%	24
	TC60%	70%	70%	84
	HTC LI Total			120
	EO			0
	MR			0
	MR Total			0
	Total Units			120
MORTGAGE REVENUE BOND	MRB30%			0
	MRB40%			0
	MRB50%			0
	MRB60%			0
	MRB LI Total			0
	MRBMR			0
	MRBMR Total			0
	MRB Total			0

		% of LI	% of Total	
HOUSING TRUST FUND	HTF30%			0
	HTF40%			0
	HTF50%			0
	HTF60%			0
	HTF80%			0
	HTF LI Total			0
	MR			0
	MR Total			0
	HTF Total			0
DIRECT LOAN	30%			0
	LH/50%			0
	HH/60%			0
	HH/80%			0
	Direct Loan LI Total			0
	EO			0
	MR			0
	MR Total			0
	Direct Loan Total			0
OTHER	Total OT Units			120

BEDROOMS	0			4
	1			116
	2			0
	3			0
	4			0
	5			0

ACQUISITION + HARD Cost Per Sq Ft	$ 134.80	DO NOT USE THIS CALCULATION TO SCORE POINTS UNDER 11.9(e)(2). At the end of the Development Cost Schedule, you will have the ability to adjust your eligible costs to qualify. Points will be entered there.
HARD Cost Per Sq Ft	$ 134.80	
BUILDING Cost Per Sq Ft	$ 107.50	

ANNUAL OPERATING EXPENSES

General & Administrative Expenses				
Accounting		$	10,000	
Advertising		$	5,000	
Legal fees		$	587	
Leased equipment		$	1,397	
Postage & office supplies		$		
Telephone		$	5,000	
Other	*Training, Gas Mileage*	$	2,372	
Other	*Third Party Asset Management Review*	$	14,060	
Total General & Administrative Expenses:				$ 38,416
Management Fee:	Percent of Effective Gross Income:		5.00%	$ 45,640
Payroll, Payroll Tax & Employee Benefits				
Management		$	55,600	
Maintenance		$	40,341	
Other	*Management Benefits*	$	14,042	
Other	*Maintenance Benefits*		13,625	
Total Payroll, Payroll Tax & Employee Benefits:				$ 123,608
Repairs & Maintenance				
Elevator		$	9,267	
Exterminating		$	2,863	
Grounds		$	16,358	
Make-ready		$	11,019	
Repairs		$	75,232	
Pool		$		
Other	*describe*	$		
Other	*describe*	$		
Total Repairs & Maintenance:				$ 114,739
Utilities (Enter Only Property Paid Expense)				
Electric	*HACEP Portfolio Expenses*	$	78,853	
Natural gas	*HACEP Portfolio Expenses*	$	17,593	
Trash	*HACEP Portfolio Expenses*	$	7,824	
Water/Sewer	*HACEP Portfolio Expenses*	$	31,467	
Other	*describe*	$		
Other	*describe*	$		
Total Utilities:				$ 135,737
Annual Property Insurance:	Rate per net rentable square foot:	$	0.41	$ 34,500
Property Taxes:				
Published Capitalization Rate:	Source:		NA - Tax Exemption	
Annual Property Taxes		$		
Payments in Lieu of Taxes		$		
Total Property Taxes:				$ -
Reserve for Replacements:	Annual reserves per unit:	$	$ 350	$ 42,000
Other Expenses				
Cable TV		$		
Supportive Services (Staffing/Contracted Services)		$	15,000	
TDHCA Compliance fees		$	4,800	
TDHCA Bond Administration Fees (TDHCA as Bond Issuer Only)		$		
Security		$	10,000	
Other	*Parking Lease*	$	25,000	
Other	*describe*	$		
Total Other Expenses:				$ 54,800
TOTAL ANNUAL EXPENSES	Expense per unit:	$	4912	$ 589,440
	Expense to Income Ratio:		**64.57%**	
NET OPERATING INCOME (before debt service)				$ 323,370
Annual Debt Service				
FHA Loan Debt Service		$	278,369	
		$		
		$		
		$		
TOTAL ANNUAL DEBT SERVICE	Debt Coverage Ratio:		1.16	$ 278,369
NET CASH FLOW				$ 45,001

15 Year Rental Housing Operating Pro Forma (All Programs)

The pro forma should be based on the operating income and expense information for the base year (first year of stabilized occupancy using today's best estimates of market rents, restricted rents, rental income and expenses), and principal and interest debt service. The Department uses an annual growth rate of 2% for income and 3% for expenses. Written explanation for any deviations from these growth rates or for assumptions other than straight-line growth made during the proforma period should be attached to this exhibit.

INCOME	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15
POTENTIAL GROSS ANNUAL RENTAL INCOME	$959,760	$978,955	$998,534	$1,018,505	$1,038,875	$1,147,002	$1,266,383
Secondary Income	$ 7,200	$ 7,344	$ 7,491	$ 7,641	$ 7,794	$ 8,605	$ 9,500
POTENTIAL GROSS ANNUAL INCOME	$966,960	$986,299	$1,006,025	$1,026,146	$1,046,669	$1,155,607	$1,275,883
Provision for Vacancy & Collection Loss	($54,150)	($55,233)	($56,337)	($57,464)	($58,613)	($64,714)	($71,449)
Rental Concessions	$0						
EFFECTIVE GROSS ANNUAL INCOME	$912,810	$931,066	$949,688	$968,682	$988,055	$1,090,893	$1,204,434
EXPENSES							
General & Administrative Expenses	$38,416	$39,568	$40,756	$41,978	$43,238	$50,124	$58,108
Management Fee	$ 45,640	$ 46,553	$ 47,484	$ 48,434	$ 49,402	$ 54,544	$ 60,221
Payroll, Payroll Tax & Employee Benefits	$ 123,608	$ 127,316	$ 131,136	$ 135,070	$ 139,122	$ 161,280	$ 186,968
Repairs & Maintenance	$ 114,739	$ 118,181	$ 121,727	$ 125,378	$ 129,140	$ 149,708	$ 173,553
Electric & Gas Utilities	$ 96,446	$ 99,339	$ 102,320	$ 105,389	$ 108,551	$ 125,840	$ 145,883
Water, Sewer & Trash Utilities	$ 39,291	$ 40,470	$ 41,684	$ 42,934	$ 44,222	$ 51,266	$ 59,431
Annual Property Insurance Premiums	$ 34,500	$ 35,535	$ 36,601	$ 37,699	$ 38,830	$ 45,015	$ 52,184
Property Tax	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Reserve for Replacements	$ 42,000	$ 43,260	$ 44,558	$ 45,895	$ 47,271	$ 54,800	$ 63,529
Other Expenses	$ 54,800	$ 56,444	$ 58,137	$ 59,881	$ 61,678	$ 71,502	$ 82,890
TOTAL ANNUAL EXPENSES	$589,440	$606,667	$624,401	$642,658	$661,454	$764,080	$882,767
NET OPERATING INCOME	$323,370	$324,400	$325,286	$326,023	$326,601	$326,813	$321,666
DEBT SERVICE							
First Deed of Trust Annual Loan Payment	$278,369	$278,369	$278,369	$278,369	$278,369	$278,369	$278,369
Second Deed of Trust Annual Loan Payment							
Third Deed of Trust Annual Loan Payment							
Other Annual Required Payment							
Other Annual Required Payment							
ANNUAL NET CASH FLOW	$45,001	$46,031	$46,917	$47,654	$48,232	$48,444	$43,297
CUMULATIVE NET CASH FLOW	$45,001	$91,032	$137,949	$185,603	$233,836	$475,526	$704,880
Debt Coverage Ratio	1.16	1.17	1.17	1.17	1.17	1.17	1.16
Other (Describe)							
Other (Describe)							

By signing below I (we) are certifying that the above 15 Year pro forma, is consistent with the unit rental rate assumptions, total operating expenses, net operating income, and debt service coverage based on the bank's current underwriting parameters and consistent with the loan terms indicated in the term sheet and preliminarily considered feasible pending further diligence review. The debt service for each year maintains no less than a 1.15 debt coverage ratio. (Signature only required if using this pro forma for points under §11.9(e)(1) relating to Financial Feasibility)

Phone: 502-881-1977

Email: d.miller@pnc.com

Dan Miller — Printed Name

11/14/2017 — Date

Signature, Authorized Representative, Construction or Permanent Lender

Financing Narrative and Summary of Sources and Uses

Describe all sources of funds. Information must be consistent with the information provided throughout the Application (i.e. Financing Narrative, Term Sheets and Development Cost Schedule).

Financing Participants	Funding Description	Construction Period		Lien Position	Permanent Period					Lien Position
		Loan/Equity Amount	Interest Rate (%)		Loan/Equity Amount	Interest Rate (%)	Amort - ization	Term (Yrs)	Syndication Rate	
Debt										
TDHCA	Multifamily Direct Loan (Repayable)	$0	0.00%		$ -	0.00%	30	0		
TDHCA	Multifamily Direct Loan (Soft Repayment)	$0	0.00%		$ -	0.00%	0	0		
TDHCA	Mortgage Revenue Bond	$0	0.00%		$ -	0.00%	0	0		
CitiBank, N.A.	Conventional Loan	$16,480,312	4.10%	1st	$ 3,060,000	6.10%	35	15		1st
Third Party Equity										
Hunt Capital	HTC $ 1,494,828	$ 2,521,971			$ 13,751,041				0.92	
Federal Historic Credit Equity		$ 1,100,811			$ 6,166,166				0.92	
State Historic Credit Equity		$ 7,540,148			$ 7,540,148				0.9	
Grant										
Deferred Developer Fee										
		$ -								
Other										
	Direct Loan Match									
HACEP Loan	Conventional	$ 5,933,523			$ 5,933,523	3.00%		50		
	Total Sources of Funds	$ 33,576,765			$ 36,450,878					
	Total Uses of Funds				$ 36,450,878					

Exhibit I

INSTRUCTIONS: Describe the sources of funds that will finance Development. The description must include construction, permanent and bridge loans, and all other types of funds to be used for development. The information must be consistent with all other documentation in this section. Provide sufficient detail to identify the source and explain the use (in terms of the timing and any specific uses) of each type of funds to be contributed. In addition, describe/explain replacement reserves. Finally, describe/explain operating items. The narrative must include rents, operating subsidies, project based assistance, and all other sources of funds for operations. In the foregoing discussion of both development and operating funds, specify the status (dates and deadlines) for applications, approvals and closings, etc., associated with the commitments.

Describe the sources and uses of funds (specify the status (dates and deadlines) for applications, approvals and closings, etc., associated with the commitments):

CITI Bank is providing both construction and permanent loan. Conversion is upon completion of construction and 90% occupancy. Hunt Capital is providing tax credit equity. 100% of State HTC will be funded upon lien free completion of construction.

Describe the replacement reserves:

The Reserve for Replacement requiremernt is projected to be $250 pupa, based on industry standard for adaptive reuse projects with the financing we are pursuing.

Describe the operating items (rents, operating subsidies, project based assistance, etc., and specify the status (dates and deadlines) for applications, approvals and closings, etc., associated with the commitments.:

HACEP will submit documentation for the Contract for Housing Assistance Payment (CHAP). The HUD RAD office cleared Environmental Review process in December 2017. We anticipate receiving the RCC (RAD Conversion Commitment) to be in a position to close in May 2018.

By signing below I acknowledge that the amounts and terms of all anticipated sources of funds as stated above are consistent with the assumptions of my institution as one of the providers of funds.

Signature, Authorized Representative, Construction or Permanent Lender	Printed Name	Date

Telephone: ______________________

Email address: ______________________

HUNT
CAPITAL PARTNERS

March 5, 2018

Ryan Wilson
Franklin Development Companies
21260 Gathering Oak, Suite101
San Antonio, TX 78260

Re: Blue Flame Apartments, a 120-unit affordable housing development to be located at 120 N Stanton, El Paso, El Paso County, Texas, and developed, constructed, owned and operated by Franklin Park Overlook, Ltd., a Texas limited liability company (the "Partnership"), in compliance with Section 42 of the *Internal Revenue Code of 1986* ("IRC")

Dear Mr. Wilson:

Thank you for providing Hunt Capital Partners, LLC ("HCP") the opportunity to present this Letter of Intent Agreement. The following sets forth our proposal of the basic business terms to be included in the Partnership by and between Hunt, or its designees as the Investor Limited Partner (the "Limited Partner" or "LP") and Paisano Blue Flame GP, LLC, a Texas limited liability company (the "General Partner" or "GP") regarding the Project.

Investment Entity: EP Blue Flame, LP., a Texas limited partnership (the "Partnership"), with Paisano Blue Flame GP, LLC as General Partner with a 0.01% ownership interest in the Partnership and Hunt Capital Partners, LLC or its designated affiliate, as Limited Partner with a 99.99% ownership interest in the Partnership.

Tax Credits Available: $1,494,828 ("projected LIHTCs")
The LP is acquiring 99.99% of the partnership's tax credits with annual housing credit allocation of $1,494,828

$6,702,354 ("projected federal HTCs")
The LP is acquiring 99.99% of the partnership's federal historic tax credits

$8,377,942 ("projected state HTCs")
The LP is acquiring 100% of the partnership's state historic tax credits

Net Credit Price to Partnership:	\$0.92 (Federal LIHTC) \$0.92 (Federal Historic) \$0.90 (State Historic)
Net Capital Contribution:	\$13,751,041 (Federal LIHTC) \$6,166,166 (Federal Historic) \$7,540,148 (State Historic)
Equity Proceeds Pay-In Schedule:	Based on the terms of this letter agreement and the information, projections, and assumptions you have provided to us, equity contributions will be made to the Partnership by the LP in the percentages set forth below:

1. 25% will be funded at (a) the Limited Partner's admission into the Partnership, (b) closing and initial funding of all of the construction financing for the Project, (c) receipt of the commitments for all of the permanent financing, and (d) receipt of the LIHTC allocation; such funds shall be used to fund hard and soft development costs.

2. 25% will be funded upon the later to occur of: (a) satisfaction of all conditions precedent to the payment set forth in paragraph (1), and (b) 50% construction completion as certified by project architect; such funds shall be used to fund hard and soft development costs.

3. 25% will be funded upon the later to occur of: (a) satisfaction of all conditions precedent to the payment set forth in paragraphs (1) and (2) and (b) 100% construction completion as certified by project architect; such funds shall be used to fund hard and soft development costs.

4. 100% of State HTC will be funded upon the later to occur of: (a) satisfaction of all conditions precedent to the payment set forth in paragraphs (1) and (2) and (b) 100% construction completion as certified by project architect; such funds shall be used to fund hard and soft development costs.

5. 20% will be funded upon the later to occur of: (a) satisfaction of all conditions precedent to the payments set forth in paragraphs (1), (2) and (3), (b) the issuance of final Municipal or County Occupancy Certificates, (c) receipt of the certification of qualified expenditures by an independent certified public accountant, (d) 90% qualified occupancy for three consecutive months ("Stabilized Operations"), and (e) funding of the Permanent Loan; such funds shall be used to fund initial operating deficit reserves and any remaining hard and soft costs.
6. 5% will be funded upon the later to occur of: (a) satisfaction of all conditions precedent to the payment set forth in paragraphs (1), (2), (3) and (4), (b) the issuance of all Treasury Forms 8609, and (c) receipt of the federal income tax return and K-1s for the Partnership; such funds shall be used to fund and any soft development costs.

Obligations of the General Partner and Guarantor(s):

Operating Deficit Guaranty: The GP and Guarantors will guarantee and agree to loan to the Partnership sufficient funds, for a period of 60 months following the date stabilized operations is achieved (the "Operating Deficit Guarantee Period"), to fund operating deficits.

Development Completion Guaranty: The GP and Guarantors will guarantee completion of construction of the Project substantially in accordance with plans and specifications approved by Hunt Capital Partners, LLC, including, without limitation, a guaranty: (i) to pay any amounts needed in excess of the construction loan and other available proceeds to complete the improvements; and (ii) to pay operating deficits prior to the conclusion of Project construction.

Credit Adjusters: The GPs will provide that, if in any year actual credits are less than Projected Credits, then LP shall be owed an amount necessary to preserve its anticipated return based on the Projected Credit.

The obligations of the GP shall be guaranteed by GP, Developer and its principals (the "Guarantors").

Asset Management Fee (AMF):	$7,500 annually
Syndicator Costs:	$60,000
Developer Fee:	Of the total developer fee of $4,115,656 it is expected that $4,115,665 will be earned and paid and $0 will be deferred.

Cash Flow Split:

Cash Flow to the Partnership shall be distributed as follows:

a. To the LP, to make any tax credit adjuster payment not previously made;

b. To the payment of any debts, excluding any unpaid Development Fee, owed to the Partners and/or their affiliates, until all such debts have been paid in full;

c. To the payment of the AMF plus all accrued AMF unpaid from prior years;

d. 100% to the payment of any unpaid Development Fee, until such fee has been paid in full;

e. The balance, 90% to the GP as an Incentive Property Management Fee and 10% to the partners in accordance with their ownership percentages.

All tax profits, losses, and credits from operations will be allocated 0.01% to the GP and 99.99% to the LP.

Residual Split:

From Refinancing or Sale. Taxable profits and/or losses from a sale of the Property will be allocated among the Partners of the Partnership to adjust capital accounts as required by the Internal Revenue Code and in accordance with sale proceeds distributions.

Sale and Refinancing Proceeds will be distributed as follows:

a. Payment in full of all Partnership debts except those due to Partners and/or their affiliates;

b. To the LP, to make any tax credit adjuster payment not previously made;

c. To the payment of any debts owed to Partners and/or their affiliates until all such debts have been paid in full, and GP's capital contribution;

d. The balance, 90% to the GP and 10% to the LP.

Replacement Reserves: $350/unit/year

Other Terms and Conditions:

1) Proof of award and allocation of LIHTC.

2) The GP must have a firm commitment for a fixed-rate permanent first mortgage with terms, conditions and a Lender acceptable to the Limited Partner. It is anticipated that the following construction and perm sources will be provided to the project:

- A 24-month construction loan provided by Citi Community Capital in the amount of $16,480,312.
- A 35-year permanent loan provided by Citi Community Capital in the amount of $3,060,000 at a 5.50% interest rate and a 35-year amortization.
- A 50-year non-amortizing construction and permanent loan provided by HACEP in an amount up to $5,933,523 at a 3% interest rate.

3) Receipt, review, and approval of market study, environmental and geological reports, plans and specifications, contractor and such other conditions which are customary and reasonable for an equity investment of this nature and amount;

4) The Capital Contributions are determined on the projected credits delivered to Hunt based on the lease-up schedule provided to Hunt by the GP. Any changes in the timing of construction and/or lease-up may impact the timing and amounts of Capital Contributions.

5) Final Approval of the transaction by HCP's Investment Committee and approval of the transaction yield and tax rate assumptions by HCP's Investor.

[THE REMAINDER OF THIS PAGE HAS BEEN INTENTIALLY LEFT BLANK]

In recognition of the time and expense to be spent by Hunt in evaluating this transaction prior to closing, the GP will deal exclusively with Hunt with respect to the transactions noted in this firm commitment letter until this firm commitment letter is terminated by either party. You hereby confirm that no other party presently has any right to acquire an interest in the Property or the Partnership.

Please execute and promptly return to us a copy of this commitment letter. The terms herein shall expire 10 business days after the date of this letter if your signed copy has not been received by us.

Sincerely,

Dana Mayo
Executive Vice President
Hunt Capital Partners, LLC

AGREED and ACCEPTED:

Paisano Blue Flame GP, LLC

By: ______________________ ______________________
Date

Name: ______________________

Title: ______________________

Cc: Omar Chaudhry (Hunt Capital Partners)
Bryce Tobias (Hunt Capital Partners)

Community Capital

citi

TERM SHEET

Multifamily Rental Developments with Rent Restrictions
New Construction and/or Substantial Rehabilitation and/or Term Mortgages

Blue Flame

February 12, 2018

NOTE: This Term Sheet constitutes a brief summary of certain, but not all, transaction terms and conditions for discussion purposes only. The summary that follows is subject to credit approval and does not constitute an offer or commitment.

In connection with this Term Sheet, CITI will be acting solely as a principal and not as your agent, advisor or fiduciary. CITI has not assumed a fiduciary responsibility with respect to this Term Sheet, and nothing in this transaction or in any prior relationship between you and CITI will be deemed to create an advisory, fiduciary or agency relationship between us in respect of this Term Sheet. You should consider carefully whether you would like to engage an independent advisor to represent or otherwise advise you in connection with this Term Sheet, if you have not already done so.

PRELIMINARY LOAN TERMS

Transaction Summary:	Citibank, N.A. ("CITI") proposes to arrange a construction/permanent loan (the "Loan") to the Borrower (defined below) in connection with the acquisition and construction of the Property described below.
Property:	An adaptive re-use acq/rehab, multifamily project to contain 120 units located in El Paso, Texas. This existing property is currently known as "Blue Flame" (the "Property.")
Set-Asides:	100% of the units are reserved for individuals or families whose income is no greater than 60% of Area Median Income ("AMI").
Applicant:	Franklin Development and Paisano Housing Redevelopment Corp
Borrower:	A single asset entity whose manager or general partner is the Applicant or an affiliate of Applicant. Borrower entity, its constituent entities and its operating/partnership agreement must be acceptable to CITI in all respects.
LIHTC Investor/ Syndicator:	If applicable, the Low Income Housing Tax Credit ("LIHTC") Investor / Syndicator, the upper tier investor(s) and the terms and conditions of the partnership/operating agreement must be acceptable to CITI in all respects including, particularly, the timing of and conditions to funding capital contributions.
Guarantor(s):	Aubra Franklin and relevant related corporate entities acceptable to CITI in all respects until perm conversion and Paisano Housing Redevelopment thereafter. The Guarantor's financial condition must be acceptable to CITI in all respects.

Subordinate Debt: If applicable, the sources of subordinate debt and the subordinate loan documents must be acceptable to CITI in all respects. All subordinate debt must fund prior to Loan funding unless CITI approves other arrangements.

Loan Security: First lien on land and any improvements or first leasehold interest, UCC filings for fixtures; assignment of all leases and rents; and, a first priority collateral assignment of all contracts, management agreements, and other agreements and all permits relating to the Property.

Construction Phase Recourse Guarantees: Prior to conversion of the Loan to the Permanent Phase (described below) and during the Construction Phase (described below), the Loan will be fully recourse to the Borrower and to the Guarantor(s) and Completion and Repayment Guarantees are required from the Borrower and the Guarantor(s).

Guarantees, Permanent Phase: None, except for industry standard carve outs ("Carve Outs"). Carve Outs include guarantees against fraud, misrepresentation, bankruptcy and environmental issues.

Environmental Indemnity: Borrower and Guarantor(s) will be liable for CITI's standard environmental indemnity.

Closing: Closing is subject to full satisfaction of CITI's standard due diligence, underwriting and credit approval processes, and the execution and delivery of all required loan documents, delivery of opinions, payment of fees and other customary requirements.

Closing Date: May, 2018 (estimated)

CONSTRUCTION PHASE

Construction Phase Loan Amount: An amount, currently estimated to be $16,480,312, but in any event, an amount not to exceed 80% of costs budgeted for the Construction Phase.

Term: 30 months, plus one 6-month extension(s). Fees for the extension(s) are indicated below under "Fees & Expenses."

Construction Phase Interest Rate: Variable rate equal to one month LIBOR (which shall have a floor of 0.00%) plus a spread of 2.50%, ("Construction Phase Interest Rate"). Rate adjusts monthly. Currently, one month LIBOR is trading at approximately 1.60%, for an all-in rate of 4.10%. Pricing is based on current market conditions and is subject to change.

Availability: Loan proceeds will be advanced to Borrower on a "draw down" basis upon receipt of a written request from Borrower, supported by documentation acceptable to CITI. Borrower will be required to submit a loan budget worksheet with each draw request tracking all Property sources and uses of funds. Draw requests limited to one per month.

Loan in Balance: The loan must remain "in balance" during the Construction Phase. "In balance" means that (1) the funds available during the Construction Phase (from the Loan and all other debt and equity sources) are sufficient to complete the construction or rehabilitation of the Property and all other expenses reasonably expected to be necessary to achieve the conditions for conversion of the Loan to the Permanent Phase; and (2) the sources available at Conversion are sufficient to pay down the Construction Phase loan amount to the Permanent Phase loan amount, along with any other funding requirements for Conversion.

Amortization: None. Payments on the Loan during the Construction Phase will be interest only.

Prepayment and Yield Maintenance: Voluntary prepayment of Loan principal amounts during the Construction Phase, including those as a result of a Borrower default, may be made without prepayment fee or penalty unless the Construction Phase Loan Amount is reduced to less than the Permanent Phase Loan Amount (as defined below).

If the prepayment reduces the Loan amount to an amount less than the Permanent Phase Loan Amount, the Borrower shall pay the greater of: (i) 1% of the amount of the Loan prepaid below 100% of the Permanent Phase Loan Amount; or (ii) CITI's standard yield maintenance amount on the amount of the Loan prepaid below 100% of the Permanent Phase Loan Amount.

In the event that a Loan prepayment resulting from a Loan resizing, as determined by CITI in its sole discretion, reduces the Loan amount to an amount less than the Permanent Phase Loan Amount, the Borrower shall pay the greater of: (i) 1% of the amount of the Loan prepaid below 90% of the Permanent Phase Loan Amount; and (ii) CITI's standard yield maintenance amount on the amount of the Loan prepaid below 90% of the Permanent Phase Loan Amount.

Notwithstanding any of the above, in the event the amount of such prepayment would cause the Loan amount to fall below 50% of the Permanent Phase Loan Amount, the Borrower shall be required to repay the Loan in full plus the greater of: (i) 1% of the amount of the Loan repaid below 90% of the Permanent Phase Loan Amount; and (ii) CITI's standard yield maintenance amount on the amount of the Loan repaid below 90% of the Permanent Phase Loan Amount.

If Borrower prepays Loan principal amounts through the application of insurance proceeds or a condemnation award, no prepayment fee shall be payable to CITI

Interest Reserve: Calculated at the Construction Phase Interest Rate noted above, plus a cushion acceptable to CITI at time of final Credit approval. Currently, CITI is underwriting with a cushion of 1.0%. The Interest Reserve will be sized based on an analysis of the projected draw schedule for the Loan during the Construction Phase.

Budget and Contingencies: The budget for the Construction Phase, including all budget line items, is subject to CITI approval. The budget shall include a hard cost contingency of no less than 5% of budgeted hard costs for new construction projects and no less than 10% of budgeted hard costs for rehabilitation projects. The budget shall include a soft cost contingency of no less than 5% of budgeted soft costs, excluding 1) soft costs incurred prior to or in connection with closing; 2) interest reserve and bank fees; 3) capitalized operating reserve deposits and other costs that may be due in connection with Conversion for which specific sources are identified; and 4) developer fees.

General Contractor and Bonding Requirements: The general contractor and the construction contract must be acceptable to CITI. It is anticipated that the general contractor will be a related party to the Borrower and given the financial strength and experience of the Guarantor (subject to review and approval by CITI in its sole discretion), CITI will not require a payment and performance bond or letter of credit from the general contractor. However, CITI will require the completion and repayment guarantees noted above.

Retainage: Construction contract will provide for a minimum retainage of 10% of each construction pay application until 50% construction completion is achieved, and zero retainage thereafter, unless other arrangements have been approved by CITI. All retained amounts will be released upon final, lien-free completion of construction, as approved by CITI.

PERMANENT PHASE

Permanent Phase Loan Amounts: An amount currently estimated to be in the maximum amount of $3,060,000 or such other loan amount supported by CITI's underwriting of the Property at the time of Conversion in accordance with CITI's underwriting requirements including those listed below. If at the time of Conversion the Permanent Phase Loan is determined to be lower; the Applicant will be required to pay the loan down to the supportable amount.

Term/Amortization: 15/35 years

Yield Maintenance Period: From Closing until 6 months prior to the end of the Permanent Phase.

Permanent Phase Interest Rates: Fixed rate equal to the 10-year Treasury yield plus a spread of 3.25%. Currently, 10-year Treasury is trading at approximately 2.85%, for an all-in rate of 6.10%. Pricing is based on current market conditions and is subject to change. The rate will be committed at the time of closing of the Construction Phase financing.

Conversion to Permanent Phase Requirements: Conversion requirements include completion of construction and 90% physical occupancy of Project for three consecutive calendar months. CITI will review the Property's net operating income to determine the maximum Permanent Phase Loan Amount based on the Debt Service Coverage and Loan-to-Value noted below.

Debt Service Coverage: A minimum of 1.15 to 1.00.

Loan-to-Value: 90% of market value, based on restricted rents and inclusive of value of permanent below market financing (if applicable), assuming project rents on 80% or more of the units are discounted to a level at least 10% below market. Otherwise, 85%.

Replacement Reserve: Upon Conversion, Borrower will be required to fund a Replacement Reserve for each of the first five years following Conversion in a minimum amount of $250/unit/year for new construction projects or, for renovation projects, in an amount determined by a Physical Needs Assessment acceptable to CITI, but in a minimum amount of $300/unit/year. For each successive five year period thereafter until Loan maturity, the Replacement Reserve level will be determined by a new Physical Needs Assessment acceptable to CITI.

Taxes and Insurance: Commencing upon Conversion, real estate taxes and insurance premiums must be escrowed with the Loan servicer (the "Servicer") on a monthly prorated basis in an amount sufficient to enable the Servicer to pay (at least 30 days before due) all taxes, assessments, insurance premiums or other similar charges affecting the Property.

OTHER

Appraisal, Environmental, Plan/Cost Reviews: Appraisal and Plan/Cost Review reports will be commissioned and reviewed by CITI. CITI may rely upon environmental reports commissioned by Borrower if report is current (within 12 months) and CITI has been provided evidence of acceptable E&O insurance coverage carried by Borrower's environmental consultant and a reliance letter in form acceptable to CITI. Appraisal, environmental condition and plan/cost reviews must be acceptable to CITI in all respects.

Property Tax Abatements, Incentives: All documentation related to any tax abatement or tax incentives must be acceptable to CITI in all respects.

Developer Fee: Any developer fee paid prior to conversion to the Permanent Phase shall be pre-approved by CITI in its sole discretion.

FEES & EXPENSES

Application Fee: $25,000, which amount shall be non-refundable (if applicable, except as set forth in the "Exclusivity" section of the Loan Application) and due and payable upon acceptance of a Loan Application. This fee is applicable toward third party reports, loan underwriting and processing (in the minimum amount of $5,000), and CITI's initial legal fees. Applicant is responsible for the payment of all reasonable costs incurred in connection with the underwriting, processing and/or closing of the Loan (including CITI legal fees).

Origination Fee: A non-refundable Origination Fee equal to 1.00% of the Construction Phase loan amount plus 1.00% of the estimated Permanent Phase loan amount (the "Origination Fee") shall be earned in full by CITI upon the closing of the Loan, and is due and payable at that time.

CITI Legal Fees (*est*): Estimated fees of CITI's counsel for the initial closing is $50,000 and assumes no significant negotiation over CITI's form documents. A portion of the Application Fee will be applied to initial CITI counsel fees. Applicant agrees to make a supplemental deposit to cover CITI's counsel fees once the drafting of legal documentation commences, if requested.

Fees of CITI's counsel for work associated with conversion of the Loan to the Permanent Phase are estimated to be $7,500.

Course of Construction Inspections (*est*): $TBD/monthly report.

Construction Term Extension Fee: 0.25%

Conversion Fee and Expenses:	A Conversion fee equal to $10,000 will be charged by CITI. Other expenses, including insurance review, site inspection and loan servicer set-up fees are estimated to be $5,000.
Other Costs:	Applicant is responsible for costs of survey, title insurance policy, hazard insurance policy, tax escrow fee and all other normal and customary loan closing expenses.
Term Sheet Expiration Date:	Fifteen (15) days after the date hereof, unless attached to a Preliminary Application letter.

This Term Sheet is an indication of our proposal to finance the Property. It is understood and agreed that this Term Sheet does not, in any manner, constitute a commitment to lend. The financing documents evidencing the Loan will be in separate documents and will contain terms and conditions that may be in addition to or in substitution of those set forth in this Term Sheet.

Any terms set forth herein are intended for discussion purposes only and are subject to the final terms as set forth in separate definitive written agreements. This Term Sheet is not a commitment to lend, syndicate a financing, underwrite or purchase securities, or commit capital nor does it obligate us to enter into such a commitment, nor are we acting as a fiduciary to you. By accepting this presentation, subject to applicable law or regulation, you agree to keep confidential the existence of and proposed terms for any transaction contemplated hereby (a "Transaction").

The provision of information in this Term Sheet is not based on your individual circumstances and should not be relied upon as an assessment of suitability for you of a particular product or transaction. Even if CITI possesses information as to your objectives in relation to any transaction, series of transactions or trading strategy, this will not be deemed sufficient for any assessment of suitability for you of any transaction, series of transactions or trading strategy.

This Term Sheet is provided for information purposes and is intended for your use only. Except in those jurisdictions where it is impermissible to make such a statement, CITI hereby informs you that this Term Sheet should not be considered as a solicitation or offer to sell or purchase any securities or other financial products. This Term Sheet does not constitute investment advice and does not purport to identify all risks or material considerations which should be considered when undertaking a transaction. CITI makes no recommendation as to the suitability of any of the products or transactions mentioned. Any trading or investment decisions you take are in reliance on your own analysis and judgment and/or that of your advisors and not in reliance on us.

CITI often acts as (i) a market maker; (ii) an issuer of financial instruments and other products; and (iii) trades as principal in many different financial instruments and other products, and can be expected to perform or seek to perform investment banking and other services for the issuer of such financial instruments or other products. The author of this Term Sheet may have discussed the information contained herein with others within or outside CITI and the author and/or such other CITI personnel may have already acted on the basis of this information (including by trading for CITI's proprietary accounts or communicating the information contained herein to other customers of CITI). CITI, CITI's personnel (including those with whom the author may have consulted in the preparation of this Term Sheet), and other customers of CITI may be long or short the financial instruments or other products referred to in this Term Sheet, may have acquired such positions at prices and market conditions that are no longer available, and may have interests different from or adverse to your interests.

CITI is required to obtain, verify and record certain information that identifies each entity that enters into a formal business relationship with CITI. CITI will ask for your complete name, street address, and taxpayer ID number. CITI may also request corporate formation documents, or other forms of identification, to verify information provided.

Although Citibank, N.A. (together with its subsidiaries and branches worldwide, "Citibank") is an affiliate of CITI, you should be aware that none of the financial instruments or other products mentioned in this term sheet (unless expressly stated otherwise) are (i) insured by the Federal Deposit Insurance Corporation or any other governmental authority, or (ii) deposits or other obligations of, or guaranteed by, Citibank or any other insured depository institution.

IRS Circular 230 Disclosure: CITI and its employees are not in the business of providing, and do not provide, tax or legal advice to any taxpayer outside of CITI. Any statements in this term sheet regarding tax matters were not intended or written to be used, and cannot be used or relied upon, by any taxpayer for the purpose of avoiding tax penalties. Any such taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

Housing Authority of the City of El Paso

March 5, 2018

Paisano Housing Redevelopment Corporation
5300 E. Paisano Dr.
El Paso, TX 79905

RE: Gap Financing Commitment Letter for EP Blue Flame, LP

To Whom It May Concern:

The Housing Authority of the City of El Paso commits to funding the gap in the development financing for the EP Blue Flame, LP development of Blue Flame, a 120 unit development. The gap loan of up to $5,933,523 will be in the form of a cash-flow contingent, non-amortizing loan which carries an interest rate of 3.00% to the Paisano Housing Redevelopment Corporation, a public facilities corporation. The loan will have a term of 50 years.

Sincerely,

Satish Bhaskar
Chief Operating Officer, Housing Authority of the City of El Paso, Texas
5300 E. Paisano Dr.
El Paso, TX 79905
Phone: (915) 849-3730
Email: sbhaskar@hacep.org

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-5000

OFFICE OF PUBLIC AND INDIAN HOUSING

AUG 04 2016

Gerald Cichon
Executive Director
Housing Authority of the City of El Paso
5300 E. Paisano Drive
El Paso, TX 79905

Dear Mr. Cichon:

Thank you for your application under the Rental Assistance Demonstration (RAD) for the conversion to Project Based Rental Assistance of 139 units at the following PIC Development TX003000014, RUBEN SALAZAR PARK.

We are pleased to approve your request for conversion as described in the application, subject to the conditions below.

This award letter serves as the Department's Commitment to Enter into a Housing Assistance Payments (CHAP) for the above-referenced project, provided the Owner meets all the requirements contained in the PIH Notice 2012-32, Revision 2 ("Notice") and all subsequent revisions. In addition, the owner must comply with all "CHAP Milestones" identified in section 1.12 of the Notice as applicable.

This award is issued pursuant to the Consolidated and Further Continuing Appropriations Act, 2012, Pub. L. No. 112-55, approved November 18, 2011 and the Consolidated and Further Continuing Appropriations Act of 2015 (P.L. 113-235), approved December 6, 2014; section 8 of the United States Housing Act of 1937 (Act), 42 U.S.C. 1437 et seq.; and the Department of Housing and Urban Development Act, 42 U.S.C. 3531 et seq. The purpose of this award is to begin the process of effectuating the conversion of Public Housing to a form of project-based assistance under section 8 of the Act. This award cannot be transferred without the prior written consent of HUD.

In order to convert your project, the PHA must fulfill the CHAP milestones and deadlines identified in section 1.12 of the Notice. HUD will rely solely on documents and certifications the PHA submits through the RAD Resource Desk to monitor compliance with CHAP milestones. If HUD, in its sole judgment, determines that the PHA fails to meet any of the requirements, the CHAP will be revoked, unless the PHA submits and HUD approves a request for a deadline extension. Any extension request must include both a justification and an explanation of why failure to meet the milestone will not jeopardize the PHA's ability to complete the RAD conversion. Approval of any request for an extension is at HUD's sole discretion.

Within 30 days of CHAP issuance, you must **confirm your acceptance of a CHAP by submitting an application into the Inventory Removals module in PIC** in order to identify the units that will be removed from public housing Annual Contributions Contract (ACC) when the project completes conversion. HUD has made instructions for submitting a Removal Application into PIC available at www.hud.gov/rad.[1] Failure to submit a Removal application into PIC will result in a suspension of the CHAP and a revocation if not corrected within a reasonable time period. Contact your PIH Field Office if you have any questions about this submission.

As the award is a conditional commitment by HUD, HUD reserves the right to revoke or amend its commitment at any time prior to closing if HUD, in its sole judgment, determines that any of the following conditions are present:

A. any of the contract units were not eligible for selection;
B. the proposed conversion is not or will not be financially feasible;
C. the Owner fails to meet any applicable deadline;
D. the Owner fails to cooperate;
E. there is any violation of program rules, including fraud; or
F. the terms of the conversion would be inconsistent with fair housing and civil rights laws or a fair housing or civil rights court order, settlement agreement, or voluntary compliance agreement.

This award shall be interpreted and implemented in accordance with all statutory requirements, and with all HUD requirements, including amendments or changes in HUD requirements, the Notice, and all other applicable RAD guidance.

As you start the process of conversion, we urge you to continue to maintain an open dialogue with your residents and local officials. If you have any questions or concerns regarding

---

[1] See http://portal.hud.gov/hudportal/documents/huddoc?id=RADPICinventory_removal.pdf

the conversion process or fulfilling the CHAP Milestones, please contact your RAD Transaction Manager.

Sincerely,

Jemine A. Bryon
General Deputy Assistant Secretary
Office of Public and Indian Housing

Enclosure

CC: Satish Bhaskar

EXHIBIT A

IDENTIFICATION OF UNITS ("CONTRACT UNITS")
BY SIZE AND APPLICABLE CONTRACT RENTS

The Contract Rents below for the subject project were determined in accordance with PIH Notice 2012-32, REV-1 based on Fiscal Year 2012 Federal Appropriations and assumptions regarding applicable rent caps. The final RAD contracts rents, which will be reflected in the RAD HAP contract, will be based on Fiscal Year 2012 Federal Appropriations, as well as applicable program rent caps and Operating Cost Adjustment Factors (OCAFs), and, as such, may change.

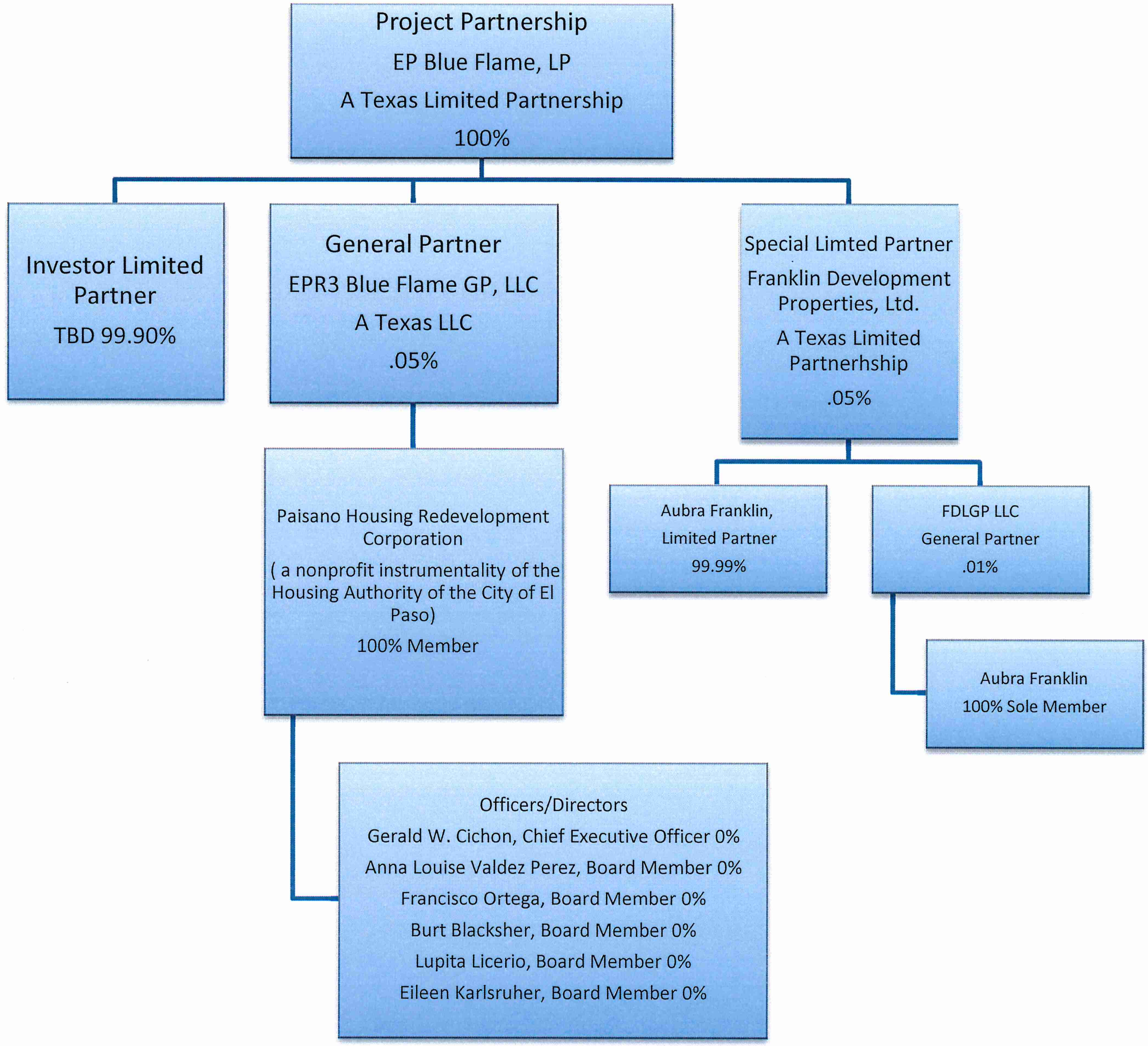
Existing PIC Development Number: TX003000014
Updated PIC Development Number* (for tracking purposes only): TX003000014G
Updated PIC Development Name* (for tracking purposes only): RUBEN SALAZAR PARK G

Number of Contract Units	Number of Bedrooms	Contract Rent	Utility Allowance	Gross Rent
4	0	$623	$0	$623
118	1	$668	$0	$668
9	2	$797	$39	$836
6	3	$1,142	$46	$1,188
2	5	$1,559	$0	$1,559

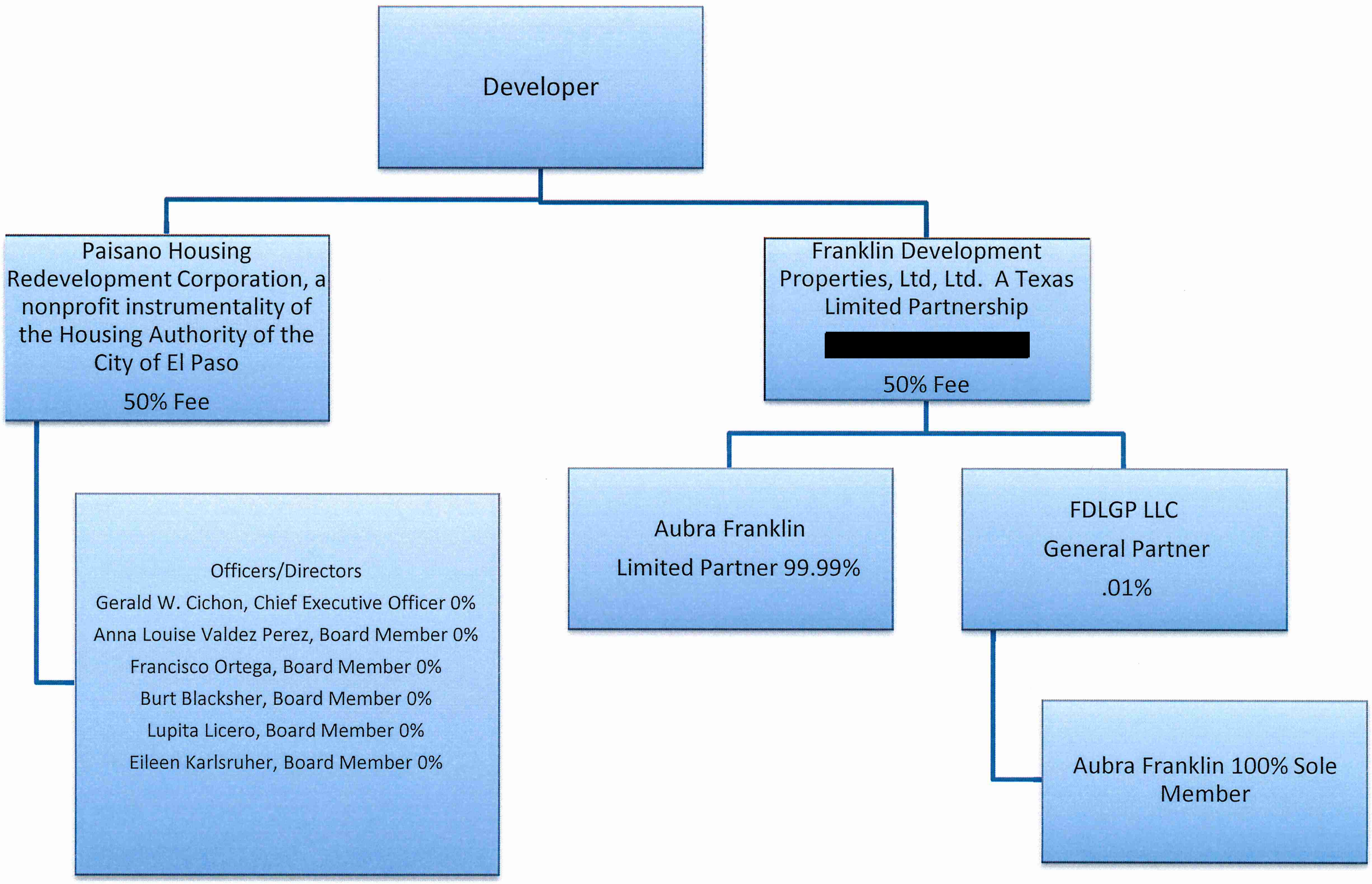
Please note that this rent schedule includes the 2014, 2015 and 2016 OCAF adjustments that the PHA is eligible for, and will be confirmed during the Financing Plan review.

*The revised PIC and Project name are only applicable as references for the RAD conversion. No formal changes to PIC have been made.

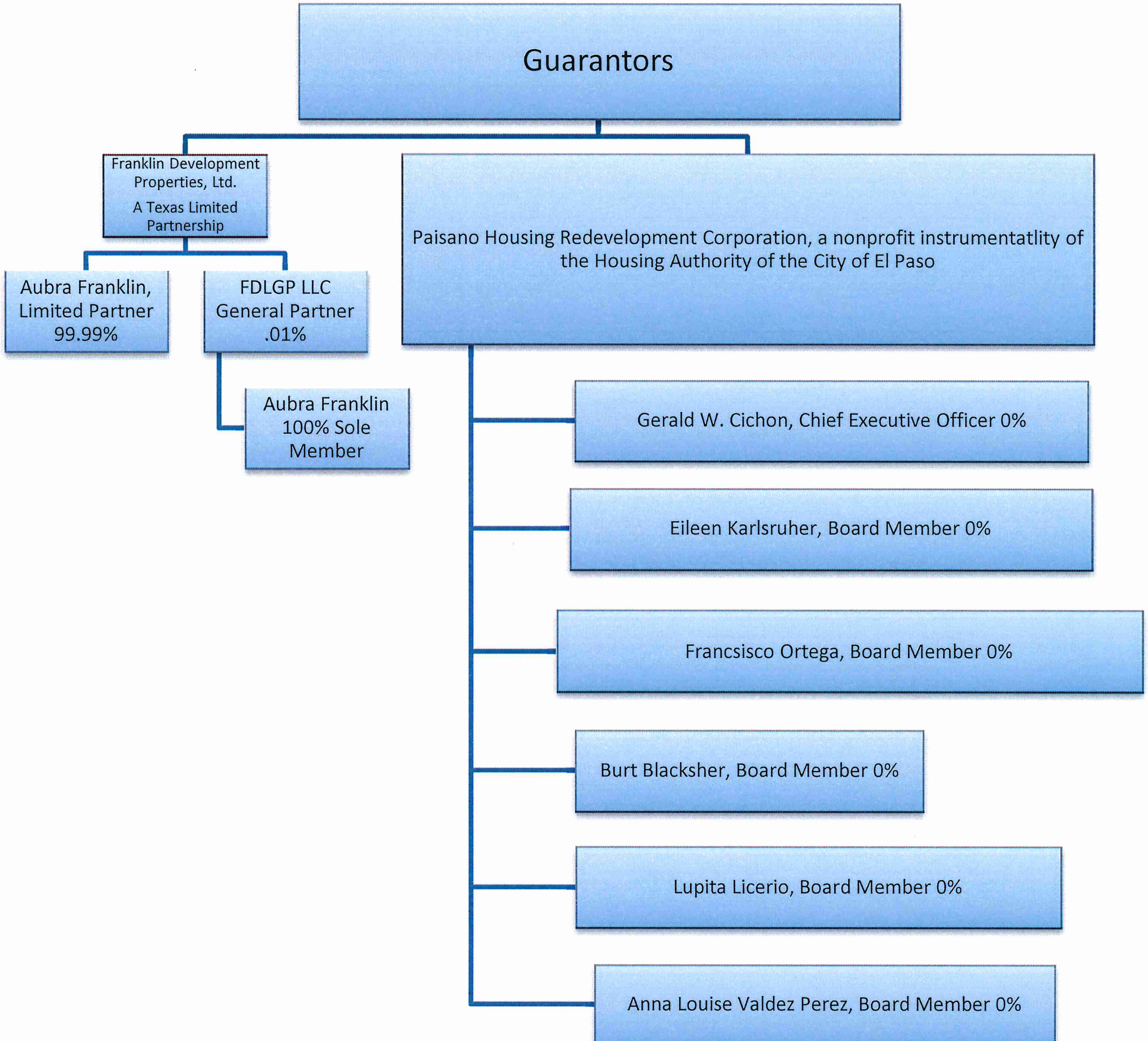
Blue Flame Apartments
El Paso, Texas
Organizational Structure



Blue Flame Apartments
El Paso, Texas
Organizational Structure
<u>Developer</u>



Blue Flame Apartments
El Paso, Texas
Organizational Structure



Previous Participation Form

Form must be completed separately for each entity (i.e. person, organization, etc.) that has or will have a controlling interest or oversight in the contract, award, agreement, or ownership transfer being considered. This form should also be completed for each board member, individual with signature authority, executive director, or elected official that represents the person/entity (as applicable).

Person/Role:	EPR3 Blue Flame GP, LLC -- General Partner
Email Address:	tdeloye@hacep.org
City & State of Home Addr:	El Paso, TX 5300 E. Paisano Drive, El Paso, TX 79905
Applicant Legal Name:	EPR3 Blue Flame GP, LLC

1. List experience with all TDHCA rental development programs (including: HTC, HTC Exchange, Direct Loan (HOME, TCAP, RHD), and BOND) that you have controlled at any time.

[X] By selecting this box I certify that I have no prior experience with any TDHCA administered affordable rental program.

TDHCA ID#	Property Name	Property City	Program	Control began (mm/yy)	Control End (mm/yy)
	NA				

2. Identify all Community Affairs and Single Family department programs that you have participated in within the last three(3) years by placing an "x" next to the program name.

[X] By selecting this box I certify that I have no prior experience with any TDHCA Single Family or Community Affairs Programs.

Community Affairs:	CEAP		DOE		HHSP		WAP	
	CSBG		ESG		LIHEAP			
HOME:	CFDC		HBA		PWD		TBRA	
	DR		HRA		SFD			
HTF/OCI:	AYBR		Bootstrap		CFDC		Self-Help	
Other:							**NSP**	

Previous Participation Form

Form must be completed separately for each entity (i.e. person, organization, etc.) that has or will have a controlling interest or oversight in the contract, award, agreement, or ownership transfer being considered. This form should also be completed for each board member, individual with signature authority, executive director, or elected official that represents the person/entity (as applicable).

Person/Role: Aubra Franklin

Email Address: edgar@franklinmgt.net

City & State of Home Addr: San Antonio, Texas

Applicant Legal Name: EP Blue Flame, LP

1. List experience with all TDHCA rental development programs (including: HTC, HTC Exchange, Direct Loan (HOME, TCAP, RHD), and BOND) that you have controlled at any time.

☐ By selecting this box I certify that I have no prior experience with any TDHCA administered affordable rental program.

TDHCA ID#	Property Name	Property City	Program	Control began (mm/yy)	Control End (mm/yy)
8190	Sutton Oaks	San Antonio	HTC	Apr-09	
8401	Artisan at Creekside	San Antonio	HTC	Jan-08	
60417	Artisan at Salado Falls	San Antonio	HTC	Nov-06	
12004	The Park at Sutton Oaks	San Antonio	HTC	Feb-11	
10014	Artisan at Port Isabel	Port Isabel	HTC	Aug-11	
15134	Artisan at Judson Road	San Antonio	HTC	May-15	
600409	Artisan at Mission Creek	San Antonio	HTC	May-06	
4448	Artisan at Willow Springs	San Antonio	HTC	Sep-04	
3463	Artisan at Rush Creek	San Antonio	HTC	Jan-04	
2471	Rancho Sierra	San Antonio	HTC	Jan-04	
3176	Artisan at Salado Creek	San Antonio	HTC	Aug-03	
4992	Artisan on the Bluff	San Antonio	HTC	Nov-04	
3434	Artisan Ridge	Dallas	HTC	Nov-03	
16354	Gonzalez Apartments	El Paso	HTC	Sep-17	

2. Identify all Community Affairs and Single Family department programs that you have participated in within the last three(3) years by placing an "x" next to the program name.

☒ By selecting this box I certify that I have no prior experience with any TDHCA Single Family or Community Affairs Programs.

Community Affairs:	CEAP		DOE		HHSP		WAP	
	CSBG		ESG		LIHEAP			
HOME:	CFDC		HBA		PWD		TBRA	
	DR		HRA		SFD			
HTF/OCI:	AYBR		Bootstrap		CFDC		Self-Help	
Other:							**NSP**	

Previous Participation Form

Form must be completed separately for each entity (i.e. person, organization, etc.) that has or will have a controlling interest or oversight in the contract, award, agreement, or ownership transfer being considered. This form should also be completed for each board member, individual with signature authority, executive director, or elected official that represents the person/entity (as applicable).

Person/Role: Franklin Development Properties, Ltd / FDLGP LLC

Email Address: edgar@franklinmgt.net

City & State of Home Addr: San Antonio, Texas

Applicant Legal Name: EP Blue Flame, LP

1. List experience with all TDHCA rental development programs (including: HTC, HTC Exchange, Direct Loan (HOME, TCAP, RHD), and BOND) that you have controlled at any time.

☐ By selecting this box I certify that I have no prior experience with any TDHCA administered affordable rental program.

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2471	Rancho Sierra	San Antonio	HTC	Jan-04	
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2. Identify all Community Affairs and Single Family department programs that you have participated in within the last three(3) years by placing an "x" next to the program name.

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Community Affairs:	CEAP		DOE		HHSP		WAP	
	CSBG		ESG		LIHEAP			
HOME:	CFDC		HBA		PWD		TBRA	
	DR		HRA		SFD			
HTF/OCI:	AYBR		Bootstrap		CFDC		Self-Help	
Other:							**NSP**	

Applicant Credit Limit Documentation and Certification (Competitive HTC Only)

Pursuant to §11.4(a) of the Qualified Allocation Plan, the Department shall not allocate more than $3 million of Competitive Housing Tax Credits from the current Application Round to any Applicant, Developer, Affiliate or Guarantor (unless the Guarantor is also the General Contractor, and is not a Principal of the Applicant, Developer, or Affiliate of the Development Owner). All Applications must be identified herein to ensure that the Department is advised of all Applications, Applicants, Affiliates, Developers, General Partners or Guarantors involved to avoid any statutory violation of Texas Government Code, §2306.6711(b).

Instructions:

Complete Part I of this form. For each person or entity in Part I that answers "Yes" to Part I b., a Part II form must be submitted (i.e. if 4 persons/entities answer "Yes" to Part I b., then 4 separate Part II forms must be provided).

Part I. Applicant Credit Limit Documentation

	a. Applicant, Developers, Affiliates, and Guarantors - List below all entities or Persons meeting the definition of Applicant, Affiliate, Developer or Guarantor.	**b.** Person/entity has at least one other application in the current Application Round.	
1.	Franklin Development Properties, Ltd	No	
2.	FDLGP LLC	No	
3.	Aubra Franklin	No	
4.			
5.			
6.			
7.			
8.			
9.			
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12.			
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30.			

Individually, or as the General Partner(s) of officer(s) of the Applicant entity, I (we) certify that we are submitting behind this tab one signed Credit Limit Certification form for each person and/or entity that answered "Yes" to *Part b.* above.

By: ______________________ 12/18/17 Its: MANAGING MEMBER

Signature of Applicant — *Date*

Part II. Credit Limit Certification

Instructions:
Each Person and/or Entity that answered "Yes" to Part 1 (b) must complete this form.

Name and role of Person or Entity completing this form: *Franklin Development Properties, Ltd.*

Which is:
- [ ] the Applicant (Entity that generally manages or controls the "Applicant," i.e. General Partner, Managing Partner, etc.)
- [X] a Special Limited Partner or Class B Limited Partner or equivalent of the Applicant
- [X] a Developer for the Applicant for this specific Application
- [ ] an Affiliate to the Applicant
- [X] a Guarantor on the Application

Pursuant to §11.4(a) of the Qualified Allocation Plan, the Department shall not allocate more than $3 million of tax credits from the current Application Round to any Applicant, Developer, Affiliate or Guarantor. The undersigned represents to the Department that the following is a list of all developments for which the Applicant, the Developer, Affiliate, or Guarantor, has applied for an allocation of tax credit authority from the Department in the current Application Round.

Development Name:	Region:	City:	% Ownership:	% of Dev. Fee:
Blue Flame	13	El Paso	0.50%	50.00%

I acknowledge that *Gerald W. Cichon* is authorized to terminate the Application in the event of a conflict with §11.4(a) of the Qualified Allocation Plan.

I hereby certify that the foregoing is a complete list of Developments with respect to which I am seeking a current allocation of tax credit authority from the Department. I certify that, if the Department makes a recommendation to the Board or issues a commitment which may cause Applications for which I am the Applicant, the Developer, Affiliate or Guarantor, to receive credits in excess of $3 million, I will notify the Department in writing within three business days of the recommendation or issuance of the Commitment.

I acknowledge that if the Department determines that an Applicant, Developer, Affiliate or Guarantor, has received (in the aggregate) allocations in the current Application Round from the Department exceeding $3 million, the Department must refuse to issue one or more Commitments or Carryover Allocations, or must terminate one or more Commitments or Carryover Allocations.

Under penalty of perjury, I certify that this information and these statements are true, complete, and accurate:

By: ______________________ *Franklin Development Properties, Ltd.* 12/18/17

Signature of Applicant, Developer, Affiliate or Guarantor (as appropriate) — *Printed Name* — *Date*

Part II. Credit Limit Certification

Instructions:
Each Person and/or Entity that answered "Yes" to Part 1 (b) must complete this form.

Name and role of Person or Entity completing this form: *Aubra Franklin*

Which is:

- [ ] the Applicant (Entity that generally manages or controls the "Applicant," i.e. General Partner, Managing Partner, etc.)
- [X] a Special Limited Partner or Class B Limited Partner or equivalent of the Applicant
- [X] a Developer for the Applicant for this specific Application
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- [X] a Guarantor on the Application

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I hereby certify that the foregoing is a complete list of Developments with respect to which I am seeking a current allocation of tax credit authority from the Department. I certify that, if the Department makes a recommendation to the Board or issues a commitment which may cause Applications for which I am the Applicant, the Developer, Affiliate or Guarantor, to receive credits in excess of $3 million, I will notify the Department in writing within three business days of the recommendation or issuance of the Commitment.

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Under penalty of perjury, I certify that this information and these statements are true, complete, and accurate:

By: [signature] *Aubra Franklin* 12/18/17

Signature of Applicant, Developer, Affiliate or Guarantor (as appropriate) | *Printed Name* | *Date*

Part II. Credit Limit Certification

Instructions:
Each Person and/or Entity that answered "Yes" to Part 1 (b) must complete this form.

Name and role of Person or Entity completing this form: FDLGP LLC

Which is:

- [ ] the Applicant (Entity that generally manages or controls the "Applicant," i.e. General Partner, Managing Partner, etc.)
- [x] a Special Limited Partner or Class B Limited Partner or equivalent of the Applicant
- [x] a Developer for the Applicant for this specific Application
- [ ] an Affiliate to the Applicant
- [x] a Guarantor on the Application

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Development Name:	Region:	City:	% Ownership:	% of Dev. Fee:
Blue Flame	13	El Paso	0.50%	50.00%

I acknowledge that Gerald C. Cichon is authorized to terminate the Application in the event of a conflict with §11.4(a) of the Qualified Allocation Plan.

I hereby certify that the foregoing is a complete list of Developments with respect to which I am seeking a current allocation of tax credit authority from the Department. I certify that, if the Department makes a recommendation to the Board or issues a commitment which may cause Applications for which I am the Applicant, the Developer, Affiliate or Guarantor, to receive credits in excess of $3 million, I will notify the Department in writing within three business days of the recommendation or issuance of the Commitment.

I acknowledge that if the Department determines that an Applicant, Developer, Affiliate or Guarantor, has received (in the aggregate) allocations in the current Application Round from the Department exceeding $3 million, the Department must refuse to issue one or more Commitments or Carryover Allocations, or must terminate one or more Commitments or Carryover Allocations.

Under penalty of perjury, I certify that this information and these statements are true, complete, and accurate:

By: ______________________ Aubra Franklin 12/18/17

Signature of Applicant, Developer, Affiliate or Guarantor (as appropriate) | *Printed Name* | *Date*

10

BOARD ACTION REQUEST

MULTIFAMILY FINANCE DIVISION

APRIL 26, 2018

Presentation, discussion and possible action on a Determination Notice for Housing Tax Credits with another Issuer (#18402 Hampton Homes, Texarkana)

RECOMMENDED ACTION

WHEREAS, a 4% Housing Tax Credit application for Hampton Homes, sponsored by the Texarkana Public Facility Corporation was submitted to the Department on January 5, 2018;

WHEREAS, the Certification of Reservation from the Texas Bond Review Board was issued on February 5, 2018, and will expire on July 5, 2018;

WHEREAS, the proposed issuer of the bonds is the Texarkana Public Facility Corporation; and

WHEREAS, in accordance with 10 TAC §1.301(d)(1), the compliance history is designated as a Category 3 Portfolio and deemed acceptable by Executive Award and Review Advisory Committee ("EARAC") after review and discussion;

NOW, therefore, it is hereby

RESOLVED, that the issuance of a Determination Notice of $192,386 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 Hampton Homes is hereby approved as presented to this meeting.

BACKGROUND

General Information: Hampton Homes, proposed to be located at 3301 West 15th Street and 1400 Jenkins Street in Texarkana, Bowie County, involves the acquisition and rehabilitation of 50 units; all of which will be rent and income restricted at 60% of Area Median Family Income. Hampton Homes is one of five properties currently owned by the Housing Authority of Texarkana that are to be converted from public housing to Section 8 rental assistance through the Rental Assistance Demonstration ("RAD") program administered by HUD. The other properties include the HATT Scattered Sites, Robison Terrace, Williams Homes, and Bright Street, all of which are also on the agenda for consideration. Each of the five properties will be owned by the partnership, will be financed using one investor and lender, and have one bond reservation. The census tract (0108.00) has a median household income of $25,430, is in the fourth quartile, and has a poverty rate of 29.8%. Hampton Homes will serve a general population and the site conforms to current zoning.

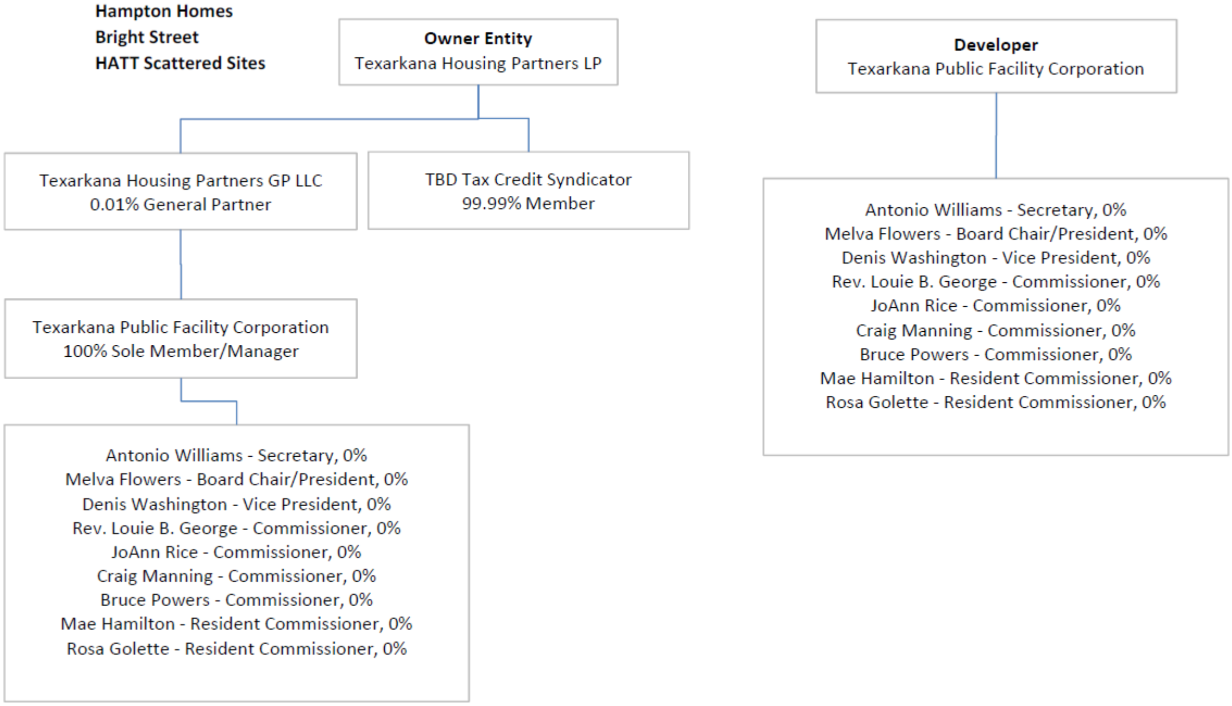
Organizational Structure and Previous Participation: The Borrower is Texarkana Housing Partners LP, and includes the entities and principals as illustrated in Exhibit A. The applicant's portfolio is considered a small Category 3 and the previous participation was deemed acceptable by EARAC without further review or discussion. EARAC also reviewed the proposed financing and the underwriting report, and recommends issuance of a Determination Notice.

Public Comment: The Department received a letter of support from State Representative Gary VanDeaver and no letters of opposition have been received.

EXHIBIT A

Organizational Structure For:

Robison Terrace
Williams Homes
Hampton Homes
Bright Street
HATT Scattered Sites



Guarantor:
Texarkana Public Facility Corporation

18402-18406

Gary VanDeaver
District 1

State of Texas
House of Representatives

January 31, 2018

Ms. Teresa Morales
Multifamily Division Manager
Texas Department of Housing and Community Affairs
P.O. Box 13941
Austin, Texas 78711-3941

Dear Ms. Morales:

Your agency recently sent several notifications of affordable rental housing applications proposed in Texarkana, which is in my legislative district. I appreciate the opportunity to comment on these proposed projects.

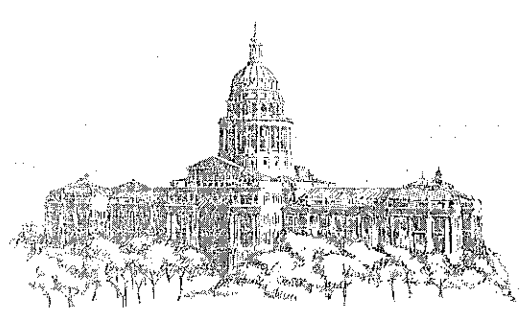
All of these properties are currently owned by the city of Texarkana and are in need of repairs and renovations. Some of these properties were originally built in the late 1960s and have experienced a lot of wear and tear over the years. The city is seeking funding so it can make these building cleaner, more efficient and into better spaces for the residents.

I am glad to lend my support of the city's efforts to remodel and upgrade its housing inventory. Please feel free to contact my office if you have any questions or need more information.

Sincerely,

Gary VanDeaver
Texas House of Representatives

GV/tc



Capitol Office: E1.310 • P.O. Box 2910 • Austin, Texas 78768-2910 • (512) 463-0692 • fax (512) 463-0902
District Office: Bowie County Courthouse • 710 James Bowie Drive • New Boston, Texas 75570 • (903) 628-0361
gary.vandeaver@house.state.tx.us

18402 Hampton Homes - Application Summary

REAL ESTATE ANALYSIS DIVISION
April 19, 2018

PROPERTY IDENTIFICATION

Application #	18402
Development	Hampton Homes
City / County	Texarkana / Bowie
Region/Area	4 / Urban
Population	General
Set-Aside	General
Activity	Acquisition/Rehab (Built in 1970)

RECOMMENDATION

TDHCA Program	Request	Recommended		
LIHTC (4% Credit)	$192,386	$192,386	$3,848/Unit	$0.85

KEY PRINCIPAL / SPONSOR

Housing Authority of Texarkana Texas
Antonio Williams
James Brooks
Audrey Martin (Consultant)

Related Parties	Contractor - Yes	Seller - Yes

TYPICAL BUILDING ELEVATION/PHOTO

UNIT DISTRIBUTION / INCOME DISTRIBUTION

# Beds	# Units	% Total	Income	# Units	% Total
Eff	-	0%	30%	-	0%
1	10	20%	40%	-	0%
2	14	28%	50%	-	0%
3	26	52%	60%	50	100%
4	-	0%	MR	-	
TOTAL	50	100%	TOTAL	50	100%

PRO FORMA FEASIBILITY INDICATORS

Pro Forma Underwritten		Applicant's Pro Forma	
Debt Coverage	1.35	**Expense Ratio**	52.4%
Breakeven Occ.	83.4%	**Breakeven Rent**	$525
Average Rent	$599	**B/E Rent Margin**	$74
Property Taxes	Exempt	**Exemption/PILOT**	100%
Total Expense	$3,627/unit	**Controllable**	$2,378/unit

SITE PLAN

MARKET FEASIBILITY INDICATORS

Gross Capture Rate (10% Maximum)			0.9%
Highest Unit Capture Rate	4%	3 BR/50%	26
Dominant Unit Cap. Rate	4%	3 BR/50%	26
Premiums (↑60% Rents)	N/A		N/A
Rent Assisted Units	50	100% Total Units	

DEVELOPMENT COST SUMMARY

Costs Underwritten	TDHCA's Costs - Based on PCA		
Avg. Unit Size	804 SF	**Density**	6.4/acre
Acquisition		$42K/unit	$2,105K
Building Cost	$33.45/SF	$27K/unit	$1,345K
Hard Cost		$33K/unit	$1,661K
Total Cost		$107K/unit	$5,364K
Developer Fee	$470K	(1% Deferred)	Paid Year: 1
Contractor Fee	$233K	**30% Boost**	Yes

REHABILITATION COSTS / UNIT

Site Work	$2K	6%	Finishes/Fixtures	$18K	53%
Building Shell	$9K	27%	Amenities	$1K	4%
HVAC	$K	1%	Total Exterior	$12K	40%
Appliances	$K	0%	Total Interior	$18K	60%

DEBT (Must Pay)				
Source	Term	Rate	Amount	DCR
Bellwether Enterprise (Freddie TEL)	15/35	5.24%	$1,715,000	1.54
HATT Seller Note (Hard Debt)	0/35	2.59%	$350,000	1.35
TOTAL DEBT (Must Pay)			$2,065,000	

CASH FLOW DEBT / GRANT FUNDS				
Source	Term	Rate	Amount	DCR
HATT Seller Note (Soft Debt)	50/0	2.59%	$1,650,000	1.35
TPFC Cash Flow Loan	50/0	0.00%	$9,997	1.35
CASH FLOW DEBT / GRANTS			$1,659,997	

EQUITY / DEFERRED FEES	
Source	Amount
RBC Capital Markets	$1,635,116
Texarkana Public Facility Corporation	$4,181
TOTAL EQUITY SOURCES	$1,639,297
TOTAL DEBT SOURCES	$3,724,997
TOTAL CAPITALIZATION	$5,364,294

CONDITIONS

1 Receipt and acceptance before Determination Notice:

- Executed CHAP or similar agreement with HUD approved rents and operating budgets.

2 Receipt and acceptance by Cost Certification:

- Certification of comprehensive testing for asbestos, lead-based paint, and lead in drinking water; that any appropriate abatement procedures were implemented by a qualified abatement company; and that any remaining asbestos-containing materials, lead-based paint, or lead in drinking water are either replaced or managed in accordance with an acceptable Operations and Maintenance (O&M) program.

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	Texarkana PFC
Expiration Date	7/4/2018
Bond Amount	$20,000,000
BRB Priority	Priority 3
Close Date	7/4/2018
Bond Structure	Private Placement

RISK PROFILE

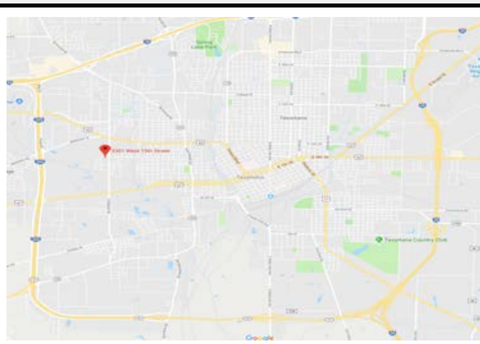
STRENGTHS/MITIGATING FACTORS

- 100% RAD
- Partnership with Housing Authority
- Low Capture Rate
- 1.35 DCR on hard debt

WEAKNESSES/RISKS

- Historical expenses much higher than pro forma
- Asbestos and Lead testing could cause increased

AREA MAP



AERIAL PHOTOGRAPH(s)

BOARD ACTION REQUEST

MULTIFAMILY FINANCE DIVISION

APRIL 26, 2018

Presentation, discussion and possible action on a Determination Notice for Housing Tax Credits with another Issuer (#18403 HATT Scattered Sites, Texarkana)

RECOMMENDED ACTION

WHEREAS, a 4% Housing Tax Credit application for HATT Scattered Sites, sponsored by the Texarkana Public Facility Corporation was submitted to the Department on January 5, 2018;

WHEREAS, the Certification of Reservation from the Texas Bond Review Board was issued on February 5, 2018, and will expire on July 5, 2018;

WHEREAS, the proposed issuer of the bonds is the Texarkana Public Facility Corporation;

WHEREAS, pursuant to 10 TAC §10.101(a)(3) of the Uniform Multifamily Rules related to Undesirable Neighborhood Characteristics, applicants are required to disclose to the Department the presence of certain characteristics of a proposed development site;

WHEREAS, one of the subject properties is located within a census tract that has a poverty rate that exceeds 40% for individuals;

WHEREAS, staff has conducted a further review of the proposed development site and surrounding neighborhood and based on the documentation provided and discussed herein relating to the undesirable neighborhood characteristic, recommends the proposed site be found eligible under 10 TAC §10.101(a)(3) of the Uniform Multifamily Rules; and

WHEREAS, in accordance with 10 TAC §1.301(d)(1), the compliance history is designated as a Category 3 Portfolio and deemed acceptable by Executive Award and Review Advisory Committee ("EARAC") after review and discussion;

NOW, therefore, it is hereby

RESOLVED, that the site for HATT Scattered Sites is hereby found to be eligible; and

FURTHER RESOLVED, that the issuance of a Determination Notice of $123,946 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 HATT Scattered Sites is hereby approved as presented to this meeting.

BACKGROUND

General Information: The HATT Scattered Sites consists of four non-contiguous sites, proposed to be located at 115 Akins Road, 2001 Allen Lane, 2001 Pine Street, and 2001 Wood Street in Texarkana, Bowie County. The application proposes the acquisition and rehabilitation of a total of 42 units; all of which will be rent and income restricted at 60% of Area Median Family Income. HATT Scattered Sites is one of five properties currently owned by the Housing Authority of Texarkana that are to be converted from public housing to Section 8 rental assistance through the Rental Assistance Demonstration ("RAD") program administered by HUD. The other properties include Robison Terrace, Williams Homes, Hampton Homes, and Bright Street, all of which are also on the agenda for consideration. Each of the five properties will be owned by the partnership, will be financed using one investor and lender, and have one bond reservation. HATT Scattered Sites will serve the elderly population (elderly preference) and each site conforms to current zoning. The census tracts containing each of the sites, median household incomes, and poverty rates are listed in the following table.

Address	Census Tract	Median Household Income	Poverty Rate
115 Akins Road (22 units)	48037010800	$25,430	29.8%
2001 Allen Lane (8 units)	48037010400	$22,411	42.3%
2001 Pine Street (4 units)	48037010100	$32,153	27.8%
2001 Wood Street (8 units)	48037010100	$32,153	27.8%

Site Analysis: The Applicant has disclosed the presence of an Undesirable Neighborhood Characteristic, specifically that one of the properties is located within a census tract that has a poverty rate above 40%. The specific property is located at 2001 Allen Lane and the poverty rate associated with that census tract (104.00) is 42.3%. All of the sites are located within a few miles of one another and the surrounding area is described as being a mixed use of single-family homes and retail. The poverty rates of the two census tracts that are contiguous to the subject property are 15.2% (111.00) and 20.9% (100.00). The applicant reports that the median household income has been increasing since 2014 in the census tract in which 2001 Allen Lane is located and staff notes that there has been a 4% increase in those households earning between $75,000 and $99,000 annually over the past five years, despite an increase in the overall poverty rate.

A letter from Shirley Jaster, City Manager for the City of Texarkana, states that the property lies within a Community Development Block Grant program ("CDBG") qualifying census tract that has received investment, including Home Buyer Assistance and Housing Rehabilitation. CDBG funds are stated as being utilized for park improvements and additional infrastructure and sidewalk improvements are planned to be targeted in the future. The letter also summarized steps being taken to bring new industry and jobs to the area while also returning two Superfund sites to productive industrial use. The City Manager states that Texarkana will continue efforts to revitalize the neighborhood as well as surrounding neighborhoods in the area of the subject property.

Staff does not believe the undesirable neighborhood characteristic is of a nature or severity that should render the proposed development ineligible and recommends the site be found eligible under 10 TAC §10.101(a)(3).

Worth noting are the common amenities that will be provided in conjunction with this development. Although the confirmation of which common amenities will be provided is not something staff has historically required at application, the fact that this development includes scattered sites with fairly small unit sizes warrants attention. Pursuant to 10 TAC 10.101(b)(5) of the Uniform Multifamily Rules, non-contiguous scattered site developments are to provide enough common amenities to meet the threshold of points based on the number of units at each site. The rule does not contemplate a site smaller than 16 units because that is the minimum size of a development (encompassing all sites, provided they are scattered). Through discussions with the applicant, it was confirmed that they will be providing four points (the minimum threshold for a 16 unit development) worth of common amenities at each of the development sites.

Organizational Structure and Previous Participation: The Borrower is Texarkana Housing Partners LP, and includes the entities and principals as illustrated in Exhibit A. The applicant's portfolio is considered a Category 3 and the previous participation was deemed acceptable by EARAC without further review or discussion. EARAC also reviewed the proposed financing and the underwriting report, and recommends issuance of a Determination Notice.

Public Comment: The Department received a letter of support from State Representative Gary VanDeaver and no letters of opposition have been received.

EXHIBIT A

Organizational Structure For:

Robison Terrace
Williams Homes
Hampton Homes
Bright Street
HATT Scattered Sites

Owner Entity
Texarkana Housing Partners LP

Texarkana Housing Partners GP LLC
0.01% General Partner

TBD Tax Credit Syndicator
99.99% Member

Texarkana Public Facility Corporation
100% Sole Member/Manager

Antonio Williams - Secretary, 0%
Melva Flowers - Board Chair/President, 0%
Denis Washington - Vice President, 0%
Rev. Louie B. George - Commissioner, 0%
JoAnn Rice - Commissioner, 0%
Craig Manning - Commissioner, 0%
Bruce Powers - Commissioner, 0%
Mae Hamilton - Resident Commissioner, 0%
Rosa Golette - Resident Commissioner, 0%

Developer
Texarkana Public Facility Corporation

Antonio Williams - Secretary, 0%
Melva Flowers - Board Chair/President, 0%
Denis Washington - Vice President, 0%
Rev. Louie B. George - Commissioner, 0%
JoAnn Rice - Commissioner, 0%
Craig Manning - Commissioner, 0%
Bruce Powers - Commissioner, 0%
Mae Hamilton - Resident Commissioner, 0%
Rosa Golette - Resident Commissioner, 0%

Guarantor:
Texarkana Public Facility Corporation

18402-18406

Gary VanDeaver
District 1

State of Texas
House of Representatives

January 31, 2018

Ms. Teresa Morales
Multifamily Division Manager
Texas Department of Housing and Community Affairs
P.O. Box 13941
Austin, Texas 78711-3941

Dear Ms. Morales:

Your agency recently sent several notifications of affordable rental housing applications proposed in Texarkana, which is in my legislative district. I appreciate the opportunity to comment on these proposed projects.

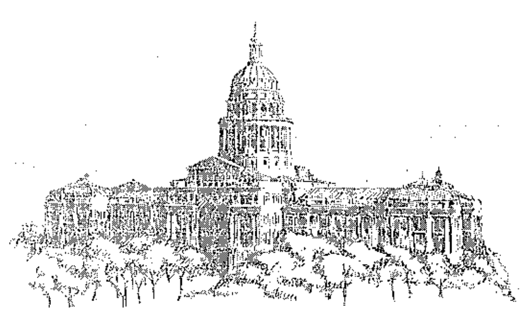
All of these properties are currently owned by the city of Texarkana and are in need of repairs and renovations. Some of these properties were originally built in the late 1960s and have experienced a lot of wear and tear over the years. The city is seeking funding so it can make these building cleaner, more efficient and into better spaces for the residents.

I am glad to lend my support of the city's efforts to remodel and upgrade its housing inventory. Please feel free to contact my office if you have any questions or need more information.

Sincerely,

Gary VanDeaver
Texas House of Representatives

GV/tc



Capitol Office: E1.310 • P.O. Box 2910 • Austin, Texas 78768-2910 • (512)463-0692 • fax (512)463-0902
District Office: Bowie County Courthouse • 710 James Bowie Drive • New Boston, Texas 75570 • (903)628-0361
gary.vandeaver@house.state.tx.us

CITY OF
TEXARKANA
TEXAS

P.O. Box 1967
Texarkana, TX 75504
Phone (903) 798-3900

January 2, 2018

Antonio D. Williams
Chief Executive Officer
Housing Authority of Texarkana, Texas
1611 North Robison Road
Texarkana, Texas 75501

Dear Mr. Williams:

The City of Texarkana, Texas supports your 4% Low Income Housing Tax Credit Application for 2001 Allen Lane, as well as all Housing Authority properties. This property lies within CDBG qualifying Census Tract 104, and has received investment from this program in recent years. Two programs offered in this area are Home Buyers Assistance and Housing Rehabilitation using HUD CDBG Funds. Texarkana, Texas has invested CDBG funds for park improvements to support public health activities, promote livability and sustainability within this area. The City has targeted this area for infrastructure/sidewalk improvements in the future utilizing CDBG funds.

Allen Lane is near our Industrial Areas. The City's Economic Development Department is continuously striving to bring new industry to this area, thereby, increasing job opportunities. Expansion of the Industrial Area is identified in our Draft Future Land Use Map. The City is also working with the EPA and TCEQ to return two Superfund sites to productive industrial uses to create additional jobs in South Texarkana.

The City has applied for additional grant opportunities that will improve the environment in this particular area that will support health and welfare, and offer additional recreational opportunities. It is anticipated that the culmination of these efforts will improve the overall area, increase jobs, and create attractive neighborhoods that families are willing to invest in.

The City will continue our planning efforts in the area around 2001 Allen Lane, and strive to revitalize this neighborhood and surrounding neighborhoods.

Sincerely,

Shirley Jaster

Shirley Jaster
City Manager

18403 HATT Scattered Sites - Application Summary

REAL ESTATE ANALYSIS DIVISION
April 19, 2018

PROPERTY IDENTIFICATION	
Application #	18403
Development	HATT Scattered Sites
City / County	Texarkana / Bowie
Region/Area	4 / Urban
Population	Elderly Preference
Set-Aside	General
Activity	Acquisition/Rehab

RECOMMENDATION					
TDHCA Program	**Request**	**Recommended**			
LIHTC (4% Credit)	$123,946	**$123,946**	**$2,951/Unit**	**$0.85**	

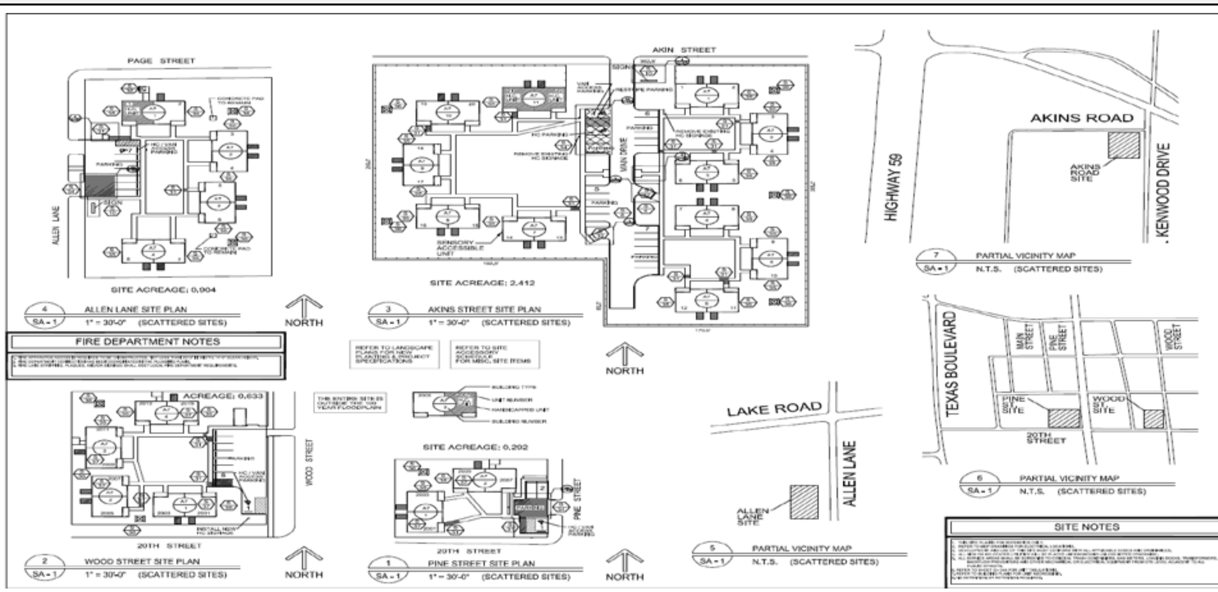
KEY PRINCIPAL / SPONSOR		
Housing Authority of Texarkana Texas (HATT) Texarkana Public Facility Corporation Antonio Williams Audrey Martin (Consultant)		
Related Parties	Contractor - Yes	Seller - Yes

TYPICAL BUILDING ELEVATION/PHOTO

UNIT DISTRIBUTION			INCOME DISTRIBUTION		
# Beds	**# Units**	**% Total**	**Income**	**# Units**	**% Total**
Eff	-	0%	**30%**	-	0%
1	42	100%	**40%**	-	0%
2	-	0%	**50%**	-	0%
3	-	0%	**60%**	42	100%
4	-	0%	**MR**	-	
TOTAL	42	100%	**TOTAL**	42	100%

PRO FORMA FEASIBILITY INDICATORS			
Pro Forma Underwritten		Applicant's Pro Forma	
Debt Coverage	1.35	**Expense Ratio**	60.4%
Breakeven Occ.	85.3%	**Breakeven Rent**	$445
Average Rent	$497	**B/E Rent Margin**	$52
Property Taxes	Exempt	**Exemption/PILOT**	100%
Total Expense	$3,478/unit	**Controllable**	$2,330/unit

SITE PLAN



MARKET FEASIBILITY INDICATORS			
Gross Capture Rate (10% Maximum)	2.1%		
Highest Unit Capture Rate	3%	1 BR/50%	42
Dominant Unit Cap. Rate	3%	1 BR/50%	42
Premiums (↑60% Rents)	N/A		N/A
Rent Assisted Units	42	100% Total Units	

DEVELOPMENT COST SUMMARY			
Costs Underwritten	TDHCA's Costs - Based on PCA		
Avg. Unit Size	576 SF	**Density**	9.9/acre
Acquisition		$21K/unit	$865K
Building Cost	$38.01/SF	$22K/unit	$920K
Hard Cost		$33K/unit	$1,404K
Total Cost		$86K/unit	$3,605K
Developer Fee	$395K	(23% Deferred)	Paid Year: 4
Contractor Fee	$197K	**30% Boost**	No

REHABILITATION COSTS / UNIT					
Site Work	$1K	4%	Finishes/Fixtures	$15K	46%
Building Shell	$6K	19%	Amenities	$7K	21%
HVAC	$K	0%	Total Exterior	$15K	49%
Appliances	$K	0%	Total Interior	$16K	51%

DEBT (Must Pay)				
Source	Term	Rate	Amount	DCR
Bellwether Enterprise (Freddie TEL)	15/35	5.24%	$1,005,000	1.53
HATT Seller Note (Hard Debt)	0/35	2.59%	$190,000	1.35
TOTAL DEBT (Must Pay)			**$1,195,000**	

CASH FLOW DEBT / GRANT FUNDS				
Source	Term	Rate	Amount	DCR
HATT Seller Note (Soft Debt)	50/0	2.59%	$590,000	1.35
TPFC Cash Flow Loan	50/0	0.00%	$676,566	1.35
CASH FLOW DEBT / GRANTS			**$1,266,566**	

EQUITY / DEFERRED FEES	
Source	Amount
RBC Capital Markets	$1,053,431
Texarkana Public Facility Corporation	$90,160
TOTAL EQUITY SOURCES	$1,143,591
TOTAL DEBT SOURCES	$2,461,566
TOTAL CAPITALIZATION	$3,605,157

CONDITIONS

1 Receipt and acceptance before Determination Notice:

- Executed CHAP or similar agreement with HUD approved rents and operating budgets.

2 Receipt and acceptance by Cost Certification:

- Certification of comprehensive testing for lead in drinking water at 115 Akins Rd; that any appropriate abatement procedures were implemented by a qualified abatement company.

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	Texarkana PFC
Expiration Date	7/4/2018
Bond Amount	$20,000,000
BRB Priority	Priority 3
Close Date	7/4/2018
Bond Structure	Private Placement

RISK PROFILE

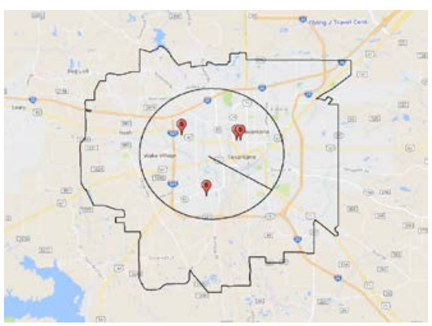
STRENGTHS/MITIGATING FACTORS

- 100% RAD
- Applicant has partnered with Housing Authority
- Property Tax Exemption

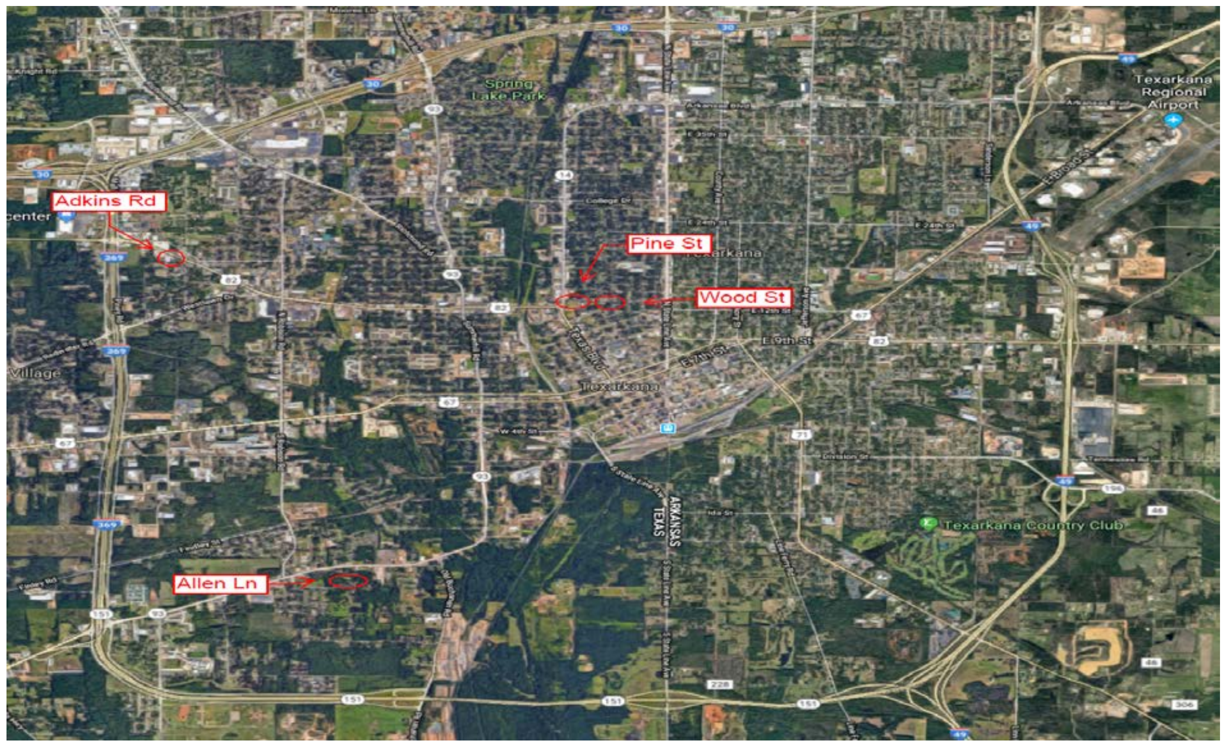
WEAKNESSES/RISKS

- 4 scattered sites
- Historical expenses almost 2x current pro forma

AREA MAP



AERIAL PHOTOGRAPH(s)



BOARD ACTION REQUEST

MULTIFAMILY FINANCE DIVISION

APRIL 26, 2018

Presentation, discussion and possible action on a Determination Notice for Housing Tax Credits with another Issuer (#18404 Robison Terrace, Texarkana)

RECOMMENDED ACTION

WHEREAS, a 4% Housing Tax Credit application for Robison Terrace, sponsored by the Texarkana Public Facility Corporation was submitted to the Department on January 5, 2018;

WHEREAS, the Certification of Reservation from the Texas Bond Review Board was issued on February 5, 2018, and will expire on July 5, 2018;

WHEREAS, the proposed issuer of the bonds is the Texarkana Public Facility Corporation;

WHEREAS, in accordance with 10 TAC §1.301(d)(1), the compliance history is designated as a Category 3 Portfolio and deemed acceptable by Executive Award and Review Advisory Committee ("EARAC") after review and discussion;

WHEREAS, pursuant to 10 TAC §10.101(a)(2) of the Uniform Multifamily Rules related to Undesirable Site Features, applicants are required to disclose to the Department the existence of certain features of a proposed development site;

WHEREAS, the applicant has disclosed that the development is proposed to be located within 500 feet of a railway; and

WHEREAS, pursuant to 10 TAC §10.101(a)(2) the Board may grant an exemption for rehabilitation Developments with ongoing federal assistance from HUD, and therefore staff recommends the site be considered eligible.

NOW, therefore, it is hereby

RESOLVED, that the issuance of a Determination Notice of $460,949 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 Robison Terrace is hereby approved as presented to this meeting.

BACKGROUND

General Information: Robison Terrace is a 10-story high rise building constructed in 1970, and is located at 1010 Dan Haskins Way in Texarkana, Bowie County. It proposes the acquisition and rehabilitation of 50 units; all of which will be rent and income restricted at 60% of Area Median Family Income. Robison Terrace is one of five properties currently owned by the Housing Authority of Texarkana that are to be converted from public housing to Section 8 rental assistance through the Rental Assistance Demonstration

("RAD") program administered by HUD. The other properties include Hampton Homes, HATT Scattered Sites, Williams Homes, and Bright Street, all of which are also on the agenda for consideration. Each of the five properties will be owned by the partnership, will be financed using one investor and lender, and have one bond reservation. The census tract (0108.00) has a median household income of $25,430, is in the fourth quartile, and has a poverty rate of 29.8%. Robison Terrace will serve an elderly population (elderly preference) and the site conforms to current zoning.

Worth noting is the one bedroom units reflected in the application do not meet the Department's definition of a bedroom, primarily because there is not a solid wall separating the living/bedroom area, but instead includes a louvered wall. This would instead be considered an efficiency unit. While HUD considers these units to be one-bedroom units and while the applicant agreed to install a solid wall separating the areas, considering the small size of the units (523 square feet), staff does not believe such action is necessary. The Department does not require consistency with HUD in what it considers to constitute a unit. The unit will be receiving one-bedroom RAD rents and the Department utilized those rents in its underwriting, but will consider them efficiency units for purposes of the Land Use Restriction Agreement.

<u>*Site Analysis:*</u> The Development Site is located within 500 feet of a railway which constitutes an undesirable site feature requiring disclosure under the rule. Specifically, the rule states the following:

> "*Development Sites located within 500 feet of active railroad tracks, measured from the closest rail to the boundary of the Development Site, unless the Applicant provides evidence that the city/community has adopted a Railroad Quiet Zone or the railroad in question is commuter or light rail.*"

The presence of an undesirable site feature does not automatically render a site ineligible but rather requires an applicant disclose the specific undesirable site feature and submit appropriate mitigation, as further detailed in the rule. However, pursuant to §10.101(a)(2), which reads in part:

> *"Rehabilitation (excluding Reconstruction) Developments with ongoing federal assistance from HUD, USDA, or Veterans Affairs ("VA") may be granted an exemption by the Board"…*

The applicant is requesting an exemption for the undesirable site feature based on the development currently receiving federal assistance from HUD which will continue under the RAD program. Staff recommends the development site be considered eligible under 10 TAC §10.101(a)(2) of the Uniform Multifamily Rules.

Organizational Structure and Previous Participation: The Borrower is Texarkana Housing Partners LP, and includes the entities and principals as illustrated in Exhibit A. The applicant's portfolio is considered a Small Category 3 and the previous participation was deemed acceptable by EARAC without further review or discussion. EARAC also reviewed the proposed financing and the underwriting report, and recommends issuance of a Determination Notice.

Public Comment: The Department received a letter of support from State Representative Gary VanDeaver and no letters of opposition have been received.

EXHIBIT A

Organizational Structure For:

Robison Terrace
Williams Homes
Hampton Homes
Bright Street
HATT Scattered Sites

Owner Entity
Texarkana Housing Partners LP

Texarkana Housing Partners GP LLC
0.01% General Partner

TBD Tax Credit Syndicator
99.99% Member

Texarkana Public Facility Corporation
100% Sole Member/Manager

Antonio Williams - Secretary, 0%
Melva Flowers - Board Chair/President, 0%
Denis Washington - Vice President, 0%
Rev. Louie B. George - Commissioner, 0%
JoAnn Rice - Commissioner, 0%
Craig Manning - Commissioner, 0%
Bruce Powers - Commissioner, 0%
Mae Hamilton - Resident Commissioner, 0%
Rosa Golette - Resident Commissioner, 0%

Developer
Texarkana Public Facility Corporation

Antonio Williams - Secretary, 0%
Melva Flowers - Board Chair/President, 0%
Denis Washington - Vice President, 0%
Rev. Louie B. George - Commissioner, 0%
JoAnn Rice - Commissioner, 0%
Craig Manning - Commissioner, 0%
Bruce Powers - Commissioner, 0%
Mae Hamilton - Resident Commissioner, 0%
Rosa Golette - Resident Commissioner, 0%

Guarantor:
Texarkana Public Facility Corporation

18402-18406

Gary VanDeaver
DISTRICT 1

STATE OF TEXAS
HOUSE OF REPRESENTATIVES

January 31, 2018

Ms. Teresa Morales
Multifamily Division Manager
Texas Department of Housing and Community Affairs
P.O. Box 13941
Austin, Texas 78711-3941

Dear Ms. Morales:

Your agency recently sent several notifications of affordable rental housing applications proposed in Texarkana, which is in my legislative district. I appreciate the opportunity to comment on these proposed projects.

All of these properties are currently owned by the city of Texarkana and are in need of repairs and renovations. Some of these properties were originally built in the late 1960s and have experienced a lot of wear and tear over the years. The city is seeking funding so it can make these building cleaner, more efficient and into better spaces for the residents.

I am glad to lend my support of the city's efforts to remodel and upgrade its housing inventory. Please feel free to contact my office if you have any questions or need more information.

Sincerely,

Gary VanDeaver
Texas House of Representatives

GV/tc

Capitol Office: E1.310 • P.O. Box 2910 • Austin, Texas 78768-2910 • (512) 463-0692 • fax (512) 463-0902
District Office: Bowie County Courthouse • 710 James Bowie Drive • New Boston, Texas 75570 • (903) 628-0361
gary.vandeaver@house.state.tx.us

18404 Robison Terrace - Application Summary

REAL ESTATE ANALYSIS DIVISION
April 19, 2018

PROPERTY IDENTIFICATION

Application #	18404
Development	Robison Terrace
City / County	Texarkana / Bowie
Region/Area	4 / Urban
Population	Elderly Preference
Set-Aside	General
Activity	Acquisition/Rehab (Built in 1970)

RECOMMENDATION

TDHCA Program	Request	Recommended		
LIHTC (4% Credit)	$460,949	$460,949	$3,546/Unit	$0.85

KEY PRINCIPAL / SPONSOR

Housing Authority of Texarkana Texas (HATT)
Texarkana Public Facility Corporation
Antonio Williams
Audrey Martin (Consultant)

Related Parties	Contractor - Yes	Seller - Yes

TYPICAL BUILDING ELEVATION/PHOTO

UNIT DISTRIBUTION

# Beds	# Units	% Total
Eff	-	0%
1	126	97%
2	4	3%
3	-	0%
4	-	0%
TOTAL	130	100%

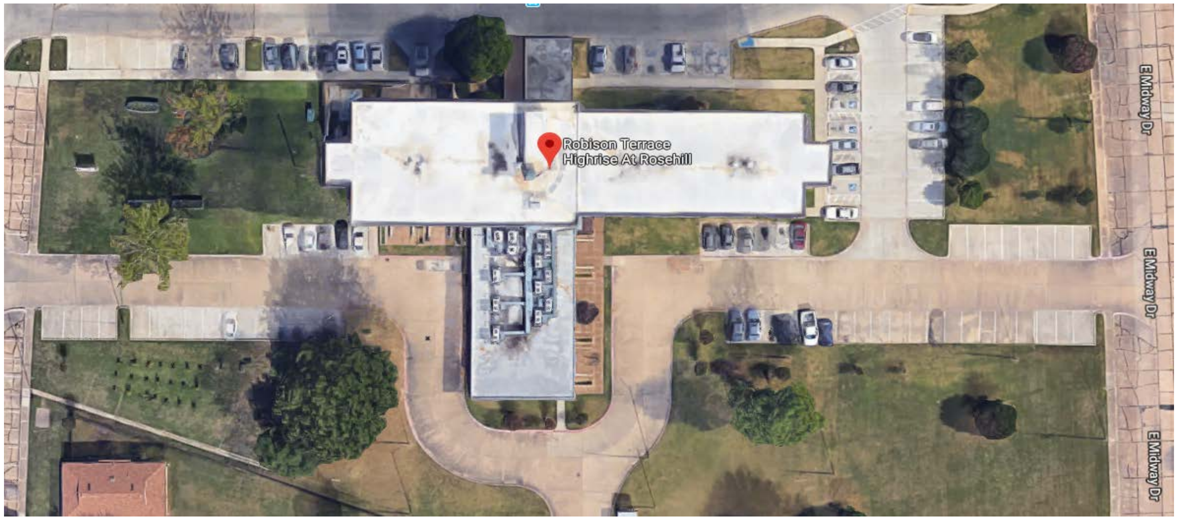
INCOME DISTRIBUTION

Income	# Units	% Total
30%	-	0%
40%	-	0%
50%	-	0%
60%	130	100%
MR	-	
TOTAL	130	100%

PRO FORMA FEASIBILITY INDICATORS

Pro Forma Underwritten	TDHCA's Pro Forma		
Debt Coverage	1.18	**Expense Ratio**	64.1%
Breakeven Occ.	89.9%	**Breakeven Rent**	$571
Average Rent	$604	**B/E Rent Margin**	$33
Property Taxes	Exempt	**Exemption/PILOT**	100%
Total Expense	$4,474/unit	**Controllable**	$2,805/unit

SITE PLAN



MARKET FEASIBILITY INDICATORS

Gross Capture Rate (10% Maximum)			4.8%
Highest Unit Capture Rate	10%	1 BR/50%	126
Dominant Unit Cap. Rate	10%	1 BR/50%	126
Premiums (↑60% Rents)	N/A		N/A
Rent Assisted Units	130	100% Total Units	

DEVELOPMENT COST SUMMARY

Costs Underwritten	TDHCA's Costs - Based on PCA		
Avg. Unit Size	469 SF	**Density**	17.0/acre
Acquisition		$29K/unit	$3,805K
Building Cost	$70.25/SF	$33K/unit	$4,286K
Hard Cost		$37K/unit	$4,832K
Total Cost		$96K/unit	$12,476K
Developer Fee	$1,278K	(20% Deferred)	Paid Year: 5
Contractor Fee	$676K	**30% Boost**	Yes

REHABILITATION COSTS / UNIT

Site Work	$K	1%	Finishes/Fixtures	$26K	69%
Building Shell	$5K	12%	Amenities	$K	1%
HVAC	$1K	2%	Total Exterior	$5K	16%
Appliances	$2K	5%	Total Interior	$28K	84%

DEBT (Must Pay)				
Source	**Term**	**Rate**	**Amount**	**DCR**
Bellwether Enterprise	15/35	5.24%	$4,435,000	1.18
TOTAL DEBT (Must Pay)			**$4,435,000**	

CASH FLOW DEBT / GRANT FUNDS				
Source	**Term**	**Rate**	**Amount**	**DCR**
HATT Seller Note	50/0	2.59%	$3,630,000	1.18
TPFC Cash Flow Loan	50/0	0.00%	$243,639	1.18
CASH FLOW DEBT / GRANTS			**$3,873,639**	

EQUITY / DEFERRED FEES	
Source	**Amount**
RBC Capital Markets	$3,917,676
Texarkana Public Facility Corporation	$249,623
TOTAL EQUITY SOURCES	$4,167,299
TOTAL DEBT SOURCES	$8,308,639
TOTAL CAPITALIZATION	$12,475,938

CONDITIONS

1 Receipt and acceptance before Determination Notice:

- Executed CHAP (or similar agreement) with HUD approved rents and operating budget.

2 Receipt and acceptance by Cost Certification:

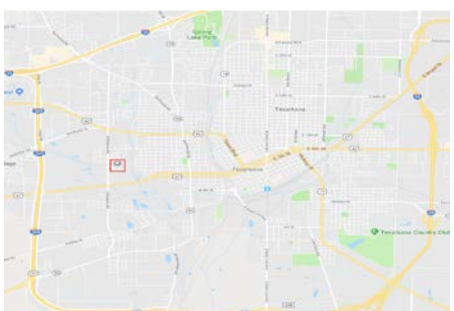
- Certification of comprehensive testing for asbestos, lead-based paint, and lead in drinking water; that any appropriate abatement procedures were implemented by a qualified abatement company; and that any remaining asbestos-containing materials, lead-based paint, or lead in drinking water are either replaced or managed in accordance with an acceptable Operations and Maintenance (O&M) program.

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	Texarkana PFC
Expiration Date	7/4/2018
Bond Amount	$20,000,000
BRB Priority	Priority 3
Close Date	7/4/2018
Bond Structure	Private Placement

RISK PROFILE
STRENGTHS/MITIGATING FACTORS
▫ 100% RAD
▫ Partnership with Housing Authority
WEAKNESSES/RISKS
▫ First year DCR of 1.15

AREA MAP



AERIAL PHOTOGRAPH(s)

BOARD ACTION REQUEST

MULTIFAMILY FINANCE DIVISION

APRIL 26, 2018

Presentation, discussion and possible action on a Determination Notice for Housing Tax Credits with another Issuer (#18405 Williams Homes, Texarkana)

RECOMMENDED ACTION

WHEREAS, a 4% Housing Tax Credit application for Williams Homes, sponsored by the Texarkana Public Facility Corporation was submitted to the Department on January 5, 2018;

WHEREAS, the Certification of Reservation from the Texas Bond Review Board was issued on February 5, 2018, and will expire on July 5, 2018;

WHEREAS, the proposed issuer of the bonds is the Texarkana Public Facility Corporation;

WHEREAS, in accordance with 10 TAC §1.301(d)(1), the compliance history is designated as a Category 3 Portfolio and deemed acceptable by Executive Award and Review Advisory Committee ("EARAC") after review and discussion;

WHEREAS, pursuant to 10 TAC §10.101(a)(2) of the Uniform Multifamily Rules related to Undesirable Site Features, applicants are required to disclose to the Department the existence of certain features of a proposed development site;

WHEREAS, the applicant has disclosed that the development is proposed to be located within 500 feet of a railway; and

WHEREAS, pursuant to 10 TAC §10.101(a)(2) the Board may grant an exemption for rehabilitation Developments with ongoing federal assistance from HUD, and therefore staff recommends the site be considered eligible.

NOW, therefore, it is hereby

RESOLVED, that the issuance of a Determination Notice of $179,313 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 Williams Homes is hereby approved as presented to this meeting.

BACKGROUND

General Information: Williams Homes, constructed in 1981, is located at 1001 Dan Haskins Way in Texarkana, Bowie County, proposes the acquisition and rehabilitation of 52 units; all of which will be rent and income restricted at 60% of Area Median Family Income. Williams Homes is one of five properties currently owned by the Housing Authority of Texarkana that are to be converted from public housing to Section 8 rental assistance through the Rental Assistance Demonstration ("RAD") program administered by HUD.

The other properties include Hampton Homes, HATT Scattered Sites, Robison Terrace, and Bright Street, all of which are also on the agenda for consideration. Each of the five properties will be owned by the partnership, will be financed using one investor and lender, and have one bond reservation. The census tract (0108.00) has a median household income of $25,430, is in the fourth quartile, and has a poverty rate of 29.8%. Williams Homes will serve an elderly population (elderly preference) and the site conforms to current zoning.

Site Analysis: The Development Site is located within 500 feet of a railway which constitutes an undesirable site feature requiring disclosure under the rule. Specifically, the rule states the following:

> "*Development Sites located within 500 feet of active railroad tracks, measured from the closest rail to the boundary of the Development Site, unless the Applicant provides evidence that the city/community has adopted a Railroad Quiet Zone or the railroad in question is commuter or light rail.*"

The presence of an undesirable site feature does not automatically render a site ineligible but rather requires an applicant disclose the specific undesirable site feature and submit appropriate mitigation, as further detailed in the rule. However, pursuant to §10.101(a)(2), which reads in part:

> *"Rehabilitation (excluding Reconstruction) Developments with ongoing federal assistance from HUD, USDA, or Veterans Affairs ("VA") may be granted an exemption by the Board"…*

The applicant is requesting an exemption for the undesirable site feature based on the development currently receiving federal assistance from HUD which will continue under the RAD program. Staff recommends the development site be considered eligible under 10 TAC §10.101(a)(2) of the Uniform Multifamily Rules.

Organizational Structure and Previous Participation: The Borrower is Texarkana Housing Partners LP, and includes the entities and principals as illustrated in Exhibit A. The applicant's portfolio is considered a Small Category 3 and the previous participation was deemed acceptable by EARAC without further review or discussion. EARAC also reviewed the proposed financing and the underwriting report, and recommends issuance of a Determination Notice.

Public Comment: The Department received a letter of support from State Representative Gary VanDeaver and no letters of opposition have been received.

EXHIBIT A

Organizational Structure For:

Robison Terrace
Williams Homes
Hampton Homes
Bright Street
HATT Scattered Sites

Owner Entity
Texarkana Housing Partners LP

Texarkana Housing Partners GP LLC
0.01% General Partner

TBD Tax Credit Syndicator
99.99% Member

Texarkana Public Facility Corporation
100% Sole Member/Manager

Antonio Williams - Secretary, 0%
Melva Flowers - Board Chair/President, 0%
Denis Washington - Vice President, 0%
Rev. Louie B. George - Commissioner, 0%
JoAnn Rice - Commissioner, 0%
Craig Manning - Commissioner, 0%
Bruce Powers - Commissioner, 0%
Mae Hamilton - Resident Commissioner, 0%
Rosa Golette - Resident Commissioner, 0%

Developer
Texarkana Public Facility Corporation

Antonio Williams - Secretary, 0%
Melva Flowers - Board Chair/President, 0%
Denis Washington - Vice President, 0%
Rev. Louie B. George - Commissioner, 0%
JoAnn Rice - Commissioner, 0%
Craig Manning - Commissioner, 0%
Bruce Powers - Commissioner, 0%
Mae Hamilton - Resident Commissioner, 0%
Rosa Golette - Resident Commissioner, 0%

Guarantor:
Texarkana Public Facility Corporation

18402-18406

GARY VANDEAVER
DISTRICT 1

STATE OF TEXAS
HOUSE OF REPRESENTATIVES

January 31, 2018

Ms. Teresa Morales
Multifamily Division Manager
Texas Department of Housing and Community Affairs
P.O. Box 13941
Austin, Texas 78711-3941

Dear Ms. Morales:

Your agency recently sent several notifications of affordable rental housing applications proposed in Texarkana, which is in my legislative district. I appreciate the opportunity to comment on these proposed projects.

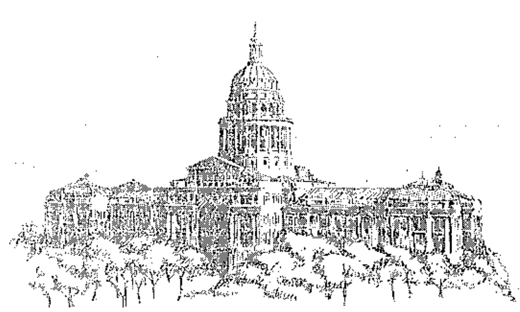
All of these properties are currently owned by the city of Texarkana and are in need of repairs and renovations. Some of these properties were originally built in the late 1960s and have experienced a lot of wear and tear over the years. The city is seeking funding so it can make these building cleaner, more efficient and into better spaces for the residents.

I am glad to lend my support of the city's efforts to remodel and upgrade its housing inventory. Please feel free to contact my office if you have any questions or need more information.

Sincerely,

Gary VanDeaver
Texas House of Representatives

GV/tc



CAPITOL OFFICE: E1.310 • P.O. BOX 2910 • AUSTIN, TEXAS 78768-2910 • (512)463-0692 • FAX (512)463-0902
DISTRICT OFFICE: BOWIE COUNTY COURTHOUSE • 710 JAMES BOWIE DRIVE • NEW BOSTON, TEXAS 75570 • (903)628-0361
GARY.VANDEAVER@HOUSE.STATE.TX.US

18405 William Homes - Application Summary

REAL ESTATE ANALYSIS DIVISION
April 19, 2018

PROPERTY IDENTIFICATION	
Application #	18405
Development	William Homes
City / County	Texarkana / Bowie
Region/Area	4 / Urban
Population	Elderly Preference
Set-Aside	General
Activity	Acquisition/Rehab

RECOMMENDATION

TDHCA Program	Request	Recommended		
LIHTC (4% Credit)	$179,313	$179,313	$3,448/Unit	$0.85

Amount	Rate	Amort	Term	Lien

KEY PRINCIPAL / SPONSOR

Housing Authority of Texarkana Texas (HATT)
Texarkana Public Facility Corporation
Antonio Williams
Audrey Martin (Consultant)

Related Parties	Contractor - Yes	Seller - Yes

TYPICAL BUILDING ELEVATION/PHOTO

UNIT DISTRIBUTION / INCOME DISTRIBUTION

# Beds	# Units	% Total	Income	# Units	% Total
Eff	-	0%	30%	-	0%
1	52	100%	40%	-	0%
2	-	0%	50%	-	0%
3	-	0%	60%	52	100%
4	-	0%	MR	-	
TOTAL	52	100%	TOTAL	52	100%

PRO FORMA FEASIBILITY INDICATORS

Pro Forma Underwritten		Applicant's Pro Forma	
Debt Coverage	1.29	Expense Ratio	61.0%
Breakeven Occ.	86.8%	Breakeven Rent	$485
Average Rent	$532	B/E Rent Margin	$47
Property Taxes	Exempt	Exemption/PILOT	100%
Total Expense	$3,756/unit	Controllable	$2,552/unit

SITE PLAN

MARKET FEASIBILITY INDICATORS

Gross Capture Rate (10% Maximum)	2.6%		
Highest Unit Capture Rate	4%	1 BR/50%	52
Dominant Unit Cap. Rate	4%	1 BR/50%	52
Premiums (↑60% Rents)	N/A		N/A
Rent Assisted Units	52	100% Total Units	

DEVELOPMENT COST SUMMARY

Costs Underwritten	TDHCA's Costs - Based on PCA		
Avg. Unit Size	576 SF	Density	7.3/acre
Acquisition		$33K/unit	$1,705K
Building Cost	$46.39/SF	$27K/unit	$1,389K
Hard Cost		$33K/unit	$1,732K
Total Cost		$97K/unit	$5,022K
Developer Fee	$482K	(21% Deferred)	Paid Year: 4
Contractor Fee	$241K	30% Boost	Yes

REHABILITATION COSTS / UNIT

Site Work	$2K	6%	Finishes/Fixtures	$19K	56%
Building Shell	$7K	21%	Amenities	$2K	5%
HVAC	$K	1%	Total Exterior	$11K	35%
Appliances	$1K	2%	Total Interior	$20K	65%

DEBT (Must Pay)				
Source	Term	Rate	Amount	DCR
Bellwether Enterprise	15/35	5.24%	$1,555,000	1.29
TOTAL DEBT (Must Pay)			$1,555,000	

CASH FLOW DEBT / GRANT FUNDS				
Source	Term	Rate	Amount	DCR
HATT Seller Note	50/0	2.59%	$1,530,000	1.29
TPFC Cash Flow Loan	50/0	0.00%	$314,421	1.29
CASH FLOW DEBT / GRANTS			$1,844,421	

EQUITY / DEFERRED FEES	
Source	Amount
RBC Capital Markets	$1,524,012
Texarkana Public Facility Corporation	$99,018
TOTAL EQUITY SOURCES	$1,623,030
TOTAL DEBT SOURCES	$3,399,421
TOTAL CAPITALIZATION	$5,022,452

CONDITIONS

1 Receipt and acceptance before Determination Notice:

- Executed CHAP (or similar agreement) with HUD approved rents and operating budget.

2 Receipt and acceptance by Cost Certification:

- Architect certification that Asbestos abatement was completed and done so in observance of all State and Federal laws.

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	Texarkana PFC
Expiration Date	7/4/2018
Bond Amount	$20,000,000
BRB Priority	Priority 3
Close Date	7/4/2018
Bond Structure	Private Placement

RISK PROFILE

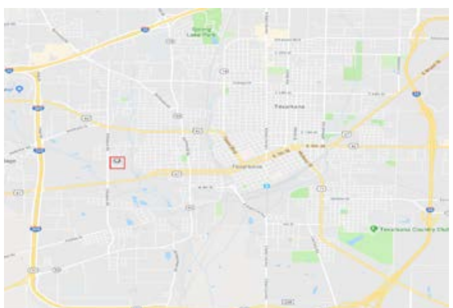
STRENGTHS/MITIGATING FACTORS

- 100% RAD
- Partnership with Housing Authority
- Low Capture Rate

WEAKNESSES/RISKS

- Historical expenses much higher than pro forma
- Asbestos testing could lead to higher costs

AREA MAP



AERIAL PHOTOGRAPH(s)

BOARD ACTION REQUEST

MULTIFAMILY FINANCE DIVISION

APRIL 26, 2018

Presentation, discussion and possible action on a Determination Notice for Housing Tax Credits with another Issuer (#18406 Bright Street, Texarkana)

RECOMMENDED ACTION

WHEREAS, a 4% Housing Tax Credit application for Bright Street, sponsored by the Texarkana Public Facility Corporation was submitted to the Department on January 5, 2018;

WHEREAS, the Certification of Reservation from the Texas Bond Review Board was issued on February 5, 2018, and will expire on July 5, 2018;

WHEREAS, the proposed issuer of the bonds is the Texarkana Public Facility Corporation;

WHEREAS, in accordance with 10 TAC §1.301(d)(1), the compliance history is designated as a Category 3 Portfolio and deemed acceptable by Executive Award and Review Advisory Committee ("EARAC") after review and discussion;

WHEREAS, pursuant to 10 TAC §10.101(a)(2) of the Uniform Multifamily Rules related to Undesirable Site Features, applicants are required to disclose to the Department the existence of certain features of a proposed development site;

WHEREAS, the applicant has disclosed that the development is proposed to be located within 500 feet of a railway; and

WHEREAS, pursuant to 10 TAC §10.101(a)(2) the Board may grant an exemption for rehabilitation Developments with ongoing federal assistance from HUD, and therefore staff recommends the site be considered eligible;

NOW, therefore, it is hereby

RESOLVED, that the issuance of a Determination Notice of $80,615 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 Bright Street is hereby approved as presented to this meeting.

BACKGROUND

General Information: Bright Street, constructed in 1981, is located at 3101 – 3139 and 3201 Bright Street in Texarkana, Bowie County, and proposes the acquisition and rehabilitation of 20 units; all of which will be rent and income restricted at 60% of Area Median Family Income. Bright Street is one of five properties currently owned by the Housing Authority of Texarkana that are to be converted from public housing to Section 8 rental assistance through the Rental Assistance Demonstration ("RAD") program administered by

HUD. The other properties include Hampton Homes, HATT Scattered Sites, Robison Terrace, and Williams Homes, all of which are also on the agenda for consideration. Each of the five properties will be owned by the partnership, will be financed using one investor and lender, and have one bond reservation. The census tract (0108.00) has a median household income of $25,430, is in the fourth quartile, and has a poverty rate of 29.8%. Bright Street will serve a general population and the site conforms to current zoning.

Site Analysis: The Development Site is located within 500 feet of a railway which constitutes an undesirable site feature requiring disclosure under the rule. Specifically, the rule states the following:

> "*Development Sites located within 500 feet of active railroad tracks, measured from the closest rail to the boundary of the Development Site, unless the Applicant provides evidence that the city/community has adopted a Railroad Quiet Zone or the railroad in question is commuter or light rail.*"

The presence of an undesirable site feature does not automatically render a site ineligible but rather requires an applicant disclose the specific undesirable site feature and submit appropriate mitigation, as further detailed in the rule. However, pursuant to §10.101(a)(2), which reads in part:

> *"Rehabilitation (excluding Reconstruction) Developments with ongoing federal assistance from HUD, USDA, or Veterans Affairs ("VA") may be granted an exemption by the Board"…*

The applicant is requesting an exemption for the undesirable site feature based on the development currently receiving federal assistance from HUD which will continue under the RAD program. Staff recommends the development site be considered eligible under 10 TAC §10.101(a)(2) of the Uniform Multifamily Rules.

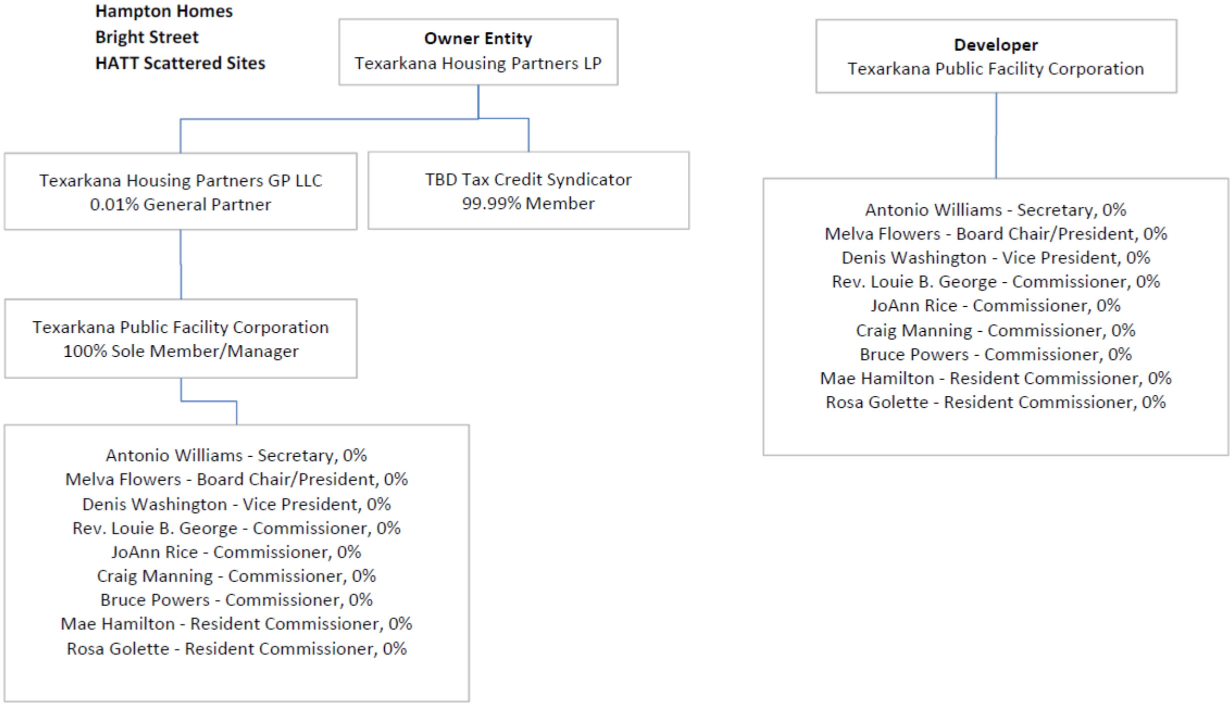
Organizational Structure and Previous Participation: The Borrower is Texarkana Housing Partners LP, and includes the entities and principals as illustrated in Exhibit A. The applicant's portfolio is considered a Small Category 3 and the previous participation was deemed acceptable by EARAC without further review or discussion. EARAC also reviewed the proposed financing and the underwriting report, and recommends issuance of a Determination Notice.

Public Comment: The Department received a letter of support from State Representative Gary VanDeaver and no letters of opposition have been received.

EXHIBIT A

Organizational Structure For:

Robison Terrace
Williams Homes
Hampton Homes
Bright Street
HATT Scattered Sites



Guarantor:
Texarkana Public Facility Corporation

18402-18406

Gary VanDeaver
District 1

State of Texas
House of Representatives

January 31, 2018

Ms. Teresa Morales
Multifamily Division Manager
Texas Department of Housing and Community Affairs
P.O. Box 13941
Austin, Texas 78711-3941

Dear Ms. Morales:

Your agency recently sent several notifications of affordable rental housing applications proposed in Texarkana, which is in my legislative district. I appreciate the opportunity to comment on these proposed projects.

All of these properties are currently owned by the city of Texarkana and are in need of repairs and renovations. Some of these properties were originally built in the late 1960s and have experienced a lot of wear and tear over the years. The city is seeking funding so it can make these building cleaner, more efficient and into better spaces for the residents.

I am glad to lend my support of the city's efforts to remodel and upgrade its housing inventory. Please feel free to contact my office if you have any questions or need more information.

Sincerely,

Gary VanDeaver
Texas House of Representatives

GV/tc

Capitol Office: E1.310 • P.O. Box 2910 • Austin, Texas 78768-2910 • (512) 463-0692 • fax (512) 463-0902
District Office: Bowie County Courthouse • 710 James Bowie Drive • New Boston, Texas 75570 • (903) 628-0361
gary.vandeaver@house.state.tx.us

18406 Bright Street - Application Summary

REAL ESTATE ANALYSIS DIVISION
April 19, 2018

PROPERTY IDENTIFICATION

Application #	18406
Development	Bright Street
City / County	Texarkana / Bowie
Region/Area	4 / Urban
Population	General
Set-Aside	General
Activity	Acquisition/Rehab

RECOMMENDATION

TDHCA Program	Request	Recommended		
LIHTC (4% Credit)	$80,615	$80,615	$4,031/Unit	$0.85

KEY PRINCIPAL / SPONSOR

Housing Authority of Texarkana Texas (HATT)
Texarkana Public Facility Corporation
Antonio Williams
Audrey Martin (Consultant)

Related Parties	Contractor - Yes	Seller - Yes

TYPICAL BUILDING ELEVATION/PHOTO

UNIT DISTRIBUTION / INCOME DISTRIBUTION

# Beds	# Units	% Total	Income	# Units	% Total
Eff	-	0%	30%	-	0%
1	-	0%	40%	-	0%
2	-	0%	50%	-	0%
3	14	70%	60%	20	100%
4	6	30%	MR	-	
TOTAL	20	100%	TOTAL	20	100%

PRO FORMA FEASIBILITY INDICATORS

Pro Forma Underwritten		Applicant's Pro Forma	
Debt Coverage	1.35	Expense Ratio	63.0%
Breakeven Occ.	85.9%	Breakeven Rent	$603
Average Rent	$668	B/E Rent Margin	$65
Property Taxes	Exempt	Exemption/PILOT	0%
Total Expense	$4,858/unit	Controllable	$2,932/unit

SITE PLAN

MARKET FEASIBILITY INDICATORS

Gross Capture Rate (10% Maximum)	0.3%		
Highest Unit Capture Rate	3%	4 BR/50%	6
Dominant Unit Cap. Rate	2%	3 BR/50%	14
Premiums (↑60% Rents)	N/A	N/A	
Rent Assisted Units	20	100% Total Units	

DEVELOPMENT COST SUMMARY

Costs Underwritten	TDHCA's Costs - Based on PCA		
Avg. Unit Size	977 SF	Density	6.3/acre
Acquisition		$42K/unit	$845K
Building Cost	$25.65/SF	$25K/unit	$501K
Hard Cost		$34K/unit	$675K
Total Cost		$118K/unit	$2,359K
Developer Fee	$207K	(15% Deferred)	Paid Year: 3
Contractor Fee	$94K	30% Boost	Yes

REHABILITATION COSTS / UNIT

Site Work	$2K	4%	Finishes/Fixtures	$13K	38%
Building Shell	$12K	37%	Amenities	$4K	12%
HVAC			Total Exterior	$18K	58%
Appliances			Total Interior	$13K	42%

DEBT (Must Pay)				
Source	Term	Rate	Amount	DCR
Bellwether Enterprise (Freddie TEL)	15/35	5.24%	$602,500	1.52
HATT Seller Note (Hard Debt)	0/35	2.59%	$107,000	1.35
TOTAL DEBT (Must Pay)			$709,500	

CASH FLOW DEBT / GRANT FUNDS				
Source	Term	Rate	Amount	DCR
HATT Seller Note (Soft Debt)	50/0	2.59%	$653,000	1.35
TPFC Cash Flow Loan	50/0	0.00%	$280,205	1.35
CASH FLOW DEBT / GRANTS			$933,205	

EQUITY / DEFERRED FEES	
Source	Amount
RBC Capital Markets	$685,161
Texarkana Public Facility Corporation	$31,066
TOTAL EQUITY SOURCES	$716,227
TOTAL DEBT SOURCES	$1,642,705
TOTAL CAPITALIZATION	$2,358,932

CONDITIONS

1 Receipt and acceptance before Determination Notice:

- Executed CHAP (or similar agreement) with HUD approved rents and operating budget.

2 Receipt and acceptance by Cost Certification:

- Architect certification that Asbestos abatement was completed and done so in observance of all State and Federal laws.

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	Texarkana PFC
Expiration Date	7/4/2018
Bond Amount	$20,000,000
BRB Priority	Priority 3
Close Date	7/4/2018
Bond Structure	Private Placement

RISK PROFILE

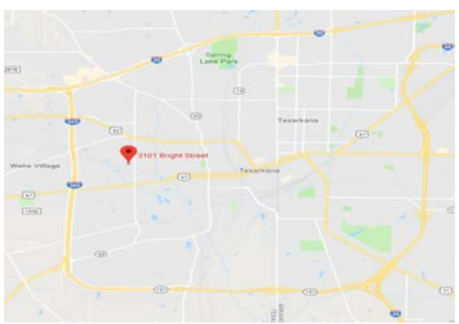
STRENGTHS/MITIGATING FACTORS

- 100% RAD
- Partnership with Housing Authority
- First year DCR 1.35

WEAKNESSES/RISKS

- Historical expenses much higher than pro forma
- Asbestos testing could lead to higher costs

AREA MAP



AERIAL PHOTOGRAPH(s)

BOARD ACTION REQUEST

MULTIFAMILY FINANCE DIVISION

APRIL 26, 2018

Presentation, discussion, and possible action on Determination Notices for Housing Tax Credits with another Issuer (#18414 Prince Hall Gardens, Fort Worth)

RECOMMENDED ACTION

WHEREAS, a 4% Housing Tax Credit application for Prince Hall Gardens, sponsored by Steele Properties and Fort Worth Affordability, Inc., was submitted to the Department on January 30, 2018;

WHEREAS, the Certification of Reservation from the Texas Bond Review Board was issued on January 11, 2018, and will expire on June 10, 2018;

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

WHEREAS, pursuant to 10 TAC §10.101(a)(3) of the Uniform Multifamily Rules related to Undesirable Neighborhood Characteristics, applicants are required to disclose to the Department the existence of certain characteristics of a proposed development site;

WHEREAS, the applicant has disclosed the presence of undesirable neighborhood characteristics, specifically relating to a poverty rate that exceeds 40%;

WHEREAS, staff has conducted a further review of the proposed development site and surrounding neighborhood and based on the documentation provided and discussed herein, recommends the proposed site be found eligible under 10 TAC §10.101(a)(3) of the Uniform Multifamily Rules; and

WHEREAS, in accordance with 10 TAC §1.301(d)(1), the compliance history is designated as a Category 4 and subject to the conditions as noted herein after review and discussion by the Executive Award and Review Advisory Committee ("EARAC");

NOW, therefore, it is hereby

RESOLVED, that the site for Prince Hall Gardens is hereby found to be eligible; and

FURTHER RESOLVED, that the issuance of a Determination Notice of $347,353 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 Prince Hall Gardens is hereby approved, and subject to the following conditions, proposed by FWHS and found acceptable to EARAC, as presented to this meeting:

1. Fort Worth Housing Solutions ("FWHS") f/k/a Fort Worth Housing Authority shall have an employee who is specifically tasked with responding to physical deficiencies on existing properties and who conducts periodic property inspections to continually monitor property conditions.
2. FWHS shall bring Compliance Quality Assurance in-house through a department whose responsibility is to provide further compliance oversight over internal processes. It is the goal of FWHS to formalize the Compliance Quality Assurance protocol for housing tax credit developments to address and correct issues before they become findings of noncompliance.
3. FWHS shall require its property managers and Asset Management staff to attend annual compliance workshops.
4. FWHS shall task its Asset Management Department with the reporting function for responses to TDHCA inspection and monitoring reports. This places a single point of responsibility for such events at a level that can be monitored and maintained.
5. FWHS shall initiate a system by which the FWHS Asset Management Department monitors property level compliance communications.
6. FWHS shall require its Asset Management Department to monitor CMTS accounts regularly to provide oversight to its property management companies' communications with the TDHCA.
7. To further facilitate the timeliness of responses to TDHCA, a single email distribution group will be set up which includes as many people within your organization that you would like. The email address will be updated in CMTS and would allow everyone in that group to receive notification of any uploads to each property's CMTS account.
8. Upon request, from the Department, the management Company will provide documentation that reflects the implementation of these measures.

BACKGROUND

General Information: Prince Hall Gardens is located at 4820 East Berry Street in Fort Worth, Tarrant County, and consists of 76 units, of which 68 units will be rent and income restricted at 60% of Area Median Family Income ("AMFI") and the remaining eight will be rent and income restricted at 30% AMFI. The subject property was originally constructed in 1968 and the units are occupied and operating as public housing. The development will serve a general population and is currently zoned appropriately. The census tract (1062.02) has a median household income of $23,750, is in the fourth quartile, and has a poverty rate of 40.2%.

Site Analysis: The presence of undesirable neighborhood characteristics under §10.101(a)(3) requires additional site analysis and those characteristics attributable to the Prince Hall Gardens include a poverty rate above 40%. The development is located in a census tract that has a poverty rate of 40.2% for 2018 which exceeds the threshold allowed under 10 TAC §10.101(a)(3).

The poverty rate for the subject tract has varied mildly since 2015. The poverty rate for 2015 was 36.8%, followed by an increase in 2016 to 41.5%; however, in 2017 it decreased to 36.4%. The 2018 Site Demographics Characteristics Report reflects a slight increase to 40.2%. The census tract containing the existing development contains a mix of single family residential neighborhoods, commercial, retail and religious centers as well as an industrial site, an additional multifamily development and nursing home. The development is adjacent to two census tracts that have poverty rates below the threshold at 29.1% and 31%.

Considering the size of the subject census tract, the two multifamily developments, and limited population it is possible that the poverty rate is skewed. Staff notes that while its Site Demographics is based on 2011-2015 American Community Survey data, when looking at the most recent 2012-2016 ACS data the poverty rate is 37.9%. Staff does not believe the undesirable neighborhood characteristic is of a nature or severity that should render the proposed development ineligible and recommends the site be found eligible under 10 TAC §10.101(a)(3).

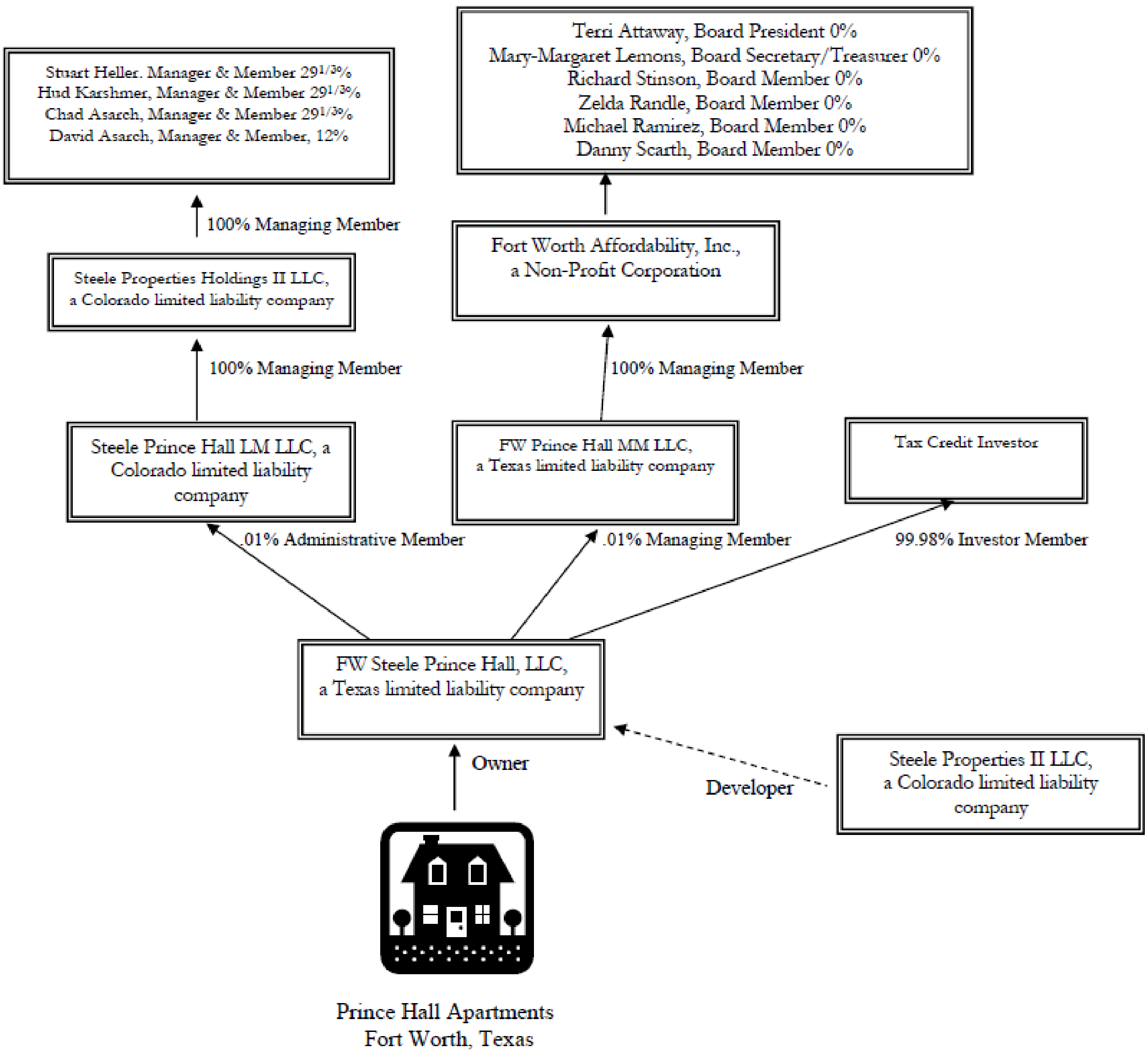
Organizational Structure: The Borrower is FW Steele Prince Hall, LLC and includes the entities and principals as indicated in the organization chart in Exhibit A. The applicant's portfolio is considered a Category 4 and the previous participation was deemed acceptable by EARAC, with the aforementioned conditions, after review and discussion. EARAC also reviewed the proposed financing and the underwriting report, and recommends issuance of a Determination Notice.

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

EXHIBIT A

Organizational Chart

Prince Hall Apartments
(Owner)



18414 Prince Hall Gardens - Application Summary

REAL ESTATE ANALYSIS DIVISION
April 19, 2018

PROPERTY IDENTIFICATION	
Application #	18414
Development	Prince Hall Gardens
City / County	Fort Worth / Tarrant
Region/Area	3 / Urban
Population	General
Set-Aside	General
Activity	Acquisition/Rehab (Built in 1968)

RECOMMENDATION					
TDHCA Program	**Request**	**Recommended**			
LIHTC (4% Credit)	$347,694	**$347,353**	**$4,570/Unit**	**$0.93**	
	Amount	**Rate**	**Amort**	**Term**	**Lien**

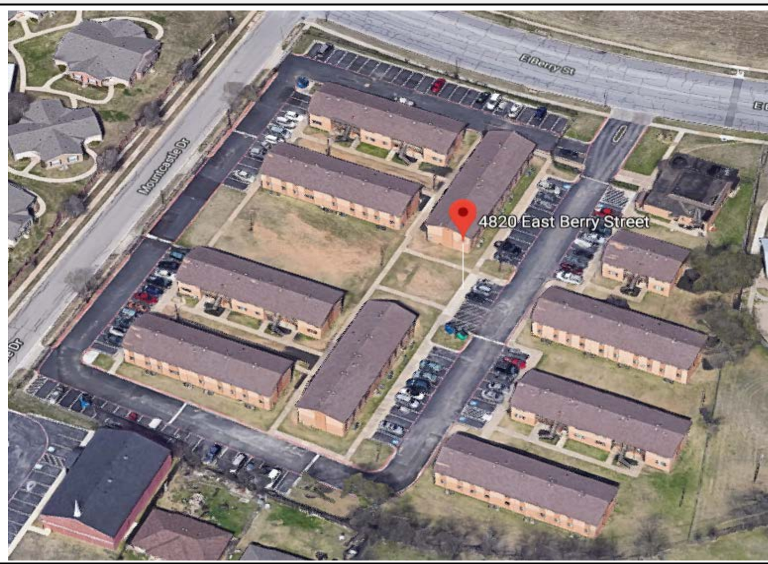
KEY PRINCIPAL / SPONSOR		
Steele Properties - Chad Asarch Fort Worth Affordability (affiliate of Fort Worth Housing Authority)		
Related Parties	Contractor - No	Seller - No

TYPICAL BUILDING ELEVATION/PHOTO

UNIT DISTRIBUTION			INCOME DISTRIBUTION		
# Beds	**# Units**	**% Total**	**Income**	**# Units**	**% Total**
Eff	-	0%	**30%**	8	11%
1	12	16%	**40%**	-	0%
2	28	37%	**50%**	-	0%
3	36	47%	**60%**	68	89%
4	-	0%	**MR**	-	
TOTAL	76	100%	**TOTAL**	76	100%

PRO FORMA FEASIBILITY INDICATORS			
Pro Forma Underwritten		Applicant's Pro Forma	
Debt Coverage	1.15	**Expense Ratio**	49.3%
Breakeven Occ.	88.7%	**Breakeven Rent**	$1,041
Average Rent	$1,115	**B/E Rent Margin**	$74
Property Taxes	Exempt	**Exemption/PILOT**	100%
Total Expense	$6,291/unit	**Controllable**	$5,020/unit

SITE PLAN



MARKET FEASIBILITY INDICATORS			
Gross Capture Rate (10% Maximum)			1.4%
Highest Unit Capture Rate	3%	2 BR/50%	28
Dominant Unit Cap. Rate	2%	3 BR/50%	36
Premiums (↑60% Rents)	#DIV/0!		#DIV/0!
Rent Assisted Units	76	100% Total Units	

DEVELOPMENT COST SUMMARY			
Costs Underwritten	TDHCA's Costs - Based on PCA		
Avg. Unit Size	846 SF	**Density**	19.0/acre
Acquisition		$53K/unit	$4,050K
Building Cost	$37.01/SF	$31K/unit	$2,381K
Hard Cost		$40K/unit	$3,052K
Total Cost		$138K/unit	$10,515K
Developer Fee	$1,205K	(0% Deferred)	Paid Year: 1
Contractor Fee	$392K	**30% Boost**	Yes

REHABILITATION COSTS / UNIT					
Site Work	$4K	9%	Finishes/Fixtures	$14K	36%
Building Shell	$12K	31%	Amenities	$1K	4%
HVAC	$3K	7%	Total Exterior	$18K	44%
Appliances	$2K	5%	Total Interior	$19K	47%

DEBT (Must Pay)				
Source	Term	Rate	Amount	DCR
Citibank	17/35	5.00%	$7,040,000	1.15
TOTAL DEBT (Must Pay)			$7,040,000	

CASH FLOW DEBT / GRANT FUNDS				
Source	Term	Rate	Amount	DCR
Net Operating Income	0/0	0.00%	$245,473	1.15
CASH FLOW DEBT / GRANTS			$245,473	

EQUITY / DEFERRED FEES	
Source	Amount
Raymond James Tax Credit Fund	$3,229,742
Steele Properties II LLC	
TOTAL EQUITY SOURCES	$3,229,742
TOTAL DEBT SOURCES	$7,285,473
TOTAL CAPITALIZATION	$10,515,215

CONDITIONS

- Receipt and acceptance by Cost Certification:
  - a: Certification of comprehensive testing for asbestos and lead-based paint; that any appropriate abatement procedures were implemented by a qualified abatement company; and that any remaining asbestos-containing materials or lead-based paint are being managed in accordance with an acceptable Operations and Maintenance (O&M) program.
  - b: Documentation that drinking water was tested at unit faucets.
  - c: HUD approval of the HAP Contract with rents no less than the underwritten rents.

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	Trinity River PFC
Expiration Date	6/10/2018
Bond Amount	$8,000,000
BRB Priority	Priority 3
Close Date	6/10/2018
Bond Structure	Private Placement
% Financed with Tax-Exempt Bonds	84.2%

RISK PROFILE

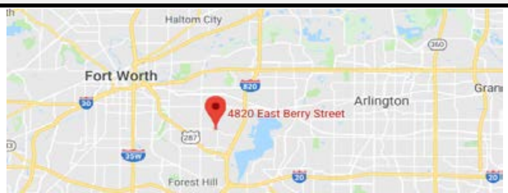
STRENGTHS/MITIGATING FACTORS

- 100% Section 8 HAP assisted
- High area occupancy
- 1.4% Gross Capture Rate

WEAKNESSES/RISKS

- Applicant's Pro Forma First year DCR at 1.15
- Feasibility dependent on 100% tax exemption

AREA MAP



AERIAL PHOTOGRAPH(s)

BOARD ACTION REQUEST

MULTIFAMILY FINANCE DIVISION

APRIL 26, 2018

Presentation, discussion and possible action on a Determination Notice for Housing Tax Credits with another Issuer (#18415 Hills at Leander, Leander)

RECOMMENDED ACTION

WHEREAS, an application for both 4% Housing Tax Credits for Hills at Leander, sponsored by the Capital Area Housing Finance Corporation ("HFC") and KCG Companies, LLC was submitted on February 6, 2018;

WHEREAS, the Certification of Reservation from the Texas Bond Review Board was issued on March 1, 2018, and will expire on July 29, 2018;

WHEREAS, the proposed issuer of the bonds is the Capital Area HFC; and

WHEREAS, in accordance with 10 TAC §1.301(d)(1), the compliance history is designated as a Category 4 and subject to the conditions as noted herein after review and discussion by the Executive Award and Review Advisory Committee ("EARAC");

NOW, therefore, it is hereby

RESOLVED, that the issuance of a Determination Notice of $1,020,556 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 Hills at Leander, and subject to the condition described herein is hereby approved as presented to this meeting.

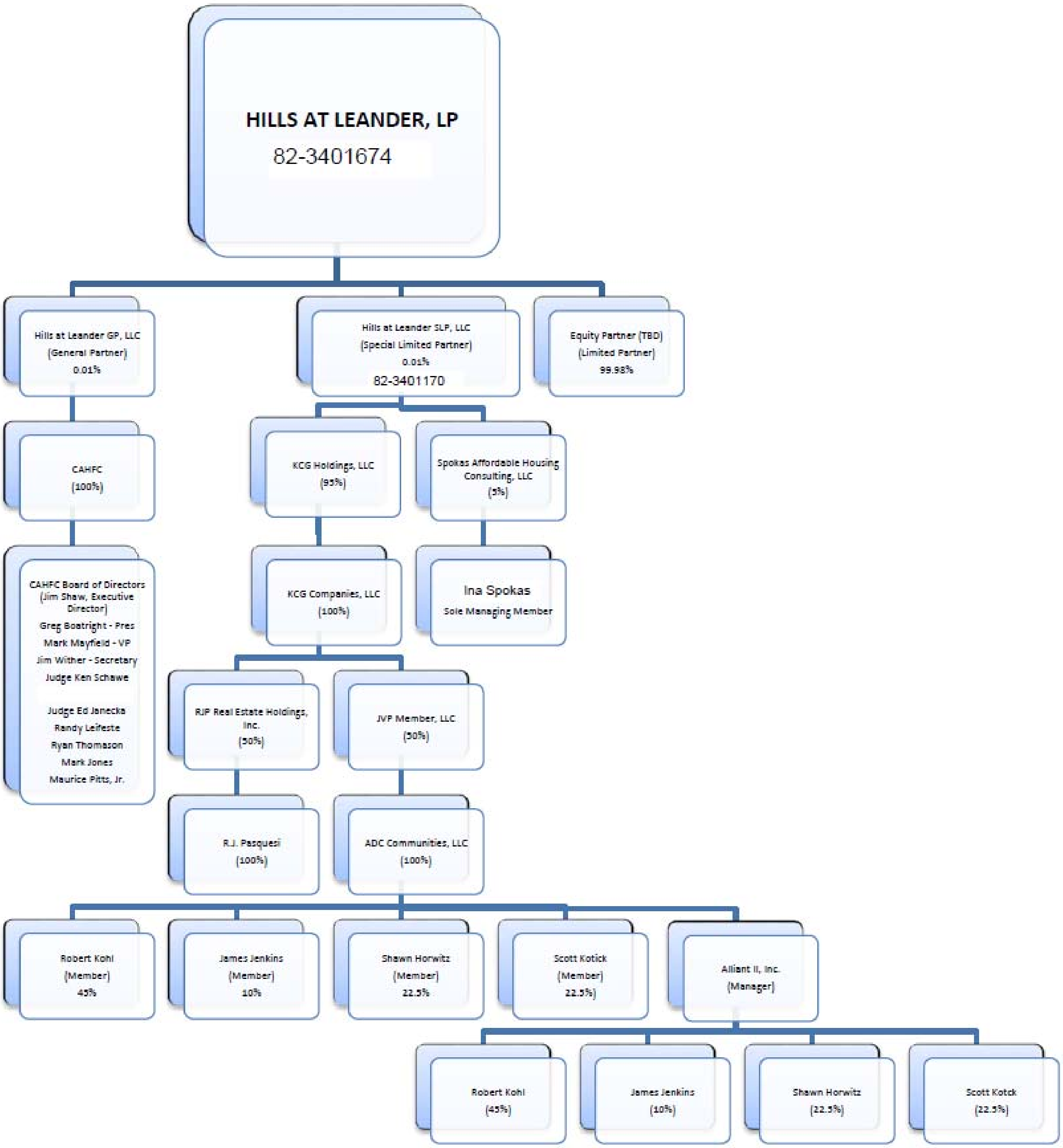
BACKGROUND

General Information: Hills at Leander proposes the new construction of 228 units to be located at the southwest corner of the 183A Toll Road and Merrill Drive in Leander, Williamson County. Of the 228 units, 10 will be rent and income restricted at 50% of Area Median Family Income ("AMFI"), 161 of the units will be rent and income restricted at 60% of AMFI, and 57 units will be at market rate with no income restrictions. The proposed development will serve an elderly (preference) population and the proposed development conforms to current zoning requirements. The census tract (0203.02) has a median household income of $85,278, is in the first quartile, and has a poverty rate of 3.1%.

Organizational Structure and Previous Participation: The Borrower is Hills at Leander, LP and includes the entities and principals as illustrated in Exhibit A. The applicant's portfolio is considered a Category 4 and the previous participation was deemed acceptable by EARAC, after review and discussion and subject to the condition proposed by the applicant that KCG Development will engage a third party management firm to conduct compliance reviews. EARAC also reviewed the proposed financing and the underwriting report, and recommends issuance of a Determination Notice.

Public Comment: There have been no letters of support or opposition submitted to the Department.

EXHIBIT A


HILLS AT LEANDER, LP
82-3401674
Hills at Leander GP, LLC
(General Partner)
0.01%
Hills at Leander SLP, LLC
(Special Limited Partner)
0.01%
82-3401170
Equity Partner (TBD)
(Limited Partner)
99.98%
CAHFC
(100%)
CAHFC Board of Directors (Jim Shaw, Executive Director)
Greg Boatright - Pres
Mark Mayfield - VP
Jim Wither - Secretary
Judge Ken Schawe
Judge Ed Janecka
Randy Leifeste
Ryan Thomason
Mark Jones
Maurice Pitts, Jr.
KCG Holdings, LLC
(95%)
Spokas Affordable Housing Consulting, LLC
(5%)
KCG Companies, LLC
(100%)
Ina Spokas
Sole Managing Member
RJP Real Estate Holdings, Inc.
(50%)
JVP Member, LLC
(50%)
R.J. Pasquesi
(100%)
ADC Communities, LLC
(100%)
Robert Kohl
(Member)
45%
James Jenkins
(Member)
10%
Shawn Horwitz
(Member)
22.5%
Scott Kotick
(Member)
22.5%)
Alliant II, Inc.
(Manager)
Robert Kohl
(45%)
James Jenkins
(10%)
Shawn Horwitz
(22.5%)
Scott Kotck
(22.5%)

18415 The Hills at Leander - Application Summary

REAL ESTATE ANALYSIS DIVISION
April 19, 2018

PROPERTY IDENTIFICATION	
Application #	18415
Development	The Hills at Leander
City / County	Leander / Williamson
Region/Area	7 / Urban
Population	Elderly Preference
Set-Aside	General
Activity	New Construction

RECOMMENDATION					
TDHCA Program	**Request**	**Recommended**			
LIHTC (4% Credit)	$1,020,556	**$1,020,556**	**$4,476/Unit**		**$0.95**
	Amount	**Rate**	**Amort**	**Term**	**Lien**

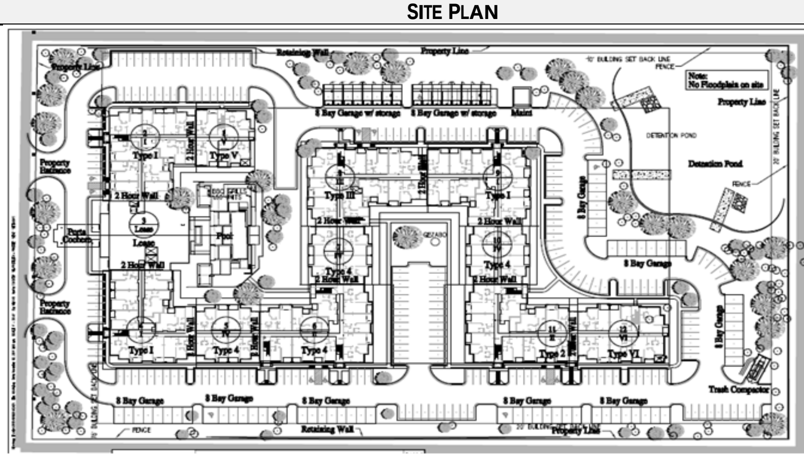
KEY PRINCIPAL / SPONSOR		
KCG Development, LLC RJ Pasuesi Capital Area Housing Finance Corp (CAHFC) Jim Shaw		
Related Parties	Contractor - Yes	Seller - No

TYPICAL BUILDING ELEVATION/PHOTO

UNIT DISTRIBUTION			INCOME DISTRIBUTION		
# Beds	**# Units**	**% Total**	**Income**	**# Units**	**% Total**
Eff	-	0%	**30%**	-	0%
1	126	55%	**40%**	-	0%
2	102	45%	**50%**	10	4%
3	-	0%	**60%**	161	71%
4	-	0%	**MR**	57	25%
TOTAL	228	100%	**TOTAL**	228	100%

PRO FORMA FEASIBILITY INDICATORS			
Pro Forma Underwritten		Applicant's Pro Forma	
Debt Coverage	1.16	**Expense Ratio**	35.1%
Breakeven Occ.	84.4%	**Breakeven Rent**	$925
Average Rent	$1,016	**B/E Rent Margin**	$91
Property Taxes	Exempt	**Exemption/PILOT**	100%
Total Expense	$4,043/unit	**Controllable**	$2,829/unit

SITE PLAN



MARKET FEASIBILITY INDICATORS			
Gross Capture Rate (10% Maximum)			7.0%
Highest Unit Capture Rate	17%	2 BR/60%	71
Dominant Unit Cap. Rate	16%	1 BR/60%	90
Premiums (↑60% Rents)	Yes		$453/Avg.
Rent Assisted Units	N/A		

DEVELOPMENT COST SUMMARY			
Costs Underwritten	Applicant's Costs		
Avg. Unit Size	852 SF	**Density**	22.8/acre
Acquisition		$12K/unit	$2,728K
Building Cost	$75.23/SF	$64K/unit	$14,609K
Hard Cost		$87K/unit	$19,890K
Total Cost		$166K/unit	$37,895K
Developer Fee	$4,188K	(41% Deferred)	Paid Year: 6
Contractor Fee	$2,750K	**30% Boost**	Yes

DEBT (Must Pay)				
Source	Term	Rate	Amount	DCR
BOA HUD 221d4	40/40	4.25%	$26,468,500	1.16
TOTAL DEBT (Must Pay)			$26,468,500	

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

EQUITY / DEFERRED FEES	
Source	Amount
Alliant Capital, LTD	$9,695,281
TOTAL EQUITY SOURCES	$11,426,689
TOTAL DEBT SOURCES	$26,468,500
TOTAL CAPITALIZATION	$37,895,189

CONDITIONS

- Receipt and acceptance before Determination Notice:
  - A revised site plan reflecting adequate free parking per §10.101(b)(4)(M) and reconciling how the required fee-based enclosed garages should be disbursed amoung units to satisfactorily comply with all TDHCA requirements.

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	Capital Area HFC
Expiration Date	7/29/2018
Bond Amount	$20,000,000
BRB Priority	Priority 3
Close Date	7/29/2018
Bond Structure	Short-Term Cash Collaterzied
% Financed with Tax-Exempt Bonds	65.1%

RISK PROFILE

STRENGTHS/MITIGATING FACTORS

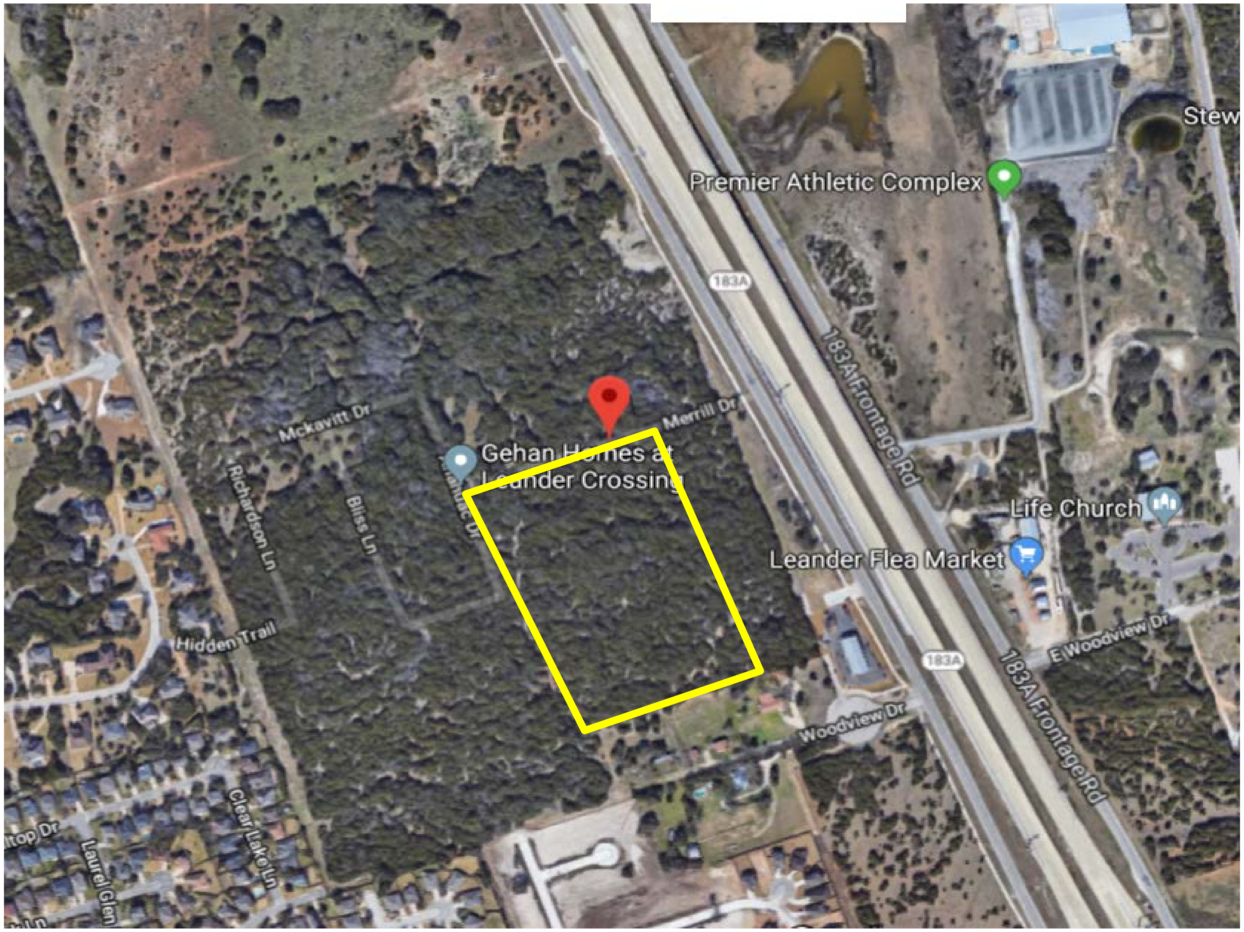
- Excellent location with few affordable units
- Highly rated schools in attendance zones

WEAKNESSES/RISKS

- Market rent risk on 25% of the units
- Underwritten Gross Capture Rate is 7%

AREA MAP

AERIAL PHOTOGRAPH(s)



BOARD ACTION REQUEST

MULTIFAMILY FINANCE DIVISION

APRIL 26, 2018

Presentation, discussion and possible action on a Determination Notice for Housing Tax Credits with another Issuer (#18416 Commons at Manor Village, Manor)

RECOMMENDED ACTION

WHEREAS, a 4% Housing Tax Credit application for Commons at Manor Village, sponsored by the Strategic Housing Finance Corporation of Travis County and LDG Development, was submitted to the Department on February 9, 2018;

WHEREAS, the Certification of Reservation from the Texas Bond Review Board was issued on January 8, 2018, and will expire on June 7, 2018;

WHEREAS, the proposed issuer of the bonds is the Strategic Housing Finance Corporation of Travis County; and

WHEREAS, in accordance with 10 TAC §1.301(d)(1), the compliance history is designated as an Extra Large Category 3 Portfolio and deemed acceptable by Executive Award and Review Advisory Committee ("EARAC") after review and discussion;

NOW, therefore, it is hereby

RESOLVED, that the issuance of a Determination Notice of $1,044,009 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 Commons at Manor Village is hereby approved as presented to this meeting.

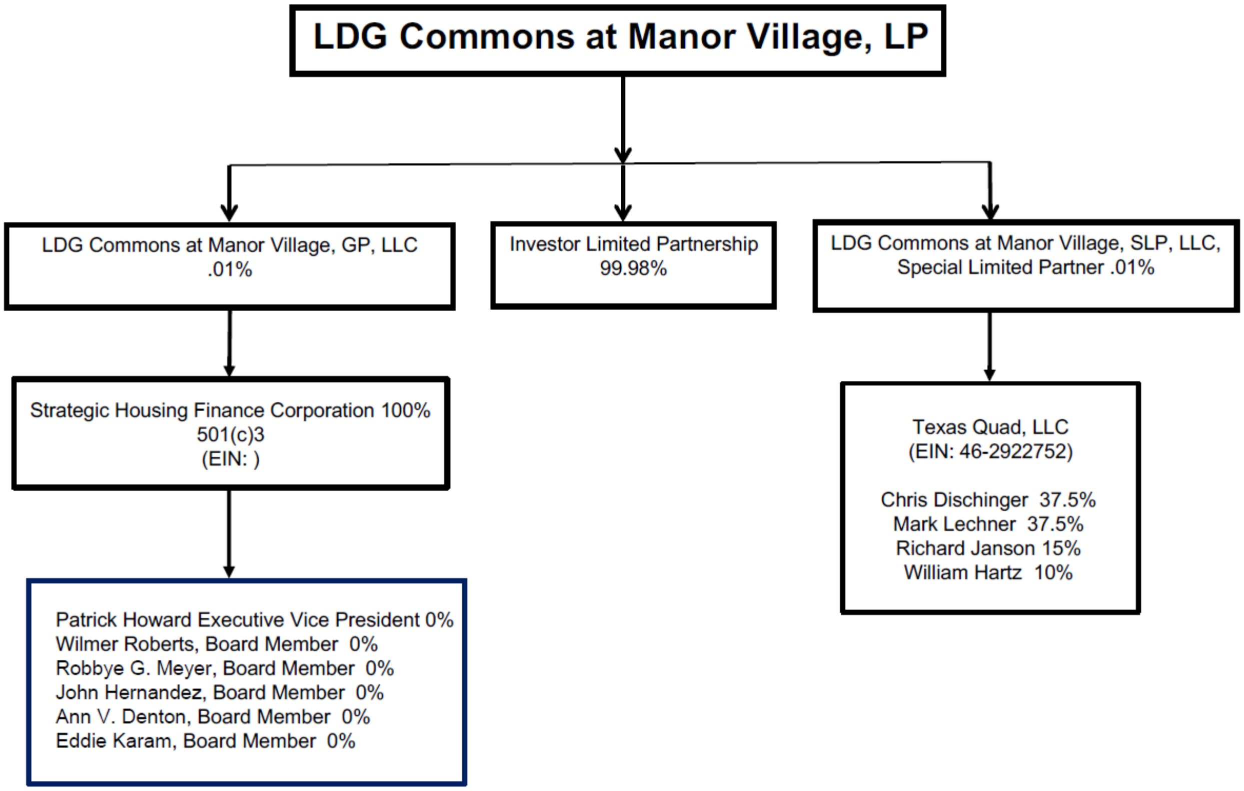
BACKGROUND

General Information: The Commons at Manor Village, proposed to be located at U.S. Highway 290 and Loop 212 in Manor, Travis County, involves the new construction of 172 units; all of which will be rent and income restricted at 60% of Area Median Family Income. The development will serve the elderly population (elderly limitation) and is currently zoned appropriately. The census tract (0022.09) has a median household income of $50,450, is in the third quartile, and has a poverty rate of 17.8%.

Organizational Structure and Previous Participation: The Borrower is LDG Commons at Manor Village, LP, and includes the entities and principals as illustrated in Exhibit A. The applicant's portfolio is considered an Extra Large Category 3 and the previous participation was deemed acceptable by EARAC without further review or discussion. EARAC also reviewed the proposed financing and the underwriting report, and recommends issuance of a Determination Notice.

Public Comment: The Department has not received any letters of support or opposition.

EXHIBIT A


LDG Commons at Manor Village, LP
LDG Commons at Manor Village, GP, LLC
.01%
Investor Limited Partnership
99.98%
LDG Commons at Manor Village, SLP, LLC,
Special Limited Partner .01%
Strategic Housing Finance Corporation 100%
501(c)3
(EIN:)
Texas Quad, LLC
(EIN: 46-2922752)
Chris Dischinger 37.5%
Mark Lechner 37.5%
Richard Janson 15%
William Hartz 10%
Patrick Howard Executive Vice President 0%
Wilmer Roberts, Board Member 0%
Robbye G. Meyer, Board Member 0%
John Hernandez, Board Member 0%
Ann V. Denton, Board Member 0%
Eddie Karam, Board Member 0%

18416 Commons at Manor Village - Application Summary

REAL ESTATE ANALYSIS DIVISION
April 19, 2018

PROPERTY IDENTIFICATION	
Application #	18416
Development	Commons at Manor Village
City / County	Manor / Travis
Region/Area	7 / Urban
Population	Elderly Limitation
Set-Aside	General
Activity	New Construction

RECOMMENDATION

TDHCA Program	Request	Recommended		
LIHTC (4% Credit)	$1,044,009	**$1,044,009**	**$6,070/Unit**	**$0.95**

KEY PRINCIPAL / SPONSOR

LDG Commons at Manor Village /
William Justin Hartz & Jason Trevino

Related-Parties	Contractor - Yes	Seller - No

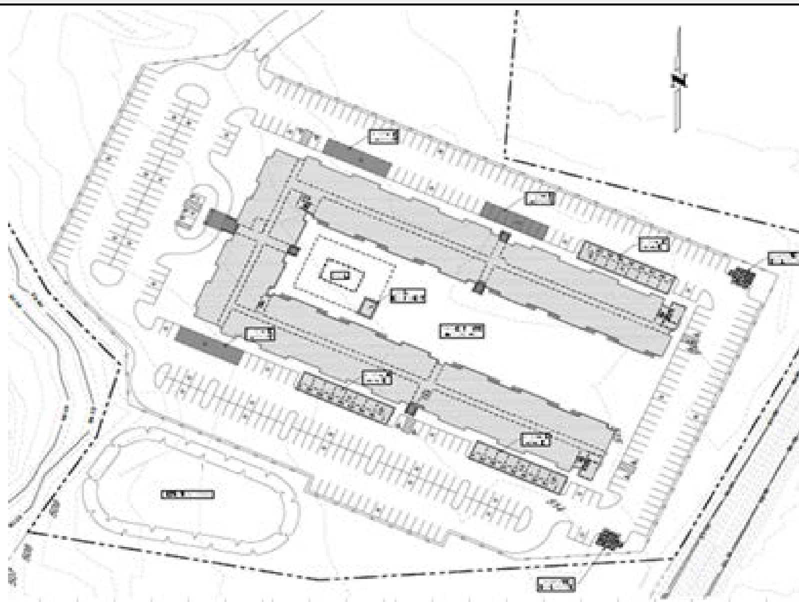
TYPICAL BUILDING ELEVATION/PHOTO

UNIT DISTRIBUTION			INCOME DISTRIBUTION		
# Beds	**# Units**	**% Total**	**Income**	**# Units**	**% Total**
Eff	-	0%	**30%**	-	0%
1	58	34%	**40%**	-	0%
2	114	66%	**50%**	-	0%
3	-	0%	**60%**	172	100%
4	-	0%	**MR**	-	
TOTAL	172	100%	**TOTAL**	172	100%

PRO FORMA FEASIBILITY INDICATORS

Pro Forma Underwritten		Applicant's Pro Forma	
Debt Coverage	1.22	**Expense Ratio**	35.7%
Breakeven Occ.	81.9%	**Breakeven Rent**	$850
Average Rent	$962	**B/E Rent Margin**	$112
Property Taxes	Exempt	**Exemption/PILOT**	0%
Total Expense	$3,886/unit	**Controllable**	$2,906/unit

SITE PLAN



MARKET FEASIBILITY INDICATORS

Gross Capture Rate (10% Maximum)			6.1%
Highest Unit Capture Rate	17%	2 BR/60%	114
Dominant Unit Cap. Rate	17%	2 BR/60%	114
Premiums (↑60% Rents)	No		
Rent Assisted Units	N/A		

DEVELOPMENT COST SUMMARY

Costs Underwritten	Applicant's Costs		
Avg. Unit Size	870 SF	**Density**	16.6/acre
Acquisition		$07K/unit	$1,131K
Building Cost	$84.44/SF	$73K/unit	$12,639K
Hard Cost		$96K/unit	$16,507K
Total Cost		$164K/unit	$28,202K
Developer Fee	$3,233K	(51% Deferred)	Paid Year: 7
Contractor Fee	$2,156K	**30% Boost**	Yes

DEBT (Must Pay)				
Source	Term	Rate	Amount	DCR
Citibank	15/35	4.88%	$16,630,000	1.22
TOTAL DEBT (Must Pay)			$16,630,000	

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

EQUITY / DEFERRED FEES	
Source	Amount
US Bancorp	$9,916,185
LDG Multifamily, LLC	$1,656,178
TOTAL EQUITY SOURCES	$11,572,363
TOTAL DEBT SOURCES	$16,630,000
TOTAL CAPITALIZATION	$28,202,363

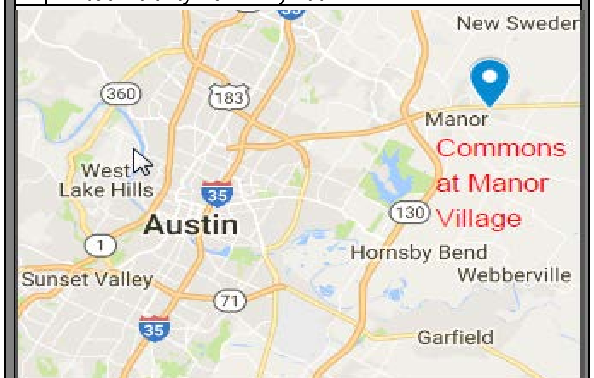
CONDITIONS

- Receipt and acceptance by Cost Certification:
  - Documentation that appropriate noise mitigation has been incorporated into the development to bring the calculated noise value within an acceptable level of HUD guidelines.

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

BOND RESERVATION / ISSUER	
Issuer	Strategic Housing Finance Corp
Expiration Date	6/7/2018
Bond Amount	$20,000,000
BRB Priority	Priority 3
Close Date	TBD
Bond Structure	Tax Exempt Loan

RISK PROFILE
STRENGTHS/MITIGATING FACTORS
▫ Property tax exemption facilitated by Strategic
▫ 99% average occupancy for HTC projects in PMA
▫ Experienced developer
WEAKNESSES/RISKS
▫ Feasibility relies on 100% property tax exemption.
▫ Limited visibility from Hwy 290



AERIAL PHOTOGRAPH(s)

1p

BOARD ACTION REQUEST

MULTIFAMILY FINANCE DIVISION

APRIL 26, 2018

Presentation, discussion, and possible action on the re-issuance of a Determination Notice for Housing Tax Credits with another Issuer (#17421 Brookwood Apartments, San Antonio)

RECOMMENDED ACTION

WHEREAS, a 4% Housing Tax Credit award for Brookwood Apartments, sponsored by the San Antonio Housing Trust Finance Corporation, was previously approved by the Board at the meeting of January 18, 2018 and a Determination Notice in the amount of $679,676 was issued;

WHEREAS, the applicant received a Carryforward Designation from the Texas Bond Review Board and a closing deadline of May 18, 2018, was placed upon the award;

WHEREAS, subsequent to the Board approval the Department was notified that the development qualified for a 30% increase in eligible basis due to its location in a Small Area Difficult to Development Area ("SADDA") designated by HUD;

WHEREAS, staff was provided with information regarding financing changes to the application that occurred since Board approval;

WHEREAS, upon further review and discussions with the applicant staff believes the new underwriting substantiates the 30% increase in eligible basis; and

WHEREAS, consistent with prior applications that have a Carryforward Designation, the Executive Award and Review Advisory Committee ("EARAC") recommends the re-issuance of the Determination Notice reflecting the increase in eligible basis and with the condition that the closing occur within 60 days (on or before June 26, 2018);

NOW, therefore, it is hereby

RESOLVED, that the re-issuance of a Determination Notice in the amount of $861,845 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 Brookwood, is hereby approved as presented to this meeting; and

FURTHER RESOLVED, that provided the Applicant has not closed on the bond financing on or before June 26, 2018, the Board authorizes the Director of Multifamily Finance or the Executive Director to approve or deny an extension of the Determination Notice date, subject to an updated previous participation review, if necessary.

BACKGROUND

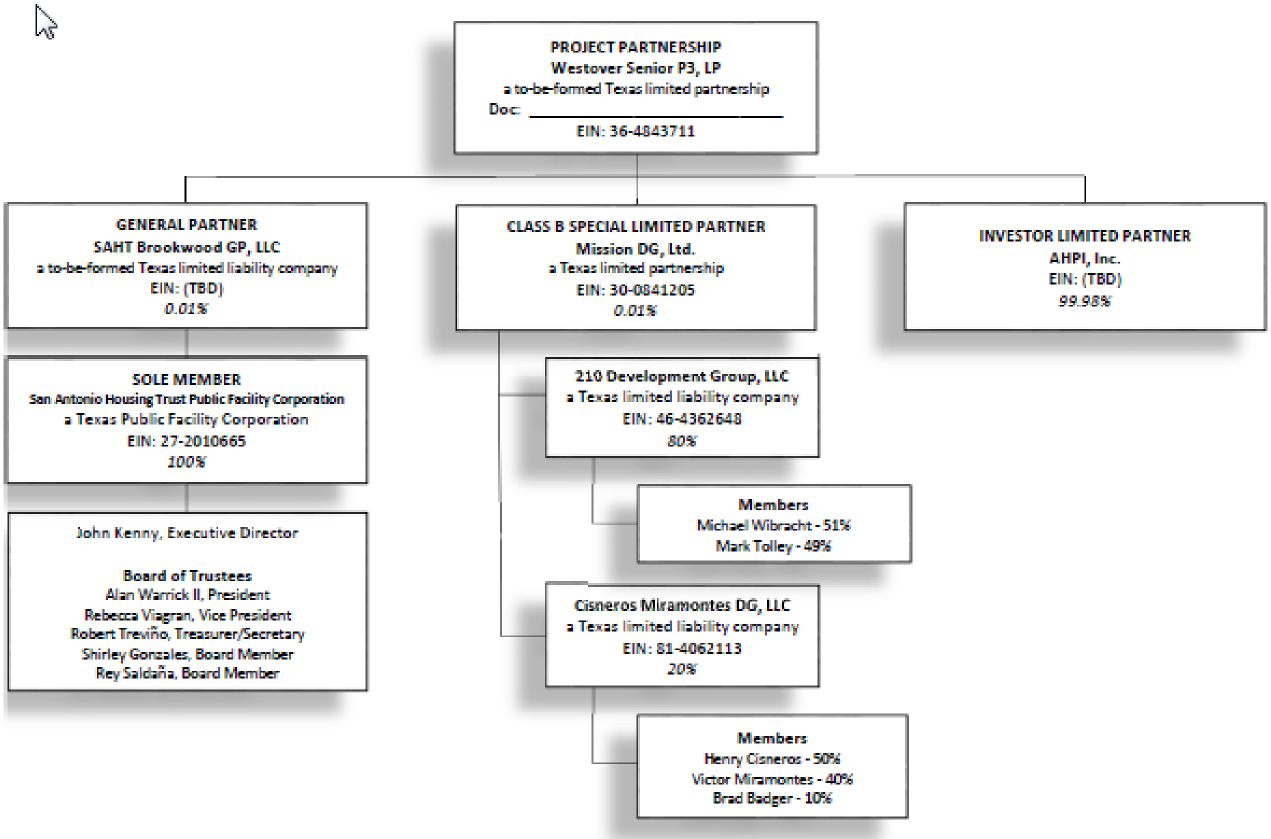
General Information: The Brookwood, proposed to be located at the southwest corner of Richland Hills Drive and Ingram Road in San Antonio, Bexar County, involves the new construction of 197 units, of which 138 will be rent and income restricted at 60% of Area Median Family Income and the remaining 59 will be market rate with no income or rent restrictions. The development will serve an elderly population (elderly preference) and is currently zoned appropriately. The census tract (1719.02) has a median household income of $33,598, is in the fourth quartile, and has a poverty rate of 22.30%.

Summary of Changes Since Prior Award: The application was underwritten at a 3.95% interest but based on the firm commitment issued by HUD, the interest rate is now 4.05%. Other changes indicated by the applicant include an increase in the operating deficit reserve, an increase in the construction budget and contract that was recently executed and an increase in offsite costs. Upon further evaluation, none of the aforementioned items had an impact on the Department's original underwriting and feasibility analysis as it relates to the request for an increase in eligible basis. However, there was approximately $1.2M in pre-paid development costs that were inadvertently included as a source of financing in the original underwriting. The applicant confirmed that this source should not have been included as it was already accounted for in the development cost schedule. The removal of this source did impact the feasibility such that the 30% increase in eligible basis is supportable as reflected in the attached addendum.

Organizational Structure and Previous Participation: The Borrower is Westover Senior P3, L.P., and includes the entities and principals as illustrated in Exhibit A. The applicant's portfolio is considered a Category 2 and the previous participation was deemed acceptable by EARAC without further review or discussion. EARAC also reviewed the proposed financing and the underwriting report, and recommends issuance of a Determination Notice.

Public Comment: There have been no letters of support or opposition submitted to the Department.

EXHIBIT A


PROJECT PARTNERSHIP
Westover Senior P3, LP
a to-be-formed Texas limited partnership
Doc: ____________________
EIN: 36-4843711
GENERAL PARTNER
SAHT Brookwood GP, LLC
a to-be-formed Texas limited liability company
EIN: (TBD)
0.01%
CLASS B SPECIAL LIMITED PARTNER
Mission DG, Ltd.
a Texas limited partnership
EIN: 30-0841205
0.01%
INVESTOR LIMITED PARTNER
AHPI, Inc.
EIN: (TBD)
99.98%
SOLE MEMBER
San Antonio Housing Trust Public Facility Corporation
a Texas Public Facility Corporation
EIN: 27-2010665
100%
John Kenny, Executive Director
Board of Trustees
Alan Warrick II, President
Rebecca Viagran, Vice President
Robert Treviño, Treasurer/Secretary
Shirley Gonzales, Board Member
Rey Saldaña, Board Member
210 Development Group, LLC
a Texas limited liability company
EIN: 46-4362648
80%
Members
Michael Wibracht - 51%
Mark Tolley - 49%
Cisneros Miramontes DG, LLC
a Texas limited liability company
EIN: 81-4062113
20%
Members
Henry Cisneros - 50%
Victor Miramontes - 40%
Brad Badger - 10%

Real Estate Analysis Division
April 16, 2018

Addendum to Underwriting Report

TDHCA Application #: **17421** Program(s): **4% HTC**

The Brookwood

Address/Location: SW Corner Richland Hills Dr & Ingram Rd

City: San Antonio County: Bexar Zip: 78245

	APPLICATION HISTORY
Report Date	**PURPOSE**
04/16/18	**Including 130% Boost and Requesting Additional Credits**
01/13/18	New Application - Initial Underwriting

ALLOCATION

	Previous Allocation				RECOMMENDATION				
TDHCA Program	**Amount**	**Rate**	**Amort**	**Term**	**Amount**	**Rate**	**Amort**	**Term**	**Lien**
LIHTC (Annual)	$673,644				**$861,845**				

* Lien position after conversion to permanent. The Department's lien position during construction may vary.

CONDITIONS STATUS

1 Receipt and acceptance before Determination Notice:

- Pursuant to §10.402(d)(7), a letter from Applicant's Attorney, "...identifying the statutory basis for the exemption and indicating that the exemption is reasonably achievable, subject to appraisal district review.

Status: Cleared

2 Receipt and acceptance by Cost Certification:

- Executed Ground Lease with the San Antonio Housing Trust Public Facilities Corporation clearly specifying all terms and conditions, including who will retain ownership of land and improvements at the end of the lease.

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.

ANALYSIS

Original Application was submitted without a 130% boost to Eligible Basis. Applicant has since submitted an updated request for the boost. It has been confirmed that the Applicant is eligible, as Brookwood is located in a Difficult Development Area (DDA). An updated Development Cost Schedule has been submitted to include this boost, as well as to show updated construction cost requirements for the project.

Applicant informed TDHCA that the $1.2M in prepaids listed as a source of funds was done in error and should have been excluded. This line item has been eliminated at Underwriting.

Operating Pro Forma

Operating Expenses are to remain unchanged from original Underwriting Report

Development Cost

Applicant provided an updated Development Cost Schedule, as well as a fully executed Schedule of Values for the deal. Though Schedule of Values did not support an increase to hard costs from original underwriting, Applicant stated that an offsite turning lane will be required for an additional $332K. This is not an Eligible Basis cost, and does not have an impact on analysis, nor feasibility. Soft costs have increased from $1.82M to $2.24M from original Underwriting. Per Applicant, reserve costs have increased from $1.97M to $2.28M as a result of HUD requiring Applicant to include three months worth of Operating Deficit Reserves.

Sources of Funds

Berkadia continues to provide the FHA loan, but has increased loan amount by $385,000 ($24.3M total) with a higher interest rate of 4.05% (0.25% MIP), amortized over the same 40 years, with a 40 year term. Underwriter has limited debt by $231k ($24.08M total) in order to achieve 1.15 DCR. $1.2M in Prepaids has been removed as a source.

Credit allocation has been updated from original underwriting.

Original request of $692,123 was limited to $673,644 per Eligible Basis. With adjustments made, Underwriter is recommending the 130% boost, as well an annual credit allocation of $861,845, per Applicant's updated request.

Underwriter:	*Johnathan Conley*
Manager of Real Estate Analysis:	*Thomas Cavanagh*
Director of Real Estate Analysis:	*Brent Stewart*

UNIT MIX/RENT SCHEDULE

The Brookwood, San Antonio, 4% HTC #17421

LOCATION DATA

CITY:	San Antonio
COUNTY:	Bexar
Area Median Income	$63,500
PROGRAM REGION:	9

UNIT DISTRIBUTION

# Beds	# Units	% Total	Assisted	Income	# Units	% Total
Eff	21	10.7%	0	30%	-	0.0%
1	98	49.7%	0	40%	-	0.0%
2	78	39.6%	0	50%	-	0.0%
3	-	0.0%	0	60%	138	70.1%
4	-	0.0%	0	MR	59	29.9%
TOTAL	**197**	**100.0%**	**-**	**TOTAL**	**197**	**100.0%**

Applicable Programs

Applicable Programs
4% Housing Tax Credits

Pro Forma ASSUMPTIONS

Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	66.01%
APP % Acquisition	3.39%
APP % Construction	3.39%
Average Unit Size	918 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 60%	$667	10	0	1	761	$667	$56	$611	$0	$0.80	$611	**$6,110**	**$6,110**	$611	$0.80	$0	$1,500	$1.97	$1,500
TC 60%	$667	4	0	1	761	$667	$56	$611	$0	$0.80	$611	**$2,444**	**$2,444**	$611	$0.80	$0	$1,500	$1.97	$1,500
MR		7	0	1	761	$0	$56		NA	$1.87	$1,425	**$9,975**	**$9,975**	$1,425	$1.87	NA	$1,425	$1.87	$1,500
TC 60%	$714	82	1	1	766	$714	$65	$649	$0	$0.85	$649	**$53,218**	**$53,218**	$649	$0.85	$0	$1,635	$2.13	$1,635
TC 60%	$714	2	1	1	766	$714	$65	$649	$0	$0.85	$649	**$1,298**	**$1,298**	$649	$0.85	$0	$1,635	$2.13	$1,635
MR		12	1	1	766	$0	$65		NA	$2.03	$1,553	**$18,636**	**$18,636**	$1,553	$2.03	NA	$1,553	$2.03	$1,635
MR		2	1	1	766	$0	$65		NA	$2.03	$1,553	**$3,106**	**$3,106**	$1,553	$2.03	NA	$1,553	$2.03	$1,635
TC 60%	$858	35	2	2	1,085	$858	$85	$773	$0	$0.71	$773	**$27,055**	**$27,055**	$773	$0.71	$0	$1,950	$1.80	$1,950
TC 60%	$858	2	2	2	1,085	$858	$85	$773	$0	$0.71	$773	**$1,546**	**$1,546**	$773	$0.71	$0	$1,950	$1.80	$1,950
MR		23	2	2	1,085	$0	$85		NA	$1.71	$1,853	**$42,619**	**$42,619**	$1,853	$1.71	NA	$1,853	$1.71	$1,950
MR		2	2	2	1,085	$0	$85		NA	$1.71	$1,853	**$3,706**	**$3,706**	$1,853	$1.71	NA	$1,853	$1.71	$1,950
TC 60%	$858	2	2	2	1,407	$858	$85	$773	$0	$0.55	$773	**$1,546**	**$1,546**	$773	$0.55	$0	$2,270	$1.61	$2,270
TC 60%	$858	1	2	2	1,407	$858	$85	$773	$0	$0.55	$773	**$773**	**$773**	$773	$0.55	$0	$2,270	$1.61	$2,270
MR		13	2	2	1,407	$0	$85		NA	$1.53	$2,157	**$28,041**	**$28,041**	$2,157	$1.53	NA	$2,157	$1.53	$2,270
TOTALS/AVERAGES:		**197**			**180,831**				**$0**	**$1.11**	**$1,016**	**$200,073**	**$200,073**	**$1,016**	**$1.11**	**$0**	**$1,743**	**$1.90**	**$1,771**

ANNUAL POTENTIAL GROSS RENT:	**$2,400,876**	**$2,400,876**

STABILIZED PRO FORMA

The Brookwood, San Antonio, 4% HTC #17421

	STABILIZED FIRST YEAR PRO FORMA													
	COMPARABLES				APPLICANT				TDHCA				VARIANCE	
	Database		Six Bexar Comps		% EGI	Per SF	Per Unit	Amount	Amount	Per Unit	Per SF	% EGI	%	$
POTENTIAL GROSS RENT						$1.11	$1,016	$2,400,876	$2,400,876	$1,016	$1.11		0.0%	$0
Amenities							$0.00	$0						
Parking								$0						
NSF, Late Fees, pet deposit, services							$20.00	$47,280						
Total Secondary Income									$47,280	$20.00			0.0%	$0
POTENTIAL GROSS INCOME								$2,448,156	$2,448,156				0.0%	$0
Vacancy & Collection Loss							7.5% PGI	(183,612)	(183,612)	7.5% PGI			0.0%	-
Rental Concessions								-	-				0.0%	-
EFFECTIVE GROSS INCOME								$2,264,544	$2,264,544				0.0%	$0
General & Administrative	$79,052	$401/Unit	$70,427	$357	3.58%	$0.45	$412	$81,148	$81,148	$412	$0.45	3.58%	0.0%	-
Management	$79,885	4.7% EGI	$81,131	$412	3.58%	$0.45	$412	$81,098	$79,259	$402	$0.44	3.50%	2.3%	1,839
Payroll & Payroll Tax	$239,986	$1,218/Unit	$239,269	$1,215	11.59%	$1.45	$1,333	$262,533	$262,533	$1,333	$1.45	11.59%	0.0%	-
Repairs & Maintenance	$137,423	$698/Unit	$149,436	$759	3.70%	$0.46	$425	$83,808	$118,200	$600	$0.65	5.22%	-29.1%	(34,392)
Electric/Gas	$38,722	$197/Unit	$37,427	$190	2.07%	$0.26	$237	$46,784	$38,722	$197	$0.21	1.71%	20.8%	8,062
Water, Sewer, & Trash	$123,556	$627/Unit	$136,255	$692	4.23%	$0.53	$487	$95,850	$95,850	$487	$0.53	4.23%	0.0%	-
Property Insurance	$54,757	$0.30 /sf	$74,499	$378	2.80%	$0.35	$322	$63,500	$63,500	$322	$0.35	2.80%	0.0%	-
Property Tax (@ 0%) 2.6805	$100,112	$508/Unit	$100,929	$512	0.00%	$0.00	$0	$0	$0	$0	$0.00	0.00%	0.0%	-
Reserve for Replacements	$58,140	$295/Unit	$49,866	$253	2.61%	$0.33	$300	$59,100	$59,100	$300	$0.33	2.61%	0.0%	-
Supportive Services			$30,434	$154	0.64%	$0.08	$74	$14,500	$14,500	$74	$0.08	0.64%	0.0%	-
TDHCA LIHTC/HOME Compliance Fees			$4,597	$23	0.35%	$0.04	$40	$7,880	$5,520	$28	$0.03	0.24%	42.8%	2,360
TOTAL EXPENSES					**35.16%**	**$4.40**	**$4,042**	**$ 796,201**	**$ 818,332**	**$4,154**	**$4.53**	**36.14%**	**-2.7%**	**$ (22,131)**
NET OPERATING INCOME ("NOI")					**64.84%**	**$8.12**	**$7,454**	**$1,468,343**	**$1,446,212**	**$7,341**	**$8.00**	**63.86%**	**1.5%**	**$ 22,131**
CONTROLLABLE EXPENSES							$2,894/Unit			$3,028/Unit				

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

The Brookwood, San Antonio, 4% HTC #17421

DEBT / GRANT SOURCES

		APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE							Prior Underwriting		AS UNDERWRITTEN DEBT/GRANT STRUCTURE						
		Cumulative DCR														Cumulative	
DEBT (Must Pay)	**Fee**	UW	App	Pmt	Rate	Amort	Term	Principal	Applicant	TDHCA	Principal	Term	Amort	Rate	Pmt	DCR	LTC
Berkadia Commercial Mortgage LLC.	0.25%	1.10	1.12	1,313,382	4.05%	40	40	$24,310,000	**$23,925,000**	**$23,925,000**	$24,078,925	40	40	4.05%	$1,276,819	1.15	68.8%
CASH FLOW DEBT / GRANTS																	
Prepaids (Impact/Permit Fees)		1.10	1.12		0.00%	0	0	$1,212,497	**$1,212,497**			0	0	0.00%		1.15	0.0%
GP Equity Contribution		1.10	1.12		0.00%	0	0	$100	**$100**	**$100**	$100	0	0	0.00%		1.15	0.0%
				$1,313,382	**TOTAL DEBT / GRANT SOURCES**			**$25,522,597**			**$24,079,025**	**TOTAL DEBT SERVICE**			**$1,276,819**	1.15	68.8%
NET CASH FLOW		$132,830	$154,961								**APPLICANT**	**NET OPERATING INCOME**		**$1,468,343**	**$191,524**	**NET CASH FLOW**	

EQUITY SOURCES

	APPLICANT'S PROPOSED EQUITY STRUCTURE					Prior Underwriting		AS UNDERWRITTEN EQUITY STRUCTURE					
EQUITY / DEFERRED FEES	DESCRIPTION	% Cost	Annual Credit	Credit Price	Amount	Applicant	TDHCA	Amount	Credit Price	Annual Credit	% Cost	Annual Credits per Unit	Allocation Method
Affordable Housing Partners, Inc. - Equity	LIHTC Equity	23.2%	$861,845	0.94	$8,135,550	$6,473,477	$6,300,643	$8,135,550	$0.9440	$861,845	23.2%	$4,375	Applicant Request
Mission DG & SAHTPFC - Deferred Dev Fee	Deferred Developer Fees	3.5%	(31% Deferred)		$1,239,634	$2,469,291	$2,615,181	$2,802,846	(70% Deferred)		8.0%	**Total Developer Fee:**	**$4,032,525**
Additional (Excess) Funds Req'd		0.0%					$0	$0			0.0%		
TOTAL EQUITY SOURCES		26.8%			$9,375,184			$10,938,396		$0	31.2%		
TOTAL CAPITALIZATION					**$34,897,781**			**$35,017,421**				**15-Yr Cash Flow after Deferred Fee:**	**$2,581,645**

DEVELOPMENT COST / ITEMIZED BASIS

	APPLICANT COST / BASIS ITEMS					Prior Underwriting		TDHCA COST / BASIS ITEMS					COST VARIANCE	
	Eligible Basis										Eligible Basis			
	Acquisition	New Const. Rehab	Total Costs			Applicant	TDHCA	Per Unit ()			New Const. Rehab	Acquisition	%	$
Land Acquisition				$6,853 / Unit	$1,350,000	$1,350,000	$1,350,000	$1,350,000	$6,853 / Unit				0.0%	$0
Off-Sites				$1,687 / Unit	$332,401	$0	$0	$332,401	$1,687 / Unit				0.0%	$0
Site Work		$1,641,172		$8,331 / Unit	$1,641,172	$1,641,172	$1,641,172	$1,641,172	$8,331 / Unit		$1,641,172		0.0%	$0
Site Amenities		$483,910		$2,456 / Unit	$483,910	$483,910	$483,910	$483,910	$2,456 / Unit		$483,910		0.0%	$0
Building Cost		$16,222,324	$91.01 /sf	$83,537/Unit	$16,456,720	$16,456,720	$16,456,720	$16,456,720	$83,537/Unit	$91.01 /sf	$16,222,324		0.0%	$0
Contingency		$648,160	3.53%	3.43%	$648,160	$648,160	$929,090	$945,710	5.00%	5.15%	$945,710		-31.5%	($297,550)
Contractor Fees		$2,394,265	12.60%	12.24%	$2,394,265	$2,394,265	$2,394,265	$2,394,265	12.06%	12.41%	$2,394,265		0.0%	$0
Soft Costs	0	$2,216,318		$11,372 / Unit	$2,240,318	$1,820,797	$1,820,797	$2,240,318	$11,372 / Unit		$2,216,318	$0	0.0%	$0
Financing	0	$3,034,065		$17,081 / Unit	$3,364,929	$3,321,997	$3,321,997	$3,364,929	$17,081 / Unit		$3,034,065		0.0%	$0
Developer Fee	$0	$4,032,525	15.14%	14.82%	$4,032,525	$3,988,768	$3,961,824	$4,032,525	14.66%	14.83%	$3,996,032	$0	0.0%	$0
Reserves				$11,603 / Unit	$2,285,782	$1,974,576	$1,974,576	$2,285,782	$11,603 / Unit				0.0%	$0
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)	**$0**	**$30,672,739**		$178,833 / Unit	**$35,230,182**	**$34,080,365**	**$34,334,351**	**$35,527,732**	$180,344 / Unit		**$30,933,797**	**$0**	**-0.8%**	**($297,550)**
Acquisition Cost	$0				$0									
Contingency		$0			$0									
Contractor's Fee		$0												
Interim Interest		$0												
Developer Fee	$0	($36,493)			$0									
Reserves					($212,761)									
ADJUSTED BASIS / COST	**$0**	**$30,636,246**		$177,753/unit	**$35,017,421**			**$35,527,732**	$180,344/unit		**$30,933,797**	**$0**	**-1.4%**	**($510,312)**

TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate):	**$35,017,421**

CAPITALIZATION / DEVELOPMENT COST BUDGET / ITEMIZED BASIS ITEMS

The Brookwood, San Antonio, 4% HTC #17421

CREDIT CALCULATION ON QUALIFIED BASIS

	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction Rehabilitation
ADJUSTED BASIS	$0	$30,636,246	$0	$30,933,797
Deduction of Federal Grants	$0	$0	$0	$0
TOTAL ELIGIBLE BASIS	$0	$30,636,246	$0	$30,933,797
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	$0	$39,827,120	$0	$40,213,936
Applicable Fraction	66.01%	66.01%	66.01%	66.01%
TOTAL QUALIFIED BASIS	$0	$26,289,322	$0	$26,544,653
Applicable Percentage	3.39%	3.39%	3.39%	3.39%
ANNUAL CREDIT ON BASIS	$0	$891,208	$0	$899,864
CREDITS ON QUALIFIED BASIS	$891,208		$899,864	

	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		FINAL ANNUAL LIHTC ALLOCATION		
			Credit Price $0.9440	Variance to Request	
Method	Annual Credits	Proceeds	Credit Allocation	Credits	Proceeds
Eligible Basis	$891,208	$8,412,728	----	----	----
Needed to Fill Gap	$1,158,766	$10,938,396	----	----	----
Applicant Request	$861,845	$8,135,550	**$861,845**	$0	$0

50% Test for Bond Financing for 4% Tax Credits

Tax-Exempt Bond Amount	**$24,310,000**	
Aggregate Basis Limit for 50% Test	$48,620,000	
	Applicant	**TDHCA**
Land Cost	$1,350,000	$1,350,000
Depreciable Bldg Cost	$27,231,011	$27,528,561
Aggregate Basis for 50% Test	**$28,581,011**	**$28,878,561**

	Applicant	TDHCA
Percent Financed by Tax-Exempt Bonds	**85.1%**	**84.2%**

amount aggregate basis can increase before 50% test fails	$20,038,989	$19,741,439
	70.1%	68.4%

BUILDING COST ESTIMATE

CATEGORY		FACTOR	UNITS/SF	PER SF	
Base Cost:	Elevator Served		180,831 SF	$86.94	15,720,842
Adjustments					
Exterior Wall Finish		3.60%		3.13	$565,950
Elderly		0.00%		0.00	0
High Ceilings		3.45%		3.00	542,369
Roof Adjustment(s)				0.00	0
Subfloor				0.20	36,166
Floor Cover				2.66	480,866
Breezeways		$0.00	0	0.00	0
Balconies		$28.11	12,723	1.98	357,626
Plumbing Fixtures		$990	234	1.28	231,660
Rough-ins		$485	394	1.06	191,090
Built-In Appliances		$1,725	197	1.88	339,825
Exterior Stairs		$2,280	18	0.23	41,040
Heating/Cooling				2.14	386,978
Enclosed Corridors		$78.49	35,123	15.24	2,756,687
Carports		$11.94	1,400	0.09	16,716
Garages		$24.50	0	0.00	0
Comm &/or Aux Bldgs		$110.92	12,030	7.38	1,334,368
Elevators		$101,850	3	1.69	305,550
Other: Storage Lockers		$78.49	3,816	1.66	299,505
Fire Sprinklers		$2.47	227,984	3.11	563,120
SUBTOTAL				**133.66**	**24,170,359**
Current Cost Multiplier		1.00		0.00	0
Local Multiplier		0.87		(17.38)	(3,142,147)
TOTAL BUILDING COSTS				**116.29**	**$21,028,212**
Plans, specs, survey, bldg permits		3.30%		(3.84)	($693,931)
Contractor's OH & Profit		11.50%		(13.37)	(2,418,244)
NET BUILDING COSTS			$90,944/unit	$99.08/sf	$17,916,037

Long-Term Pro Forma

The Brookwood, San Antonio, 4% HTC #17421

	Growth Rate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30	Year 35	Year 40
EFFECTIVE GROSS INCOME	2.00%	$2,264,544	$2,309,835	$2,356,032	$2,403,153	$2,451,216	$2,706,340	$2,988,018	$3,299,013	$3,642,377	$4,021,479	$4,440,038	$4,902,160
TOTAL EXPENSES	3.00%	$796,201	$819,276	$843,027	$867,474	$892,638	$1,029,967	$1,188,665	$1,372,082	$1,584,099	$1,829,205	$2,118,929	$2,456,419
NET OPERATING INCOME ("NOI")		**$1,468,343**	**$1,490,559**	**$1,513,005**	**$1,535,678**	**$1,558,578**	**$1,676,373**	**$1,799,353**	**$1,926,931**	**$2,058,279**	**$2,192,274**	**$2,321,109**	**$2,445,741**
EXPENSE/INCOME RATIO		35.2%	35.5%	35.8%	36.1%	36.4%	38.1%	39.8%	41.6%	43.5%	45.5%	47.7%	50.1%
MUST -PAY DEBT SERVICE													
Berkadia Commercial Mortgage LLC.		$1,276,819	$1,276,204	$1,275,564	$1,274,897	$1,274,203	$1,270,278	$1,265,474	$1,259,593	$1,252,395	$1,243,584	$1,232,799	$1,219,598
Adjustment to Debt Per §10.302(c)(2)													
TOTAL DEBT SERVICE		$1,276,819	$1,276,204	$1,275,564	$1,274,897	$1,274,203	$1,270,278	$1,265,474	$1,259,593	$1,252,395	$1,243,584	$1,232,799	$1,219,598
DEBT COVERAGE RATIO		1.15	1.17	1.19	1.20	1.22	1.32	1.42	1.53	1.64	1.76	1.88	2.01
ANNUAL CASH FLOW		**$191,524**	**$214,355**	**$237,440**	**$260,781**	**$284,374**	**$406,095**	**$533,879**	**$667,338**	**$805,884**	**$948,690**	**$1,088,310**	**$1,226,143**
Deferred Developer Fee Balance		$2,611,322	$2,396,967	$2,159,527	$1,898,746	$1,614,372	$0	$0	$0	$0	$0	$0	$0
CUMULATIVE NET CASH FLOW		$0	$0	$0	$0	$0	$170,178	$2,581,645	$5,649,249	$9,399,688	$13,856,021	$19,020,885	$24,876,512

BOARD ACTION REQUEST

MULTIFAMILY FINANCE DIVISION

APRIL 26, 2018

Presentation, discussion, and possible action on the re-issuance of a Determination Notice for Housing Tax Credits with another Issuer (#18424 Flora Lofts, Dallas)

RECOMMENDED ACTION

WHEREAS, a 4% Housing Tax Credit award for Flora Lofts, sponsored by Graham Greene and La Reunion, TX was previously approved by the Board at the meeting of September 7, 2017;

WHEREAS, the applicant was unable to close by the deadline (November 23, 2017) associated with the Certificate of Reservation issued by the Texas Bond Review Board and subsequently had the Certificate of Reservation withdrawn;

WHEREAS, a new Certificate of Reservation was issued on November 7, 2017, and pursuant to 10 TAC 10.201(3) of the Uniform Multifamily Rules, the applicant certified on December 13, 2017, that there had been no material changes to the application and proposed development from what the Board originally approved and staff administratively re-issued the Determination Notice;

WHEREAS, the Department was notified in March 2018 that the applicant would be unable to close by the deadline (April 6, 2018) under the second Certificate of Reservation that was issued and requested the Determination Notice be once again re-issued;

WHEREAS, a third Certification of Reservation was issued on April 12, 2018, with a closing deadline of September 9, 2018;

WHEREAS, upon review of the changes that have occurred, as further explained herein, since the Determination Notice was re-issued, the certification process allowed under 10 TAC §10.201(3) could not be utilized and the application is therefore being presented before the Board for consideration of a new Determination Notice; and

WHEREAS, in accordance with 10 TAC §1.301(d)(1), the compliance history is designated as a Category 3 Portfolio and deemed acceptable by the Executive Award and Review Advisory Committee ("EARAC") after review and discussion;

NOW, therefore, it is hereby

RESOLVED, that the issuance of a Determination Notice of $696,992 in 4% Housing Tax Credits, subject to underwriting conditions that may be applicable as found in the original Real Estate Analysis report posted to the Department's website for Flora Lofts is hereby approved as presented to this meeting.

BACKGROUND

General Information: Flora Lofts, proposed to be located at 901 Pearl Street in Dallas, Dallas County, involves the new construction of 52 units, of which 38 units will be income and rent restricted at 60% of Area Median Family Income ("AMFI"), 5 units will be income and rent restricted at 50% AMFI and the remaining 9 units will be at market rate with no rent or income restrictions. The development, intended to serve a general population, involves three separate properties/separate condominium ownerships that will be housed in a luxury tower in the downtown Dallas arts district. The development will include a tower/retail section, containing 29 stories of luxury market rate rental residences (named Atelier) placed above a 9 story structured parking podium/amenity deck, which will contain 364 units with 544 structured parking spaces, and approximately 14,000 square feet of ground level retail space. This is a separate, non-related ownership entity from the tax credit piece. The other component of the development will include Flora Lofts, located on floors 2 through 6 lining the aforementioned podium parking of the tower.

Summary of Changes Since Prior Award: The applicant has indicated that the design, number of units/unit mix and square footage has not changed. And, while there have been increases to hard costs, ZOM, who is the master developer of the overall project and financing the tower units and retail space, has agreed to absorb any increases.

It was represented at application that this would be a direct placement with Citibank; however, the transaction now proposes a Freddie Mac Tax-Exempt Loan structure. The permanent loan has been reduced from $8,385,475 at application to $5,950,000, a requirement of the equity provider (Enterprise) who is underwriting all the market rate rents at 120% of AMI, or double a 60% rent. The application reflected market rents in excess of $5,000 a month; however, Enterprise is underwriting them in the $2,000-$2,500 range. The affordable rents have changed based on the new HUD income limits that were recently published. The reduction in the permanent debt, in part, resulted in the inclusion of Artspace Projects, Inc. to the development team who will be contributing approximately $1.5M in gap financing.

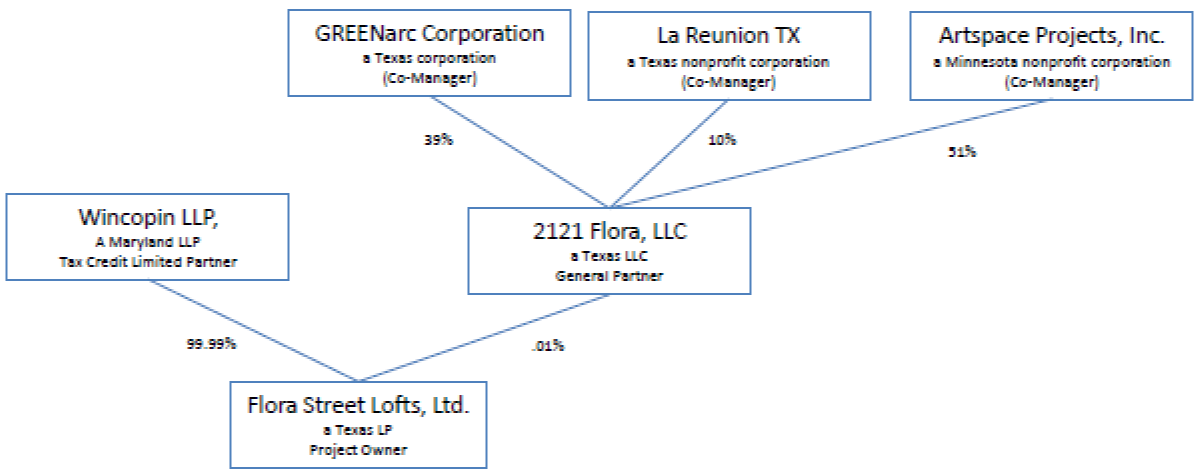
Equity pricing was reduced from $1.06 to $1.04 due to timing delays. As a result of extra soft costs associated with the Freddie structure (i.e. increased construction period interest due to higher interest rate, financing and consulting fees) eligible basis has increased, supporting more credits than what was originally underwritten and approved by the Board. There is also a new source of a construction bridge loan being provided by Enterprise which was also required by Citibank to account for any timing delays associated with obtaining the Tax Increment Financing ("TIF") proceeds which are intended to pay off the construction loan.

Organizational Structure and Previous Participation: The Borrower is Flora Street Lofts, Ltd. and includes the entities and principals as illustrated in Exhibit A. The applicant's portfolio is considered a Category 3 and the previous participation was deemed acceptable by EARAC after review and discussion. EARAC also reviewed the proposed financing and the underwriting report, and recommends issuance of a Determination Notice.

Public Comment: There have been no letters of support or opposition submitted to the Department.

EXHIBIT A

Flora Street Lofts, Ltd.



Board of Directors & Officers			
Green Arc Corporation	**La Reunion TX**	**Artspace Projects, Inc.**	
Graham Greene, *President*	Robert L. Meckfessel, *President*	Mary Margaret MacMillan, *Chair*	Bonnie Heller
	Jessia Seward Lendvay, *Secretary*	Cynthia J. Newsom, *Vice Chair*	Burton Kassell
	Zaida Basora, *Treasurer*	Marie Feely, *Treasurer*	Suzanne Koepplinger
	Kristen Atwell	Mark Manbeck. *Vice Treasurer*	Peter A. Lefferts
	Sarah Jane Semrad	Joel Ronning, *Secretary*	Margaret (Peggy) Lucas
		Terrance R. Dolan, *Past Chair*	Richard Martin
		Devon Akmon	Betty Massey
		James C. Adams	Dan C. Mehls
		Mark W. Addicks	Herman J. Milligan, Jr.
		Peter Beard	Roger Opp
		Randall Bourscheidt	Sarah Oquist
		Diane Dalto Woosnam	Gloria Perez
		Matthew E. Damon	Barbara Portwood
		Louis (Lou) DeMars	Elizabeth Redleaf
		Rebecca Driscoll	Annamarie Saarinen
		James Field	Gloria Sewell
		Ian Friendly	Susan Kenny Stevens
		Roy Gabay	Cree Zischke

Real Estate Analysis Division
April 19, 2018

Addendum to Underwriting Report

TDHCA Application #: **17413** Program(s): **4% HTC**

Flora Lofts

Address/Location: 901 Pearl Street (a.k.a 2121 Flora Street)

City: Dallas County: Dallas Zip: 75201

	APPLICATION HISTORY
Report Date	**PURPOSE**
04/19/18	**Amendment**
09/27/17	Determination Notice Memo
09/06/17	Original Underwriting Report

ALLOCATION

	Previous Allocation				RECOMMENDATION				
TDHCA Program	**Amount**	**Rate**	**Amort**	**Term**	**Amount**	**Rate**	**Amort**	**Term**	**Lien**
LIHTC (Annual)	$673,756				**$696,992**				

CONDITIONS STATUS

1 Receipt and acceptance before Determination Notice:

- Possible structure of the units and buildings that conform with Section 42 with respect to minimum set-aside requirements and any other related building designation issues.

Status: Cleared. Applicant supplied a possible structure for units and buildings. Note any possible structure will include all 52 Flora Lofts units, land, and common/shared areas to be encumbered by the LURA.

2 Receipt and acceptance by Cost Certification:

- Executed 40 year Parking Agreement with Arts District Properties parking condo for 31 parking spaces (including 2 accessible space, of which one is a van accessible space). These spaces must be free to Flora Loft residents and only a nominal fee to the Flora Lofts as the operating budget cannot support a parking expense.

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.

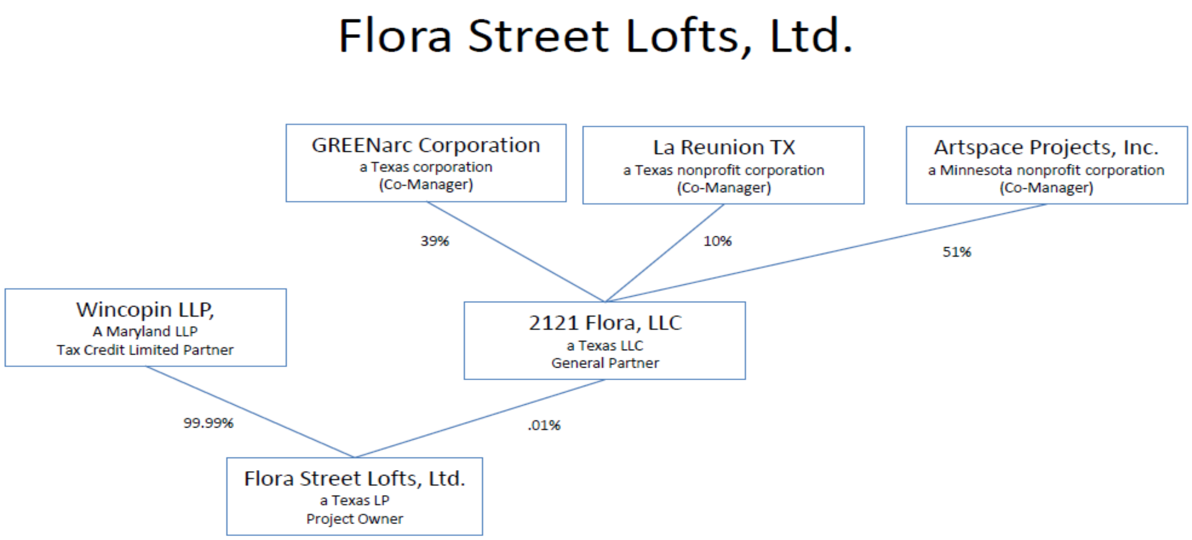
ANALYSIS

Applicant was unable to close by bond expiration. This underwriting review is for the re-determination notice.

The design, number of units, square footage, etc. has not changed. The hard costs of construction have not changed; ZOM, the market rate partner, agreed to absorb any recent increases into their budget. The unit mix and income targeting also have not changed. The affordable rents are updated to the newly published 2018 rents as calculated on Novogradac's website (although Applicant and Underwriter determined slightly different 2018 rents, it does not affect feasibility). The Walker Settlement Project-Based Voucher rents are updated to the initial contract rents as stated in the approval letter.

The driving factor for the changes from original underwriting is that the equity partner is requiring rents for the nine market units to be underwritten at 120% of AMI ($2,000-$2,500/mo range). The market rents were underwritten at $4,000 to $5,000/month based on the management company's experience managing luxury high rises in Dallas, and also on the market rents in the market study.

Artspace is now included in the ownership structure due to their experience with affordable housing and community services for artists. Below is the current organization chart.



Operating Pro Forma

The operating expenses have remained relatively the same. The property tax assumption has been decreased from $99k to $52k ($1,000/unit) based upon the appraisal used by the lender. Underwriter has reviewed the appraisal and the comps used and finds the calculations reasonable and therefore adjusted the property taxes. Property tax expense could increase $22k ($1,423/unit) and the DCR would remain above a 1.15.

The management fee has been reduced from 5% to 4% per agreements with ZRS at 1.5% and Citysquare at 2.5%. ZRS will collect and account for rents and take the lead on maintenance. Citysquare will handle the leasing and tax credit compliance. All other expenses remain the same.

Rental income has decreased over $220k (21%) due to Enterprise's 120% AMI rent restriction on the market units. At underwriting, Underwriter had a great deal of concern regarding these high market rents. "Per Underwriter's research, similar luxury high-rises in downtown Dallas are advertising rents at $2,100 - $5,300/mo for two bedrooms. Actual rents being achieved as of September 1, 2017 are listed at $2,100 - $3,500/mo. This is lower than the market rents in the pro forma." As stated above, Underwriter deferred to ZRS, ZOM's management company, as they have experience in a managing luxury high rises in Dallas.

Per Applicant, lender and equity have both acknowledged that the property will most likely get higher market rents than 120% AMI, but equity will not underwrite them.

Development Cost

The hard costs did not increase; construction interest, Freddie TEL transaction fees, and consulting fees did increase. Applicant's costs are used; total development cost increase of $900k (3.6%).

Developer fee is overstated by $215k.

Sources of Funds

In order to make the project feasible with the reduced income assumption, permanent debt was reduced from $8.385M to $5.95M. Artspace will provide a $1.587M cash flow, 0% interest, forgivable/restructurable loan. The cash flow loans from LRTX and Greenes were originally assumed to be mainly paid off by the TIF funds at conversion. Now however, the TIF funds will be used to pay off the $4.65M Enterprise bridge loan.

Greene will provide a $1M cash flow, 4% interest, forgivable/restructurable loan and LRTX will provide a $500k cash flow loan with the same terms.

Applicant's proforma is used.

At the reduced rents, the deferred developer fee pays off in year 13; the Greene cash flow loan will pay off in year 18, LRTX in year 20, and Artspace in year 26. $1.44M 30 year cash flow after cash flow loans are repaid.

The City of Dallas grant of $2.5M remains in the sources. There is now $211,250 of bond interest included as a permanent source.

Equity pricing reduced from $1.06 to $1.04 due to timing delays, but as discussed above, due to increased soft costs, eligible basis increased and Applicant's request has increased from $673,756 to $696,992.

REA recommends the increased credit allocation of $696,992 as requested by Applicant.

Underwriter:	*Jeanna Rolsing*
Manager of Real Estate Analysis:	*Thomas Cavanagh*
Director of Real Estate Analysis:	*Brent Stewart*

UNIT MIX/RENT SCHEDULE

Flora Lofts, Dallas, 4% HTC #17413

LOCATION DATA	
CITY:	Dallas
COUNTY:	Dallas
Area Median Income	$73,400
PROGRAM REGION:	3

UNIT DISTRIBUTION						
# Beds	# Units	% Total	Assisted	Income	# Units	% Total
Eff	6	11.5%	6	30%	-	0.0%
1	26	50.0%	10	40%	-	0.0%
2	18	34.6%	0	50%	5	9.6%
3	2	3.8%	0	60%	38	73.1%
4	-	0.0%	0	MR	9	17.3%
TOTAL	**52**	**100.0%**	**16**	**TOTAL**	**52**	**100.0%**

Applicable Programs
4% Housing Tax Credits

Pro Forma ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	73.44%
APP % Acquisition	3.43%
APP % Construction	3.43%
Average Unit Size	985 sf

UNIT MIX / MONTHLY RENT SCHEDULE

HTC		RENT ASSISTED UNIT		UNIT MIX				APPLICABLE PROGRAM RENT			APPLICANT'S PRO FORMA RENTS				TDHCA PRO FORMA RENTS				MARKET RENTS		
Type	Gross Rent	Type	Gross Rent	# Units	# Beds	# Baths	NRA	Gross Rent	Utility Allow	Max Net Program Rent	Delta to Max	Rent psf	Net Rent per Unit	Total Monthly Rent	Total Monthly Rent	Rent per Unit	Rent psf	Delta to Max	Underwritten		Mrkt Analyst
TC 60%	$811	PBV	$1,155	1	0	1	527	$1,155	$65	$1,090	$0	$2.07	$1,090	**$1,090**	**$1,090**	$1,090	$2.07	$0	$1,455	$2.76	$1,455
TC 50%	$642	PBV	$1,155	3	0	1	618	$1,155	$65	$1,090	$0	$1.76	$1,090	**$3,270**	**$3,270**	$1,090	$1.76	$0	$1,515	$2.45	$1,515
TC 50%	$642	PBV	$1,155	1	0	1	639	$1,155	$65	$1,090	$0	$1.71	$1,090	**$1,090**	**$1,090**	$1,090	$1.71	$0	$1,558	$2.44	$1,558
TC 50%	$642	PBV	$1,155	1	0	1	639	$1,155	$65	$1,090	$0	$1.71	$1,090	**$1,090**	**$1,090**	$1,090	$1.71	$0	$1,558	$2.44	$1,558
TC 60%	$869	PBV	$1,551	2	1	1	702	$1,551	$74	$1,477	$0	$2.10	$1,477	**$2,954**	**$2,954**	$1,477	$2.10	$0	$1,636	$2.33	$1,636
TC 60%	$869	PBV	$1,551	3	1	1	702	$1,551	$74	$1,477	$0	$2.10	$1,477	**$4,431**	**$4,431**	$1,477	$2.10	$0	$1,636	$2.33	$1,636
TC 60%	$869	0		6	1	1	713	$869	$74	$795	($11)	$1.10	$784	**$4,704**	**$4,770**	$795	$1.12	$0	$1,658	$2.33	$1,658
TC 60%	$869	0		3	1	1	721	$869	$74	$795	($11)	$1.09	$784	**$2,352**	**$2,385**	$795	$1.10	$0	$1,674	$2.32	$1,674
TC 60%	$869	0		3	1	1	723	$869	$74	$795	($11)	$1.08	$784	**$2,352**	**$2,385**	$795	$1.10	$0	$1,678	$2.32	$1,678
TC 60%	$869	PBV	$1,551	2	1	1	770	$1,551	$74	$1,477	$0	$1.92	$1,477	**$2,954**	**$2,954**	$1,477	$1.92	$0	$1,840	$2.39	$1,840
TC 60%	$869	PBV	$1,551	1	1	1	771	$1,551	$74	$1,477	$0	$1.92	$1,477	**$1,477**	**$1,477**	$1,477	$1.92	$0	$1,842	$2.39	$1,842
TC 60%	$869	PBV	$1,551	2	1	1	771	$1,551	$74	$1,477	$0	$1.92	$1,477	**$2,954**	**$2,954**	$1,477	$1.92	$0	$1,842	$2.39	$1,842
TC 60%	$869	0		1	1	1	849	$869	$74	$795	($11)	$0.92	$784	**$784**	**$795**	$795	$0.94	$0	$2,198	$2.59	$2,198
TC 60%	$869	0		1	1	1.5	1,087	$869	$74	$795	($11)	$0.72	$784	**$784**	**$795**	$795	$0.73	$0	$2,460	$2.26	$2,460
TC 60%	$869	0		1	1	1.5	1,596	$869	$74	$795	($11)	$0.49	$784	**$784**	**$795**	$795	$0.50	$0	$3,075	$1.93	$3,075
TC 60%	$869	0		1	1	2	1,217	$869	$74	$795	($11)	$0.64	$784	**$784**	**$795**	$795	$0.65	$0	$2,833	$2.33	$2,833
TC 60%	$1,042	0		2	2	2	1,103	$1,042	$96	$946	($14)	$0.84	$932	**$1,864**	**$1,892**	$946	$0.86	$0	$3,685	$3.34	$3,685
MR		0		1	2	2	1,103	$0	$96		NA	$1.86	$2,056	**$2,056**	**$2,056**	$2,056	$1.86	NA	$2,056	$1.86	$3,685
MR		0		1	2	2	1,293	$0	$96		NA	$1.59	$2,056	**$2,056**	**$2,056**	$2,056	$1.59	NA	$2,056	$1.59	$3,805
TC 60%	$1,042	0		2	2	2	1,110	$1,042	$96	$946	($14)	$0.84	$932	**$1,864**	**$1,892**	$946	$0.85	$0	$3,692	$3.33	$3,692
TC 60%	$1,042	0		3	2	2	1,220	$1,042	$96	$946	($14)	$0.76	$932	**$2,796**	**$2,838**	$946	$0.78	$0	$3,832	$3.14	$3,832
TC 60%	$1,042	0		2	2	2	1,293	$1,042	$96	$946	($14)	$0.72	$932	**$1,864**	**$1,892**	$946	$0.73	$0	$3,805	$2.94	$3,805
TC 60%	$1,042	0		1	2	2	1,301	$1,042	$96	$946	($14)	$0.72	$932	**$932**	**$946**	$946	$0.73	$0	$3,913	$3.01	$3,913
MR		0		1	2	2	1,407	$0	$96		NA	$1.46	$2,056	**$2,056**	**$2,056**	$2,056	$1.46	NA	$2,056	$1.46	$4,204
MR		0		1	2	2	1,429	$0	$96		NA	$1.44	$2,056	**$2,056**	**$2,056**	$2,056	$1.44	NA	$2,056	$1.44	$4,226
MR		0		1	2	2	1,441	$0	$96		NA	$1.43	$2,056	**$2,056**	**$2,056**	$2,056	$1.43	NA	$2,056	$1.43	$4,323
MR		0		1	2	2	1,700	$0	$96		NA	$1.21	$2,056	**$2,056**	**$2,056**	$2,056	$1.21	NA	$2,056	$1.21	$5,073
MR		0		1	2	2	1,900	$0	$96		NA	$1.08	$2,056	**$2,056**	**$2,056**	$2,056	$1.08	NA	$2,056	$1.08	$5,592
TC 60%	$1,042	0		1	2	2.5	1,253	$1,042	$96	$946	($14)	$0.74	$932	**$932**	**$946**	$946	$0.75	$0	$3,939	$3.14	$3,939
MR		0		1	3	3	1,597	$0	$0		NA	$1.49	$2,376	**$2,376**	**$2,376**	$2,376	$1.49	NA	$2,376	$1.49	$5,394
MR		0		1	3	3	1,731	$0	$0		NA	$1.37	$2,376	**$2,376**	**$2,376**	$2,376	$1.37	NA	$2,376	$1.37	$5,664
TOTALS/AVERAGES:				**52**			**51,208**				**($6)**	**$1.24**	**$1,216**	**$63,250**	**$63,580**	**$1,223**	**$1.24**	**$0**	**$2,268**	**$2.30**	**$2,707**

ANNUAL POTENTIAL GROSS RENT:	$759,000	$762,960

STABILIZED PRO FORMA

Flora Lofts, Dallas, 4% HTC #17413

	STABILIZED FIRST YEAR PRO FORMA															
	COMPARABLES				APPLICANT				PRIOR REPORT		TDHCA				VARIANCE	
	Database		Other		% EGI	Per SF	Per Unit	Amount	Applicant	TDHCA	Amount	Per Unit	Per SF	% EGI	%	$
POTENTIAL GROSS RENT						$1.24	$1,216	$759,000	**$969,864**	**$969,864**	$762,960	$1,223	$1.24		-0.5%	($3,960)
Laundry							$10.00	$6,240	6,240							
Storage, parking & misc							$45.00	$28,080	28,080							
Total Secondary Income							$55.00			12,480	$12,480	$20.00			175.0%	$21,840
POTENTIAL GROSS INCOME								$793,320	$1,004,184	$982,344	$775,440				2.3%	$17,880
Vacancy & Collection Loss							7.5% PGI	(59,499)	(75,314)	(73,676)	(58,158)	7.5% PGI			2.3%	(1,341)
Rental Concessions									0	0	-				0.0%	-
EFFECTIVE GROSS INCOME								$733,821	$928,870	$908,668	$717,282		$191,386		2.3%	$16,539
General & Administrative	$24,250	$466/Unit	22,346	$430	1.34%	$0.19	$189	$9,807	$9,807	$9,807	$9,807	$189	$0.19	1.37%	0.0%	-
Management	$26,903	6.6% EGI	18,380	$353	3.98%	$0.57	$562	$29,200	$46,444	$45,433	$28,691	$552	$0.56	4.00%	1.8%	509
Payroll & Payroll Tax	$52,718	$1,014/Unit	75,235	$1,447	5.67%	$0.81	$801	$41,631	$41,631	$41,631	$41,631	$801	$0.81	5.80%	0.0%	-
Repairs & Maintenance	$34,478	$663/Unit	53,616	$1,031	3.54%	$0.51	$500	$26,000	$11,320	$26,000	$26,000	$500	$0.51	3.62%	0.0%	-
Electric/Gas	$9,066	$174/Unit	11,759	$226	1.99%	$0.28	$280	$14,580	$14,580	$14,580	$14,580	$280	$0.28	2.03%	0.0%	-
Water, Sewer, & Trash	$30,883	$594/Unit	44,466	$855	3.30%	$0.47	$466	$24,216	$24,216	$24,216	$24,216	$466	$0.47	3.38%	0.0%	-
Property Insurance	$18,294	$0.36 /sf	15,330	$295	2.53%	$0.36	$357	$18,550	$18,550	$18,550	$18,550	$357	$0.36	2.59%	0.0%	-
Property Tax (@ 100%) 2.7193	$29,610	$569/Unit		$0	7.09%	$1.02	$1,000	$52,000	$99,384	$99,384	$52,000	$1,000	$1.02	7.25%	0.0%	-
Reserve for Replacements	$16,842	$324/Unit	-	$0	2.13%	$0.30	$300	$15,600	$15,600	$15,600	$15,600	$300	$0.30	2.17%	0.0%	-
Supportive Services			-	$0	2.73%	$0.39	$385	$20,000	$20,000	$20,000	$20,000	$385	$0.39	2.79%	0.0%	-
TDHCA LIHTC/HOME Compliance Fees			-	$0	0.23%	$0.03	$33	$1,720	$1,720	$1,720	$1,720	$33	$0.03	0.24%	0.0%	-
ZOM Condo Expense			-	$0	1.11%	$0.16	$156	$8,115	$8,115	$8,115	$8,115	$156	$0.16	1.13%	0.0%	-
TOTAL EXPENSES					**35.62%**	**$5.11**	**$5,027**	**$ 261,419**	**$311,367**	**$ 325,036**	**$ 260,910**	**$5,018**	**$5.10**	**36.37%**	**0.2%**	**$ 509**
NET OPERATING INCOME ("NOI")					**64.38%**	**$9.23**	**$9,085**	**$472,402**	**$617,503**	**$583,632**	**$456,372**	**$8,776**	**$8.91**	**63.63%**	**3.5%**	**$ 16,030**

CONTROLLABLE EXPENSES	$2,235/Unit		$101,554/Unit			$2,235/Unit

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Flora Lofts, Dallas, 4% HTC #17413

DEBT / GRANT SOURCES

		APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE									AS UNDERWRITTEN DEBT/GRANT STRUCTURE						
		Cumulative DCR							Prior Underwriting							Cumulative	
DEBT (Must Pay)	Fee	UW	App	Pmt	Rate	Amort	Term	Principal	Applicant	TDHCA	Principal	Term	Amort	Rate	Pmt	DCR	LTC
Citibank		1.21	1.25	377,833	5.38%	35	15	$5,950,000	**$8,385,475**	**$8,385,475**	$5,950,000	15	35	5.38%	$377,833	1.25	23.5%
Adjustment to Debt Per §10.302(c)(2)		1.21	1.25								$0	0	0	0.00%		1.25	0.0%
CASH FLOW DEBT / GRANTS																	
Greenes		1.21	1.25		4.00%	35	15	$1,000,000	**$500,000**	**$500,000**	$1,000,000	15	35	4.00%		1.25	3.9%
LRTX		1.21	1.25		4.00%	35	15	$500,000	**$1,000**	**$1,000**	$500,000	15	35	4.00%		1.25	2.0%
Artspace		1.21	1.25		0.00%	35	15	$1,587,000			$1,587,000	15	35	0.00%		1.25	6.3%
City of Dallas		1.21	1.25		0.00%	0	0	$2,500,000	**$2,500,000**	**$2,500,000**	$2,500,000	0	0	0.00%		1.25	9.9%
Tax Incremt Reinvestment Zone		1.21	1.25		0.00%	0	0	$4,650,000	**$2,575,826**	**$2,575,826**	$4,650,000	0	0	0.00%		1.25	18.4%
Dallas Downtown Connection TIF		1.21	1.25		0.00%	0	0	$0	**$2,002,009**	**$2,002,009**	$0	0	0	0.00%		1.25	0.0%
Flora Lofts Ltd.-Investment Income		1.21	1.25		0.00%	0	0	$211,250			$211,250	0	0	0.00%		1.25	0.8%
Other		1.21	1.25		0.00%	0	0	$0			$0	0	0	0.00%		1.25	0.0%
				$377,833	**TOTAL DEBT / GRANT SOURCES**			**$16,398,250**	$15,964,310		**$16,398,250**	**TOTAL DEBT SERVICE**			**$377,833**	1.25	64.8%
NET CASH FLOW		$78,539	$94,569								**APPLICANT**	**NET OPERATING INCOME**		**$472,402**	**$94,569**	**NET CASH FLOW**	

EQUITY SOURCES

	APPLICANT'S PROPOSED EQUITY STRUCTURE							AS UNDERWRITTEN EQUITY STRUCTURE					
						Prior Underwriting							
EQUITY / DEFERRED FEES	DESCRIPTION	% Cost	Annual Credit	Credit Price	Amount	Applicant	TDHCA	Amount	Credit Price	Annual Credit	% Cost	Annual Credits per Unit	Allocation Method
Enterprise	LIHTC Equity	28.6%	$696,992	1.04	$7,247,267	$7,141,099	$7,141,099	$7,247,267	$1.04	$696,992	28.6%	$13,404	Applicant Request
Graham Greene/Artspace	Deferred Developer Fees	7.5%	(62% Deferred)		$1,889,568	$1,519,616	$1,517,607	$1,673,658	(59% Deferred)		6.6%	**Total Developer Fee:**	**$2,851,319**
Additional (Excess) Funds Req'd		0.0%					-$1	$0			0.0%		
TOTAL EQUITY SOURCES		36.1%			$9,136,835	$8,660,715	$8,658,706	$8,920,925			35.2%		
TOTAL CAPITALIZATION					**$25,535,085**	**$24,625,025**	**$24,623,016**	**$25,319,175**			**15-Yr Cash Flow after Deferred Fee:**		**$525,125**

DEVELOPMENT COST / ITEMIZED BASIS

	APPLICANT COST / BASIS ITEMS							TDHCA COST / BASIS ITEMS					COST VARIANCE	
	Eligible Basis					Prior Underwriting					Eligible Basis			
	Acquisition	New Const. Rehab			Total Costs	Applicant	TDHCA	Total Costs			New Const. Rehab	Acquisition	%	$
Land Acquisition				$25,090 / Unit	$1,304,678	$1,207,216	$1,207,216	$1,304,678	$25,090 / Unit				0.0%	$0
ROW					$41,674	$41,674	$41,674	$41,674						$0
Off-Sites				$ / Unit	$0	$0	$0	$0	$ / Unit				0.0%	$0
Site Work		$0		$ / Unit	$0	$0	$0	$0	$ / Unit		$0		0.0%	$0
Site Amenities		$0		$ / Unit	$0	$0	$0	$0	$ / Unit		$0		0.0%	$0
Building Cost		$13,821,487	$270.68 /sf	$266,554/Unit	$13,860,790	$13,860,790	$12,854,528	$12,854,528	$247,202/Unit	$251.03 /sf	$12,854,528		7.8%	$1,006,262
Contingency		$777,000	5.62%	5.61%	$777,000	$693,040	$693,040	$777,000	6.04%	6.04%	$777,000		0.0%	$0
Contractor Fees		$1,295,224	8.87%	8.85%	$1,295,224	$1,295,224	$1,295,224	$1,295,224	9.50%	9.50%	$1,295,224		0.0%	$0
Soft Costs	0	$1,505,630		$30,505 / Unit	$1,586,245	$1,575,630	$1,575,630	$1,586,245	$30,505 / Unit		$1,505,630	$0	0.0%	$0
Financing	0	$1,570,150		$62,971 / Unit	$3,274,505	$2,913,546	$2,913,546	$3,274,505	$62,971 / Unit		$1,570,150	$0	0.0%	$0
Developer Fee	$0	$2,667,229	14.06%	16.14%	$3,067,229	$2,725,000	$2,608,680	$2,700,380	15.00%	14.82%	$2,667,229	$0	13.6%	$366,849
Reserves				$6,303 / Unit	$327,740	$310,896	$310,896	$319,372	$6,142 / Unit				2.6%	$8,368
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BAS	**$0**	**$21,636,720**		$491,059 / Unit	**$25,535,085**	**$24,623,016**	**$23,500,434**	**$24,153,606**	$464,492 / Unit		**$20,669,761**	**$0**	**5.7%**	**$1,381,479**
Acquisition Cost	$0				$0									
Contingency		$0			$0									
Contractor's Fee		$0												
Interim Interest		$0												
Developer Fee	$0	$0			($215,910)									
Reserves					$0									
ADJUSTED BASIS / COST	**$0**	**$21,636,720**		$486,907/unit	**$25,319,175**			**$24,153,606**	$464,492/unit		**$20,669,761**	**$0**	**4.8%**	**$1,165,569**

TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate):	**$25,319,175**

CAPITALIZATION / DEVELOPMENT COST BUDGET / ITEMIZED BASIS ITEMS

Flora Lofts, Dallas, 4% HTC #17413

CREDIT CALCULATION ON QUALIFIED BASIS

	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction Rehabilitation
ADJUSTED BASIS	$0	$21,636,720	$0	$20,669,761
Deduction of Federal Grants	$0	$0	$0	$0
TOTAL ELIGIBLE BASIS	$0	$21,636,720	$0	$20,669,761
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	$0	$28,127,736	$0	$26,870,690
Applicable Fraction	73.44%	73.44%	73.44%	73.44%
TOTAL QUALIFIED BASIS	$0	$20,656,924	$0	$19,733,753
Applicable Percentage	3.43%	3.43%	3.43%	3.43%
ANNUAL CREDIT ON BASIS	$0	$708,532	$0	$676,868
CREDITS ON QUALIFIED BASIS	$708,532		$676,868	

	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		FINAL ANNUAL LIHTC ALLOCATION		
			Credit Price $1.0398	Variance to Request	
Method	Annual Credits	Proceeds	Credit Allocation	Credits	Proceeds
Eligible Basis	$708,532	$7,367,264	----	----	----
Needed to Fill Gap	$857,953	$8,920,925	----	----	----
Applicant Request	$696,992	$7,247,267	**$696,992**	**$0**	**$0**

50% Test for Bond Financing for 4% Tax Credits

Tax-Exempt Bond Amount	**$13,000,000**	
Aggregate Basis Limit for 50% Test	$26,000,000	
	Applicant	**TDHCA**
Land Cost	$1,304,678	$1,304,678
Depreciable Bldg Cost	$19,089,409	$18,083,147
Aggregate Basis for 50% Test	**$20,394,087**	**$19,387,825**

	Applicant	TDHCA
Percent Financed by Tax-Exempt Bonds	**63.7%**	**67.1%**
amount aggregate basis can increase before 50% test fails	$5,605,913	$6,612,175
	27.5%	34.1%

BUILDING COST ESTIMATE

CATEGORY		FACTOR	UNITS/SF	PER SF	
Base Cost:	Mid-Rise (Over 5 Stories)		51,208 SF	$217.00	11,111,931
Adjustments					
Exterior Wall Finish		16.00%		34.72	$1,777,909
Elderly		0.00%		0.00	0
11' 8"-Ft. Ceilings		1.055		11.93	611,156
Roof Adjustment(s)				3.93	201,000
Subfloor				2.98	152,600
Floor Cover				5.04	258,088
Breezeways		$29.03	0	0.00	0
Balconies		$49.25	5,532	5.32	272,451
Plumbing Fixtures		$1,710	98	3.27	167,580
Rough-ins		$510	104	1.04	53,040
Built-In Appliances		$3,225	52	3.27	167,700
Exterior Stairs		$4,175	10	0.82	41,750
Heating/Cooling				2.14	109,585
Enclosed Corridors		$208.10	8,410	34.18	1,750,087
Carports		$11.94	0	0.00	0
Solar Shades			0	1.25	64,056
Comm &/or Aux Bldgs: 10%		$182.56	9,450	2.98	152,679
Elevators			2	0.00	0
Other:	Interior Stairs	$3,300	12	0.77	39,600
Fire Sprinklers		$3.09	69,068	4.17	213,644
SUBTOTAL				**334.81**	**17,144,857**
Current Cost Multiplier		1.01		3.35	171,449
Local Multiplier		0.87		(43.53)	(2,228,831)
TOTAL BUILDING COSTS				**294.63**	**$15,087,474**
Plans, specs, survey, bldg permits		3.30%		(9.72)	($497,887)
Contractor's OH & Profit		11.50%		(33.88)	(1,735,060)
NET BUILDING COSTS			$247,202/unit	$251.03/sf	$12,854,528

Long-Term Pro Forma

Flora Lofts, Dallas, 4% HTC #17413

	Growth Rate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30	Year 35
EFFECTIVE GROSS INCOME	2.00%	$733,821	$748,497	$763,467	$778,737	$794,311	$876,984	$968,261	$1,069,039	$1,180,305	$1,303,152	$1,438,785
TOTAL EXPENSES	3.00%	$261,419	$268,970	$276,741	$284,739	$292,972	$337,890	$389,781	$449,736	$519,020	$599,094	$693,930
NET OPERATING INCOME ("NOI")		**$472,402**	**$479,528**	**$486,727**	**$493,997**	**$501,340**	**$539,094**	**$578,480**	**$619,302**	**$661,285**	**$704,058**	**$744,855**
EXPENSE/INCOME RATIO		35.6%	35.9%	36.2%	36.6%	36.9%	38.5%	40.3%	42.1%	44.0%	46.0%	48.2%
MUST -PAY DEBT SERVICE												
TOTAL DEBT SERVICE		$377,833	$377,833	$377,833	$377,833	$377,833	$377,833	$377,833	$377,833	$377,833	$377,833	$377,833
DEBT COVERAGE RATIO		1.25	1.27	1.29	1.31	1.33	1.43	1.53	1.64	1.75	1.86	1.97
ANNUAL CASH FLOW		**$94,569**	**$101,695**	**$108,893**	**$116,164**	**$123,507**	**$161,261**	**$200,647**	**$241,469**	**$283,452**	**$326,225**	**$367,021**
Deferred Developer Fee Balance		$1,579,089	$1,477,395	$1,368,502	$1,252,338	$1,128,831	$398,719	$0	$0	$0	$0	$0
CUMULATIVE NET CASH FLOW		$0	$0	$0	$0	$0	$0	$525,125	$1,650,300	$2,983,196	$4,528,547	$6,283,331

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BOARD ACTION REQUEST

HOME AND HOMELESSNESS PROGRAMS DIVISION

APRIL 26, 2018

Presentation, discussion, and possible action on awards for the 2017 HOME Investment Partnerships Program ("HOME") Single Family Programs Homebuyer Assistance ("HBA") and Tenant-Based Rental Assistance ("TBRA") Notice of Funding Availability ("NOFA")

RECOMMENDED ACTION

WHEREAS, through Board action on January 18, 2018, the Texas Department of Housing and Community Affairs ("TDHCA" or the "Department") made available approximately $6,407,742 in the 2017 HOME Single Family Programs HBA and TBRA NOFA;

WHEREAS, the NOFA allows awards to be made on an Open Cycle, subject to available funding in the region and subregion in accordance with the RAF on a first-come, first-served basis until May 15, 2018;

WHEREAS, two applicants requesting four contract awards totaling $675,337 have received reviews for compliance with program and previous participation requirements;

WHEREAS, the Executive Award and Review Advisory Committee ("EARAC") approved the compliance history of both applications; and

WHEREAS, following Board approval of the applications presented herein, funding remaining under the NOFA will total $5,732,405;

NOW, therefore, it is hereby

RESOLVED, that awards of HOME funding from the 2017 Single Family Programs HBA and TBRA NOFA totaling $675,337 are hereby approved in the form presented at this meeting, and as may be amended by the Board.

BACKGROUND

On October 30, 2017, the Department received the U. S. Department of Housing and Urban Development's ("HUD") State of Texas 2017 for the HOME Program for approximately $23,199,182. TDHCA has programmed the funds for various uses in accordance with the HUD-approved 2017 Consolidated Plan One-Year Action Plan ("OYAP"). The Board approved at the meeting of January 18, 2018, to release the 2017 HOME Single Family Programs Homebuyer Assistance ("HBA") and Tenant-Based Rental Assistance ("TBRA") NOFA which includes $6,407,742 of the 2017 HOME allocation for contracts for HBA and TBRA under the general set aside. These set-aside funds are awarded on a first-come, first-served basis to eligible applicants subject to the Regional Allocation Formula.

HBA provides assistance to homebuyers 80% or less of the Area Median Family Income ("AMFI"), as defined by HUD, for downpayment and closing costs assistance. The amount of HOME HBA funds provided to any household shall not exceed the lesser of $20,000 or the amount of funds required to make the home affordable to the household. Assistance will be provided to the family in the form of a deferred forgivable loan.

TBRA provides eligible households rental subsidies, including security and utility deposits to tenants earning 80% of less of the AMFI, as defined by HUD, for up to 24 months. Tenants must also participate in a self sufficiency program. Although self sufficiency is not a requirement within the federal regulations, the Department does require all TBRA program participants to participate in a self sufficiency plan as a condition of rental assistance. The self sufficiency plan is designed to facilitate the assisted family's transition from temporay rental assistance to permanent housing, since TBRA assistance under a contract may not exceed 24 months. Self suffieicny plans range in design because they are tailored to the populations being served. At a minimum, specific goals relating to paying for housing, either through other assistance programs or earned income must be included in the plan.

The NOFA is structured according to activity type under the general set-aside. Applications for award will be accepted beginning March 13, 2018, and ending July 10, 2018, or when all funds are awarded, whichever comes earlier. Funds in an amount not to exceed $150,000 in project funds per application may be awarded under this NOFA for provision of HBA. Funds in an amount not to exceed $350,000 in project funds per application may be awarded under this NOFA for provision of TBRA. Applicants may apply for more than one award under the NOFA, with a maximum of two contracts per program activity type. Applicants requesting more than one award must submit a separate application for each request, and the service areas for each award per program activity must be mutually exclusive.

A total of six applications have been submitted under the NOFA by two applicants. Each applicant has withdrawn one application, and the remaining four applications have been reviewed and determined to be eligible for consideration for award. Staff recommends the following two administrators receive a total of four awards to administer TBRA activities.

$675,337 in project funds will be awarded from the balance of HOME funds available for programming if the recommended awards are approved.

Award Recommendation Log

App #	HOME Applicant	Activity	Award	Region / Subregion	Area Served
2018-1003	Central Texas Opportunities	TBRA	$100,000	12/Rural	McCulloch County
2018-1004	Central Texas Opportunities	TBRA	$255,337	2/Rural	Brown, Callahan, Coleman, Comanche, Eastland, and Runnels counties
2018-1005	New Braunfels Community Resources, Inc.	TBRA	$150,000	9/Rural	Comal and Guadalupe counties
2018-1006	New Braunfels Community Resources, Inc.	TBRA	$170,000	9/Urban	Comal and Guadalupe counties
		Total	$675,337		

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BOARD ACTION REQUEST

HOME AND HOMELESSNESS PROGRAMS DIVISION

APRIL 26, 2018

Presentation, discussion, and possible action regarding proposed amendments to 10 TAC Chapter 23, Single Family HOME Program Rules Subchapter F, Tenant-Based Rental Assistance Program, §23.61 concerning Tenant-Based Rental Assistance ("TBRA") General Requirements, and directing their publication for public comment in the *Texas Register*

RECOMMENDED ACTION

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

WHEREAS, the Department's Governing Board adopted a new 10 TAC Chapter 23, concerning Single Family HOME Rules on July 13, 2017, and those rules became effective on August 3, 2017;

WHEREAS, the Department's Governing Board authorized to amend 10 TAC Chapter 23, concerning Single Family HOME Rules on November 9, 2017, and those rules became effective on December 6, 2017; and

WHEREAS, the Department has identified certain areas in Subchapter F that require further clarification and revision, and necessitate the proposal of amendments;

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 of 10 TAC Chapter 23, Subchapter F, §23.61 Tenant-Based Rental Assistance (TBRA) General Requirements; and directing that they be published for public comment 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 purpose of amending the HOME Rule under Subchapter F is to remove requirements that are duplicative of requirements stated in the federal regulations governing the HOME Program and to provide flexibility to Administrators of HOME TBRA funds as they relate to Administrative costs.

First, the proposed amendments to 10 TAC §23.61(g) and §23.61(j) strike federal requirements codified under this Title related to the start date of assistance and requirements for property inspections. It is in the best interest of the Department, when possible, to avoid duplication of federal regulations in rule. An amendment to these provisions was previously approved by the Board as an emergency rulemaking item on December 14, 2017. Pursuant to 10 TAC Chapter 1, Subchapter A, §1.5, in the case of federally declared disasters the Executive Director may waive federally waived rules that have been codified under this Title, and such a request may be made to the Executive Director if required during the period in which the emergency rulemaking is expired, and the final rule striking the duplicative requirements is not yet adopted.

Second, the proposed amendments which allow Administrators of HOME Program funds to have the option of selecting one of two methods of receiving administrative costs and soft costs for expenses related to provision of TBRA activities. Administrators will have the option to request reimbursement for Administrative costs equal to four percent of Direct Activity costs, excluding Match funds, and up to $1,200 per activity in project soft costs; or reimbursement of Administrative costs equal to eight percent of Direct Activity costs, excluding Match funds. In either case, Administrators may request reimbursement for Administrative funds up to an additional one percent of Direct Activity Costs if Match is provided in an amount equal to five percent or more of Direct Activity Costs.

This amendment to the Single Family HOME Rules is being proposed in response to a request from Coastal Bend Centers for Independent Living ("CBCIL"), a current Administrator of TBRA. CBCIL administers HOME TBRA in areas affected by Hurricane Harvey, and is providing assistance under the Disaster Set-aside. CBCIL has expressed concern that documentation requirements required to charge costs to soft costs on an activity-by-activity basis rather than as an overall administrative charge and restrictions related to allowability of costs as soft costs preclude CBCIL, and potentially other Administrators, from effectively providing TBRA in their communities.

Although the total amount of funding available to an Administrator of TBRA for costs related to application intake, processing, and inspections would generally be decreased if an Administrator elected to decline an award of soft costs, overall funds that would be available for general program administration would increase. Allowing Administrators to elect the option that is most favorable to them based on their organizational structure and financial accounting systems will provide needed flexibility for reimbursement of costs under TBRA.

Attached is the proposed preamble and the proposed amendments to 10 TAC §23.61.

Attachment 1: Preamble and amendment of SUBCHAPTER F, §23.61 TENANT-BASED RENTAL ASSISTANCE (TBRA) GENERAL REQUIREMENTS

The Texas Department of Housing and Community Affairs (the "Department") proposes amendments to 10 TAC Chapter 23, §23.61, concerning Subchapter F Tenant-Based Rental Assistance Program ("TBRA") General Requirements. The purpose of the proposed amended section is two-fold. First is to remove requirements that are duplicative of requirements stated in the federal regulations governing the HOME Program, and second is to provide flexibility to Administrators of HOME TBRA funds as they relate to Administrative costs. The proposed amended section related to administrative costs will allow Administrators of HOME Program funds to have the option of selecting one of two methods of receiving administrative costs and soft costs for expenses related to provision of TBRA activities. Administrators will have the option to request reimbursement for Administrative costs equal to 4 percent of Direct Activity costs, excluding Match funds, and up to $1,200 per activity in project soft costs; or reimbursement of Administrative costs equal to 8 percent of Direct Activity costs, excluding Match funds. In either case, Administrators may request reimbursement for Administrative funds up to an additional 1 percent of Direct Activity Costs if Match is provided in an amount equal to 5 percent or more of Direct Activity Costs.

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

GOVERNMENT GROWH IMPACT STATEMENT. Mr. Irvine also has determined that, for the first five years a rule would be in effect:

1. The proposed rule does not create or eliminate a government program;
2. The proposed rule will not require a change in the number of employees of the Department;
3. The proposed rule will not require additional future legislative appropriations;
4. The proposed rule will result in neither an increase nor a decrease in fees paid to the Department;
5. The proposed rule will not create a new regulation;
6. The proposed rule will not expand, will not limit, or will not repeal an existing regulation;
7. The proposed rule will not increase or will not decrease the number of individuals subject to the rule's applicability; and
8. Will neither positively or negatively affect this state's economy.

PUBLIC BENEFIT/COST NOTE. Mr. Irvine also has determined that, for each year of the first five years the amended section is in effect, the public benefit anticipated as a result of the amended section will be improved regulatory guidance to enhance the efficiency and effectiveness of the HOME Program. There will not be any economic cost to any individuals required to comply with the amended sections. The amended sections remove duplicative regulations and allow administrators greater flexibility as to how they can request application intake, processing, and inspections costs, therefore there is no cost impact.

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

REQUEST FOR PUBLIC COMMENT. The public comment period will be held May 11, 2018, to

June 11, 2018, to receive input on the amended section. Written comments may be submitted to the Texas Department of Housing and Community Affairs, Abigail Versyp, HOME and Homeless Programs, Rule Comments, P.O. Box 13941, Austin, Texas 78711-3941, by fax to (512) 475-0220 or by email to the following address: HOME@tdhca.state.tx.us. ALL COMMENTS MUST BE RECEIVED BY 5:00 P.M. Austin local time on June 11, 2018. A copy of the amended section will be available on the Department's website at http://www.tdhca.state.tx.us/public-comment.htm under Items Open for Public Comment during the public comment period.

STATUTORY AUTHORITY. The amendment is proposed pursuant to Texas Government Code, §2306.053, which authorizes the Department to adopt rules.

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

§23.61.Tenant-Based Rental Assistance (TBRA) General Requirements.

(a) The Household must participate in a self-sufficiency program.

(b) The amount of assistance will be determined using the Housing Choice Voucher method.

(c) Households certifying to zero income must also complete a questionnaire which includes a series of questions regarding how basic hygiene, dietary, transportation, and other living needs are met.

(d) The minimum Household contribution toward gross monthly rent must be ten percent of the Household's gross monthly income.

(e) Activity funds are limited to:

(1) rental subsidy: Each rental subsidy term is limited to no more than twenty-four (24) months. Total lifetime assistance to a Household may not exceed thirty-six (36) months cumulatively, except that a maximum of twenty-four (24) additional months of assistance, for a total of sixty (60) months cumulatively may be approved if:

(A) the Household has applied for a Section 8 Housing Choice Voucher, HUD Section 811 Supportive Housing for Persons with Disabilities, HUD Section 811 Project Rental Assistance Demonstration, or HUD Section 202 Supportive Housing for the Elderly Program, and is placed on a waiting list during their TBRA participation tenure; and

(B) the Household has not been removed from the waiting list for the Section 8 Housing Choice Voucher, HUD Section 811 Supportive Housing for Persons with Disabilities, HUD Section 811 Project Rental Assistance Demonstration, or HUD Section 202 Supportive Housing for the Elderly Program due to failure to respond to required notices or other ineligibility factors; and

(C) the Household has not been denied participation in the Section 8 Housing Choice Voucher, HUD Section 811 Supportive Housing for Persons with Disabilities, HUD Section 811 Project Rental Assistance Demonstration, or HUD Section 202 Supportive Housing for the Elderly Program while they were being assisted with HOME TBRA; and

(D) the Household did not refuse to participate in the Section 8 Housing Choice Voucher, HUD Section 811 Supportive Housing for Persons with Disabilities, HUD Section 811 Project Rental

Assistance Demonstration, or HUD Section 202 Supportive Housing for the Elderly Program when a voucher was made available.

(2) security deposit: no more than the amount equal to two (2) ~~month's~~months rent for the unit.

(3) utility deposit in conjunction with a TBRA rental subsidy.

(f) The payment standard is determined at the date of assistance. The payment standard utilized by the Administrator must be:

(1) for metropolitan counties and towns, the current U.S. Department of Housing and Urban Development (HUD) Small Area Fair Market Rent for the Housing Choice Voucher Program;

(2) for nonmetropolitan counties and towns, the current HUD Fair Market Rent for the Housing Choice Voucher Program;

(3) for a HOME assisted unit, the current applicable HOME rent; or

(4) the Administrator may submit a written request to the Department for approval of a different payment standard. The request must be evidenced by a market study or documentation that the PHA serving the market area has adopted a different payment standard. An Administrator may request a Reasonable Accommodation as defined in §1.204 of this title for a specific ~~household~~Household if the ~~household~~Household, because of a disability, requires the features of a specific unit, and units with such features are not available in the Service Area at the payment standard.

~~(g) The lease agreement start date must correspond to the date of the TBRA rental coupon contract, and the rent reasonable analysis must be conducted prior to the date of the TBRA rental coupon contract.~~

~~(h~~g) Administrators must select the method under which funds for administrative costs and Activity soft costs may be reimbursed prior to execution of an RSP agreement or at Application for an award of funds. Administrators of an existing RSP Agreement may request an amendment to an existing Agreement in accordance with Section 23.1 of this Chapter. Applicants and Administrators may choose from one of the following options, and in any case funds for Administrative costs may be increased by an additional 1 percent of Direct Activity Costs if Match is provided in an amount equal to 5 percent or more of Direct Activity Costs:

(1) Funds for Administrative costs are limited to 4 percent of Direct Activity Costs, excluding Match funds, and Activity soft costs are limited to $1,200 per Household assisted ~~for~~. Activity soft costs may reimburse expenses for costs related to determining Household income eligibility, including recertification, and conducting Housing Quality Standards (HQS) inspections. All costs must be reasonable and customary for the Administrator's Service Area~~.~~; or

(~~i~~2) Funds for ~~administrative~~Administrative costs are limited to ~~4~~8 percent of Direct Activity Costs, excluding Match funds~~. Funds for administrative costs,~~ and Administrator may ~~be increased an additional 1 percent of Direct~~ not be reimbursed for Activity ~~Costs if Match is provided in an amount equal to 5 percent or more of Direct Activity Costs.~~ soft ~~c~~costs.

~~(j) Rental units must be inspected prior to occupancy, annually upon Household recertification, and must comply with HQS established by HUD.~~

(~~k~~h) Administrators must have a written agreement with Owner that the Owner will notify the Administrator within one (1) month if a tenant moves out of an assisted unit prior to the lease end date.

(~~l~~i) Administrator must not approve a unit if the owner is by consanguinity, affinity, or adoption the parent, child, grandparent, grandchild, sister, or brother of any member of the assisted Household, unless the Administrator determines that approving the unit would provide Reasonable Accommodation for a Household member who is a Person with Disabilities. This restriction against Administrator approval of a unit only applies at the time the Household initially receives assistance under a Contract or Agreement, but does not apply to Administrator approval of a recertification with continued tenant-based assistance in the same unit.

(~~m~~j) Administrators must maintain Written Policies and Procedures established for the HOME Program in accordance with §10.610 of this ~~title~~Title, except that where the terms Owner, Property, or Development are used Administrator or Program will be substituted, as applicable. Additionally, the procedures in subsection (~~n~~l) of this section (relating to the Violence Against Women Act (if in conflict with the provisions in §10.610 of this ~~title~~Title)) will govern.

(~~n~~k) Administrators serving a Household under a Reservation Agreement may not issue a Certificate of Eligibility to the Household prior to reserving funds for the ~~project~~Activity.

(~~o~~l) Administrators are required to comply with regulations and procedures outlined in the Violence Against Women Act (VAWA), and provide tenant protections as established in the Act.

(1) An Administrator of Tenant-Based Rental Assistance must provide all Applicants (at the time of admittance or denial) and Households (before termination from the Tenant-Based Rental Assistance program or from the dwelling assisted by the Tenant-Based Rental Assistance Coupon Contract) the Department's "Notice of Occupancy Rights under the Violence Against Women Act", (based on HUD form 5380) and also provide to Households "Certification of Domestic Violence, Dating Violence, Sexual Assault, or Stalking" (HUD form 5382) prior to execution of a Rental Coupon Contract and before termination of assistance from the Tenant-Based Rental Assistance program or from the dwelling assisted by the Tenant-Based Rental Assistance coupon contract.

(2) Administrator must notify the Department within three (3) calendar days when tenant submits a Certification of Domestic Violence, Dating Violence, Sexual Assault, or Stalking and/or alternate documentation to Administrator and must submit a plan to Department for continuation or termination of assistance to affected Household members.

(3) Notwithstanding any restrictions on admission, occupancy, or terminations of occupancy or assistance, or any Federal, State or local law to the contrary, Administrator may "bifurcate" a rental coupon contract, or otherwise remove a Household member from a rental coupon contract, without regard to whether a Household member is a signatory, in order to evict, remove, terminate occupancy rights, or terminate assistance to any individual who is a recipient of TBRA and who engages in criminal acts of physical violence against family members or others. This action may be taken without terminating assistance to, or otherwise penalizing the person subject to the violence.

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TO BE POSTED NOT LATER THAN THE THIRD DAY BEFORE THE DATE OF THE MEETING

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TDHCA Outreach Activities, March - April 2018

A compilation of outreach and educational activities designed to enhance the awareness of TDHCA programs and services among key stakeholder groups and the general public.

Activity	Event	Date	Location	Division
Roundtable	2019 QAP and Rules Roundtable	03/21/2018	Austin, TX	Multifamily Finance
Public Hearing	Public Hearing for PY18 Draft DOE State Plan	03/27/2018	Austin, TX	Community Affairs
TICH Meeting	Texas Interagency Council for the Homeless (Quarterly Meeting)	04/03/2018	Austin, TX	Housing Resource Center
Public Hearing	Public hearing for Evant Tom Sawyer, Lampasas Gardens	04/03/2018	Lampasas, TX	Multifamily Finance
Public Hearing	Public comment hearing on 2018 Housing Tax Credit Applications	04/03/2018	Houston, TX	Multifamily Finance
Public Hearing	Public hearing for Crosby Plaza, Bay City Village	04/05/2018	Crosby, TX Baytown, TX	Multifamily Finance
Public Hearing	Public comment hearing on 2018 Housing Tax Credit Applications	04/05/2018	Austin, TX Palestine, TX	Multifamily Finance
Training	TSHEP Homebuyer Education Train the Trainer (Training certification for Housing Counselors)	04/09/18 – 04/13/18	Austin, TX	Texas First Time Homebuyer Programs
Webinar/Training	Fair Housing Webinar Series I: Fair Housing Overview	04/10/2018	N/A	Fair Housing
Public Hearing	Public comment hearing on 2018 Housing Tax Credit Applications	04/10/2018	El Paso, TX Harlingen, TX	Multifamily Finance
Public Hearing	Public comment hearing on 2018 Housing Tax Credit Applications	04/11/2018	Lubbock, TX	Multifamily Finance
Public Hearing	Public hearing for Burk Village	04/12/2018	Burkburnett, TX	Multifamily Finance
Public Hearing	Public comment hearing on 2018 HTC Applications	04/12/2018	Dallas, TX	Multifamily Finance

Public Hearing	Public hearing for Bastrop Oak Grove, Elgin Meadowpark	04/16/2018	Bastrop, TX	Multifamily Finance

Internet Postings of Note

A list of new or noteworthy postings to the Department's website.

Amy Young Barrier Removal Program

- Added 2019 Notice of Funding Availability link
- Added current Amy Young Barrier Removal Program administrator list

Asset Management

- Updated Cost Certification form, included most current date
- Added material amendment information related to Cricket Hollow Apartments (for possible board action)

Communications:

- Added 50 Years of Fair Housing Timeline, Fair Housing Month information

Community Affairs:

- Added 2018 Rider 14 Report (annual weatherization report to Texas Legislature)
- Updated procurement documentation (Micro-Purchase, Small Purchase, Sealed Bid, Competitive/Non-Competitive Proposals) and FAQs
- Added checklist for Customer Focused Approach Services (Organizational Standards) for CSBG best practices

Compliance:

- Added 2016 Mid-Inspection Construction Inspection Request form
- Updated Individual Income Limits document for Amy Young Barrier Removal, Bootstrap Self-Help Housing and Contract for Deed Conversion Programs
- Updated Military Basic Housing Allowance Memo

HOME and Homeless:

- Added Contract Access Request Form (link includes fillable document)
- Added 2018 Area Median Family Income Limits (30% AMFI, 50% AMFI)
- Added HOME Homeownership Value Limits (effective date April 1, 2018)
- Added HOME Single Family Program Open Cycle application log
- Added list of 2017 ESG Awardees
- Added HOME Tenant Based Rental Assistance taped webinar

Housing Resource Center:

- Added amendments to 2015-2019 Annual Consolidated Planning documents
- Added links to 2018 TDHCA Customer Service Survey
- Added links for additional resources for nonprofits (websites and funding opportunities)

Internal Audit

- Added 2017 Report on Review of the Bond Finance Program's Processes and Controls
- Added 2017 Report on Review of the Contract for Deed Conversion Program

Multifamily:

- 2018-1 Multifamily Direct Loan Application Log (XLS) (April 3, 2018)
- Added 2018 4% HTC Bond Status Log with most current date; archived 2017 4% HTC Bond Status Log
- Added 2019 QAP Project Plan
- Added updated 2018 9% HTC Full Application Log
- Added 2018 HTC Award Limits and Estimated Regional Allocation document
- Updated 2018 9% HTC full application log

- Added 2018 Local Government support spreadsheet (for 2018 9% HTC application cycle)
- Updated 2018 Quantifiable Community Participation Letters
- Added links for assessments and reports for the 2018 9% HTC application cycle (Appraisals, Environmental Site Assessments, Market Studies, Property Condition Assessments, Site Design Feasibility)
- Added 2018 Community Support from State Representative spreadsheet for 2018 9% HTC application cycle

NOFA:

- Added amended NOFA (2017 HOME Single Family HBA, TBRA General Set-Aside)
- Added Federal Fiscal Year 2018 Community Services Block Grant (Services to Native American and Migrant Seasonal Farm Worker Populations)
- Added Amended Multifamily Direct Loan 2018-1, updated revised amount to $38,005,163

Program Services:

- Added HUD-1403-CPD booklet (Relocation Assistance to Displaced Businesses, Nonprofit Organizations and Farms)

Public Comment:

- Open for Public Comment: Draft 2018 State of Texas Consolidated Annual Performance and Evaluation Report – reporting on Program Year 2017
- Closed for Public Comment: Draft 2018 One-Year Action Plan

Purchasing:

- Updated list of No-Bid contracts as required by state

811 PRA Program

- Updated Income Limits chart
- Updated Metropolitan Statistical Area property information (Dallas, Austin)

Frequently Used Acronyms

AMFI	Area Median Family Income
AYBR	Amy Young Barrier Removal Program
CEAP	Comprehensive Energy Assistance Program
CFD	Contract for Deed Program
CFDC	Contract for Deed Conversion Assistance Grants
CHDO	Community Housing Development Organization
CMTS	Compliance Monitoring and Tracking System
CSBG	Community Services Block Grant Program
ESG	Emergency Solutions Grants Program
FAQ	Frequently Asked Questions
HBA	Homebuyer Assistance Program
HHSCC	Housing and Health Services Coordination Council
HHSP	Homeless Housing and Services Program
HRA	Homeowner Rehabilitation Assistance Program
LURA	Land Use Restriction Agreement
MF	Multifamily
MFTH	My First Texas Home Program
MRB	Mortgage Revenue Bond Program
NHTF	National Housing Trust Fund
NOFA	Notice of Funding Availability
NSP	Neighborhood Stabilization Program
OIG	Office of Inspector General
QAP	Qualified Allocation Plan
QCP	Quantifiable Community Participation
REA	Real Estate Analysis
RFA	Request for Applications
RFO	Request for Offer
RFP	Request for Proposals
RFQ	Request for Qualifications
ROFR	Right of First Refusal
SLIHP	State of Texas Low Income Housing Plan
TA	Technical Assistance
TBRA	Tenant Based Rental Assistance Program
TICH	Texas Interagency Council for the

HRC	Housing Resource Center
HTC	Housing Tax Credit
HTF	Housing Trust Fund
HUD	US Department of Housing and Urban Development
IFB	Invitation for Bid
	Homeless
TSHEP	Texas Statewide Homebuyer Education Program
TXMCC	Texas Mortgage Credit Certificate
VAWA	Violence Against Women Act
WAP	Weatherization Assistance Program

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BOARD REPORT ITEM

FINANCIAL ADMINISTRATION DIVISION

APRIL 26, 2018

Report on the Department's Balance Sheet/Statement of Net Position for the period ended February 28, 2018

Below is an unaudited condensed Statement of Net Position along with a description of the major categories of this statement.

Texas Department of Housing and Community Affairs
Government Wide
Condensed Statement of Net Position
As of February 28, 2018

	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets:			
Cash & Cash Equivalents	$ 31,909,437	$ 129,742,545	$ 161,651,982
Legistlative Appropriations	16,931,564		16,931,564
Interest Receivable	48,018	8,707,734	8,755,752
Loan and Contracts	16,626,883	51,947,391	68,574,274
Other Current Assets	94,198	1,048,314	1,142,512
Non-current Assets:			
Investments		683,714,606	683,714,606
Loans and Contracts	448,246,397	1,077,050,897	1,525,297,294
Capital Assets	145,319	170,743	316,062
Other Non-Current Assets		42,960	42,960
Total Assets	514,001,816	1,952,425,190	2,466,427,006
DEFERRED OUTFLOWS OF RESOURCES	7,347,994	17,871,856	25,219,850
Liabilites			
Current			
Accounts/Payroll Payables	1,289,164	1,160,757	2,449,921
Interest Payable		11,535,979	11,535,979
Unearned Revenue		7,783,483	7,783,483
Other Current Liabilities		52,191,532	52,191,532
Non-current			
Net Pension Liability	26,302,768	27,843,670	54,146,438
Bonds Payable		1,322,117,331	1,322,117,331
Notes and Loans Payable		84,860,580	84,860,580
Derivative Hedging Instrument		9,902,173	9,902,173
Other Non-current Liabilities	1,370,169	175,245,955	176,616,124
Total Liabilities	28,962,101	1,692,641,460	1,721,603,561
DEFERRED INFLOWS OF RESOURCES	3,348,748	3,201,109	6,549,857
Net Position			
Invested in Capital Assets	145,319	170,743	316,062
Restricted	492,481,199	215,216,314	707,697,513
Unrestricted	(3,587,557)	59,067,420	55,479,863
Total Net Position	$ 489,038,961	$ 274,454,477	$ 763,493,438

Texas Department of Housing and Community Affairs
Major Categories of the Statement of Net Position

Assets **Current Assets:**	**Governmental Activities**	**Business-Type Activities**
Cash & Cash Equivalents	Cash primarily related to Tax Credit Assistance Program ("TCAP"), Neighborhood Stabilization Program ("NSP") and Home Investment Partnership Program ("HOME") loan repayments available for use in current and future Notices of Funding Availability ("NOFAs").	Cash and cash equivalents in the form of overnight repurchase agreements ("Repos") and money market funds primarily associated with Single Family, Multifamily and operating activities.
Legislative Appropriations	Balance of an agency's unexpended legislative appropriations authority on the balance sheet and the total spending authority received on the operating statement associated with Homeless Housing and Services Program ("HHSP"), Housing Trust Fund ("HTF") and Earned Federal Funds.	
Interest Receivable		Interest receivable primarily related to investments and mortgage loans.
Loans and Contracts		Loans and contracts consisting of mortgage loans related to My First Texas Home Program. Loans are funded with advances from Federal Home Loan Bank per an advances and security agreement. Loans are typically settled within 30 days.
Non-current Assets:		
Investments		Investments stated at fair value. Primarily in the form of Mortgage Backed Securities ("MBSs") and Guaranteed Investment Contracts ("GICs").
Loans and Contracts	Loans made from federal funds for the purpose of Single Family loans and Multifamily development loans from HOME, TCAP and NSP activities.	Loans and contracts consisting of mortgage loans made from Single Family and Multifamily bond proceeds. In addition, loans and contracts consist of Single Family loans and Multifamily development loans from the Housing Trust Fund and other Housing Initiative Programs. Loans receivable are carried at the unpaid principal balance outstanding, net of the allowance for estimated losses.

Deferred Outflows Of Resources	The effect of changes in actuarial assumptions for pensions are reported as deferred outflows of resources.	The effect of changes in actuarial assumptions for pensions are reported as deferred outflows of resources. In addition, the Department contracted a service provider to measure its derivative effectiveness. Since the derivative instruments were deemed to be effective, the Department will be deferring the changes in fair value for these derivatives and reporting them as deferred outflow of resources.

Liabilities

Current:

Accounts/Payroll Payables	Represents the liability for the value of assets or services received at the balance sheet date for which payment is pending.	Represents the liability for the value of assets or services received at the balance sheet date for which payment is pending.
Interest Payable		Accrued interest due on bonds
Unearned Revenue		Fees such as compliance fees that are received in advance of work performed and are recognized over a period of time.
Other Current Liabilities		Primarily consist of funds due to Federal Home Loan Bank related to an advances and security agreement.

Non-current:

Net Pension Liability	The Department's proportionate share of the pension liability according to the report issued by the Employees Retirement System of Texas, who is the administrator of the single employer defined benefit plan.	
Bonds Payable		Bonds payable reported at par less unamortized discount or plus unamortized premium.
Notes and Loans Payable		Notes to provide funding to nonprofit and for-profit developers of multifamily properties to construct or rehabilitate rental housing. These notes are limited obligations of the Department and are payable solely from the payments received from the assets and guarantors, which secure the notes.
Derivative Hedging Instrument		Interest rate swaps at fair value taking into account non-performance risk. At year end, the fair value of the Department's four swaps is considered to be negative indicating the Department would be obligated to pay the counterparty the fair value as of the termination date. The Department has the option to terminate prior to the maturity date.
Other Non-current Liabilities		Primarily accounts for funds due to Developers as a result of Multifamily bond proceeds. These proceeds are conduit debt issued on behalf of the Developer for the purpose of Multifamily developments and are held by the trustee.

Deferred Inflows Of Resources	The difference between expected and actual experience and the difference between projected and actual investment return related to pension plan.

Net Position

Restricted	Resources that have constraints placed on their use through external parties or by law through constitutional provisions associated with HOME, TCAP and NSP.	Amounts restricted through bond covenants.
Unrestricted	Resources not considered restricted per accounting standards but spending authority remains under program related regulations, GAA, Government Code and Board Action.	

Texas Department of Housing and Community Affairs

Financial Highlights

Some of the primary categories affected were a result of the following financial transactions that transpired from February 1, 2018, through February 28, 2018.

Assets Current/Non-current:

	Governmental Activities	**Business-Type Activities**
Cash & Cash Equivalents	• ***Grants Funded - $8.1M –*** *(Decrease Cash)* ▪ Emergency Solutions Grants Program ("ESG") - $1.1M ▪ Community Services Block Grant ("CSBG") - $1.4M ▪ Low Income Home Energy Assistance Program ("LIHEAP") - $4.5M ▪ Department of Energy-Weatherization Assistance Program ("DOE-WAP") - $600K ▪ Section 8 - $500K	• ***Fees Received - $1.5M –*** *(Increase Cash & Cash Equivalents)* ▪ Multifamily Fees - $334K ▪ Tax Credit Fees - $188K ▪ Compliance Fees - $933K ▪ Asset Management Fees - $35K
Loans and Contracts	• ***Mortgages Funded - $1.9M –*** *(Increase)* ▪ Home Investment Partnership Program ("HOME") - $1.0M ▪ Tax Credit Assistance Program ("TCAP") - $900K • ***Mortgage Loan Repayments - $1.1M –*** *(Decrease)* ▪ HOME - $500K ▪ TCAP - $400K ▪ NSP - $152K	• ***Mortgages Funded - $113.5M*** – *(Increase)* ▪ My First Texas Home-Taxable Mortgage Program ("TMP")- $59.7M ▪ Down Payment Assistance - $3.4M ▪ Multifamily -$50.0M ▪ Housing Trust Fund (Bootstrap) - $40K • ***Mortgage Loan Repayments - $84.0M – (****Decrease)* ▪ Down Payment Assistance - $234K ▪ My First Texas Home-TMP - $80.4M ▪ Multifamily Indentures - $3.1M ▪ Housing Trust Fund - $273K

	Governmental Activities	Business-Type Activities
Liabilities Current/Non-current:		
Bonds Payable		• ***Bonds Issued - $50.0M*** (1 new Multifamily bond property) – (*Increase*) • ***Bonds Redeemed - $8.3M –*** (*Decrease*) ▪ Single Family Indenture - $2.9M ▪ Residential Mortgage Revenue Bonds Indenture - $4.8M ▪ Multifamily Indentures - $551K

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BOARD REPORT ITEM

FINANCIAL ADMINISTRATION DIVISION

APRIL 26, 2018

Report on the Department's 2nd 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 $763,284,297, of which $729,321,388 is not subject to the PFIA. This report addresses the remaining $33,962,909 (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 February 28, 2018), with an effective interest rate of 1.25%. 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 monitoring 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 2nd Quarter, as it relates to the investments covered by the PFIA, the carrying value increased by $2,727,938 (See Page 1) for a total of $33,962,909. The increase is described below by fund groups.

General Fund: The General Fund increased by $109,500. This consists primarily of $586,317 received in multifamily bond administration fees, $37,365 in loan repayments and $478,000 in MCC Fees, offset by disbursements including $995,000 to fund the operating budget, and $47,375 in bond related expenses.

Housing Trust Fund: The Housing Trust Fund increased by $400,922. This consists primarily of $1,185,234 received in loan repayments, offset by disbursements including $777,158 for loans, grants and escrow payments.

Compliance: Compliance funds increased by $1,797,694. This consists primarily of $3,825,495 received in compliance fees, offset by disbursements of $1,986,454 transferred to fund the operating budget.

Housing Initiative: Housing Initiative funds increased by $419,822. This consists primarily of $1,755,119 received in fees related to tax credit activities, offset by disbursements of $1,311,335 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 FEBRUARY 28, 2018

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
HOUSING FINANCE DIVISION
PUBLIC FUNDS INVESTMENT ACT
Internal Management Report (Sec. 2256.023)
Quarter Ending February 28, 2018

	Investment Type	FAIR VALUE (MARKET) @ 11/30/17	CARRYING VALUE @ 11/30/17	ACCRETION / PURCHASES	AMORTIZATION/ SALES	MATURITIES	TRANSFERS	CARRYING VALUE @ 02/28/18	FAIR VALUE (MARKET) @ 02/28/18	CHANGE IN FAIR VALUE (MARKET)	ACCRUED INT RECVBL @ 02/28/18	RECOGNIZED GAIN
NON-INDENTURE RELATED:												
General Fund	Mortgage-Backed Securities	52,355.04	52,085.93			(20,435.73)		31,650.20	31,780.91	(138.40)	197.82	
General Fund	Repurchase Agreements	5,325,357.45	5,325,357.45	721,440.73	(591,505.47)			5,455,292.71	5,455,292.71		189.42	
Housing Trust Fund	Repurchase Agreements	8,268,861.81	8,268,861.81	1,135,560.92	(734,638.56)			8,669,784.17	8,669,784.17		301.28	
Compliance	Repurchase Agreements	6,815,437.06	6,815,437.06	1,832,391.40	(34,697.10)			8,613,131.36	8,613,131.36		299.06	
Housing Initiatives	Repurchase Agreements	10,773,228.42	10,773,228.42	424,379.06	(4,556.76)			11,193,050.72	11,193,050.72		388.85	
NON-INDENTURE RELATED TOTAL		31,235,239.78	31,234,970.67	4,113,772.11	(1,365,397.89)	(20,435.73)	0.00	33,962,909.16	33,963,039.87	(138.40)	1,376.43	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 August 11, 2017
Monica Galuski completed 5.0 hrs. of training on the Texas Public Funds Investment Act on February 17, 2017

Date 4/12/18
David Cervantes, Chief Financial Officer

Date 4/16/18
Monica Galuski, Chief Investment Officer

Texas Department of Housing and Community Affairs
Non-Indenture Related Investment Summary
For Period Ending February 28, 2018

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/17	Beginning Market Value 11/30/17	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 02/28/18	Ending Market Value 02/28/18	Change In Market Value	Recognized Gain
Repo Agmt	General Fund	1.25	02/28/18	03/01/18	179,924.19	179,924.19	196,448.34				376,372.53	376,372.53		
Repo Agmt	General Fund	1.25	02/28/18	03/01/18	33,984.56	33,984.56	69.79				34,054.35	34,054.35		
Repo Agmt	General Fund	1.25	02/28/18	03/01/18	806,831.79	806,831.79	462,731.08				1,269,562.87	1,269,562.87		
Repo Agmt	General Fund	1.25	02/28/18	03/01/18	1,881,149.26	1,881,149.26		(569,997.17)			1,311,152.09	1,311,152.09		
Repo Agmt	General Fund	1.25	02/28/18	03/01/18	721,448.71	721,448.71	38,068.58				759,517.29	759,517.29		
Repo Agmt	General Fund	1.25	02/28/18	03/01/18	629,328.32	629,328.32		(7,275.49)			622,052.83	622,052.83		
Repo Agmt	General Fund	1.25	02/28/18	03/01/18	243,230.33	243,230.33	684.87				243,915.20	243,915.20		
Repo Agmt	General Fund	1.25	02/28/18	03/01/18	714,860.15	714,860.15	23,438.07				738,298.22	738,298.22		
GNMA	General Fund	7.50	08/31/89	07/20/18	8,804.90	8,842.06			(3,724.80)		5,080.10	5,092.95	(24.31)	
GNMA	General Fund	7.50	10/31/89	09/20/18	6,537.06	6,557.98			(4,990.27)		1,546.79	1,549.76	(17.95)	
GNMA	General Fund	7.50	01/01/90	11/20/18	6,148.45	6,181.65			(2,360.04)		3,788.41	3,803.30	(18.31)	
GNMA	General Fund	7.50	01/01/90	12/20/18	7,256.58	7,295.91			(2,406.04)		4,850.54	4,871.88	(17.99)	
GNMA	General Fund	7.50	02/27/90	12/20/18	1,583.83	1,586.93			(519.00)		1,064.83	1,066.66	(1.27)	
GNMA	General Fund	7.50	03/30/90	01/20/19	10,552.54	10,616.80			(3,333.00)		7,219.54	7,254.41	(29.39)	
GNMA	General Fund	7.50	05/29/90	04/20/19	11,202.57	11,273.71			(3,102.58)		8,099.99	8,141.95	(29.18)	
Repo Agmt	General Fund	1.25	02/28/18	03/01/18	114,600.14	114,600.14		(14,232.81)			100,367.33	100,367.33		
	General Fund Total				5,377,443.38	5,377,712.49	721,440.73	(591,505.47)	(20,435.73)	0.00	5,486,942.91	5,487,073.62	(138.40)	0.00
Repo Agmt	Housing Trust Fund	1.25	02/28/18	03/01/18	59,536.70	59,536.70	46,762.76				106,299.46	106,299.46		
Repo Agmt	Housing Trust Fund	1.25	02/28/18	03/01/18	1,948.42	1,948.42	154.39				2,102.81	2,102.81		
Repo Agmt	Housing Trust Fund	1.25	02/28/18	03/01/18	40,025.08	40,025.08	44,126.09				84,151.17	84,151.17		
Repo Agmt	General Revenue Appn	1.25	02/28/18	03/01/18	23,415.18	23,415.18	8,311.60				31,726.78	31,726.78		
Repo Agmt	General Revenue Appn	1.25	02/28/18	03/01/18	208,430.84	208,430.84	543,784.35				752,215.19	752,215.19		
Repo Agmt	General Revenue Appn	1.25	02/28/18	03/01/18	316,944.40	316,944.40	478,646.93				795,591.33	795,591.33		
Repo Agmt	General Revenue Appn	1.25	02/28/18	03/01/18	115,994.47	115,994.47	13,774.80				129,769.27	129,769.27		
Repo Agmt	General Revenue Appn	1.25	02/28/18	03/01/18	245,787.30	245,787.30					245,787.30	245,787.30		
Repo Agmt	Housing Trust Fund-GR	1.25	02/28/18	03/01/18	588,880.16	588,880.16		(205,998.56)			382,881.60	382,881.60		
Repo Agmt	Housing Trust Fund-GR	1.25	02/28/18	03/01/18	3,066,006.00	3,066,006.00					3,066,006.00	3,066,006.00		
Repo Agmt	Boostrap -GR	1.25	02/28/18	03/01/18	2,052,116.91	2,052,116.91		(528,640.00)			1,523,476.91	1,523,476.91		
Repo Agmt	Boostrap -GR	1.25	02/28/18	03/01/18	1,271,776.35	1,271,776.35					1,271,776.35	1,271,776.35		
Repo Agmt	Contract for Deed Conversion	1.25	02/28/18	03/01/18	278,000.00	278,000.00					278,000.00	278,000.00		
	Housing Trust Fund Total				8,268,861.81	8,268,861.81	1,135,560.92	(734,638.56)	0.00	0.00	8,669,784.17	8,669,784.17	0.00	0.00
Repo Agmt	Multi Family	1.25	02/28/18	03/01/18	900,562.09	900,562.09		(34,697.10)			865,864.99	865,864.99		
Repo Agmt	Multi Family	1.25	02/28/18	03/01/18	684,316.37	684,316.37	113,667.20				797,983.57	797,983.57		
Repo Agmt	Low Income Tax Credit Prog.	1.25	02/28/18	03/01/18	5,230,558.60	5,230,558.60	1,718,724.20				6,949,282.80	6,949,282.80		
	Compliance Total				6,815,437.06	6,815,437.06	1,832,391.40	(34,697.10)	0.00	0.00	8,613,131.36	8,613,131.36	0.00	0.00
Repo Agmt	Asset Management	1.25	02/28/18	03/01/18	1,121,942.34	1,121,942.34	10,387.78				1,132,330.12	1,132,330.12		
Repo Agmt	Low Income Tax Credit Prog.	1.25	02/28/18	03/01/18	1,098,315.83	1,098,315.83	295,108.52				1,393,424.35	1,393,424.35		
Repo Agmt	Low Income Tax Credit Prog.	1.25	02/28/18	03/01/18	8,142,283.75	8,142,283.75	118,882.76				8,261,166.51	8,261,166.51		
Repo Agmt	Low Income Tax Credit Prog.	1.25	02/28/18	03/01/18	410,686.50	410,686.50		(4,556.76)			406,129.74	406,129.74		
	Housing Initiative Total				10,773,228.42	10,773,228.42	424,379.06	(4,556.76)	0.00	0.00	11,193,050.72	11,193,050.72	0.00	0.00
	Total Investment Summary				31,234,970.67	31,235,239.78	4,113,772.11	(1,365,397.89)	(20,435.73)	0.00	33,962,909.16	33,963,039.87	(138.40)	0.00

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BOARD REPORT ITEM

BOND FINANCE DIVISION

APRIL 26, 2018

REPORT ITEM

Report on the Department's 2nd 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 the trustee for each trust indenture controls the authorized investments in accordance with the requirements of that 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.

- Overall, the portfolio carrying value increased by approximately $39.5 million (see page 3), resulting in an end of quarter balance of $729,321,388. The increase reflects two new multifamily bond issuances.

  The portfolio consists of those investments described in the attached Bond Trust Indentures Supplemental Management Report.

	Beginning Quarter	Ending Quarter
Mortgage Backed Securities ("MBS")	86%	86%
Guaranteed Investment Contracts / Investment Agreements	4%	4%
Repurchase Agreements	5%	5%
Money Markets and Mutual Funds	5%	3%
Treasury Bills	0%	2%

The decrease in Money Markets and Mutual Funds is due to the withdrawal of funds for bond debt service. The increase of Treasury Bills is due to the issuance of multifamily bonds.

Portfolio activity for the quarter:

- $50.0 million in MBS were purchased this quarter due to the issuance of multifamily bonds and acquisition of new MBS.

- The maturities in MBS this quarter were $21.7 million which represent loan repayments or payoffs. The table below shows the trend in MBS activity.

	2nd Qtr FY 17	3rd Qtr FY 17	4th Qtr FY 17	1st Qtr FY 18	2nd Qtr FY 18	Total
Purchases			$ 104,005,338	$ 34,700,000	$ 50,000,000	$ 188,705,338
Sales						$ -
Maturities	$ 36,222,187	$ 21,716,863	$ 21,925,178	$ 20,232,566	$ 21,792,104	$ 121,888,898
Transfers						$ -

- 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 MBS investments until maturity.

- The fair market value (the amount at which a financial instrument could be exchanged in a current transaction between willing parties) decreased $15.5 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 February 28, 2018, was 4.40%, up from 3.90% at the end of November 2017. 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 a general movement toward higher yields 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 100.09% to 375.25% 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 February 28, 2018

Investment Type	FAIR VALUE (MARKET) @ 11/30/17	CARRYING VALUE @ 11/30/17	ACCRETION / PURCHASES	AMORTIZATION/ SALES	MATURITIES	TRANSFERS	CARRYING VALUE @ 02/28/18	FAIR VALUE (MARKET) @ 02/28/18	CHANGE IN FAIR VALUE (MARKET)	ACCRUED INT RECVBL @ 02/28/18	RECOGNIZED GAIN
INDENTURE RELATED:											
Single Family	427,939,366.95	404,694,639.38	13,202,853.48	(9,657,959.24)	(11,928,526.70)		396,311,006.92	412,212,994.98	(7,342,739.51)	1,350,343.28	
RMRB	177,574,760.23	167,286,888.71	3,051,438.82	(2,481,812.97)	(9,424,893.45)		158,431,621.11	165,066,531.63	(3,652,961.00)	535,845.66	
CHMRB	2,759,549.53	2,624,787.95	42,173.91	(256,368.05)	(162,725.29)		2,247,868.52	2,356,061.56	(26,568.54)	12,587.65	
Taxable Mortgage Program	5,201,161.75	5,111,350.08	115,879.59		(41,326.17)		5,185,903.50	5,234,992.33	(40,722.84)	186,675.40	
Multi Family	109,610,165.03	110,094,982.81	70,936,106.16	(13,651,468.47)	(234,632.14)		167,144,988.36	162,164,451.13	(4,495,719.45)		
	723,085,003.49	**689,812,648.93**	**87,348,451.96**	**(26,047,608.73)**	**(21,792,103.75)**	**0.00**	**729,321,388.41**	**747,035,031.63**	**(15,558,711.34)**	**2,085,451.99**	**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.

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Monica Galuski completed 5.0 hrs. of training on the Texas Public Funds Investment Act on February 17, 2017

Date 4/13/18
David Cervantes, Chief Financial Officer

Date 4/16/18
Monica Galuski, Chief Investment Officer

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
BOND FINANCE DIVISION
BOND TRUST INDENTURES
Supplemental Management Report
Quarter Ending February 28, 2018

INVESTMENT TYPE	FAIR VALUE (MARKET) @ 11/30/17	CARRYING VALUE @ 11/30/17	ACCRETION / PURCHASES	AMORTIZATION/ SALES	MATURITIES	TRANSFERS	CARRYING VALUE @ 02/28/18	FAIR VALUE (MARKET) @ 02/28/18	CHANGE IN FAIR VALUE (MARKET)	RECOGNIZED GAIN
INDENTURE RELATED:										
Mortgage-Backed Securities	626,918,309.56	593,645,955.00	50,000,000.00		(21,792,103.75)		621,853,851.25	639,567,494.47	(15,558,711.34)	
Guaranteed Inv Contracts	25,964,305.15	25,964,305.15	2,914,421.49	(2,922,716.87)			25,956,009.77	25,956,009.77	-	
Investment Agreements	1,872,522.99	1,872,522.99		(1,306,003.39)			566,519.60	566,519.60	-	
Treasury-Backed Mutual Funds	33,737,735.80	33,737,735.80	3,343,304.37	(13,651,468.47)			23,429,571.70	23,429,571.70	-	
Repurchase Agreements	34,592,129.99	34,592,129.99	13,497,924.31	(8,167,420.00)			39,922,634.30	39,922,634.30	-	
Treasury Note	-	-	17,592,801.79				17,592,801.79	17,592,801.79	-	
	723,085,003.49	**689,812,648.93**	**87,348,451.96**	**(26,047,608.73)**	**(21,792,103.75)**	**0.00**	**729,321,388.41**	**747,035,031.63**	**(15,558,711.34)**	**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.

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David Cervantes, Chief Financial Officer — Date 4/13/18

Monica Galuski, Chief Investment Officer — Date 4/16/18

Texas Department of Housing and Community Affairs
Bond Finance Division
Executive Summary
As of February 28, 2018

	Single Family Indenture Funds	Residential Mortgage Revenue Bond Indenture Funds	Collateralized Home Mortgage Revenue Bond Indenture Funds	Multi-Family Indenture Funds	Combined Totals
PARITY COMPARISON:					
PARITY ASSETS					
Cash	$ 790,288	$ 4,405		$ 10,272,221	$ 11,066,914
Investments[1]	$ 47,315,709	$ 14,834,687	$ 185,510	$ 165,471,894	$ 227,807,800
Mortgage Backed Securities[1]	$ 348,744,795	$ 143,713,654	$ 2,065,291	$ -	$ 494,523,739
Loans Receivable[2]	$ 78,834			$ 913,851,023	$ 913,929,857
Accrued Interest Receivable	$ 1,348,583	$ 535,846	$ 12,587	$ 6,589,295	$ 8,486,311
TOTAL PARITY ASSETS	$ 398,278,209	$ 159,088,591	$ 2,263,388	$ 1,096,184,433	$ 1,655,814,621
PARITY LIABILITIES					
Loans Payable		$ 10,000,000		$ 74,860,580	$ 84,860,580
Bonds and Notes Payable[1]	$ 350,051,094	$ 131,345,000	$ 600,000	$ 838,793,589	$ 1,320,789,683
Accrued Interest Payable	$ 3,963,054	$ 895,993	$ 3,176	$ 6,673,756	$ 11,535,979
Other Non-Current Liabilities[3]				$ 174,840,910	$ 174,840,910
TOTAL PARITY LIABILITIES	$ 354,014,148	$ 142,240,993	$ 603,176	$ 1,095,168,835	$ 1,592,027,152
PARITY DIFFERENCE	$ 44,264,061	$ 16,847,598	$ 1,660,212	$ 1,015,597	$ 63,787,468
PARITY	**112.50%**	**111.84%**	**375.25%**	**100.09%**	**104.01%**

(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).

Note: Based on preliminary and unaudited financial statements, subject to change in audited financial statements.

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BOARD ACTION REPORT
MULTIFAMILY FINANCE DIVISION
April 26, 2018

Report on the 2019 QAP Planning Project

The Multifamily Finance Division at the Texas Department of Housing and Community Affairs ("TDHCA") held its second Qualified Allocation Plan ("QAP") and Rules Roundtable on March 21, 2018. Approximately 40 stakeholders were in attendance at this meeting as staff discussed ideas regarding tax credit efficiency and direct loan policies.

Staff presented preliminary data on tax credit efficiency per unit and per bedroom, relative to qualified basis per unit and per bedroom. All data points reveal an upward trend line, with more qualified basis and more housing tax credits ("HTC") per one unit or per one bedroom. Similarly, a chart was presented documenting the average net rental area, number of units, and number of bedrooms per Development between 2013 and what staff projects to see for 2018, and all variables shared a downward trend line—i.e., Developments today have less net rentable area, fewer units, and fewer bedrooms today compared to 2013. The peak year was 2014.

Several stakeholders stated that economic conditions might account for these trends. From changes in credit pricing to the oil industry layoffs in the intervening years and to rising interest rates, one variable or a host of them are plausibly responsible with the decreased efficiency of housing tax credits.

While these variables have a measurable impact on the costs of Developments, staff pointed out that the analysis of costs between years 2013 and 2018 revealed that some Developments had much better tax credit efficiency than others. Whereas the average amount of HTC dollars (one year value) per unit for years 2013-2018 tends to hover around $14,000 worth of HTCs per unit in the 9% HTC program, some Developments expend close to or more than $20,000 worth of HTCs per unit. Admittedly, much of that variation more than likely stems from differing Development types—garden style apartments that target families, for example, cost differently than urban Single Room Occupancy ("SRO") Developments that serve the formerly homeless.

Staff and stakeholders recognized that, in seeking to limit the amount of HTCs per unit or per bedroom, such a policy indirectly affects **where** Developments will be built. If the Department wished to preserve the option of building in areas where structured parking might be required, for example, then allowances for increased costs would have to apply to those Developments.

Several stakeholders were amenable to the idea of limiting the credits available per unit, but they noted that the Department already seeks to encourage housing tax credit efficiency in several other sections of the QAP. First, there is 10 TAC §11.9(e)(4), "Leveraging of Private, State, and Federal Resources." Second, there is 10 TAC §11.9(e)(8), "Funding Request Amount." And third, there is 10 TAC §11.9(e)(2), "Cost of Development per Square Foot." These stakeholders asked staff to consider how a new rule might actually duplicate other rules, and that if any new rule is to be added to the QAP which other rules could potentially be removed so as to develop a still effective, but administratively simpler QAP.

Stakeholders also asked the Department to consider how, if tax credit efficiency is a high priority of the QAP, other policies may increase costs. Efficiency can be measured in absolute terms but also in the context of Developments that involve higher overall cost because of the need to address various factors that further important policies. Staff reiterated that the QAP is a collection of many criteria from many differing stakeholders, and staff's goal is to develop a QAP that balances those interests and priorities. For example, directing HTC Developments to more prosperous suburbs may increase the costs of those Developments, as these areas tend to have higher land costs and stricter requirements; however, these neighborhoods also tend to have lower crime rates, better performing schools, and better employment opportunities. Stakeholders and staff will endeavor to balance these competing forces as they move forward in the rule-making process.

One stakeholder remarked that he appreciated this cost analysis of HTC Developments, but that setting a single threshold for the entire state of Texas simply does not make sense—west Texas development costs are very different from urban development costs in Austin, for example. He asked if staff would be able to institute differing thresholds based on geography, as opposed to having just one benchmark. This may be a future possibility; however, it is currently not something the Department can execute quickly.

Currently, the only cost limitation required by the Tex. Gov't Code §2306.6710(b)(1)(F) stipulates that TDHCA must set a cost limitation based on square footage. If stakeholders wish to reduce HTC efficiencies to just one variable, then an HTC limitation might be applied to net rentable area, rather than to unit or bedroom.

Going forward, stakeholders requested that staff look at the charts they presented and compare them to equity pricing and typical financing stacks between the years 2013 and 2018. Stakeholders and staff also agreed that the introduction of any new policy is grounds for evaluating and potentially removing any duplicative policies in the QAP and Rules, which would not only make the Rules more succinct but also less burdensome.

Before closing the Roundtable, staff updated stakeholders on Direct Loan policies and programs. Stakeholders reiterated that what matters most to them are interest rates and the amortization period. While some stakeholders were worried that the Department's interest rates are increasing, staff reminded the audience that stakeholders requested many years ago that its interest rates float; now that private interest rates are rising, so are TDHCA's. Applicants are able to request a lower interest rate, and Real Estate Analysis may recommend a lower rate in order to assure a Development is feasible. Staff also mentioned that the ability for the Department to charge an interest rate on its Direct Loans has helped the Department to offset decreases in HOME funding over the past decade and helped fund the Supportive Housing/ Soft Repayment set-aside, which offers soft repayable loans for developments that target Supportive Housing populations and/or Extremely Low Income households.

One audience member commented that there are some barriers to accessing direct loan funds, such as the requirement in 10 TAC §10.614 that requires Applications requesting Direct Loan funds to utilize the HUD Utility Schedule Model for utility allowances, which can be higher than the Public Housing Authority utility allowances, which leads to less rental income for owners. She commented that creating flexibility over which utility methodology is used to calculate those rates would ease her reluctance to access Direct Loan funds. Another person commented that the Uniform Application, because it is so complex, intimidates small Community Housing Development Organizations ("CHDOs") from participating more in the CHDO set-aside. Another commenter noted that the $2 million/ $3 million cap (rehabilitation/ new construction) on direct loan funds prohibits some Developers from accessing them, especially those that focus on Rural USDA deals or those Developers who simply need a short term loan for construction. Another commenter noted that, while direct loan funds seem attractive for the construction period, she worries about the cross-cutting requirements of federal direct loan funds.

Staff reminded the audience that the Department did make changes to the program to address some of their concerns. For example, the experience requirement was lowered for Applicants for Direct Loan only, and 4%/Bond Applications are able to apply for Direct Loan funds before April 2, which is the date that the Direct Loan program considers all Applications layered with 9% credits to be received.

Given all the questions staff received about the specific requirements of various direct loan programs, staff in the Multifamily Finance Division is considering additional outreach methods to assure that potential Applicants have complete information regarding the uses for Direct Loan funds.

2f

BOARD REPORT ITEM

MULTIFAMILY FINANCE DIVISION

APRIL 26, 2018

Report on the status of Multifamily Direct Loan Application 17510, Brook Haven Supportive Housing.

BACKGROUND

Brooks Haven, Ltd. (the "Applicant") submitted an application for Direct Loan funds under the 2017-1 Multifamily Direct Loan Notice of Funding Availability ("2017-1 NOFA") for the new construction of 30 single family units to be known as Brook Haven Supportive Housing in the City of Rockdale. Since the Direct Loan is the only source of Department funding for the Development, 10 TAC §13.8(c)(5) of the Multifamily Direct Loan Rule requires an Applicant to provide equity in an amount of not less than 20 percent of the Total Housing Development Costs. The Applicant requested a waiver of 10 TAC §13.8(c)(5) in order to move forward with owner equity below the 20 percent threshold, in an amount of 0% of Total Housing Development Costs. The Applicant indicated as good cause for moving forward with the waiver request that the land was being donated and submitted documentation regarding a property tax exemption and an "as completed" appraisal that reflected a loan to value ratio of less than 80% as it relates to the Direct Loan.

Staff brought the waiver request to the Board meeting on March 22, 2018, giving a neutral recommendation on the waiver request while acknowledging that staff has recommended and the Board has previously approved waiving the owner equity requirement for Applicants that provided some amount of owner equity and where the "as completed" appraisal reflected a loan to value ratio of less than 80%. However, staff also indicated that they were concerned about the financial capacity of the Applicant if no owner equity was provided. The Board ultimately voted to table the waiver request in order to allow for the Real Estate Analysis ("REA") division to review the Application. REA staff has been reviewing this Application and has issued multiple Requests for Information ("RFI") to the Applicant to better understand the project in terms of the changes to the financing structure(s), tenant population, market study reconciliation, construction costs and operating expenses.

Therefore, the status of this item is that it is still in the review process.

2g

BOARD REPORT ITEM

TEXAS HOMEOWNERSHIP DIVISION

APRIL 26, 2018

Quarterly Report on Texas Homeownership Division Activity

Background

The Texas Homeownership Division is primarily responsible for the creation, oversight and administration of the Department's homeownership programs, which are designed to assist low-to-moderate income first time homebuyers. The program does this through both bond proceeds and a TBA program in which funds are generated through private investors.
The Department currently offers homeownership options through the following programs:

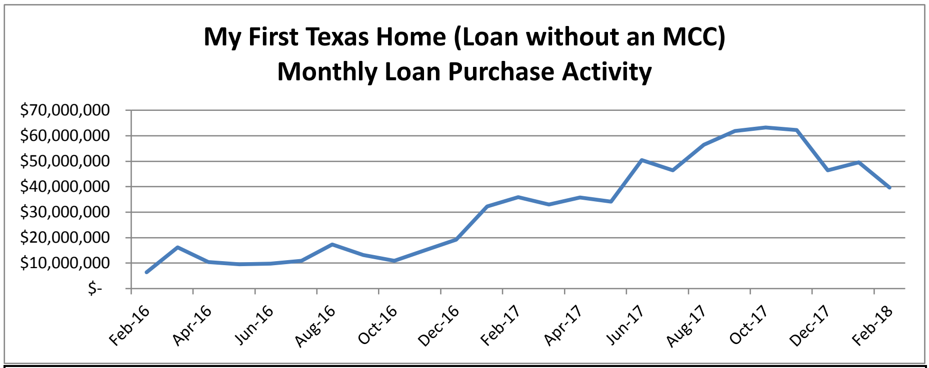
- My First Texas Home ("TMP 79") Program offers expanded mortgage-loan opportunities to qualifying first-time homebuyers, including government and conventional 30-year fixed rate mortgage loan options that include downpayment and/or closing cost assistance.

- Texas Mortgage Credit Certificate ("MCC") Program assists in making homeownership more affordable by providing first-time homebuyers a federal income tax credit, reducing the homebuyer's potential federal income tax liability. By having an MCC, the homebuyer has the ability to convert a portion (currently 40%) of their annual mortgage interest into a direct income tax credit of up to $2,000 on their U.S. individual income tax return. The credit may be applied for the life of the loan, as long as it continues to be the borrower's primary residence. The Texas MCC Stand-alone option can be used with a conventional or government first mortgage loan.

- "Combo" option – to further expand the opportunity for affordable homeownership, first-time homebuyers can maximize their home-purchase benefits by combining a Texas Mortgage Credit Certificate with a My First Texas Home-TMP 79 mortgage loan. This "Combo" option is available at a minimal additional cost to the homebuyer.

The following reports reflect program activity over the prior two years (updated through February 28, 2018) for each of the three available options described above (Loan Only, MCC Only, Combo). The reports provide monthly loan purchase trends, average interest rates, top originating counties, average mortgage credit certificate amount, and average FICO score.

Texas Department of Housing and Community Affairs
My First Texas Home (Loan without an MCC)
As of February 28, 2018

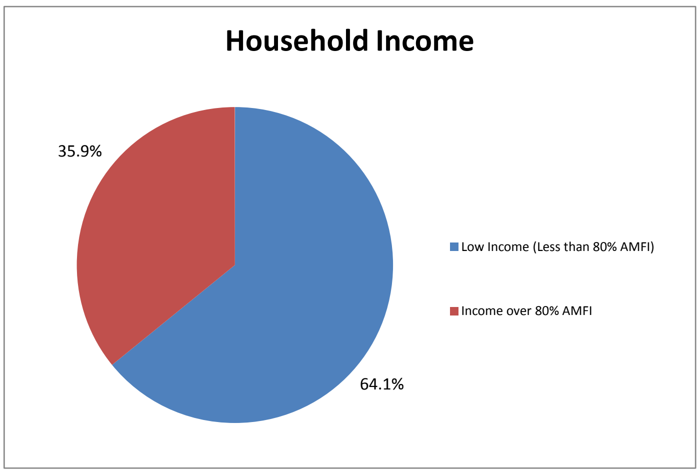


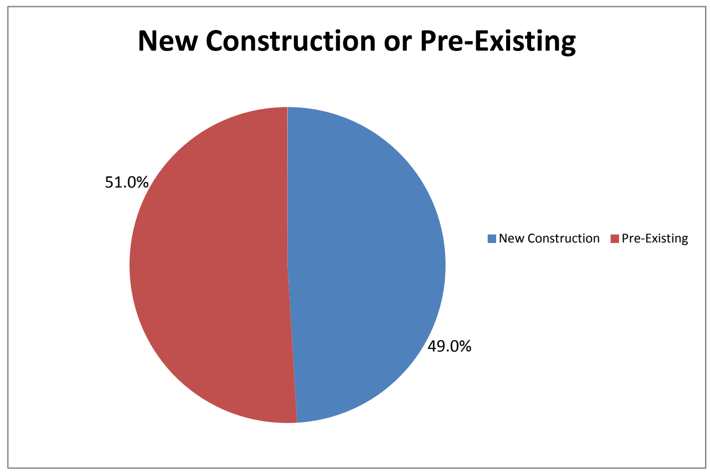
Reflects loans purchased by the Master Servicer in the month the loan was purchased. A seasonal reduction in new loan origination typically occurs December through February and is reflected on a delayed basis to take into account the time from loan origination to closing and purchase by the Master Servicer. The overall surge in activity is primarily due to our new relationship with Idaho HFA as Master Servicer.

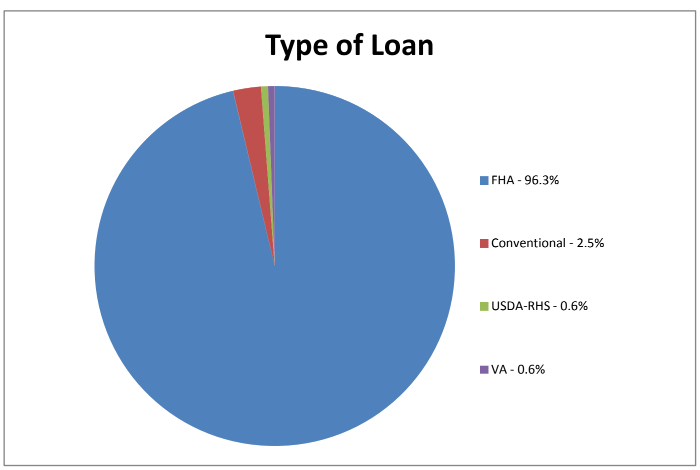
Recent 3-Month Activity (12/1/2017 - 2/28/2018)		
Number of Loans		862
Total Loan Amount	$	135,677,787

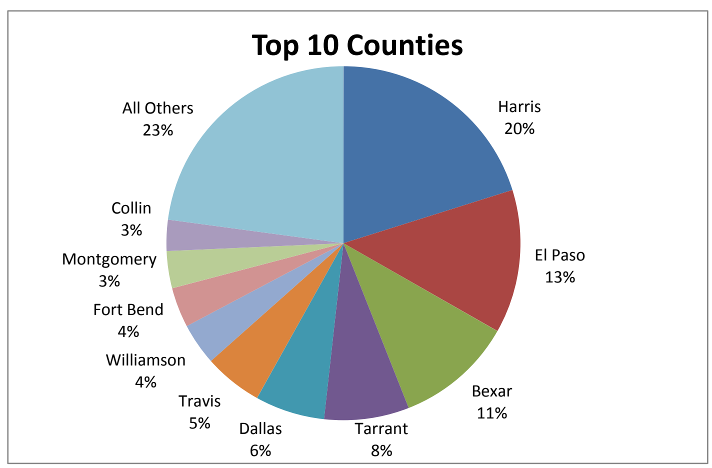
At a Glance (For the Past 2 Year Period)		
Number of Loans		4,954
Average Loan Amount	$	157,414
Average Down Payment Assistance	$	6,349
Average Purchase Price	$	160,399
Average Annual Income	$	52,877
Average Household Size		2.6
Average FICO Score		676

Interest Rates (For the Past 2 Year Period)	
2 Year Average	4.28%
Last 12 Month Average	4.33%
Last 30 Day Average	4.88%





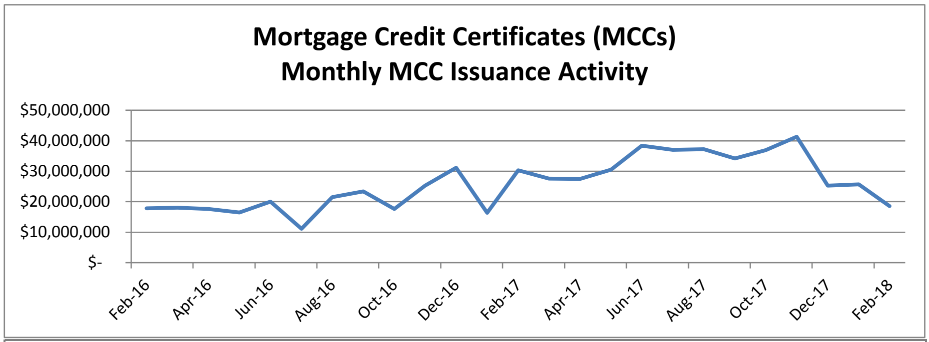




Texas Department of Housing and Community Affairs

Mortgage Credit Certificates (MCCs)

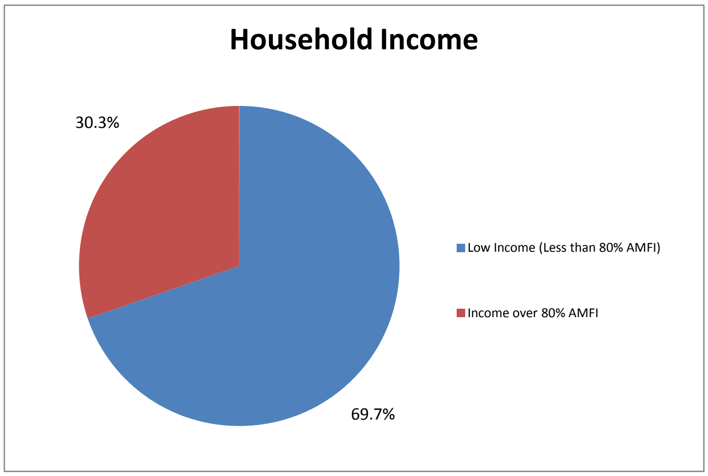
As of February 28, 2018

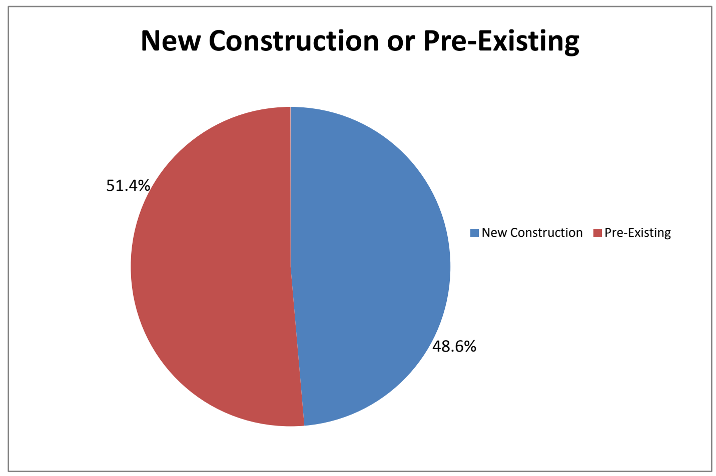


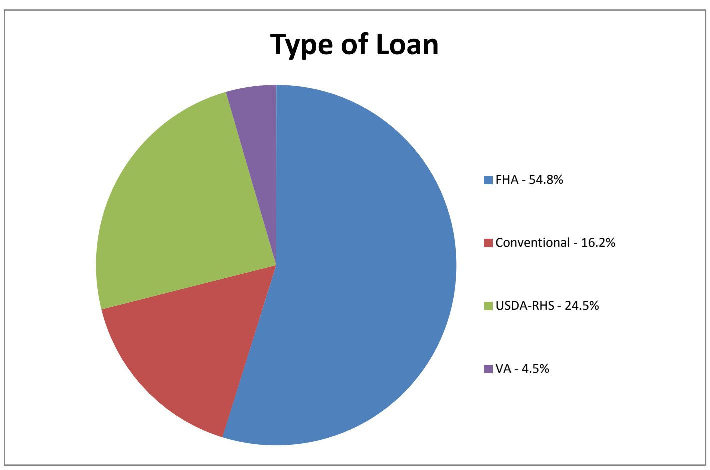
Recent 3-Month Activity (12/1/2017 - 2/28/2018)		
Number of Loans		391
Total Loan Amount	$	69,602,504

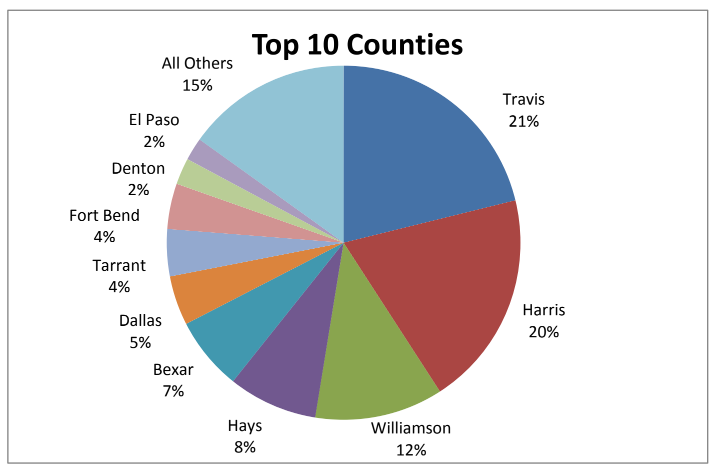
At a Glance (For the Past 2 Year Period)		
Number of MCCs		3,615
Average Loan Amount	$	174,045
Current MCC Credit Rate		40%
Average Purchase Price	$	181,624
Average Annual Income	$	51,801
Average Household Size		2.3
Average FICO Score		702

Reflects MCCs issued over a two-year period. A seasonal reduction in MCC issuances typically occurs September through February; however, the recent surge in activity is primarily due to our new relationship with Idaho HFA as Master Servicer.





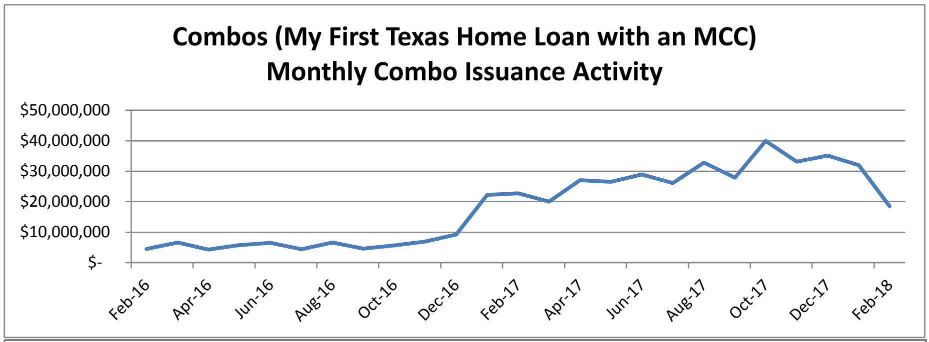




Texas Department of Housing and Community Affairs

Combos (My First Texas Home Loan with an MCC)

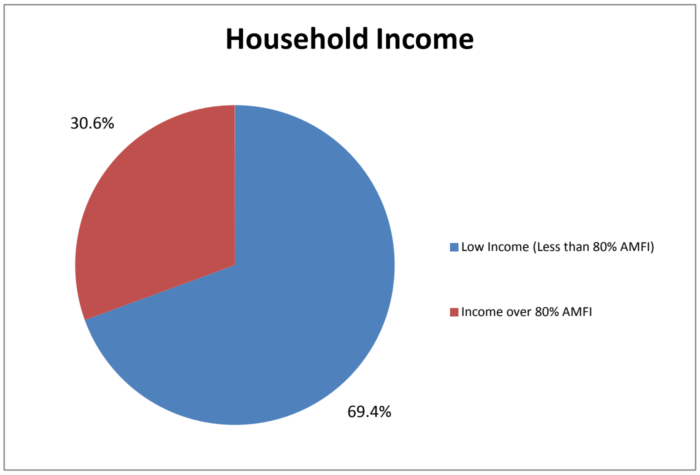
As of February 28, 2018

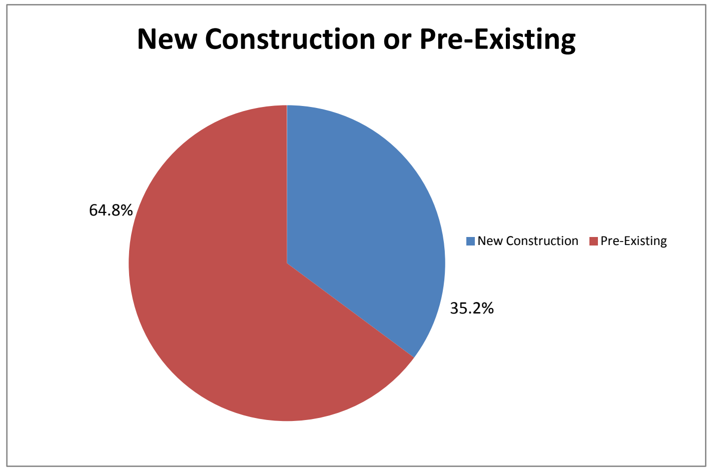


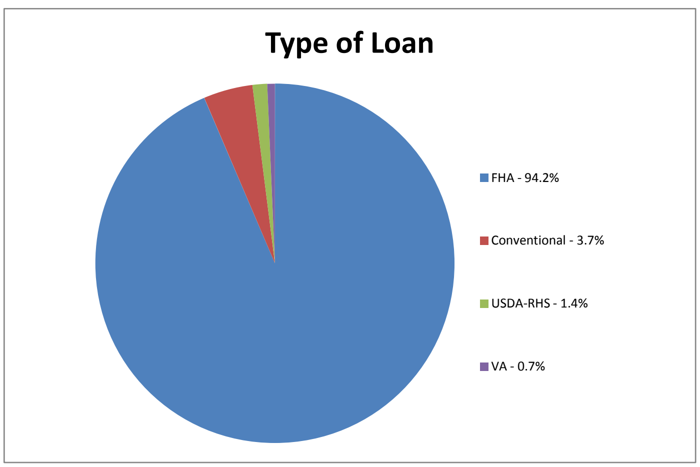
Reflects Combos issued over a two-year period. A seasonal reduction in Combos typically occurs September through February; however, the overall surge in activity is primarily due to our new relationship with Idaho HFA as Master Servicer.

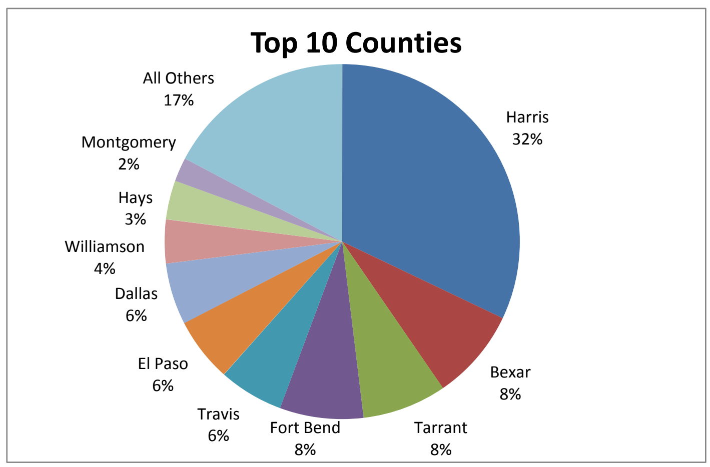
Recent 3-Month Activity (12/1/2017 - 2/28/2018)		
Number of Loans		519
Total Loan Amount	$	85,706,740

At a Glance (For the Past 2 Year Period)		
Number of Combos		2,845
Average Loan Amount	$	159,495
Average Down Payment Assistance	$	6,438
Current MCC Credit Rate		40%
Average Purchase Price	$	162,873
Average Annual Income	$	51,017
Average Household Size		2.6
Average FICO Score		678





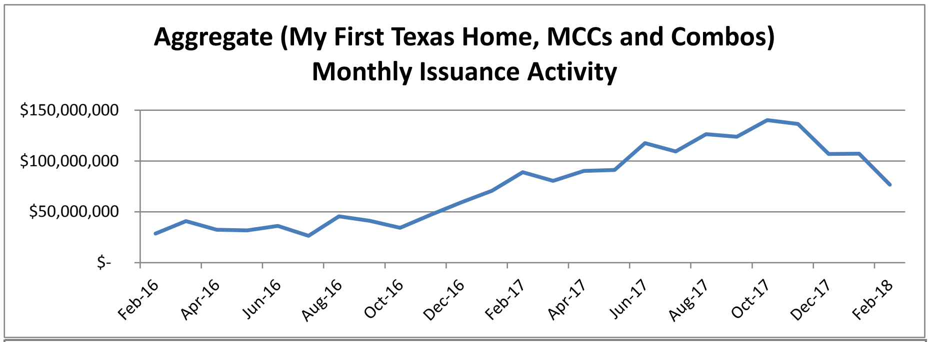




Texas Department of Housing and Community Affairs

Aggregate (My First Texas Home, MCCs and Combos)

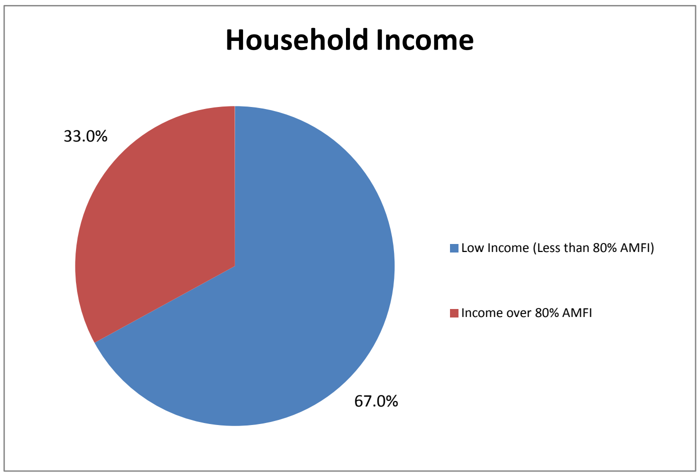
As of February 28, 2018

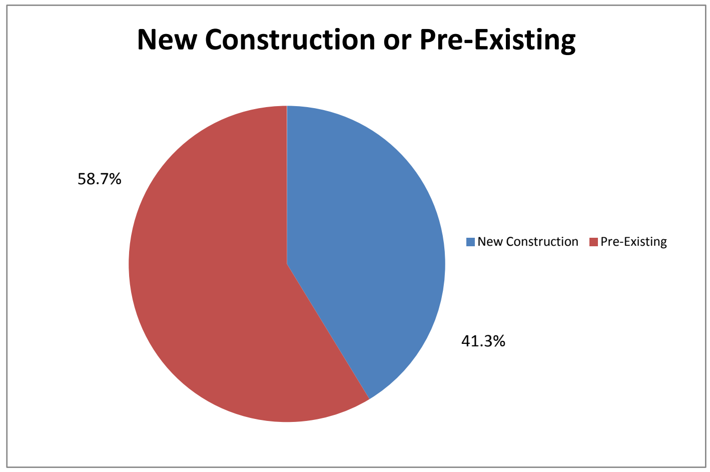


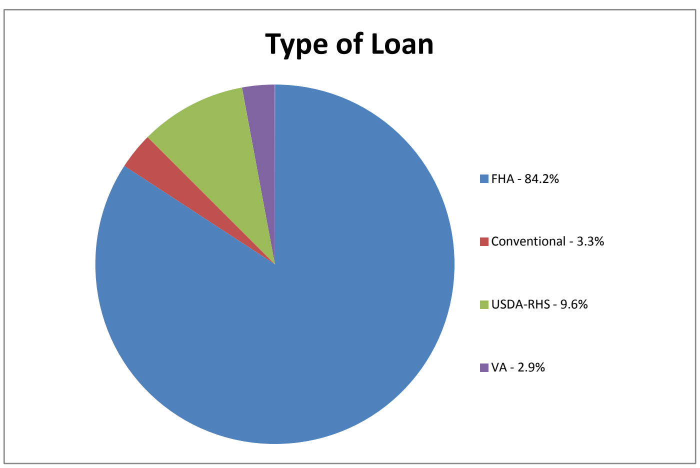
Reflects Aggregate (My First Texas Home, MCCs and Combos) loan originations issued over a two-year period. A seasonal reduction typically occurs September through February; however, the overall surge in activity is primarily due to our new relationship with Idaho HFA as Master Servicer.

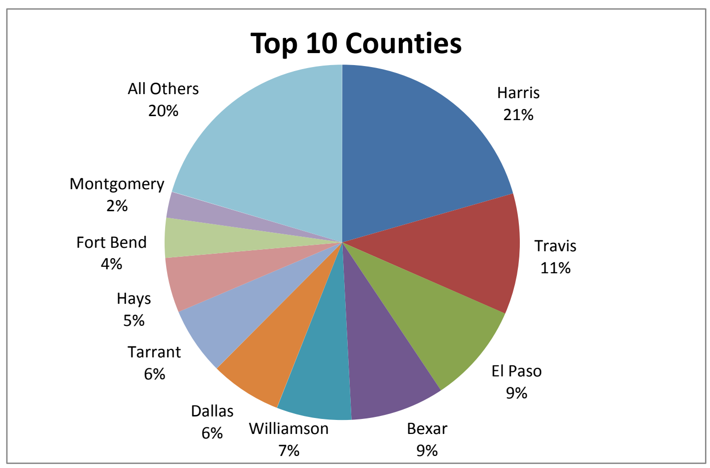
Recent 3-Month Activity (12/1/2017 - 2/28/2018)		
Number of Loans		1,772
Total Loan Amount	$	290,987,031

At a Glance (For the Past 2 Year Period)		
Number of Loans		11,414
Average Loan Amount	$	163,200
Average Down Payment Assistance	$	6,382
Current MCC Credit Rate		40%
Average Purchase Price	$	167,739
Average Annual Income	$	52,073
Average Household Size		2.5
Average FICO Score		685









ACTION ITEMS

3

Oral Presentation

4a

BOARD ACTION REQUEST

MULTIFAMILY FINANCE DIVISION

APRIL 26, 2018

Presentation, discussion, and possible action on a Determination Notice for Housing Tax Credits with another Issuer and an Award of Direct Loan Funds (#18412 Lord Road Apartments, San Antonio)

RECOMMENDED ACTION

WHEREAS, an application for both 4% Housing Tax Credits and Direct Loan funds for Lord Road Apartments, sponsored by the San Antonio Housing Trust Public Facility Corporation and the NRP Group, was submitted to the Department on January 18, 2018;

WHEREAS, the Direct Loan funds application was submitted under the 2018-1 Multifamily Direct Loan Notice of Funding Availability ("2018-1 NOFA") and there is Neighborhood Stabilization Program Round 1 Program Income ("NSP1 PI") funding available under the General Set-Aside;

WHEREAS, in lieu of a Certification of Reservation, a Carryforward Designation Certificate was issued by the Texas Bond Review Board on January 10, 2017, and will expire on December 31, 2019;

WHEREAS, the proposed issuer of the bonds is the San Antonio Housing Trust Public Facility Corporation;

WHEREAS, pursuant to 10 TAC §10.101(a)(2) of the Uniform Multifamily Rules related to Undesirable Site Features, applicants are required to disclose to the Department the presence of certain features of a proposed development site;

WHEREAS, the applicant has disclosed the presence of such feature, specifically the proposed Development is located within 100 feet of an overhead high voltage transmission line;

WHEREAS, an ordinance was adopted by the City of San Antonio that specifies a 20 foot setback requirement which is acceptable mitigation allowed under the rule, and therefore staff recommends the site be considered eligible;

WHEREAS, in accordance with 10 TAC §1.301(d)(1), the compliance history is designated as a Category 3 and after review and discussion by the Executive Award and Review Advisory Committee ("EARAC") concluded there was no previous participation basis not to proceed; and

WHEREAS, the EARAC recommends the issuance of the Determination Notice with the condition that the closing occur within 120 days (on or before August 26, 2018).

NOW, therefore, it is hereby

RESOLVED, that the site for Lord Road Apartments is hereby found to be eligible;

FURTHER RESOLVED, that the issuance of a Determination Notice of $1,648,531 in 4% Housing Tax Credits and $2,975,000 in NSP1 PI, subject to underwriting conditions that may be applicable as found in the Real Estate Analysis report posted to the Department's website for Lord Road Apartments is hereby approved as presented to this meeting; and

FURTHER RESOLVED, that provided the Applicant has not closed on the bond financing on or before August 26, 2018, the Board authorizes the Director of Multifamily Finance or the Executive Director to approve or deny an extension of the Determination Notice date, subject to an updated previous participation review, if necessary.

BACKGROUND

General Information: Lord Road Apartments, proposed to be located at 4835 Lord Road in San Antonio, Bexar County, involves the new construction of 324 units – all of which will be restricted under a Housing Tax Credit ("HTC") Land Use Restriction Agreement. For HTC purposes, 319 will be rent and income restricted at 60% of Area Median Family Income ("AMFI") and 5 units will be rent and income restricted at 50% AMFI. Layered among the HTC-restricted units will be 50 NSP1 PI-restricted units which will carry HOME income and rent restrictions: 40 units restricted at 60% AMFI (High HOME rent) and 10 units restricted at 50% AMFI (Low HOME rent) will be layered among the 50 % AMFI Units. The development will serve the general population and the site is currently zoned appropriately. The census tract (1310.00) has a median household income of $28,528, is in the fourth quartile, and has a poverty rate of 35.8%. As required in 10 TAC §13.11, loan closing and commencement of construction must begin within nine months of Board approval date. Therefore, the 120-day closing deadline recommended for the bond financing is appropriate for closing on the Direct Loan funds as well.

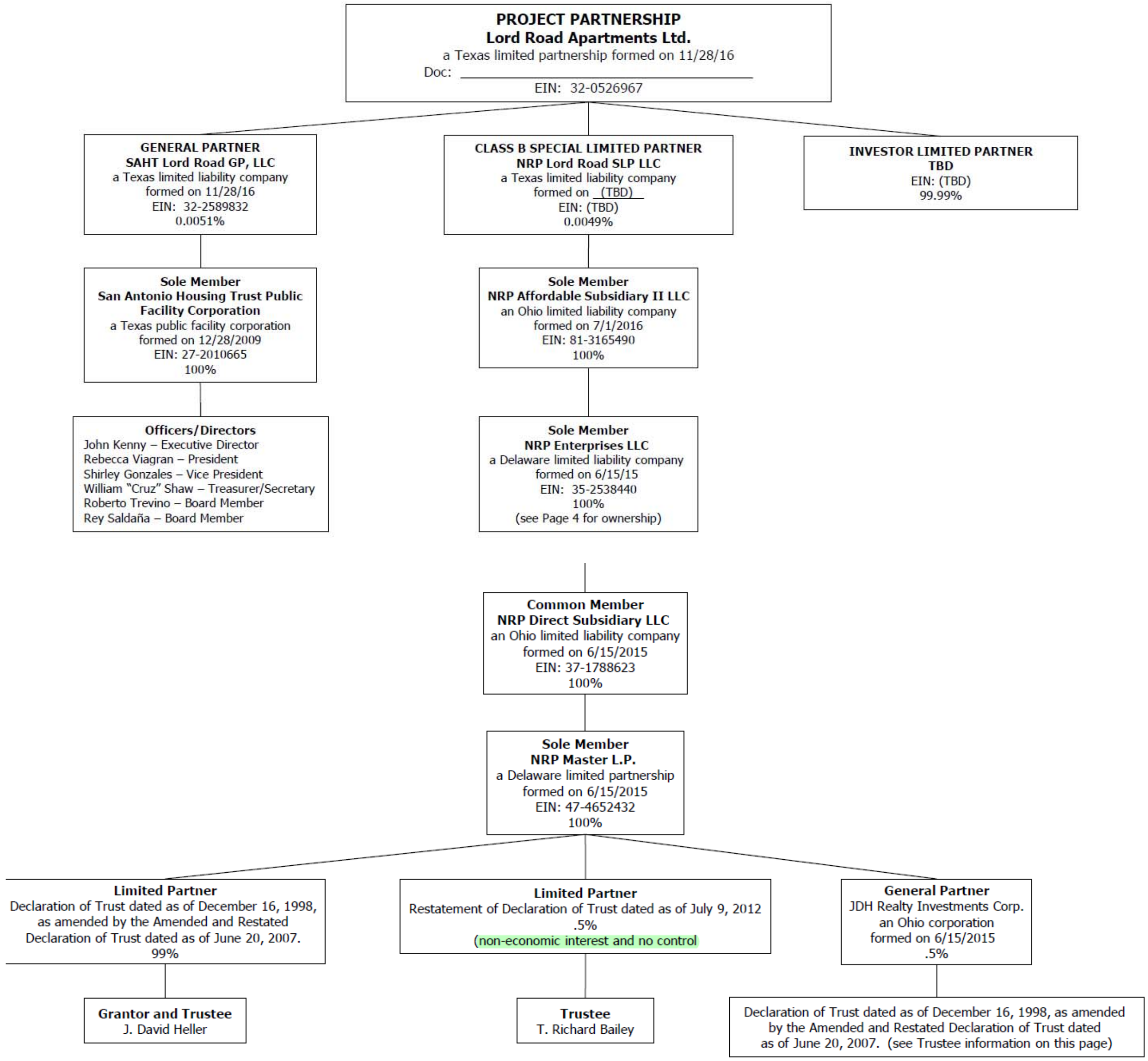
The Direct Loan award (proposed to be funded with NSP1 PI) has been underwritten and recommended at a 4.0% interest rate, structured as a second lien construction-to-permanent loan with a 35 year term that is coterminous with the term of the first lien loan and a 30 year amortization. $2,975,000 in NSP1 PI funds from the General Set-Aside will be utilized for this loan.

Site Analysis: The applicant disclosed the presence of an undesirable site feature, specifically the proposed Development Site is within approximately 100 feet of an overhead high voltage transmission line. A 50 foot wide Electrical Transmission and Distribution Line Easement will run generally north and south across the proposed Development Site. The overhead transmission line will run down the center of the subject property. The nearest building is proposed to be located approximately 38 feet at its closest point and 60 feet at its furthest point. A letter was provided by City Public Service Energy which states that the distances are considered acceptable for distance and safety requirements. Through previous discussions with the applicant it was confirmed that City Public Service, an entity owned by the City of San Antonio, governs the delivery of electric utilities in the city and county and all of its regulations are passed by City ordinance. The City of San Antonio adopted an ordinance that specifies a 20 foot setback requirement. Pursuant to 10 TAC §10.101(a)(2) where there is a local ordinance that regulates the proximity of such undesirable feature to a multifamily development that has smaller distances than the minimum distances noted below, then such smaller distances may be used. Staff recommends the site be considered eligible based on the information provided.

Organizational Structure and Previous Participation: The Borrower is Lord Road Apartments, Ltd., and includes the entities and principals as illustrated in Exhibit A. The applicant's portfolio is considered a Category 3 and the previous participation was deemed acceptable by EARAC without further review or discussion. EARAC also reviewed the proposed financing and the underwriting report, and recommends issuance of a Determination Notice.

Public Comment: The Department has not received any letters of support or opposition.

EXHIBIT A



PROJECT PARTNERSHIP
Lord Road Apartments Ltd.
a Texas limited partnership formed on 11/28/16
Doc: ______________________________
EIN: 32-0526967
GENERAL PARTNER
SAHT Lord Road GP, LLC
a Texas limited liability company
formed on 11/28/16
EIN: 32-2589832
0.0051%
CLASS B SPECIAL LIMITED PARTNER
NRP Lord Road SLP LLC
a Texas limited liability company
formed on (TBD)
EIN: (TBD)
0.0049%
INVESTOR LIMITED PARTNER
TBD
EIN: (TBD)
99.99%
Sole Member
San Antonio Housing Trust Public Facility Corporation
a Texas public facility corporation
formed on 12/28/2009
EIN: 27-2010665
100%
Sole Member
NRP Affordable Subsidiary II LLC
an Ohio limited liability company
formed on 7/1/2016
EIN: 81-3165490
100%
Officers/Directors
John Kenny – Executive Director
Rebecca Viagran – President
Shirley Gonzales – Vice President
William "Cruz" Shaw – Treasurer/Secretary
Roberto Trevino – Board Member
Rey Saldaña – Board Member
Sole Member
NRP Enterprises LLC
a Delaware limited liability company
formed on 6/15/15
EIN: 35-2538440
100%
(see Page 4 for ownership)
Common Member
NRP Direct Subsidiary LLC
an Ohio limited liability company
formed on 6/15/2015
EIN: 37-1788623
100%
Sole Member
NRP Master L.P.
a Delaware limited partnership
formed on 6/15/2015
EIN: 47-4652432
100%
Limited Partner
Declaration of Trust dated as of December 16, 1998, as amended by the Amended and Restated Declaration of Trust dated as of June 20, 2007.
99%
Limited Partner
Restatement of Declaration of Trust dated as of July 9, 2012
.5%
(non-economic interest and no control
General Partner
JDH Realty Investments Corp.
an Ohio corporation
formed on 6/15/2015
.5%
Grantor and Trustee
J. David Heller
Trustee
T. Richard Bailey
Declaration of Trust dated as of December 16, 1998, as amended by the Amended and Restated Declaration of Trust dated as of June 20, 2007. (see Trustee information on this page)

18412 Lord Road Apartments - Application Summary

REAL ESTATE ANALYSIS DIVISION
April 10, 2018

PROPERTY IDENTIFICATION

Application #	18412
Development	Lord Road Apartments
City / County	San Antonio / Bexar
Region/Area	9 / Urban
Population	General
Set-Aside	General
Activity	New Construction

RECOMMENDATION

TDHCA Program	Request	Recommended		
LIHTC (4% Credit)	$1,648,531	**$1,648,531**	**$5,088/Unit**	**$0.90**

	Amount	Rate	Amort	Term	Lien
Multifamily Direct Loan (Repayable	$2,975,000	4.00%	30	35	2

KEY PRINCIPAL / SPONSOR

NRP Enterprises, LLC

John Kenny – Executive Director
J. David Heller - Guarantor & Trustee

Related-Parties	Contractor - Yes	Seller - No

TYPICAL BUILDING ELEVATION/PHOTO

UNIT DISTRIBUTION / INCOME DISTRIBUTION

# Beds	# Units	% Total	Income	# Units	% Total
Eff	-	0%	**30%**	-	0%
1	20	6%	**40%**	-	0%
2	144	44%	**50%**	5	2%
3	108	33%	**60%**	319	98%
4	52	16%	**MR**	-	
TOTAL	324	100%	**TOTAL**	324	100%

PRO FORMA FEASIBILITY INDICATORS

Pro Forma Underwritten		Applicant's Pro Forma	
Debt Coverage	1.15	**Expense Ratio**	43.5%
Breakeven Occ.	85.7%	**Breakeven Rent**	$790
Property Taxes	Exempt	**Exemption/PILOT**	100%
Total Expense	$4,223/unit	**Controllable**	$3,175/unit

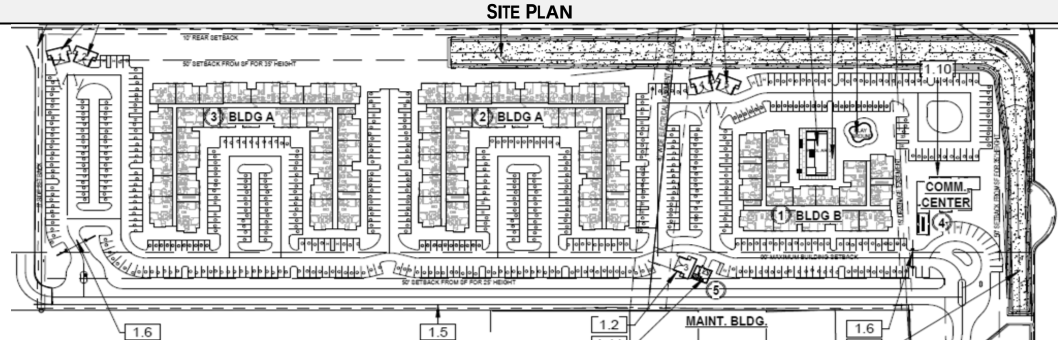
MARKET FEASIBILITY INDICATORS

Gross Capture Rate (10% Maximum)	5.1%		
Highest Unit Capture Rate	22%	2 BR/60%	141
Dominant Unit Cap. Rate	22%	2 BR/60%	141
Premiums (↑60% Rents)	N/A		N/A
Rent Assisted Units	50	15% Total Units	

DEVELOPMENT COST SUMMARY

Costs Underwritten	Applicant's Costs		
Avg. Unit Size	1,084 SF	**Density**	20.5/acre
Acquisition		$04K/unit	$1,325K
Building Cost	$57.08/SF	$62K/unit	$20,040K
Hard Cost		$82K/unit	$26,431K
Total Cost		$143K/unit	$46,408K
Developer Fee	$5,152K	(70% Deferred)	Paid Year: 14
Contractor Fee	$3,511K	**30% Boost**	Yes

SITE PLAN



Project Summary-Unit Mix

LORD ROAD APARTMENTS

Unit Type	Description	Quantity	Square Footage
Unit A	1 Bedroom 1 Bath	20	679
Total Unit A		**20**	**13,580**
Unit B	2 Bedroom 2 Bath	120	949
			113,880
Unit B2	2 Bedroom 2 Bath	24	999
			23,976
Total Unit B		**144**	**137,856**
Unit C	3 Bedroom 2 Bath	16	1,122
			17,952
Unit C2	**3 Bedroom 2 Bath**	**92**	**1,165**
			107,180
Total Unit C		**108**	**125,132**
Unit D	4 Bedroom 2 Bath	52	1,433
Total Unit D			**74,516**
Total Units		**324**	**351,084**
Community Center/Leasing Office			3,500
Maintenance Building			470
Project Total			**355,054**

DEBT (Must Pay)				
Source	**Term**	**Rate**	**Amount**	**DCR**
Navistone Partners, LLC	35/35	5.30%	$21,880,000	1.29
TDHCA	35/30	4.00%	$2,975,000	1.15
TOTAL DEBT (Must Pay)			**$24,855,000**	

CASH FLOW DEBT / GRANT FUNDS				
Source	**Term**	**Rate**	**Amount**	**DCR**
City of San Antonio HOME Funds	19/0	1.00%	$2,850,000	1.15
San Antonio Housing Trust Facility Corp	30/0	1.00%	$250,000	1.15
Waived Local Fees	0/0	0.00%	$20,000	1.15
CASH FLOW DEBT / GRANTS			**$3,120,000**	

EQUITY / DEFERRED FEES	
Source	**Amount**
Alliant Asset Management Co., LLC	$14,835,299
NRP Enterprises, LLC□	$3,597,938
TOTAL EQUITY SOURCES	$18,433,237
TOTAL DEBT SOURCES	$27,975,000
TOTAL CAPITALIZATION	$46,408,237

CONDITIONS

1 Receipt and acceptance before Direct Loan Closing

a: Substantially final construction contract with Schedule of Values.

b: Updated term sheets with substantially final terms from all lenders

c: Substantially final draft of limited partnership agreement.

d: Senior loan documents (and/or partnership documents) must contain a provision(s) that any stabilization resizing on the senior debt includes the debt service on the TDHCA MDL at a 1.15 DCR.

e: Documentation identifying any required matching funds, and confirming that the source is eligible to be counted as matching funds under HUD and TDHCA requirements.

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

2 Receipt and acceptance by Cost Certification:

- A Wetlands and Jurisdictional Waters of the United States Determination Report with a clear determination of the wetland status of the subject site, indicating whether any mitigation is required.

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	San Antonio Housing Trust FC
Expiration Date	12/31/2019
Bond Amount	$24,000,000
BRB Priority	N/A
Close Date	7/31/2018
Bond Structure	2016 Carryforward

RISK PROFILE

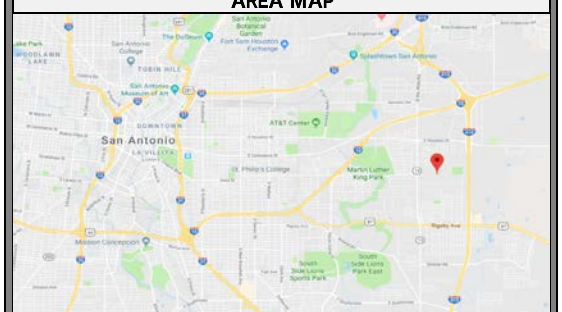
STRENGTHS/MITIGATING FACTORS

- Experienced developer & operator in Texas
- Developer recently delivered very comparable product also in San Antonio, currently in lease up.

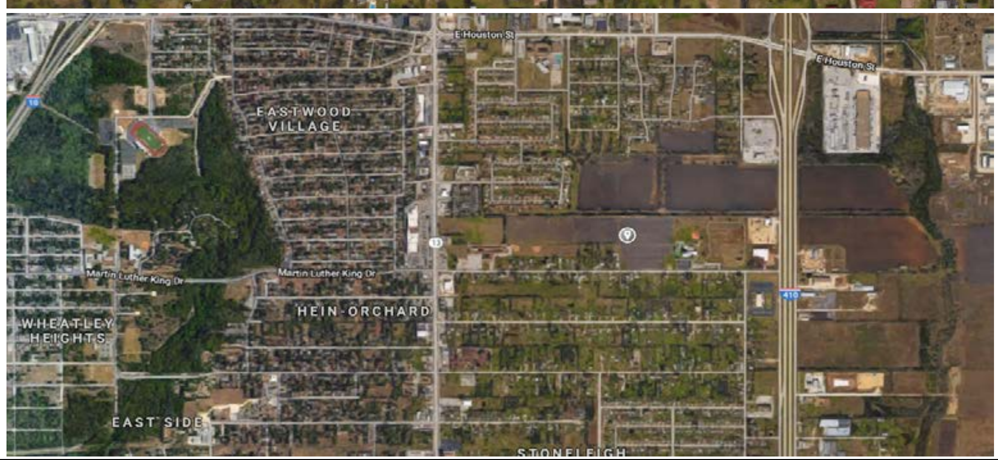
WEAKNESSES/RISKS

- Feasibility dependent on property tax exemption
- Building costs potentially understated (but comparable to recently completed Acme Road Apts)
- Site control through an intermediary.
- Marginal Debt Coverage Ratio

AREA MAP



AERIAL PHOTOGRAPH(s)



4b

BOARD ACTION REQUEST

MULTIFAMILY FINANCE DIVISION

APRIL 26, 2018

Presentation, discussion, and possible action regarding site eligibility under 10 TAC §10.101(a)(3) of the Uniform Multifamily Rules related to Undesirable Neighborhood Characteristics for Park Yellowstone Townhomes in Houston.

RECOMMENDED ACTION

WHEREAS, pursuant to 10 TAC §10.101(a)(3) of the Uniform Multifamily Rules related to Undesirable Neighborhood Characteristics, the proposed development is located in an area where the Part 1 violent crime is greater than 18 per 1,000 persons annually as reported on Neighborhoodscout.com, and is located within the attendance zone of a middle school that did not achieve the Met Standard rating by the Texas Education Agency ("TEA") for 2017; and

WHEREAS, staff has conducted a further review of the Development site and surrounding neighborhood and based on mitigation provided of actual instances of the Part 1 violent crimes, which reflects a downward trend over the past two years and continued improvement required under §10.101(a)(3)(B) and representations by an education professional regarding the timeline for a Met Standard rating for Cullen Middle School, recommends the proposed site be found eligible;

NOW, therefore, it is hereby,

RESOLVED, that the totality of the information provided by the applicant established the positive and downward trend required under the rule to sufficiently mitigate the aforementioned undesirable neighborhood characteristics relating to Park Yellowstone Townhomes, and, therefore, the site is hereby found eligible.

BACKGROUND

The Department received a request for Park Yellowstone Townhomes in Houston seeking a preliminary determination on site eligibility. The development was placed into service in 1997 after receiving an allocation of 9% Competitive Housing Tax Credits ("HTC") in 1995. The property is still within the affordability period and is active in the Department's portfolio for compliance monitoring. The applicant proposes the rehabilitation of the 210 units under the 4% HTC program. The presence of the undesirable neighborhood characteristics under §10.101(a)(3) require additional site analysis and a site visit by staff, which occurred on April 5, 2018.

Crime: The threshold for the rate of Part I violent crime includes anything greater than 18 per 1,000 persons annually. According to NeighborhoodScout, the subject census tract (3138.00) has a Part I violent crime rate of 33.11 per 1,000 persons annually and the development is located within 1,000 feet of an adjacent census tract (3137.00) that has a crime rate of 23.06 per 1,000 persons annually, which also requires disclosure under the rule. Based on police beat data provided by the applicant in the form of a map with Part I violent crimes plotted within one-half mile of the development, the rate of violent crime has been decreasing, as illustrated below.

2016	**2017**
24.11 (82 instances of violent crime)	21.17 (72 instances of violent crime)

It is important to note that there are two census tracts that are within 1,000 feet of Park Yellowstone; however, only one has a crime rate that exceeds the threshold. The other adjacent tract (3139.00) has a crime rate of 10.74 per 1,000 persons according to NeighborhoodScout. Moreover, the one-half mile map reflecting the instances of violent crime encompass all three census tracts (the subject, and two adjacent) which covers four police beats. As further illustrated in Exhibit A, the violent crime occurrences increase as one moves east and further away from the property where there is a high density of single family homes. As it relates to instances of violent crime at Park Yellowstone, the applicant has reported that there has been a reduction in crime over the prior year; from 7 instances of violent crime in 2016 to 5 instances in 2017, the first calendar year since the applicant assumed management of the property. The applicant explained that they have experience in implementing successful security plans to deter on-site criminal activity and provided letters of support as reflected in Exhibit B from Norwalk, Connecticut and Cleveland, Ohio police departments that speak to their experience and partnership with properties managed by the applicant in those areas.

<u>Schools:</u> Park Yellowstone Townhomes serves a general population and is located within the attendance zone of Cullen Middle School ("Cullen") which has not achieved the Met Standard rating based on the 2017 TEA Accountability Ratings for three consecutive years (2015, 2016 and 2017). The 2017 Accountability Rating for Cullen reflected a score of 22 on Index 3 (relating to Closing Performance Gaps) where the target score was 26 and a score of 10 on Index 4 (relating to Postsecondary Readiness) where the target score was 13, both of which resulted in the Improvement Required Rating. A letter was submitted by Dr. Erick Pruitt, Area Superintendent for Houston ISD, that addressed some of the contributing factors to the Improvement Required status and efforts underway to put Cullen on the track towards Met Standard. The letter is included herein as Exhibit C and, in summary, reflects Dr. Pruitt's expectation that based on the staff, programs, professional support, and the results of interim benchmark assessments, that Cullen can achieve Met Standard over the next two years. A letter was also provided by Dr. Grenita Lathan, Chief Academic Officer for Houston ISD, included herein as Exhibit D, and reflects similar expectations.

Staff notes that although the applicant disclosed proximity to a professional office and short-term warehousing facility for the distribution of refined petroleum products, they did so as a precaution and did not believe the business constituted heavy industrial under 10 TAC §10.101(a)(2) of the Uniform Multifamily Rules. Based on the site visit performed by staff, staff concurs and does not find the business to generate high levels of noise or meet what the Department considers to be heavy industrial. Moreover, the applicant indicated that while there are a few vacant structures that are affected by trash, substances or weeds, according to the City of Houston Department of Neighborhoods, these are currently being actively monitored. Staff did observe several vacant structures in proximity to Park Yellowstone at its site visit that could be considered blight; however, they lie just outside of the 1,000 foot radius prescribed in the rule.

Conclusion: A determination of eligibility requires a clear trend for improvement for the undesirable neighborhood characteristic disclosed. As it relates to crime, an excerpt of the rule reads as follows:

> §10.101(a)(3)(B) "*In order to be considered as an eligible Site despite the presence of such undesirable neighborhood characteristic, an Applicant must demonstrate actions being taken that would lead a reader to conclude that there is a high probability and reasonable expectation the undesirable characteristic will be sufficiently mitigated or significantly improved within a reasonable time, typically prior to placement in service, and that the undesirable characteristic demonstrates a positive trend and continued improvement. Conclusions for such reasonable expectation may need to be affirmed by an industry professional, as appropriate, and may be dependent upon the severity of the undesirable neighborhood characteristic disclosed.*"

> §10.101(D)(ii) "*Evidence that crime rates are decreasing, based on violent crime data from the city's police department…that would yield a crime rate below the threshold indicated in this section.*"

Staff believes, based on the actual police beat data, there is a positive trend for continued improvement. The crime rate decreased over the prior year, and it is reasonable to conclude based on the current downward trend that by the time the rehabilitation is complete on Park Yellowstone the police beat data would yield a crime rate below the threshold allowed in the rule.

Regarding school performance, pursuant to 10 TAC §10.101(a)(3)(B)(iv), any school in the attendance zone that has not achieved Met Standard for three consecutive years and has failed by at least one point in the most recent year, unless there is a clear trend indicating imminent compliance, shall be unable to mitigate due to the potential for school closure as an administrative remedy pursuant to Chapter 39 of the Texas Education Code. Staff believes that given the representations made by Dr. Pruitt, specifically, that the results of interim benchmark assessments lend credence to the ability for Cullen to achieve Met Standard by the time the rehabilitation of Park Yellowstone is complete.

Pursuant to 10 TAC §10.101(a)(3)(E) a site may be found eligible by the Board, despite the existence of undesirable neighborhood characteristics if it finds that use of Department funds for the development is consistent with achieving the following goals:

> *(i) Preservation of existing occupied affordable housing units to ensure they are safe and suitable or the new construction of high quality affordable housing units that are subject to federal rent or income restrictions; and*

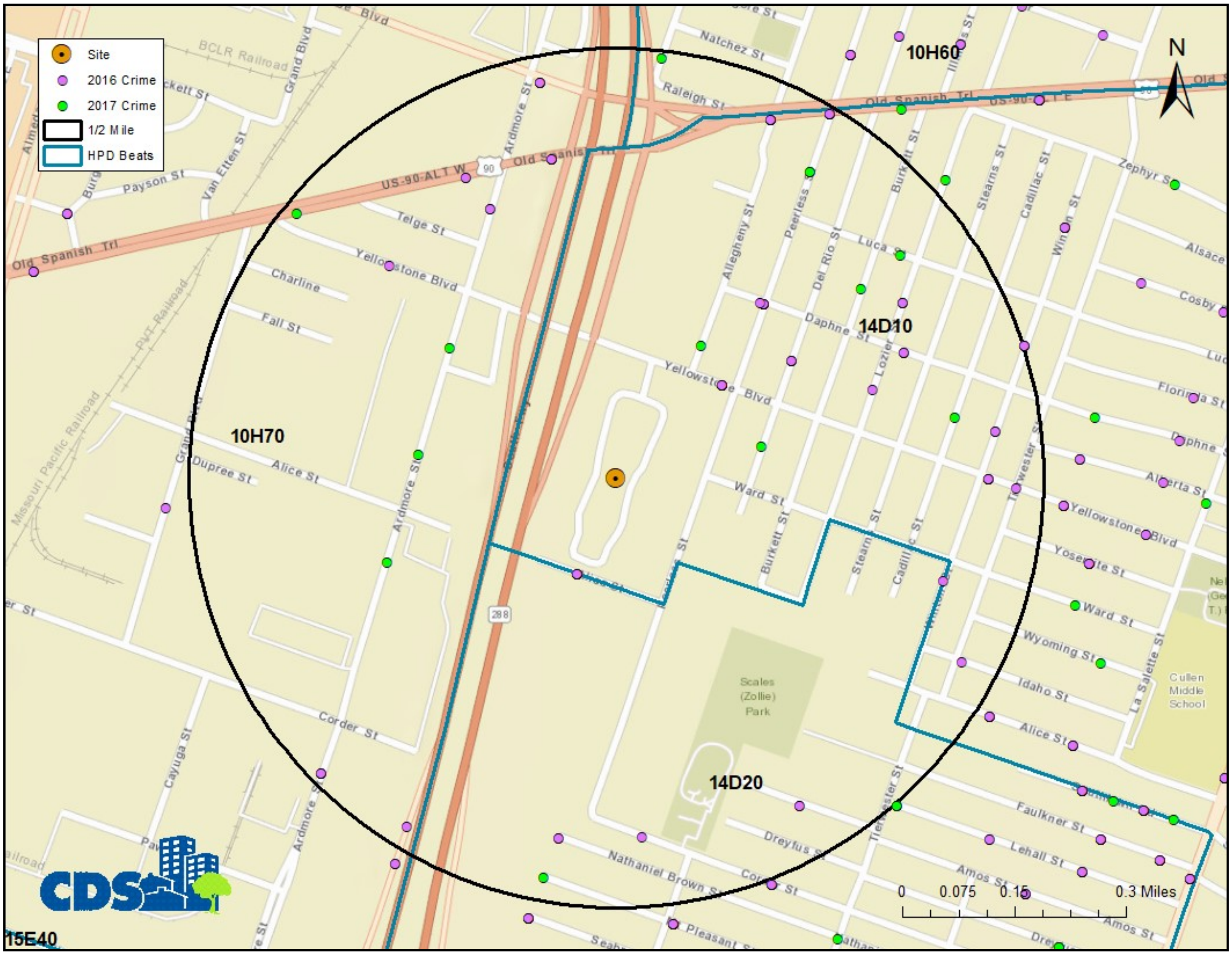
> *(ii) Factual determination that the undesirable characteristic(s) that has been disclosed are not of such a nature or severity that should render the Development Site ineligible based on the assessment and mitigation provided under subparagraphs (C) and (D) of this paragraph.; or*

> *(iii) The Applicant has requested a waiver of the presence of undesirable neighborhood characteristics on the basis that the Development is necessary to enable the state, a participating jurisdiction, or an entitlement community to comply with its obligation to affirmatively further fair housing, a HUD approved Conciliation Agreement, or a final and non-appealable court order and such documentation is submitted with the disclosure.*

The rule also states that "*Preservation of affordable units alone does not present a compelling reason to support a conclusion of eligibility*." It is important to note that Park Yellowstone is still in the Department's portfolio and within its affordability period. Staff believes, after its site visit that this 22-year old property can benefit from rehabilitation improvements. However, notwithstanding preservation alone, staff does not believe, after reviewing and considering the mitigation provided, that the undesirable neighborhood characteristics are of a nature and severity that should render the development ineligible.

Exhibit A

1/2 Mile Radius



1/2 mile Radius Population Calculation						
Census Tract	Block	Population	SQ KM	SQ KM in .5m Radius	% in Radius	Population in Radius
3131	1	2,789	2.6345580	0.00	0%	0
3132	3	1,540	0.8764370	0.02	2%	35
3137	1	953	0.4213340	0.12	28%	271
3137	2	1,504	0.9017440	0.32	35%	534
3138	1	1,235	0.5601510	0.31	55%	683
3138	4	2,108	0.7772060	0.47	60%	1,275
3139	1	1,943	2.1273120	0.66	31%	603
		12,072	**8.2987420**	**1.90**		**3,401**

1/2 Mile Radius		
	2016	**2017**
Violent Offenses	82	72
Offenses / 1,000	24.11	21.17

Exhibit B

NORWALK DEPARTMENT OF POLICE SERVICE

OFFICE OF THE CHIEF

1 Monroe Street · Norwalk, Connecticut 06854 · (203) 854-3001 · Fax (203) 854-9215

February 20, 2018

Re: **Vesta Corporation**

To Whom It May Concern:

I am the Chief of Police for the City of Norwalk, Connecticut. I have been a member of the Norwalk Police Department since 1983, when I began my career as a patrol officer. During my tenure in the Norwalk Police Department, I have become very familiar with Monterey Village Apartments, a 163-unit affordable multi-family apartment community ("Monterey") and its owner and property manager, Vesta Corporation. Prior to Vesta becoming involved in managing Monterey, the complex was rife with criminal activity. In the year prior to Vesta's takeover as owner and manager, there were 2162 Police calls to Monterey.

From the outset of its involvement, Vesta instituted rules and regulations designed to reduce criminal activity at Monterey, and consistently enforced these rules and regulations. Vesta became a very willing partner with the Police Department, working collaboratively on various matters including hiring off-duty officers for security purposes and other initiatives. The remediation efforts yielded discernible and quick results. In one year, Norwalk Police Department calls to Monterey dropped 83%, from 2162 to 373 calls in a calendar year.

Over the years since Vesta began its remediation efforts aimed at reducing criminal activity at Monterey, its ongoing efforts aimed at deterrence of criminal activity have continued. The installation of security cameras at Monterey have been extremely helpful. Our Officers have ready viewing access at their disposal. Also, the installation and maintenance of an extensive amount of lighting throughout the property is both a crime deterrent and security feature for the residents.

The Norwalk Police Department and Vesta have an excellent relationship; one built over many years of mutual respect and cooperation. Vesta's efforts have had an appreciable positive impact on the community of Norwalk, helping transform a housing community once ravaged by criminal activity into a much safer place to live. On behalf of the Norwalk Police Department, we are grateful for our partnership with Vesta.

Sincerely yours,

Thomas E. Kulhawik
Chief of Police

TEK:jb

City of Cleveland Memorandum
Frank G. Jackson, Mayor

March 13, 2018

Mr. Tim Irvine
Executive Director
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701

Brian McEntee, Lieutenant #8503
9333 Kinsman Rd
Cleveland Ohio, 44104
Phone; 216-623-5404 Fax- 216-623-4594
bmcentee@city.cleveland.oh.us

RE: Park Yellowstone Townhomes ("Yellowstone"), 3322 Yellowstone Blvd.

Dear Mr. Irvine:

My name is Brian McEntee and I work for the City of Cleveland, Ohio. I have been a member of the Cleveland Police Department since 1998. I am currently assigned as the administrative lieutenant for the Fourth District, one of our five neighborhood district in the city.

During my time with the Fourth District, Cleveland Police Department, I have become very familiar with Rainbow Terrace, a 484-unit affordable multi-family apartment community ("Rainbow") and its owner and property manager, Vesta Corporation.

Prior to Vesta becoming involved in managing Rainbow, the complex was rife with criminal activity. In the years prior to Vesta's takeover as owner and manager, Rainbow was considered housing of last resort for many residents and community members.

From the outset of its involvement, Vesta began establishing a working relationship with the Police Department. Hiring off-duty officers for on-site security an example of the many ways that Vesta and the Police Department have worked collaboratively. Starting in 2001 and continuing to today Rainbow is becoming stable mature community.

Vesta's remediation efforts aimed at reducing criminal activity at Rainbow has been consistent. At the outset, Vesta distributed rules and regulations to all residents and, more importantly, enforces them. Ongoing collaboration among Vesta, its security consultant, and the Police Department has led to various state of the art upgrades and enhancements to the security system, which has proven to be quite beneficial. Similarly, the creation of a "Cop Shop" on-site for Officers adds another safety feature at Rainbow and has proven helpful to our Officers.

In addition to the security program and camera system, Vesta is committed to building community bridges. Vesta works collaboratively with our Department to convene meetings to address both law enforcement and community concerns. Through Vesta's continuing dialogue with the Department and community, our working relationship grows stronger.

Vesta's efforts have had an appreciable positive impact on the community. On behalf of the Cleveland Police Department, we are grateful for our partnership with Vesta.

If you need any additional information I can be reached at the information listed above.

Sincerely yours,

Brian J McEntee Lt. #8503

Brain J McEntee, Lt. #8503
Cleveland Division of Police

Exhibit C

HOUSTON INDEPENDENT SCHOOL DISTRICT
Hattie Mae White Educational Support Center
4400 West 18th Street • Houston, Texas 77092-8501

Erick D. Pruitt Ed.D
Area Superintendent

www.HoustonISD.org
www.twitter.com/HoustonISD

March 9, 2018

Mr. Tim Irvine
Executive Director
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701

Dear Mr. Irvine:

I am honored to submit this letter on behalf of Vesta Corporation (Vesta) regarding their efforts to rehabilitate Park Yellowstone Apartments (Park Yellowstone), an affordable housing community located within the Houston Independent School District (HISD). I am an Area Superintendent for HISD, responsible for the ACHIEVE 180 Schools. Prior to joining HISD, I was the Deputy Chief of Schools for the Chicago Public Schools.

It is my understanding that Vesta, as the lead developer partner, plans to implement a $8.5 million rehabilitation of Park Yellowstone, located at 3322 Yellowstone Boulevard, Houston, TX 77221. I understand that the property is 22 years old and has significant deferred maintenance needs.

Neighborhood Schools

Park Yellowstone is home to almost 150 school-aged children attending our schools, which for this area are Thompson Elementary School (6121 Tierwester Street), Cullen Middle School (6900 Scott Street) and Yates High School (3703 Sampson Street). I believe projects such as the redevelopment of Park Yellowstone will support HISD's various efforts and investments, which are described fully below, providing additional housing stability for our students and their families while supporting our students' educational success.

Thompson Elementary School (Thompson) has realized the Texas Education Agency (TEA) "Met Standard" rating for many years. I am very proud that in 2017 Thompson received Distinction Designations from TEA in ELA/Reading, Top 25% Student Progress and Top 25% Closing Performance Gaps. I am equally proud of our district and school-based accomplishments at Yates High School (Yates). Yates has achieved Met Standard ratings for the past two years, resolving the TEA "Improvement Required" ratings from 2014 and 2015. Moreover, from 2016 to 2017, Yates has earned additional improvement across two of TEA's four Performance indices.

CULLEN MIDDLE SCHOOL (CULLEN) HAS NOT ACHIEVED TEA'S MET STANDARD RATING FOR THREE CONSECUTIVE YEARS. NONETHELESS, THERE IS A CLEAR TREND INDICATING IMMINENT IMPROVEMENT AND COMPLIANCE WITH TEA'S SCHOOL RATING STANDARDS AND ITS FUTURE IMPROVEMENT. HISD HAS TAKEN AN ARRAY OF SWEEPING MEASURES TO ENSURE THE NEAR-TERM SUCCESS OF CULLEN. OUTLINED BELOW ARE THE ARRAY OF EFFORTS HISD HAS UNDERTAKEN TO ENSURE THE NEAR-TERM AND LONG-TERM SUCCESS OF CULLEN.

Cullen Middle School

Cullen is a neighborhood school serving students in sixth through eighth grades from diverse socio-economic backgrounds. The boundaries for attendance include economically disadvantaged single-family homes and apartment complexes. Cullen is a Title I school.

A significant decline in enrollment at Cullen began as a result of the continuous opening of charter schools in the Cullen Zone. In fact, Cullen's challenges may even date back to 2013, when HISD decided to consolidate Cullen and Ryan Middle School. Cullen is currently IR 3. Presently, there are 436 students enrolled in the 2017-2018 school year. The student racial and ethnic distribution is: 81% African American, 17% Hispanic, and 2% White. Students identified as English Language Learners comprise 10% of the total population. Special Education programs serves approximately 20 % of the student population and 1% of students are identified as Gifted and Talented. Students identified as "recent immigrants" comprise 1% of the student population.

A. ACHIEVE 180 and Cullen Turnaround Implementation Plan

In support of effort to affect substantial change at Cullen, submitted for your consideration is the attached Turnaround Implementation Plan, approved by HISD's Board of Education. This plan is different from the antecedent "campus turnaround plan" in that it identifies the systemic root causes of the school's challenges and provides meaningful quarterly defined goals and interventions with data-driven benchmarks for monitoring outcomes. The attached Turnaround Implementation Plan is aligned to the campus Turnaround Plan from April 2017. Cullen's Turnaround Implementation Plan, adopted in fall 2017, is systemic in approach and designed to produce significant and sustainable gains in achievement, with a goal of reaching a Met Standard rating.

At the start of the 2017-18 school year, HISD adopted ACHIEVE 180, a research-based action plan designed to support, strengthen, and empower underserved and underperforming HISD schools. ACHIEVE 180 is centered on six main pillars: school leadership, teaching excellence, instructional excellence, school design, social and emotional supports for students and families, and community empowerment. It also focuses on the importance of professional development to realize teaching excellence.

Cullen benefits from the $21.7 million dollar ACHIEVE 180 Plan and its investment. Moreover, HISD is focusing its attention on the ACHIEVE 180 schools, in some cases taking large steps toward realizing near-term improvements. For example, HISD recently took the mid-year step of changing the Principal at Cullen, a step that was designed around and aligned with the ACHIEVE 180 pillars of leadership excellence.

Highlights of Cullen's Turnaround Implementation Plan include the following:

1. **Teacher Screening, Teacher Feedback and Professional Support**

When HISD analyzed the "root causes" of Cullen's challenges, we identified as a primary obstacle to success the retention of highly effective teachers. Moreover, the teacher attendance rate at Cullen was extremely low last year, with excessive teacher absences in the major content areas (math and reading). As part of the Turnaround Implementation Plan, teacher applicants are now screened for their ability to effectively support Cullen's students and families. An administrative plan for teacher monitoring was created, addressing teacher absences, providing for reviews of qualitative and quantitative student performance data and weekly reports from classroom observations.

Coaching is now provided for 100% of Cullen teachers, focusing on pedagogy and content. Administrators currently perform daily classroom walkthroughs, followed by direct teacher feedback. As a component of Achieve 180, there are two hours of additional paid professional development each week, and professional development plans for teachers, plus extended work days. We have created Professional Learning Community protocols to train teachers in data evaluation, specifically how to use data to develop lesson plans and student interventions. Finally, as an ACHIEVE 180 school, Cullen now benefits from staff incentives, essential positions, priority teacher staffing, and differentiated job postings.

2. **Benchmarks for Re-Evaluation**

The Cullen Turnaround Implementation Plan provides multiple benchmarks for evaluation. There are two main goals articulated in the Turnaround Implementation Plan:

(1) Students will realize academic success as measured by reaching the Met Standard rating on the STAAR 2018.

(2) Provide support to all teachers through professional development, coaching, classroom observations and walkthroughs with timely feedback in writing or in person and provide opportunities for collaborative learning and career pathways.

For each of these critical goals, there are delineated quarterly interventions and benchmarks for success.

Student Test Scores—Interim Improvement

As evidenced by recent interim student performance data, we are beginning to see improvement in student performance. In mid-February 2018, aggregate Renaissance Learning STAR testing results for Cullen students' math and reading were released. Reading STAR data shows that Cullen students have realized overall reading improvement. Math STAR data indicates that Cullen students have similarly improved in math performance.

- In reading, STAR data shows that Cullen students have realized overall reading improvement. There was an increase in the overall percentile rank from 12 to 13 from Beginning of Year (BOY) 2017-18 to Middle of Year (MOY) 2017-18, which compares students nationally, and a decrease in the number of students scoring below the 25th percentile nationally.

- In math, students' STAR data shows an increase in the overall percentile rank from 25 to 28 from BOY to MOY, which compares students nationally, with significant increases among Cullen 6th and 8th grade students. There was a decrease in the number of students falling below the 25th percentile.

Based on student performance and growth on interim assessments, in addition to ongoing district instructional support, I believe Cullen Middle School will achieve TEAs met standard rating within two years. Not only is the Cullen staff and administration involved in all aspects of the Turnaround Implementation Plan, but the HISD Board of Trustees approved the plan, understands the importance of the plan, and holds our entire team accountable for steady progress.

3. Decreased Mobility Rate

Decreasing the mobility rate at schools in need of improvement is a difficult task that HISD takes seriously. However, we know our efforts must not be limited to the classroom, but that we must engage the community to achieve a lower mobility rate among our students and their families.

Beginning in the 2018-19 school year, Cullen will implement the Middle Years International Baccalaureate (IB) Program. Foster Elementary, as well as Yates, will similarly be converted into IB programs. Training for the campus leaders began in February 2018. The IB program conversion, with pre-K-12 alignment, is intended to offer rigorous academics for our students while increasing retention and decreasing mobility through enhanced programmatic offering.

On a more basic level, we understand that an improved Park Yellowstone will further give our families a reason to invest in their home and want to stay in one place for their family and their children.

4. Increasing Parental Involvement

Cullen utilizes a Shared Decision-Making Model (SDMC) to establish, monitor, and evaluate goals for budgeting, staffing, curriculum, planning, school organization, staffing patterns, and staff development. Aligned with state legislation and HISD Board policy, the decision-making body includes at least two parents and at least two community members. Opportunities for community empowerment are offered through PTO meetings, town hall meetings, newsletters, and other events conducted by the district and campus. Campus leaders are responsible for providing support strategies to ensure that teachers are successful with students. Cullen's new website, just weeks old, has an entire page dedicated to parent and family engagement.

B. New Team for Success

HISD has overhauled its approach to supporting underperforming schools, by assembling a new team. In addition to the creation of the ACHIEVE 180 Plan, HISD designated an ACHIEVE team tasked with improving the performance of a short list of schools, including Cullen. In addition to myself, the new team includes four school support officers and one director. Along with the direct support provided from the School's office, Cullen also receives a variety of centralized supports as a year 3 improvement required campus (see attachment).

In January 2018, Cullen was assigned a new Principal, Jacqueline Thompson. Principal Thompson's appointment is noteworthy as she may be credited for helping turn around Yates' performance just three years ago. I believe that a practiced and qualified school administrator, with community knowledge and experience *turning around a school similar to Cullen* is the best indicator of Cullen's future success. There is no doubt in my mind that Principal Thompson possesses the skills, leadership and tenacity required to reposition Cullen in short order. Principal Thompson is equipped to design and deploy, monitor, and evaluate goals for budgeting, staffing, curriculum, planning, school organization, staffing patterns, and staff development.

In addition to my periodic on-site support at Cullen, Principal Thompson receives regular support from a new School Support Officer, Tarrynce Robinson. Mr. Robinson walks Cullen's classrooms on a weekly basis to collaborate with the on-site administration in teacher oversight and feedback. In addition to being the principal's direct supervisor, Mr. Robinson is tasked with coaching and mentoring his assigned group of principals. Engaging the community to improve campus relationships with stakeholders as well as establishing and aligning the school's strategic performance goals to the district priorities are among the school support officer's main duties.

In summary, HISD has taken a comprehensive, multifaceted and aggressive approach to enable and return Cullen to the State of Texas' standards. We have instituted a new plan, dedicated necessary resources, and put the right team in place to realize success. We have seen some short-term success, and with continued effort and focus, will achieve our goals for the students and families attending Cullen.

Very Respectfully Yours,

Erick D. Pruitt

Dr. Erick Pruitt
Area Superintendent
Houston Independent School District

Attached:
Cullen Middle School - HISD Turnaround Implementation Plan

Exhibit D

HOUSTON INDEPENDENT SCHOOL DISTRICT
Hattie Mae White Educational Support Center
4400 West 18th Street • Houston, Texas 77092-8501

Grenita F. Lathan, Ph.D.
Chief Academic Officer
Tel: 713-556-6024 • Fax: 713-556-6015

www.HoustonISD.org
www.twitter.com/HoustonISD

March 13, 2018

Mr. Tim Irvine
Executive Director
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701

Dear Mr. Irvine:

It is my pleasure to submit this letter in support of Vesta Corporation (Vesta) which is endeavoring to redevelop Park Yellowstone, an affordable housing community located in District IV of the Houston Independent School District (HISD).

As the lead of the prospective redevelopment, Vesta will be overseeing a substantial rehabilitation of Park Yellowstone, a 210-unit multi-family community located at 3322 Yellowstone Boulevard. The property, home to nearly 150 children who attend HISD public schools, is now nearly 22 years old and in need of significant capital improvements.

Park Yellowstone is within the attendance zone of Thompson Elementary School, Cullen Middle School and Yates High School. Thompson Elementary School and Yates High School are both exemplary schools. Unfortunately, Cullen Middle School has experienced challenges over the past several years. However, our team led by Area Superintendent Dr. Erick Pruitt has substantial experience turning around campuses such as Cullen Middle School. In fact, the Principal re-assigned to Cullen Middle School several weeks ago was responsible for helping turnaround Yates High School when it was struggling several years ago. The resources of HISD's radical new ACHIEVE 180 Plan, combined with our team's expertise, warrant our expectation that we will see the same turnaround results at Cullen Middle School as we did at Yates High School.

Vesta's proposed investment at Park Yellowstone will go a long way toward reinforcing HISD's investments in the community. Pursuant to the ACHIEVE 180 Plan, HISD is investing nearly \$22 million dollars in underperforming schools, including Cullen Middle School. Resources are being distributed on a so-called "equity basis", benefitting schools such as Cullen Middle School with demonstrative need. HISD's ACHIEVE 180 Plan is a well thought-out design, drawing upon best practices from other, successful school turnaround initiatives.

Moreover, through Cullen's Turnaround Improvement Plan, HISD is investing in professional coaching for all teachers, weekly professional development, extended work days, and supplemental services for families. HISD has created a model for success with high expectations for teachers and students alike. For the first time, teachers at Cullen Middle School are using a digital assessment tools for every student to determine their instructional needs. This data is being used to create lesson plans as well as individualized interventions. Teachers' performance is now measured against various data-driven interventions, outlined in the Turnaround Improvement Plan. Concurrently, the Turnaround Improvement Plan is creating benchmarks for assessing students' progress against quarterly and annual goals. We are already seeing measurable progress and improvement.

In addition to Vesta's expected $8.5 million investment in capital improvements at the property, Vesta and Park Yellowstone will offer on-site childcare services, after-school services and an array of on-site social services for residents through their non-profit partner, Star of Hope. HISD recognizes that these services augment and further HISD's investment in the community.

I firmly believe that stable, quality, affordable housing for our children and their families is essential to our ability to deliver public education. Rehabilitation of this property will help in pursuit of that goal, enabling 150 children better realize the promise of an education. With that in mind, I support Vesta's current application.

Thank you for your consideration in reviewing this letter.

Sincerely,

Grenita Lathan

Grenita F. Lathan, Ph.D.
Chief Academic Officer

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BOARD ACTION REQUEST

MULTIFAMILY FINANCE DIVISION

APRIL 26, 2018

Presentation, discussion, and possible action on a waiver relating to 10 TAC §10.101(b)(8), related to Development Accessibility Requirements for Beckley Townhomes in Dallas

RECOMMENDED ACTION

WHEREAS, pursuant to 10 TAC §10.101(b)(8) of the Uniform Multifamily Rules all developments must comply with visitability requirements as stated therein and design specifications that comply with the Fair Housing Act Design Manual;

WHEREAS, the Department received a request for waiver from an applicant relating to a proposed rehabilitation of Beckley Townhomes (fka Rosemont at Timber Creek), an existing housing tax credit development that received an award in 2001;

WHEREAS, the request seeks a waiver relating to 10 TAC §10.101(b)(8)(B)(ii) regarding an accessible or exempt route from common use facilities to the affected units; 10.101(b)(8)(B)(iii)(I) regarding at least one zero-step, accessible entrance; and 10.101(b)(8)(B)(iii)(II) regarding at least one bathroom or half-bath with toilet and sink on the entry level that complies with the Fair Housing Act Design Manual;

WHEREAS, staff has performed an evaluation of the factors considered and believes the granting of the waiver supports the requirements articulated in 10 TAC §10.207 relating to waivers granted by the Board; and

WHEREAS, the granting of the waiver is specific to the facts and circumstances relating to this pre-determination request and information provided by the applicant; should those change at the time the housing tax credit application is submitted or should the application be submitted in a subsequent program year where there is a change in the Department's accessibility standards, a re-evaluation of the request by the Board may be warranted;

NOW, therefore, it is hereby

RESOLVED, that the waiver relating to the requested items in 10 TAC §10.101(b)(8) of the Uniform Multifamily Rules concerning Development Accessibility Requirements for 59 units at Beckley Townhomes (fka Rosemont at Timber Creek) as specifically stated herein, is hereby granted.

BACKGROUND

The Beckley Townhomes (fka Rosemont at Timber Creek) is an existing housing tax credit ("HTC") property that received a 9% competitive HTC award in 2001 and finished construction in 2003. The property is still active in the Department's portfolio for compliance monitoring.

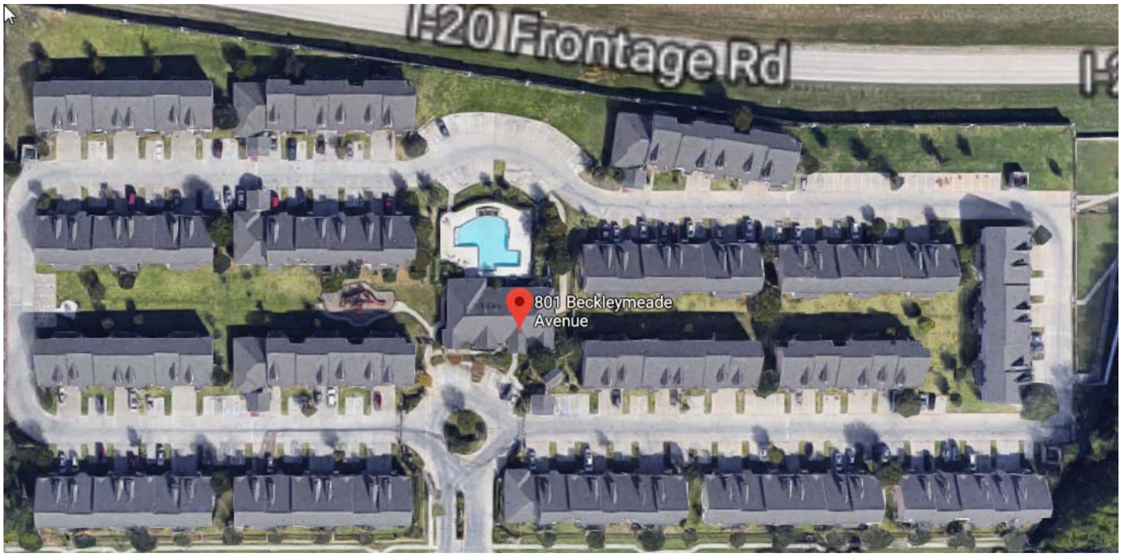
The property consists of 100 units, 95 of which are townhomes and 5 units are flats. When originally awarded the townhome units were exempt under the certain Fair Housing Act Accessibility Guidelines and the five flats were constructed to comply with the Fair Housing Act and accessibility requirements at the time. A new owner is seeking to acquire and rehab the property utilizing the 4% HTC program and has raised concerns, as discussed herein, regarding their ability to comply with the current visitability rules under 10 TAC §10.101(b)(8) in order to renovate the 15-year old property.

The 2018 Uniform Multifamily Rules require all developments to meet specific accessibility and visitability requirements. Specifically, as it relates to making units within a development "visitable," the rules require the following:

> *"(B) Regardless of building type, all Units accessed by the ground floor or by elevator ("affected units") must comply with the visitability requirements in clauses (i) – (iii) of this subparagraph. Design specifications for each item must comply with the standards of the Fair Housing Act Design Manual. Buildings occupied for residential use on or before March 13, 1991 are exempt from this requirement.*
>
> *(i) All common use facilities must be in compliance with the Fair Housing Design Act Manual;*
>
> ***(ii) To the extent required by the Fair Housing Design Act Manual, there must be an accessible or exempt route from common use facilities to the affected units;***
>
> *(iii) Each affected unit must include the features in subclauses (a) – (e) of this clause.*
>
> > ***(I) at least one zero-step, accessible entrance;***
> >
> > ***(II) at least one bathroom or half-bath with toilet and sink on the entry level. The layout of this bathroom or half-bath must comply with one of the specifications set forth in the Fair Housing Act Design Manual;***
> >
> > *(III) the bathroom or half-bath must have the appropriate blocking relative to the toilet for the later installation of a grab bar, if ever requested by the tenant of that Unit;*
> >
> > *(IV) there must be an accessible route from the entrance to the bathroom or half-bath, and the entrance and bathroom must provide usable width; and*
> >
> > *(V) light switches, electrical outlets, and thermostats on the entry level must be at accessible heights."*

The applicant is requesting a waiver (items indicated with bold text above) of the accessible route from the unit to the common use facilities; at least one zero step, accessible entrance; and that the bathroom/half-bath on the entry level comply with the specifications set forth in the Fair Housing Act Design Manual. Each of these items is discussed separately below.

Accessible route from common use facilities: The only sidewalks on the property are located at the clubhouse, pool, and a grilling pad on the west side of the property. The site design, as illustrated below, reflects an intention for vehicular access into each unit through its driveway or the garage.



According to the applicant, in order to comply with the requirement for an accessible route from the common use facilities they would need to provide new sidewalks across the entire site to all 100 units, which they indicated was impossible due to steep grades, existing driveways and the existing parking layout. Although the submitted survey reflected topography concerns that could make this impractical, through additional discussions with the applicant the Individual Building Test under the Fair Housing Act Design Manual was cited as the basis for the impracticality, which accepts as inaccessible "*due to terrain, all ground floor units in which elevation difference between the undisturbed site grade and the proposed finished site grade from arrival points and the planned building entrance is over 10% when measured in a straight line*." Moreover, there are fire lanes that run throughout the development such that parking is only for driveways and garages for both residents and guests, making it a health and safety concern. Of the 95 townhome units, the submitted survey indicated that it would be impractical to provide an accessible route to at least 34 townhome units. In this instance the visitability rule would simply not apply, and no waiver is necessary pursuant to the Fair Housing Act Design Manual. For the remaining 61 units; however, where steep grades are not as problematic and where there are a few parking spaces, the applicant has indicated that there are two townhome units where such accessible path from the unit to the common amenities can be provided. A waiver for the remaining 59 townhome units would be required.

Worth noting as it relates to the accessible path is that 10 TAC Chapter 1, Subchapter B requires there be an accessible route from accessible (not "visitable") units to the common amenities. As previously mentioned there are five flats that the applicant intends to serve as fully accessible units, thus meeting the 5% of total units requirement. Through discussions with the applicant it was noted that their intent was that access to such amenities was provided via vehicular access and that this was contemplated as the access route given the original layout design of the property. Pursuant to Tex. Gov't Code §2306.6722 vehicular access cannot be the only path by which someone can access the common amenities from their unit. The applicant has confirmed that there will be an accessible route from the accessible flat units to the common amenities that complies with the accessibility standards the Department has adopted.

Zero-step accessible entrance: At the entry door of the buildings is a step-up to a concrete stoop with two columns that support a porch canopy as illustrated below.

The applicant has indicated that, due to the height of the step-up (approx 7") in order for someone to gain access to the entry door a ramp would need to run perpendicular to the building which is impossible due to the steep grade change as one moves away from the buildings. As an alternative, it was suggested that one gain access through the inside of the garage; however, there is approximately a 3 inch gain at the interior garage door, combined with the fact that the garage is not wide enough for an accessible parking space and corresponding accessible aisle. Moreover, it was represented that running a ramp parallel to the building would block vehicular access to the garage.

As it relates to the accessible component of this requirement, removal of the columns would be necessary in order to create an accessible turning radius. According to the applicant, removal of the columns would create structural issues in carrying the load above, and even if the columns could be removed the tenant would lose the benefit of a covered entry.

As previously noted this could not be achieved on 34 of the townhome units due to topography and no waiver is required. For 59 of the remaining units, the fact that there is a fire lane running throughout the street of the development, extending a ramp perpendicular to the buildings would not be a viable alternative since there would be no parking space for the ramp to terminate. After examining the site plan in greater detail there are a few actual parking spaces near a pavilion in proximity to two buildings. The applicant confirmed that there are two townhome units within one of the buildings specifically that could be made visitable, with access to the unit obtained via the patio door. To accomplish this, the patio fencing would be removed, the existing patio sliding door would be replaced with an accessible door, and an accessible path would be built from the patio to the accessible parking space.

<u>Layout of ground floor bathroom complies with Fair Housing Act Design Manual:</u> The existing entry door to the ground floor bathroom would have to be resized and the swing flipped such that it swings out into the hallway. Moreover, due to the enlarged door, they would need to remove the existing vanity and install a wall hung sink in its place. Although the applicant has indicated a cost of approximately $133,000 for this, staff is unable to determine how that increased cost would affect financial feasibility. The applicant maintains that since there are not any linen closets on the first floor, removal of the vanity cabinet would eliminate the only storage there is for that bathroom. Staff believes that since a zero-step accessible entrance is not feasible for 93 of the townhome units as previously discussed, then a ground floor bathroom that complies with Fair Housing no longer makes sense. For the two townhome units that will be made visitable, the applicant has confirmed that the aforementioned modifications to the bathroom will be made that complies with the Fair Housing Act Design Manual.

The general process for a waiver granted by the Board, as articulated under 10 TAC §10.207 of the Uniform Multifamily Rules, requires an applicant to demonstrate how, by the granting of the waiver, the Department would better serve its policies and purposes under Tex. Gov't Code §2306. Pursuant to §10.207(1) there are some limitations of existing building structural elements for rehabilitation developments that would make compliance with the rule problematic. These have been discussed herein and staff believes that considering all of the aforementioned facts, and considering that this is an existing HTC property in the Department's portfolio, granting the waiver for the 59 townhome units, related to the visitiability requirements specifically explained herein, fulfills the purposes identified under Tex. Gov't Code §2306.

Staff notes that Board action on this waiver is based on a pre-determination, as requested by the applicant, and that a full HTC application has not yet been submitted. Should an application be submitted and new or different information is presented that conflicts with any of the facts and circumstances noted herein, the waiver granted today may warrant a re-consideration by the Board.

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BOARD ACTION ITEM

MULTIFAMILY FINANCE DIVISION

APRIL 26, 2018

Presentation, discussion, and possible action regarding an appeal under 10 TAC §10.901 et seq. of the Department's Multifamily Program Rules, and disclosures under 10 TAC §10.101(a)(3) related to Applicant Disclosure of Undesirable Neighborhood Characteristics for Sweetbriar Hills Apartments, HTC #18250

RECOMMENDED ACTION

WHEREAS, the appeal relates to Competitive Housing Tax Credit ("HTC") application Sweetbriar Hills Apartments (#18250), which was submitted to the Department by the Full Application Delivery Date;

WHEREAS, pursuant to 10 TAC §10.101(a)(3) of the 2018 Uniform Multifamily Rules related to Undesirable Neighborhood Characteristics, the Application disclosed one such characteristic;

WHEREAS, the Application did not include the Undesirable Neighborhood Characteristics Report ("UNCR") as required by 10 TAC §10.101(a)(3) of the 2018 Uniform Multifamily Rules;

WHEREAS, a notice of termination was provided to the Applicant for failure to meet the requirements of 10 TAC §10.101(a)(3) of the 2018 Uniform Multifamily Rules;

WHEREAS, the Applicant timely filed an appeal;

WHEREAS, the Executive Director denied the appeal;

WHEREAS, staff believes that if the appeal is granted by the Board, the Board will then need to find that the proposed Development Site is eligible despite the presence of the undesirable neighborhood characteristic pursuant to the requirements of requirements of 10 TAC §10.207(a)(2) of 10 TAC §10.101(a)(3); and

WHEREAS, absent the required documentation regarding the undesirable neighborhood characteristic, staff has conducted further review of the proposed Development Site as required by 10 TAC §10.101(a)(3)(A) for Sweetbriar Hills Apartments (#18250) to the best of its ability and prepared a recommendation with respect to the eligibility of the site;

NOW, therefore, it is hereby

RESOLVED, that the appeal is presented to the Board for its consideration and motion.

BACKGROUND

The Application did not include the UNCR and documentation from a school official with oversight of the school in question that indicates current progress towards meeting the goals and performance objectives identified in the Campus Improvement Plan as required by 10 TAC §10.101(a)(3)(C).

Appeal of Application termination under 10 TAC §10.901

The appeal concedes that "[d]ue to an oversight, the Applicant failed to include the Undesirable Neighborhood Characteristics Report," and the report and supporting documentation was included with the appeal. The appeal asserts that "the consequence of termination does not reflect the severity of the omission" because "the Applicant did disclose the undesirable neighborhood characteristic" and "the undesirable neighborhood characteristic itself does not rise to the level of concern that should make this Application ineligible for consideration."

The Application did include a disclosure of the undesirable neighborhood characteristic as required by 10 TAC §10.101(a)(3)(A). However, 10 TAC §10.101(a)(3) also includes the following requirements regarding this undesirable neighborhood characteristic:

- §10.101(a)(3)(B) states that additional information as applicable to the undesirable neighborhood characteristic(s) disclosed as provided in subparagraphs (C) and (D) of this paragraph <u>must be submitted in the Application</u>.
- §10.101(a)(3)(C) requires that should any of the undesirable neighborhood characteristics described in subparagraph (B) of that paragraph exist, the Applicant <u>must</u> submit the UNCR. These materials were not submitted with the Application.
- §10.101(a)(3)(D)(iv), related to evidence of mitigation for schools, requires that mitigation for schools that have not achieved Met Standard <u>will</u> include documentation from a school official with oversight of the school in question that indicates current progress towards meeting the goals and performance objectives identified in the Campus Improvement Plan. On the UNCR form submitted in the appeal documents, the Applicant indicates that this information was submitted with the form. While the Application and appeal documents included a copy of the TEA Accountability Rating Reports and the Campus Improvement Plan, no documentation from a school official was included in the Application or in the appeal documents.

The appeal asserts that the omission should be treated as an Administrative Deficiency. As stated in 10 TAC §10.201(7), the purpose of the Administrative Deficiency process is to allow an Applicant to provide clarification, explanation, or non-material missing information to resolve inconsistencies in the original Application or to assist staff in evaluating the Application. The missing information related to this termination is not "non-material" because the rules very clearly describe the documentation that <u>must</u> be provided when an Applicant discloses an undesirable neighborhood characteristic.

Staff recommends denial of the appeal.

Staff Review of Undesirable Neighborhood Characteristics

Review of the Development Site indicates that the area is predominately rural. The existing Development is west of the city of Jasper and is surrounded by undeveloped land along West Reverend Martin Luther King Jr. Boulevard. To the northeast of the Development is what appears to be a fill dirt operation. Median household income for the census tract is $51,875 which places the census tract in the first quartile. The poverty rate is 11.6%. The subject General population development of 150 units is the Acquisition and Rehabilitation of an existing USDA Rural Development funded property.

Summary of Disclosure: The Development Site is located within the attendance zones of an elementary school, a middle school or a high school that does not have a Met Standard rating by the Texas Education Agency.

Analysis: Children residing at the Development Site attend Jean C. Few Primary School, Parnell Elementary School, Jasper Junior High School, and Jasper High School. Parnell Elementary School does not have a Met Standard rating.

The progress of Parnell Elementary follows:

Parnell Elementary School Index Performance ("MS" = Met Standard, "IR" = Improvement Required)

	Index 1 Score	Index 2 Score	Index 3 Score	Index 4 Score	Rating
2015	64	36	31	21	MS
2016	55	34	28	24	MS
2017	51	36	26	25	IR

The scores indicate a clear decline for the school in each of the past three years under Index 1 related to student achievement, where the target score is 60; fairly level performance under Index 2 related to student progress, where the target score is 32; a clear decline for the school in each of the past three years under Index 3 related to closing performance gaps, where the target score is 28; and clear advancement for the school in each of the past three years under Index 4 related to postsecondary readiness, where the target score is 12.

The Application included the 2017-2018 Campus Improvement Plan ("CIP") for Parnell Elementary School, approved by the Jasper Independent School District Board on October 9, 2017. Per the attached CIP:

"Demographics Summary

- Parnell Elementary currently serves 373 students from 4th and 5th grade, as of August 28, 2017. The campus enrollment has steadily decreased over the past 15 years. The ethnic breakdown for the campus is 45.33% African American, 33.33% White, 17.33% Hispanic, 2.40% Two-or-More races.
- The campus is made up of 73.60% Economically Disadvantaged students, and 72.80% considered At-Risk. With such high numbers, the campus also has 67.20% participation in free lunch.
- Campus staffing consists of 30 teachers and reflects experienced teachers with the majority having more than 6 years of service in education.

Demographics Strengths

Parnell Elementary has a diverse population with a low mobility rate. The attendance rate for the 2016-17 school year was 95.54%. Due to the high number of low socioeconomic students, our campus receives Title 1 funds which are used for Reading and Math Labs. These labs allow for teachers to work with our struggling learners.

Problem Statements Identifying Demographics Needs

Problem Statement 1: The campus economically disadvantages percentage has increased while staff reflects a more middle class mindset. **Root Cause**: Even with training to address students living in poverty, teachers remain tied to middle class management of students.

Student Academic Achievement Summary

- Parnell Elementary received a rating of Improvement Required for the 2017-18 school year, based on STAAR data from 2016-17. For Index 1, the campus received a rating of Improvement Required and 51% of the students passed their STAAR test. Index 2 which measures student progress, the campus Met Standard and received 36 points. Index 3 measures closing the performance gaps between certain sub-populations; the campus was rated Improvement Required, and received 26 points. For the final index, Index 4, the campus Met Standard and received 25 points. Student progress was a focus campus wide this past school year, with a plus 10 initiative, focused on each student growing 10 points on various assessments throughout the year.

- This school year, there have been changes to the Master Schedule as well as an adjustment to the Response to Intervention for struggling students. In the 4th grade, Reading and ELA were split, and allows for teachers to place a bigger focus on ELA this school year. The Master Schedule still incorporates Bulldog Time, and allows a specific time for intense instruction focused on students needs.

  Student achievement on the STAAR

STAAR - GRADES 4-5	2015	2016	2017	2017 State Avg	2017 Region Avg
4th Math	58%	39%	54%	75%	67%
4th Reading	54%	45%	49%	70%	65%
4th Writing	56%	46%	39%	63%	59%
5th Math	74%	71%	65%	86%	80%
5th Reading	74%	69%	60%	81%	76%
5th Science	54%	56%	41%	73%	67%

- 2017 State System Safeguards: Reading for All, African American, Economically Disadvantaged and Special Education student groups. Math for African American, Economically Disadvantaged and Special Education student groups. Writing for All, African American, Hispanic, White and Economically Disadvantaged student groups. Science for All, African American, Hispanic and Economically Disadvantaged student groups.

Student Academic Achievement Strengths

- Based on STAAR data for the school year 2016-17, the data shows a strength in 5th grade Math and a 15% increase in scores for 4th grade Math. 4th grade Reading also showed a slight increase over the previous school year.

Problem Statements Identifying Student Academic Achievement Needs

- **Problem Statement 1**: 4th grade Writing scores have decreased over the last three years and is down to a 39% pass rate on the 2017 STAAR Writing. **Root Cause**: The campus has not had a viable curriculum source and training on STAAR Writing.

- **Problem Statement 2**: The teacher turnover rate of 26.5% is high. **Root Cause**: District serves as a stepping stone to gain experience for larger cities that offer greater salaries and opportunities.
- **Problem Statement 3**: Steady decline in STAAR scores across content areas **Root Cause**: Gaps have increased for some students that have not progressed with their peers."

The PIC includes five goals with performance objectives for Parnell Elementary. In the UNCR submitted with the appeal, the Applicant checked a box on the form indicating that the UNCR included information from a school official that speaks to progress made under the plan, but the UNCR did not include such information.

☑ Assessment of school performance for each of the schools in the attendance zone containing the Development that did not achieve the Met Standard rating, for the previous two academic years, that includes the TEA Accountability Rating Report, a discussion of performance indicators and what progress has been made over the prior year, and the campus improvement plan in effect. If there is an update to the plan that shows progress made under the plan, provide the update. If no update is available, provide information from a school official that speaks to progress made under the plan as indicated in 10 TAC §10.101(a)(3)(D)(iv); and

Staff Recommendation: Pursuant to §10.101(a)(3), in order to be considered as an eligible Site despite the presence of such undesirable neighborhood characteristic, an Applicant must demonstrate actions being taken that would lead a reader to conclude that there is a high probability and reasonable expectation the undesirable characteristic will be sufficiently mitigated or significantly improved within a reasonable time, typically prior to placement in service, and that the undesirable characteristic demonstrates a positive trend and continued improvement.

Based on information included in the PIC, the school has experienced a general decline in student performance that has resulted in an Improvement Required rating for the school. Staff has reviewed the UNCR submitted with the appeal and has found that, since the Applicant has failed to provide information from a school official that speaks to progress made under the plan, the Applicant has not demonstrated actions being taken that would lead a reader to conclude that there is a high probability and reasonable expectation the undesirable characteristic will be sufficiently mitigated or significantly improved within a reasonable time.

Staff recommends that the Board find the Development Site ineligible.

Termination Letter

THE STATE OF TEXAS

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

March 15, 2018

Writer's direct phone # (512) 475-1676
Email: marni.holloway@tdhca.state.tx.us

Mr. Murray Calhoun
MAC-RE, LLC
3224 26th Street
Metairie, LA 70002

RE: TERMINATION OF 2018 COMPETITIVE HOUSING TAX CREDIT APPLICATION 18250 SWEETBRIAR HILLS APARTMENTS

Dear Mr. Calhoun:

The Texas Department of Housing and Community Affairs ("the Department") is in receipt of the application submission indicated above. The Application discloses that the Development Site is located within the attendance zones of an elementary school that does not have a Met Standard rating by the Texas Education Agency. 10 TAC §10.101(3), related to Undesirable Neighborhood Characteristics, requires that should any of the undesirable neighborhood characteristics described in subparagraph (B) of that paragraph exist, the Applicant must submit the Undesirable Neighborhood Characteristics Report that contains the information described in clauses (i) - (viii) of subparagraph (C), and mitigation pursuant to subparagraph (D) of that paragraph. Information in the Undesirable Neighborhood Characteristics Report may be considered by staff for purposes of mitigation of the characteristics, and staff may conduct a further Development Site and neighborhood review. However, the Application did not include the required Undesirable Neighborhood Characteristics Report required by 10 TAC §10.101(3)(C). Accordingly, the Application was materially deficient as of the application deadline, and is therefore terminated subject to your ability to appeal this decision as described, below.

An appeal process exists for the Housing Tax Credit Program. The restrictions and requirements related to the filing of an appeal can be found in 10 TAC §902 of the 2018 Uniform Multifamily Rules, Subchapter C. Should you choose to appeal this decision to the Executive Director, you must file your appeal, in writing, with the Department not later than seven (7) calendar days after the date of this letter. If you are not satisfied with the decision of the Executive Director or if the Executive Director does not respond, you may file a further appeal with the Board of Directors of the Texas Department of Housing and Community Affairs. Please review §10.902 of the 2018 Uniform Multifamily Rules for full instructions on the appeals process.

If you have any questions or concerns, please contact me at 512-475-1676 or by email at marni.holloway@tdhca.state.tx.us.

Sincerely,

Marni Holloway
Director of Multifamily Finance

Appeal Documents

Locke Lord LLP
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

March 22, 2018

Via Electronic Mail

Mr. Tim Irvine, Executive Director
Texas Department of Housing and Community Affairs
221 West 11th Street
Austin, Texas 78701

Re: 18250 Sweetbriar Hills Apartments (the "**Development**")

Dear Mr. Irvine:

We represent Jasper Affordable Housing, L.P. ("**Applicant**"), which has applied for housing tax credits for the Development referenced above. This letter responds to the termination notice issued March 15, 2018 in which Application was terminated for a finding that the Application 9 was materially deficient under § 10.101(3)(C) of the Uniform Multifamily Rules (the "**Rules**").

Background Information

The Development is in the attendance zone of four different schools. One of the schools, Parnell Elementary School, had a TEA accountability rating of "Improvement Required" for 2017, after having "Met Standard" ratings for the years 2014-2016. Parnell Elementary serves only grades 4-5. In 2017, it missed the threshold score on the TEA rating system for Index 1 – Student Achievement and Index 3 – Closing Performance Gaps. It exceeded the threshold score for Index 2 – Student Progress and Index 4 – Postsecondary Readiness.

The other three schools in the Development's attendance zone achieved "Met Standard" accountability ratings for 2017.

The Rules

The applicable portions of § 10.101(3) of the Rules provide:

(A) If the Development Site has any of the characteristics described in subparagraph (B) of this paragraph, the Applicant must disclose the presence of such characteristics in the Application submitted to the Department.

(B)(iv) The Development Site is located within the attendance zones of an elementary school, a middle school or a high school that does not have a Met Standard rating by the Texas Education Agency.

(C) Should any of the undesirable neighborhood characteristics describe din subparagraph (B) of this paragraph exist, the Applicant must submit the Undesirable Neighborhood Characteristics Report that contains the information described in clauses (i)-(viii) of this subparagraph and mitigation pursuant to subparagraph (D) of this paragraph as such information might be considered to pertain to the undesirable neighborhood characteristic(s) disclosed so that staff may conduct a further Development Site and neighborhood review.

The Application Submission

The Applicant complied with § 10.101(3)(A) and (B)(iv) of the Rules, by disclosing that Parnell Elementary School had an "Improvement Required" rating for 2017. This disclosure was provided in:

- Development Owner Certification (attached as Exhibit A)
- Tab 8 of the Application (attached as Exhibit B)
- Copies of the applicable TEA Accountability Rating Reports, attached behind Tab 8 (also attached as Exhibit B)

Due to an oversight, the Applicant failed to include the Undesirable Neighborhood Characteristics Report. A full copy of that report is attached as Exhibit C. The report includes three pages of cover information; a copy of the Campus Improvement Plan for Parnell Elementary School; TEA accountability ratings for Parnell Elementary for 2014-2017, showing it "Met Standard" in 2014-2016 and had "Improvement Required" in 2017; and TEA accountability ratings for the other three schools in the attendance zone, showing all "Met Standard" from 2014-2017.

Appeal of Termination

Termination is Not Mandatory. § 10.101(3)(A) of the Rules states "Should staff determine that the Development Site has any of the characteristics described in subparagraph (B) of this paragraph and such characteristics were not disclosed, the Application may be subject to termination." In this instance, the consequence of termination does not reflect the severity of the omission. First of all, the Applicant did disclose the undesirable neighborhood characteristic in multiple places in the Application. Secondly, the undesirable neighborhood characteristic itself does not rise to the level of concern that should make this Application ineligible for consideration. Clearly, the schools serving this Development have been performing adequately, and even earning distinctions, over the past four years. There is one anomaly in the ratings for one school for one year, for two grades – fourth and fifth. This is a school where 73.6% of the students are economically disadvantaged. The changes in the school are not catastrophic, as evidenced by the changes in score from 2016 to 2017 in the four key categories:

	2016 Score	2017 Score
Index 1 – Student Achievement	55	51
Index 2 – Student Progress	34	36
Index 3 – Closing Performance Gaps	28	26
Index 4 – Postsecondary Readiness	24	25

This is not a neighborhood rife with issues of blight, crime, or poverty. It would not even require a site visit by staff. The materials that were omitted by the Applicant reinforce this notion Thus, the Application should not be terminated for an omission of this magnitude.

Omission Should be Treated as an Administrative Deficiency. The termination notice from the Executive Director states that the Application was "materially deficient" but does not identify how the omission of the Undesirable Neighborhood Characteristic Report fits within the definition of a Material Deficiency. A Material Deficiency is defined by cross-reference to the definition of Administrative Deficiency. Specifically, a Material Deficiency is defined in § 10.3(78) as:

> Any deficiency in an Application or other documentation that exceeds the scope of an Administrative Deficiency.

Thus, it is essential to understand the definition of an Administrative Deficiency in order to understand the scope of a Material Deficiency. The full definition of “Administrative Deficiency” is attached as Exhibit D. Focusing on key provisions of the definition, an Application has an Administrative Deficiency when information is needed to “clarify or explain one or more inconsistencies,” including an “explanation which will not necessitate a substantial reassessment or re-evaluation of the Application.”

If something falls within the definition of an Administrative Deficiency, it cannot be considered a Material Deficiency. Here, the Applicant had an inconsistency in its Application in that it disclosed an undesirable neighborhood characteristic and included certain materials that were part of the Undesirable Neighborhood Characteristic Report. However, a portion of the report was omitted. Submitting the report within the five business day Administrative Deficiency period would not necessitate a substantial reassessment or re-evaluation of the Application. Indeed, as described above, one school having a performance issue in one year for two grades, when all of the other school data is acceptable cannot be considered a material problem in this neighborhood or a material impediment to allowing this Application to proceed. Thus, the exclusion of the report falls within the definition of an Administrative Deficiency, cure should be permitted, and it should not result in termination of the Application.

Request for Approval on Appeal of Termination

With the above information, we respectfully request that you reinstate the Application from termination and should the staff require additional information, request an Administrative Deficiency, allowing the Application to continue through the review process. We appreciate your consideration of this presentation. Thank you very much.

Sincerely,

Cynthia L Bast

Cynthia L. Bast

cc: Murray Calhoun
Arx Advantage, LLC

Exhibit A Development Owner Certification
Exhibit B Tab 8 of the Application and applicable TEA Accountability Rating Reports
Exhibit C Undesirable Neighborhood Characteristics Report
Exhibit D Definition of "Administrative Deficiency"

Exhibit A
Development Owner Certification

Development Owner Certification, Acknowledgement and Consent

All defined terms used in this certification and not specifically defined herein have the meanings ascribed to them in Chapter 2306 of the Tex. Gov't Code, §42 of the Internal Revenue Code, and §10.3 of the Uniform Multifamily Rules.

The undersigned, in each and all of the following capacities in which it may serve or exist -- Applicant, Development Owner, Developer, Guarantor of any obligation of the Applicant, and/or Principal of the Applicant and hereafter referred to as "Applicant" or "Development Owner," whether serving in one or more such capacities, is hereby submitting its Application to the Department for consideration of Department funding.

Applicant hereby represents, warrants, acknowledges and certifies to the Department and to the State of Texas that:

The Development will adhere to the Texas Property Code relating to security devices and other applicable requirements for residential tenancies, and will adhere to local building codes or, if no local building codes are in place, then to the most recent version of the International Building Code.

This Application and all materials submitted to the Department constitute records of the Department subject to Tex. Gov't Code, Chapter 552. This includes all Third Party reports, which will be posted in their entirety on the Department's website, as they constitute a part of the Application. The Application is in compliance with all requirements related to the eligibility of an Applicant, Application and Development as further defined in 10 TAC §§10.101 and 10.202 of the Uniform Multifamily Rules. Any issues of non-compliance have been disclosed.

All representations, undertakings and commitments made by Applicant in the Application process for Development assistance expressly constitute conditions to any Commitment, Determination Notice, Carryover Allocation, or Direct Loan Commitment for such Development which the Department may issue or award, and the violation of any such condition shall be sufficient cause for the cancellation and rescission of such Commitment, Determination Notice, Carryover Allocation, or Direct Loan Award Letter, Commitment or Contract by the Department. To the extent allowed under Tex. Gov't Code §2306.6720, if any such representations, undertakings and commitments concern or relate to the ongoing features or operation of the Development, they shall each and all be enforceable even if not reflected in the Land Use Restriction Agreement. All such representations, undertakings and commitments are also enforceable by the Department and the tenants of the Development, including enforcement by administrative penalties for failure to perform, in accordance with the Land Use Restriction Agreement.

When providing a Pre-Application, Application or other materials to a state representative, local governmental body, Neighborhood Organization, or anyone else to secure support or approval that may affect the Applicant's competitive posture, an Applicant must disclose that in accordance with the Department's rules the aspects of the Development may not have been determined or selected or may be subject to change, such as changes in the amenities ultimately selected and provided.

The Development Owner is and will remain in compliance with state and federal laws, including but not limited to, fair housing laws, including Chapter 301, Property Code, Title VIII of the Civil Rights Act of 1968 (42 U.S.C. §§3601 et seq.), the Fair Housing Amendments Act of 1988 (42 U.S.C. §§3601 et seq.), the Civil Rights Act of 1964 (42 U.S.C. §§2000a et seq.), the Americans with Disabilities Act of 1990 (42 U.S.C. §§12101 et seq.), the Rehabilitation Act of 1973 (29 U.S.C. §§701 et seq.), Fair Housing Accessibility, the Texas Fair Housing Act; and the Development is designed consistent with the Fair Housing Act Design Manual produced by HUD, and the Texas Accessibility Standards. (§2306.257; §2306.6705(7))

The Development Owner has read and understands the Department's fair housing educational materials posted on the Department's website as of the beginning of the Application Acceptance Period.

All Applications proposing Rehabilitation (including Reconstruction) will be treated as substantial alteration, in accordance with 10 TAC Chapter 1, Subchapter B.

The Development Owner will establish a reserve account consistent with Tex. Gov't Code §2306.186, and as further described in §10.404 of the Uniform Multifamily Rules, relating to Replacement Reserve Account requirements.

The Development will operate in accordance with the applicable compliance monitoring requirements found in Chapter 10, Subchapter F.

The Development Owner agrees to implement a plan to use Historically Underutilized Businesses (HUB) in the development process consistent with the Historically Underutilized Business Guidelines for contracting with the State of Texas. The Development Owner will be required to submit a report of the success of the plan as part of the cost certification documentation, in order to receive IRS Forms 8609 or, if the Development does not have Housing Tax Credits, release of retainage.

The Applicant will attempt to ensure that at least 30% of the construction and management businesses with which the Applicant contracts in connection with the Development are Minority Owned Businesses as further described in Tex. Gov't Code §2306.6734.

The Development Owner will specifically market to veterans through direct marketing or contracts with veteran's organizations. The Development Owner will be required to identify how they will specifically market to veterans and report to the Department in the annual housing report on the results of the marketing efforts to veterans. Exceptions to this requirement must be approved by the Department.

Accessibility Requirements

The Development Owner understands that in accordance with Section 504 of the Rehabilitation Act of 1973 and implemented at 24 C.F.R. Part 8, if the Development includes the New Construction or substantial rehabilitation of multifamily units (4 or more units per building), at least five percent (5%) of all dwelling units will be designed and built to be accessible for persons with mobility impairments. A unit that is on an accessible route and is adaptable and otherwise compliant with the 2010 ADA Standards with the exceptions listed in "Nondiscrimination on the Basis of Disability in Federally Assisted Programs and Activities" (Federal Register 79 FR 29671) meets this requirement. In addition, at least two percent (2%) of all dwelling units will be designed and built to be accessible for persons with hearing or vision impairments.

The Development Owner understands that regardless of building type, all Units accessed by the ground floor or by elevator ("affected units") must meet the requirements at 10 TAC §10.101(b)(8)(B)..

The Development Owner certifies that all accessible Units under 10 TAC Chapter 1, Subchapter B, will be dispersed throughout the Development.

The Development Owner certifies that representations made in the Architect Certification are true and correct, and understands that the Department evaluation of architectural drawings may not include an assessment of accessibility. The Development Owner is responsible for any modifications necessary to meet accessibility requirements identified at the final construction inspection.

Unused Credit or Penalty Fee (*select one box as applicable*)

☐ The Applicant returned a full credit allocation after the Carryover Allocation deadline required for that allocation and is subject to the Unused Credit or Penalty Fee pursuant to §10.901(17) of the Uniform Multifamily Rules.

☑ The Applicant certifies that no disclosure regarding §10.901(17) of the Uniform Multifamily Rules is necessary.

Termination of Relationship in an Affordable Housing Transaction *(select one box as applicable)*

☐ The Applicant has disclosed, in the Application, any Principal or any entity or Person in the Development ownership structure who was or is involved as a Principal in any other affordable housing transaction that has terminated, voluntarily or involuntarily, within the past 10 years or plans to or is negotiating to terminate their relationship with any other affordable housing development. The disclosure identified the person or persons and development involved, the identity of each other development and contact information for the other Principals of each such development, a narrative description of the facts and circumstances of the termination or proposed termination, and any appropriate supporting documents. The Applicant has read and understands §10.202(1)(M) of the Uniform Multifamily Rules related to such disclosure.

☑ The Applicant certifies that no disclosure regarding §10.202(1)(M) of the Uniform Multifamily Rules is necessary.

The Applicant certifies that, for any Development proposing New Construction or Reconstruction and located within the one-hundred (100) year floodplain as identified by the Federal Emergency Management Agency (FEMA) Flood Insurance Rate Maps, the Development Site will be developed in full compliance with the National Flood Protection Act and all applicable federal and state statutory and regulatory requirements so that all finished ground floor elevations are at least one foot above the floodplain and parking and drive areas are no lower than six inches below the floodplain, subject to more stringent local requirements. The Applicant certifies that, floodplain maps will be used and the Development Site will comply with regulations as they exist at the time of commencement of construction. Applicant further certifies that, for any Development proposing Rehabilitation (excluding Reconstruction) that is not a HUD or TRDO-USDA assisted property, the Development Site is not located in the one-hundred year floodplain unless the existing structures already meet the requirements for New Construction or Reconstruction, as certified to by a Third Party engineer, or unless the state or local government has undertaken and can substantiate sufficient mitigation efforts and such documentation is submitted in the Application.

Undesirable Site Features (*select one of the boxes as applicable)*

☑ The Development **is not** located in an area with undesirable site features as further described in §10.101(a)(2) of the Uniform Multifamily Rules.

☐ The proposed Development is Rehabilitation (excluding Reconstruction) with ongoing and existing federal assistance from HUD, USDA, or Veterans Affairs ("VA") and an exemption was requested prior to the filing of an Application or is being requested with the Application in accordance with §10.101(a)(2) of the Uniform Multifamily Rules.

☐ The proposed Development is Historic Preservation pursuant to §11.9(e)(6) of the QAP, is located in an area with an undesirable site feature and an exemption was requested prior to the filing of an Application or is being requested with the Application.

☐ The proposed Development is New Construction, is located in an area with an undesirable site feature and a copy of the local ordinance that regulates the proximity of such feature to a multifamily development is included in the Application.

☐ The proposed Development **is** located in an area with an undesirable site feature and mitigation to be considered by staff and the Board is included in the Application.

Undesirable Neighborhood Characteristics *(select one of the main boxes as applicable)*

☐ The Development Owner certifies that the Development **is not** located in an area with any of the undesirable neighborhood characteristics described in §10.101(a)(3) of the Uniform Multifamily Rules and that no disclosure is necessary;

☑ The Development Owner certifies that the Development **is** located in an area with the following undesirable neighborhood characteristic(s) and the Undesirable Neighborhood Characteristics Report is submitted with the Application (select all that apply):

- ☐ in a census tract with a poverty rate above 40% for individuals (or 55% for Developments in regions 11 and 13);
- ☐ in a census tract or within 1,000 feet of any census tract in an Urban Area and the rate of Part I violent crimes is greater than 18 per 1,000 persons (annually) as reported on neighborhoodscout.com;

☐ is located within 1,000 feet of a blighted or abandoned area as further described in §10.101(a)(3)(B)(iii) of the Uniform Multifamily Rules;

☑ is located in the attendance zones of an elementary, middle, or high school that does not have a 2017 Met Standard rating by the Texas Education Agency, unless the Development Site is subject to an Elderly Limitation.

The Development will include all of the mandatory Development amenities required in §10.101(b)(4) of the Uniform Multifamily Rules at no charge to all tenants (market rate and low-income) and written notice of such amenities will be provided to the tenants.

The Development will satisfy the minimum point threshold for common amenities as further described in §10.101(b)(5) of the Uniform Multifamily Rules. These amenities must be for the benefit of all tenants (market rate and low-income), meet accessibility standards, be sized appropriately to serve the proposed Target Population, be made available throughout normal business hours, and be maintained throughout the Affordability Period. The tenant must be provided written notice of the amenity elections made by the Development Owner.

The Development will meet the minimum size of Units as further described §10.101(b)(6)(A) of the Uniform Multifamily Rules.

The Development (excluding competitive Housing Tax Credit Applications) will include enough unit and development construction features to meet the minimum number of points as further described in §10.101(b)(6)(B) of the Uniform Multifamily Rules.

The Development (excluding competitive Housing Tax Credit Applications) will include enough tenant services, at no charge to the tenants, be accessible to all (market rate and low-income), and maintained throughout the Affordability Period, to meet the required minimum number of points as further described in §10.101(b)(7) of the Uniform Multifamily Rules, and offered in accordance with §10.619 of the Uniform Multifamily Rules. The tenant must be provided written notice of the elections made by the Development Owner.

If the Applicant is applying for Multifamily Direct Loan funds and the Development consists of New Construction, the Applicant further certifies that the Development meets the Construction Site Standards in 24 C.F.R §983.57(e).

If the Development has an existing LURA with the Department, the Development Owner will comply with the existing restrictions.

The Development Owner will comply with any and all notices required by the Department.

None of the criteria in subparagraphs (A) – (M) of §10.202(1) of the Uniform Multifamily Rules, related to ineligible Applicants, applies to those identified on the organizational chart for the Applicant, Developer and Guarantor.

The individual whose name is subscribed hereto, in his or her individual capacity, on behalf of Applicant, and in all other related capacities described above, as applicable, expressly represents, warrants, and certifies that all information contained in this certification and in the Application, including any and all supplements, additions, clarifications, or other materials or information submitted to the Department in connection therewith as required or deemed necessary by the materials governing the multifamily funding programs are true and correct and the Applicant has undergone sufficient investigation to affirm the validity of the statements made. Further, the Applicant hereby expressly represents, warrants, acknowledges and certifies that the individual whose name is subscribed hereto has read and understands all the information contained in this form of the Application.

By signing this document, the undersigned, in their individual capacity, on behalf of Applicant, whether formed or to be formed, and in all other related capacities described above, is affirming under penalty of Chapter 37 of the Texas Penal Code titled Perjury and Other Falsification, and subject to criminal penalties as defined by Tex. Penal Code §§37.01 et seq., and subject to any and all other state or federal laws regarding the making of false statements to governmental bodies or the providing of false information in connection with the procurement of allocations or awards, that the Application and all materials relating thereto constitute government documents and that the Application and all materials relating thereto are true, correct, and complete in all material respects.

By: ______________________________

Signature

Murray A. Calhoun

Printed Name

Manager

Title

2/8/18

Date

THE STATE OF Louisiana §

§

COUNTY OF Jefferson Parish §

Before me, a notary public, on this day personally appeared Murray A. Calhoun, known to me to be the person whose name is subscribed to the foregoing document and, being by me first duly sworn, declared and certified that the statements therein contained are true and correct.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 8th day of February, 2018

(Seal)

Paul A. Eckert
Notary Public
Notary ID No. 05265
Jefferson Parish, Louisiana

Paul A. Eckert

Notary Public Signature

Exhibit B
Tab 8 of the Application and
applicable TEA Accountability Rating Reports

Tab 8

Supporting Documentation for the Site Information Form Part I

- *Street Map with Site Drawn and Identified*
- *Census Tract Map with Site Identified*
- *Twice the State Average Resolution*
- *One Mile Three Year Resolution*
- *HTC Units per total Household Resolution*
- *Evidence of Zoning*
- *Evidence of Flood Zone Designation*
- *Educational Quality*
    - *School Attendance Verification*
    - *TEA Accountability Ratings*

Supporting Documentation for the Site Information Form Part I

- [X] **Street Map with Site Drawn and Identified**
- [X] **Census Tract Map with Development Site Identified**
  https://factfinder.census.gov/faces/nav/jsf/pages/searchresults.xhtml?refresh=t
- [x] **Twice the State Average of Units Per Capita Resolution**

  A Resolution must be attached to complete this item if Item 3 on Tab 7 is not checked.

- [n/a] **One Mile Three Year Resolution or evidence of other exception**
- [n/a] **Housing Tax Credit Units per Total Household Resolution**
- [X] **Evidence of Zoning and/or Evidence of Re-Zoning Process**
- [X] **Evidence of Flood Zone Designation**
- [ ] **Educational Quality (all Applications)**
  - [X] **School Attendance Zone Map with Development labeled;**
  - [X] **2017 TEA accountability information for each school; and**
  - [X] **UNCR if a school in the attendance zone has not achieved Met Standard for three consecutive years and has failed by at least one point in the most recent year.**
- [NA] **For Tax-Exempt Bond Applications the resolution of no objection to satisfy requirements of §10.204(4) of the Uniform Multifamily Rules is included**
- [NA] **For Tax-Exempt Bond Applications the resolution of no objection to satisfy requirements of §10.204(4) of the Uniform Multifamily Rules is not included and will be provided under separate cover no later than 14 days prior to the Board meeting selected in Tab 1b**

Evidence of correct attendance zones - bps

From: adams, donna g
Sent: Thursday, February 15, 2018 1:32 PM
To: 'Mark H. Meyer'
Subject: RE: School Attendance Zones

Yes this is correct.

Donna Adams
Transportation Supervisor
204 Bulldog Avenue
Jasper, Texas 75951
409-384-2252

From: Mark H. Meyer [mailto:mark@arxadvantage.com]
Sent: Thursday, February 15, 2018 1:13 PM
To: adams, donna g <dgadams@jasperisd.net>
Cc: Justin Meyer (justin@arxadvantage.com) <justin@arxadvantage.com>
Subject: School Attendance Zones

To Donna Adams,

My name is Mark Meyer with Arx Advantage and I represent the proposed Sweetbriar Hills Apartments in their application to the State of Texas for their 2018 tax credit application.

I need to verify that school age children living at 668 W Martin Luther King Blvd, Jasper, TX 75951 would attend the following schools:

PreK-3 would attend Jean C Few Primary School
4-5 would attend Parnell Elementary School
6-8 would attend Jasper Junior High School
9-12 would attend Jasper High School

Thank You,

Mark Meyer

Arx Advantage
Development Analyst
1305 Dusky Thrush Trail, Austin, TX, 78746
(979) 324-0445 (M)
(512) 857-8227 (F)
Mark@ArxAdvantage.com

TEXAS EDUCATION AGENCY
2017 Accountability Summary
JEAN C FEW PRI (121904105) - JASPER ISD

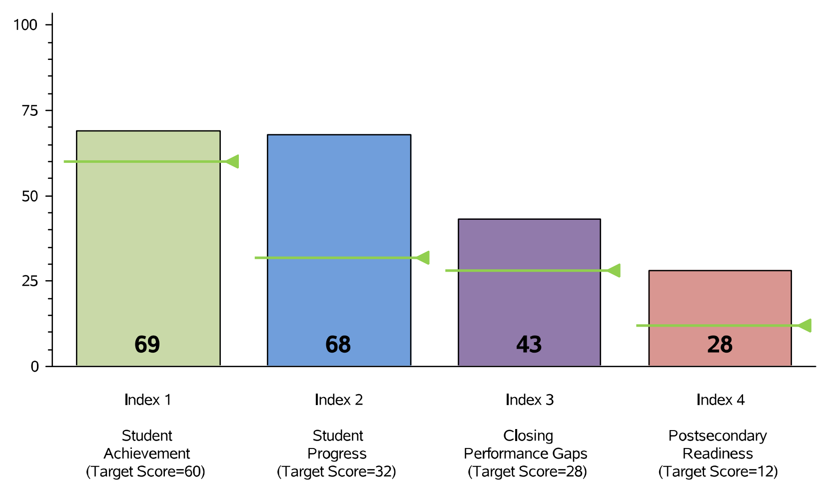
Accountability Rating

Met Standard

Met Standards on	Did Not Meet Standards on
- Student Achievement	- NONE
- Student Progress	
- Closing Performance Gaps	
- Postsecondary Readiness	

In 2017, to receive a Met Standard or Met Alternative Standard rating, districts and campuses must meet targets on three indexes: Index 1 **or** Index 2 **and** Index 3 **and** Index 4.

Performance Index Report



Performance Index Summary

Index	Points Earned	Maximum Points	Index Score
1 - Student Achievement	240	346	69
2 - Student Progress	405	600	68
3 - Closing Performance Gaps	520	1,200	43
4 - Postsecondary Readiness			
STAAR Score	28.3		
Graduation Rate Score	N/A		
Graduation Plan Score	N/A		
Postsecondary Component Score	N/A		28

Distinction Designation

Academic Achievement in ELA/Reading	NO DISTINCTION EARNED
Academic Achievement in Mathematics	DISTINCTION EARNED
Academic Achievement in Science	NOT ELIGIBLE
Academic Achievement in Social Studies	NOT ELIGIBLE
Top 25 Percent Student Progress	DISTINCTION EARNED
Top 25 Percent Closing Performance Gaps	NO DISTINCTION EARNED
Postsecondary Readiness	NO DISTINCTION EARNED

Campus Demographics

Campus Type	Elementary
Campus Size	825 Students
Grade Span	EE - 03
Percent Economically Disadvantaged	85.2
Percent English Language Learners	11.4
Mobility Rate	13.9
Percent Served by Special Education	7.3
Percent Enrolled in an Early College High School Program	0.0

System Safeguards

Number and Percentage of Indicators Met

Performance Rates	9 out of 10 = 90%
Participation Rates	10 out of 10 = 100%
Graduation Rates	N/A
Total	**19 out of 20 = 95%**

For further information about this report, please see the Performance Reporting website at https://rptsvr1.tea.texas.gov/perfreport/account/2017/index.html

TEXAS EDUCATION AGENCY
2017 Accountability Summary
PARNELL EL (121904103) - JASPER ISD

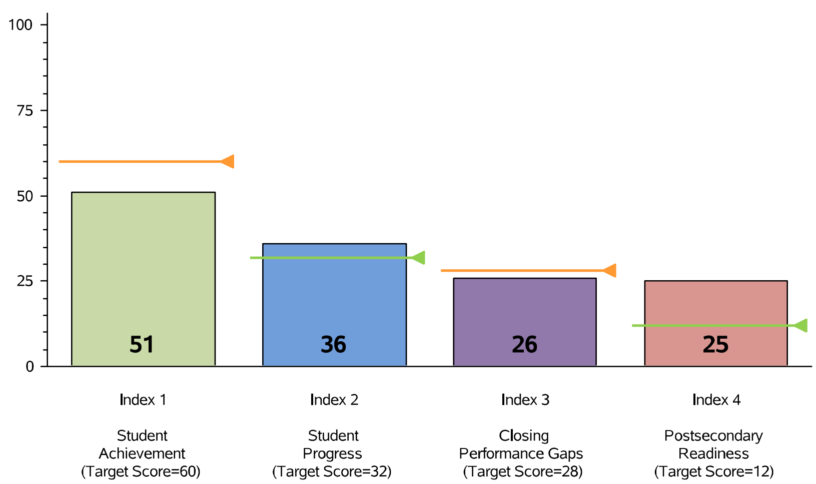
Accountability Rating

Improvement Required

Met Standards on	Did Not Meet Standards on
- Student Progress	- Student Achievement
- Postsecondary Readiness	- Closing Performance Gaps

In 2017, to receive a Met Standard or Met Alternative Standard rating, districts and campuses must meet targets on three indexes: Index 1 **or** Index 2 **and** Index 3 **and** Index 4.

Performance Index Report



Performance Index Summary

Index	Points Earned	Maximum Points	Index Score
1 - Student Achievement	541	1,055	51
2 - Student Progress	431	1,200	36
3 - Closing Performance Gaps	612	2,400	26
4 - Postsecondary Readiness			
STAAR Score	25.3		
Graduation Rate Score	N/A		
Graduation Plan Score	N/A		
Postsecondary Component Score	N/A		25

Distinction Designation

Academic Achievement in ELA/Reading
NO DISTINCTION EARNED

Academic Achievement in Mathematics
NO DISTINCTION EARNED

Academic Achievement in Science
NO DISTINCTION EARNED

Academic Achievement in Social Studies
NOT ELIGIBLE

Top 25 Percent Student Progress
NO DISTINCTION EARNED

Top 25 Percent Closing Performance Gaps
NO DISTINCTION EARNED

Postsecondary Readiness
NO DISTINCTION EARNED

Campus Demographics

Campus Type	Elementary
Campus Size	375 Students
Grade Span	04 - 05
Percent Economically Disadvantaged	73.6
Percent English Language Learners	11.5
Mobility Rate	11.6
Percent Served by Special Education	12.3
Percent Enrolled in an Early College High School Program	0.0

System Safeguards

Number and Percentage of Indicators Met

Performance Rates	8 out of 24 = 33%
Participation Rates	14 out of 14 = 100%
Graduation Rates	N/A
Total	**22 out of 38 = 58%**

For further information about this report, please see the Performance Reporting website at https://rptsvr1.tea.texas.gov/perfreport/account/2017/index.html

TEXAS EDUCATION AGENCY
2017 Accountability Summary
JASPER J H (121904043) - JASPER ISD

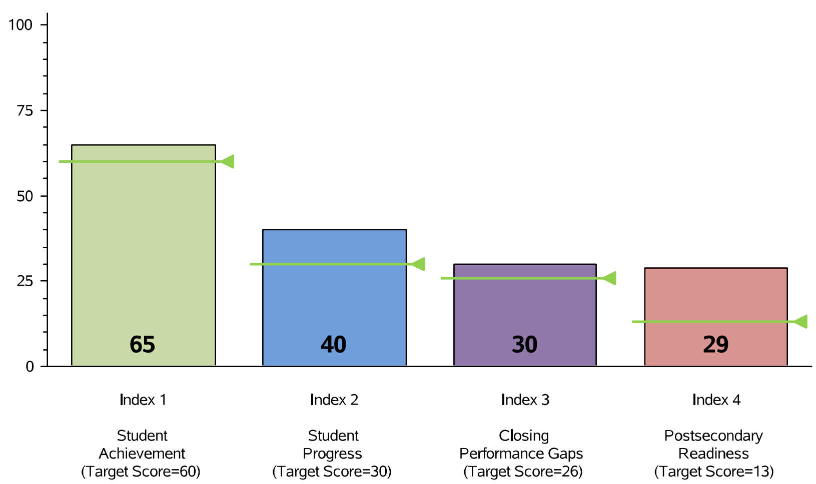
Accountability Rating

Met Standard

Met Standards on	Did Not Meet Standards on
- Student Achievement	- NONE
- Student Progress	
- Closing Performance Gaps	
- Postsecondary Readiness	

In 2017, to receive a Met Standard or Met Alternative Standard rating, districts and campuses must meet targets on three indexes: Index 1 **or** Index 2 **and** Index 3 **and** Index 4.

Performance Index Report



Performance Index Summary

Index	Points Earned	Maximum Points	Index Score
1 - Student Achievement	1,020	1,568	65
2 - Student Progress	561	1,400	40
3 - Closing Performance Gaps	914	3,000	30
4 - Postsecondary Readiness			
STAAR Score	28.5		
Graduation Rate Score	N/A		
Graduation Plan Score	N/A		
Postsecondary Component Score	N/A		29

Distinction Designation

Academic Achievement in ELA/Reading	NO DISTINCTION EARNED
Academic Achievement in Mathematics	DISTINCTION EARNED
Academic Achievement in Science	DISTINCTION EARNED
Academic Achievement in Social Studies	NO DISTINCTION EARNED
Top 25 Percent Student Progress	DISTINCTION EARNED
Top 25 Percent Closing Performance Gaps	NO DISTINCTION EARNED
Postsecondary Readiness	NO DISTINCTION EARNED

Campus Demographics

Campus Type	Middle School
Campus Size	558 Students
Grade Span	06 - 08
Percent Economically Disadvantaged	73.5
Percent English Language Learners	7.3
Mobility Rate	14.3
Percent Served by Special Education	11.6
Percent Enrolled in an Early College High School Program	0.0

System Safeguards

Number and Percentage of Indicators Met

Performance Rates	14 out of 29 = 48%
Participation Rates	14 out of 14 = 100%
Graduation Rates	N/A
Total	**28 out of 43 = 65%**

For further information about this report, please see the Performance Reporting website at https://rptsvr1.tea.texas.gov/perfreport/account/2017/index.html

TEXAS EDUCATION AGENCY
2017 Accountability Summary
JASPER H S (121904001) - JASPER ISD

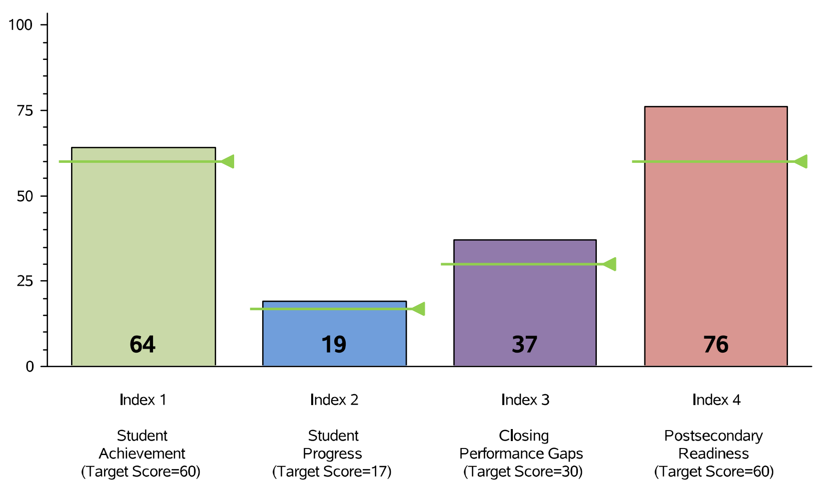
Accountability Rating

Met Standard

Met Standards on	Did Not Meet Standards on
- Student Achievement	- NONE
- Student Progress	
- Closing Performance Gaps	
- Postsecondary Readiness	

In 2017, to receive a Met Standard or Met Alternative Standard rating, districts and campuses must meet targets on three indexes: Index 1 **or** Index 2 **and** Index 3 **and** Index 4.

Performance Index Report



Performance Index Summary

Index	Points Earned	Maximum Points	Index Score
1 - Student Achievement	697	1,092	64
2 - Student Progress	187	1,000	19
3 - Closing Performance Gaps	887	2,400	37
4 - Postsecondary Readiness			
STAAR Score	10.3		
Graduation Rate Score	23.7		
Graduation Plan Score	19.5		
Postsecondary Component Score	22.2		76

Distinction Designation

Academic Achievement in ELA/Reading	DISTINCTION EARNED
Academic Achievement in Mathematics	NO DISTINCTION EARNED
Academic Achievement in Science	NO DISTINCTION EARNED
Academic Achievement in Social Studies	NO DISTINCTION EARNED
Top 25 Percent Student Progress	NO DISTINCTION EARNED
Top 25 Percent Closing Performance Gaps	NO DISTINCTION EARNED
Postsecondary Readiness	NO DISTINCTION EARNED

Campus Demographics

Campus Type	High School
Campus Size	697 Students
Grade Span	09 - 12
Percent Economically Disadvantaged	63.1
Percent English Language Learners	3.2
Mobility Rate	13.0
Percent Served by Special Education	13.5
Percent Enrolled in an Early College High School Program	0.0

System Safeguards

Number and Percentage of Indicators Met

Performance Rates	14 out of 24 = 58%
Participation Rates	12 out of 12 = 100%
Graduation Rates	4 out of 4 = 100%
Total	**30 out of 40 = 75%**

For further information about this report, please see the Performance Reporting website at https://rptsvr1.tea.texas.gov/perfreport/account/2017/index.html

Exhibit C

Undesirable Neighborhood Characteristics Report

Undesirable Neighborhood Characteristics Report ("UNCR") Packet

The purpose of the packet is to formalize the process in which Undesirable Neighborhood Characteristics are disclosed and the UNCR is submitted pursuant to 10 TAC §10.101(a)(3) of the Uniform Multifamily Rules. The packet may be submitted at pre-application (if applicable per 10 TAC §11.8(b) relating to Pre-Application Requirements) or at Application. Applicants who wish to submit a request for pre-determination prior to pre-application or Application are advised to review 10 TAC §10.101(a)(3) for additional guidance. Termination due to an Applicant's own non-disclosure is not appealable as such appeal is in direct conflict with certifications made in the Application and within the control of the Applicant.

My Development Site includes the following Undesirable Neighborhood Characteristic(s) *(Check all that apply)*:

☐ Development Site is located in a census tract has poverty rate above 40% for individuals (or 55% for Developments in regions 11 and 13).

☐ Development Site is located in a census tract or within 1,000 ft. of any census tract in an Urban Area and the rate of Part I violent crime is greater than 18 per 1,000 persons annually as reported on https://www.neighborhoodscout.com/.

☐ Development Site is located within 1,000 ft. (measured from nearest boundary of the Site to the nearest boundary of blighted structure) of multiple vacant structures that have fallen into such significant disrepair, overgrowth, and/or vandalism that they would commonly be regarded as blighted or abandoned.

☑ Development Site is located within the attendance zones of an elementary school, a middle school, or a high school that does not have a Met Standard rating by the Texas Education Agency, based on the 2017 Accountability Ratings.

Provide any comments or additional information in the box below, if applicable.

The Elementary School did not have a MET standard rating for 2017; however, it did have a MET standard rating the previous three years (2014, 2015, and 2016).

Undesirable Neighborhood Characteristics Report:

I have submitted information for the items listed below, as such information might be considered to pertain to the Undesirable Neighborhood Characteristic disclosed, pursuant to 10 TAC §10.101(a)(3)(C) of the Uniform Multifamily Rules. Such information is included behind this page.

☐ Determination regarding neighborhood boundaries;

☐ Assessment of general land use in the neighborhood;

☐ Assessment concerning any of the features of the Undesirable Site Features present in the neighborhood, regardless of whether they are within the specified distances referenced in 10 TAC §10.101(a)(2);

☐ Assessment of the number of existing affordable rental units in the Primary Market Area (PMA), including comment on concentration based on the size of the PMA;

☐ Assessment of the percentage of households residing in the census tract that have household incomes equal to or greater than the median household income for the MSA or county where the Development site is located;

☐ Assessment of the number of market rate multifamily units in the neighborhood and their current rents and levels of occupancy;

☑ Assessment of school performance for each of the schools in the attendance zone containing the Development that did not achieve the Met Standard rating, for the previous two academic years, that includes the TEA Accountability Rating Report, a discussion of performance indicators and what progress has been made over the prior year, and the campus improvement plan in effect. If there is an update to the plan that shows progress made under the plan, provide the update. If no update is available, provide information from a school official that speaks to progress made under the plan as indicated in 10 TAC §10.101(a)(3)(D)(iv); and

☐ Additional information, if requested by the Department.

Provide any comments or additional information in the box below, if applicable.

We have provided the previous three years TEA summary reports for not only the elementary school in question but for the other schools in the attendance zone. The elementary school in question only provides for the 4th-5th grades. All other grades MET standard and also received distinctions which should carry more weight with the majority of the schools in the attendance zone meeting the required measures and the elementary school only having missing the MET standard for the year 2017.

Mitigation of the Undesirable Neighborhood Characteristic(s):

☐ I have provided information regarding mitigation of the above-mentioned Undesirable Neighborhood Characteristics, as applicable, pursuant to 10 TAC §10.101(a)(3)(D) of the Uniform Multifamily Rules and such information is included behind this page.

Waiver of the Undesirable Neighborhood Characteristic(s):

☐ I am requesting a waiver of the presence of the above-mentioned Undesirable Neighborhood Characteristics, as applicable, pursuant to 10 TAC §10.101(a)(3)(E) of the Uniform Multifamily Rules, on the basis that the Development is necessary to enable the state, a participating jurisdiction, or an entitlement community to comply with its obligation to affirmatively further fair housing, a HUD approved Conciliation Agreement, or a final and non-appealable court order. Documentation to that effect is included herein with the disclosure and waiver request.

Department Contacts:

9% HTC Applications: Sharon.Gamble@TDHCA.state.tx.us (9% Program Administrator)

4% HTC and Tax-Exempt Bond Applications: Teresa.Morales@TDHCA.state.tx.us (Multifamily Manager)

Direct Loan Only Applications: Andrew.Sinnott@TDHCA.state.tx.us (Multifamily Loan Programs Manager)

How to Submit the UNCR Packet:

- Email the UNCR Packet to the appropriate contact person (file size may not be greater than 4MB). Ensure that the packet was received;

Or

- Upload if a Serv-U Account has been set-up for the pre-application or Application and notify the appropriate contact person of the upload (refer to the Multifamily Programs Procedures Manual posted at http://www.tdhca.state.tx.us/multifamily/apply-for-funds.htm for an explanation of the process to set-up a Serv-U Account if needed);

Or

- Include the UNCR Packet behind tab 2 of the Uniform Multifamily Application.

Jasper Independent School District

Parnell Elementary School

2017-2018 Campus Improvement Plan

Accountability Rating: Improvement Required

Board Approval Date: October 9, 2017

Mission Statement

The Mission of Parnell Elementary is to provide an excellent education for all students.

Vision

The Vision of Parnell Elementary, in partnership with parents, and the community, is to educate with compassion and dedication so that every child can be successful.

Table of Contents

Comprehensive Needs Assessment

Demographics

Demographics Summary

Parnell Elementary School was opened on September 1, 1955 and named for J.F. Parnell, the Superintendent of Schools for over 43 years. Parnell Elementary currently serves 373 students from 4th and 5th grade, as of August 28, 2017. The campus enrollment has steadily decreased over the past 15 years. The ethnic breakdown for the campus is 45.33% African American, 33.33% White, 17.33% Hispanic, 2.40% Two-or-More races.

The campus is made up of 73.60% Economically Disadvantaged students, and 72.80% considered At-Risk. With such high numbers, the campus also has 67.20% participation in free lunch.

Campus staffing consists of 30 teachers and reflects experienced teachers with the majority having more than 6 years of service in education.

Demographics Strengths

Parnell Elementary has a diverse population with a low mobility rate. The attendance rate for the 2016-17 school year was 95.54%. Due to the high number of low socioeconomic students, our campus receives Title 1 funds which are used for Reading and Math Labs. These labs allow for teachers to work with our struggling learners.

Problem Statements Identifying Demographics Needs

Problem Statement 1: The campus economically disadvantages percentage has increased while staff reflects a more middle class mindset. **Root Cause**: Even with training to address students living in poverty, teachers remain tied to middle class management of students.

Student Academic Achievement

Student Academic Achievement Summary

Parnell Elementary uses DMAC data software that enables teachers to view assessment data for all of their students. Teachers are able to use the data to drive instruction by looking at an item analysis, the different sub-populations and making instructional adjustments.

Parnell Elementary received a rating of Improvement Required for the 2017-18 school year, based on STAAR data from 2016-17. For Index 1, the campus received a rating of Improvement Required and 51% of the students passed their STAAR test. Index 2 which measures student progress, the campus Met Standard and received 36 points. Index 3 measures closing the performance gaps between certain sub-populations; the campus was rated Improvement Required, and received 26 points. For the final index, Index 4, the campus Met Standard and received 25 points. Student progress was a focus campus wide this past school year, with a plus 10 initiative, focused on each student growing 10 points on various assessments throughout the year.

This school year, there have been changes to the Master Schedule as well as an adjustment to the Response to Intervention for struggling students. In the 4th grade, Reading and ELA were split, and allows for teachers to place a bigger focus on ELA this school year. The Master Schedule still incorporates Bulldog Time, and allows a specific time for intense instruction focused on students needs.

STAAR - GRADES 4-5	2015	2016	2017	2017 State Avg	2017 Region Avg
4th Math	58%	39%	54%	75%	67%
4th Reading	54%	45%	49%	70%	65%
4th Writing	56%	46%	39%	63%	59%
5th Math	74%	71%	65%	86%	80%
5th Reading	74%	69%	60%	81%	76%
5th Science	54%	56%	41%	73%	67%

2017 State System Safeguards: Reading for All, African American, Economically Disadvantaged and Special Education student groups. Math for African American, Economically Disadvantaged and Special Education student groups. Writing for All, African American, Hispanic, White and Economically Disadvantaged student groups. Science for All, African American, Hispanic and Economically Disadvantaged student groups.

Student Academic Achievement Strengths

Based on STAAR data for the school year 2016-17, the data shows a strength in 5th grade Math and a 15% increase in scores for 4th grade Math. 4th grade Reading also showed a slight increase over the previous school year.

Problem Statements Identifying Student Academic Achievement Needs

Problem Statement 1: 4th grade Writing scores have decreased over the last three years and is down to a 39% pass rate on the 2017 STAAR Writing. **Root Cause**: The campus has not had a viable curriculum source and training on STAAR Writing.

Problem Statement 2: The teacher turnover rate of 26.5% is high. **Root Cause**: District serves as a stepping stone to gain experience for larger cities that offer greater salaries and opportunities.

Problem Statement 3: Steady decline in STAAR scores across content areas **Root Cause**: Gaps have increased for some students that have not progressed with their peers

School Processes & Programs

School Processes & Programs Summary

Parnell Elementary utilizes the TEKS Resource System (TRS) to outline the curricular foundation. The TEKS Resource System offers many different tools that teachers can access to help align instruction to the state standards. TRS provides a vertical alignment document and a year-at-a-glance document. These documents allow teachers to outline their curriculum for the entire year, and also provides a source that keeps track of the TEKS that should be taught during the school year, as well as previous school years. At the conclusion of each assessment, teachers disseminate the data and make necessary adjustments to the curriculum.

Core team members have been established to help support each content area of Reading, Math, Science, English Language Arts and Social Studies. This allows support for each teacher from their colleagues.

School Processes & Programs Strengths

Core content teachers receive ELPS training, as well as seeking certification to support the English Language Learners.

Parnell offers all new teachers a content and culture mentor.

Problem Statements Identifying School Processes & Programs Needs

Problem Statement 1: Parnell Elementary lacks collaboration amongst content teachers. **Root Cause**: Master Schedule has not provided a structured time for content teachers to meet.

Problem Statement 2: Parnell Elementary lacks a viable universal screener and progress monitoring tool. **Root Cause**: STAAR scores across the content areas have decreased at various points over the last three years.

Perceptions

Perceptions Summary

Parnell Elementary communicates the belief that all students can learn and provides a safe learning environment. Campus aesthetics are focus despite the age of the building. Students participate in the survey to reflect their perceptions of the campus. D.A.R.E. is offered to all 5th grade students to help build a relationship with local law enforcement as well as provide training and information on drug awareness.

Parnell Elementary has a parent organization called PRIDE that assist with student and staff recognition. Parents and community members are involved in the decision making process through participation of the campus improvement planning. Communication tools such as Facebook, campus website and weekly newsletters keep parents abreast of campus events and important information. During the Spring, a survey is given to parents to provide information about parent and community perception of the campus. We also receive anonymous community donations to assist with student supply needs.

Campus events range from informational sessions to fundraisers like Fall Carnival. The students participate in field trips and field day; as well as an Outdoor Day and 4th grade Historical Wax Museum.

Perceptions Strengths

Multiple communication tools to showcase students and staff.

School-wide PBIS program to assist in rewarding students, building relationships and emphasizing a positive school culture.

Majority of students feel like they have a safe learning environment where they are able to express themselves.

Problem Statements Identifying Perceptions Needs

Problem Statement 1: School-wide discipline management has not been implemented with fidelity **Root Cause**: Within the past 7 years, the school has experienced leadership change each year.

Comprehensive Needs Assessment Data Documentation

The following data were used to verify the comprehensive needs assessment analysis:

Improvement Planning Data

- District goals
- Campus goals
- Current and/or prior year(s) campus and/or district improvement plans
- Campus and/or district planning and decision making committee(s) meeting data
- State and federal planning requirements

Accountability Data

- Texas Academic Performance Report (TAPR) data
- Performance Index Framework Data: Index 1 - Student Achievement
- Performance Index Framework Data: Index 2 - Student Progress
- Performance Index Framework Data: Index 3 - Closing Performance Gaps
- Performance Index Framework Data: Index 4 - Postsecondary Readiness
- System Safeguards and Texas Accountability Intervention System (TAIS) data
- PBMAS data

Student Data: Assessments

- State of Texas Assessments of Academic Readiness (STAAR) current and longitudinal results, including all versions
- Student Success Initiative (SSI) data for Grades 5 and 8
- Local diagnostic reading assessment data
- Local diagnostic math assessment data
- Local benchmark or common assessments data
- Student failure and/or retention rates

Student Data: Student Groups

- Race and ethnicity data, including number of students, academic achievement, discipline, attendance, and rates of progress between groups
- Number of students assigned to each special program, including analysis of academic achievement, race, ethnicity, gender, etc.
- Economically Disadvantaged / Non-economically disadvantaged performance and participation data
- Male / Female performance and participation data
- Special education population, including performance, discipline, attendance, and mobility
- At-Risk population, including performance, discipline, attendance, and mobility
- ELL or LEP data, including academic achievement, support and accommodation needs, race, ethnicity, gender, etc.
- Gifted and talented data
- Dyslexia Data

- Response to Intervention (RtI) student achievement data

Student Data: Behavior and Other Indicators

- Attendance data
- Discipline records
- Student surveys and/or other feedback

Employee Data

- Professional learning communities (PLC) data
- Staff surveys and/or other feedback
- Highly qualified staff data
- Teacher/Student Ratio
- Campus leadership data
- Campus department and/or faculty meeting discussions and data
- PDAS and/or T-TESS

Parent/Community Data

- Parent surveys and/or other feedback
- Community surveys and/or other feedback

Support Systems and Other Data

- Processes and procedures for teaching and learning, including program implementation
- Communications data
- Budgets/entitlements and expenditures data

Goals

Goal 1: Jasper ISD will increase Academic Achievement and Performance growth of all students through technology and use of relevant data to adjust instruction and ensure that students are college and/or career ready.

Performance Objective 1: Parnell Elementary will show an increase of 21% on the 2018 Writing STAAR

Evaluation Data Source(s) 1: Walkthroughs, Lesson Plans, CBA Data

Summative Evaluation 1:

Strategy Description	Title I	Monitor	Strategy's Expected Result/Impact	Reviews			
				Formative			Summative
				Nov	Jan	Mar	June
System Safeguard Strategy **PBMAS** 1) The Writing Academy in Kemah, TX, September 28-29, 2017. Editing and Revising in Kemah, TX, October 5-6, 2017.	1, 3, 4, 9	Principal	We will show an increase of 21% on the 2018 STAAR				
	Problem Statements: Student Academic Achievement 1 Funding Sources: State Compensatory Education - $2,819.72						
2) Establish Professional Learning Communities to provide time within the master schedule for collaboration amongst teachers and time to disseminate data and align instruction.	4, 8, 9	Administrators	Teachers will be able to collaborate while receiving support from Administration.				
	Problem Statements: Student Academic Achievement 3						
= Accomplished = Continue/Modify = Considerable = Some Progress = No Progress = Discontinue							

Performance Objective 1 Problem Statements:

Student Academic Achievement
Problem Statement 1: 4th grade Writing scores have decreased over the last three years and is down to a 39% pass rate on the 2017 STAAR Writing. **Root Cause 1**: The campus has not had a viable curriculum source and training on STAAR Writing.
Problem Statement 3: Steady decline in STAAR scores across content areas **Root Cause 3**: Gaps have increased for some students that have not progressed with their peers

Goal 1: Jasper ISD will increase Academic Achievement and Performance growth of all students through technology and use of relevant data to adjust instruction and ensure that students are college and/or career ready.

Performance Objective 2: Parnell Elementary will show an increase of 10% for all students on the 2018 Math STAAR

Evaluation Data Source(s) 2: Lesson Plans; Walkthroughs, CBA Data

Summative Evaluation 2:

Strategy Description	Title I	Monitor	Strategy's Expected Result/Impact	Reviews			
				Formative			Summative
				Nov	Jan	Mar	June
System Safeguard Strategy 1) Provide push-in intervention support for Tier 2 and Tier 3 students	1, 3, 8, 9	Title 1 Lab Teacher, Administrators	Increased academic performance in Math for African American, Economically Disadvantaged and Special Education sub-populations.				
	Funding Sources: Title I - $0.00						
2) Provide Professional Learning Communities across the grade level and content areas. Teachers will spend 45 minutes a week to discuss data, examine assessments, diagram TEKS, as well as discuss lesson plans to align instruction.	4, 8	Administrators	Provide a common time for teachers to discuss lesson plans, assessments and data analysis				
	Problem Statements: School Processes & Programs 1						
3) Implement RtI guidelines to target at-risk and struggling students in Math	1, 8, 9	Teachers, Title 1 Lab Teachers, Counselor, Administrators	Increased academic achievement for students who are struggling to intervene in a timely manner.				
PBMAS 4) Special Education, 504 and Dyslexia Coordination days for teachers to ensure that students are receiving modifications and accommodations as outlined in their IEPs. 100% of instructional staff will participate	9, 10	Campus Special Education Coordinator	Teachers will meet with the Special Education department Coordinator to discuss student needs and supports.				
5) 100% of Math instructional staff will utilize Think Through Math	3, 9	Math Teachers	Students will use Think Through Math as a progress monitoring tool to assist in increasing student achievement.				
	Problem Statements: School Processes & Programs 2						

= Accomplished = Continue/Modify = Considerable = Some Progress = No Progress = Discontinue

Performance Objective 2 Problem Statements:

School Processes & Programs
Problem Statement 1: Parnell Elementary lacks collaboration amongst content teachers. **Root Cause 1**: Master Schedule has not provided a structured time for content teachers to meet.

Problem Statement 2: Parnell Elementary lacks a viable universal screener and progress monitoring tool. **Root Cause 2**: STAAR scores across the content areas have decreased at various points over the last three years.

Goal 1: Jasper ISD will increase Academic Achievement and Performance growth of all students through technology and use of relevant data to adjust instruction and ensure that students are college and/or career ready.

Performance Objective 3: Parnell Elementary will show an increase of 10% for all students on the 2018 Reading STAAR

Evaluation Data Source(s) 3: Walkthroughs, Lesson Plans, CBA Data

Summative Evaluation 3:

Strategy Description	Title I	Monitor	Strategy's Expected Result/Impact	Reviews			
				Formative			Summative
				Nov	Jan	Mar	June
System Safeguard Strategy 1) Provide push-in intervention support for Tier 2 and Tier 3 students	1, 3, 8, 9	Title 1 Lab Teacher, Administrators	Increased academic performance in Reading for All students including African American, Economically Disadvantaged and Special Education sub-populations.				
2) Provide Professional Learning Communities across the grade level and content areas. Teachers will spend 45 minutes a week to discuss data, examine assessments, diagram TEKS, as well as discuss lesson plans to align instruction.	4, 8	Administrators	Provide a common time for teachers to discuss lesson plans, assessments and data analysis				
	Problem Statements: School Processes & Programs 1						
3) Implement RtI guidelines to target at-risk and struggling students in Reading	1, 8, 9	Teachers, Title 1 Lab Teachers, Counselor, Administrators	Increased academic achievement for students who are struggling to intervene in a timely manner				
PBMAS 4) Special Education, 504 and Dyslexia Coordination days for teachers to ensure that students are receiving modifications and accommodations as outlined in their IEPs. 100% of instructional staff will participate	9, 10	Campus Special Education Coordinator	Teachers will meet with the Special Education department Coordinator to discuss student needs and supports.				
5) 100% of Reading teachers will utilize Achieve 3000	1, 9	Reading Teachers	Students will receive specific content instruction based on their lexile levels. This is also a progress monitoring tool to address gaps in student achievement.				
	Problem Statements: School Processes & Programs 2						

= Accomplished = Continue/Modify = Considerable = Some Progress = No Progress = Discontinue

Performance Objective 3 Problem Statements:

School Processes & Programs
Problem Statement 1: Parnell Elementary lacks collaboration amongst content teachers. **Root Cause 1**: Master Schedule has not provided a structured time for content teachers to meet.

Problem Statement 2: Parnell Elementary lacks a viable universal screener and progress monitoring tool. **Root Cause 2**: STAAR scores across the content areas have decreased at various points over the last three years.

Goal 1: Jasper ISD will increase Academic Achievement and Performance growth of all students through technology and use of relevant data to adjust instruction and ensure that students are college and/or career ready.

Performance Objective 4: Parnell Elementary will show an increase of 10% for all students on the 2018 Science STAAR

Evaluation Data Source(s) 4: Walkthroughs, Lesson Plans, CBA Data

Summative Evaluation 4:

Strategy Description	Title I	Monitor	Strategy's Expected Result/Impact	Reviews			
				Formative			Summative
				Nov	Jan	Mar	June
1) Provide Professional Learning Communities across the grade level and content areas. Teachers will spend 45 minutes a week to discuss data, examine assessments, diagram TEKS, as well as discuss lesson plans to align instruction.	4, 8	Administrators	Provide a common time for teachers to discuss lesson plans, assessments and data analysis				
	Problem Statements: School Processes & Programs 1						
PBMAS 2) Special Education, 504 and Dyslexia Coordination days for teachers to ensure that students are receiving modifications and accommodations as outlined in their IEPs. 100% of instructional staff will participate	9, 10	Campus Special Education Coordinator	Teachers will meet with the Special Education department Coordinator to discuss student needs and supports.				
System Safeguard Strategy 3) One Science teacher will attend CAST	3, 4, 9	Administrator	The Science teacher will gain a deeper knowledge of the content and strategies to incorporate to raise student achievement in Science.				

= Accomplished = Continue/Modify = Considerable = Some Progress = No Progress = Discontinue

Performance Objective 4 Problem Statements:

School Processes & Programs
Problem Statement 1: Parnell Elementary lacks collaboration amongst content teachers. **Root Cause 1**: Master Schedule has not provided a structured time for content teachers to meet.

Goal 1: Jasper ISD will increase Academic Achievement and Performance growth of all students through technology and use of relevant data to adjust instruction and ensure that students are college and/or career ready.

Performance Objective 5: 100% of all instructional staff will be trained in instructing the ECD sub-population by May 2018.

Evaluation Data Source(s) 5:

Summative Evaluation 5:

Strategy Description	Title I	Monitor	Strategy's Expected Result/Impact	Reviews			
				Formative			Summative
				Nov	Jan	Mar	June
1) Rebels with Applause training from Grace Dearborn	1, 3, 4, 9	Principal	Instructional staff starts to have an understanding of how to motivate the economically disadvantaged sub-population of students. Paid for by the district				
	Problem Statements: Demographics 1						
2) Seek training through local service center-ESC 5	1, 3, 4, 9	Principal	Instructional staff will receive targeted strategies to motivate economically disadvantaged students to be successful.				
	Problem Statements: Demographics 1						

= Accomplished = Continue/Modify = Considerable = Some Progress = No Progress = Discontinue

Performance Objective 5 Problem Statements:

Demographics
Problem Statement 1: The campus economically disadvantages percentage has increased while staff reflects a more middle class mindset. **Root Cause 1**: Even with training to address students living in poverty, teachers remain tied to middle class management of students.

Goal 2: Jasper ISD will meet or exceed the state attendance rate at all grade levels and will meet the state expectation of a minimum dropout rate of 5% or less in grades 7-12.

Performance Objective 1: Increase attendance by 3% for the 2017-18 school year

Evaluation Data Source(s) 1: Yearly ADA

Summative Evaluation 1:

Strategy Description	Title I	Monitor	Strategy's Expected Result/Impact	Reviews			
				Formative			Summative
				Nov	Jan	Mar	June
1) 100% of all homeroom teachers will call the parents of students who are absent for 2 consecutive school days.	1, 2	Teachers, Attendance Clerk, Assistant Principal, Principal	Staff will speak with parents to determine if there is an ongoing health issue and support the student while absent.				
2) Perfect Attendance spirit sticks will be awarded to students who miss fewer than 1 day each six weeks.	1, 2	Attendance Clerk, Principal	Reward students who are striving to attend school, by giving them something tangible.				
3) Homeroom teachers will display a letter for everyday their homeroom class has perfect attendance. Once P-E-R-F-E-C-T A-T-T-E-N-D-A-N-C-E is spelled out the class will get to wear hats and the teachers will be allowed to wear jeans.	1, 2	Teacher	Staff will monitor student absences and try to make sure that students are present daily.				

= Accomplished = Continue/Modify = Considerable = Some Progress = No Progress = Discontinue

Goal 2: Jasper ISD will meet or exceed the state attendance rate at all grade levels and will meet the state expectation of a minimum dropout rate of 5% or less in grades 7-12.

Performance Objective 2: Parnell Elementary will target students with prior year absences of greater than 9 to create a plan for reducing their absences by 1/3.

Evaluation Data Source(s) 2: PEIMS Data (prior and current); Attendance Meeting notes; Intervention Plans

Summative Evaluation 2:

Strategy Description	Title I	Monitor	Strategy's Expected Result/Impact	Reviews			
				Formative			Summative
				Nov	Jan	Mar	June
1) Administrators will identify and meet with students and parents of students who had more than 9 absences during the 2016-17 school year to develop a plan to improve their attendance by at least one third.		Assistant Principal, Principal	Increase overall attendance for those who had the most absences the previous school year.				

= Accomplished = Continue/Modify = Considerable = Some Progress = No Progress = Discontinue

Goal 3: Jasper ISD will provide a positive, safe, and orderly school environment in which students can learn and teachers can educate in facilities that are conductive to learning.

Performance Objective 1: Parnell Elementary will implement programs to ensure student safety and provide an environment conducive to learning.

Evaluation Data Source(s) 1: D.A.R.E booklets

Summative Evaluation 1:

Strategy Description	Title I	Monitor	Strategy's Expected Result/Impact	Reviews			
				Formative			Summative
				Nov	Jan	Mar	June
1) D.A.R.E. classes will be offered to all 5th grade students for a 10 week period.	1, 2	Counselor, Officer Bienvenu	Students will learn about issues such as making wise choices, peer mediation and conflict resolution.				
2) Complete all required emergency drills as outlined by the TEC and Texas School Safety Center		Assistant Principal	Each drill be conducted and documentation kept to ensure that students and staff know the procedures to help ensure safety.				

= Accomplished = Continue/Modify = Considerable = Some Progress = No Progress = Discontinue

Goal 3: Jasper ISD will provide a positive, safe, and orderly school environment in which students can learn and teachers can educate in facilities that are conductive to learning.

Performance Objective 2: Decrease PEIM reported discipline by 20%

Evaluation Data Source(s) 2: PEIMS data

Summative Evaluation 2:

Strategy Description	Title I	Monitor	Strategy's Expected Result/Impact	Reviews			
				Formative			Summative
				Nov	Jan	Mar	June
PBMAS 1) Implementation of campus wide PBIS	1, 2, 4	Assistant Principal	Creation of multi-tiered system of support for student behavior.				
	Problem Statements: Perceptions 1						
PBMAS 2) Creation of Level of Offenses by teachers to be used in classroom management system.	1, 2	Teachers	Referrals sent to the office will reflect major categories only and minor issues will be dealt within the classroom.				
	Problem Statements: Perceptions 1						
PBMAS 3) Implementation of SWIS to track disciplinary actions throughout the school year.	1, 2	Assistant Principal, Principal	Administration will be able to track major infractions to create a plan that targets specific locations of the campus as well as time of the school day.				
	Problem Statements: Perceptions 1						

= Accomplished = Continue/Modify = Considerable = Some Progress = No Progress = Discontinue

Performance Objective 2 Problem Statements:

Perceptions
Problem Statement 1: School-wide discipline management has not been implemented with fidelity **Root Cause 1**: Within the past 7 years, the school has experienced leadership change each year.

Goal 3: Jasper ISD will provide a positive, safe, and orderly school environment in which students can learn and teachers can educate in facilities that are conductive to learning.

Performance Objective 3: Parnell will complete all required emergency drills as outlined by the TEC and Texas School Safety Center.

Evaluation Data Source(s) 3: Preparedness Drill Tracking Form

Summative Evaluation 3:

Strategy Description	Title I	Monitor	Strategy's Expected Result/Impact	Reviews			
				Formative			Summative
				Nov	Jan	Mar	June
1) Create a drill schedule	1	Assistant Principal	Drills will be conducted monthly to ensure strategies are in place for any situation requiring student safety.				

= Accomplished = Continue/Modify = Considerable = Some Progress = No Progress = Discontinue

Goal 4: Jasper ISD will increase parent, community, and business involvement in the educational process of children.

Performance Objective 1: Increase communication between school and parents

Evaluation Data Source(s) 1: Newsletters, Sign-in sheets

Summative Evaluation 1:

Strategy Description	Title I	Monitor	Strategy's Expected Result/Impact	Reviews			
				Formative			Summative
				Nov	Jan	Mar	June
1) Parnell will use district website, Facebook, School Messenger and Remind 101 to communicate news, events, and items of interest to parents and students.	1, 2, 9	Parent Liaison, Principal	Parents will be informed of key information to stay abreast of what is going on at Parnell				
= Accomplished = Continue/Modify = Considerable = Some Progress = No Progress = Discontinue							

Goal 4: Jasper ISD will increase parent, community, and business involvement in the educational process of children.

Performance Objective 2: Parnell will hold at least 5 events for parents and community members to attend.

Evaluation Data Source(s) 2: Agenda, Parent Sign-In Sheet

Summative Evaluation 2:

Strategy Description	Title I	Monitor	Strategy's Expected Result/Impact	Reviews			
				Formative			Summative
				Nov	Jan	Mar	June
1) STAAR Night	6	Parent Liaison, Principal	Parents will be informed about STAAR, SSI requirements, as well as the Targeted Elements plan that the campus has to implement.				
2) Conference Day	6	Teachers, Principal	Parents will be invited to conference with teachers about student progress. Report cards will be handed out at this time to ensure parents attend during the school day. Teachers will call parents of struggling students and set up conferences with them during this time.				
3) Spotlight Night	6	Teachers, Parent Liaison, Principal	All staff will participate in a district Spotlight Night to showcase the campus.				
4) Science Fair	6	Science Teachers	Students will set up booths to demonstrate mastery of designing a science experiment				
5) Wax Museum	6	Teacher, Parent Liaison	Students will participate in a wax museum covering historical figures through different time periods				

= Accomplished = Continue/Modify = Considerable = Some Progress = No Progress = Discontinue

Goal 5: Jasper ISD will recognize and honor teachers at every opportunity, as appropriate throughout the year to attract and retain a highly professional and effective staff.

Performance Objective 1: Increase the percentage of Parnell Elementary staff being recognized through the campus recognition program.

Evaluation Data Source(s) 1: Teacher of Month; Teacher of Year; Wind Beneath Wings Nominee

Summative Evaluation 1:

Strategy Description	Title I	Monitor	Strategy's Expected Result/Impact	Reviews			
				Formative			Summative
				Nov	Jan	Mar	June
1) Each month a teacher will be selected as Teacher of the Month and be recognized at the School Board Meeting	5	Principal	Teacher will be recognized for a positive impact on campus				
	Problem Statements: Student Academic Achievement 2						
2) Teacher will be selected as Teacher of the Year	5	Teachers, Principal	Teacher will be recognized for a positive impact on the campus				
	Problem Statements: Student Academic Achievement 2						
3) A Paraprofessional will be selected as the Wind Beneath Our Wings	5	Principal	Paraprofessional will be recognized for a positive impact on the campus				

= Accomplished = Continue/Modify = Considerable = Some Progress = No Progress = Discontinue

Performance Objective 1 Problem Statements:

Student Academic Achievement
Problem Statement 2: The teacher turnover rate of 26.5% is high. **Root Cause 2**: District serves as a stepping stone to gain experience for larger cities that offer greater salaries and opportunities.

System Safeguard Strategies

Goal	Objective	Strategy	Description
1	1	1	The Writing Academy in Kemah, TX, September 28-29, 2017. Editing and Revising in Kemah, TX, October 5-6, 2017.
1	2	1	Provide push-in intervention support for Tier 2 and Tier 3 students
1	3	1	Provide push-in intervention support for Tier 2 and Tier 3 students
1	4	3	One Science teacher will attend CAST

Title I

Schoolwide Program Plan

Note: Until TEA makes a formal decision about how we will interpret the 10 Schoolwide Components, Plan4Learning will leave them exactly as they were under NCLB. Each component should include a customized explanation of how it is addressed by the school.

Parnell Elementary has created a schoolwide program that is comprehensive in nature to ensure that we are serving all students, improving all structures that support student learning, and combining all resources, as allowed, to achieve our goals and maximize the impact of Title 1.

The six steps that our campus follows include:

1. Establishing and training our site-based planning team;
2. Clarifying the vision for school reform;
3. Creating our school's profile;
4. Identifying data sources and gathering the data;
5. Analyzing the data;
6. Reporting data findings to the entire site-based planning team and collecting reflections and feedback.

Throughout the schoolwide planning process, administrators and teachers identify student strengths, needs and the interventions that are currently in place. They assess the effectiveness of those interventions and make recommendations for revisions as needed. The site-based planning process is used as a campus organizational strategy to guide program development, implementation, and evaluation. This systemic planning provides structure and a common language for school improvement. It also provides logical ways for school staff to think about current progress and the adjustments or changes that need to be made on our campus to continually improve the effectiveness of our schoolwide program.

Ten Schoolwide Components

1: Comprehensive Needs Assessment

Parnell Elementary has conducted a comprehensive needs assessment that serves as the centerpiece of our planning process and the driving force most impacting the campus improvement plan. While data is gathered and analyzed throughout the year, a comprehensive effort is always made at the end of each school year. This year, administrators and teachers collected data and in collaboration with teacher leaders and others. Factual problem statements were written and then root causes were identified and reported to the site-based planning team. The team was given time to reflect on the data and ask clarifying questions. When the team felt that all appropriate data had been disaggregated and analyzed, this step of the comprehensive needs assessment was finalized and written into the plan.

2: Schoolwide Reform Strategies

Our schoolwide reform strategies provide opportunities for all children to meet the state's proficient or advanced levels of student performance. These strategies are based on effective means of improving achievement for all students. The following are activities we utilized in this plan:

1. Review program documentation to ensure that all instructional programs/instruction strategies are supported by scientifically-based research. Identify how each activity in our school strengthens the core academic program.
2. Identify scientifically-based research programs that increase the amount and quality of learning time.
3. Review the master schedule to identify opportunities for extended learning time.
4. Investigate how manipulatives are used in the various core areas.
5. Identify programs within our school that address enriched and accelerated curriculum issues.
6. Disaggregate the data by student populations to determine our program's effectiveness in meeting the needs of all our students.

Writing Tip: *These six activities serve as examples only. There are many effective strategies that can be used as schoolwide reform strategies. Also, there is no requirement stating how many reform strategies are needed.*

3: Instruction by highly qualified professional teachers

Instruction by highly skilled and effective professional teachers is an important component of our schoolwide plan. Procedures in use at Parnell Elementary to ensure that instruction is provided by the best teachers possible include:

1. Provide time off for high-quality professional development.
2. Provide an effective mentoring system.
3. Assign teachers for a "best-fit" of their strengths.
4. Provide professional development for existing programs prior to new school year for new staff or those wanting refreshers.
5. Monitor effectiveness of teachers by frequent walk-throughs.
6. Provide time for teachers to observe master teachers in the classroom.
7. Provide training and opportunities for collaboration in looking at formative and summative student achievement data.
8. Implement strategies to provide clear lines of communication between teachers and administrators.

Writing Tip: *Again, these serve as examples only. There are many effective strategies that can be used for highly qualified teachers strategies. Also, there is no requirement stating how many strategies are needed.*

4: High-quality and ongoing professional development for teachers, principals, and paraprofessionals and, if appropriate, student services personnel, parents, and other staff

Parnell Elementary utilizes high-quality and ongoing professional development to ensure teachers are equipped to face the challenge of helping students meet the state's academic achievement standards. Procedures include:

1. Select the professional development that meet the needs of all principals, teachers, paraprofessionals, parents, and others, as appropriate.

2. Provide opportunities for all staff to obtain training in programs and initiatives that are already in place.
3. Provide professional development opportunities for all personnel to meet the identified needs of all student populations to increase student performance.
4. Allow teachers to attend professional developments throughout the year on content areas specific to teacher's assignment.
5. Provide blocks of time during and after school for collaborative meetings or planning time across grade levels and content areas.

5: Strategies to attract highly qualified teachers

The campus follows district procedures for recruiting and attracting high quality, state certified teachers. Please refer to the procedures information located in the addendums.

6: Strategies to increase parental involvement

Our campus understands that parental involvement is a major key to students' success. Three years ago, we hired a Parent Coordinator and we are seeing significant improvement in parental involvement. One key action that is lead by the Parent Coordinator is the implementation of a special parent advisory team. The composition of this parent team is quite varied and as we make plans for parental involvement, we bring our ideas to this parent team for feedback. The parent team has been charged to think about how the ideas/activities/projects impact their busy home lives and then they provide their opinions about successful implementation. This helps us make better decisions about how to increase parental involvement and obtain higher levels of parent participation.

7: Plans for assisting preschool children in the transition from early childhood programs to elementary school programs

The campus recognizes and emphasizes the value of creating a coherent and seamless educational program for at-risk students. Our campus does not currently have an early childhood program; however, when new students enroll, we make sure that we identify any preschool siblings so that we can share information about the early childhood programs in the district. It is important that the academic achievement of every preschool student is closely monitored. Because the early childhood programs provide a foundation for later academic success, we work hard to be sure that our parents know what options are available for them and for neighborhood children who might not have older siblings in school.

Although this component primarily addresses transitions to elementary from early childhood, Parnell Elementary spends time reviewing activities at all critical transition points to ensure the implementation of a coherent and seamless education program.

8: Measures to include teachers in the decisions regarding the use of academic assessments in order to improve the achievement of individual students and the overall instructional program

In addition to STAAR results, teachers receive current and ongoing assessment data that describe student achievement. The data often come from less formal assessments, such as observation, performance assessments, or end-of-course tests. The campus provides teachers with professional development that increases their understanding of the appropriate uses of multiple assessment measures and how to use assessment results to improve instruction. Each grade level is included in the formative review process for our improvement plan. This allows teachers to consistently evaluate the effectiveness of our academic assessments and the overall instructional program.

9: Activities to ensure effective timely assistance for students who experience difficulty mastering the proficient or advanced levels of academic achievement standards

Each grade level identifies individual students who need additional learning time to meet standards. The teachers then provide those students with timely, additional assistance that is tailored to their needs. The assistance and support looks different at each grade level; however it is always available to all students in the school who need it. The campus also provides a structured school-wide tutorial program that specifically targets the needs of each student who attends. All support systems are evaluated on a quarterly basis to ensure that they continue to meet students' needs.

10: Coordination and integration of federal, state and local services and programs

Because we are a schoolwide Title 1 campus, we have flexibility to integrate services and programs with the aim of upgrading our entire educational program and helping all students reach proficient and advanced levels of achievement. In addition, through our improvement planning and budgeting process, we are able to combine most Federal, State and local funds in order to maximize the impact of the resources available to carry out the schoolwide Title 1 program for the purpose of increasing student achievement.

TEXAS EDUCATION AGENCY
2017 Accountability Summary
PARNELL EL (121904103) - JASPER ISD

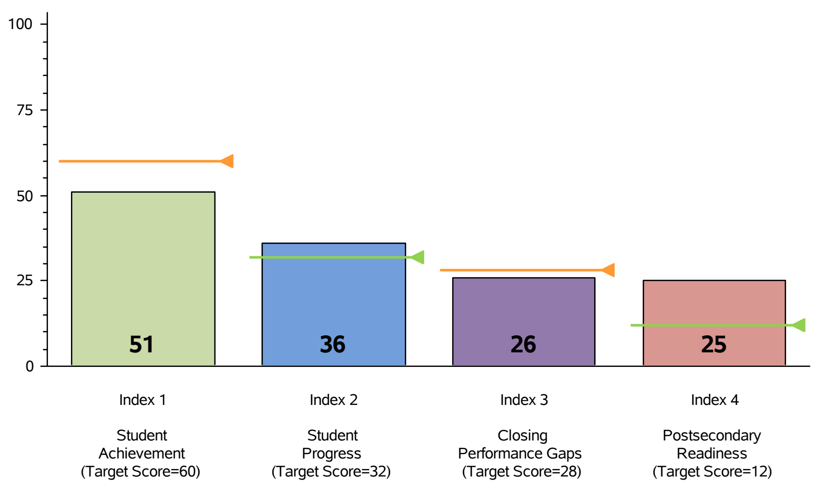
Accountability Rating

Improvement Required

Met Standards on	Did Not Meet Standards on
- Student Progress	- Student Achievement
- Postsecondary Readiness	- Closing Performance Gaps

In 2017, to receive a Met Standard or Met Alternative Standard rating, districts and campuses must meet targets on three indexes: Index 1 **or** Index 2 **and** Index 3 **and** Index 4.

Performance Index Report



Performance Index Summary

Index	Points Earned	Maximum Points	Index Score
1 - Student Achievement	541	1,055	51
2 - Student Progress	431	1,200	36
3 - Closing Performance Gaps	612	2,400	26
4 - Postsecondary Readiness			
STAAR Score	25.3		
Graduation Rate Score	N/A		
Graduation Plan Score	N/A		
Postsecondary Component Score	N/A		25

Distinction Designation

Academic Achievement in ELA/Reading	NO DISTINCTION EARNED
Academic Achievement in Mathematics	NO DISTINCTION EARNED
Academic Achievement in Science	NO DISTINCTION EARNED
Academic Achievement in Social Studies	NOT ELIGIBLE
Top 25 Percent Student Progress	NO DISTINCTION EARNED
Top 25 Percent Closing Performance Gaps	NO DISTINCTION EARNED
Postsecondary Readiness	NO DISTINCTION EARNED

Campus Demographics

Campus Type	Elementary
Campus Size	375 Students
Grade Span	04 - 05
Percent Economically Disadvantaged	73.6
Percent English Language Learners	11.5
Mobility Rate	11.6
Percent Served by Special Education	12.3
Percent Enrolled in an Early College High School Program	0.0

System Safeguards

Number and Percentage of Indicators Met

Performance Rates	8 out of 24 = 33%
Participation Rates	14 out of 14 = 100%
Graduation Rates	N/A
Total	**22 out of 38 = 58%**

For further information about this report, please see the Performance Reporting website at https://rptsvr1.tea.texas.gov/perfreport/account/2017/index.html

TEXAS EDUCATION AGENCY
2016 Accountability Summary
PARNELL EL (121904103) - JASPER ISD

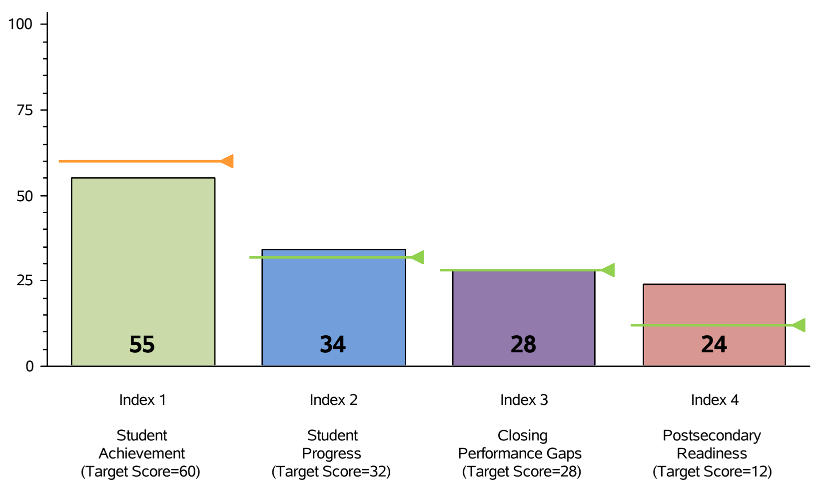
Accountability Rating

Met Standard

Met Standards on	Did Not Meet Standards on
- Student Progress - Closing Performance Gaps - Postsecondary Readiness	- Student Achievement

In 2016, to receive a Met Standard or Met Alternative Standard rating, districts and campuses must meet targets on three indexes: Index 1 **or** Index 2 **and** Index 3 **and** Index 4.

Performance Index Report



Performance Index Summary

Index	Points Earned	Maximum Points	Index Score
1 - Student Achievement	609	1,114	55
2 - Student Progress	406	1,200	34
3 - Closing Performance Gaps	660	2,400	28
4 - Postsecondary Readiness			
STAAR Score	23.5		
Graduation Rate Score	N/A		
Graduation Plan Score	N/A		
Postsecondary Component Score	N/A		24

Distinction Designation

Academic Achievement in ELA/Reading	NO DISTINCTION EARNED
Academic Achievement in Mathematics	NO DISTINCTION EARNED
Academic Achievement in Science	NO DISTINCTION EARNED
Academic Achievement in Social Studies	NOT ELIGIBLE
Top 25 Percent Student Progress	NO DISTINCTION EARNED
Top 25 Percent Closing Performance Gaps	NO DISTINCTION EARNED
Postsecondary Readiness	NO DISTINCTION EARNED

Campus Demographics

Campus Type	Elementary
Campus Size	393 Students
Grade Span	04 - 05
Percent Economically Disadvantaged	73.8
Percent English Language Learners	9.7
Mobility Rate	13.5

System Safeguards

Number and Percentage of Indicators Met

Performance Rates	8 out of 24 = 33%
Participation Rates	14 out of 14 = 100%
Graduation Rates	N/A
Total	**22 out of 38 = 58%**

For further information about this report, please see the Performance Reporting Division website at https://rptsvr1.tea.texas.gov/perfreport/account/2016/index.html

TEXAS EDUCATION AGENCY
2015 Accountability Summary
PARNELL EL (121904103) - JASPER ISD

Accountability Rating

Met Standard

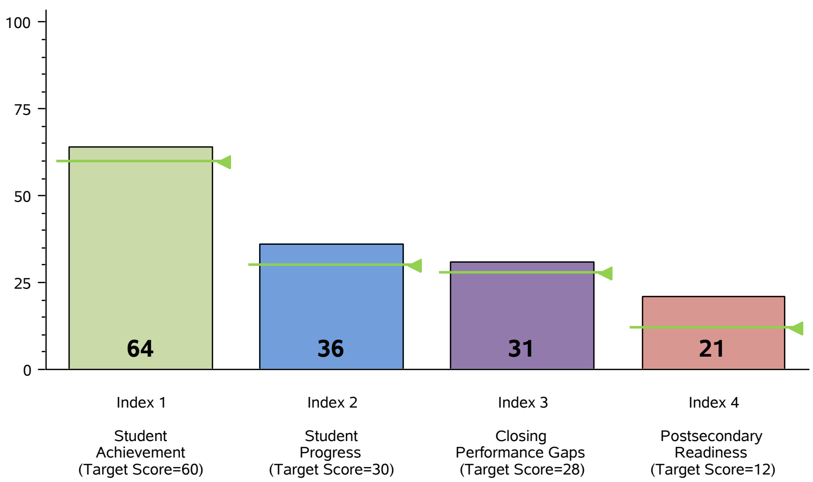
Met Standards on	Did Not Meet Standards on
- Student Achievement	- NONE
- Student Progress	
- Closing Performance Gaps	
- Postsecondary Readiness	

In 2015, to receive a Met Standard or Met Alternative Standard rating, districts and campuses must meet targets on three indexes: Index 1 **or** Index 2 **and** Index 3 **and** Index 4.

Distinction Designation

Academic Achievement in Reading/ELA	NO DISTINCTION EARNED
Academic Achievement in Mathematics	NOT ELIGIBLE
Academic Achievement in Science	NO DISTINCTION EARNED
Academic Achievement in Social Studies	NOT ELIGIBLE
Top 25 Percent Student Progress	NO DISTINCTION EARNED
Top 25 Percent Closing Performance Gaps	NO DISTINCTION EARNED
Postsecondary Readiness	NO DISTINCTION EARNED

Performance Index Report



Campus Demographics

Campus Type	Elementary
Campus Size	366 Students
Grade Span	04 - 05
Percent Economically Disadvantaged	77.6
Percent English Language Learners	8.2
Mobility Rate	16.4

Performance Index Summary

Index	Points Earned	Maximum Points	Index Score
1 - Student Achievement	389	607	64
2 - Student Progress	356	1,000	36
3 - Closing Performance Gaps	551	1,800	31
4 - Postsecondary Readiness			
STAAR Score	21.0		
Graduation Rate Score	N/A		
Graduation Plan Score	N/A		
Postsecondary Component Score	N/A		21

State System Safeguards

Number and Percent of Indicators Met

Performance Rates	8 out of 16 = 50%
Participation Rates	6 out of 6 = 100%
Graduation Rates	N/A
Total	**14 out of 22 = 64%**

For further information about this report, please see the Performance Reporting Division website at http://ritter.tea.state.tx.us/perfreport/account/2015/index.html

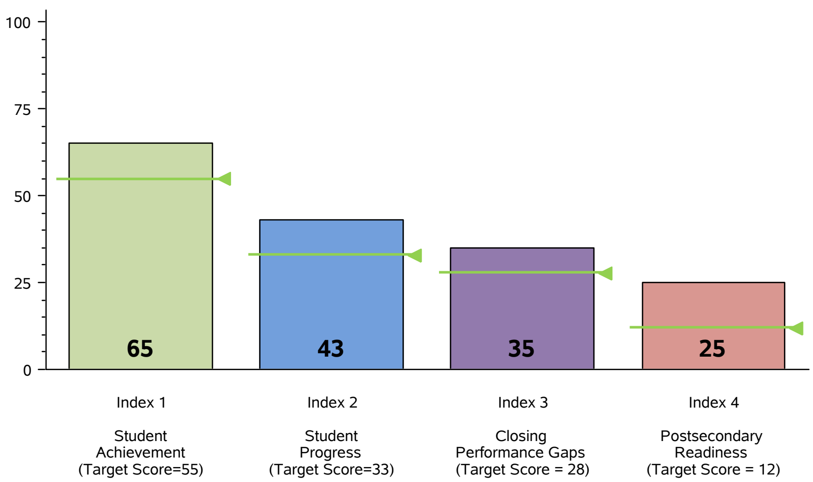
TEXAS EDUCATION AGENCY
2014 Accountability Summary
PARNELL EL (121904103) - JASPER ISD

Accountability Rating

Met Standard

Met Standards on	Did Not Meet Standards on
- Student Achievement	- NONE
- Student Progress	
- Closing Performance Gaps	
- Postsecondary Readiness	

Performance Index Report



Performance Index Summary

Index	Points Earned	Maximum Points	Index Score
1 - Student Achievement	569	881	65
2 - Student Progress	862	2,000	43
3 - Closing Performance Gaps	625	1,800	35
4 - Postsecondary Readiness			
STAAR Score	24.5		
Graduation Rate Score	N/A		
Graduation Plan Score	N/A		
Postsecondary Indicator Score	N/A		25

Distinction Designation

Academic Achievement in Reading/ELA	NO DISTINCTION EARNED
Academic Achievement in Mathematics	DISTINCTION EARNED
Academic Achievement in Science	NOT ELIGIBLE
Academic Achievement in Social Studies	NOT ELIGIBLE
Top 25 Percent Student Progress	NO DISTINCTION EARNED
Top 25 Percent Closing Performance Gaps	NO DISTINCTION EARNED
Postsecondary Readiness	NO DISTINCTION EARNED

Campus Demographics

Campus Type	Elementary
Campus Size	395 Students
Grade Span	03 - 04
Percent Economically Disadvantaged	80.5%
Percent English Language Learners	9.4%
Mobility Rate	15.3%

System Safeguards

Number and Percent of Indicators Met

Performance Rates	15 out of 19 = 79%
Participation Rates	14 out of 14 = 100%
Graduation Rates	N/A
Total	**29 out of 33 = 88%**

For further information about this report, please see the Performance Reporting Division web site at http://ritter.tea.state.tx.us/perfreport/account/2014/index.html

TEXAS EDUCATION AGENCY
2017 Accountability Summary
JEAN C FEW PRI (121904105) - JASPER ISD

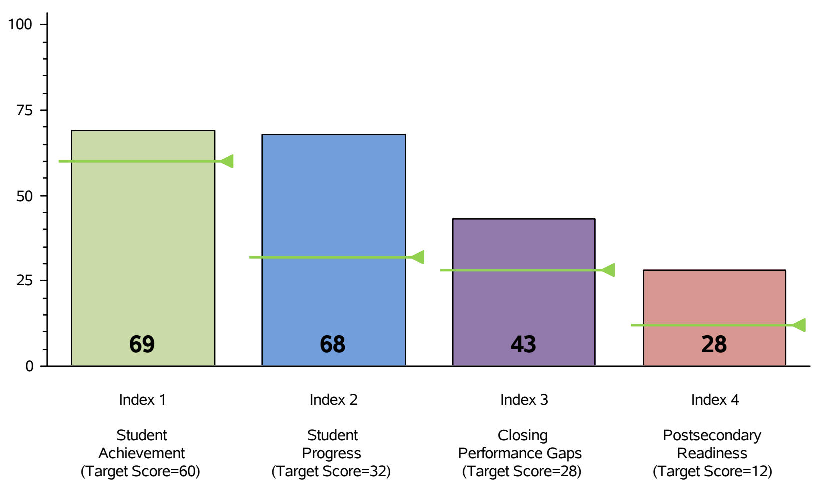
Accountability Rating

Met Standard

Met Standards on	Did Not Meet Standards on
- Student Achievement	- NONE
- Student Progress	
- Closing Performance Gaps	
- Postsecondary Readiness	

In 2017, to receive a Met Standard or Met Alternative Standard rating, districts and campuses must meet targets on three indexes: Index 1 **or** Index 2 **and** Index 3 **and** Index 4.

Performance Index Report



Performance Index Summary

Index	Points Earned	Maximum Points	Index Score
1 - Student Achievement	240	346	69
2 - Student Progress	405	600	68
3 - Closing Performance Gaps	520	1,200	43
4 - Postsecondary Readiness			
STAAR Score	28.3		
Graduation Rate Score	N/A		
Graduation Plan Score	N/A		
Postsecondary Component Score	N/A		28

Distinction Designation

Academic Achievement in ELA/Reading	NO DISTINCTION EARNED
Academic Achievement in Mathematics	DISTINCTION EARNED
Academic Achievement in Science	NOT ELIGIBLE
Academic Achievement in Social Studies	NOT ELIGIBLE
Top 25 Percent Student Progress	DISTINCTION EARNED
Top 25 Percent Closing Performance Gaps	NO DISTINCTION EARNED
Postsecondary Readiness	NO DISTINCTION EARNED

Campus Demographics

Campus Type	Elementary
Campus Size	825 Students
Grade Span	EE - 03
Percent Economically Disadvantaged	85.2
Percent English Language Learners	11.4
Mobility Rate	13.9
Percent Served by Special Education	7.3
Percent Enrolled in an Early College High School Program	0.0

System Safeguards

Number and Percentage of Indicators Met

Performance Rates	9 out of 10 = 90%
Participation Rates	10 out of 10 = 100%
Graduation Rates	N/A
Total	**19 out of 20 = 95%**

For further information about this report, please see the Performance Reporting website at https://rptsvr1.tea.texas.gov/perfreport/account/2017/index.html

TEXAS EDUCATION AGENCY
2016 Accountability Summary
JEAN C FEW PRI (121904105) - JASPER ISD

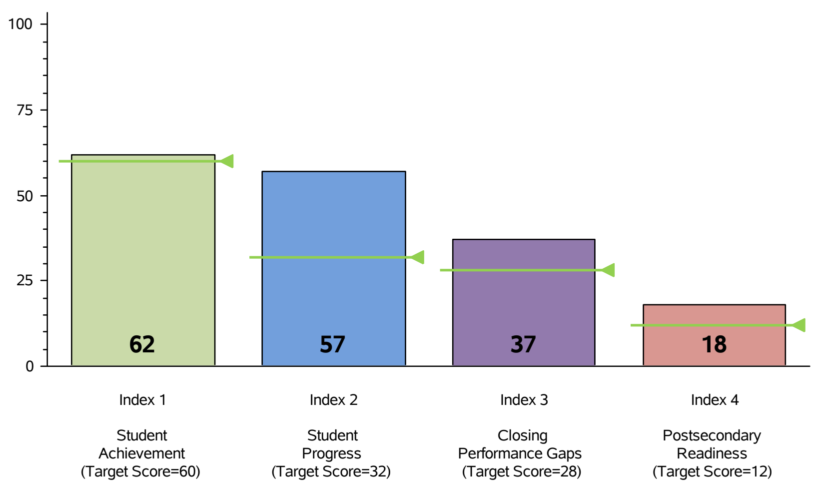
Accountability Rating

Met Standard

Met Standards on	Did Not Meet Standards on
- Student Achievement	- NONE
- Student Progress	
- Closing Performance Gaps	
- Postsecondary Readiness	

In 2016, to receive a Met Standard or Met Alternative Standard rating, districts and campuses must meet targets on three indexes: Index 1 **or** Index 2 **and** Index 3 **and** Index 4.

Performance Index Report



Performance Index Summary

Index	Points Earned	Maximum Points	Index Score
1 - Student Achievement	226	362	62
2 - Student Progress	340	600	57
3 - Closing Performance Gaps	440	1,200	37
4 - Postsecondary Readiness			
STAAR Score	18.0		
Graduation Rate Score	N/A		
Graduation Plan Score	N/A		
Postsecondary Component Score	N/A		18

Distinction Designation

Academic Achievement in ELA/Reading
NO DISTINCTION EARNED

Academic Achievement in Mathematics
NO DISTINCTION EARNED

Academic Achievement in Science
NOT ELIGIBLE

Academic Achievement in Social Studies
NOT ELIGIBLE

Top 25 Percent Student Progress
DISTINCTION EARNED

Top 25 Percent Closing Performance Gaps
NO DISTINCTION EARNED

Postsecondary Readiness
NO DISTINCTION EARNED

Campus Demographics

Campus Type	Elementary
Campus Size	854 Students
Grade Span	EE - 03
Percent Economically Disadvantaged	85.2
Percent English Language Learners	12.8
Mobility Rate	14.5

System Safeguards

Number and Percentage of Indicators Met

Performance Rates	8 out of 12 = 67%
Participation Rates	12 out of 12 = 100%
Graduation Rates	N/A
Total	**20 out of 24 = 83%**

For further information about this report, please see the Performance Reporting Division website at https://rptsvr1.tea.texas.gov/perfreport/account/2016/index.html

TEXAS EDUCATION AGENCY
2015 Accountability Summary
JEAN C FEW PRI (121904105) - JASPER ISD

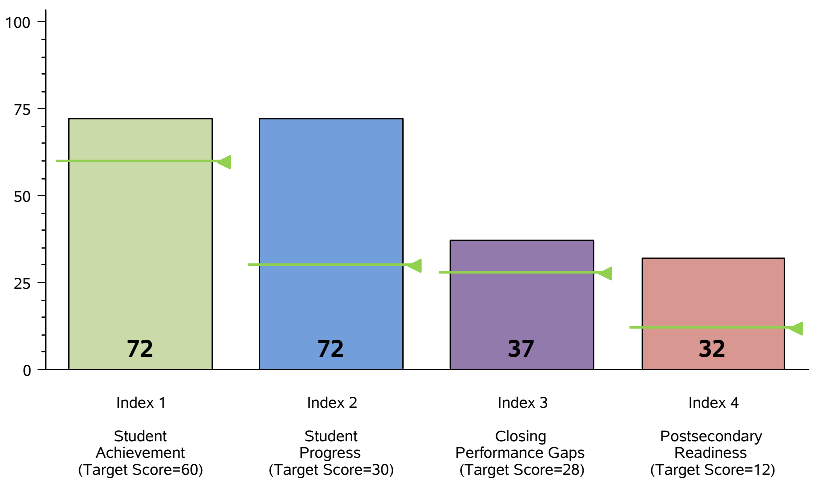
Accountability Rating

Met Standard

Met Standards on	Did Not Meet Standards on
- Student Achievement - Student Progress - Closing Performance Gaps - Postsecondary Readiness	- NONE

In 2015, to receive a Met Standard or Met Alternative Standard rating, districts and campuses must meet targets on three indexes: Index 1 **or** Index 2 **and** Index 3 **and** Index 4.

Performance Index Report



Performance Index Summary

Index	Points Earned	Maximum Points	Index Score
1 - Student Achievement	122	169	72
2 - Student Progress	144	200	72
3 - Closing Performance Gaps	74	200	37
4 - Postsecondary Readiness			
STAAR Score	31.7		
Graduation Rate Score	N/A		
Graduation Plan Score	N/A		
Postsecondary Component Score	N/A		32

Distinction Designation

Academic Achievement in Reading/ELA	NO DISTINCTION EARNED
Academic Achievement in Mathematics	NOT ELIGIBLE
Academic Achievement in Science	NOT ELIGIBLE
Academic Achievement in Social Studies	NOT ELIGIBLE
Top 25 Percent Student Progress	DISTINCTION EARNED
Top 25 Percent Closing Performance Gaps	NO DISTINCTION EARNED
Postsecondary Readiness	NO DISTINCTION EARNED

Campus Demographics

Campus Type	Elementary
Campus Size	910 Students
Grade Span	EE - 03
Percent Economically Disadvantaged	81.4
Percent English Language Learners	12.4
Mobility Rate	17.6

State System Safeguards

Number and Percent of Indicators Met

Performance Rates	5 out of 5 = 100%
Participation Rates	5 out of 5 = 100%
Graduation Rates	N/A
Total	**10 out of 10 = 100%**

For further information about this report, please see the Performance Reporting Division website at http://ritter.tea.state.tx.us/perfreport/account/2015/index.html

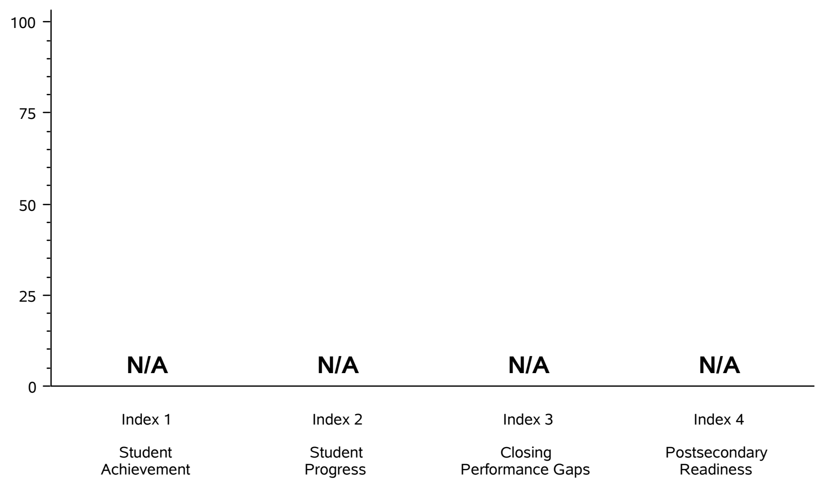
TEXAS EDUCATION AGENCY
2014 Accountability Summary
JEAN C FEW PRIMARY SCHOOL (121904105) - JASPER ISD

Accountability Rating

Met Standard

This campus is paired with PARNELL EL (121904103)

Performance Index Report



Performance Index Summary

Index	Points Earned	Maximum Points	Index Score
1 - Student Achievement	N/A	N/A	N/A
2 - Student Progress	N/A	N/A	N/A
3 - Closing Performance Gaps	N/A	N/A	N/A
4 - Postsecondary Readiness	N/A	N/A	N/A

Distinction Designation

Distinction	Status
Academic Achievement in Reading/ELA	NOT ELIGIBLE
Academic Achievement in Mathematics	NOT ELIGIBLE
Academic Achievement in Science	NOT ELIGIBLE
Academic Achievement in Social Studies	NOT ELIGIBLE
Top 25 Percent Student Progress	NOT ELIGIBLE
Top 25 Percent Closing Performance Gaps	NOT ELIGIBLE
Postsecondary Readiness	NOT ELIGIBLE

Campus Demographics

Campus Type	Elementary
Campus Size	754 Students
Grade Span	EE - 02
Percent Economically Disadvantaged	85.5%
Percent English Language Learners	12.7%
Mobility Rate	14.5%

System Safeguards

Number and Percent of Indicators Met	
Performance Rates	N/A
Participation Rates	N/A
Graduation Rates	N/A
Total	**N/A**

For further information about this report, please see the Performance Reporting Division web site at http://ritter.tea.state.tx.us/perfreport/account/2014/index.html

TEXAS EDUCATION AGENCY
2017 Accountability Summary
JASPER J H (121904043) - JASPER ISD

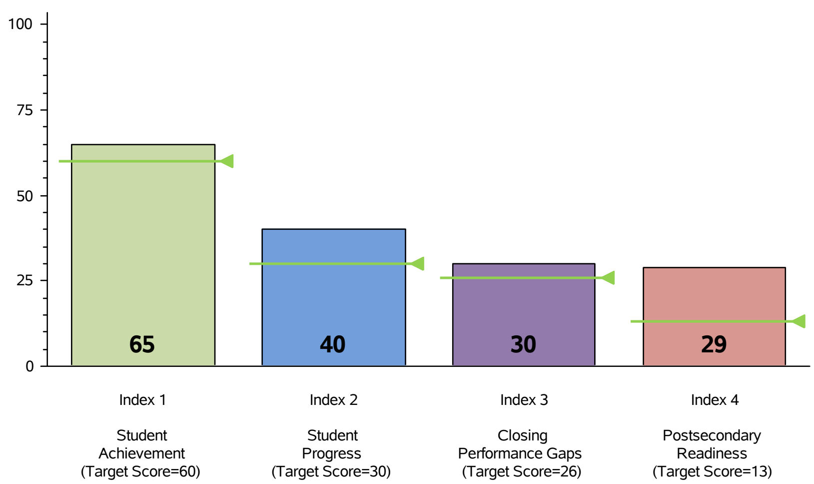
Accountability Rating

Met Standard

Met Standards on	Did Not Meet Standards on
- Student Achievement	- NONE
- Student Progress	
- Closing Performance Gaps	
- Postsecondary Readiness	

In 2017, to receive a Met Standard or Met Alternative Standard rating, districts and campuses must meet targets on three indexes: Index 1 **or** Index 2 **and** Index 3 **and** Index 4.

Performance Index Report



Performance Index Summary

Index	Points Earned	Maximum Points	Index Score
1 - Student Achievement	1,020	1,568	65
2 - Student Progress	561	1,400	40
3 - Closing Performance Gaps	914	3,000	30
4 - Postsecondary Readiness			
STAAR Score	28.5		
Graduation Rate Score	N/A		
Graduation Plan Score	N/A		
Postsecondary Component Score	N/A		29

Distinction Designation

Academic Achievement in ELA/Reading	NO DISTINCTION EARNED
Academic Achievement in Mathematics	DISTINCTION EARNED
Academic Achievement in Science	DISTINCTION EARNED
Academic Achievement in Social Studies	NO DISTINCTION EARNED
Top 25 Percent Student Progress	DISTINCTION EARNED
Top 25 Percent Closing Performance Gaps	NO DISTINCTION EARNED
Postsecondary Readiness	NO DISTINCTION EARNED

Campus Demographics

Campus Type	Middle School
Campus Size	558 Students
Grade Span	06 - 08
Percent Economically Disadvantaged	73.5
Percent English Language Learners	7.3
Mobility Rate	14.3
Percent Served by Special Education	11.6
Percent Enrolled in an Early College High School Program	0.0

System Safeguards

Number and Percentage of Indicators Met

Performance Rates	14 out of 29 = 48%
Participation Rates	14 out of 14 = 100%
Graduation Rates	N/A
Total	**28 out of 43 = 65%**

For further information about this report, please see the Performance Reporting website at https://rptsvr1.tea.texas.gov/perfreport/account/2017/index.html

TEXAS EDUCATION AGENCY
2016 Accountability Summary
JASPER J H (121904043) - JASPER ISD

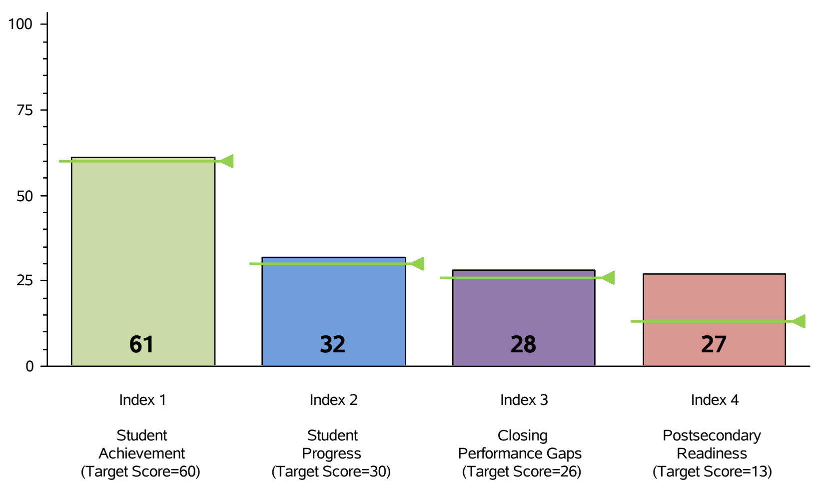
Accountability Rating

Met Standard

Met Standards on	Did Not Meet Standards on
- Student Achievement	- NONE
- Student Progress	
- Closing Performance Gaps	
- Postsecondary Readiness	

In 2016, to receive a Met Standard or Met Alternative Standard rating, districts and campuses must meet targets on three indexes: Index 1 **or** Index 2 **and** Index 3 **and** Index 4.

Performance Index Report



Performance Index Summary

Index	Points Earned	Maximum Points	Index Score
1 - Student Achievement	932	1,538	61
2 - Student Progress	383	1,200	32
3 - Closing Performance Gaps	730	2,600	28
4 - Postsecondary Readiness			
STAAR Score	27.3		
Graduation Rate Score	N/A		
Graduation Plan Score	N/A		
Postsecondary Component Score	N/A		27

Distinction Designation

Academic Achievement in ELA/Reading
NO DISTINCTION EARNED

Academic Achievement in Mathematics
NO DISTINCTION EARNED

Academic Achievement in Science
NO DISTINCTION EARNED

Academic Achievement in Social Studies
NO DISTINCTION EARNED

Top 25 Percent Student Progress
NO DISTINCTION EARNED

Top 25 Percent Closing Performance Gaps
NO DISTINCTION EARNED

Postsecondary Readiness
NO DISTINCTION EARNED

Campus Demographics

Campus Type	Middle School
Campus Size	535 Students
Grade Span	06 - 08
Percent Economically Disadvantaged	75.5
Percent English Language Learners	5.8
Mobility Rate	10.5

System Safeguards

Number and Percentage of Indicators Met

Performance Rates	11 out of 27 = 41%
Participation Rates	14 out of 14 = 100%
Graduation Rates	N/A
Total	**25 out of 41 = 61%**

For further information about this report, please see the Performance Reporting Division website at https://rptsvr1.tea.texas.gov/perfreport/account/2016/index.html

TEXAS EDUCATION AGENCY
2015 Accountability Summary
JASPER J H (121904043) - JASPER ISD

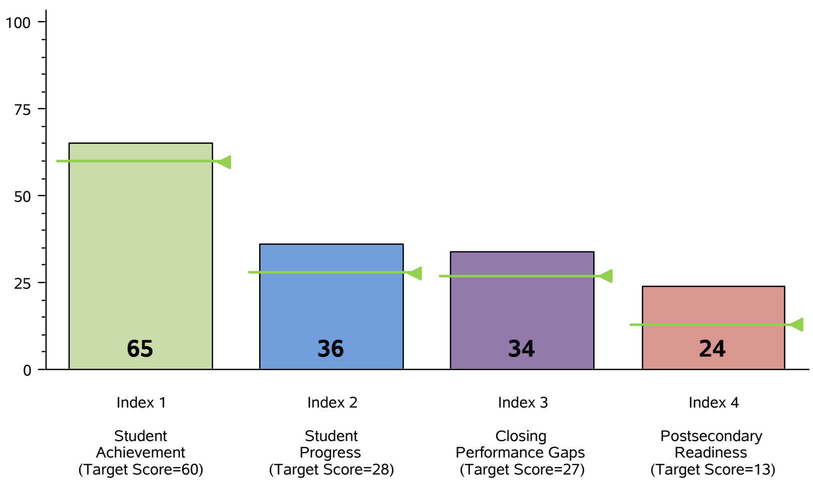
Accountability Rating

Met Standard

Met Standards on	Did Not Meet Standards on
- Student Achievement	- NONE
- Student Progress	
- Closing Performance Gaps	
- Postsecondary Readiness	

In 2015, to receive a Met Standard or Met Alternative Standard rating, districts and campuses must meet targets on three indexes: Index 1 **or** Index 2 **and** Index 3 **and** Index 4.

Performance Index Report



Performance Index Summary

Index	Points Earned	Maximum Points	Index Score
1 - Student Achievement	639	989	65
2 - Student Progress	361	1,000	36
3 - Closing Performance Gaps	822	2,400	34
4 - Postsecondary Readiness			
STAAR Score	24.3		
Graduation Rate Score	N/A		
Graduation Plan Score	N/A		
Postsecondary Component Score	N/A		24

Distinction Designation

Academic Achievement in Reading/ELA
NO DISTINCTION EARNED

Academic Achievement in Mathematics
DISTINCTION EARNED

Academic Achievement in Science
NO DISTINCTION EARNED

Academic Achievement in Social Studies
NO DISTINCTION EARNED

Top 25 Percent Student Progress
DISTINCTION EARNED

Top 25 Percent Closing Performance Gaps
NO DISTINCTION EARNED

Postsecondary Readiness
NO DISTINCTION EARNED

Campus Demographics

Campus Type	Middle School
Campus Size	563 Students
Grade Span	06 - 08
Percent Economically Disadvantaged	71.2
Percent English Language Learners	7.1
Mobility Rate	16.0

State System Safeguards

Number and Percent of Indicators Met

Performance Rates	12 out of 21 = 57%
Participation Rates	7 out of 7 = 100%
Graduation Rates	N/A
Total	**19 out of 28 = 68%**

For further information about this report, please see the Performance Reporting Division website at http://ritter.tea.state.tx.us/perfreport/account/2015/index.html

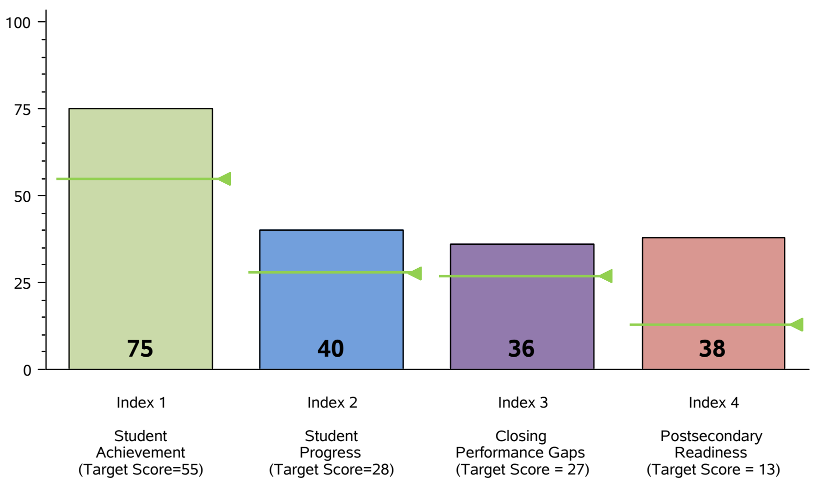
TEXAS EDUCATION AGENCY
2014 Accountability Summary
JASPER JUNIOR HIGH (121904043) - JASPER ISD

Accountability Rating

Met Standard

Met Standards on	Did Not Meet Standards on
- Student Achievement	- NONE
- Student Progress	
- Closing Performance Gaps	
- Postsecondary Readiness	

Performance Index Report



Performance Index Summary

Index	Points Earned	Maximum Points	Index Score
1 - Student Achievement	944	1,261	75
2 - Student Progress	808	2,000	40
3 - Closing Performance Gaps	1,091	3,000	36
4 - Postsecondary Readiness			
STAAR Score	37.5		
Graduation Rate Score	N/A		
Graduation Plan Score	N/A		
Postsecondary Indicator Score	N/A		38

Distinction Designation

Academic Achievement in Reading/ELA
NO DISTINCTION EARNED

Academic Achievement in Mathematics
DISTINCTION EARNED

Academic Achievement in Science
NO DISTINCTION EARNED

Academic Achievement in Social Studies
NO DISTINCTION EARNED

Top 25 Percent Student Progress
DISTINCTION EARNED

Top 25 Percent Closing Performance Gaps
NO DISTINCTION EARNED

Postsecondary Readiness
DISTINCTION EARNED

Campus Demographics

Campus Type	Middle School
Campus Size	402 Students
Grade Span	07 - 08
Percent Economically Disadvantaged	69.9%
Percent English Language Learners	4.5%
Mobility Rate	11.6%

System Safeguards

Number and Percent of Indicators Met

Performance Rates	29 out of 29 = 100%
Participation Rates	12 out of 12 = 100%
Graduation Rates	N/A
Total	**41 out of 41 = 100%**

For further information about this report, please see the Performance Reporting Division web site at http://ritter.tea.state.tx.us/perfreport/account/2014/index.html

TEXAS EDUCATION AGENCY
2017 Accountability Summary
JASPER H S (121904001) - JASPER ISD

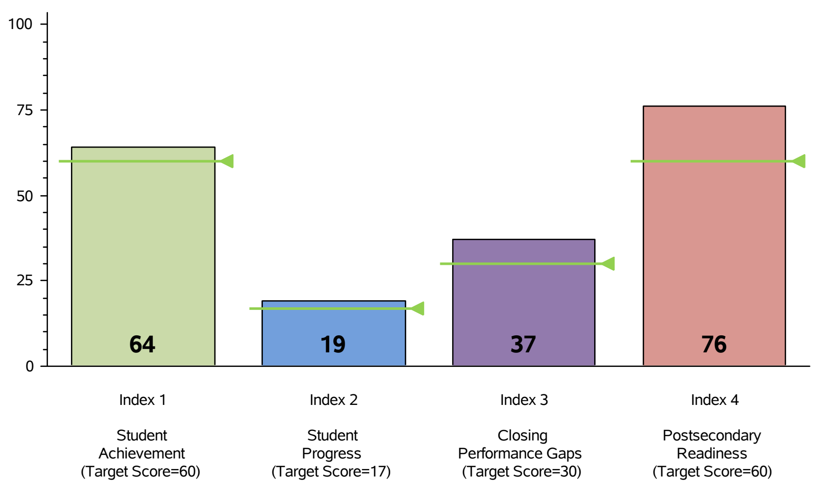
Accountability Rating

Met Standard

Met Standards on	Did Not Meet Standards on
- Student Achievement	- NONE
- Student Progress	
- Closing Performance Gaps	
- Postsecondary Readiness	

In 2017, to receive a Met Standard or Met Alternative Standard rating, districts and campuses must meet targets on three indexes: Index 1 **or** Index 2 **and** Index 3 **and** Index 4.

Performance Index Report



Performance Index Summary

Index	Points Earned	Maximum Points	Index Score
1 - Student Achievement	697	1,092	64
2 - Student Progress	187	1,000	19
3 - Closing Performance Gaps	887	2,400	37
4 - Postsecondary Readiness			
STAAR Score	10.3		
Graduation Rate Score	23.7		
Graduation Plan Score	19.5		
Postsecondary Component Score	22.2		76

Distinction Designation

Academic Achievement in ELA/Reading
DISTINCTION EARNED

Academic Achievement in Mathematics
NO DISTINCTION EARNED

Academic Achievement in Science
NO DISTINCTION EARNED

Academic Achievement in Social Studies
NO DISTINCTION EARNED

Top 25 Percent Student Progress
NO DISTINCTION EARNED

Top 25 Percent Closing Performance Gaps
NO DISTINCTION EARNED

Postsecondary Readiness
NO DISTINCTION EARNED

Campus Demographics

Campus Type	High School
Campus Size	697 Students
Grade Span	09 - 12
Percent Economically Disadvantaged	63.1
Percent English Language Learners	3.2
Mobility Rate	13.0
Percent Served by Special Education	13.5
Percent Enrolled in an Early College High School Program	0.0

System Safeguards

Number and Percentage of Indicators Met

Performance Rates	14 out of 24 = 58%
Participation Rates	12 out of 12 = 100%
Graduation Rates	4 out of 4 = 100%
Total	**30 out of 40 = 75%**

For further information about this report, please see the Performance Reporting website at https://rptsvr1.tea.texas.gov/perfreport/account/2017/index.html

TEXAS EDUCATION AGENCY
2016 Accountability Summary
JASPER H S (121904001) - JASPER ISD

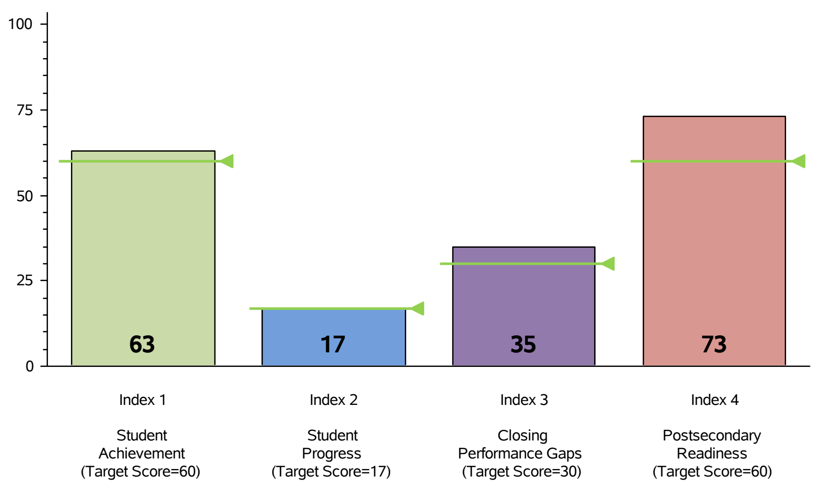
Accountability Rating

Met Standard

Met Standards on	Did Not Meet Standards on
- Student Achievement	- NONE
- Student Progress	
- Closing Performance Gaps	
- Postsecondary Readiness	

In 2016, to receive a Met Standard or Met Alternative Standard rating, districts and campuses must meet targets on three indexes: Index 1 **or** Index 2 **and** Index 3 **and** Index 4.

Performance Index Report



Performance Index Summary

Index	Points Earned	Maximum Points	Index Score
1 - Student Achievement	676	1,075	63
2 - Student Progress	170	1,000	17
3 - Closing Performance Gaps	842	2,400	35
4 - Postsecondary Readiness			
STAAR Score	7.8		
Graduation Rate Score	23.8		
Graduation Plan Score	19.3		
Postsecondary Component Score	21.8		73

Distinction Designation

Academic Achievement in ELA/Reading
NO DISTINCTION EARNED

Academic Achievement in Mathematics
NO DISTINCTION EARNED

Academic Achievement in Science
NO DISTINCTION EARNED

Academic Achievement in Social Studies
NO DISTINCTION EARNED

Top 25 Percent Student Progress
NO DISTINCTION EARNED

Top 25 Percent Closing Performance Gaps
NO DISTINCTION EARNED

Postsecondary Readiness
NO DISTINCTION EARNED

Campus Demographics

Campus Type	High School
Campus Size	715 Students
Grade Span	09 - 12
Percent Economically Disadvantaged	63.2
Percent English Language Learners	2.1
Mobility Rate	10.1

System Safeguards

Number and Percentage of Indicators Met

Performance Rates	15 out of 23 = 65%
Participation Rates	12 out of 12 = 100%
Graduation Rates	4 out of 4 = 100%
Total	**31 out of 39 = 79%**

For further information about this report, please see the Performance Reporting Division website at https://rptsvr1.tea.texas.gov/perfreport/account/2016/index.html

TEXAS EDUCATION AGENCY
2015 Accountability Summary
JASPER H S (121904001) - JASPER ISD

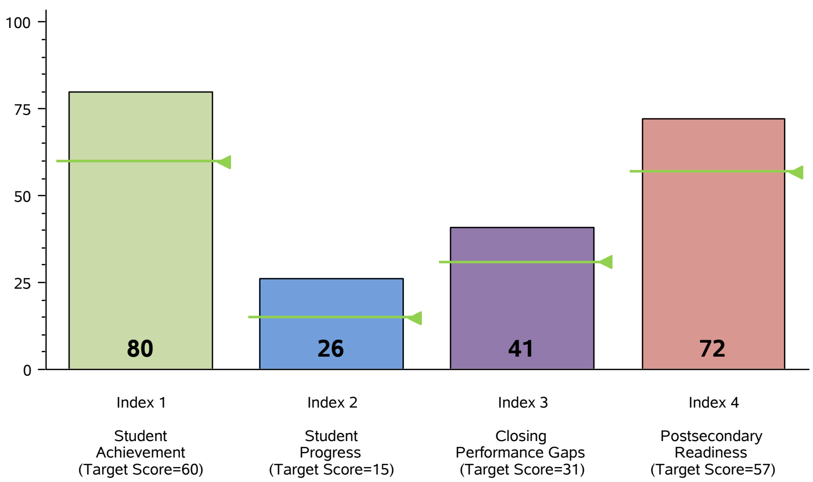
Accountability Rating

Met Standard

Met Standards on	Did Not Meet Standards on
- Student Achievement	- NONE
- Student Progress	
- Closing Performance Gaps	
- Postsecondary Readiness	

In 2015, to receive a Met Standard or Met Alternative Standard rating, districts and campuses must meet targets on three indexes: Index 1 **or** Index 2 **and** Index 3 **and** Index 4.

Performance Index Report



Performance Index Summary

Index	Points Earned	Maximum Points	Index Score
1 - Student Achievement	697	875	80
2 - Student Progress	208	800	26
3 - Closing Performance Gaps	659	1,600	41
4 - Postsecondary Readiness			
STAAR Score	11.0		
Graduation Rate Score	23.4		
Graduation Plan Score	19.8		
Postsecondary Component Score	17.3		72

Distinction Designation

Distinction	Status
Academic Achievement in Reading/ELA	DISTINCTION EARNED
Academic Achievement in Mathematics	DISTINCTION EARNED
Academic Achievement in Science	NO DISTINCTION EARNED
Academic Achievement in Social Studies	NO DISTINCTION EARNED
Top 25 Percent Student Progress	DISTINCTION EARNED
Top 25 Percent Closing Performance Gaps	NO DISTINCTION EARNED
Postsecondary Readiness	DISTINCTION EARNED

Campus Demographics

Campus Type	High School
Campus Size	682 Students
Grade Span	09 - 12
Percent Economically Disadvantaged	64.8
Percent English Language Learners	1.3
Mobility Rate	14.6

State System Safeguards

Number and Percent of Indicators Met

Performance Rates	18 out of 19 = 95%
Participation Rates	10 out of 10 = 100%
Graduation Rates	5 out of 5 = 100%
Total	**33 out of 34 = 97%**

For further information about this report, please see the Performance Reporting Division website at http://ritter.tea.state.tx.us/perfreport/account/2015/index.html

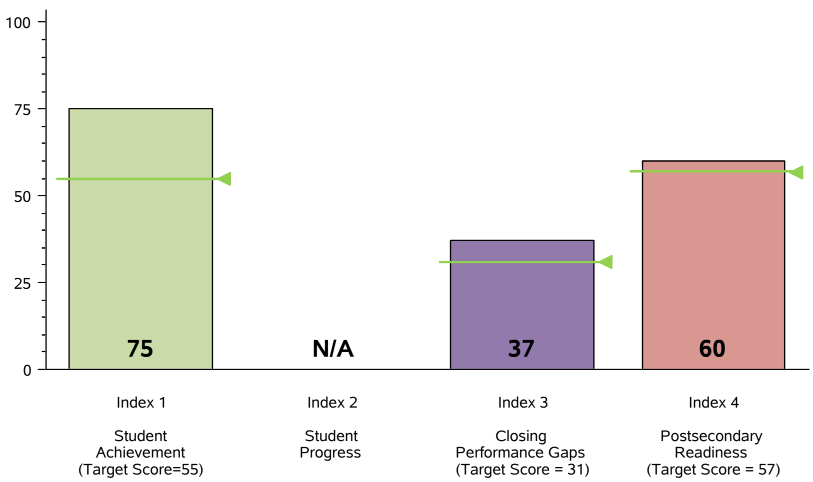
TEXAS EDUCATION AGENCY
2014 Accountability Summary
JASPER H S (121904001) - JASPER ISD

Accountability Rating

Met Standard

Met Standards on	Did Not Meet Standards on
- Student Achievement	- NONE
- Closing Performance Gaps	
- Postsecondary Readiness	

Performance Index Report



Performance Index Summary

Index	Points Earned	Maximum Points	Index Score
1 - Student Achievement	966	1,289	75
2 - Student Progress	N/A	N/A	N/A
3 - Closing Performance Gaps	731	2,000	37
4 - Postsecondary Readiness			
STAAR Score	7.1		
Graduation Rate Score	23.5		
Graduation Plan Score	18.8		
Postsecondary Indicator Score	10.6		60

Distinction Designation

Academic Achievement in Reading/ELA	NO DISTINCTION EARNED
Academic Achievement in Mathematics	DISTINCTION EARNED
Academic Achievement in Science	NO DISTINCTION EARNED
Academic Achievement in Social Studies	NO DISTINCTION EARNED
Top 25 Percent Student Progress	NOT ELIGIBLE
Top 25 Percent Closing Performance Gaps	NO DISTINCTION EARNED
Postsecondary Readiness	NO DISTINCTION EARNED

Campus Demographics

Campus Type	High School
Campus Size	686 Students
Grade Span	09 - 12
Percent Economically Disadvantaged	65.9%
Percent English Language Learners	1.3%
Mobility Rate	13.0%

System Safeguards

Number and Percent of Indicators Met

Performance Rates	21 out of 21 = 100%
Participation Rates	10 out of 11 = 91%
Graduation Rates	5 out of 5 = 100%
Total	**36 out of 37 = 97%**

For further information about this report, please see the Performance Reporting Division web site at http://ritter.tea.state.tx.us/perfreport/account/2014/index.html

Exhibit D
Definition of "Administrative Deficiency"

(2) Administrative Deficiencies--Information requested by Department staff that staff requires to clarify or explain one or more inconsistencies; to provide non-material missing information in the original Application; or to assist staff in evaluating the Application that, in the Department staff's reasonable judgment, may be cured by supplemental information or explanation which will not necessitate a substantial reassessment or re-evaluation of the Application. Administrative Deficiencies may be issued at any time while the Application or Contract is under consideration by the Department, including at any time while reviewing performance under a Contract, processing documentation for a Commitment of Funds, closing of a loan, processing of a disbursement request, close-out of a Contract, or resolution of any issues related to compliance. A matter may begin as an Administrative Deficiency but later be determined to have constituted a Material Deficiency. Any missing item(s) relating to a scoring item will be deemed by staff to have constituted a Material Deficiency that supports the non-award of the points. By way of example, if an Applicant checks a box for three points for a particular scoring item but provides supporting documentation that would support two points, staff would treat this as an inconsistency and issue an Administrative Deficiency which might ultimately lead to a correction of the checked boxes to align with the provided supporting documentation and support an award of two points. However, if the supporting documentation was missing altogether, this could not be remedied and the point item would be assigned no points.

Executive Director's Response

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

April 17, 2018

Writer's direct phone # (512) 475-1676
Email: tim.irvine@tdhca.state.tx.us

Ms. Cynthia Bast
Locke Lord
100 Congress, Ste 2200
Austin, Texas 78701

RE: APPEAL OF TERMINATION - 2018 COMPETITIVE HOUSING TAX CREDIT APPLICATION 18250 SWEETBRIAR HILLS APARTMENTS

Dear Ms. Bast:

The Texas Department of Housing and Community Affairs ("the Department") is in receipt of the appeal dated March 22, 2018, related to the application indicated above. The Application did not include the Undesirable Neighborhood Characteristics Report ("UNCR") and documentation from a school official with oversight of the school in question that indicates current progress towards meeting the goals and performance objectives identified in the Campus Improvement Plan required by 10 TAC §10.101(3)(C). As such, staff determined that the Application was incomplete and the Application was terminated, subject to the Applicant's appeal rights.

The appeal concedes that "[d]ue to an oversight, the Applicant failed to include the Undesirable Neighborhood Characteristics Report," and the report and supporting documentation was included with the appeal. The appeal asserts that "the consequence of termination does not reflect the severity of the omission" because "the Applicant did disclose the undesirable neighborhood characteristic" and "the undesirable neighborhood characteristic itself does not rise to the level of concern that should make this Application ineligible for consideration."

The Application did include a disclosure of the undesirable neighborhood characteristic as required by 10 TAC §10.101(a)(3)(A).[1] However, 10 TAC §10.101(a)(3) also includes the following requirements regarding this undesirable neighborhood characteristic:

[1] §10.101(a)(3)(A) requires that for Competitive HTC Applications, an Applicant must disclose at pre-application as required by 10 TAC §11.8(b) of this title (relating to Pre-Application Requirements). Since the initial letter regarding the disclosure was issued on March 15, staff has discovered that the Applicant failed to disclose that the elementary school did not have a Met Standard rating for 2017 in the pre-application. The Applicant did not request points for Pre-application Participation so will not be penalized, but the failure to disclose is noted.

- §10.101(a)(3)(B) states that additional information as applicable to the undesirable neighborhood characteristic(s) disclosed as provided in subparagraphs (C) and (D) of this paragraph must be submitted in the Application.
- §10.101(a)(3)(C) requires that should any of the undesirable neighborhood characteristics described in subparagraph (B) of that paragraph exist, the Applicant must submit the UNCR. These materials were not submitted with the Application.
- 10 TAC §10.101(a)(3)(D)(iv), related to evidence of mitigation for schools, requires that mitigation for schools that have not achieved Met Standard will include documentation from a school official with oversight of the school in question that indicates current progress towards meeting the goals and performance objectives identified in the Campus Improvement Plan. On the UNCR form submitted in the appeal documents, the Applicant indicates that this information was submitted with the form. While the Application and appeal documents included a copy of the TEA Accountability Rating Reports and the Campus Improvement Plan, no documentation from a school official was included in the Application or in the appeal documents.

The appeal asserts that the omission should be treated as an Administrative Deficiency. As stated in 10 TAC §10.201(7), the purpose of the Administrative Deficiency process is to allow an Applicant to provide clarification, explanation, or non-material missing information to resolve inconsistencies in the original Application or to assist staff in evaluating the Application. The missing information related to this termination is not "non-material" because the rules very clearly describe the documentation that must be provided when an Applicant discloses an undesirable neighborhood characteristic.

In light of the express requirement in rule that the applicant **must** include the school official documentation, I do not find that the points raised in your appeal regarding treating the omission of the UNCR and related documents as an Administrative Deficiency clearly demonstrate that the Application should not have been recommended for termination, and 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 2018 Uniform Multifamily Rules for full instruction on the appeals process. Should you have any questions, please contact Sharon Gamble, Competitive Tax Credit Program Administrator, at sharon.gamble@tdhca.state.tx.us or by phone at 512-936-7834.

Sincerely,

Timothy K. Irvine
Executive Director

APPENDIX

2018-1 Multifamily Direct Loan Program - Application Log - April 13, 2018

Per 2018-1 Multifamily Direct Loan Notice of Funding Availability published in the Texas Register on 12/29/2017 and First Amendment to NOFA

The following data was compiled using information submitted by each applicant. While this data has been reviewed or verified by the Department, errors may still be present. Those reviewing the log are advised to use caution in reaching any definitive conclusions based on this information alone. Where Applications are layered with 9% or 4% Tax credits, the Applications are also subject to evaluation under the Department criteria for those fund sources. Applicants are encouraged to review 10 TAC §§11.1(b) and 10.2(a) concerning Due Diligence and Applicant Responsibility, along with 10 TAC Subchapter C related to Application Submission Requirements, Ineligibility Criteria, Board Decisions and Waiver of Rules for Applications. This log will be updated periodically as staff completes application reviews and as more applications are received. The Multifamily Direct Loan Program - Application Log is presented for informational use only, and does not represent a conclusion or judgment by TDHCA, its staff or Board. Applicants that identify an error in the log should contact Andrew Sinnott at andrew.sinnott@tdhca.state.tx.us as soon as possible. Identification of an error early does not guarantee that the error can be addressed administratively.

Applications sorted by date received within each set-aside.

TCAP RF	$3,300,000
NHTF	$7,972,864
Total Set Aside Funding Level:	**$11,272,864**

Supportive Housing/ Soft Repayment (SH/SR)

TDHCA Application #	Property Name	Property City	Property County	Region	Housing Activity [1]	Multifamily Direct Loan Request/ Award	Target Population	Total Units	MF Direct Loan Units	Layering [2]	Date Received [3]	Comments
18502	Arlinda Gardens Supportive Housing	Bryan	Brazos	8	NC	$ 1,000,000	Supportive Housing	29	13		3/1/2018	
18099	Waters Park Studios	Austin	Travis	7	NC	$ 1,000,000	Supportive Housing	132	10	9%	4/2/2018	
Total Amount Requested Under SH/SR Set Aside						**$ 2,000,000**	**Total Units**	**161**	**23**			
Total Amount Awarded Under SH/SR Set Aside						**$ -**	**Total Units**					
Total Amount Remaining Under SH/SR Set Aside						**$ 11,272,864**						

CHDO (HOME funds only)

Total Set Aside Funding Level: **$2,967,122**

TDHCA#	Property Name	Property City	Property County	Region	Housing Activity [1]	Multifamily Direct Loan Request/ Award	Target Population	Total Units	MF Direct Loan Units	Layering [2]	Date Received [3]	Comments
18322	Las Casitas de Azucar	Santa Rosa	Cameron	11	NC	$ 1,600,000	General	50	14	9%	4/2/2018	
18391	Merritt Manor	Manor	Travis	7	NC	$ 2,000,000	Elderly Limitation	146	30	9%	4/2/2018	
Total Amount Requested Under CHDO Set Aside						**$ 3,600,000**	**Total Units**	**196**	**44**			
Total Amount Awarded Under CHDO Set Aside						**$ -**	**Total Units**					
Total Amount Remaining Under CHDO Set Aside						**$ 2,967,122**						

HOME (limited availability statewide)	$9,318,946
NSP1 PI (available statewide)	$5,000,000
TCAP RF (available statewide)	$9,446,231
NSP1 PI and TCAP RF Total	$14,446,231
Total Set Aside Funding Level:	**$23,765,177**

General

TDHCA#	Property Name	Property City	Property County	Region	Housing Activity [1]	Multifamily Direct Loan Request/ Award	Target Population	Total Units	MF Direct Loan Units	Layering [2]	Date Received [3]	Comments
18500	Rio Lofts	San Antonio	Bexar	9	NC	$ -	General	81	36	9%	1/11/2018	Application withdrawn 4/11/18
18501	Secretariat Apartments	Arlington	Tarrant	3	NC	$ 1,740,000	Elderly Limitation	74	29	9%	1/11/2018	Received 2017 allocation of 9% HTC under application 17012
18412	Lord Road Apartments	San Antonio	Bexar	9	NC	$ 3,000,000	General	324	50	4%	1/18/2018	
18417	Sphinx at Throckmorton Villas	McKinney	Collin	3	NC	$ 3,000,000	General	220	18	4%	2/15/2018	
18000	Evergreen at Garland Senior Community	Garland	Dallas	3	NC	$ 1,500,000	Elderly Limitation	105	25	9%	4/2/2018	
18002	Evergreen at Basswood Senior Community	Garland	Dallas	3	NC	$ 2,000,000	Elderly Limitation	116	34	9%	4/2/2018	
18036	Clyde Ranch	Clyde	Callahan	2	NC	$ 660,000	General	40	11	9%	4/2/2018	
18040	Farmhouse Row	Slaton	Lubbock	1	NC	$ 660,000	General	48	11	9%	4/2/2018	
18052	Nacogdoches Lofts	San Antonio	Bexar	9	NC	$ 2,025,000	Elderly Limitation	102	35	9%	4/2/2018	
18053	Alazan Lofts	San Antonio	Bexar	9	NC	$ 1,300,000	General	88	24	9%	4/2/2018	
18054	Piedmont Lofts	San Antonio	Bexar	9	NC	$ 2,350,000	General	55	41	9%	4/2/2018	Requested CHDO set-aside, which is unavailable for this application
18369	The Residences at Canyon Lake	Canyon Lake	Comal	9	NC	$ 1,060,000	Elderly Limitation	35	11	9%	4/2/2018	
18421	Travis Flats	Austin	Travis	7	NC	$ 3,000,000	General	146	50	4%	4/4/2018	
Total Amount Requested Under General Set Aside: Development Sites in non-PJs						$ 5,380,000	**Total Units**	343	51			
Total Amount Requested Under General Set Aside: Development Sites in PJs						$ 16,915,000	**Total Units**	1,010	324			
Total Amount Requested Under General Set Aside: TOTAL						**$ 22,295,000**	**Total Units**	**1,353**	**375**			
Total Amount Awarded Under General Set Aside (HOME)						**$ -**	**Total Units**					
Total Amount Awarded Under General Set Aside (TCAP RF)						**$ -**	**Total Units**					

Total Amount Awarded Under General Set Aside (NSP1 PI)	**$ -**	**Total Units**			
Total Amount Remaining Under General Set Aside (HOME)	**$ 9,318,946**				
Total Amount Remaining Under General Set Aside (TCAP RF)	**$ 9,446,231**				
Total Amount Remaining Under General Set Aside (NSP1 PI)	**$ 5,000,000**				

1 = Housing Activity: New Construction=NC, Rehabilitation=R, ADR = Adaptive Reuse

2= Layering of Other Department Funds: 9%=9% Competitive Tax Credits, 4%=4% Tax Credit Program

3 = Date Received: The date that the application, all required 3rd Party Reports, Application Fees (if applicable), and Certificate of Reservation (if applicable) were received.

Texas Department of Housing and Community Affairs
2018 Competitive (9%) Housing Tax Credit ("HTC") Program
Application Submission Log

The application log is organized by region and subregion. Applicants selecting the At-Risk/USDA Set-Asides are listed first and are organized by self score rather than by region. The data was compiled using information submitted by each applicant. This data has not yet been reviewed or verified by the Department and errors may be present. Those reviewing the log are advised to use caution in reaching any definitive conclusions based on this information alone. Applicants are encouraged to review 10 TAC §§11.1(b) and 10.2(b) concerning Due Diligence and Applicant Responsibility. A more complete log will be posted at various times during the cycle. The Department plans to post the complete version of each application shortly. Applicants that identify an error in the log should contact Sharon Gamble at sharon.gamble@tdhca.state.tx.us as soon as possible. Identification of an error early does not guarantee that the error can be addressed administratively.

Construction Types:
NC=New Construction
Recon=Reconstruction
Rehab=Rehabilitation
AcR=Acquisition/Rehabilitation
Secondary Types:
ADR=Adaptive Reuse
SS=Scattered Site
AdPh=Additional Phase

Applications have final scores for QCP and State Representative Support. The review status is reflected as "UR" for under review, or the box is blank if the application is currently not under or prioritized for review.

Where self scores indicate a tie between more than one application in a subregion or At-Risk, information regarding the tie breaker factors in the QAP is included. Scores for Opportunity Index, Proximity to the Urban Core, and Concerted Revitalization Plan are based on information submitted in the application and have not been confirmed. Where the greatest linear distance from the nearest Housing Tax Credit assisted Development is used as a tie-breaker, distances noted are approximate and will be confirmed at a later date. Where applications with an Elderly population are filled in gray, the selection of the application would exceed the statutory Elderly funding cap for that subregion.

Version Date: April 19, 2018

NOTE: Scoring information has not been verified.

Application Number	Development Name	Development Address	City	ETJ	ZIP Code	County	Region	Urban/Rural	At-Risk	USDA	Nonprofit	Construction Type	Low-Income Units	Market Rate Units	Total Units	Target Population (Supp. Hsg. = Supp Hsg)	HTC Request	MF Direct Loan	Section 811	Applicant Primary Contact	Points Requested / Awarded	Readiness to Proceed (§11.9(c)(8))	Gov't Support (§11.9(d)(1))	QCP (§11.9(d)(4))	State Rep (§11.9(d)(5))	Comm Orgs (§11.9(d)(6))	CRP (§11.9(d)(7))	Best Possible Score	Review Status	Underwriting Status	Census Tract(s)	Scored on Proximity	OI or CRP	HTC per Capita	Poverty Rate (%)	Distance from Nearest HTC (in miles)
At-Risk Set-Aside																																				
18249	Sweetwater Apartments	865 TX-105	Sour Lake	x	77659	Hardin	5	Rural		x		AcR	23	1	24	General	266,484			Murray Calhoun	118	5	17	8	8	0	0	156	UR		48199030200					
18039	Orchid Circle Homes & Las Palmas	Scattered site locations	Gregory		78359	San Patricio	10	Rural	x			AcR/SS	58	0	58	General	700,000		x	Art Schuldt, Jr.	109	5	17	4	8	4	7	154	C	UR	48409010500	0	7	0.0304	24	
18013	Dayton Retirement Center	1900 N Winfree	Dayton		77535	Liberty	6	Rural		x		AcR	48	0	48	Elderly Prefe	373,500			Charles Holcomb	116	5	17	8	8	0	0	154	C	UR	48291700800	0	7	0.0379	9.6	
18077	Park Forest	200 Cook Rd.	Liberty		77575	Liberty	6	Rural		x		AcR	55	1	56	General	458,635		x	Devin Baker	110	5	17	4	8	2	7	153	C	UR	48291701200	0	7	0.0086	26	
18118	Sandstone Foothills Apartments	402 Brazos drive	Mineral Wells		76067	Palo Pinto	3	Rural	x			AcR	39	1	40	Elderly Prefe	471,893			Tracey Fine	113	0	17	8	8	0	7	153	C	UR	48363000600					
18251	Groveton Seniors Apartments	1110 E. 1st Street	Groveton		75845	Trinity	5	Rural		x		AcR	32	0	32	Elderly Prefe	304,668			Murray Calhoun	111	5	17	8	8	0	0	149	UR		48455950200					
18171	Pointsettia Gardens at Boca Chica	341 Oak Street	Brownsville		78521	Cameron	11	Urban	x		x	NC	150	0	150	General	2,000,000		x	Carla Mancha	111	0	17	4	8	4	7	144	UR		48061013401	0	7	0.0152	48.8	
18235	Memorial Apartments II	501 E. Jasmine	McAllen		78501	Hidalgo	11	Urban	x	x		AcR	224	22	246	General	1,915,000		x	Melissa Fisher	113	0	17	4	8	4	0	146			Incomplete - Pending Appeal					
18250	Sweetbriar Hills Apartments	668 W Martin Luther King Bl	Jasper		75951	Jasper	5	Rural		x		AcR	59	1	60	General	590,473			Murray Calhoun	112	5	17	8	8	0	0	150			Incomplete - Pending Appeal					
Estimated At-Risk Allocation		**$11,315,113**														**Total HTCs Requested**	**7,080,653**																			
USDA Set-Aside		**$3,771,704**																																		
Region 1/Rural																																				
18040	Farmhouse Row	~15003 FM 400	Slaton	x	79364	Lubbock	1	Rural				NC	48	0	48	General	642,500	x	x	Daniel Sailler, III	120	0	17	4	8	4	0	153	UR		48303010700					
18223	Harvest Park Apartments	1100 Block of E. Harvester Av	Pampa		79065	Gray	1	Rural				NC	48	12	60	General	777,900			Vaughn Zimmerm	119	0	17	4	8	4	0	152	C	UR	48179950300					
Estimated Allocation Amount		**$749,991**														**Total HTCs Requested**	**777,900**																			
Region 1/Urban																																				
18162	Guadalupe Villas	~3rd St. and Buddy Holly Ave	Lubbock		79401	Lubbock	1	Urban				NC	108	20	128	Elderly Limita	1,417,843		x	Kent R. Hance, Sr.	124	0	17	4	8	4	0	157	UR		48303000700					
18038	3rd Street Lofts	301 Paris Avenue	Lubbock		79401	Lubbock	1	Urban				NC	72	0	72	General	950,000		x	Daniel Sailler, III	124	0	17	4	0	4	0	149			48303000700					
18192	Residences at Stonegate	11000 block of Indiana Aven	Lubbock		79423	Lubbock	1	Urban				NC	71	13	84	General	1,188,287		x	Paul Stell	120	0	17	4	0	4	0	145			48303010510					
Estimated Allocation Amount		**$1,341,583**														**Total HTCs Requested**	**3,556,130**																			
Region 2/Rural																																				
18259	Cannon Courts	808 East Hall St	Bangs		76823	Brown	2	Rural				NC	36	0	36	General	500,000			Britton Jones	120	0	17	4	8	4	0	153	UR		48049950500	0	7	0	8.5	
18036	Clyde Ranch	IH-20 west of N. Hays Road	Clyde		79510	Callahan	2	Rural				NC	40	0	40	General	500,000	x	x	Daniel Sailler, III	120	0	17	4	8	4	0	153	UR		48059030102	0	7	0	18.1	
18372	Iowa Park Pioneer Crossing	SEC of 287 at N Bell Road.	Iowa Park		76367	Wichita	2	Rural				NC	44	5	49	General	500,000			Noor Jooma	120	0	17	4	8	4	0	153			48485013100	0	0	0.0038	7.6	
18373	Burkburnett Royal Gardens	350 D W Taylor	Burkburnett		76354	Wichita	2	Rural				NC	44	5	49	Elderly Limita	500,000			Noor Jooma	119	0	17	4	8	4	0	152			48485013501					
Estimated Allocation Amount		**$545,449**														**Total HTCs Requested**	**2,000,000**																			

Application Number	Development Name	Development Address	City	ETJ	ZIP Code	County	Region	Urban/Rural	At-Risk	USDA	Nonprofit	Construction Type	Low-Income Units	Market Rate Units	Total Units	Target Population (Supp. Hsg. = Supp Hsg)	HTC Request	MF Direct Loan	Section 811	Applicant Primary Contact	Points Requested / Awarded	Readiness to Proceed (§11.9(c)(8))	Gov't Support (§11.9(d)(1))	QCP (§11.9(d)(4))	State Rep (§11.9(d)(5))	Comm Orgs (§11.9(d)(6))	CRP (§11.9(d)(7))	Best Possible Score	Review Status	Underwriting Status	Census Tract(s)	Scored on Proximity	OI or CRP	HTC per Capita	Poverty Rate (%)	Distance from Nearest HTC (in miles)
Region 2/Urban																																				
18314	The Reserves at Maplewood II	Maplewood Ave, E of McNiel	Wichita Falls		76308	Wichita	2	Urban				NC/AdPh	36	0	36	General	687,666		x	Sally Roth	115	0	17	4	8	4	0	148	UR		48485012600					
18374	Wichita Falls Pioneer Crossing	1038 W. Wenonah Blvd.	Wichita Falls		76309	Wichita	2	Urban				NC	40	5	45	General	500,000		x	Noor Jooma	119	0	0	4	0	4	0	127			48485012800					
Estimated Allocation Amount		**$520,272**												**Total HTCs Requested**			**1,187,666**																			
Region 3/Rural																																				
18274	Hill Court Villas	1111 Hill Court Blvd	Granbury		76048	Hood	3	Rural				NC	36	12	48	Elderly Limita	570,000		x	Justin Zimmerma	120	0	17	4	8	4	0	153	UR		48221160206					
18057	Granbury Manor	Meander Rd, S of North Fork	Granbury	x	76049	Hood	3	Rural			x	NC	48	0	48	Elderly Limita	772,000			David R. Rhodes	119	0	17	4	8	4	0	152			48221160209					
18069	Palladium Farmersville	W Audie Murphy Pkwy and 6	Farmersville		75442	Collin	3	Rural				NC	53	27	80	General	833,805		x	Thomas E. Huth	118	0	17	4	8	4	0	151			48085031100					
Estimated Allocation Amount		**$643,443**												**Total HTCs Requested**			**2,175,805**																			
Region 3/Urban																																				
18018	Columbia Renaissance Square II S	~2801 Moresby St	Fort Worth		76105	Tarrant	3	Urban				NC	96	24	120	Elderly Limita	1,500,000		x	Ben King	105	0	17	4	8	4	7	145	UR		48439104604					
18363	Oliver Commons	SEQ Rock Island Rd & S Brien	Irving		75060	Dallas	3	Urban				NC	78	4	82	General	1,500,000		x	Lisa Stephens	127	0	17	4	8	4	0	160	UR		48113015305					
18361	Canova Palms	NEQ of W Pioneer Dr and W	Irving		75061	Dallas	3	Urban				NC	50	8	58	Elderly Limita	890,850		x	Lisa Stephens	125	0	17	4	8	4	0	158	UR		48113014501	5	7	0.0052	8.6	
18000	Evergreen at Garland Senior Comi	~1102 N. Shiloh Road	Garland		75042	Dallas	3	Urban			x	NC	94	11	105	Elderly Limita	1,500,000	x		Brad Forslund	118	0	17	4	8	4	7	158	UR		48113018900	5	7	0.0055	21.3	
18091	Lavon Senior Villas	902 Lavon Dr.	Garland		75040	Dallas	3	Urban				NC	104	16	120	Elderly Limita	1,500,000		x	David Yarden	118	0	17	4	8	4	7	158	UR		48113018105	5	7	0.0055	22.7	
18002	Evergreen at Basswood Senior Co	~1901 State Highway 66	Garland		75040	Dallas	3	Urban			x	NC	104	12	116	Elderly Limita	1,500,000	x		Brad Forslund	122	0	17	4	8	4	0	155			48113018121	5	7	0.0055	11.6	
18368	The Reserves at Merriwood Ranch	E Miller Rd, E of E Centerville	Garland		75041	Dallas	3	Urban				NC	81	27	108	General	1,500,000		x	Sally Roth	122	0	17	4	8	4	0	155	UR		48113018110	0	7	0.0055	4.6	
18376	Lakeview Pointe Apartments	IH 30, E of Bass Pro Dr	Garland		75043	Dallas	3	Urban				NC	90	54	144	General	1,500,000		x	Deepak P. Sulakh	122	0	17	4	8	4	0	155	UR		48113018137	0	7	0.0055	7	
18214	Mariposa Apartment Homes at W	~11 East Polo Rd	Grand Prairie		75052	Dallas	3	Urban				NC	61	32	93	Elderly Limita	1,009,000		x	Stuart Shaw	122	0	17	4	8	4	0	155			48113016412	0	7	0.0077	3	
18204	Cielo at Mountain Creek	SWQ Camp Wisdom Rd & Mo	Dallas		75249	Dallas	3	Urban				NC	100	0	100	Elderly Limita	1,500,000		x	Sara Reidy	122	0	17	4	8	4	0	155			48113016510	0	7	0.0158	9.1	
18096	Patriot Park Family	1306 F Avenue	Plano		75074	Collin	3	Urban			x	NC	111	28	139	General	1,500,000		x	Jean Brown	115	0	17	8	8	0	5	153	UR		48085031900	5	5	0.0043	26.7	
18024	Palladium Celina Senior Living	E. Sunset Blvd W of Cty Rd 8	Celina		75009	Collin	3	Urban				NC	97	23	120	Elderly Limita	1,500,000		x	Thomas E. Huth	120	0	17	4	8	4	0	153			48085030305	0	7	0	12	
18298	Heritage at Wylie	2300 Block of County Line Rc	Wylie		75098	Rockwall	3	Urban				NC	120	8	128	Elderly Limita	1,500,000		x	Lisa M. Rucker	120	0	17	4	8	4	0	153			48397040102	0	7	0.0020	4.8	
18087	Residences of Long Branch	4217 Rowlett Road	Rowlett		75088	Dallas	3	Urban				NC	76	0	76	General	1,500,000			Jean Latsha	120	0	17	4	8	4	0	153	UR		48113018133	0	7	0.0024	6.3	
18263	Circle F Ranch Lofts	NEQ FM 164 and FM 201	McKinney		75071	Collin	3	Urban				NC	108	71	179	General	1,500,000		x	Brandon Bolin	120	0	17	4	8	4	0	153			48085030305	0	7	0.0139	12	
18264	Circle F Ranch Seniors	NEQ FM 164 and FM 201	McKinney		75071	Collin	3	Urban				NC	114	60	174	Elderly Limita	1,500,000			Brandon Bolin	120	0	17	4	8	4	0	153			48085030305	0	7	0.0139	12	
18220	Mariposa Apartment Homes at W	~NWQ Post Oak Dr and US 2	Waxahachie		75165	Ellis	3	Urban				NC	107	73	180	Elderly Limita	1,500,000		x	Stuart Shaw	120	0	17	4	8	4	0	153			48139060300	0	7	0.0177	17.4	
18269	2400 Bryan	2400 Bryan Street	Dallas		75201	Dallas	3	Urban				NC	105	107	212	General	1,500,000		x	D. Scott Galbraith	125	0	17	4	0	4	0	150			48113001701	5	7	0.0158	4.9	
18388	The Park on 14th	SWC 14th Street and G Aven	Plano		75074	Collin	3	Urban				NC	50	10	60	Elderly Limita	741,387		x	Janine Sisak	115	0	17	4	0	4	7	147			48085031900	5	7	0.0043	26.7	
18221	Cypress Creek Apartment Homes	~600 block of E Hazelwood S	Princeton		75407	Collin	3	Urban				NC	107	81	188	General	1,500,000			Donald Sampley	119	0	17	4	0	4	0	144			48085031004					
18067	Palladium Crowley	Crowley Plover Rd E of Canoe	Crowley		76036	Tarrant	3	Urban				NC	90	30	120	General	1,500,000		x	Thomas E. Huth	110	0	17	4	8	4	0	143			48439111008	0	7	0.0037	15.6	
18068	Palladium Teasley Lane	Teasley Ln N of Hickory Creel	Denton		76210	Denton	3	Urban				NC	90	30	120	General	1,500,000		x	Thomas E. Huth	110	0	17	4	8	4	0	143			48121021406	0	7	0.0179	2.5	
18064	Palladium Fain Street	Fain St W of Kings Highway	Fort Worth		76111	Tarrant	3	Urban				NC	90	30	120	General	1,500,000		x	Thomas E. Huth	108	0	17	4	0	4	7	140			48439101201					
18267	Avenue at Sycamore Park	2601 Avenue J	Fort Worth		76105	Tarrant	3	Urban				NC	82	45	127	General	1,300,491		x	Dan Allgeier	108	0	17	4	0	4	7	140			48439103500					
18309	The McFarland	College Park Dr, E of S Main S	Weatherford		76086	Parker	3	Urban				NC	88	12	100	General	1,500,000		x	Lisa Stephens	119	0	0	4	0	4	0	127				Withdrawn				
Estimated Allocation Amount		**$15,058,401**	**Elderly Max: $6,164,909**											**Total HTCs Requested**			**35,441,728**																			
Region 4/Rural																																				
18268	Saline Creek Senior Village	CR 168 and S. H. 155	Noonday		75703	Smith	4	Rural			x	NC	50	10	60	Elderly Limita	680,462		x	JOT Couch	120	0	17	4	8	4	0	153	UR		48423001906	0	7	0	4	
18106	Hallsville Estates	SWC Cider St & Cal Young Rd	Hallsville		75650	Harrison	4	Rural				NC	68	12	80	Elderly Limita	-			Adrian Iglesias	120	0	17	4	8	4	0	153				Terminated				
18152	SilverLeaf at Marshall	~NWC Victory Dr. and Pumpl	Marshall	x	75670	Harrison	4	Rural				NC	72	8	80	Elderly Limita	-			Ben Dempsey	120	0	17	4	8	4	0	153				Terminated				
Estimated Allocation Amount		**$1,623,979**												**Total HTCs Requested**			**680,462**																			

Application Number	Development Name	Development Address	City	ETJ	ZIP Code	County	Region	Urban/Rural	At-Risk	USDA	Nonprofit	Construction Type	Low-Income Units	Market Rate Units	Total Units	Target Population (Supp. Hsg. = Supp Hsg)	HTC Request	MF Direct Loan	Section 811	Applicant Primary Contact	Points Requested / Awarded	Readiness to Proceed (§11.9(c)(8))	Gov't Support (§11.9(d)(1))	QCP (§11.9(d)(4))	State Rep (§11.9(d)(5))	Comm Orgs (§11.9(d)(6))	CRP (§11.9(d)(7))	Best Possible Score	Review Status	Underwriting Status	Census Tract(s)	Scored on Proximity	OI or CRP	HTC per Capita	Poverty Rate (%)	Distance from Nearest HTC (in miles)
Region 4/Urban																																				
18370	Heritage Tower	208 N Green Street	Longview		75601	Gregg	4	Urban				NC/Adr	36	0	36	Elderly Limita	573,024			Michael Fogel	114	0	17	4	8	4	7	154	UR		48183001100					
18398	Hickory Trails	NEQ of Page Rd and E Loop 2	Longview	x	75605	Harrison	4	Urban				NC	40	5	45	Elderly Limita	557,602			Michael Fogel	120	0	17	4	8	4	0	153	UR		48203020606	0	7	0.0047	9.8	
18143	Longview Pines Apartments	NEC Gilmer Rd & Fairmont St	Longveiw		75604	Gregg	4	Urban				NC	68	16	84	General	975,000			Jeremy Mears	120	0	17	4	8	4	0	153			48183000501	0	7	0.0089	2.6	
Estimated Allocation Amount		**$1,141,941**														**Total HTCs Requested**	**2,105,626**																			
Region 5/Rural																																				
18371	Diboll Pioneer Crossing	~SEC of Devereaux and Lumb	Diboll		75941	Angelina	5	Rural				NC	75	5	80	General	848,813			Noorallah Jooma	120	0	17	4	8	4	0	153	UR		48005001002					
18283	Pines at Allen Street	NEQ Allen St. and Tubb St.	Kountze	x	77625	Hardin	5	Rural			x	NC	68	12	80	General	979,220		x	Miranda Sprague	113	5	17	4	8	4	0	151	C	UR	48199030400					
Estimated Allocation Amount		**$997,144**														**Total HTCs Requested**	**1,828,033**																			
Region 5/Urban																																				
18095	Retreat West Beaumont	SWC College St and Wendelin	Beaumont		77707	Jefferson	5	Urban				NC	74	24	98	Elderly Limita	1,070,525			Melissa Giacona	114	5	17	4	8	4	0	152	UR		48245001302					
Estimated Allocation Amount		**$803,747**														**Total HTCs Requested**	**1,070,525**																			
Region 6/Rural																																				
18305	Star of Texas Seniors	Lone Star Parkway	Montgomery		77356	Montgomery	6	Rural			0	NC	32	0	32	Elderly Limita	613,529		x	Emanuel H. Glock	117	5	17	4	8	4	0	155	C	UR	48339694600					
18353	Heritage Seniors	325 Flagship Blvd.	Montgomery		77356	Montgomery	6	Rural			X	NC	64	16	80	Elderly Limita	750,000		x	Nathan Kelley	116	5	17	4	8	4	0	154	UR		48339694500					
Estimated Allocation Amount		**$500,000**														**Total HTCs Requested**	**1,363,529**																			
Region 6/Urban																																				
18243	2222 Cleburne	2222 Cleburne	Houston		77004	Harris	6	Urban			x	NC	112	0	112	Elderly Limita	1,500,000			Ann J. Robison	120	5	17	4	8	4	7	165	UR		48201312700					
18020	St. Elizabeth Place	4514 Lyons Avenue	Houston		77020	Harris	6	Urban			x	NC/Adr	98	12	110	General	1,500,000		x	Jessica Thompsor	119	5	17	8	8	0	7	164	C	UR	48201211300					
18333	Fulton Lofts	5200-5500 Fulton Street	Houston		77009	Harris	6	Urban				NC	76	4	80	General	1,459,230		x	David Mark Koogl	118	5	17	4	8	4	7	163	UR		48201210600	5	7	0.0161	19.2	0.86
18306	Campanile on Commerce	2800 Commerce	Houston		77003	Harris	6	Urban				NC	105	15	120	Elderly Limita	1,500,000			Les Kilday	116	5	17	4	8	4	7	161	UR		48201310100	5	7	0.0161	42.1	
18337	Fulton on the Rail	5009 Fulton Street	Houston		77009	Harris	6	Urban				NC	90	56	146	General	1,500,000		x	Miranda Sprague	118	5	17	4	8	4	5	161	UR		48201210600	5	5	0.0161	19.2	0.66
18137	New Hope Housing Dale Carnegie	SEC Dale Carnegie Ln and Rep	Houston		77036	Harris	6	Urban			x	NC	170	0	170	Supportive H	1,500,000			Joy Horak-Brown	116	5	17	4	8	4	7	161	UR		48201432801	0	7	0.0161	31.8	
18327	Scott Street Lofts	1320 Scott Street	Houston		77003	Harris	6	Urban				NC	76	4	80	General	1,500,000		x	David Mark Koogl	122	5	17	4	8	4	0	160	UR		48201310200	5	7	0.0161	9.3	
18254	Somerset Lofts	8506 Hempstead Rd.	Houston		77008	Harris	6	Urban				NC	120	0	120	General	1,500,000		x	Donna Rickenbac	122	5	17	4	8	4	0	160	UR		48201510900	0	7	0.0161	17.5	
18138	Lancaster Senior Village	NEC Lancaster St & Bellfort S	Houston		77087	Harris	6	Urban				NC	115	29	144	Elderly Limita	1,500,000			Doak Brown	115	5	17	4	8	4	7	160	UR		48201332600	0	7	0.0161	34.4	
18320	Seaside Lodge at Chesapeake Bay	NEC Elam St and Larabee St	Seabrook		77586	Harris	6	Urban				NC	92	0	92	Elderly Limita	1,500,000		x	David Mark Koogl	120	5	17	4	8	4	0	158			48201341502	0	7	0.0	11.8	
18033	The Miramonte	Moore Rd b/t Court Rd & 5th	Fifth Street	x	77477	Fort Bend	6	Urban				NC	87	37	124	General	1,286,253		x	Mark Musemeche	120	5	17	4	8	4	0	158			48157671100	0	7	0.0036	17.7	0.9799
18047	Miramonte Single Living	Moore Rd b/t Court Rd & 5th	Fifth Street	x	77477	Fort Bend	6	Urban				NC	55	13	68	General	1,500,000			Mark Musemeche	120	5	17	4	8	4	0	158			48157671100	0	7	0.0036	17.7	0.9791
18043	Huntington at Miramonte	Moore Rd b/t Court Rd & 5th	Fifth Street	x	77477	Fort Bend	6	Urban				NC	95	29	124	Elderly Limita	1,500,000		x	Hunter Goodwin	120	5	17	4	8	4	0	158			48157671100	0	7	0.0036	17.7	0.9785
18159	Rutherford Park	~NWC of Tidwell & C.E. King	Houston	x	77044	Harris	6	Urban				NC	91	23	114	General	1,500,000		x	J. Steve Ford	120	5	17	4	8	4	0	158			48201232302	0	7	0.0111	12.3	
18339	Fairmont Seniors	NWC of Fairmont and Red Bl	Pasadena		77505	Harris	6	Urban			x	NC	115	53	168	Elderly Limita	1,500,000		x	Nathan Kelley	120	5	17	4	8	4	0	158			48201342100	0	7	0.0116	11.8	
18009	Rosemount Estates	~4800 block of Airport, W of	Rosenberg		77471	Fort Bend	6	Urban				NC	112	26	138	Elderly Limita	1,499,877		x	Ryan Hettig	120	5	17	4	8	4	0	158			48157675200	0	7	0.0124	19.6	
18161	Monroe Crossing	NEC Fuqua St and Monroe Bl	Houston		77075	Harris	6	Urban				NC	90	24	114	Elderly Limita	1,500,000		x	William D. Henson	120	5	17	4	8	4	0	158			48201333901	0	7	0.0161	10.2	
18355	W. Little York Apartments	W. Little York, W of Hollister	Houston		77040	Harris	6	Urban			x	NC	115	35	150	General	1,500,000		x	Nathan Kelley	120	5	17	4	8	4	0	158			48201532300	0	7	0.0161	16.3	1.98
18354	Flintlock Apartments	SEC W. Little York Rd & Flintl	Houston		77040	Harris	6	Urban			x	NC	115	35	150	General	1,500,000		x	Nathan Kelley	120	5	17	4	8	4	0	158			48201532300	0	7	0.0161	16.3	1.69
18093	Green Oaks Apartments	1475 Gears Road	Houston		77067	Harris	6	Urban				NC	90	36	126	General	1,500,000		x	David Yarden	120	5	17	4	8	4	0	158			48201550500	0	7	0.0161	18.2	
18383	Provision at Lake Houston	Hwy 90 at S. Lake Houston Pl	Houston		77049	Harris	6	Urban				NC	96	24	120	General	1,500,000		x	Ruben Esqueda	120	5	17	4	8	4	0	158			48201232401	0	7	0.0161	18.4	
18382	Provision at Synott	Synott Rd, N of W. Bellfort Bl	Houston		77498	Fort Bend	6	Urban				NC	96	24	120	General	1,500,000		x	Ruben Esqueda	120	5	17	4	8	4	0	158			48157672400	0	7	0.0161	19.1	
18338	The Greenery	~18000 blk of Imperial Valley	Houston		77060	Harris	6	Urban				NC	102	18	120	General	1,500,000		x	Val DeLeon	113	5	17	4	8	4	7	158			48201240600	0	7	0.0161	43.4	
18217	Cypress Creek Apartment Homes	~4100 Block of FM 1764	Santa Fe		77517	Galveston	6	Urban				NC	110	90	200	General	1,500,000			Donald Sampley	117	5	17	4	8	4	0	155			48167723400					

Application Number	Development Name	Development Address	City	ETJ	ZIP Code	County	Region	Urban/Rural	At-Risk	USDA	Nonprofit	Construction Type	Low-Income Units	Market Rate Units	Total Units	Target Population (Supp. Hsg. = Supp Hsg)	HTC Request	MF Direct Loan	Section 811	Applicant Primary Contact	Points Requested / Awarded	Readiness to Proceed (§11.9(c)(8))	Gov't Support (§11.9(d)(1))	QCP (§11.9(d)(4))	State Rep (§11.9(d)(5))	Comm Orgs (§11.9(d)(6))	CRP (§11.9(d)(7))	Best Possible Score	Review Status	Underwriting Status	Census Tract(s)	Scored on Proximity	OI or CRP	HTC per Capita	Poverty Rate (%)	Distance from Nearest HTC (in miles)
Region 6/Urban (continued)																																				
18025	The Vireo	SWC Tidwell Rd. and C.E. Kin	Houston	x	77044	Harris	6	Urban				NC	75	9	84	General	1,405,000		x	Teresa Bowyer	113	0	15.5	4	8	4	0	144.5			48201232301					
18218	Cypress Creek Apartment Homes	~10500 blk of FM 1960 W	Houston	x	77064	Harris	6	Urban				NC	119	101	220	General	1,500,000			Victoria Winters S	120	0	0	4	8	0	0	132			48201552500					
18219	Cypress Creek Apartment Homes	~2910 Reed Road	Houston		77051	Harris	6	Urban				NC	80	20	100	General	-		x	Victoria Winters S	110	0	0	8	0	0	7	125				Terminated				
18331	Greens at Mission Bend	NWC of Beechnut St and Lob	Houston		77083	Fort Bend	6	Urban				NC	92	18	110	General	-		x	Les Kilday	120	5	15.5	4	0	4	0	148.5				Withdrawn				
Estimated Allocation Amount		**$13,353,213**	**Elderly Max: $5,517,547**													**Total HTCs Requested**	**37,150,360**																			
Region 7/Rural																																				
18245	Lockhart Springs	NEC Hwy 130 and Borchert L	Lockhart		78644	Caldwell	7	Rural				NC	40	8	48	General	500,000		x	Todd Erickson	120	5	17	4	8	4	0	158	UR		48055960300	0	7	0.0134	12.5	2.76
18026	Maple Park Senior Village	Clearfork St W of City Line Rc	Lockhart		78644	Caldwell	7	Rural				NC	30	18	48	Elderly Limita	500,000		x	Brian Kimes	120	5	17	4	8	4	0	158	UR		48055960300	0	7	0.0134	12.5	1.95
Estimated Allocation Amount		**$500,000**	**Elderly Max: $1,412,140**													**Total HTCs Requested**	**1,000,000**																			
Region 7/Urban																																				
18099	Waters Park Studios	Waters Park Rd and N Mo Pa	Austin		78759	Travis	7	Urban			x	NC	132	0	132	Supportive H	1,500,000		x	Walter Moreau	125	0	17	4	8	4	0	158	UR		48453001829					
18015	Cambrian East Riverside	1806 Clubview Avenue	Austin		78741	Travis	7	Urban				NC	55	10	65	General	1,010,620		x	Jason Haskins	117	0	17	4	8	4	7	157	UR		48453002318					
18081	Pathways at Chalmers Courts East	SWC Chicon St. and E. 4th St.	Austin		78702	Travis	7	Urban			x	NC	135	21	156	General	1,500,000		x	Suzanne Schwertı	115	0	17	8	8	0	7	155	UR		48453000902	5	7	0.0186	26.6	
18335	Travis Flats	5325-5335 Airport Boulvard	Austin		78751	Travis	7	Urban			x	NC	122	24	146	General	1,500,000	x		JoEllen Smith	115	0	17	4	8	4	7	155	UR		48453002105	5	7	0.0186	27.7	
18323	Talavera Lofts	SEC E 5th and Navasota Sts	Austin		78702	Travis	7	Urban				NC	90	2	92	General	1,295,300		x	Janine Sisak	115	0	17	4	8	4	5	153			48453000902	5	7	0.0186	26.6	
18391	Merritt Manor	Hill Lane and Gregg Manor R	Manor		78653	Travis	7	Urban			x	NC	110	36	146	Elderly Limita	1,412,140	x		Colby Denison	120	0	17	4	8	4	0	153			48453001856	0	7	0	6.7	
Estimated Allocation Amount		**$4,540,388**	**Elderly Max: $1,598,670**													**Total HTCs Requested**	**8,218,060**																			
Region 8/Rural																																				
18126	Caldwell Heights	362 MLK Drive	Caldwell	x	77836	Burleson	8	Rural				NC	72	0	72	General	821,242		x	Butch Richardson	95	0	17	4	0	4	0	120	C	UR	48051970200					
Estimated Allocation Amount		**$615,315**														**Total HTCs Requested**	**821,242**																			
Region 8/Urban																																				
18058	Huntington at College Station	SEC Lakeway & Midtown Loc	College Station		77845	Brazos	8	Urban				NC	92	28	120	Elderly Limita	1,500,000		x	R. Hunter Goodw	106	0	17	4	8	4	0	139	C	UR	48041002009					
Estimated Allocation Amount		**$1,624,310**														**Total HTCs Requested**	**1,500,000**																			
Region 9/Rural																																				
18369	The Residences at Canyon Lake	1500 Island View	Canyon Lake		78133	Comal	9	Rural				NC	29	6	35	Elderly Limita	500,000	x	x	Sally Roth	120	0	17	4	8	4	0	153	UR		48091310607	0	7	0	6.2	
18019	Highlander Senior Village	Johnson Way, N of FM 1863	Bulverde	x	78163	Comal	9	Rural				NC	34	32	66	Elderly Limita	500,000		x	Brian Kimes	120	0	17	4	8	4	0	153	UR		48091310703	0	7	0.0034	9.5	
Estimated Allocation Amount		**$500,000**														**Total HTCs Requested**	**1,000,000**																			
Region 9/Urban																																				
18273	Museum Reach Lofts	SEC N St. Mary's St. and W. J	San Antonio		78215	Bexar	9	Urban			x	NC	86	8	94	General	1,182,642			Jennifer Gonzalez	120	0	17	8	8	0	7	160	UR		48029110900	5	7	0.0122	20.4	
18084	Artisan at Ruiz	1507 Ruiz	San Antonio		78207	Bexar	9	Urban			x	NC/SS	102	0	102	General	1,500,000		x	Lucila Diaz	120	0	17	8	8	0	7	160	UR		48029170401	5	7	0.0122	50.1	
18289	Village at Roosevelt	1507 Roosevelt Avenue	San Antonio		78210	Bexar	9	Urban			x	NC	49	8	57	General	975,000			Roger Canales	118	0	17	8	8	0	7	158	UR		48029140300	5	7	0.0122	28.7	
18053	Alazan Lofts	Scattered site locations	San Antonio		78207	Bexar	9	Urban			x	NC	75	13	88	General	1,376,023	x	x	Jason Arechiga	118	0	17	4	8	4	7	158	UR		48029110500	5	7	0.0122	67.6	
18166	The Legacy at Buena Vista	1409 Buena Vista St.	San Antonio		78207	Bexar	9	Urban				NC	88	8	96	Elderly Limita	1,500,000		x	Dan Wilson	117	0	17	4	8	4	7	157	UR		48029170200					
18086	The Village at Overlook Parkway	Overlook Pkwy and U.S. 281	San Antonio		78260	Bexar	9	Urban			x	NC	92	54	146	Elderly Limita	1,490,824		x	Edgar Sandoval	122	0	17	4	8	4	0	155			48029191810	0	7	0.0122	1.3	
18142	San Juan Mission Villas	S 9100 blk S Presa Street	San Antonio		78223	Bexar	9	Urban				NC	83	19	102	Elderly Limita	1,140,000		x	Jeremy Mears	115	0	17	4	8	4	7	155			48029141600	0	7	0.0122	11.7	
18052	Nacogdoches Lofts	Nacogdoches Rd N of Spring	San Antonio		78218	Bexar	9	Urban				NC	84	18	102	Elderly Limita	1,467,404	x	x	Jason Arechiga	121	0	17	4	8	4	0	154			48029121809					
18054	Piedmont Lofts	826 E Highland Blvd	San Antonio		78210	Bexar	9	Urban			x	NC	46	9	55	General	898,576	x		Jason Arechiga	120	0	17	0	0	0	7	144			48029140400					
Estimated Allocation Amount		**$5,353,887**	**Elderly Max: $2,416,209**													**Total HTCs Requested**	**11,530,469**																			

Application Number	Development Name	Development Address	City	ETJ	ZIP Code	County	Region	Urban/Rural	At-Risk	USDA	Nonprofit	Construction Type	Low-Income Units	Market Rate Units	Total Units	Target Population (Supp. Hsg. = Supp Hsg)	HTC Request	MF Direct Loan	Section 811	Applicant Primary Contact	Points Requested / Awarded	Readiness to Proceed (§11.9(c)(8))	Gov't Support (§11.9(d)(1))	QCP (§11.9(d)(4))	State Rep (§11.9(d)(5))	Comm Orgs (§11.9(d)(6))	CRP (§11.9(d)(7))	Best Possible Score	Review Status	Underwriting Status	Census Tract(s)	Scored on Proximity	OI or CRP	HTC per Capita	Poverty Rate (%)	Distance from Nearest HTC (in miles)
Region 10/Rural																																				
18260	Fish Pond at Cuero	1219 State Hwy 72 West	Cuero	x	77954	DeWitt	10	Rural				NC	44	4	48	Elderly Limita	584,842			David Fournier	120	5	17	4	8	4	0	158	C	UR	48123970400					
Estimated Allocation Amount		**$657,644**														**Total HTCs Requested**	**584,842**																			
Region 10/Urban																																				
18261	Fish Pond at Portland	SEC of Akins Dr and Moore A	Portland		78374	San Patricio	10	Urban				NC	54	6	60	Elderly Limita	762,700			David Fournier	120	5	17	4	8	4	0	158	UR		48409010601	0	7	0.0000	8.9	
18186	Avanti at Greenwood	6102 Greenwood Dr	Corpus Christi		78417	Nueces	10	Urban				NC	73	8	81	General	1,291,158		x	Henry Flores	120	5	17	4	8	4	0	158	UR		48355001802	0	7	0.0099	6.4	2.08
18288	Village at Greenwood	~ 6018 Greenwood Dr and Fr	Corpus Christi		78417	Nueces	10	Urban			x	NC	69	12	81	General	1,291,158		x	Roger Canales	120	5	17	4	8	4	0	158			48355001802	0	7	0.0099	6.4	2.04
Estimated Allocation Amount		**$1,458,176**														**Total HTCs Requested**	**3,345,016**																			
Region 11/Rural																																				
18322	Las Casitas de Azucar	20209 FM 506	Santa Rosa		78593	Cameron	11	Rural			x	NC	50	0	50	General	679,000	x	x	Chloe Dotson	110	0	17	4	8	4	0	143	UR		48061010301					
18230	Las Villas del Rio Hondo	310 E Colorado Street	Rio Hondo		78583	Cameron	11	Rural				NC	52	12	64	General	770,000		x	Melissa Fisher	117	0	17	4	8	4	0	150						Incomplete - Pending Appeal		
18157	Bamboo Estates Apartments	7850 Expressway 77	Lyford		78586	Willacy	11	Rural			x	NC	74	6	80	General	1,075,398		x	Sunny K. Philip	121	0	17	4	8	4	0	154						Incomplete - Pending Appeal		
Estimated Allocation Amount		**$895,480**														**Total HTCs Requested**	**2,524,398**																			
Region 11/Urban																																				
18188	Avanti at Sienna Palms Legacy	~NEC Cardinal Dr. & Mile 6 1,	Midway N CD	x	78596	Hidalgo	11	Urban				NC	95	19	114	Elderly Limita	1,500,000			Henry Flores	120	0	17	4	8	4	0	153	UR		48215022402	0	7	0	24.6	1.97
18208	Midway Villas	~NEC of Mile 6 1/2 W. and W	Midway N CD	x	78596	Hidalgo	11	Urban				NC	102	18	120	Elderly Limita	1,315,170		x	Steve Lollis	120	0	17	4	8	4	0	153	UR		48215022402	0	7	0	24.6	0.81
18148	Palmview Village	100 eastside blk Showers Rd	Palmview		78572	Hidalgo	11	Urban				NC	74	18	92	General	1,030,000		x	Jeremy Mears	120	0	17	4	8	4	0	153	UR		48215024205	0	7	0	29.5	4.12
18293	Silver Spur Apartments	Silver Spur Ln S of Expwy 83	Palmview		78572	Hidalgo	11	Urban				NC	100	20	120	General	1,500,000		x	Tim Lang	120	0	17	4	8	4	0	153	UR		48215024205	0	7	0	29.5	3.72
18294	The Legacy	Silver Spur Ln S of Expwy 83	Palmview		78572	Hidalgo	11	Urban				NC	58	12	70	Elderly Limita	892,000		x	Tim Lang	120	0	17	4	8	4	0	153	UR		48215024205	0	7	0	29.5	3.64
18196	North Alamo Heights	~NEC E. Sioux Rd. and Retam	N Alamo CDP,	x	78589	Hidalgo	11	Urban				NC	119	21	140	General	1,500,000		x	Steve Lollis	120	0	17	4	8	4	0	153	UR		48215021805	0	7	0	30.2	
18206	Ridge Villas	~SWC S Stewart Rd. and Ridg	San Juan	x	78589	Hidalgo	11	Urban				NC	119	21	140	General	1,500,000		x	Steve Lollis	120	0	17	4	8	4	0	153			48215022001	0	7	0.0024	25.8	
18255	Pendleton Square	NEC of Doctors Memorial & I	Harlingen		78550	Cameron	11	Urban				NC	47	13	60	General	803,000			Justin Zimmerma	120	0	17	4	8	4	0	153			48061011302	0	7	0.0074	5.4	
18357	Capella	SWQ of El Dorado Ave and W	Brownsville	x	78575	Cameron	11	Urban				NC	101	19	120	General	1,500,000		x	Manish Verma	120	0	17	4	8	4	0	153			48061012506	0	7	0.0080	21.3	
18358	Ovation Senior Living	W Lakeside Blvd, S of El Dora	Brownsville	x	78575	Cameron	11	Urban				NC	105	19	124	Elderly Limita	1,500,000			Manish Verma	120	0	17	4	8	4	0	153			48061012506	0	7	0.0080	21.3	
18239	Casitas Palo Alto	~Sports Park Blvd and Old Ali	Brownsville		78520	Cameron	11	Urban			x	NC	80	0	80	General	1,118,000			Mark Moseley	117	0	17	4	8	4	0	150			48061014400					
18103	Zinnia Gardens Apartments	21740 Hand Rd.	Combes	x	78552	Cameron	11	Urban			x	NC	128	0	128	General	-			Sunny K. Philip	122	0	17	4	8	4	0	155						Terminated		
Estimated Allocation Amount		**$6,102,042**														**Total HTCs Requested**	**12,658,170**																			
Region 12/Rural																																				
18347	Avenue Commons	NWC of SE Ave E and SE Mus	Andrews		79714	Andrews	12	Rural				NC	50	10	60	General	750,000		x	Craig Alter	108	0	17	4	8	4	0	141	UR		48003950300					
18345	Westwind of Andrews	NWC NE Mustang Drive & Qu	Andrews		79714	Andrews	12	Rural				NC	43	5	48	General	500,000			Kelly Garrett	104	0	14	4	8	4	0	134	UR		48003950100					
18224	Redwood Apartments	NWC W. 12th Street & N. Syc	Fort Stockton	x	79735	Pecos	12	Rural				NC	40	8	48	General	-		x	Justin Zimmerma	107	0	17	4	8	4	0	140						Terminated		
Estimated Allocation Amount		**$500,000**														**Total HTCs Requested**	**1,250,000**																			
Region 12/Urban																																				
18222	Glenn Park Apartments	4001 S. Chadbourne	San Angelo		76904	Tom Green	12	Urban				NC	48	12	60	General	778,700		x	Vaughn Zimmerm	112	0	17	4	8	4	0	145	UR		48451000801					
18109	The Trails at San Angelo	2600 Block of Era St	San Angelo		76905	Tom Green	12	Urban				NC	72	0	72	General	991,227			Adrian Iglesias	108	0	17	4	8	4	0	141						Terminated		
Estimated Allocation Amount		**$952,045**														**Total HTCs Requested**	**1,769,927**																			
Region 13/Rural																																				
18130	Skyway Gardens	SEC of S Walker St and Lechu	Alpine	x	79830	Brewster	13	Rural				NC	49	0	49	General	701,300			Roy Lopez	105	0	8.5	4	8	2	0	127.5	C	UR	48043950400					
Estimated Allocation Amount		**$500,000**														**Total HTCs Requested**	**701,300**																			

Application Number	Development Name	Development Address	City	ETJ	ZIP Code	County	Region	Urban/Rural	At-Risk	USDA	Nonprofit	Construction Type	Low-Income Units	Market Rate Units	Total Units	Target Population (Supp. Hsg. = Supp Hsg)	HTC Request	MF Direct Loan	Section 811	Applicant Primary Contact	Points Requested / Awarded	Readiness to Proceed (§11.9(c)(8))	Gov't Support (§11.9(d)(1))	QCP (§11.9(d)(4))	State Rep (§11.9(d)(5))	Comm Orgs (§11.9(d)(6))	CRP (§11.9(d)(7))	Best Possible Score	Review Status	Underwriting Status	Census Tract(s)	Scored on Proximity	OI or CRP	HTC per Capita	Poverty Rate (%)	Distance from Nearest HTC (in miles)
Region 13/Urban																																				
18127	Metro 31 Senior Community	SEC of Wren Ave and Gallivar	El Paso		79924	EL Paso	13	Urban				NC	87	8	95	Elderly Limita	1,149,600		x	Roy Lopez	108	0	17	4	8	4	0	141	UR		48141000206					
18707	Nevarez Palms	NEQ of Alameda and Nevare:	Socorro		79927	El Paso	13	Urban				NC	104	0	104	General	1,163,300			R.L. "Bobby" Bow	95	0	17	4	8	4	0	128	UR		48141004002					
18012	Jamie O Perez Memorial Apartme	NWQ Nevarez Rd and Alame	Socorro		79927	El Paso	13	Urban				NC	96	0	96	General	1,163,300			R.L. "Bobby" Bow	94	0	17	4	8	4	0	127	UR		48141004002					
18129	Emerald Manor	NEC of Horizon Blvd and Rift	Horizon City		79928	El Paso	13	Urban				NC	90	10	100	General	1,258,450		x	Roy Lopez	106	0	0	4	8	4	0	122			48141010342					
18010	Edgemere Palms	~NWC Edgemere and Zarago	El Paso		79938	El Paso	13	Urban				NC	82	14	96	General	1,163,300			R.L. "Bobby" Bow	86	0	0	4	0	4	0	94			48141010331					
Estimated Allocation Amount		**$2,640,521**														**Total HTCs Requested**	**5,897,950**																			

Estimated Total Allocation **$75,434,084** **Total Applications** **138** **Total Amount Requested** **$ 149,219,790**

2018 Tie-Breaker Status

Scores for Opportunity Index, Proximity to the Urban Core, and Concerted Revitalization Plan are based on information submitted in the Application and have not been confirmed.

Where the greatest linear distance from the nearest Housing Tax Credit assisted Development is used as a tie-breaker, distances noted are approximate.

TDHCA #	Development Name	Proximity Score	Opportunity or CRP Score	HTC per Capita	Poverty Rate	Distance from Nearest HTC	Notes
	At-Risk						
18039	Orchid Circle Homes & La	0	7	0.0304	24		Lower per capita rate
18013	Dayton Retirement Cent	0	7	0.0379	9.6		
Region	**2-Rural**						
18259	Cannon Courts	0	7	0	8.5		Lower poverty rate
18036	Clyde Ranch	0	7	0	18.1		OI/CRP Score
18372	Iowa Park Pioneer Crossi	0	0	0.0038	7.6		
Region	**3-Urban**						
18361	Canova Palms	5	7	0.0052	8.6		Lower per capita rate
18000	Evergreen at Garland Ser	5	7	0.0055	21.3		Lower poverty rate
18091	Lavon Senior Villas	5	7	0.0055	22.7		Lower per capita rate
18269	2400 Bryan	5	7	0.0158	4.9		
18388	The Park on 14th	5	7	0.0043	26.7		Lower per capita rate
18002	Evergreen at Basswood S	5	7	0.0055	11.6		Scored on Proximity
18368	The Reserves at Merriwo	0	7	0.0055	4.6		Lower poverty rate
18376	Lakeview Pointe Apartme	0	7	0.0055	7		Lower per capita rate
18214	Mariposa Apartment Hor	0	7	0.0077	3		Lower per capita rate
18204	Cielo at Mountain Creek	0	7	0.0158	9.1		
18024	Palladium Celina Senior L	0	7	0	12		Lower per capita rate
18298	Heritage at Wylie	0	7	0.0020	4.8		Lower per capita rate
18087	Residences of Long Branc	0	7	0.0024	6.3		Lower per capita rate
18263	Circle F Ranch Lofts	0	7	0.0139	12		Lower per capita rate
18264	Circle F Ranch Seniors	0	7	0.0139	12		Lower per capita rate
18220	Mariposa Apartment Hor	0	7	0.0177	17.4		
18067	Palladium Crowley	0	7	0.0037	15.6		Lower per capita rate
18068	Palladium Teasley Lane	0	7	0.0179	2.5		
Region	**4-Rural**						
18268	Saline Creek Senior Villag	0	7	0	4		Lower poverty rate
18106	Hallsville Estates	0	7	0	14.6		Lower per capita rate
18152	SilverLeaf at Marshall	0	7	0.0133	14.6		
Region	**4-Urban**						
18143	Longview Pines Apartme	0	7	0.0089	2.6		Lower poverty rate
18398	Hickory Trails	0	7	0.0089	9.8		
Region	**6-Urban**						
18333	Fulton Lofts	5	7	0.0161	19.2	0.86	#14113 Avenue Terraces
18337	Fulton on the Rail	5	7	0.0161	19.2	0.66	4300 Irvington Blvd

TDHCA #	Development Name	Proximity Score	Opportunity or CRP Score	HTC per Capita	Poverty Rate	Distance from Nearest HTC	Notes
18306	Campanile on Commerce	5	7	0.0161	42.1		Proximity Score
18137	New Hope Housing Dale	0	7	0.0161	31.8		
18254	Somerset Lofts	0	7	0.0161	17.5		Lower poverty rate
18138	Lancaster Senior Village	0	7	0.0161	34.4		
18320	Seaside Lodge at Chesape	0	7	0	11.8		Lower poverty rate
18047	Miramonte Single Living	0	7	0	17.7	1.15	#99017 The Park at Fort Bend
18043	Huntington at Miramont	0	7	0	17.7	1.1	3001 Dove Country Dr, Stafford
18033	The Miramonte	0	7	0	17.7	1.02	"
18339	Fairmont Seniors	0	7	0.0116	11.8		Lower per capita rate
18161	Monroe Crossing	0	7	0.0161	10.2		Lower poverty rate
18159	Rutherford Park	0	7	0.0161	12.3		Lower poverty rate
18355	W. Little York Apartment	0	7	0.0161	16.3	1.98	#94030 Sterling Grove 6420 Antione
18354	Flintlock Apartments	0	7	0.0161	16.3	1.69	#00058 Winfern 14333 Philippine
18093	Green Oaks Apartments	0	7	0.0161	18.2		Lower poverty rate
18383	Provision at Lake Housto	0	7	0.0161	18.4		Lower poverty rate
18382	Provision at Synott	0	7	0.0161	19.1		Lower poverty rate
18338	The Greenery	0	7	0.0161	43.4		
Region	**7-Rural**						
18245	Lockhart Springs	0	7	0.013444	12.5	2.76	#96116 Southpark Village
18026	Maple Park Sr Village	0	7	0.013444	12.5	1.95	1817 S Colorado
Region	**7-Urban**						
18323	Talavera Lofts	5	7	0.0186	26.6		Lower poverty rate
18335	Travis Flats	5	7	0.0186	27.7		Lower poverty rate
18081	Pathways at Chalmers Co	5	7	0.0186	39.3		
Region	**9-Rural**						
18369	The Residences at Canyo	0	7	0	6.2		Lower poverty rate
18019	Highlander Senior Village	0	7	0	9.5		
Region	**9-Urban**						
18086	The Village at Overlook P	0	7	0.0122	1.3		Lower poverty rate
18142	San Juan Mission Villas	0	7	0.0122	11.7		
Region	**10-Urban**						
18261	Fish Pond at Portland	0	7	0.0000	8.9		Lower per capita rate
18186	Avanti at Greenwood	0	7	0.0099	6.4	2.08	#14066 Lexington Manor
18288	Village at Greenwood	0	7	0.0099	6.4	2.04	#14066 Lexington Manor
Region	**11-Urban**						
18188	Avanti at Sienna Palms	0	7	0	24.6	1.97	#09357 Weslaco Hills
18208	Midway Villas	0	7	0	24.6	0.81	Lower poverty rate
18148	Palmview Village	0	7	0	29.5	4.12	#03035 Rio de Vida
18293	Silver Spur Apartments	0	7	0	29.5	3.72	301 S Inspiration
18294	The Legacy	0	7	0	29.5	3.64	"
18196	North Alamo Heights	0	7	0	30.2		Lower per capita rate
18206	Ridge Villas	0	7	0.0024	25.8		Lower per capita rate
18255	Pendleton Square	0	7	0.0074	5.4		Lower per capita rate
18357	Capella	0	7	0.0105	21.3		
18358	Ovation Senior Living	0	7	0.0105	21.3		