

BOARD MEETING OF JUNE 10, 2004

Beth Anderson, Chair
C. Kent Conine, Vice-Chair



Patrick R. Gordon, Member
Vidal Gonzalez, Member
Shadrick Bogany, Member
Norberto Salinas, Member

MISSION

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

***TO HELP TEXANS ACHIEVE AN IMPROVED QUALITY OF
LIFE THROUGH THE DEVELOPMENT OF BETTER
COMMUNITIES***

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

BOARD MEETING

JUNE 10, 2004

ROLL CALL

	Present	Absent
Anderson, Beth, Chair	_____	_____
Conine, C. Kent, Vice-Chair	_____	_____
Bogany, Shadrick, Member	_____	_____
Gonzalez, Vidal, Member	_____	_____
Gordon, Patrick, Member	_____	_____
Salinas, Norberto, Member	_____	_____
Number Present	_____	
Number Absent		_____

_____, Presiding Officer

- d) Approval of Private Mortgage Insurance Subsidy for Expanded Approval Program

Item 5 Presentation, Discussion and Possible Approval of Housing Tax Credit Items:

Elizabeth Anderson

- a) Appeals to Board from Housing Tax Credit Applicants on Applications as follows:
 - 04-066 Pineywoods Community Development, Orange, Texas
 - 04-267 Brentwood Apartments, Aldine City, Texas
- b) Issuance of Determination Notices on Tax Exempt Bond Transactions with Other Issuers:
 - 04-425 The Masters, Dallas, Texas
City of Dallas Housing Finance Corp. is the Issuer
(Requested Amount of \$511,061 and Recommended Amount of \$500,879)
 - 04-428 Primrose at Pasadena, Pasadena, Texas
Southeast Texas Housing Finance Corp, is the Issuer
(Requested Amount of \$783,565 and Recommended Amount of \$783,565)
- c) Proposed Amendments to Housing Tax Credit Projects:
 - 03-134 Lilac Gardens, El Paso, Texas
 - 04-408 Hickory Manor, DeSoto, Texas
- d) Extension of Construction Loan Closing Deadlines for:
 - 03-004 Arbor Woods Apartments, Dallas, Texas
 - 03-011 Jefferson Davis Artist Lofts, Houston, Texas
 - 03-136 Tigoni Villas, San Antonio, Texas
 - 03-159 Summit Senior Village, Gainesville, Texas
 - 03-178 Jacinto Manor, Jacinto City, Texas
 - 03-182 The Manor at Jersey Village, Jersey Village, Texas
 - 03-212 Village of Kaufman Apartments, Kaufman, Texas
 - 03-213 Fox Run Apartments, Orange, Texas
 - 03-220 Desert Breeze, Horizon City, Texas
- e) Request for Additional Housing Tax Credits for:
 - 1) 0004T, Carroll Townhomes, Dallas, Texas, in the Amount of \$13,587 (Total amount of Housing Tax Credits for Carroll Townhomes is \$265,587)
 - 2) 01401, Roseland Gardens, Dallas, Texas, in the Amount of \$3,188 (Total amount of Housing Tax Credits for Roseland Gardens is 402,563)

EXECUTIVE SESSION

If permitted by law, the Board may discuss any item listed on this agenda in Executive Session

Elizabeth Anderson

OPEN SESSION

Elizabeth Anderson

Action in Open Session on Items Discussed in Executive Session

REPORT ITEMS

Executive Directors Report

1. *USA Today* Article on *Most Back Affordable Housing Next Door*
2. Biennial Operating Plan and Legislative Appropriations Request Process
3. Speaking Engagement on June 14, 2004 at National Association of Real Estate Brokers in Houston, Texas on *Making Money With Low Income Housing Tax Credits*
4. Speaking Engagement on July 14, 2004 at National Advisory Group in Washington, D.C. on *State Allocating Agencies: Priorities and Issues*
5. House Committee on Urban Affairs Interim Hearings

ADJOURN

Elizabeth Anderson

To access this agenda and details on each agenda item in the board book, please visit our website at www.tdhca.state.tx.us or contact the Board Secretary, Delores Groneck, TDHCA, 507 Sabine, Austin, Texas 78701, 512-475-3934 and request the information.

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

Non-English speaking individuals who require interpreters for this meeting should contact Delores Groneck, 512-475-3934 at least three days before the meeting so that appropriate arrangements can be made.

EXECUTIVE OFFICE
BOARD ACTION REQUEST
June 10, 2004

Action Item

Board Minutes of May 13, 2004.

Required Action

Approval of the minutes fo the Board Meeting with any necessary corrections.

Background

The Board is required to keep minutes of each of their meetings. Staff recommends approval of the minutes.

Recommendation

The Board approve the minutes with any changes they deem necessary.

**BOARD MEETING
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
507 Sabine, Room 437, Austin, Texas 78701
May 13, 2004 9:00 a. m.**

Summary of Minutes

**CALL TO ORDER, ROLL CALL
CERTIFICATION OF QUORUM**

The Board Meeting of the Texas Department of Housing and Community Affairs of May 13, 2004 was called to order by the Chair of the Board Elizabeth Anderson at 9:10 a.m. It was held at the Texas Department of Housing and Community Affairs Boardroom, 507 Sabine, Austin, Texas. Roll call certified a quorum was present.

Members present:

Elizabeth Anderson – Chair
C. Kent Conine – Vice Chair
Shadrick Bogany – Member
Patrick Gordon – Member
Vidal Gonzalez – Member
Norberto Salinas – Member (joined the meeting in progress)

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

PUBLIC COMMENT

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

Ms. Anderson called for public comment and the following either gave comments at this time or preferred to wait until the agenda item was presented.

The Honorable Frank Madla, Senator, State of Texas, Austin, Texas

Senator Madla congratulated the Board on the staff of the department. He stated Ms. Carrington does an outstanding job and she has been responsive and very willing to work through all the calls she gets from members of his staff. He further stated that a small community in far west Texas, the City of Toyah, was hit very hard with rains. There were around 41 businesses and homes that were damaged by these rains and the city has submitted an application to the department for assistance under the HOME Program. This is an agenda item for this meeting and he urged the Board to give it favorable consideration.

The Honorable Corbin Van Arsdale, Representative, State of Texas, Austin, Texas

Representative Van Arsdale thanked the Board for letting him speak early in the agenda. He stated he found Ms. Carrington to be very easy to work with, very good about communicating information and very courteous. He has enjoyed working with Ms. Carrington and looks forward to working with her in the future. He stated he has received more constituent response and a broader constituent response on the proposed Pinnacle Apartments in his district in Houston than he has had on any other proposed project. He stated the developer's resident relationship has not been very good as there wasn't any contact or any sort of groundwork laid. The developer wanted everything to be in writing at the public hearing and the developer would not orally entertain any sort of dialogue with the residents. There has not been a good neighborly attitude from the developer on this project. There is a one big issue in this proposed area of Houston and that is flooding as the development is in the 100 year flood plain. The school district is Cyoress-Fai8rbanks ISD and is one of the fastest growing school districts in the State of Texas. It is a very large school but they will have to use temporary buildings as children will be coming into the district from this proposed project.

Henry Gorham, Chairman of Board of Blue Light Village Housing, Corpus Christi, Texas

Mr. Gorham stated the Blue Light Village Housing in Corpus Christi is an apartment complex that is more than 30 years old with 152 units that are all affordable housing. Due to the age of this project, there is a need to renovate the entire property and bring it up to what is needed by the people who live there. They have held meetings with the tenants and received the desires from the tenants and there is a great need for air conditioning. He asked for approval of this project.

Ms. Anderson noted that Scott Sims from the Speakers Office was in attendance at this meeting.

Ms. Anderson closed public comment at 9:45 a.m. but those people who requested to speak at the time of the agenda items will do so at that time. She also recognized Rev. Harvey Clemons from Houston who is a former Board member.

Recognition of Former Board Chairman, Michael Jones

Ms. Anderson welcomed Mr. Jones and his wife, Pam to the meeting.

Ms. Carrington stated Mr. Jones served on the Board over 7 years and during these years there were 100 meetings held and he only missed 5. He served with 17 other board members and it was a pleasure to have a Board Chair who is supportive, smart and humorous. Mr. Jones was always accessible to her and would always return calls, etc. She stated he cares about TDHCA and served during the days when there were many problems at the Department. She presented Mr. Jones with a plaque from the Department.

Mr. Jones thanked the Board members, the Department and staff for all their hard work. He stated he enjoyed his service and he was very proud of TDHCA.

Ms. Anderson stated she and the other board members were delighted that he and Mrs. Jones were attending this meeting.

Mr. Conine stated it was a pleasure for him to recognize Mike and Pam. He stated that due to Mr. Jones' leadership the department came from a period in its history where things were turbulent and tough, accusations flying all over the place, to one now that is a shining star as far as state agencies go. There has never been a state agency that has made such a dramatic turnover in such a short period of time and a large part of that was due to Mr. Jones and his leadership on the Board. The citizens of Texas owe a debt of gratitude to Mr. Jones and he personally wanted to thank him for what he has done.

Mr. Bogany stated Mr. Jones really made it a lot easier for him when he started serving on the board and Mr. Jones' friendship and leadership has been outstanding. Mr. Jones always did what was right and did not give in to pressure. If one had a dictionary and looked up leadership and character, that Mr. Jones' name would be there and he appreciated the leadership during the period that Mr. Jones was here.

Mr. Gonzalez stated he appreciated Mr. Jones taking the new Board members under his wing and the leadership he provided made everyone proud of the Board they serve on. He thanked Mr. Jones for his friendship, his help and his advice.

Mr. Salinas stated he appreciated Mr. Jones putting up with him since 2001 and he appreciated Mr. Jones being the leader in the many good things this agency has done. He thanked Mr. Jones for all he has done for Texas and for giving him the opportunity to serve with him. He appreciated all the advice from Mr. Jones and was glad that he was able to meet Mr. Jones and have the friendship that he has with him.

Ms. Anderson stated Mr. Jones listened to all sides and did what was right, and balances the interests of neighborhoods and interests of housing needs and the interests of the advocates, the legislature and the taxpayers. Mr. Jones left very large shoes that will be impossible to fill. His judgment, his steadiness, his legal acumen and his profound sense of fairness are things that served this agency very well. All of the people of the State of Texas owe this true gentleman a tremendous debt of gratitude. She appreciated him being at the Board meeting and presented him with a token of appreciation which stated: "Dear Chairman

Jones, On behalf of the governing board and all the employees of the Texas Department of Housing and Community Affairs, as well as the thousands of Texans that the department has assisted during your tenure on the governing board, we present you with this token of appreciation for, and in honor of, your service to the department and to Texas. We are grateful for your leadership and commitment to the department's mission.

Mr. Jones thanked the Board and stated that they all have really worked on this board. They do an important thing and he thanked each of them for their great contributions to the State of Texas and for them to be willing to continue to do that. He also thanked the entire staff.

ACTION ITEMS

(1) Presentation, Discussion and Possible Approval of Minutes of the Board Meetings of April 8, 2004

Motion made by C. Kent Conine and seconded by Vidal Gonzalez to approve the Minutes of the Board Meeting of April 8, 2004.

Passed Unanimously

(2) Presentation and Discussion of Report from the Programs Committee:

(a) Update on Issues Raised at the Programs Committee and Board Meetings of April 8, 2004

(b) Amendments to the 2004 Consolidated – One Year Action Plan

(c) Update of Department's Draft Performance Measures for 2006-1007

(d) Discussion for Funding Sources for Preservation

Mr. Conine stated the Programs Committee met the day before and reviewed the HOME program and focused on where the state was relative to the nation in the HOME Program functions and the various percentages of each of the programs in the HOME Program. They also discussed the Consolidated Plan, performance measures and funding sources for Preservation and will review these items again at future meetings.

(3) Presentation, Discussion and Possible Approval of Programmatic Items:

(a) Use of Returned Below Market Interest Rate Program (BMIR) Funds to Fund Willow Bend Creek Sponsored by Ability Resources, Inc., in Ft. Worth, Texas in Lieu of HOME Funds

Ms. Carrington stated this is a request to substitute committed HOME funds in the amount of \$623,226 with Below Market Interest Rate Program funds that had not previously been transferred to the Multifamily Housing Preservation Incentive Program. This is a change of a source of funding for Ability Resources Inc. for the development of Willow Bend Creek. In addition, the Department is requesting approval to transfer \$112,821 in remaining BMIR funds to the Multifamily Housing Preservation Incentive Program.

Motion made by C. Kent Conine and seconded by Shad Bogany to approve the use of returned Below Market Interest Rate Program Funds to fund Willow Bend Creek sponsored by Ability Resources, Inc. in lieu of HOME funds.

Passed Unanimously

(b) Recommendations for Funding to Rural Economic Assistance League, Inc. and the Institute of Rural Development with Declined Funds from the Gonzalez Economic Development Corporation

Ms. Carrington stated staff is requesting approval of 2002-2003 HOME Investment Partnership Program Awards for owner occupied assistance under the general set aside and the total award would be \$520,000. The Institute of Rural Development is located in Kingsville and staff is requesting approval of an award of \$250,000 with an additional \$10,000 in administrative funds. The Rural Economic Assistance League is located in Alice and staff is recommending \$250,000 in project funds and \$10,000 for administrative funds. Each will be doing 5 units of owner-occupied. The Gonzalez Economic Development Corporation declined their award which is the source of funding for these two awards.

Motion made by Shad Bogany and seconded by Norberto Salinas to approve the Rural Economic Assistance League, Inc. and the Institute of Rural Development each for \$250,000 in program funds and each \$10,000 in administrative funds.

Passed Unanimously

(c) Single Family Mortgage Revenue Bond Program 61 Lender List

Ms. Carrington stated staff is requesting approval of a list of lenders for Program 61 and noting that this list can have lenders added throughout the year. There was a map provided on where the branch offices will be located for each lender.

Motion made by C. Kent Conine and seconded by Shad Bogany to approve the Program 61 lender list.

Passed Unanimously

**(d) HOME Program Disaster Relief Awards for:
Brooks County for \$514,800 and City of Toyah for \$514,800**

Ms. Carrington stated these two disaster relief awards will be funded out of HOME Program deobligated funds. The City of Toyah had damage due to excessive rains and the area was declared a disaster by the Governors Office. Brooks County was also declared a disaster by the Governors Office. Staff is recommending \$514,800 (\$495,000 in program funds and \$19,800 in administrative funds) for Brooks County and the City of Toyah.

Motion made by C. Kent Conine and seconded by Shad Bogany to approve the City of Toyah and Brooks County each for \$514,800.

Passed Unanimously

(e) Recommendation for United Cerebral Palsy (UCP) HOME Program Award Utilizing Deobligated Funds in the Amount of \$500,000

Ms. Carrington stated staff is requesting approval of home buyer assistance in the amount of \$530,000 for Home of Your Own Coalition, Hope For You. This organization serves persons with disabilities and this is a set aside for funding in the states Consolidated Plan. These funds will come from deobligated funds under the special projects category. When the funds come in from HUD this amount will go back into other activities. This is an advance funding for this entity so they can continue with their work and will not have to discontinue any services.

Motion made by C. Kent Conine and seconded by Shad Bogany to approve the \$530,000 recommendation (\$500,000 project funds and \$30,000 admin funds) for United Cerebral Palsy.

Passed Unanimously

Bob Cash, Office of State Representative Kevin Bailey, Austin, Texas

Mr. Cash stated that Representative Bailey wanted a statement read into the record concerning Bristol Apartments which stated:

"Dwayne Henson has one development in my district, Shoreham Apartments, which is located at 2450 Aldine, West Hill. Mr. Henson has another development located in my district, before a change in my district boundaries, called Brickmore Apartments, located at 16101 Imperial Valley, Houston. Mr. Henson has always been very sensitive to the needs of neighborhoods adjacent to his developments. My office has yet to receive one serious complaint about properties developed by Mr. Henson.

The high standards of applicant screening, the managerial style, and the architectural quality of these developments has made them assets and add value to our neighborhoods. Mr. Henson and his employees have worked hard to avoid burdening our schools and maintaining traffic flow. While Mr. Henson's site at Green's Parkway, the Bristol Apartments, is adjacent to my district, I want to take this opportunity to support that development, because I know it will be a positive contribution to the community."

(4) Presentation, Discussion and Possible Approval of Department Rules:

(a) Proposed New Title 10, Part 1, Chapter 35 – Multifamily Housing Revenue Bond Rules

Ms. Carrington stated staff is requesting approval of the draft 2005 Multifamily Private Activity Bond Rules. These rules will be published to receive public comment. The changes to the rules are minimal from the rules that the Board approved last year. There are three public hearings to be held on these rules.

There was discussions held on the support and opposition to a project stated in the rules and Ms. Carrington advised that the development community has been advised that the letters from local elected officials will not be scored. They will be made part of the files but just not scored.

On page 16 of the rules under income level, staff will add “low income” level.

Motion made by C. Kent Conine and seconded by Shad Bogany to approve the proposed Multifamily Housing Revenue Bond Rules for publication in the *Texas Register* to receive public comments.
Passed Unanimously

(b) New Title 10, Part 1, Chapter 1, §1.16-Rule Regarding Ethics and Disclosure Requirements for Outside Financial Advisors and Service Providers

Ms. Carrington stated staff is requesting adoption of the final regarding ethics and disclosure requirements for outside financial advisors and service providers. This will apply mostly to those professionals that are hired through the single family mortgage revenue bond program.

Motion made by Shad Bogany and seconded by Norberto Salinas to approve the New Title 10, Part 1, Chapter 1, §1.16 Rule-Regarding Ethics and Disclosure Requirements for Outside Financial Advisors and Service Providers.
Passed Unanimously

(c) Proposed New Title 10, Part 1, Chapter 1, §1.17-Rule on Department Policy Concerning Alternative Dispute Resolution and Negotiated Rulemaking

Ms. Carrington stated SB 264 requires that the department develop and implement a policy to encourage the use of appropriate alternative dispute resolution to assist in the resolution of both internal and external disputes under the agency’s jurisdiction.

Chris Wittmayer, General Counsel, stated that the Center for Public Policy Dispute Resolution had 3 additional recommendations which are: (1) add on page 1, Sec. b definitions (b)(1) – “The Governmental Dispute Resolution Act does not grant the department authority to engage in binding arbitration”; (2) add on last page – paragraph 3 – (after facilitated by Department employee) “or a third party: and (3) add on the last page –paragraph 4 (j) “the department may participate in intergovernmental efforts to share qualified government employees to act as impartial third parties. They agree to reimburse the furnishing entity in kind or monetarily for the full or partial cost of providing the qualified impartial third party”.

Motion made by C. Kent Conine and seconded by Norberto Salinas to approve the Proposed New Title 10, Part 1, Chapter 1, §1.17-Rule on Department Policy Concerning Alternative Dispute Resolution and Negotiated Rulemaking.
Passed Unanimously

(5) Presentation and Discussion of Report from Audit Committee:

(a) KPMG FY 2003 Statewide Federal Single Audit Report

(b) Status of Prior Audit Issues

(c) Section 8 Family Self Sufficiency Program

(d) Status of Central Database

Mr. Bogany stated that an Audit Committee Meeting was held on May 12 and went over various items and he asked the Internal Auditor to give a report.

David Gaines, Internal Auditor, stated the Committee reviewed the statewide federal single audit report and as a result of the audit there were 11 findings and 9 of those have been implemented by management. On prior audit issues, 5 of the 7 are being reported as fully implemented or resolved by management. There have been discussions with HUD on one of the issues and these talks are continuing to settle this finding.

Mr. Conine asked staff to maybe have this as an agenda item when HUD visits the department on May 20.

Mr. Gaines stated on the Section 8 Family Self Sufficiency Program there was a problem that had surfaced that may affect the plan. HUD approved Brazoria County as a public housing agency and the county is now eligible to deliver the Section 8 program. The department is assessing the impact of this recent development.

Mr. Conine asked for a report on this at the next meeting.

Mr. Gaines stated the committee discussed the status of the central database and went over the issues and accomplishments as the department goes forward with the central database.

Mr. Bogany stated he would like to keep the consultant on until this item is completed.

Mr. Dally advised that the department does have the money to keep the consultant working on this project. He also stated that it would be a good use of the consultant's time and he will present this item at a future meeting.

Mr. Bogany stated that the committee went through the personnel evaluation of the Internal Auditor. He stated that they believe the Internal Group is performing at a very high standard.

Motion made by Shad Bogany and seconded by Vidal Gonzalez to approve the evaluation for Mr. David Gaines, Internal Auditor.
Passed Unanimously

- (6) **Presentation, Discussion and Possible Approval of Multi-Family Mortgage Revenue Bonds and Four Percent (4%) Housing Tax Credits With TDHCA as the Issuer:**
- (a) **Proposed Issuance of Multifamily Mortgage Revenue Bonds for Evergreen at Plano Independence, Plano, Texas in an Amount Not to Exceed \$14,750,000 and Issuance of Determination Notice (Requested Amount of \$585,335 and Recommended Amount of \$585,335) for Housing Tax Credits for Evergreen at Plano Independence, Plano, Texas #04-409**
Ms. Carrington stated this project is located in Plano and will have 250 units with one and two bedrooms as an elderly development. Staff is recommending approval.

Motion made by C. Kent Conine and seconded by Vidal Gonzalez to approve the issuance of Multifamily Mortgage Revenue Bonds for Evergreen at Plano Independence, Plano, Texas in an Amount Not to Exceed \$14,750,000 and Issuance of Determination Notice in the recommended amount of \$585,335 for Housing Tax Credits for Evergreen at Plano Independence, Plano, Texas, #04-409 and approval of Resolution No. 04-024.
Passed Unanimously

- (b) **Proposed Issuance of Multifamily Mortgage Revenue Bonds for Montgomery Pines, Porter, Texas in an Amount Not to Exceed \$12,300,000 and Issuance of Determination Notice (Requested Amount of \$622,992 and Recommended Amount of \$621.509) for Housing Tax Credits for Montgomery Pines, Porter, Texas #04-411**
Ms. Carrington stated this project is in Porter (Montgomery County) and will have 224 units as a family development with one, two and three bedrooms.

Motion made by Shad Bogany and seconded by Vidal Gonzalez to approve the issuance of Multifamily Mortgage Revenue Bonds for Montgomery Pines, Porter, Texas in an Amount Not to Exceed \$12,300,000 and Issuance of Determination Notice in the recommended amount of \$621,509 for Housing Tax Credits for Montgomery Pines, Porter, Texas, \$04-411 and approval of Resolution No. 04-025.

Passed Unanimously

Gerald Russell stated he was in attendance to answer any questions the Board may have on Montgomery Pines.

(c) Proposed Issuance of Multifamily Mortgage Revenue Bonds for Pinnacle Apartments, Houston, Texas in an Amount Not to Exceed \$14,500,000 and Issuance of Determination Notice (Requested Amount of \$709,370 and Recommended Amount of \$707,967) for Housing Tax Credits for Pinnacle Apartments, Houston, Texas #04-415

Ms. Carrington stated this project is in Houston, Texas and will have 248 units as a family development with one, two and three bedroom units. There was much public opposition against this project at the TEFRA hearing.

Tom Gouris, Director of Real Estate Analysis, stated they had concerns on the debt service structure, flooding issues on the property and the financial structure using a fixed rate but was working with the developer to handle all their concerns.

Lewis Hill, President of Ravenswood Sellers and Park Home Association, Houston, Texas

Mr. Hill stated the community voiced many concerns at the hearing held and these were on school capacity, lack of service level jobs, and lack of adequate medical facilities, road congestion and public transportation. He stated there are four apartment complexes in this area with over 500 units. These are not full and they have a high vacancy rate. This organization was opposed to the project.

Steve Ford, Developer, Houston, Texas

Mr. Ford stated he was the developer of Pinnacle Apartments. He stated a TEFRA hearing was held and there was communication from the organizations. He stated he responded to all e-mails from groups within 24-48 hours after receiving them. He did state that his group did not give any testimony at the hearing but elected to handle all concerns in writing. There were about 170-200 people who attended the hearing and only 6 people there were in favor of the project. He stated this project will have after school facilities for children. Mr. Ford then discussed in great detail the concerns that everyone had and went over the school issue, the flooding issue and how they plan to handle the traffic congestion, etc.

Mr. Bogany stated he had seen the property and knew of the opposition at the hearing and felt the department should come up with rules and regulations for holding a TEFRA hearing. He also felt the developers could do a better job in providing information at these hearings.

Scott Landen, Katy, Texas

Mr. Landen stated he lives in one of Mr. Ford's developments and it is close to his work and stated he enjoyed living at this development which has many amenities.

Motion made by Shad Bogany and seconded by Vidal Gonzalez to approve the issuance of Multifamily Mortgage Revenue Bonds for Pinnacle Apartments, Houston, Texas in an Amount not to Exceed \$14,500,000 and Issuance of Determination Notice in the recommended amount of \$707,967 for Housing Tax Credits for Pinnacle Apartments, Houston, Texas, #04-415 and approval of Resolution No. 04-023.

Passed Unanimously

(d) Proposed Issuance of Multifamily Mortgage Revenue Bonds for Bristol Apartments, Houston, Texas in an Amount Not to Exceed \$12,625,000 and Issuance of Determination Notice (Requested Amount of \$898,771 and Recommended Amount of \$898,771) for Housing Tax Credits for Bristol Apartments, Houston, Texas #04-416

Ms. Carrington stated this project is also located in Houston, Texas and will have 248 units for families.

Motion made by C. Kent Conine and seconded by Vidal Gonzalez to approve the issuance of Multifamily Mortgage Revenue Bonds for Bristol Apartments, Houston, Texas in an amount not to exceed \$12,625,000 and issuance of determination notice in the recommended amount of \$898,711 for Housing Tax Credits for Bristol Apartments, Houston, Texas #04-416 and approval of Resolution No. 04-022.

Passed Unanimously

(e) Selection of Underwriters for the Multi-Family Bond Program

Ms. Carrington stated staff is recommending the addition of one senior manager and one to remain list. These are: Newman and Associates and Citigroup.

Motion made by C. Kent Conine and seconded by Shad Bogany to approve the addition of Newman and Associates and for Citigroup to remain on the list.

Passed Unanimously

(7) Presentation, Discussion and Possible Approval of Housing Tax Credit Items:

(a) Interagency Contract Between the Texas Department of Housing and Community Affairs and the Office of Rural Community Affairs on the Housing Tax Credit Rural Regional Allocation

Ms. Carrington stated this is the second year for the interagency contract with the Office of Rural Community Affairs and this contract addresses how the department will cooperate and work with ORCA as it relates to the administration of the rural allocation in the housing tax credit program.

Motion made by Shad Bogany and seconded by Vidal Gonzalez to approve the interagency contract between the Texas Department of Housing and Community Affairs and the Office of Rural Community Affairs.

Mr. Conine asked if this contract could state “the TDHCA board and/or its designees” to attend the hearing with the department and ORCA.

Amendment to the motion made by C. Kent Conine and seconded by Mayor Salinas to add “Each year the TDHCA board and/or its designees”.

Passed Unanimously

Mr. Wittmayer stated he had spoken with the General Counsel from ORCA and he felt the July 7th meeting would work for them. What he recommended was to amend the contract by striking out “each year” and just put “on July 7, 2004 the TDHCA board and the ORCA executive committee shall hold a joint workshop or publish hearing to take public comment and discuss the proposed QAP. At the workshop, the ORCA executive committee shall provide its input on the threshold of the scoring criteria applied to the applications eligible for the tax credit rural set-aside. Underwriting criteria no longer in the QAP will also be discussed at this joint workshop or publish hearing.” The department will strike out “at a separate joint workshop”.

Chairman Anderson proposed that the suggestions of Mr. Wittmayer should be added to the contract and substituting on “July 7” for each year and removing the last six words of the paragraph “or at a separate joint workshop”.

Mr. Conine stated he would like to use the words public hearing instead of workshop and this was part of his amendment.

Motion made by C. Kent Conine to include the recommendation for the date of July 7 and to use the words public hearing and to include the statements of the Board Chair.

Passed Unanimously

Motion made by C. Kent Conine and seconded by Shad Bogany to have the board chair have the authority to designate either the entire board or a subgroup of this board for that July 7 meeting.
Passed Unanimously

The original motion with amendments was then voted on.

Motion made by Shad Bogany and seconded by Vidal Gonzalez to approve the interagency contract between the Texas Department of Housing and Community Affairs and the Office of Rural Community Affairs with the changes and amendments stated.
Passed Unanimously

(b) Revision to Policy on Process/Procedures for USDA Rural Rescue Developments

Ms. Carrington stated staff is requesting minor revisions to the 2004 tax credit USDA Rural Rescue Developments Policy. These changes would be listing the year the allocation would come for a forward commitment.

Motion made by C. Kent Conine and seconded by Shad Bogany to approve the changes to the policy for USDA Rural Rescue Developments.
Passed Unanimously

**(c) Issuance of Determination Notices on Tax Exempt Bond Transactions with Other Issuers:
04-405 Primrose at Aldine Bender, Houston, Texas
Harris County Housing Finance Corp. is the Issuer
(Requested Amount of \$861,839 and Recommended Amount of \$848,953**

Ms. Carrington stated this project is to be in Houston, Texas and is an elderly development of 248 units. Staff is recommending approval of this project.

Jeff Spicer, Developer, Houston, Texas

Mr. Spicer was available to answer any questions the board might have on this project.

Craig Alter, Southwest Housing, Dallas, Texas

Mr. Alter presented additional support letters that the board members had not received in time for the mailing of their board package.

Mr. Gouris stated they had in supportive services of the underwriting report a broad scope of services they provided for projects. There are some senior developments that do have some day care functions occasionally as there are seniors that have children living with them and this is permissible. On the market study there were concerns on the higher than normal inclusive capture but seniors developments are allowed to go over the 25%.

Motion made by C. Kent Conine and seconded by Norberto Salinas to approve the issuance of a determination notice for Primrose at Aldine Bender, Houston, Texas for \$848,953.
Passed Unanimously

**04-413 Corinth Estates, Corinth, Texas
Denton County Housing Finance Corp. is the Issuer
(Requested Amount of \$662,566 and Recommended Amount of \$662,566**

Ms. Carrington stated this is also an elderly transaction in Corinth and staff is recommending approval.

Robert Voelker, Developer, Dallas, Texas

Mr. Voelker stated this is a family development and not an elderly transaction.

Motion made by C. Kent Conine and seconded by Shad Bogany to approve the issuance of a determination notice for Corinth Estates, Corinth, Texas for \$662,566.
Passed Unanimously

(d) Proposed Amendments to Housing Tax Credit Projects:

(1) 03-236 Little York Villas, Houston, Texas

Ms. Carrington stated this amendment is for Little York Villas located in Houston, Texas and is a material change. They are reducing the size of the clubhouse and increasing the size of the two and three bedroom units. Staff is recommending approval of this project.

Motion made by Shad Bogany and seconded by Norberto Salinas to approve the amendment for Little York Villas, Houston, Texas.

Passed Unanimously

(2) 03-415 Southwest Pines Apartments, Tyler, Texas

Ms. Carrington stated this is a bond transaction and is located in Tyler, Texas and there was a necessity for a change in the developments site plan due to a creek that ran through the property. The number of buildings has been reduced from 14 to 12 but they have increased the number of one bedroom units and the number of two bedroom units has decreased slightly. The number of units did not change. Staff is recommending approval of this amendment.

Motion made by Shad Bogany and seconded by Vidal Gonzalez to approve the amendment for Southwest Pines Apartments, Tyler, Texas.

Passed Unanimously

(e) Extension of Construction Loan Closing Deadline for Little York Villas, Houston, Texas

Ms. Carrington stated this request is for an extension of the closing date of a construction loan as the applicant has indicated they have experienced delays in obtaining building permits and finalizing their partnership agreement with the syndicator. Staff is recommending the extension from June 11 to July 12, 2004.

Motion made by Shad Bogany and seconded by C. Kent Conine to approve the extension of the construction loan closing deadline for Little York Villas, Houston, Texas from June 11, 2004 to July 12, 2004.

Passed Unanimously

(f) Meadows of Oakhaven, Pleasanton, Texas, 02-131, to Consider Award of 2004 Forward Commitment

Ms. Carrington this is a request for a reallocation of returned credits and a waiver of the 2004 qualified allocation plan and rules for that development. Staff is not recommending the reallocation and the waiver. This development was awarded an allocation of 9% credits in October of 2002. It was awarded \$407,934 and was to be located in Pleasanton and came out of the rural set-aside. There have been numerous delays in each state of completion of this development and the board has granted many extensions on this particular development.

Staff is not recommending approval as required deadlines have not been met and staff believes it would set an unfavorable precedent if the board does take this action. The applicant is asking to return the credits he received in 2002 and then out of the 2004 credits he would be reallocated the same amount for this development.

Michael Gilbert, Developer, San Antonio, Texas

Mr. Gilbert stated they have been competing in the program for 9 years and have projects in Fredericksburg, Floresville, and Pasadena and all these are performing and fulfilling their responsibilities as affordable housing developments. On this project they have experienced problems with a lack of adequate funding as there was a shortfall of about \$805,000. There were problems with Muni Mae and they tried to work with another lender but this did not work. They now feel that their funding has been worked out and asked for approval of this item.

Motion made by C. Kent Conine and seconded by Shad Bogany to accept the recommendation of staff and deny an award of 2004 forward commitment for Meadows of Oakhaven, Pleasanton, Texas, 02-131.

Passed Unanimously

(g) Housing Tax Credit Construction Inspection Fees Outstanding and Related Qualified Allocation Plan Requirements

Ms. Carrington stated that the collection of fees was previously handled by the program areas but now is being handled by the Financial Services area. When this was transferred to the Financial Services area, there was about \$203,000 due from developers. Since then the Financial Services area has billed and collected \$826,298.12 and there is \$15,598.01 still to be collected.

Ms. Anderson commended the Financial Services area for their work in getting these dollars into the department.

(h) Request for Additional Housing Tax Credits for Lake West Townhomes, 0005T, in the Amount of \$38,115 (Total Amount of Tax Credits for Lake West Townhomes is \$570,370)

Ms. Carrington stated this is a request for additional tax credits for Lake West Townhomes in Dallas and they are requesting an additional \$38,115 in tax credits. Staff is recommending approval.

Motion made by Shad Bogany and seconded by C. Kent Conine to approve the request for additional tax credits for Lake West Townhomes, 0005T in the amount of \$38,115 for a total of \$570,370 in tax credits.

Passed Unanimously

EXECUTIVE SESSION

If permitted by law, the Board may discuss any item listed on this agenda in Executive Session
Personnel Matters – Discussion Under Sec. 551.074, Texas Government Code of Performance Evaluation for Internal Auditor

OPEN SESSION

Action in Open Session on Items Discussed in Executive Session

There was no executive session held.

REPORT ITEMS

Executive Directors Report

1. Chart Reflecting Activities for Marketing, Trade Shows, Speaking Engagements – April – August 2004
Ms. Carrington announced that the Department will participate in the Urban Affairs Committee Meeting on May 20, 2004 to be held in the State Capitol Extension, Austin, Texas and invited Board Members to attend.
Ms. Carrington stated the Urban Affairs Committee Meeting will be held on May 20, 2004 and she invited the board members to attend this meeting.
2. Letter from Attorney General's Office Addressing Scoring of Written Comments From Local Elected Officials in the Low Income Housing Tax Credit Program
Ms. Carrington stated the department had received a response from the Attorney Generals Office and the board members had received a copy of this letter.

Ms. Carrington also advised the Board that several staff members will be participating in the NCSHA Conference being held in Portland later this month.

She also stated that the department has on its internal website an electronic water cooler and it provides information about news articles, staff, etc.

The staff will review to see how to get the Board access to the internal internet.

Mr. Conine asked if there were any programs or policies or rules in existence that the board needs to look at for TEFRA hearings. He would like to make them more user friendly and function better as an opportunity to engage the community.

Ms. Carrington stated there is no federal law on policies and procedures other than requiring one to have a TEFRA hearing. The staff has made some changes over the last year on comments the board members have made.

Ms. Anderson asked that the department publicize that they are holding the hearing but to tell the public that they are interested in all kinds of comments, including comments on how to improve the hearing process.

Mr. Bogany stated the developers who have controversial projects should invite the public to some of their current projects and to volunteer these projects as voting places, etc. and this way, the projects would get exposure.

Ms. Anderson asked that staff uses creativity and to try to find a way to do outreach in the development community and get the community involved. She asked that staff try to solicit comments that really give the board insight of what people want and would be good for the department to do.

Ms. Carrington asked if the board would consider holding the public hearing on the morning of July 8th instead of being set on the July 7th date.

Motion to reconsider the date for the public hearing made by C. Kent Conine and seconded by Shad Bogany and substitute on or about July 7 or 8 for the hearing held jointly with ORCA.
Passed Unanimously

ADJOURN

Motion made by Vidal Gonzalez and seconded by Shad Bogany to adjourn the meeting.
Passed Unanimously

The meeting adjourned at 1:30 p.m.

Respectfully submitted,

Delores Groneck
Board Secretary

Bdmimay

PROGRAMS COMMITTEE MEETING
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
1100 Congress Avenue, State Capitol Extension Auditorium, Austin, Texas 78701
Thursday, June 10, 2004 9:00 a.m.

A G E N D A

CALL TO ORDER, ROLL CALL
CERTIFICATION OF QUORUM
Chair

C. Kent Conine
Committee

PUBLIC COMMENT

The Programs Committee of the Board of the Texas Department of Housing and Community Affairs will solicit Public Comment at the beginning of the meeting and will also provide for Public Comment on each agenda item after the presentation made by department staff and motions made by the Committee.

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

Item 1 Presentation, Discussion and Possible Approval of Minutes of Programs Committee Meeting of May 13, 2004 C. Kent Conine

Item 2 Discussion of Update on Issues Raised at the May Committee Meeting Carrington Edwina
Including HOME Funding Timelines, HOME Over-Subscription Rate For Current Cycle, Community Development Block Grant Housing Information Update and HOME Consolidated Plan Amendment Language

Item 3 Report from Texas Interagency Council for the Homeless Carrington Edwina

Item 4 Update and Discussion on Section 8 Program Carrington Edwina

EXECUTIVE SESSION

If permitted by law, the Committee may discuss any item listed on this agenda in Executive Session

C. Kent Conine

OPEN SESSION

Action in Open Session on Items Discussed in Executive Session

C. Kent Conine

ADJOURN

C. Kent Conine

To access this agenda and details on each agenda item in the board book, please visit our website at www.tdhca.state.tx.us or contact the Board Secretary, Delores Groneck, TDHCA, 507 Sabine, Austin, Texas 78701, 512-475-3934 and request the information.

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

Non-English speaking individuals who require interpreters for this meeting should contact Delores Groneck, 512-475-3934 at least three days before the meeting so that appropriate arrangements can be made.

PROGRAMS COMMITTEE MEETING
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
507 Sabine, Room 437, Austin, Texas 78701
May 12, 2004 4:00 pm

Summary of Minutes

CALL TO ORDER

CERTIFICATION OF QUORUM

The Programs Committee Meeting of the Board of the Texas Department of Housing and Community Affairs was called to order by Chairman C. Kent Conine at 4:03 pm. It was held at Room 437, 507

Sabine, Austin, Texas 78701. Roll Call certified a quorum was present. Elizabeth Anderson was absent.

Members present:

C. Kent Conine, Chairman

Vidal Gonzalez, Member

PUBLIC COMMENT

Donna Chatham, Exec. Director, Association of Rural Communities in Texas, Austin, Texas

Ms. Chatham stated she regards TDHCA as being proactive and wanting input from everyone. Her organization will do a survey to help counties explain the different programs under the TDHCA's HOME Program. This will ask counties which are their highest level priorities for funding. Her organization will also do a survey to find the single family and multi-family needs in rural areas. ARCIT would like to help TDHCA form a working group to bring in local officials from different size cities and counties and get their rural on rural perspectives. Ms. Chatham had concerns on the decision of the Office of Rural Community Affairs to do away with the statewide housing infrastructure fund and the housing rehab fund.

There was no further requests to give public comments so Mr. Conine closed public comments at 4:17 p.m.

ACTION ITEMS

(1) Presentation, Discussion and Possible Approval of Minutes of Programs Committee Meeting of April 8, 2004

Motion made by Vidal Gonzalez and seconded by C. Kent Conine to approve the minutes of the April 8, 2004 Programs Committee Meeting with one change and that is to say that Elizabeth Anderson joined the meeting and not jointed the meeting.
Passed Unanimously

(2) Discussion of Update on Issues Raised at the April Committee Meeting

Ms. Carrington stated staff provided a memo concerning the items related to the HOME Program which were raised at the April Committee Meeting. The first appendix was general information on the HOME Program; the second appendix was information on the overall HOME Program rankings; and the third appendix there was a narrative outlining the funding of predevelopment activities and capacity building activities.

She further stated that the first appendix was a snapshot of the HOME Program as of December 31, 2003 and was prepared by HUD. It reflects the comparison of all of the Pjs around the country. There are 51 participating jurisdictions and this information was reflective of allocations of funds since 1992. Information furnished was categories, percentage of funds committed, percentage of funds disbursed, leverage ration,

completed rental disbursements, percent completed CHDO disbursements, low income benefits LISUP and the overall rankings. Texas ranked 50 out of 51 participating jurisdictions on funds committed. On funds disbursed Texas had an overall ranking of 45 out of 51 participating jurisdictions. She felt the rankings of Texas would improve when the 2004 awards are made.

Ms. Suzanne Phillips, Director of Portfolio Management and Compliance, stated they have been tracking this snapshot since March and trying to identify those things that Texas could do to move up individual categories. The double funding last year is going to have some impact but it will take a while. Last year there was about \$25 million in expenditures. This coming year, there will be between \$90 million and \$125 million in expenditures going out of the department. TDHCA has to be very efficient, that they identify those areas of duplication within PMC that can be eliminated and they work closely with the production divisions to make sure that PNC gets all documents as soon as they are executed. The deobligation of funds that go back to 1992 and 1993 are going to impact the snapshot on TDHCAs standing. It also impacts the department's workload having all of those dollars out on top of the regular funding cycles.

Mr. Conine stated maybe someone in other states does things better than Texas and Texas can improve and make TDHCA more user-friendly. He would like to focus on the allocation of funds in general and have an agreement on how to handle the disbursement of funds. Mr. Conine asked to know where staff things TDHCA will be in rankings by the end of 2004 to then to have these rankings as goals.

Ms. Phillips stated that they are also looking at improving the statistical standing by looking at the information that is in HUDs system. There is information that is not in the system and staff is trying to correct errors and those that remain are generally related to multifamily projects.

Mr. Conine asked staff to put together a series of suggested enhancements to the cycle currently used and report back to the committee with some open cycle pluses and minuses within a couple of months from now. He also stated that he felt discussions held on where Texas fits in with the rest of the states, what the program looks like structurally, and to make recommendations on where the allocations are going would be a good package to present to the board at a later time.

Mr. Conine had questions on the planned May 20th meeting with HUD and was advised by Ms. Carrington that HUD will be in TDHCA's offices on the morning of May 20 to hold meetings with trade associations around the state that have an interest in housing and then in the afternoon TDHCA staff and HUD staff will meet to discuss various issues.

Mr. Gonzalez asked when the meeting with the Texas Association of County Judges and Commissioners will be held and was advised that Michael Lyttle, Director of Governmental Relations, is working on setting up the meeting.

(3) Amendments to the 2004 Consolidated Plan - One Year Action Plan

Ms. Carrington stated this is an item that will need a recommendation from the committee to the board. On an annual basis, the department prepares a consolidated plan and a one year action plan which addresses four funding sources. It covers the HOME Program, Emergency Shelter Grants Program which the department does administer and several others that TDHCA does not administer. The plan was approved by the board in December, 2003 and was submitted to HUD. HUD has asked the department to make three amendments and the first is the American Dream Down Payment Program and Texas will be eligible for as a result of this down payment program is \$2 million in 2003 and \$2 million in 2004. The amount of assistance per family is up to \$10,000 or 6% of the purchase price of the home. The second amendment is language that will address

net proceeds and what TDHCA will do is identify for HUD the items that will be and can be subtracted. When one sells a multifamily property, or a single family property there is going to be gross proceeds. There are items that can be subtracted from that and would represent net proceeds. What TDHCA will do is outline what the department believes would be eligible expenses that can be subtracted from the proceeds of the sale.

Mr. Conine asked staff to have the language ready for the Board Meeting to be held the next morning.

Ms. Carrington stated the third request is the ability to use deobligated funds for developments that do not meet the 504 accessibility requirements. This would only be for developments that have line items in their budget and TDHCA staff is not planning to use HOME funds to make those accommodations. They could use HOME funds if they had a line item that they were going to use HOME funds to do those accommodations and this was a HOME program funded development.

Motion made by Vidal Gonzalez and seconded by C. Kent Conine to recommend approval of this item to the Board.

Passed Unanimously

(4) Update and Discussion of Department's Draft Performance Measures for 2006-2007

Ms. Sarah Anderson, Director of the Housing Center, stated staff presented suggested changes to the performance measures in March and staff took those changes to the LBB and Governors Office of Budget and Planning to discuss these changes with them. There was concurrence that the measures related to portfolio management compliance, the technical assistance, the poor and homeless, and manufactured housing were fine. The changes that were approved by the board were not a problem. There were some issues with the proposed housing measures that the department had put forward. The Governors Office believes that staff was going in the right direction but they are trying to with most of the measures was to have more line items and more strategies that were broken out by funding rather than less. So going from six down to two was problematic for them. Staff prepared a side by side chart for the committee and this included current measures on one side and proposed changes approved by the Board and one for the middle ground that staff has come up with. Staff will break out the items more and have more line items. This should make it easier for everyone to understand these measures.

Motion made by C. Kent Conine and seconded by Vidal Gonzalez to have staff move forward on these measures and to present all performance measures for approval at a later meeting.

(5) Discussion of Funding Sources for Preservation

Ms. Carrington stated that the committee in a prior meeting had asked about the variety of preservation activities, how they were funded, what the legislative requirements were and what kind of production came out of these various preservation activities and staff has put together a chart on these questions. The HOME Program, the Preservation Set-aside, Housing Tax Credits, the At-Risk Set-aside, and the Multi-family Preservation Incentives Program was included.

Brooke Boston, Director of Multi-family Finance Production stated there are three different funding sources that are used to fund preservation. They are the HOME Program, the Housing Tax Credit Program and the Preservation Incentives Program.

Mr. Conine suggested that one item to discuss with HUD on May 20th should be multifamily rehab. He also would like to have staff present thoughts on how to get people in small towns who are owners of apartment complexes to use the rehab money to fix

these apartments up. He also asked to start review of Section 8 and Housing Trust Fund at next months meeting.

EXECUTIVE SESSION

If permitted by law, the Committee may discuss any item listed on this agenda in Executive Session.

OPEN SESSION

Action in Open Session on Items Discussed in Executive Session

ADJOURN

Mr. Conine adjourned the meeting at 5:45 pm.

Respectfully submitted,

Delores Groneck
Board Secretary

Dg/mets



Memorandum

To: TDHCA Programs Committee
From: Edwina Carrington, Executive Director
Date: 6/3/04
Re: Follow up to requested information from the May 13, 2004 Programs Committee meeting.
Message:

The following information is being provided per requests at the May 13, 2004 Programs Committee meeting. The information represents responses that were to be immediately addressed by staff.

Appendix A: HOME Program 2004 Subscription Rate Information

Appendix B: HOME Program Funding Cycle Timelines

- Planning
- Single Family
- Multifamily

Appendix C: HOME Consolidated Plan Amendment Language

At the previous meeting the Board approved making changes to the One-Year Action Plan regarding the following:

- American Dream Downpayment Initiative (ADDI)
- Net Proceeds Language
- Use of HOME deobligated Funds for Eligible Section 504 Activities

Appendix C includes the final language that was submitted to HUD. *Note:* all language additions have been black-lined.

Appendix D: ORCA Housing Programs Update

- Housing Funds
- Other Options
- CDBG Funding Overview

At the request of committee members, staff is also working on several longer-term projects to present at future Programs Committee meetings. These items include the following:

- How HOME national performance rankings are generated by HUD
- How the HOME Program timeline impacts the Department's national performance ranking

- Set national performance goals for FY 2005 for the HOME Program
- Suggestions regarding the HOME Program cycle including timing, open cycles, trainings, and contract enhancements
- Marketing ideas for HOME Preservation funds
- Meetings with County Judges and Commissioners Association regarding colonia issues
- Meetings with ARCIT regarding the need for housing in rural areas of the state.

APPENDIX A: HOME PROGRAM 2004 SUBSCRIPTION RATE

The Department released a Notice of Funding Availability (NOFA) on January 30, 2004 for approximately \$24,412,500, with \$2,250,000 set aside for persons with disabilities. The remaining \$22,162,500 was subject to the RAF and the allocation percentages outlined in the 2004 Consolidated Plan. As the chart below outlines, the request for funds subject to the RAF and 2004 Consolidated Plan totals \$93,392,107. There is a difference of \$71,229,607 between the amount of funds requested and the amount of funds available to award.

Single Family Finance Production Division accepted 265 applications for 2004 HOME funds available for eligible single family activities. Of the 265 applications accepted, 247 are subject to the Regional Allocation Formula (RAF) and the allocation percentages outlined in the 2004 Consolidated Plan. The remaining 18 applications are competing for funds set aside for persons with disabilities.

The 2004 Consolidated Plan establishes how funds are to be awarded. Currently forty-five percent (45%) of the annual allocation available for eligible single family activities and not determined to be set asides is allocated to the Owner Occupied Housing Assistance (OCC) activity. Thirty-five percent (35%) is to be allocated to the Homebuyer Assistance (HBA) activity, and twenty percent (20%) to the Tenant Based Rental Assistance (TBRA) activity. The chart provided shows the current oversubscription rate of the various activities being scored for recommendation. For the OCC activity, the Department received 7.9 times the amount available to award in requested funds. The Department received 1.16 times the amount for HBA and 1.2 times the amount for TBRA.

2004 Consolidated Plan Percentage Allocation	Current Oversubscription Rate	Activity	Number of Applications	2004 Consolidated Plan Fund Allocation	Project Funds Requested	Administrative Funds Requested
45%	7.9x	OCC	192	\$9,973,126.00	\$78,917,141.00	\$3,158,726.00
35%	1.16x	HBA	37	\$7,756,875.00	\$9,009,000.00	\$360,480.00
20%	1.2x	TBRA	18	\$4,432,500.00	\$5,465,966.00	\$218,635.00
			247	\$22,162,501.00	\$93,392,107.00	\$3,737,841.00

Appendix B: HOME Program Funding Cycle Timelines

Planning

- July-August 2004: Development of Consolidated Plan One-Year Action Plan (the Plan) and rule revisions
- September 2004: Draft of the Action Plan and rules are finalized
- September – October 2004: Public Comment Period
- September 27-October 8 2004: Public Hearings
- November 2004: Final version approved by TDHCA Board
- December 18, 2004: Plan submitted to HUD
- February 1, 2005: Program Year begins
- March/April 2005: Review and reconciliation of Plan with HUD
- April/May 2005: Grant agreements executed

Single Family Allocation

Annual HOME Program funding cycle for those funds not determined to be set asides:

- January 2005: Notice of Funding Availability is published in the *Texas Register*
- February 2005: Application Workshops
- April 2005: Applications Due
- April-July 2005: Review of Applications
- July 2005: Recommendations made to the Board

Set Asides

HOME Program funds determined to be set asides for eligible single family activities are anticipated to be made available through **open funding cycles, beginning fall of 2004**. These set asides include:

- Contract for Deed (CFD)
- American Dream Downpayment Initiative (ADDI)
- Colonia Model Subdivision Loan Program (CMSL)

Applications for 2004 HOME Olmstead Set Aside funds are currently being accepted by the Department. This is an open funding cycle and will remain open until all funds have been allocated. Unless reauthorized to do so, the Department does not foresee funds being set aside for this activity in program year 2005.

Multifamily Allocation

There are currently two HOME Open Cycle NOFAs. They were both released on April 23, 2004 through publication in the Texas Register and by posting on the TDHCA web site.

CHDO: Approximately \$9 million was made available for new construction or rehabilitation of rental developments. These funds are offered on a first come - first served basis with stages of review for CHDO certification, threshold, and financial feasibility.

Preservation: Approximately \$9 million was made available for properties at-risk of becoming market rate. Properties must be located in non-participating jurisdictions and must be for the preservation of existing housing, with a minimum of \$6,000 per unit hard costs expended. These funds are offered on a first come - first served basis with stages of review for eligibility, threshold, and financial feasibility.

In addition, the division is in the process of researching and developing a draft NOFA for a new pilot program intended for the development of small properties in rural areas. These funds will be available for both nonprofit and for profit entities.

The success of the open cycles will be evaluated before decisions regarding 2005 funding are determined.

APPENDIX C: HOME ONE-YEAR ACTION PLAN LANGUAGE SUBMITTED TO HUD

1) Set Aside for the American Dream Downpayment Initiative (ADDI)

ADDI was signed into law on December 16, 2003 and was created to help homebuyers with downpayment and closing cost assistance. ADDI aims to increase the homeownership rate, especially among lower income and minority households and revitalize and stabilize communities.

Under ADDI, a first time homebuyer is an individual and his or her spouse who have not owned a home during the three year period prior to the purchase of a home with assistance under ADDI. The term first time homebuyer includes displaced homemakers and single parents. The amount of assistance available is \$10,000 or 6% of the purchase price, whichever is greater. Eligible project costs under ADDI include: acquisition costs and related reasonable and necessary soft costs.

For PY 2003, approximately \$2 million is reserved for downpayment assistance towards the purchase of single family housing by low income families who are first time homebuyers.

For PY 2004, approximately \$2 million is reserved for downpayment assistance and may at the discretion of the Department include funds for rehabilitation for first time homebuyers in conjunction with home purchases assisted with ADDI funds. The rehabilitation may not exceed 20% of the annual ADDI allocation.

Funds for both 2003 and 2004 will be available in early fall of 2004 and will be allocated through an open cycle. These funds will not be subject to the Regional Allocation Formula.

Notification of available funding will be sent to those on the TDHCA mailing list and will be posted on the Department's web site. Please contact the TDHCA Housing Center at info@tdhca.state.tx.us or (512) 475-3976 if you wish to be added to the mailing list.

2) Net Proceeds

Recapture Provisions Under the Homebuyer Assistance Program

If the participating jurisdiction intends to use HOME funds for homebuyers, the guidelines for resale or recapture must be described as required in § 92.254(a)(iii);

The Department has elected to utilize option (ii) under 24 CFR 92.254(a)(5)(ii), as its method of recapturing HOME funds under any Homebuyer Program the State administers.

(A) The following methods of recapture would be acceptable to the Department and will be identified in the down payment assistance note prior to closing:

(1) Recapture the entire amount of the HOME investment, except that the HOME investment amount may be reduced or prorated based on the time the homeowner has owned and occupied the unit measured against the required affordability period.

(2) If the net proceeds (i.e., the sales price minus closing costs, any other necessary transaction costs, and loan repayment, other than HOME funds,~~and closing costs~~) are not sufficient to recapture the full (or a reduced amount as provided for in 24 CFR 92.254 (a)(5)(ii)(A)(5)) HOME investment and enable the homeowner to recover the amount of the homeowner's down payment and any capital improvement investment, the participating jurisdiction's recapture provisions may share the net proceeds. The net proceeds may be divided proportionally as set forth in the following mathematical formulas:

HOME investment
$\frac{\text{HOME investment}}{\text{HOME investment} + \text{homeowner investment}} \times \text{Net Proceeds}$
=HOME amount to be recaptured

Homeowner investment
$\frac{\text{Homeowner investment}}{\text{HOME investment} + \text{homeowner investment}} \times \text{Net Proceeds}$
=Amount to Homeowner

(3) Alternatively, the Department may also allow the homebuyer to recover all the homebuyer's investment (down payment and capital improvements) first before recapturing the HOME investment.

(B) The HOME investment that is subject to recapture is based on the amount of HOME assistance that enabled the homebuyer to buy the dwelling unit. This is also the amount upon which the affordability period is based. This includes any HOME assistance that reduced the purchase price from fair market value to an affordable price, but excludes the amount between the cost of producing the unit and the market value of the property (i.e., the development subsidy). The recaptured funds must be used to carry out HOME-eligible activities. If HOME funds were used for development subsidy and therefore not subject to recapture, the resale provisions at 24 CFR 92.254(a)(5)(i) apply.

(C) Upon recapture of the HOME funds used in a single family homebuyer project with more than one unit, the affordability period on the rental units may be terminated at the discretion of the Department.

In certain instances, the Department may choose to utilize the resale provision at 24 CFR 92.254(a)(5)(i) and will identify this provision in the down payment assistance note prior to closing. Resale requirements must ensure, if the housing does not continue to be the principal residence of the family for the duration of the period of affordability, that the housing is made available for subsequent purchase only to a buyer whose family qualifies as a low or very low income family and will use the property as its principal residence. The resale requirement must also ensure that the price at resale provides the original HOME-assisted owner a fair return on investment (including the homeowner's investment and any capital improvement) and ensure that the housing will remain affordable to a reasonable range of low or very low income homebuyers. The period of affordability is based on the total amount of HOME funds invested in the housing.

Except as provided in paragraph 24 CFR 92.254(a)(5)(i)(B), deed restrictions, covenants running with the land, or other similar mechanisms must be used as the mechanism to impose the resale requirements. The affordability restrictions may terminate upon occurrence of any of the following termination events: foreclosure, transfer in lieu of foreclosure or assignment of an FHA-insured mortgage to HUD. The participating jurisdiction may use purchase options, rights of first refusal or other preemptive rights, to purchase the housing before foreclosure in an effort to preserve affordability. The affordability restrictions shall be revived according to the original terms if, during the original affordability period, the owner of record before the termination event, obtains an ownership interest in the housing. In the event of the above termination events, the HOME investment that is subject to recapture is based on the amount of available net proceeds (i.e., the sales price minus closing costs, any other necessary transaction costs, and loan repayment, other than HOME funds), if any, from the sale. If the net proceeds are insufficient to repay the loan and the homebuyer's down payment and any capital investment, the homebuyer's investment is paid in full first from the available proceeds from the resale and the loan repaid to the extent that proceeds are available. If there are no net proceeds, repayment of the loan is not required. Any net proceeds in excess of homebuyer's investment and the amount to be repaid under the loan are paid to the seller of the property.

Foreclosures Under the Multifamily Rental Housing Development Programs

If the property becomes the subject of a foreclosure proceeding that results in the sale of part or all of the property, all sums in excess of those paid to superior lien holders shall be paid to the Department to apply to the

outstanding balance under the loan. If there are insufficient funds to pay off the loan, the Department may in its own discretion waive the payment of any or all of the outstanding loan balance.

3) Use of HOME Deobligated Funds for Eligible Section 504 Activities

Developments receiving funding from the Department must comply with accessibility standards required under Section 504, Rehabilitation Act of 1973 (29 U.S.C. Section 794), as amended, and specified under 24 C.F.R. Part 8, Subpart C. This includes a provision that a minimum of 5% of the total dwelling units or at least one unit, whichever is greater, must be made accessible for individuals with mobility impairments. An additional 2% of the total number of dwelling units or at least one unit, which ever is greater, must be accessible for individuals with hearing or vision impairments. In the event that a project does not meet the requirements of Section 504, the Department will consider using HOME deobligated funds for eligible Section 504 activities with the purpose of bringing non-compliant projects into compliance when appropriate and when such a request is supported by circumstances beyond the control of the administrator. This provision will not apply if Section 504 activities were included as part of the budget in contracts between the Department and administrators.

Appendix D: ORCA Housing Programs Update

1) ORCA Housing Funds

Historically, the Housing Rehabilitation and Housing Infrastructure Programs have been 4% set asides respectively within the Community Development Block Grant Program. In the proposed 2005 Action Plan the two set asides have been removed and the following has been added in their place:

Housing - Each region is encouraged to allocate approximately eight percent (8%) of its Community Development Fund allocation to housing projects proposed in and for that region. Under a housing allocation, the highest ranked applications for housing activities, regardless of the position in the overall ranking, would be selected to the extent permitted by the housing allocation level. If the region allocates a percentage its funds to housing and applications conforming to the maximum and minimum amounts are not received to use the entire housing allocation, the remaining funds may be used for other eligible activities.

The Community Development Fund is approximately 56% of the CDBG allocation of \$86,736,688 annually – see Table A at the end of this document for funding percentages of all of the CDBG activities.

2) Other Options

There are additional construction/housing-related activities identified in the Action Plan. Below are excerpts from the proposed 2005 Action Plan:

Section 108 Loan Guarantee Pilot Program

Section 108 is the loan guarantee provision of the Housing and Community Development Act Community Development Block Grant (CDBG) program. The loan is made by a private lender to an eligible non-entitlement city or county. The United States Department of Housing and Urban Development (HUD) guarantees the loan; however, TCDP must pledge the state's current and future Community Development Block Grant nonentitlement area funds to cover any losses.~~HUD guarantees the loan TCDP must pledge the State's current and future CDBG allocation to cover any losses.~~ In order to provide eligible non-entitlement communities an additional funding source, the State is authorizing loan guarantee pilot program consisting of one application up to a maximum of \$500,000 for a particular project. An application guide containing the submission date and qualifications will be available for applicants interested in being selected as the pilot project under this program.

An eligible non-entitlement city or county would prepare a loan guarantee application for submission to HUD. However, under the State Section 108 program, the following conditions apply:

- a. ORCA will not provide a commitment for an application submitted to HUD for a Section 108 guarantee unless ORCA has reviewed the application, conducted an underwriting analysis, and specifically recommended its approval.
- b. ORCA will charge the eligible non-entitlement city or county receiving the Section 108 loan a non-refundable loan loss reserve fee at the rate of one percent per annum on the principal amount outstanding. The funds from the one percent fee would be used for any debt service payments ORCA would need to pay on account of the loan, or to cover any loan losses, if the recipient does not make its Section 108 loan payments.
- c. The application must be only for an activity eligible under the State Program.
- d. ORCA will require the locality to submit adequate information necessary to track all loan repayments made by any third party borrowers such as assisted businesses;
- e. ORCA will monitor compliance with program requirements.

Eligible Activities

The project must meet a national objective of CDBG Program: (1.) principally benefit low- and moderate-income persons; (2.) aid in the elimination of slums or blight; or (3.) meet other community development needs of particular urgency which represent an immediate threat to the health and safety of residents of the community. In addition, the State program is specifically restricting eligibility to economic development activities eligible under CDBG Program. Other activities eligible under the HUD regulations will not be eligible under the pilot phase of this program.

The maximum repayment period for a Section 108 guaranteed loan under the TCDP will be twenty years.

The TCDP will not establish a funded loss reserve. ORCA anticipates entering into a Reimbursement Agreement with the community providing for recovery of amounts required to be paid by the TCDP. Should the TCDP be required to cover any Section 108 loan payments not made by the recipient of the loan guarantee, it would first use funds that have been collected from the additional one percent per annum fee charged on the loan.

The Section 108 Loan Guarantee Program is authorized under Section 108 of the Housing and Community Development Act of 1974 (42 U.S.C. 5308) as part of the Community Development Block Grant Program. Regulations for the program are located in the Code of Federal Regulation at 24 CFR, Part 570, Subpart M.

43a. Colonia Construction Fund

~~The allocation is available on a biennial basis for funding from program years 2005 and 2006 through a 2005 distributed through an annual competition. Applications received by the 2005 program year application deadline are eligible to receive grant awards from the 2005 and 2006 program year allocations. Applications received by the 2004 program year application deadline are eligible to receive a grant award from the 2004 program year allocation.~~ Funding priority shall be given to TCDP applications from localities that have been funded through the Texas Water Development Board Economically Distressed Areas Program (TWDB EDAP) where the TCDP project will provide assistance to colonia residents that cannot afford the cost of service lines, service connections, and plumbing improvements associated with access to the TWDB EDAP-funded water or sewer system. An eligible county applicant may submit one (1) application for the following eligible activities:

- (1) Assessments for Public Improvements – The payment of assessments (including any charge made as a condition of obtaining access) levied against properties owned and occupied by persons of low- and moderate-income to recover the capital cost for a public improvement.
- (2) Other Improvements – Other activities eligible under 42 U.S.C Section 5305 designed to meet the needs of colonia residents.

3) CDBG Funding Overview

Table A:

<u>FUND</u>	<u>2005 PERCENT</u>	<u>AMOUNT AVAILABLE</u>
Community Development Fund	55.90	
Community Development Supplemental Fund	5.337	
Non-Border Colonia Fund	0.593	
Texas Capital Fund (TCF)	14.51	
TCF Program Income		\$ 1,500,000
Colonia Fund		
Colonia Construction Fund	7.21	
Colonia EDAP Fund	2.31	

Colonia Planning Fund	0.48
Colonia Self-Help Centers Fund	2.50
Planning And Capacity Building Fund	0.89
Disaster Relief/Urgent Need Fund	4.04
Disaster Relief Fund	4.04
Urgent Need Fund	0.00 ¹
TCDP STEP Fund	3.11
Microenterprise Fund	0.00 ²
Small Business Fund	0.00 ³
Section 108 Loan Guarantee Pilot Program	0.00 ⁴
Administration	2.00 + \$100,000
Technical Assistance	1.00

Note: The percentages shown above are based on the State's ~~2004~~2003 CDBG allocation of \$86,736,688~~\$85,267,000~~. The percentage for the Community Development Fund of 55.90% is based on the amount allocated in 2003 of \$48,489,615 as a percentage of \$86,736,688. The percentage for the Community Development Supplemental Fund is based on the amount of \$3,900,000 from the Housing Infrastructure and Housing Rehabilitation Funds plus the increase in the total State allocation amount in 2004 over 2003, less 12.5% for the Colonia Fund, 2 percent for Administration and 1 percent for Technical Assistance, then subtracting an additional 10% for the Non-Border Colonia Fund. The percentage for the Texas Capital Fund is based on the same amount as 2003 of \$12,585,000. Changes to the above percentages may occur if the State's ~~2005~~2004 CDBG allocation is higher or lower than ~~\$86,736,688~~~~\$85,267,000~~.

Texas Interagency Council for the Homeless

TICH

State Action Plan to End Chronic Homeless

PRIORITY ONE: INCREASING THE PUBLIC AND POLITICAL INVESTMENT

□ Strategy 1.1 Improve Data

Action 1.1.1

Invite agencies utilizing HMIS and related data to report on services provided to homeless

Action 1.1.2

Engage the Governor to request homeless service data from all agencies

□ Strategy 1.2

Increase capacity of local homeless coalitions

Action 1.2.1

Provide a minimum of 20 TA training events to develop capacity

Action 1.2.2

Require Community Mental Health Centers to designate a homeless service contact

Action 1.2.3

Involve Mental Health Advocacy Groups in local homeless coalitions Regarding Housing and Homeless Issues for persons with disabilities

Action 1.2.4

TICH member agencies will identify homeless service contacts with their subcontracting providers

□ Strategy 1.3

Host Public Forums for State Plan to End Chronic Homeless

Action 1.3.1

Convene a workgroup to Develop Final Language for the Draft Plan to End Chronic Homeless

Action 1.3.2

Present draft State Action Plan at THN Conference and other settings

Action 1.3.3

Provide agency heads with draft plan for comment

Action 1.3.4

Convene Policy Academy Team Meeting

Action 1.3.5

Convene TICH Meeting to endorse Action Plan

Action 1.3.6

Announce Action Plan to End Chronic Homeless statewide

PRIORITY TWO: PREVENT CHRONIC HOMELESSNESS

□ Strategy 2.1

Identify common risk factors and definitions regarding persons at risk of chronic homelessness

Action 2.1.1

Research risk factors predicting chronic homelessness

Action 2.1.2

Present results and recommendations to TICH

□ Strategy 2.2

Develop model discharge coordination plan for persons at-risk of chronic homelessness

Action 2.2.1

Identify institutions that serve people identified as “at-risk”

Action 2.2.2

Identify and evaluate current discharge plan components

Action 2.2.3

Present critical components of a model discharge plans and model discharge plan to TICH

□ Strategy 2.3

Coordinate discharge-planning efforts

Action 2.3.1

Present list of critical components and model plan to Governor’s Office

Action 2.3.2

Provide Federal technical assistance to group of trainers

Action 2.3.3

Implement TA in individual agencies

□ Strategy 2.4

Develop a prevention strategy aimed at persons at risk of homelessness, currently homeless persons and their providers that focuses on education, awareness, and anti-stigma strategy

Action 2.4.1

Identify critical components of prevention strategy

Action 2.4.2

Develop intervention strategy/message

Action 2.4.3

Identify and recruit pilot sites (secular and non-secular; individual staff and consumers)

Action 2.4.4

Present strategy/message to TICH

Action 2.4.5

Test and evaluate strategy/message in pilot sites (pre- and post-campaign surveys)

Action 2.4.6

Cross-train multiple agencies on service provision (coordinated with TA for linking housing and services)

PRIORITY THREE: DEVELOP, EXPAND, AND SUPPORT EVIDENCE-BASED SERVICE INTERVENTIONS

□ Strategy 3.1

“Set aside” resources for ending chronic homelessness

Action 3.1.1

Advocate for set-aside resources within TICH member agencies (including the political appointees)

Action 3.1.2

Work with local and federal agencies to articulate and reinforce need for set aside resources

Action 3.1.3

Monitor and report on progress via data/statistics regarding set aside resources

□ Strategy 3.2

Increase prioritization and targeting of persons experiencing chronic homelessness within mainstream services

Action 3.2.1

Review existing prioritization and targeting within mainstream systems

Action 3.2.2

Review evidence-based practice principles for targeting within mainstream systems

Action 3.2.3

Present recommendations for mainstream targeting to TICH

□ Strategy 3.3

Advocate for a uniform eligibility process

Action 3.3.1

Research uniform eligibility efforts current underway

Action 3.3.2

Present summary of findings to TICH (and other workgroups?)

Action 3.3.3

Publicly endorse uniform eligibility process and provide feedback

□ Strategy 3.4

Increase and improve linkages between housing and services

Action 3.4.1

Identify current housing and services best practice models

Action 3.4.2

Present findings to TICH

Action 3.4.3

Coordinate technical assistance on linking housing and services

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May 2004

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BYLAWS OF THE TEXAS INTERAGENCY COUNCIL FOR THE HOMELESS

I. Name: Subchapter KK. Section 2306.901, Texas Interagency Council for the Homeless

The name of this Council shall be by definition the Texas Interagency Council for the Homeless. (TICH)

II. Advisory Role and Duties, Sections 2306.902, .905, .907, .908:

The Texas Interagency Council for the Homeless (TICH) serves as an advisory committee to the Texas Department for Housing and Community Affairs (TDHCA). The TICH may recommend policies to the TDHCA Board, and the TDHCA Board must provide written justification for not accepting TICH recommendations and must consider TICH recommendations in preparing its low income housing plan under Sec.2306.0721. Additionally, the TICH's role and duties shall be:

- a. Survey current resources for services for the homeless in this state;
- b. Initiate an evaluation of the current and future needs for the services;
- c. Assist in coordinating and providing statewide services for all homeless individuals in this state;
- d. Increase the flow of information among separate providers and appropriate authorities;
- e. Develop guidelines to monitor the provision of services for the homeless and the methods of delivering those services;
- f. Provide technical assistance to the housing finance division of the department in assessing the need for housing for individuals with special needs in different localities;
- g. Coordinate with the Texas Workforce Commission, local workforce development boards, homeless shelters, and public and private entities to provide homeless individuals information on services available to assist them in obtaining employment and job training;
- h. Establish a central resource and information center for the homeless in this state; and
- i. Ensure that local or statewide nonprofit organizations perform the duties under this section that the TICH is unable to perform.
- j. The TICH shall submit annually a progress report to the governing bodies of the agencies represented on the TICH.
- k. The TICH may hold throughout the state, public hearings on homelessness issues. TDHCA shall provide to the secretary of state for publication in the Texas Register a notice of the hearings and shall provide for the notice to be given in other appropriate sources, which may include: a newsletter published by a nonprofit organization addressing the problem of homelessness or a local newspaper.
- l. The TICH is not subject to Chapter 2110.

III. TICH Composition, Section 2306.903:

The membership of the TICH is composed of:

One representative from each of the following agencies, appointed by the administrative head of that agency:

- a. The Texas Department of Health;
- b. The Texas Department of Human Services;
- c. The Texas Department of Mental Health and Mental Retardation;
- d. The Texas Department of Criminal Justice;
- e. The Texas Department on Aging;
- f. The Texas Rehabilitation Commission
- g. The Texas Education Agency;
- h. The Texas Commission on Alcohol and Drug Abuse;
- i. The Department of Protective and Regulatory Services;
- j. The Health and Human Services Commission;
- k. The Texas Workforce Commission
- l. The Texas Youth Commission;
- m. The Texas Veterans Commission;
- n. One representative from the office of the comptroller appointed by the comptroller;
- o. Two representatives from the Texas Department on Housing and Community Affairs- one from the community affairs division and the housing finance division, appointed by the director; and
- p. Three members representing service providers to the homeless, one each appointed by the governor, the lieutenant governor, and the speaker of the house of representatives

IV. Membership, Section 206.903:

- a. A member of the TICH serves at the pleasure of the appointment official or until termination of the member's employment with the entity the member represents.
- b. A member of the TICH must have administrative responsibility for programs for the homeless or related services provided by the agency that the member represents.
- c. Subject to the approval of the administrative head of the agency, a member of the TICH must have authority to make decisions for and commit resources of the agency.
- d. Removal or Change of Membership: TICH may discuss with a member who has missed two consecutive meetings the need for their agency, organization, etc. to replace them in order to have full participation. After three consecutive absences, the council will contact the member agency in writing to discuss the need for their agency, organization, etc. to replace them in order to have full participation.

- e. Alternative members may represent an appointee if the appointee's organization, agency, etc. approves and the alternate is familiar and current with TICH issues, business, etc.

V. Operations of the TICH, Section 2306.904, .905:

- a. The members of the TICH shall annually elect one member to serve as the chairperson and one member to serve as the vice-chairperson.
- b. The TICH shall meet at least quarterly.
- c. A majority vote of the members present must approve an action taken by the TICH.
- d. The TICH may select and solicit participation of advisors from other organizations, when their participation would enhance or further the work of the Council. Advisory members will serve only at the request of the Council and will be non-voting members of the Council.
- e. The TDHCA shall provide clerical and advisory support staff to the TICH.
- f. The TICH shall submit annually a progress report to the governing bodies of the agencies represented on the TICH.
- g. The TICH may accept gifts and grants from a public or private source for use in carrying out the TICHs duties under this subchapter Sec.2306.909.

VI. Meetings, Section 2306.904:

- a. The TICH shall meet quarterly, at the call of the presiding officer, and other meetings as will be determined on an as needed basis.
- b. Transaction of Business: TICH will adopt the Recommendations of the TICH pursuant to a majority vote of members present on a motion duly made and seconded. TICH will adopt in this manner all actions that rescind or amend a recommendation.
- c. Protocol for Invited Visitors/Guests: The presiding officer of the TICH may invite individuals or organizations to address the TICH. Invited individuals and organizations must wait to be recognized by the presiding officer, and must limit their remarks to the time allowed by the pre-set agenda and/or the presiding officer.
- d. The TICH shall keep written minutes of their deliberations and submit them to the presiding officer for keeping.

VII. Duties of State Agency TICH Members, Section 2306.906:

- a. Each agency represented on the TICH shall report to the TDHCA a standard set of performance data, as determined by the TDHCA on the agency's outcomes related to homelessness.
- b. Each agency shall contribute resources to the TICH. These resources may include personnel, fiscal, programmatic, and other in-kind resources, as agreed to by the TICH members.

- c. Each agency representative on the TICH shall provide to appropriate administrative staff, and others of their agency, information regarding the agency's issues, actions, and future plans.
- d. Each agency representative on the TICH is responsible for providing to the TICH the necessary information regarding their agency's programs as they relate to homeless issues.
- e. Each agency representative accepts the responsibility for being their agency's sole representative (except in the case of TDHCA, which has 2 representatives to the Council) and ensuring effective communication among the TICH, TDHCA, and their agency.

VIII. Use of Committees

The TICH may establish special and standing and/or adhoc committees to study specific or ongoing issues. These committees may make recommendations to the whole of the TICH for its consideration. Special adhoc committees are discharged on completion of an assignment for which appointed. TICH will review annually the membership of standing committees and will reappoint membership as appropriate. Standing committees are those that address the on-going needs of the TICH and issues identified as ongoing by the TICH. Committee chairs may call meetings as necessary, and committee membership is organized through volunteers with relevant expertise to contribute to the committee's work.

Standing committees of the TICH are:

- a. Executive Committee, which shall be comprised of the Chair, the Vice Chair, the Chairs of the standing committees, and at least one of the TDHCA representatives;
- b. Performance Measures, Evaluation, Survey, and Research;
- c. Strategic Planning Committee;
- d. Legislative Committee;
- e. Resource Committee.

SUBCHAPTER KK. INTERAGENCY COUNCIL FOR THE HOMELESS

Acts 2001, 77th Leg., ch. 432, §3 added parts of this Subchapter and redesignated parts of Chapter 2307 as Subchapter GG, Interagency Council for the Homeless, consisting of V.T.C.A., Government Code §§2306.781 to 2306.789. Acts 2003, 78th Leg., ch. 1275, §2(88) relettered this Subchapter as Subchapter KK, consisting of V.T.C.A., Government Code §§2306.901 to 2306.909.

§ 2306.901. Definition

In this subchapter, "council" means the Texas Interagency Council for the Homeless.

Added by Acts 1995, 74th Leg., ch. 76, § 5.80(a), eff. Sept. 1, 1995. Renumbered from V.T.C.A., Government Code §2307.001 and amended by Acts 2001, 77th Leg., ch. 432, §3, eff. Sept. 1, 2001. Renumbered from V.T.C.A., Government Code §2306.781 by Acts 2003, 78th Leg., ch. 1275, §2(88), eff. Sept. 1, 2003.

§ 2306.902. Advisory Role

(a) The Texas Interagency Council for the Homeless serves as an advisory committee to the department. The council may recommend policies to the board. The board must provide written justification for not accepting council recommendations and must consider council recommendations in preparing its low income housing plan under Section 2306.0721.

(b) The council is not subject to Chapter 2110.

Added by Acts 2001, 77th Leg., ch. 432, § 3, eff. Sept. 1, 2001. Renumbered from V.T.C.A., Government Code §2306.782 by Acts 2003, 78th Leg., ch. 1275, §2(88), eff. Sept. 1, 2003.

§ 2306.903. Membership

(a) The Texas Interagency Council for the Homeless is composed of:

(1) one representative from each of the following agencies, appointed by the administrative head of that agency:

(A) the Texas Department of Health;

(B) the Texas Department of Human Services;

(C) the Texas Department of Mental Health and Mental Retardation;

(D) the Texas Department of Criminal Justice;

(E) the Texas Department on Aging;

(F) the Texas Rehabilitation Commission;

(G) the Texas Education Agency;

(H) the Texas Commission on Alcohol and Drug Abuse;

(I) the Department of Protective and Regulatory Services;

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(J) the Health and Human Services Commission;

(K) the Texas Workforce Commission;

(L) the Texas Youth Commission; and

(M) the Texas Veterans Commission;

(2) two representatives from the department, one each from the community affairs division and the housing finance division, appointed by the director; and

(3) three members representing service providers to the homeless, one each appointed by the governor, the lieutenant governor, and the speaker of the house of representatives.

(b) A member of the council serves at the pleasure of the appointing official or until termination of the member's employment with the entity the member represents.

(c) A member of the council must have:

(1) administrative responsibility for programs for the homeless or related services provided by the agency that the member represents; and

(2) authority to make decisions for and commit resources of the agency, subject to the approval of the administrative head of the agency.

Added by Acts 1995, 74th Leg., ch. 76, § 5.80(a), eff. Sept. 1, 1995. Amended by Acts 1997, 75th Leg., ch. 165, § 6.32, eff. Sept. 1, 1997. Renumbered from § 2307.002 and amended by Acts 2001, 77th Leg., ch. 432, § 3, eff. Sept. 1, 2001. Renumbered from V.T.C.A., Government Code §2306.783 by Acts 2003, 78th Leg., ch. 1275, §2(88), eff. Sept. 1, 2003. Amended by Acts 2003, 78th Leg., ch. 1310, §68, eff. June 20, 2003.

§ 2306.904. Operation of Council

(a) The members of the council shall annually elect one member to serve as presiding officer.

(b) The council shall meet at least quarterly.

(c) An action taken by the council must be approved by a majority vote of the members present.

(d) The council may select and use advisors.

(e) The department shall provide clerical and advisory support staff to the council.

Added by Acts 1995, 74th Leg., ch. 76, § 5.80(a), eff. Sept. 1, 1995. Renumbered from § 2307.003 by Acts 2001, 77th Leg., ch. 432, § 3, eff. Sept. 1, 2001. Renumbered from V.T.C.A., Government Code §2306.784 by Acts 2003, 78th Leg., ch. 1275, §2(88), eff. Sept. 1, 2003.

§ 2306.905. Duties of Council

The council shall:

(1) survey current resources for services for the homeless in this state;

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- (2) initiate an evaluation of the current and future needs for the services;
- (3) assist in coordinating and providing statewide services for all homeless individuals in this state;
- (4) increase the flow of information among separate providers and appropriate authorities;
- (5) develop guidelines to monitor the provision of services for the homeless and the methods of delivering those services;
- (6) provide technical assistance to the housing finance division of the department in assessing the need for housing for individuals with special needs in different localities;
- (7) coordinate with the Texas Workforce Commission, local workforce development boards, homeless shelters, and public and private entities to provide homeless individuals information on services available to assist them in obtaining employment and job training;
- (8) establish a central resource and information center for the homeless in this state; and
- (9) ensure that local or statewide nonprofit organizations perform the duties under this section that the council is unable to perform.

Added by Acts 1995, 74th Leg., ch. 76, § 5.80(a), eff. Sept. 1, 1995. Renumbered from § 2307.004 and amended by Acts 2001, 77th Leg., ch. 432, § 3, eff. Sept. 1, 2001. Renumbered from V.T.C.A., Government Code §2306.785 by Acts 2003, 78th Leg., ch. 1275, §2(88), eff. Sept. 1, 2003.

§ 2306.906. Duties of State Agency Council Members

- (a) Each agency represented on the council shall report to the department a standard set of performance data, as determined by the department, on the agency's outcomes related to homelessness.
- (b) Each agency shall contribute resources to the council.

Added by Acts 2001, 77th Leg., ch. 432, § 3, eff. Sept. 1, 2001. Renumbered from V.T.C.A., Government Code §2306.786 by Acts 2003, 78th Leg., ch. 1275, §2(88), eff. Sept. 1, 2003.

§ 2306.907. Public Hearings

- (a) The council may hold, throughout the state, public hearings on homelessness issues.
- (b) The department shall provide to the secretary of state for publication in the Texas Register a notice of the hearings and shall provide for the notice to be given in other appropriate sources, which may include:
 - (1) a newsletter published by a nonprofit organization addressing the problem of homelessness; or
 - (2) a local newspaper.

Added by Acts 2001, 77th Leg., ch. 432, § 3, eff. Sept. 1, 2001. Renumbered from V.T.C.A., Government Code §2306.787 by Acts 2003, 78th Leg., ch. 1275, §2(88), eff. Sept. 1, 2003.

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§ 2306.908. Report

The council shall submit annually a progress report to the governing bodies of the agencies represented on the council.

Added by Acts 1995, 74th Leg., ch. 76, § 5.80(a), eff. Sept. 1, 1995. Renumbered from § 2307.005 by Acts 2001, 77th Leg., ch. 432, § 3, eff. Sept. 1, 2001. Renumbered from V.T.C.A., Government Code §2306.788 by Acts 2003, 78th Leg., ch. 1275, §2(88), eff. Sept. 1, 2003.

§ 2306.909. Gifts and Grants

The council may accept gifts and grants from a public or private source for use in carrying out the council's duties under this subchapter.

Added by Acts 1995, 74th Leg., ch. 76, § 5.80(a), eff. Sept. 1, 1995. Renumbered from V.T.C.A., Government Code §2307.008 and amended by Acts 2001, 77th Leg., ch. 432, §3, eff. Sept. 1, 2001. Renumbered from V.T.C.A., Government Code §2306.789 by Acts 2003, 78th Leg., ch. 1275, §2(88), eff. Sept. 1, 2003.

Chapter 2307. TEXAS INTERAGENCY COUNCIL FOR THE HOMELESS [RENUMBERED AND REPEALED]

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THE STATEWIDE HOUSING ASSISTANCE PAYMENTS PROGRAM (SECTION 8)

The Texas Department of Housing and Community Affairs (the Department) administers the Statewide Housing Assistance Payments Program (SHAPP), which includes the following:

- **Housing Choice Voucher Program**
- **Project Access**
- **Family Self-Sufficiency**

HISTORY

In 1979, the Texas Legislature created the Texas Department of Community Affairs (TDCA). The Section 8 rental certificate housing program, created by the Housing and Community Development Act of 1974, and later amended by the Housing and Community Development Act of 1981, the Housing and Urban-Rural Recovery Act of 1983, and the Technical Amendments Act of 1984, was one of TDCA's original programs. TDCA administered the Section 8 rental certificate housing program to assist rural communities in helping very low income families secure decent, safe, and sanitary housing. The Section 8 rental certificate housing program was a member of a family of programs administered by TDCA which were specifically designed to serve the low income, which included the Community Services Block Grant, Weatherization Assistance Program, Energy Crisis Program, and Local Government Assistance. With the exception of Local Government Assistance, these programs continue as part of the agency created with the merger of TDCA and the Texas Housing Agency, now known as the Texas Department of Housing and Community Affairs.

In 1984, Congress authorized, as part of the Housing and Community Development Act of 1987, the rental voucher program. The program was similar to the rental certificate program, but it allowed families more options in housing selection. The National Affordable Housing Act of 1990 and the Housing and Community Development Act of 1992 added additional flexibility to the Section 8 rental voucher program.

In 1994, 1995, and 1998, the U. S. Department of Housing and Urban Development (HUD) issued three "conforming" rules, which combined the rental certificate program and the rental voucher programs to the extent permitted by law. In October 1998, Congress passed housing reform legislation, the Quality Housing and Work Responsibility Act (QHWRA), which, effective October 1, 1999, completely merged the certificate and voucher programs into a new program entitled the Housing Choice Voucher Program.

PROGRAM DESCRIPTION

HOUSING CHOICE VOUCHER

- The TDHCA Housing Choice Voucher Program (HCVP) is specifically designed for low-income families and individuals, including the elderly and persons with disabilities in small cities and rural communities not served by similar local or regional programs.
- The HCVP provides rental assistance payments on behalf of eligible applicants. The financial assistance provides decent, safe, and sanitary housing to eligible households whose annual gross income does not exceed 50% of HUD's area median family income guidelines. (Example: Family of four in Ellis County is \$19,950.) Qualified households can select the best available housing through direct negotiations with landlords to ensure accommodations that meet their needs, giving these families the maximum flexibility in choosing their housing. The Department pays approved rent amounts directly to the property owners.
- The Department administers the HCVP in communities that do not have a Public Housing Authority (PHA) or in ones in which the PHA does not wish to administer the HCVP if the community passes a resolution requesting the Department to administer the HCVP in that community. The Department subcontracts with a Local Operator in those areas to implement the program. The primary responsibilities of the Local Operator are to:
 1. Receive and review applications for participation;
 2. Verify family income, employment requirements, and other factors relating to eligibility and the amount of assistance;
 3. Provide program briefing and issue Housing Choice Voucher to selected eligible families;
 4. Inspect and approve units based on Section 8 housing quality standards;
 5. Perform annual and periodic re-examinations of income, family composition, and re-determination of rent.
- The program has grown from 100 certificates in 1979 to the current 2,095 vouchers provided by the HUD field offices in Ft. Worth, Houston, and San Antonio and administered by the Department in 33 counties and 63 cities throughout Texas. The current average lease up for PY 2004 is:

Fort Worth	91%
Houston	96%
San Antonio	90%

PROJECT ACCESS

- Project Access is a housing voucher pilot program developed by HUD, the U. S. Department of Health and Human Services (HHS), and the Institute on Disability at the University of New Hampshire. HUD provides rental assistance through its Section 8 HCVP, and HHS provides supportive services through Nursing Home Transition Grants and Medicaid waivers. The program was developed in response to the Olmstead v. L. C. Supreme Court decision that requires states to provide services to persons with disabilities in community settings rather than in institutions.
- Project Access helps non-elderly low-income persons with disabilities transition from nursing facilities into the community by providing access to affordable housing and necessary supportive services.
- The Department received 35 Section 8 housing choice vouchers from HUD for this pilot program. The Department, the Texas Health and Human Services Commission, and the Texas Department of Human Services (DHS) developed and executed a Memorandum of Understanding to administer Project Access.
- The Texas Health and Human Services Commission is the lead agency for Project Access in Texas. DHS refers clients to the Department. The Department is responsible for determining the eligibility of individuals for Project Access housing choice vouchers and for transferring the voucher to the appropriate Public Housing Authority where the individual wishes to live. The Department will retain this pool of 35 vouchers for Project Access in order to continue to serve the Olmstead population.
- Present status of the 35 vouchers allocated is as follows:
 - Eight (8) clients under contract;
 - Eleven (11) clients pending contracts; and
 - Sixteen (16) available for issuance.

FAMILY SELF SUFFICIENCY

- The Family Self Sufficiency Program (FSSP), a voluntary five-year program with a two year extension, is designed with the purpose of aiding Section 8 families to gain the necessary training and/or education to be adequately prepared to make the transition from public assistance to economic self-sufficiency.
- The program provides case management to help families identify and obtain services already existing in the community. The program also offers training in self esteem, job readiness, parenting skills, financial management, and household management.
- The overall objective of the FSSP is to address the causes of poverty and to empower individuals to take control of their lives by becoming independent, productive members of their communities.

- The Department's goal is to implement a comprehensive FSSP, as approved by HUD, in the Brazoria County area in coordination with the Brazoria County Welfare Department. The Department will combine its efforts with private and public sectors to provide child care, transportation, education, job training, counseling, ongoing monitoring, and other services and resources to ensure that FSSP participants can become self-sufficient.
- Currently, Brazoria County Welfare Department is the local operator contracted to administer 576 Section 8 Housing Choice Vouchers in Brazoria County. The City of Sweeny also administers 27 of our vouchers in Brazoria County.
- On October 9, 2003, Brazoria County notified us of their intent to seek HUD certification as a Public Housing Authority (PHA) and requested that the Department release them from their contractual relationship as a local operator and transfer to Brazoria County the vouchers that they currently administer for the Department as our local operator. The Department informed Brazoria County on October 29, 2003, that should HUD certify the county as a PHA, the Department would consider relinquishing the vouchers assigned to Brazoria County.
- On April 22, 2004, HUD certified Brazoria County as a Public Housing Agency/Authority. Brazoria County once again, on April 27, 2004, asked the Department to release them from their contract with the Department and to relinquish the Section 8 vouchers assigned to Brazoria County. The Department is currently assessing the impact of complying with this request.
- The Department currently has a budget authority for 1,176 vouchers in the Houston area. Forty-two (42) of the vouchers are designated for the Family Self Sufficiency Program.

FUNDING

- Section 8 funds are provided to the Department by HUD field offices in Fort Worth, Houston, and San Antonio. Sec 8 program year is July 1st to June 30th. Accounting prepares and submits Section 8 budgets to HUD four months before the program year begins. HUD provides 1/12th of the approved budgets on the 1st of each month.
- There are two categories of funding: Housing Assistance Payments (HAP) for landlords and tenants and administrative funding for operations. HAP is calculated by multiplying unit cost by projected number of units to be leased next program year, and is calculated by county, bedroom size, inflation, and future growth of lease-up. Administrative funding is calculated by multiplying the projected number of units leased and the administrative rates published by HUD, and it is calculated by county.
- The Department earns administrative fees as calculated by HUD according to the number of units leased as of the first of each month.

- **HOUSING ASSISTANCE PAYMENTS ALLOCATED FOR FY 2003**

Fort Worth	\$ 2,427,408
Houston	\$ 5,055,816
San Antonio	<u>\$ 974,712</u>
TOTAL	\$ 8,457,936

- **HOUSING ASSISTANCE PAYMENTS EXPENDED IN FY 2003**

Fort Worth	\$ 2,815,359
Houston	\$ 5,307,271
San Antonio	<u>\$ 1,143,184</u>
TOTAL	\$ 9,265,814

- **PROGRAM ADMINISTRATIVE FEES EARNED IN FY 2003**

Fort Worth	\$ 270,319
Houston	\$ 520,499
San Antonio	<u>\$ 122,396</u>
TOTAL	\$ 913,214

- **HOUSING ASSISTANCE PAYMENTS ALLOCATED FOR FY 2004**

Fort Worth	\$ 3,392,316
Houston	\$ 5,424,120
San Antonio	<u>\$ 1,224,048</u>
TOTAL	\$10,040,484

- **HOUSING ASSISTANCE PAYMENTS EXPENDED AS OF APRIL 30, 2004**

Fort Worth	\$2,618,532
Houston	\$5,147,152
San Antonio	<u>\$1,117,010</u>
TOTAL	\$ 8,882,694

- **PROGRAM ADMINISTRATIVE FEES EARNED IN FY 2004** PENDING

OTHER ISSUES

PUBLIC HOUSING AGENCY (PHA) PLAN

- Section 511 of the Quality Housing and Work Responsibility Act (QHWRA) of 1998 requires PHAs, including the Department, to develop and submit a Five-Year PHA plan followed by an Annual PHA plan for each of the next four years.
- The PHA Plan is a comprehensive guide to public housing agency policies, programs, operations, and strategies for meeting local housing needs and goals. There are two parts to the PHA Plan: the Five-Year Plan, which is submitted to HUD once every fifth PHA fiscal year, and the Annual Plan, which is submitted to HUD every year.
- The Five-Year Plan describes the mission of the agency and the agency's long-range goals and objectives for achieving its mission over a five-year period, and their approach to managing programs and providing services for the upcoming year.
- The Department submitted its current Five Year Plan in 2000 and submitted the most recent Annual PHA Plan to the Fort Worth HUD Office on April 7, 2004. In October 2004, we will begin the Five Year Plan process and will submit the next Five Year PHA Plan in April 2005 for PY 2005. The Department's PY 2005 begins July 1, 2004.

CONSOLIDATION OF HUD ANNUAL CONTRIBUTION CONTRACTS

- The goal of the Department is to increase the lease rate of Section 8 vouchers allotted to the Statewide Housing Assistance Payments (HAP) Program. Department staff believes that one way to improve the lease rate is the consolidation of the Annual Contribution Contracts from Fort Worth, Houston, and San Antonio into one Annual Contribution Contract from Fort Worth, allowing the Department the flexibility to move vouchers from underutilized areas to areas with greater need and more available affordable housing. The consolidation also should improve the Department's administration of the HAP Program by consolidating all our ACCs within one HUD office. The Department will use the vouchers for the same eligible population and with the same intent and purpose in all three geographical areas of the State.
- On November 14, 2003, the Department's governing board approved a resolution authorizing the Department to request that HUD consolidate the Annual Contribution Contracts.
- On December 4, 2003, the Department submitted the request to the Fort Worth HUD Office.
- The request is pending HUD approval.

RECALCULATION OF HOUSING CHOICE VOUCHER ADMINISTRATIVE FEE

- HUD intends to recalculate Housing Choice Voucher (HCV) administrative fees, but based on the concerns raised by the industry, HUD intends to use a method that follows the -04 appropriations statute more closely.
- PHA's will receive administrative fees based on a pro rata share of the '04 appropriation based upon each PHA's proportion of national administrative fees for which they were eligible in 2003, excluding any recapture of "excessive" administrative fee reserves that occurred that year.
- HUD estimates that this approach will result in an overall reduction in administrative fees for agencies of about 6.2 percent, instead of reductions of approximately 13 percent previously anticipated.
- HUD expects that administrative fee eligibility in 2004 will rise from the initial announcements of per unit fees for approximately two thirds of HAs, and will decline for approximately one third of HAs.
- HUD will distribute administrative fees as block amounts in each quarterly contract renewal and will distribute all of the 2004 administrative fee appropriations to agencies by year end, and fully disburse each agency's prorated share of this year's appropriation.

FLEXIBLE VOUCHER PROGRAM

- The Flexible Voucher Program (FVP) is a HUD-proposed Fiscal Year 2005 budget initiative to improve the Housing Choice Voucher Program. HUD believes that the FVP initiative will ensure the long-term viability of the HCVP low-income families.
- The goals of the Flexible Voucher Program are to:
 1. Allow PHAs administrative flexibility to better address local needs and priorities and to create incentives for families to move to work and self-sufficiency;
 2. Change the funding structure of the voucher program to help contain costs and to free PHAs to serve as many families as they can within their funding amount, rather than being held to a specific number of vouchers; and,
 3. Reform the administrative fee structure and HUD's management assessment system to focus on results, not process, by rewarding PHAs for high performance and holding them accountable for poor performance.
- HUD expects that the program reforms and the administrative flexibility provided to PHAs will result in an increase in the number of families that PHAs can assist.
- HUD estimates that the FVP could save a total of \$1.804 billion (\$1.674 billion in subsidies and \$130 million in administrative expenses) in FFY 2005.

- The President's Budget for FFY 2005 proposes to spend \$13.3 billion on the new Flexible Voucher Program, \$1.1 billion less than the current Housing Choice Voucher appropriation for FY 2004. This difference in cost is driven by savings from the redesign of the program, not from reductions in the number of families assisted. Based on preliminary calculations, the Department may not realize a reduction in funding, and with some program changes, may be able to assist more families secure decent, safe, and sanitary housing.

SECTION 8 HOUSING CHOICE VOUCHER PROGRAM

General Eligibility Criteria

All individuals who are admitted to the program by the Local Operator/TDHCA must be individually determined eligible under the terms of the Section 8 Administrative Plan. The factors which affect eligibility:

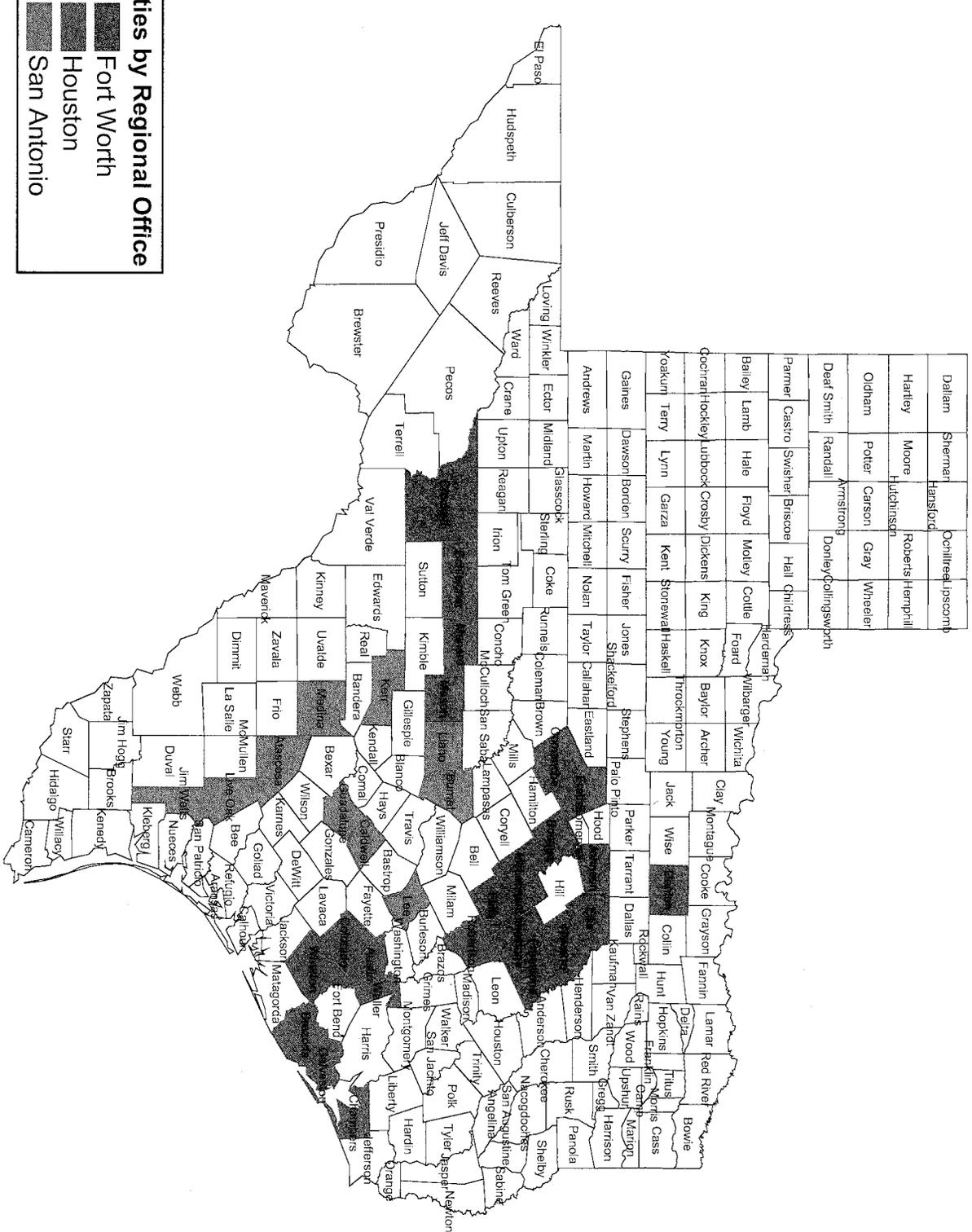
- Family definition.

A single person or a group of persons sharing a residence whose income and resources are available to meet the family's needs and who are either related by blood, marriage, or operation of law (such as guardianship, adoption) or who show evidence of a stable family relationship. By definition, a family must contain a competent adult of at least 18 years of age to enter into a contract and capable of functioning as the head of hold;

An elderly family (the head, co-head, spouse, or sole member s at least 62 years of age; or two or more persons, each of whom are at last 62, living together; or one or more persons who are at least 62 living with one or more live-in aides;

A disabled family (the head, co-head, spouse, or sole member is a person with disabilities; or one or more persons with disabilities with one or more live-in aides.

- Income Limits. The household's annual income may not exceed the applicable income limit as established by HUD.
- Citizenship Status. Applicant must furnish evidence of citizenship or eligible immigration status. Section 214 of the Housing and Community Development Act of 1980 prohibits TDHCA from making financial assistance available to a person other than a United States citizen, nationals, or certain categories of eligible non-citizens in HUD's assisted housing programs.
- Social Security Number. Applicants and program participants must disclose the Social Security numbers of all family members age six (6) or older.
- Criminal History. A criminal history background check is conducted on all adult (18 years and older) applicants and participants by TDHCA.



Dallam	Sherman	Hansford	Ochiltree	Logansport
Hartley	Moore	Hutchinson	Roberts	Hemphill
Oldham	Potter	Carson	Gray	Wheeler
Deaf Smith	Randall	Armstrong	Donley	Collingsworth



Texas Department of Housing and Community Affairs

Section 8 Counties

TDHCA
Center for Housing Research, Planning, and
Communications
May 2004

SECTION 8 COUNTIES AND CITIES

FORT WORTH:

Bosque County (Clifton, Meridian)
Comanche County (Comanche, Gustine, DeLeon)
Crockett County (Ozona)
Denton County (Pilot Point, Sanger)
Ellis County (Ennis, Italy, Waxahachie)
Erath County (Dublin)
Falls County (Marlin, Rosebud)
Freestone County (Fairfield, Teague)
Johnson County (Alvarado, Keene)
Limestone County (Kosse)
Mason County (Mason)
McLennan County (McGregor)
Menard County (Menard)
Navarro County (Blooming Grove, Kerens)
Schleicher County (El Dorado)

HOUSTON:

Austin County (Sealy)
Brazoria County (Alvin, Angleton, Brazoria, Clute, Freeport,
Sweeny, West Columbia)
Chambers County (Anahuac)
Colorado County (Columbus, Eagle Lake, Weimar)
Galveston County (Dickinson, Santa Fe, Kemah, Hitchcock,
League City)
Robertson County (Hearne)
Waller County (Hempstead, Prairie View, Waller)
Wharton County (El Campo, Wharton)

SAN ANTONIO:

Atacosa County (Lytle)
Burnet County (Bertram, Marble Falls)
Caldwell County (Lockhart, Luling)
Guadalupe County (Marion)
Jim Wells County (Alice)
Kerr County (Kerrville)
Lee County (Giddings, Lexington)
Live Oak County (George West)
Llano County (Llano)
Medina County (Hondo, Natalia)

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

June 10, 2004

Action Items

Request forgiveness of the repayment of two predevelopment loans made through the Housing Trust Fund.

Required Action

Approve or deny the requests to forgive the repayment of \$50,000 for the City of Orange and \$30,000 for East Austin Economic Development Corporation.

Background

City of Orange – Loan #8510200015

On March 27, 2003 the Department entered into a loan agreement with the City of Orange (“Orange”) to fund \$50,000 in predevelopment costs associated with the Navy Park Addition, a 100-acre housing development in the City of Orange. The funds were used to develop a neighborhood redevelopment plan performed by Wilbur Smith Associates. The plan provides a strategy for the social and economic revitalization of the Navy Park Addition. On March 23, 2004, the Navy Park Neighborhood Plan was approved and adopted by the City Council.

While the plan does call for the creation of commercial businesses in existing structures and parks on vacant parcels of land, it does not include new construction of affordable housing. According to a letter submitted by Jimmie Lewis, Director of Planning for the City of Orange, “New Construction was not a high priority to the residents; therefore no new construction will be produced as a result. The only new construction revealed in the plan was the need for a community center.” Therefore, they are requesting forgiveness of the predevelopment loan. Under §51.13 of the current Housing Trust Fund Rules, “The Board may, in its discretion, waive any one or more of the rules set forth in this chapter to accomplish its legislative mandates or for other compelling circumstances.”

East Austin Economic Development Corporation – Loan #851020003

On July 23, 2002, the Department entered into a loan agreement with East Austin Economic Development Corporation (“East Austin”) to fund \$50,000 in predevelopment costs associated with the construction of a twenty unit elderly project in Lockhart, Texas. To date, \$20,000 of the \$50,000 loan has been repaid to the Department. East Austin is requesting forgiveness of the remaining \$30,000 because circumstances have caused the development to be less profitable than expected. Currently, they are operating at a deficit of approximately \$12,000, with a 60% occupancy rate. This deficit is due to a lease-up phase that was longer than expected and a shortfall in the budget which caused East Austin to expend over \$14,000 in non budgeted funds. The Department is also currently reviewing a request to restructure the repayment schedule of their TDHCA HOME loan. Under §51.13 of the current Housing Trust Fund Rules, “The

Board may, in its discretion, waive any one or more of the rules set forth in this chapter to accomplish its legislative mandates or for other compelling circumstances.”

Recommendations

As noted above, there is no construction planned for the Navy Park Addition. Staff recommends that the loan to the City of Orange in the amount of \$50,000 be forgiven.

Staff also recommends that the loan to East Austin Economic Development Corporation in the amount of \$30,000 be forgiven due to the current operating condition of the development.



May 13, 2004

Cert. Receipt #7003 0500 0005 0544 7511

Emily Price
Texas Department of Housing
and Community Affairs
P.O. Box 13941
Austin, TX 78711

RE: Navy Park Revitalization Plan, Pre-Development Loan - City of Orange

Dear Ms. Price:

This letter will serve as an explanation of why the City of Orange has requested a waiver of repayment for its pre-development loan under Section 51.6 of the TDHCA Housing Trust Fund rules.

Navy Park is a 254-unit subdivision built in 1941 by the U. S. Navy in an effort to meet the housing need produced by the onset of World War II. Today all but approximately 15 units are still in existence and most are occupied by low income residents. This neighborhood has been a target of redevelopment in the Community Development Division for several years. Since 1985 the Rental Rehabilitation Program and the HOME Rental Rehabilitation Program targeted this neighborhood. There were numerous projects completed that made many homes decent, safe and sanitary to live in. However, some units were not managed properly and the homes became substandard once again. Over the years it has become evident that programs with just a financial handout were not the answer. Government sponsored surveys concluded that residents living in blighted areas not only needed financial assistance but that they needed supportive services to teach them how to take pride in their homes and neighborhoods.

Approximately 3 - 4 years ago Navy Park residents tried to organize a group to make this neighborhood better. The group invited many city staff from various departments to their meetings. However, most of the time the meetings became "What is the CITY going to do for our neighborhood?" not "What can WE do for our neighborhood?". A few members of this group came to the Community Development Division asking for assistance. The Community Development Division contacted it's U. S. Department of Housing and & Urban Development

(HUD) Community Builder for advise in redeveloping this neighborhood. A meeting hosted by Congressman Turner's office was held with Ann Gray, city staff and HUD staff to brainstorm the possibilities. HUD staff, at a later date, also brought in foundations and banking institutions to tour the neighborhood and get their advice. Everyone who had interest in the neighborhood expressed the importance of having a master neighborhood plan before continuing. Ann Gray as well as city staff and HUD staff searched for funding avenues to have a neighborhood plan funded. Finally HUD called and stated that funds were available through the State of Texas Housing Trust Fund Pre-Development Loan Program. On June 7, 2002 the manager of the Texas Housing Trust Fund came to Orange to tour Navy Park. He informed us that pre-development loan funds could be used for the development of a Neighborhood Plan and advised that the Pre-Development Loan Program favored funding non-profit organizations. The city collaborated with Nautical Affordable Housing to submit an application for funding for the development of a Neighborhood Plan for Navy Park. The funds were awarded in November 2003 and received on June 25, 2003.

The consultant chosen to write the plan, Wilbur Smith and Associates, began the process with a "possibilities meeting" in which residents and community leaders came together to discuss the strengths and weaknesses of the neighborhood. There was a great deal of brainstorming and discussions, among approximately 80 people in attendance, about Navy Park. The priorities were voted on by the participants of this meeting. Anything that was emphasized in the plan was emphasized by the residents about what they wanted for their neighborhood.

In the past Navy Park was not considered a Historic site and federal funds were allowed to demolish a couple of structures. However, in 1997 the State Historical Commission realized the significant history of the neighborhood. The war effort was the reason Orange grew from a population of 7,500 to 60,000 within a 5-year period. Navy Park is the last remaining neighborhood of 4 built by the U. S. Navy. It was brought out at the planning meeting that these structures should be preserved.

The Neighborhood Plan was completed and a meeting was held on February 21, 2004 for Wilbur Smith Associates to present the proposed plan to the residents of the neighborhood, community leaders and elected officials. There were over 118 in attendance. On February 3, 2004 the Planning & Zoning Commission reviewed the document and made a favorable recommendation to the City Council to approve the plan. Ordinance readings were considered by City Council on March 9 and March 23, 2004 and the Navy Park Neighborhood Plan was approved and adopted.

The goals and objectives which are stated in the plan were from information taken directly from the residents. It was clear in the beginning of the process that this plan would belong to the neighborhood. New construction was not a high priority to the residents; therefore no new construction will be produced as a result. The only new construction revealed in the plan was the need for a community center. Land was donated but no funds were available to construct the facility. The day care facility operating in the neighborhood closed business before the plan was approved and adopted by the city and that existing structure was donated for the purpose of a community center. Today many social service organizations are housed there including a literacy service, women's & children's shelter office, Catholic Charities offering parenting

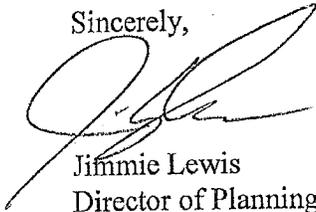
classes, and a homeless service organization. There will be no profits from which this pre-development loan can be repaid.

Once the plan is approved by the U. S. Department of Housing and Urban Development as a designated Neighborhood Revitalization Strategy Area, a board of directors created from the neighborhood will take ownership and guide the revitalization efforts to Navy Park. Goals identified, but not limited to, include establishing small, "mom & pop" commercial opportunities in existing structures, utilizing vacant parcels of land within Navy Park to improve quality of life (such as pocket parks), protecting the character of the neighborhood, eliminating criminal elements of the neighborhood, providing a means to allow the community to focus on protecting the integrity of the neighborhood, establishing connections between Navy Park and the surrounding neighborhoods, ensuring that the streets, alleys and infrastructure are safe and maintained, improving opportunities for pedestrian and bicycle travel, preserving and restoring the historic character of Navy Park, and improving opportunities for residents of Navy Park to establish businesses and utilize entrepreneurial skills.

Thank you for taking this matter to the board of the Texas Department of Housing and Community Affairs and for their consideration. The Navy Park planning process was a greater success than we had imagined and the attendance and participation of the residents shows full support of the community to fulfill the goals and objectives of their plan.

If you need any further information, please feel free to contact me at 409/883-1034.

Sincerely,

A handwritten signature in black ink, appearing to read "Jimmie Lewis", written over a horizontal line.

Jimmie Lewis
Director of Planning

Copy - Emily

CITY OF

ORANGE

P.O. Box 520
Orange, Texas 77631-0520
(409) 886-3611

April 16, 2004

RECEIVED

MAY 3 2004

LIHTC

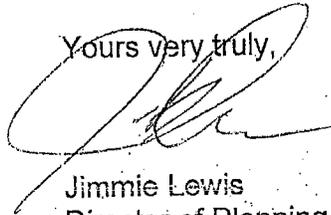
Ms. Stephanie A. D'Couto
Team Leader
Loan Servicing Department
P. O. Box 13941
Austin, TX 78711-3941

Re: Navy Park Project - Pre-Development Loan - City of Orange

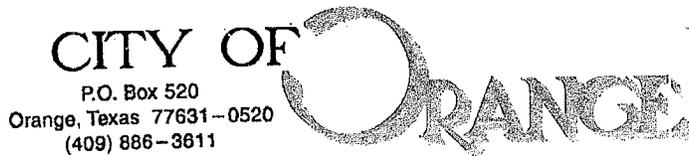
Dear Ms. D'Couto:

The City of Orange is in receipt of your request of repayment of the pre-development loan captioned above. Please be advised that the City is requesting a waiver of repayment under Section 51.6 of the TDHCA Housing Trust Fund Rules. We would appreciate it if you would suspend your request for repayment of these funds until such time as the request of the City is considered by the TDHCA board. This suspension should not present a hardship to the TDHCA, since the funds for the pre-development loan were not disbursed until June of 2003, some three months after execution of the loan agreement. We would appreciate your kind consideration in this matter, and if you need any further information, please contact me.

Yours very truly,



Jimmie Lewis
Director of Planning and
Community Development



April 16, 2004

Mr. Jerry Sparks
Economic Development Manager
Ark-Tex Council of Governments
P. O. Box 5307
Texarkana, TX 75505

Re: Navy Park Project - Pre-Development Loan - City of Orange

Dear Mr. Sparks:

Attached hereto is a letter from the Texas Department of Housing and Community Affairs dated April 6, 2004, requesting payment in full of the \$50,000.00 pre-development loan made to the City of Orange in connection with our Navy Park Project. As you know from our previous discussions, this loan was obtained to commission and pay for a study by Wilbur Smith Associates to plan for the future of this historic area of the city of Orange. A copy of that study is enclosed. From the outset, it was made clear to all parties that no new construction for any type of building project would result from this study, and that pursuant to §51.6 of the Housing Trust Fund Rules of the Texas Department of Housing and Community Affairs, a waiver of repayment of this loan would be sought.

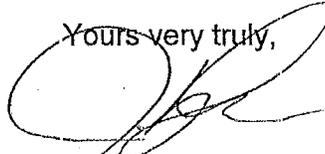
The cited section of the Housing Trust Fund Rules (§51.6) provides that "The board may waive repayment of the loan, in whole or in part, if there are impediments to project development that the board determines are reasonably beyond the control of the applicant. From the outset of contemplating the commission of the study, we have been told that the city of Orange could receive a waiver of repayment of the monies, since no construction would result as a result of the study. We believe that the information we received and the actual facts surrounding the commission of the study make it very clear that there are "impediments to project development" since no construction will ensue.

Pursuant to our discussion, we would appreciate it if you would present this study and the request of the city of Orange for a waiver of repayment of this loan. We

would not have sought the funds or commissioned the study but for the reassurances given to us that the obligation to repay the costs could and would be waived.

If you need any further information on this matter, please contact me.

Yours very truly,

A handwritten signature in black ink, appearing to read "Jimmie Lewis", written over the closing text.

Jimmie Lewis
Director of Planning &
Community Development

East Austin Economic Development Corporation

1009 East 11th Street ~ Austin, Texas 78702

512-472-1472 ~ Fax 512-457-1237

eaedc@sbcglobal.net

May 25, 2004

Edwina P. Carrington
Executive Director
Texas Department of Housing and Community Affairs
507 Sabine – Suite 400
P.O. Box 13941
Austin, Texas 78711-3941

RECEIVED
MAY 26 2004
EXECUTIVE

RE: HOME Project #531103

Dear Ms. Carrington:

This letter follows ^{my} conversation of May 18, 2004 and serves to request forgiveness on the balance of a TDCHA pre-development loan to the East Austin Economic Development Corporation.

The loan in the amount of \$50,000 was for predevelopment cost associated with the construction of a twenty unit elderly project in Lockhart Texas. Twenty thousand dollars of the loan has been repaid; the thirty thousand dollar balance will mature in July 2004.

We recognize that this request for forgiveness of the loan balance of \$30,000 is unusual, but is prompted by unusual circumstances. The rent up phase of the project took longer than planned and was under-budgeted; this caused the corporation to directly expend over \$14,000 in non budgeted funds. Due to the fact that the project is a special needs project for the elderly and handicapped the well being of this population out weighed the associated start up cost. There was also associated management and operating cost indirectly related to the project.

Per your request, we enclose a copy of the correspondence to Robert Onion TDCH Manager Multifamily Awards & Allocation, regarding this project in which we requested revised loan terms on the permanent loan. Included in the correspondence to Mr. Onion is an operating pro forma

We appreciated your willingness to hear our concerns about the Lockhart Project and look forward to an amenable solution that provides mutual benefit to TDCHA, our clients and us.

Sincerely,



Marvin C. Griffin, D.Min.
President

Enclosure

East Austin Economic Development Corporation

8:12 PM

05/05/04

Accrual Basis

	Medina Courts	TOTAL
Ordinary Income/Expense		
Income		
Contributions Income	2,350.00	2,350.00
Miscellaneous Income	4.08	4.08
Rental Income	11,816.00	11,816.00
Total Income	14,170.08	14,170.08
Expense		
Administrative Costs	5,255.00	5,255.00
Bank Service Charges	40.00	40.00
Dues and Subscriptions	54.99	54.99
Insurance	4,925.44	4,925.44
Maintenance Costs	2,815.95	2,815.95
Office Supplies	367.31	367.31
Operational Expenses	714.44	714.44
Resident Social Activities	185.67	185.67
Supplies	1,484.88	1,484.88
Telephone	2,148.10	2,148.10
Utilities	8,050.57	8,050.57
Total Expense	26,042.35	26,042.35
Net Ordinary Income		
Net Income		

CENTER FOR HOUSING RESEARCH, PLANNING, AND COMMUNICATIONS

BOARD INFORMATION ITEM

June 10, 2004

Item

Texas Department of Housing and Community Affairs' *Strategic Plan for Fiscal Years 2005-2009*.

Required Action

Review and possible discussion

Background

A Strategic Plan is a formal document that communicates an agency's goals, directions, and outcomes to various audiences, including the Governor and the Legislature, client and constituency groups, the general public, and the agency's employees.

The TDHCA *Strategic Plan for Fiscal Years 2005-2009* (the Plan) is developed as required by Government Code, Chapter 2056. In accordance with the joint instructions from the Governor's Office of Budget and Planning and the Legislative Budget Board, the Plan contains the following elements:

- Correlation Between Statewide Goals and Benchmarks
- TDHCA's Mission and Philosophy
- An External/Internal Assessment of the Department including:
 - Overview of Agency Scope and Functions
 - Organizational Aspects
 - Fiscal Aspects
 - Service Population Demographics
 - Technological Developments
 - Economic Variables
 - Impact of Federal Statutes/Regulations
 - Other Legal Issues
 - Self-Evaluation and Opportunities for Improvement
- Goals, Objectives, and Outcome Measures
- Strategies and Output, Efficiency, and Explanatory Measures
- Description of the Agency's Planning Process
- Current Organization of Agency
- Five-Year Projections for Outcomes
- Measure Definitions
- Workforce Plan
- Result of Survey or Organizational Excellence

The Plan not only reflects the Department's commitment to its mission, but is also a statement of consensus about the direction that TDHCA anticipates moving in the next five years.

The Plan is due to the Legislative Budget Board and Governor's Office of Budget and Planning on July 2, 2004. While there are no public comment requirements associated with the development of the Strategic Plan, the Department will make it available to the public for two weeks via its web site (www.tdhca.state.tx.us) from June 3, 2004 until June 17, 2004. Hard copies will also be available through the Department's Housing Center (512) 475-3976.

The final version of the Plan will be brought to the Board for final approval at the June 28th Board Meeting.

**Housing Tax Credit Program
Board Action Request
June 10, 2004**

Action Item

Request, review, and board determination of one (1) four percent (4%) tax credit application with TDHCA as the issuer.

Recommendation

Staff is recommending that the board review and approve the issuance of one four percent (4%) Tax Credit Determination Notice with **TDHCA** as the Issuer for tax exempt bond transaction known as:

Development No.	Name	Location	Issuer	Total Units	LI Units	Total Development	Applicant Proposed Tax Exempt Bond Amount	Requested Credit Allocation	Recommended Credit Allocation
04420	Tranquility Bay Apartments	Pearland	TDHCA	246	246	\$20,895,435	\$14,350,000	\$650,675	\$649,023



MULTIFAMILY FINANCE PRODUCTION DIVISION

2004 Private Activity Multifamily Revenue Bonds

**Tranquility Bay Apartments
4800 CR 91 (Fite Road)
Pearland, Texas
Tranquility Housing, Ltd.
246 Units**

**Priority 1C – 100% of units at 60% AMFI
(Census tracts that have a higher average income than the area AMFI)**

\$14,350,000 Tax Exempt – Series 2004

TABLE OF EXHIBITS

TAB 1	TDHCA Board Presentation
TAB 2	Bond Resolution
TAB 3	HTC Profile and Board Summary
TAB 4	Sources & Uses of Funds Estimated Cost of Issuance
TAB 5	Department's Real Estate Analysis
TAB 6	Rental Restrictions Explanation Results and Analysis
TAB 7	Development Location Maps
TAB 8	TDHCA Compliance Summary Report
TAB 9	Public Input and Hearing Transcript (April 20, 2004)

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

June 10, 2004

Action Item

Presentation, Discussion and Possible Approval for the issuance of Multifamily Housing Mortgage Revenue Bonds, Series 2004 and Housing Tax Credits for the Tranquility Bay Apartments development.

Summary of the Tranquility Apartments Transaction

The pre-application was received on September 2, 2003. The application was scored and ranked by staff. The application ranked fifteenth out of a total of forty-four applications. The application was induced at the October Board meeting and submitted to the Texas Bond Review Board for inclusion to the lottery. The application received a Reservation of Allocation on February 18, 2004. This application was submitted under the Priority 1C category. This is a new category the Legislature added June 2004 through SB 1664 to encourage affordable development in census tracts with higher median incomes than the AMFI for the area. 100% of the units will serve families at sixty percent (60%) of AMFI. The Brazoria MSA AMFI for 2004 is \$62,900 and the 2003 AMFI for this census tract is \$96,290 (2004 information is not available at this time). A public hearing was held on April 20, 2004. There were 212 people in attendance with 37 people speaking for the record. A copy of the transcript and summary of public comment is located in Tab 9 of this presentation. The site is located within walking distance of retail / shopping facilities and employment opportunities. The proposed site is located in Brazoria County in the Pearland Independent School District. There have been compliance violations, of the applicant on other properties they operate, however, no violations have resulted in a material non-compliance status and all violations have been resolved at this time. It has been stated that there is a City moratorium on the development of multifamily housing within the Pearland city limits. It is the understanding of staff that the moratorium expires on June 21, 2004 and the City does not intend to extend the moratorium. In any event because this development is located in Brazoria County and not the City of Pearland, the moratorium is not applicable to this site.

Summary of the Financial Structure

The applicant is requesting the Department's approval and issuance of fixed rate tax exempt bonds in the amount of \$14,350,000. The bonds will be unrated and privately placed with MuniMae TE Bond Subsidiary, LLC. The term of the bonds will be for 40 years. The construction period will be for twenty four months with payment terms of interest only, followed by a 40 year amortization with a maturity date of January 1, 2048. The interest rate on the bonds during the Construction Loan Period will bear interest at a floating rate equal to the Index Rate (the one-week BMA swap ask quote as published from time to time by Bloomberg, L.P. on Screen "PREB12") plus 300 basis points, however the Bond Purchaser at no cost to the Borrower will enter into a interest rate cap which will reduce the net effective interest rate to the Borrower during the Construction Loan Period to 5.15%. The interest rate during the Permanent Loan Period shall bear interest at a fixed rate of 6.50% per annum. (See Bond Resolution 04-028 Section 1.2 (b) attached).

Recommendation

Staff recommends the Board approve the issuance of Multifamily Housing Mortgage Revenue Bonds, Series 2004 and Housing Tax Credits for the Tranquility Bay Apartments development because of the demonstrated quality of construction of the proposed development, the feasibility of the development (as demonstrated by the financial commitments from MuniMae and the underwriting report by the Department's Real Estate Analysis division), the tenant and social services provided by the development and the demand for affordable units as demonstrated by the market area and the dispersion of affordable housing to higher median income areas provided by the proposal.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
BOARD MEMORANDUM
June 10, 2004

DEVELOPMENT: Tranquility Bay Apartments, Brazoria County, Texas 77581

PROGRAM: Texas Department of Housing & Community Affairs
2004 Private Activity Multifamily Revenue Bonds
(Reservation received 2/18/2004)

ACTION

REQUESTED: Approve the issuance of multifamily housing mortgage revenue bonds (the "Bonds") by the Texas Department of Housing and Community Affairs (the "Department"). The Bonds will be issued under Chapter 1371, Texas Government Code, as amended, and under Chapter 2306, Texas Government Code, the Department's Enabling Act (the "Act"), which authorizes the Department to issue its revenue bonds for its public purposes as defined therein.

PURPOSE: The proceeds of the Bonds will be used to fund a mortgage loan (the "Mortgage Loan") to Tranquility Housing, Ltd, a Texas limited partnership (the "Owner" or "Borrower"), to finance the acquisition, construction, equipping and long-term financing of a proposed 246-unit multifamily residential rental development to be constructed on approximately 14.4 acres of land located to the north of CR 91 (Fite Road), to the south of F.M. 518 (West Broadway) and southeast of the intersection of West Broadway and Oak Road, at approximately 4800 CR91 (Fite Road) Brazoria County, Texas 77581. (the development). The Bonds will be tax-exempt by virtue of the Development qualifying as a residential rental development.

BOND AMOUNT: \$ 14,350,000 (*) Series 2004 Tax Exempt Bonds

(*) The aggregate principal amount of the Bonds will be determined by the Department based on its rules, underwriting, the cost of construction of the Development and the amount for which Bond Counsel can deliver its Bond Opinion.

ANTICIPATED

CLOSING DATE: The Department received a volume cap allocation for the Bonds on February 18, 2004 pursuant to the Texas Bond Review Board's 2004 Private Activity Bond Allocation Program. While the Department is required to deliver the Bonds on or before July 17, 2004, the anticipated closing date is June 24, 2004.

BORROWER: Tranquility Housing, Ltd. a Texas limited partnership, the general partner of which is Blazer Land, LLC a Delaware limited liability company the president of which is H. Chris Richardson. MMA Financial Bond Warehousing, LLC, or an affiliate thereof, will be providing the equity for the transaction by purchasing approximately a 99% limited partnership interest in the Borrower.

COMPLIANCE

* Preliminary - Represents Maximum Amount

HISTORY:

The Compliance Status Summary completed on April 5, 2004 reveals that the principals of the general partner above have a total of ten (10) properties being monitored by the Department. Six (6) have received a compliance score. All of the scores are below the material non-compliance threshold score of 30. There have been some issues in the past with the majority of such properties concerning failure to maintain or provide tenant income certification. All non-compliance issues have been corrected at this time.

**ISSUANCE TEAM/
ADVISORS:**

MuniMae TE Bond Subsidiary, LLC or an affiliate thereof (“Bond Purchaser”)
MMA Financial Bond Warehousing, LLC (“Equity Provider”)
MuniMae Portfolio Services, LLC (“Servicing Agent”)
The Bank of New York Trust Company, N.A. (“Trustee”)
Vinson & Elkins L.L.P. (“Bond Counsel”)
RBC Dain Rauscher Inc. (“Financial Advisor”)
McCall, Parkhurst & Horton, L.L.P. (“Disclosure Counsel”)

BOND PURCHASER:

The Bonds will be purchased by MuniMae TE Bond Subsidiary, LLC or an affiliate thereof. The purchaser and any subsequent purchaser will be required to sign the Department’s standard traveling investor letter.

**DEVELOPMENT
DESCRIPTION:**

The development is a 246-unit apartment community to be constructed on an 14.4 acre site located to the north of CR 91 (Fite Road), to the south of F.M. 518 (West Broadway) and southeast of the intersection of West Broadway and Oak Road, at approximately 4800 CR91 (Fite Road) Brazoria County, Texas 77581. The development will consist of twenty seven (27) two-story, wood-framed apartment building consisting of stucco and hardiplank exteriors with a total of approximately 266,022 net rentable square feet and an average unit size of 1081 square feet. Unit features will include washer/dryer connections, garbage disposal, microwave, dishwashers and walk-in closets. In addition, most unit will have attached garages. Additionally, the property will also have a 6749 square-foot community building consisting an administration office, game/recreation room, computer room, community room, kitchen and public restrooms. Additional project amenities include a daycare facility, swimming pool, a play area with playground equipment, perimeter fencing, a limited access gate and picnic area.

Units	Unit Type	Square Feet	Proposed Net Rent
56	1-Bedrooms/1-Baths	815 av.	\$629.00
110	2-Bedrooms/2-Baths	1075 av.	\$746.00
<u>80</u>	3-Bedrooms/2-Baths	1277 av.	\$852.00
246	Total Units		

SET-ASIDE UNITS:

For Bond covenant purposes, at least forty (40%) of the residential

units in the development are set aside for persons or families earning not more than sixty percent (60%) of the area median income. Five percent (5%) of the units in each development will be set aside on a priority basis for persons with special needs.

(The Borrower has elected to set aside 100% of the units for tax credit purposes.)

RENT CAPS:

For Bond covenant purposes, the rental rates on 100% of the units will be restricted to a maximum rent that will not exceed thirty percent (30%) of the income, adjusted for family size, for a family whose income equals sixty percent (60%) of the area median income.

TENANT SERVICES:

Borrower has selected Education Based Housing, Inc. who will employ/contract staff and volunteers on site in order to provide quality social services to adults, children, and families in accordance with the Regulatory and Land Use Restriction Agreement.

**DEPARTMENT
ORIGINATION
FEES:**

\$1,000 Pre-Application Fee (Paid)
\$10,000 Application Fee (Paid)
\$71,750 Issuance Fee (.50% of the bond amount paid at closing)

**DEPARTMENT
ANNUAL FEES:**

\$14,350 Bond Administration (0.10% of first year bond amount)
\$6,150 Compliance (\$25/unit/year adjusted annually for CPI)

(Department's annual fees may be adjusted, including deferral, to accommodate underwriting criteria and Development cash flow.)

**ASSET OVERSIGHT
FEE:**

\$6,150 to TDHCA or assigns (\$25/unit/year adjusted annually for CPI)

TAX CREDITS:

The Borrower has applied to the Department to receive a Determination Notice for the 4% tax credit that accompanies the private-activity bond allocation. The tax credit equates to approximately \$649,023 per annum and represents equity for the transaction. To capitalize on the tax credit, the Borrower will sell a substantial portion of its limited partnership interests, typically 99%, to raise equity funds for the Development. Although a tax credit sale has not been finalized, the Borrower anticipates raising approximately \$5,127,282 of equity for the transaction.

BOND STRUCTURE:

The Bonds are proposed to be issued under a Trust Indenture (the "Trust Indenture") that will describe the fundamental structure of the Bonds, permitted uses of Bond proceeds and procedures for the administration, investment and disbursement of Bond proceeds and program revenues.

The Bonds will be privately placed with the Bond Purchaser. The Bond Purchaser contemplates transferring the Bonds to a custodial or

trust arrangement whereby beneficial interests in the Bonds will be sold in the form of trust certificates to Qualified Institutional Buyers or Accredited Investors.

The Bond Purchaser will be required to sign the Department's standard investor letter. Should the Bonds be transferred to a custodial trust, a slightly modified investor letter will be provided by the trust. During the construction and lease-up period, the Bonds will pay as to interest only.

BOND INTEREST RATES: From the Closing Date to and including June 30, 2006 (the "Construction Loan Period"), the Bonds shall bear interest at the Index Rate, which shall be the per annum rate equal to the one-week BMA swap ask quote (the "Index") plus 300 basis points, and shall be adjusted on the date of any published adjustment of the Index. On July 1, 2006, the Bonds shall bear interest at a rate of 6.5% until the maturity date thereof.

CREDIT ENHANCEMENT: The bonds will be unrated with no credit enhancement.

FORM OF BONDS: The Bonds will be issued in physical form and in denominations of \$100,000 or any amount in excess of \$100,000.

MATURITY/SOURCES & METHODS OF REPAYMENT: The Bonds will be payable monthly. During the construction phase, the Bonds will be payable as to interest only, from an initial deposit at closing to the Capitalized Interest Fund, earnings derived from amounts held on deposit in an investment agreement, and other funds deposited to the Revenue Fund specifically for capitalized interest during a portion of the construction phase. After conversion to the permanent phase, the Bonds will be paid from revenues earned from the Mortgage Loan.

TERMS OF THE MORTGAGE LOAN: The Mortgage Loan is a nonrecourse obligation of the Borrower (which means, subject to certain exceptions, the Owner is not liable for the payment thereof beyond the amount realized from the pledged security) providing for monthly payments of interest during the construction phase and level monthly payments of principal and interest upon conversion to the permanent phase. Deeds of Trust and related documents convey the Owner's interest in the Development to secure the payment of the Mortgage Loan.

REDEMPTION OF BONDS PRIOR TO MATURITY: The Bonds are subject to redemption under any of the following circumstances:

Mandatory Redemption:

- (a) The Bonds are subject to mandatory redemption, in whole or in part (i) from any and all Receipts Requiring Mandatory Redemption, at a redemption price equal to 100% of the principal amount of Bonds being redeemed, plus interest accrued to the redemption date; and (ii) from moneys available for such purpose on deposit in the funds and accounts established by the Trust Indenture to the extent required.
- (b) The Bonds are subject to mandatory redemption, in part, following the Stabilization Date, in the amount, if any, equal to the amount that the outstanding principal amount of the Bonds exceeds the Supportable Bond Amount, at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed, plus interest accrued to the redemption date.

Optional Redemption at Direction of Borrower:

- (a) From and after June 1, 2021 only, the Bonds shall be subject to redemption at the option of the Issuer, in whole or in part, and only at the written direction of the Borrower, at a redemption price equal to 100% of the principal amount of the Bonds being redeemed, plus interest accrued to the redemption date.

Optional Redemption at Direction of Servicing Agent and Holders:

- (a) The Bonds are subject to redemption, in whole, at the option of the Issuer acting at the direction of the Servicing Agent, from and to the extent of amounts on deposit in the Construction Fund if construction of the Development has not lawfully commenced within sixty (60) days of the Closing Date.
- (b) The Bonds are subject to redemption, in whole, at the option of the Issuer acting at the direction of the Holders of a majority of the outstanding principal amount of the Bonds, upon the occurrence of an Event of Taxability, but only if so directed by the Holders in writing within ninety (90) days of the occurrence of the Event of Taxability, at a redemption price equal to 106% of the principal amount of the Bonds being redeemed, plus interest accrued to the redemption date; provided, however, that the foregoing redemption premium shall not be payable if the Event of Taxability is solely the result of a change in the Code or the Regulations.
- (c) The Bonds are subject to redemption, in whole, at the option of the Issuer acting at the direction of the Holders of 100% of the outstanding principal amount of the Bonds, at any time after the June 1, 2021, without premium, at a redemption price equal to 100% of the principal amount of the Bonds being redeemed, plus interest accrued to the redemption date, but only if the Holders provide the Issuer, the Trustee and the Borrower with written notice of their election to require redemption of the Bonds at least ninety (90) days prior to the date set for redemption.

FUNDS AND
ACCOUNTS/FUNDS
ADMINISTRATION:

Under the Trust Indenture, The Bank of New York Trust Company, N.A. (the "Trustee") will serve as registrar, and authenticating agent for the Bonds, trustee of certain of the funds created under the Trust Indenture (described below), and will have responsibility for a number of loan administration and monitoring functions.

Moneys on deposit in Trust Indenture funds are required to be invested in eligible investments prescribed in the Trust Indenture until needed for the purposes for which they are held.

The Trust Indenture will initially create up to ten (10) funds with the following general purposes:

1. Bond Proceeds Fund – On the closing date, the proceeds of the Bonds shall be deposited in the Bond Proceeds Fund and immediately applied by the Trustee to other funds as required.
2. Revenue Fund – Revenues from the Development are deposited to the Revenue Fund and disbursed to sub-accounts for payment to the various funds according to the amount required and order designated by the Trust Indenture – first to the Fee and Expense Account, second to the Tax and Insurance Account, third to the Interest Account, and fourth to the Principal Account.
3. Borrower Equity Fund – Funds from sources other than Bond proceeds to pay for Costs of Issuance, capitalized interest and certain other costs relating to the acquisition and development of the Development.
4. Costs of Issuance Fund – Fund into which amounts for the payment of certain costs incurred in connection with the issuance of the bonds are deposited and disbursed.
5. Construction Fund – Fund into which amounts needed to complete construction of the improvements are deposited and disbursed.
6. Capitalized Interest Fund – Fund into which a portion of the proceeds of the bonds or borrower equity are deposited and used to fund the payment of interest during the construction period.
7. Lease-Up Fund – Funded from syndication proceeds or other funds provided by the Borrower other than proceeds of the Bonds. Such amount, plus other funds transferred therein pursuant to the Indenture, will be applied to pay the Operating Expenses of the Development to the extent that the Development's net cash flow is insufficient to pay such amounts. On or after the date which is ten (10) days following the Supportable Bond Amount Determination Date, amounts remaining in the Lease-Up Fund will be used (i) first, to redeem Bonds if required pursuant to the terms of the Indenture and the Borrower does not pay or cause to be paid by the

Guarantors under the Guaranty all amounts required to redeem Bonds; (ii) second, to pay any deferred and unpaid developer's fee; and (iii) third, the balance, if any, will be paid to the Borrower.

8. Rebate Fund - Fund into which certain investment earnings are transferred that are required to be rebated periodically to the federal government to preserve the tax-exempt status of the Bonds. Amounts in this fund are held apart from the trust estate and are not available to pay debt service on the Bonds.
9. Replacement Fund – Fund into which amounts are held in reserve to cover replacement cost and ongoing maintenance to the Development.
10. Bond Proceeds Clearance Fund – Fund into which moneys are transferred from the Bond Proceeds Account of the Construction Fund and the Bond Proceeds Account of the Capitalized Interest Fund, as and when provided in the Indenture, and are applied, after completion of the project, either to pay any unpaid or deferred developer's fee and/or to redeem Bonds.

Essentially, all of the Bond proceeds will be deposited into the Construction Fund and the Capitalized Interest Fund and disbursed there from during the Construction Phase (over 18 to 24 months) to finance the construction of the Development and to pay interest on the Bonds. Although costs of issuance of up to two percent (2%) of the principal amount of the Bonds may be paid from Bond proceeds, it is currently expected that all costs of issuance will be paid by an equity contribution of the Borrower.

DEPARTMENT
ADVISORS:

The following advisors have been selected by the Department to perform the indicated tasks in connection with the issuance of the Bonds.

1. Bond Counsel - Vinson & Elkins L.L.P. ("V&E") was most recently selected to serve as the Department's bond counsel through a request for proposals ("RFP") issued by the Department in August 2003. V&E has served in such capacity for all Department or Agency bond financings since 1980, when the firm was selected initially (also through an RFP process) to act as Agency bond counsel.
2. Bond Trustee – The Bank of New York Trust Company, N.A. was selected as bond trustee by the Department pursuant to a request for proposal process in December 2003.
3. Financial Advisor – RBC Dain Rauscher, Inc., formerly Rauscher Pierce Refsnes, was selected by the Department as the Department's financial advisor through a request for proposals process in June 2003.
4. Disclosure Counsel – McCall, Parkhurst & Horton, L.L.P. was

selected by the Department as Disclosure Counsel through a request for proposals process in August 2003.

**ATTORNEY GENERAL
REVIEW OF BONDS:**

No preliminary written review of the Bonds by the Attorney General of Texas has yet been made. Department bonds, however, are subject to the approval of the Attorney General, and transcripts of proceedings with respect to the Bonds will be submitted for review and approval prior to the issuance of the Bonds.

RESOLUTION NO. 04-028

RESOLUTION AUTHORIZING AND APPROVING THE ISSUANCE, SALE AND DELIVERY OF MULTIFAMILY HOUSING REVENUE BONDS (TRANQUILITY BAY APARTMENTS) SERIES 2004; APPROVING THE FORM AND SUBSTANCE AND AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS AND INSTRUMENTS PERTAINING THERETO; AUTHORIZING AND RATIFYING OTHER ACTIONS AND DOCUMENTS; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

WHEREAS, the Texas Department of Housing and Community Affairs (the "Department") has been duly created and organized pursuant to and in accordance with the provisions of Chapter 2306, Texas Government Code, as amended (the "Act"), for the purpose, among others, of providing a means of financing the costs of residential ownership, development and rehabilitation that will provide decent, safe, and affordable living environments for individuals and families of low and very low income (as defined in the Act) and families of moderate income (as described in the Act and determined by the Governing Board of the Department (the "Board") from time to time); and

WHEREAS, the Act authorizes the Department: (a) to make mortgage loans to housing sponsors to provide financing for multifamily residential rental housing in the State of Texas (the "State") intended to be occupied by individuals and families of low and very low income and families of moderate income, as determined by the Department; (b) to issue its revenue bonds, for the purpose, among others, of obtaining funds to make such loans and provide financing, to establish necessary reserve funds and to pay administrative and other costs incurred in connection with the issuance of such bonds; and (c) to pledge all or any part of the revenues, receipts or resources of the Department, including the revenues and receipts to be received by the Department from such multifamily residential rental project loans, and to mortgage, pledge or grant security interests in such loans or other property of the Department in order to secure the payment of the principal or redemption price of and interest on such bonds; and

WHEREAS, the Board has determined to authorize the issuance of the Texas Department of Housing and Community Affairs Multifamily Housing Revenue Bonds (Tranquility Bay Apartments) Series 2004 (the "Bonds"), pursuant to and in accordance with the terms of a Trust Indenture (the "Indenture") by and between the Department and The Bank of New York Trust Company, N.A., a national banking association (the "Trustee"), for the purpose of obtaining funds to finance the Project (defined below), all under and in accordance with the Constitution and laws of the State of Texas; and

WHEREAS, the Department desires to use the proceeds of the Bonds to fund a mortgage loan to Tranquility Housing, Ltd., a Texas limited partnership (the "Borrower"), in order to finance the cost of acquisition, construction and equipping of a qualified residential rental project described on Exhibit A attached hereto (the "Project") located within the State of Texas and required by the Act to be occupied by individuals and families of low and very low income and families of moderate income, as determined by the Department; and

WHEREAS, the Board, by resolution adopted on October 9, 2003, declared its intent to issue its revenue bonds to provide financing for the Project; and

WHEREAS, it is anticipated that the Department and the Borrower will execute and deliver a Loan and Financing Agreement (the "Financing Agreement") pursuant to which (i) the Department will agree to make a mortgage loan funded with the proceeds of the Bonds (the "Loan") to the Borrower to enable the Borrower to finance the cost of acquisition and construction of the Project and related costs, and (ii) the Borrower will execute and deliver to the Department a promissory note (the "Note") in an original aggregate principal amount corresponding to the original aggregate principal amount of the

Bonds, and providing for payment of interest on such principal amount equal to the interest on the Bonds and to pay other costs described in the Financing Agreement; and

WHEREAS, it is anticipated that the Borrower's obligations under the Note will be secured by the Deed of Trust, Security Agreement and Assignment of Rents and Leases and Financing Statement (the "Deed of Trust") from the Borrower for the benefit of the Department; and

WHEREAS, the Department's interest in the Loan (except for certain reserved rights), including the Note and the Deed of Trust, will be assigned to the Trustee pursuant to an Assignment of Deed of Trust Documents and an Assignment of Note (collectively, the "Assignments") from the Department to the Trustee; and

WHEREAS, the Board has determined that the Department, the Trustee and the Borrower will execute a Regulatory and Land Use Restriction Agreement (the "Regulatory Agreement"), with respect to the Project which will be filed of record in the real property records of Brazoria County, Texas;

WHEREAS, the Board has determined that the Department and the Borrower will execute an Asset Oversight Agreement (the "Asset Oversight Agreement"), with respect to the Project for the purpose of monitoring the operation and maintenance of the Project; and

WHEREAS, the Board has examined proposed forms of (a) the Indenture, the Financing Agreement, the Assignments, the Regulatory Agreement and the Asset Oversight Agreement (collectively, the "Issuer Documents"), all of which are attached to and comprise a part of this Resolution and (b) the Deed of Trust and the Note; has found the form and substance of such documents to be satisfactory and proper and the recitals contained therein to be true, correct and complete; and has determined, subject to the conditions set forth in Section 1.12, to authorize the issuance of the Bonds, the execution and delivery of the Issuer Documents, the acceptance of the Deed of Trust and the Note and the taking of such other actions as may be necessary or convenient in connection therewith; NOW, THEREFORE,

BE IT RESOLVED BY THE GOVERNING BOARD OF THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS:

ARTICLE I

ISSUANCE OF BONDS; APPROVAL OF DOCUMENTS

Section 1.1--Issuance, Execution and Delivery of the Bonds. That the issuance of the Bonds is hereby authorized, under and in accordance with the conditions set forth herein and in the Indenture, and that, upon execution and delivery of the Indenture, the authorized representatives of the Department named in this Resolution each are authorized hereby to execute, attest and affix the Department's seal to the Bonds and to deliver the Bonds to the Attorney General of the State of Texas for approval, the Comptroller of Public Accounts of the State of Texas for registration and the Trustee for authentication (to the extent required in the Indenture), and thereafter to deliver the Bonds to the order of the initial purchasers thereof.

Section 1.2--Interest Rate, Principal Amount, Maturity and Price. That: (i) the interest rate on the Bonds shall be (A) from the date of issuance through, and including, June 30, 2006, the Index Rate (as such term is defined in the Indenture) determined as set forth in the Indenture, and (B) from July 1, 2006 and thereafter until the maturity date thereof 6.5%; provided, however, that the interest rate is subject to adjustment as set forth in the Indenture; provided further, that in no event shall the interest rate on the Bonds (including any default interest rate) exceed the maximum interest rate permitted by applicable law;

(ii) the aggregate principal amount of the Bonds shall be \$14,350,000; and (iii) the final maturity of the Bonds shall occur on June 1, 2044.

Section 1.3--Approval, Execution and Delivery of the Indenture. That the form and substance of the Indenture are hereby approved, and that the authorized representatives of the Department named in this Resolution each are authorized hereby to execute, attest and affix the Department's seal to the Indenture and to deliver the Indenture to the Trustee.

Section 1.4--Approval, Execution and Delivery of the Financing Agreement and Regulatory Agreement. That the form and substance of the Financing Agreement and the Regulatory Agreement are hereby approved, and that the authorized representatives of the Department named in this Resolution each are authorized hereby to execute, attest and affix the Department's seal to the Financing Agreement and the Regulatory Agreement and deliver the Financing Agreement and the Regulatory Agreement to the Borrower and the Trustee.

Section 1.5--Acceptance of the Deed of Trust and Note. That the Deed of Trust and the Note are hereby accepted by the Department.

Section 1.6--Approval, Execution and Delivery of the Assignments. That the form and substance of the Assignments are hereby approved and that the authorized representatives of the Department named in this Resolution each are hereby authorized to execute, attest and affix the Department's seal to the Assignments and to deliver the Assignments to the Trustee.

Section 1.7--Approval, Execution and Delivery of the Asset Oversight Agreement. That the form and substance of the Asset Oversight Agreement are hereby approved, and that the authorized representatives of the Department named in this Resolution each are authorized hereby to execute and deliver the Asset Oversight Agreement to the Borrower.

Section 1.8--Taking of Any Action; Execution and Delivery of Other Documents. That the authorized representatives of the Department named in this Resolution each are authorized hereby to take any actions and to execute, attest and affix the Department's seal to, and to deliver to the appropriate parties, all such other agreements, commitments, assignments, bonds, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, notices of acceptance, written requests and other papers, whether or not mentioned herein, as they or any of them consider to be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 1.9--Exhibits Incorporated Herein. That all of the terms and provisions of each of the documents listed below as an exhibit shall be and are hereby incorporated into and made a part of this Resolution for all purposes:

- Exhibit B - Indenture
- Exhibit C - Financing Agreement
- Exhibit D - Regulatory Agreement
- Exhibit E - Assignments
- Exhibit F - Asset Oversight Agreement

Section 1.10--Power to Revise Form of Documents. That notwithstanding any other provision of this Resolution, the authorized representatives of the Department named in this Resolution each are authorized hereby to make or approve such revisions in the form of the documents attached hereto as exhibits as, in the judgment of such authorized representative or authorized representatives, and in the opinion of Vinson & Elkins L.L.P., Bond Counsel to the Department, may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution, such approval to be evidenced by the

execution of such documents by the authorized representatives of the Department named in this Resolution.

Section 1.11--Authorized Representatives. That the following persons are each hereby named as authorized representatives of the Department for purposes of executing, attesting, affixing the Department's seal to, and delivering the documents and instruments and taking the other actions referred to in this Article I: Chair and Vice Chairman of the Board, Executive Director of the Department, Deputy Executive Director of Housing Operations of the Department, Deputy Executive Director of Programs of the Department, Chief of Agency Administration of the Department, Director of Financial Administration of the Department, Director of Bond Finance of the Department, Director of Multifamily Finance Production of the Department, and the Secretary to the Board.

Section 1.12--Conditions Precedent. That the issuance of the Bonds shall be further subject to, among other things: (a) the Project's meeting all underwriting criteria of the Department, to the satisfaction of the Executive Director of the Department; and (b) the execution by the Borrower and the Department of contractual arrangements satisfactory to the Department staff requiring that community service programs will be provided at the Project.

ARTICLE II

APPROVAL AND RATIFICATION OF CERTAIN ACTIONS

Section 2.1--Approval and Ratification of Application to Texas Bond Review Board. That the Board hereby ratifies and approves the submission of the application for approval of state bonds to the Texas Bond Review Board on behalf of the Department in connection with the issuance of the Bonds in accordance with Chapter 1231, Texas Government Code.

Section 2.2--Approval of Submission to the Attorney General of Texas. That the Board hereby authorizes, and approves the submission by the Department's Bond Counsel to the Attorney General of the State of Texas, for his approval, of a transcript of legal proceedings relating to the issuance, sale and delivery of the Bonds.

Section 2.3--Certification of the Minutes and Records. That the Secretary to the Board hereby is authorized to certify and authenticate minutes and other records on behalf of the Department for the Bonds and all other Department activities.

Section 2.4--Authority to Invest Proceeds. That the Department is authorized to invest and reinvest the proceeds of the Bonds and the fees and revenues to be received in connection with the financing of the Project in accordance with the Indenture and to enter into any agreements relating thereto only to the extent permitted by the Indenture.

Section 2.5--Approving Initial Rents. That the initial maximum rent charged by the Borrower for 100% of the units of the Project shall not exceed the amounts attached as Exhibit G to the Regulatory Agreement and shall be annually redetermined by the Borrower and reviewed by the Department as set forth in the Financing Agreement.

Section 2.6--Ratifying Other Actions. That all other actions taken by the Executive Director of the Department and the Department staff in connection with the issuance of the Bonds and the financing of the Project are hereby ratified and confirmed.

Section 2.7--Engagement of Other Professionals. That the Executive Director of the Department or any successor is authorized to engage auditors to perform such functions, audits, yield calculations and subsequent investigations as necessary or appropriate to comply with the requirements of Bond Counsel

to the Department, provided such engagement is done in accordance with applicable law of the State of Texas.

ARTICLE III
CERTAIN FINDINGS AND DETERMINATIONS

Section 3.1--Findings of the Board. That in accordance with Section 2306.223 of the Act, and after the Department's consideration of the information with respect to the Project and the information with respect to the proposed financing of the Project by the Department, including but not limited to the information submitted by the Borrower, independent studies commissioned by the Department, recommendations of the Department staff and such other information as it deems relevant, the Board hereby finds:

(a) Need for Housing Development.

(i) that the Project is necessary to provide needed decent, safe, and sanitary housing at rentals or prices that individuals or families of low and very low income or families of moderate income can afford,

(ii) that the Borrower will supply well-planned and well-designed housing for individuals or families of low and very low income or families of moderate income,

(iii) that the Borrower is financially responsible,

(iv) that the financing of the Project is a public purpose and will provide a public benefit, and

(v) that the Project will be undertaken within the authority granted by the Act to the housing finance division and the Borrower.

(b) Findings with Respect to the Borrower.

(i) that the Borrower, by operating the Project in accordance with the requirements of the Regulatory Agreement, will comply with applicable local building requirements and will supply well-planned and well-designed housing for individuals or families of low and very low income or families of moderate income,

(ii) that the Borrower is financially responsible and has entered into a binding commitment to repay the Loan made with the proceeds of the Bonds in accordance with its terms, and

(iii) that the Borrower is not, and will not enter into a contract for the Project with, a housing developer that: (A) is on the Department's debarred list, including any parts of that list that are derived from the debarred list of the United States Department of Housing and Urban Development; (B) breached a contract with a public agency; or (C) misrepresented to a subcontractor the extent to which the developer has benefited from contracts or financial assistance that has been awarded by a public agency, including the scope of the developer's participation in contracts with the agency and the amount of financial assistance awarded to the developer by the Department.

(c) Public Purpose and Benefits.

(i) that the Borrower has agreed to operate the Project in accordance with the Financing Agreement and the Regulatory Agreement, which require, among other things, that the Project be occupied by individuals and families of low and very low income and families of moderate income, and

(ii) that the issuance of the Bonds to finance the Project is undertaken within the authority conferred by the Act and will accomplish a valid public purpose and will provide a public benefit by assisting individuals and families of low and very low income and families of moderate income in the State of Texas to obtain decent, safe, and sanitary housing by financing the costs of the Project, thereby helping to maintain a fully adequate supply of sanitary and safe dwelling accommodations at rents that such individuals and families can afford.

Section 3.2--Determination of Eligible Tenants. That the Board has determined, to the extent permitted by law and after consideration of such evidence and factors as it deems relevant, the findings of the staff of the Department, the laws applicable to the Department and the provisions of the Act, that eligible tenants for the Project shall be (1) individuals and families of low and very low income, (2) persons with special needs, and (3) families of moderate income, with the income limits as set forth in the Financing Agreement and the Regulatory Agreement.

Section 3.3--Sufficiency of Mortgage Loan Interest Rate. That the Board hereby finds and determines that the interest rate on the Loan established pursuant to the Financing Agreement will produce the amounts required, together with other available funds, to pay for the Department's costs of operation with respect to the Bonds and the Project and enable the Department to meet its covenants with and responsibilities to the holders of the Bonds.

Section 3.4--No Gain Allowed. That, in accordance with Section 2306.498 of the Act, no member of the Board or employee of the Department may purchase any Bond in the secondary open market for municipal securities.

Section 3.5--Waiver of Rules. That the Board hereby waives the rules contained in Chapter 33, Title 10 of the Texas Administrative Code to the extent such rules are inconsistent with the terms of this Resolution and the bond documents authorized hereunder.

ARTICLE IV

GENERAL PROVISIONS

Section 4.1--Limited Obligations. That the Bonds and the interest thereon shall be limited obligations of the Department payable solely from the trust estate created under the Indenture, including the revenues and funds of the Department pledged under the Indenture to secure payment of the Bonds and under no circumstances shall the Bonds be payable from any other revenues, funds, assets or income of the Department.

Section 4.2--Non-Governmental Obligations. That the Bonds shall not be and do not create or constitute in any way an obligation, a debt or a liability of the State of Texas or create or constitute a pledge, giving or lending of the faith or credit or taxing power of the State of Texas. Each Bond shall contain on its face a statement to the effect that the State of Texas is not obligated to pay the principal thereof or interest thereon and that neither the faith or credit nor the taxing power of the State of Texas is pledged, given or loaned to such payment.

Section 4.3--Effective Date. That this Resolution shall be in full force and effect from and upon its adoption.

Section 4.4--Notice of Meeting. Written notice of the date, hour and place of the meeting of the Board at which this Resolution was considered and of the subject of this Resolution was furnished to the Secretary of State and posted on the Internet for at least seven (7) days preceding the convening of such meeting; that during regular office hours a computer terminal located in a place convenient to the public in the office of the Secretary of State was provided such that the general public could view such posting; that such meeting was open to the public as required by law at all times during which this Resolution and the subject matter hereof was discussed, considered and formally acted upon, all as required by the Open Meetings Act, Chapter 551, Texas Government Code, as amended; and that written notice of the date, hour and place of the meeting of the Board and of the subject of this Resolution was published in the Texas Register at least seven (7) days preceding the convening of such meeting, as required by the Administrative Procedure and Texas Register Act, Chapters 2001 and 2002, Texas Government Code, as amended. Additionally, all of the materials in the possession of the Department relevant to the subject of this Resolution were sent to interested persons and organizations, posted on the Department's website, made available in hard-copy at the Department, and filed with the Secretary of State for publication by reference in the Texas Register not later than seven (7) days before the meeting of the Board as required by Section 2306.032, Texas Government Code, as amended.

(Signature Page Follows)

PASSED AND APPROVED this 10th day of June, 2004.

By: _____
Elizabeth Anderson, Chair

[SEAL]

Attest: _____
Delores Groneck, Secretary

EXHIBIT A

DESCRIPTION OF PROJECT

Section 1. Project and Owner.

Owner: Tranquility Housing, Ltd., a Texas limited partnership

Project: The Project is a 246-unit multifamily facility to be known as Tranquility Bay Apartments and to be located to the north of CR 91 (Fite Road), to the south of F.M. 518 (West Broadway) and southeast of the intersection of West Broadway and Oak Road, at approximately 4800 CR 91 (Fite Road), Brazoria County, Texas 77581. The Project will consist of twenty-seven (27) two-story residential apartment buildings with approximately 266,022 net rentable square feet and an approximate average unit size of 1,081 square feet. The unit mix will consist of:

56 one-bedroom/one-bath units
110 two-bedroom/two-bath units
80 three-bedroom/two-bath units

246 Total Units

Unit sizes will range from approximately 749 square feet to approximately 1,446 square feet.

The Project will include a community building containing an administration office, game/recreation room, computer room, community room, kitchen and public restrooms. On-site amenities will include a swimming pool, daycare facility, a play area with playground equipment, perimeter fencing, a limited access gate, and a picnic area. All individual units will have washer/dryer connections, microwaves, dishwashers, and walk-in closets. Additionally, the Project will include 246 garages and 252 uncovered parking spaces.

Section 2. Project Amenities.

Project Amenities shall include:

- Washer/Dryer Connections
- Microwave Ovens
- Storage Rooms
- Garages - 246
- Ceiling Fans
- Ceramic Flooring in Entry and Bathroom
- ×75% Masonry (including stucco and hardiplank)
- Playground and Equipment
- BBQ Grills and Tables (one each per 50 Units)
- Perimeter Fencing and Gated Access
- Business / Computer Facilities with internet access
- Game / Recreation Room
- Library



**HOUSING TAX CREDIT PROGRAM
2004 HTC/TAX EXEMPT BOND DEVELOPMENT PROFILE AND BOARD SUMMARY**

Texas Department of Housing and Community Affairs

Development Name: **Tranquility Bay Apartments**

TDHCA#: 04420

DEVELOPMENT AND OWNER INFORMATION

Development Location: Pearland QCT: N DDA: N TTC: N
 Development Owner: Tranquility Housing, Ltd.
 General Partner(s): Blazer Land, LLC, 100%, Contact: H. Chris Richardson
 Construction Category: New
 Set-Aside Category: Tax Exempt Bond Bond Issuer: TDHCA
 Development Type: Family

Annual Tax Credit Allocation Calculation

Applicant Request: \$650,675 Eligible Basis Amt: \$649,023 Equity/Gap Amt.: \$803,121
Annual Tax Credit Allocation Recommendation: \$649,023
 Total Tax Credit Allocation Over Ten Years: \$ 6,490,230

PROPERTY INFORMATION

Unit and Building Information

Total Units: 246 HTC Units: 246 % of HTC Units: 100
 Gross Square Footage: 272,771 Net Rentable Square Footage: 266,022
 Average Square Footage/Unit: 1081
 Number of Buildings: 27
 Currently Occupied: N

Development Cost

Total Cost: \$20,895,435 Total Cost/Net Rentable Sq. Ft.: \$78.55

Income and Expenses

Effective Gross Income:¹ \$2,099,388 Ttl. Expenses: \$966,172 Net Operating Inc.: \$1,133,216
 Estimated 1st Year DCR: 1.12

DEVELOPMENT TEAM

Consultant: Not Utilized Manager: Orion Real Estate Services
 Attorney: Gardere Wynne Sewell & Riggs Architect: Mark Mucasey, AIA
 Accountant: Reznick, Fedder & Silverman Engineer: R. G. Miller
 Market Analyst: O'Connor & Assoc. Lender: MMA Financial, LLC
 Contractor: Blazer Building, Inc. Syndicator: MMA Financial, LLC

PUBLIC COMMENT²

From Citizens:	From Legislators or Local Officials:
In Pearland: # in Support: 128 # in Opposition: 259 Outside Pearland: # in Support: 18 # in Opposition: 0 Unknown Location: # in Support: 1 # in Opposition: 0 Petition: # in Opposition: 453	Sen. Mike Jackson, District 11 - O Rep. Glenda Dawson, District 29 - O Judge John Willy - NC Penny Goode, Brazoria County Brazoria County does not have a local Consolidated Plan. Pearland ISD - O City Councilman Kevin Cole - O

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

Tranquility Bay Apartments

Estimated Sources & Uses of Funds

Sources of Funds

Series 2004 Tax-Exempt Bond Proceeds	\$ 14,350,000
Tax Credit Proceeds	5,286,000
Deferred Developer's Fee	1,680,315
Estimated GIC Earning	77,862
Total Sources	\$ 21,394,177

Uses of Funds

Deposit to Mortgage Loan Fund (Construction funds)	\$ 16,742,958
Construction Period Interest	890,846
Rent Up Reserve	268,458
Developer's Overhead & Fee	2,431,775
Costs of Issuance	
Direct Bond Related	295,750
Bond Purchaser Costs	446,750
Other Transaction Costs	45,640
Real Estate Closing Costs	272,000
Total Uses	\$ 21,394,177

Estimated Costs of Issuance of the Bonds

Direct Bond Related

TDHCA Issuance Fee (.50% of Issuance)	\$ 71,750
TDHCA Application Fee	11,000
TDHCA Bond Compliance Fee (\$25 per unit) 2 years	12,300
TDHCA Bond Counsel and Direct Expenses (Note 1)	75,000
TDHCA Financial Advisor and Direct Expenses	25,000
Disclosure Counsel (\$5k Pub. Offered, \$2.5k Priv. Placed. See Note 1)	2,500
Borrower's Bond Counsel	33,000
Bond Administration Fee (2 years)	28,700
Trustee Fee	7,500
Trustee's Counsel (Note 1)	6,500
Attorney General Transcript Fee (\$1,250 per series, max. of 2 series)	1,250
Texas Bond Review Board Application Fee	5,000
Texas Bond Review Board Issuance Fee (.025% of Reservation)	3,650
TEFRA Hearing Publication Expenses	12,600
Total Direct Bond Related	\$ 295,750

Tranquility Bay Apartments

Bond Purchase Costs	
MuniMae Origination Fee	358,750
MuniMae Application Fee	25,000
Lender's Attorney	45,000
Lender's Inspection Fee	18,000
Total	\$ 446,750

Other Transaction Costs	
Tax Credit Determination Fee (4% annual tax cr.)	40,720
Tax Credit Application Fee (\$20/u)	4,920
Total	\$ 45,640

Real Estate Closing Costs	
Title & Recording (Const.& Perm.)	72,000
Property Taxes	200,000
Total Real Estate Costs	\$ 272,000

Estimated Total Costs of Issuance	\$ 1,060,140
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Costs of issuance of up to two percent (2%) of the principal amount of the Bonds may be paid from Bond proceeds. Costs of issuance in excess of such two percent must be paid by an equity contribution of the Borrower.

Note 1: These estimates do not include direct, out-of-pocket expenses (i.e. travel). Actual Bond Counsel and Disclosure Counsel are based on an hourly rate and the above estimate does not include on-going administrative fees.

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTIFAMILY UNDERWRITING ANALYSIS**

REVIEW of PREVIOUS UNDERWRITING REPORTS

No previous reports.

DEVELOPMENT SPECIFICATIONS

IMPROVEMENTS

Total Units: 246 **# Rental Buildings:** 27 **# Common Area Bldgs:** 1 **# of Floors:** 2 **Age:** N/A yrs **Vacant:** N/A at / /
Net Rentable SF: 266,022 **Av Un SF:** 1,081 **Common Area SF:** 6,749 **Gross Bldg SF:** 272,771

STRUCTURAL MATERIALS

The structure will be wood frame on a post-tensioned concrete slab on grade. According to the plans provided in the application the exterior will be comprised of 76% Stucco and 24% hardiplank. The interior wall surfaces will be painted or papered drywall. The pitched roof will be finished with asphalt composite shingles.

APPLIANCES AND INTERIOR FEATURES

The interior flooring will be a combination of carpeting, vinyl and ceramic tile. Each unit will include: range & oven, hood & fan, garbage disposal, dishwasher, refrigerator, microwave oven, tile tub/shower, washer & dryer connections, ceiling fans, laminated counter tops, individual water heaters, and 9-foot ceilings.

ON-SITE AMENITIES

A 6,749 square foot leasing office/amenity center will include: leasing offices, club room, management offices, laundry facilities, kitchen, restrooms, central mailroom, maintenance room, activity room, learning center, computer room, daycare facility, swimming pool, and equipped children's playground area. In addition, perimeter fencing with limited access gates is planned for the site.

Uncovered Parking: 376 spaces **Carports:** 0 spaces **Garages:** 246 spaces

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Description: Tranquility Bay Apartments is a relatively dense (17.4 units per acre) new construction development of 246 units of affordable housing located in Pearland. The development is comprised of 27 evenly distributed medium, garden style walk-up residential buildings as follows:

- 6 Type 1 Buildings with 8 one-bedroom/one-bath units, and 2 two-bedroom/two-bath units;
- 2 Type 2a Buildings with 10 two-bedroom/two-bath units;
- 4 Type 2b Buildings with 2 one-bedroom/one-bath units, and 8 two-bedroom/two-bath units;
- 5 Type 3a Buildings with 2 two-bedroom/two-bath units, and 8 three-bedroom/two-bath units;
- 2 Type 3b Buildings with 2 two-bedroom/two bath units, and 8 three-bedroom/two bath units; and
- 8 Type 4 Buildings with 4 two-bedroom/two & one-half bath units, and 3 three-bedroom/two & one-half bath units.

Architectural Review: The buildings are attractive and functional, with hipped and gabled roofs, and stucco with hardiplank exterior wall coverings.

Supportive Services: The Applicant is entering into a contract with Education Based Housing, Inc. to provide the following supportive services to tenants: GED classes, financial counseling, computer classes, adult literacy, parenting classes, and on-site daycare. These services will be provided at no cost to tenants, except for daycare, which cost will be determined based upon the tenant's income.

SITE ISSUES

SITE DESCRIPTION

Size: 14.1399 acres 615,933 square feet **Zoning/ Permitted Uses:** No Zoning
Flood Zone Designation: Zone X **Status of Off-Sites:** Partially Improved

SITE and NEIGHBORHOOD CHARACTERISTICS

Location: The site is an irregularly-shaped parcel located in western Pearland, approximately 17 miles from the Houston central business district. The site is situated on the north side of County Road 91(Fite Road) in Pearland, east of Highway 288.

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Adjacent Land Uses:

- **North:** Tranquility Lake, multifamily development, vacant land and a child care facility beyond;
- **South:** vacant land, single family residential beyond;
- **East:** multifamily residential;
- **West:** office/warehouse facility, vacant land beyond.

Site Access: Access and the main entries to the property will be from County Road 91 (Fite Road) from the south, and Oak Road from the north. Access to Interstate Highway 45 is approximately 8 miles east, and Highway 288 is approximately 5 miles west. These major thoroughfares provide connections to all other major roads serving the Houston area.

Public Transportation: The availability of public transportation was not identified in the application materials.

Shopping & Services: The site is within one mile of major grocery and pharmacy stores, three miles of shopping centers and a variety of other retail establishments and restaurants. Schools, churches, hospitals and health care facilities are located within a short driving distance from the site.

Site Inspection Findings: TDHCA staff performed a site inspection on April 20, 2004, and found the location to be acceptable for the proposed development.

HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)

A Phase I Environmental Site Assessment report dated September 3, 2003 was prepared by EDC Environmental Services and contained the following findings and recommendations:

“Based on our findings, this assessment revealed evidence of recognized environmental conditions (REC) associated with the current or historical uses of the subject or adjoining properties.”

“EDC-ES recommends that the AST (Aboveground Storage Tank) and 5 gallon buckets be removed from the subject property. Also, the stained soil should be removed and properly disposed.”

A condition for issuance of tax credits is that the Above Ground Storage Tank and 5 gallon buckets be removed from the subject property. Additionally, the stained soil must be removed and properly disposed as recommended in the Environmental Site Assessment.

POPULATIONS TARGETED

Income Set-Aside: The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside, although as a Priority 1 private activity bond lottery development the Applicant has elected the 100% at 60% option, since the site is in a census tract whose median income is greater than median income of the MSA.

MAXIMUM ELIGIBLE INCOMES						
	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
60% of AMI	\$26,400	\$30,180	\$33,960	\$37,740	\$40,740	\$43,800

MARKET HIGHLIGHTS

A market feasibility study dated December 31, 2003 was prepared and submitted by O’Connor & Associates (“Market Analyst”), but was revised and resubmitted after it was determined by Staff to include an overly expansive market area. The revised study highlighted the following findings:

Definition of Primary Market Area (PMA): “The subject’s primary market is defined as the area within zip codes 77089, 77578, 77581, & 77584.” (p. 10). This area encompasses approximately 73.67 square miles and is equivalent to a circle with a radius of 4.8 miles.

Population: The estimated 2003 population of the PMA was 120,696 and is expected to increase by 18.4% to approximately 142,964 by 2008. Within the primary market area there were estimated to be 41,753 households in 2003.

Total Primary Market Demand for Rental Units: The Market Analyst calculated a total demand of 2,115

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qualified households in the PMA, based on the current estimate of 41,753 households, the projected annual growth rate of 3.7%, renter households estimated at 19.93% of the population, income-qualified households estimated at 7.34%, and an annual renter turnover rate of 60%. (p. 5). The Market Analyst used an income band of \$20,983 to \$40,740.

ANNUAL INCOME-ELIGIBLE SUBMARKET DEMAND SUMMARY				
Type of Demand	Market Analyst		Underwriter	
	Units of Demand	% of Total Demand	Units of Demand	% of Total Demand
Household Growth	165	7.80%	114	5%
Resident Turnover	1,758	83.11%	1908	86%
Other Sources: Pent-up demand/Section 8	192	9.09%	208	9%
TOTAL ANNUAL DEMAND	2,115	100%	2,230	100%

Ref: p. 70

Inclusive Capture Rate: The Market Analyst calculated an inclusive capture rate of 19.57% based upon 2,115 units of demand and 414 unstabilized affordable housing units in the PMA (including the subject and 168 units from the Oak Bridge Apartments) (p. 71-72). The Underwriter calculated a revised inclusive capture rate of 18.6% based on slightly larger demand.

Local Housing Authority Waiting List Information: “There are thousands of families in the City of Houston currently on the growing waiting lists for low-rent housing, apartment rental subsidies, or Section 8 vouchers administered by the Houston Housing Authority. The Brazoria County Welfare office’s Section 8 waiting list is currently closed.

The waiting list for Section 8 vouchers was closed in 1994, when the list had grown to more than 26,000 households. The waiting list has been reopened at times, but is currently closed. According to the Housing Authority of the City of Houston’s PHA Plans 5 Year Plan for Fiscal Years 2003-2007, Annual Plan for Fiscal Year 2003, the goal is to add 5,000 housing vouchers to the 12,013 existing vouchers. The most recently published waiting list totals 18,526 families. This indicates a strong demand for new rental units in the subject’s defined market area. Considering the Houston MSA median household income of \$58,400, and the Brazoria MSA’s median household income of \$62,900, the subject property presently meets Housing Tax Credit rental guidelines and should continue to do so as it is absorbed by the market (within 12 months)”(p. 44).

Market Rent Comparables: The Market Analyst surveyed 5 comparable apartment projects totaling 1,404 units in the market area.

RENT ANALYSIS (Net tenant paid rents)					
Unit Type (% AMI)	Proposed	Program Max	Differential	Est. Market	Differential
1-Bedroom (60%)	\$629	\$629	\$0	\$695	-\$66
2-Bedroom (60%)	\$746	\$746	\$0	\$925	-\$179
3-Bedroom (60%)	\$852	\$852	\$0	\$1,085	-\$233

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

Primary Market Occupancy Rates: “The closest HTC property (Highland Meadow Villas) has a current occupancy of 93%. The rent comparables reported current occupancies ranging from 80% to 94%, with a median occupancy of 87%. Given the physical characteristics of the subject (i.e., location, good curb appeal, new condition, amenities, etc.), the strong occupancies reported at nearby apartments, and that the subject will offer competitive rents at a new property, a stabilized occupancy rate of 92.5% is reasonable and achievable for the proposed subject property.”(p 77).

Absorption Projections: “Considering the strong absorption history of similar properties and the lack of available quality affordable units in this market, we project that the subject property will lease an average of 25-30 units per month until achieving stabilized occupancy. We anticipate that the subject property will achieve stabilized occupancy within six to eight months following completion.” (p. 77).

Known Planned Development: According to the market study, there is currently one other non-stabilized

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development in the PMA. The development, Oak Bridge Apartments is a 168 unit Section 8 development that is to be located at Hulik Street and Old Alvin Road less than 4 miles northeast of subject.

Effect on Existing Housing Stock: “Based on the high occupancy levels of the existing properties in the market, along with the strong recent absorption history, we project that the subject property will have minimal sustained negative impact upon the existing apartment market. Any negative impact from the subject property should be of reasonable scope and limited duration.” (p. 78).

The market study provided sufficient information to make a funding recommendation.

OPERATING PROFORMA ANALYSIS

Income: The Applicant’s rent projections are the maximum rents allowed under HTC guidelines, and are achievable according to the Market Analyst. Estimates of secondary income and vacancy and collection losses are in line with TDHCA underwriting guidelines. As a result the Applicant’s effective gross income estimate is comparable to the Underwriter’s estimate.

Expenses: The Applicant’s total expense estimate of \$3,928 per unit compares favorably with the Underwriter’s database-derived estimate of \$4,113 per unit for comparably-sized developments. The Applicant however, has one line item estimate that deviate significantly when compared to the database averages. That item is general and administrative expense which is 52K lower than the Underwriter’s.

Conclusion: The Applicant’s estimated income is consistent with the Underwriter’s expectations, total operating expenses are within 5% of the database-derived estimate, and the Applicant’s net operating income (NOI) estimate is within 5% of the Underwriter’s estimate. Therefore, the Applicant’s NOI should be used to evaluate debt service capacity.

Due primarily to the difference in general and administrative expenses, the Underwriter’s estimated debt coverage ratio (DCR) is slightly less than the program minimum standard of 1.10. As the Applicant’s income and expense estimates are acceptable and the Underwriter’s proforma indicates a DCR of 1.10 by the third year of operation (with steady improvement throughout the remainder of the 30-year period), the Applicant’s DCR estimates are acceptable.

ACQUISITION VALUATION INFORMATION

APPRAISED VALUE

Land Only: 16.0163 acres	\$1,815,000	Date of Valuation:	June 18, 2003
Existing Building(s):	\$ 0	Appraiser:	Edward B. Schultz & Company
Total Development: “as is”:	\$1,815,000	City:	Houston

ASSESSED VALUE

Land: 14.13 acres	\$513,500	Assessment for the Year of:	2003
Building:	N/A	Valuation by:	Brazoria Appraisal District
Total Assessed Value:	\$513,500	Tax Rate:	2.37152

EVIDENCE of SITE or PROPERTY CONTROL

Type of Site Control:	Earnest Money Contract/Purchase Agreement					
Contract Expiration Date:	09/	30/	2004	Anticipated Closing Date:	07/	15/ 2004
Acquisition Cost:	\$1,650,000			Other Terms/Conditions:		
Seller:	Blazer Land, LLC			Related to Development Team Member:	Yes	

CONSTRUCTION COST ESTIMATE EVALUATION

Acquisition Value: Blazer Land, LLC originally purchased a 16.0144 acre tract from Pearland Hughes-West Investments on September 29, 2003 in the amount of \$1,800,000. The 16.0144 acre tract had been appraised at a value of \$1,815,000 in June 2003. On February 4, 2004 the Applicant, Tranquility Housing, Ltd. entered into a Purchase Agreement with Blazer Land, LLC to purchase 14.1339 acres out of the 16.0144 acre tract for

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the amount of \$1,650,000. The remaining 1.8 acre tract is being retained by Blazer Land, LLC for future commercial use. The site cost of \$1,650,000 (\$2.67/SF) is substantiated by the adjusted appraisal value of \$1,815,000 prorated for the 1.8 acres retained by the seller.

Sitework Cost: The Applicant's claimed sitework costs of \$7,500 per unit are considered reasonable compared to historical sitework costs for multifamily projects.

Direct Construction Cost: The Applicant's direct construction cost estimate is \$300,005 or 3% lower than the Underwriter's Marshall & Swift *Residential Cost Handbook*-derived estimate, and is therefore regarded as reasonable as submitted.

Fees: The Applicant's contractor's and developer's fees for general requirements, general and administrative expenses, and profit all slightly exceed the maximums allowed by TDHCA guidelines, and must be reduced by \$6,157.

Conclusion: The Applicant's total development cost estimate is within 5% of the Underwriter's verifiable estimate and is therefore generally acceptable.

FINANCING STRUCTURE

INTERIM TO PERMANENT BOND FINANCING

Source: MMA Financial **Contact:** Gary Montesano
Tax-Exempt Amount: \$14,350,000 **Interest Rate:** 6.5%
Amortization: 40 yrs **Term:** 40 yrs **Commitment:** LOI Firm Conditional
Annual Payment: \$1,008,057 **Lien Priority:** 1st **Commitment Date** 05/ 17/ 2004

TAX CREDIT SYNDICATION

Source: MMA Financial **Contact:** Marie Keutmann
Net Proceeds: \$5,286,000 **Net Syndication Rate (per \$1.00 of 10-yr LIHTC)** 81.5¢
Commitment LOI Firm Conditional **Date:** 04/ 23/ 2004
Additional Information: Based on tax credits of \$650,675

APPLICANT EQUITY

Amount: \$1,259,435 **Source:** Deferred Developer Fee

FINANCING STRUCTURE ANALYSIS

Permanent Financing: The permanent financing commitment is consistent with the terms reflected in the sources and uses of funds listed in the application. The issuer of the bonds will be TDHCA.

HTC Syndication: The tax credit syndication commitment is generally consistent with the terms reflected in the sources and uses of funds listed in the application. MMA Financial is the proposed syndicator.

Deferred Developer's Fees: The Applicant's proposed deferred developer's fees of \$2,052,435 during the construction period; however, there will be a reduction of the fees to \$1,259,435 at permanent loan stage, which represents 53% of the total developer fee.

Financing Conclusions: Based on the Applicant's estimate of eligible basis, the HTC allocation should not exceed \$649,023 annually for ten years, resulting in syndication proceeds of approximately \$5,289,537. The remaining gap is slightly smaller than anticipated by the Applicant but either way is repayable within 10 years.

DEVELOPMENT TEAM

IDENTITIES of INTEREST

The Applicant, Developer and General Contractor firms are all related entities. These are common relationships for HTC-funded developments. The seller of the property is also the principal of the General Partner; however, the sales price has been justified to mitigate any excess profit as discussed in the Acquisition Value Section above.

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

Financial Highlights:

- The Applicant is a single purpose entity created for the purpose of receiving assistance from TDHCA, and therefore has no material financial statements.
- The General Partner, Blazer Land, LLC, submitted an unaudited financial statement as of December 31, 2003 reporting total assets of \$3.085M and consisting of \$300 in cash, \$5.7K in receivables, and \$3.079M in real property. Liabilities totaled \$3.099M, resulting in a net worth of \$-13.8K.
- H. Chris Richardson is anticipated to be a guarantor of the development. He submitted an unaudited financial statement as of December 31, 2003.

Background & Experience:

- The Applicant is a new entity formed for the purpose of developing the project.
- The General Partner and Developer has provided copies of Certificates of Experience from the TDHCA Multifamily Production Division indicating that they have successfully completed constructing and developing residential units in the Low Income Housing Tax Credit Program in the past.

SUMMARY OF SALIENT RISKS AND ISSUES

- The seller of the property has an identity of interest with the Applicant.

Underwriter:

David Burrell

Date: May 25, 2004

Director of Real Estate Analysis:

Tom Gouris

Date: May 25, 2004

MULTIFAMILY COMPARATIVE ANALYSIS
Tranquility Bay Apartments, Pearland, HTC# 04420

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Net Rent per Unit	Rent per Month	Rent per SF	Tnt Pd Util	Wtr, Swr, Trsh
HTC 60%	18	1	1	749	\$707	\$629	\$11,322	\$0.84	\$78.00	\$46.00
HTC 60%	6	1	1	760	707	629	3,774	0.83	78.00	46.00
HTC 60%	8	1	1	854	707	629	5,032	0.74	78.00	46.00
HTC 60%	24	1	1	866	707	629	15,096	0.73	78.00	46.00
HTC 60%	18	2	2	988	849	746	13,428	0.76	103.00	50.00
HTC 60%	6	2	2	1,018	849	746	4,476	0.73	103.00	50.00
HTC 60%	30	2	2	1,027	849	746	22,380	0.73	103.00	50.00
HTC 60%	24	2	2	1,072	849	746	17,904	0.70	103.00	50.00
HTC 60%	32	2	2.5	1,180	849	746	23,872	0.63	103.00	50.00
HTC 60%	26	3	2	1,177	981	852	22,152	0.72	129.00	62.00
HTC 60%	2	3	2	1,210	981	852	1,704	0.70	129.00	62.00
HTC 60%	28	3	2	1,280	981	852	23,856	0.67	129.00	62.00
HTC 60%	8	3	2.5	1,332	981	852	6,816	0.64	129.00	62.00
HTC 60%	8	3	2.5	1,386	981	852	6,816	0.61	129.00	62.00
HTC 60%	8	3	2.5	1,446	981	852	6,816	0.59	129.00	62.00
TOTAL:	246		AVERAGE:	1,081	\$860	\$754	\$185,444	\$0.70	\$105.76	\$52.99

INCOME				Total Net Rentable Sq Ft: 266,022		TDHCA		APPLICANT		Comptroller's Region 6	
POTENTIAL GROSS RENT						\$2,225,328		\$2,225,328		IREM Region Houston	
Secondary Income		Per Unit Per Month:	\$15.00			44,280		44,280		\$15.00	Per Unit Per Month
Other Support Income: (describe)						0		0			
POTENTIAL GROSS INCOME						\$2,269,608		\$2,269,608			
Vacancy & Collection Loss		% of Potential Gross Income:	-7.50%			(170,221)		(170,220)		-7.50%	of Potential Gross Rent
Employee or Other Non-Rental Units or Concessions						0		0			
EFFECTIVE GROSS INCOME						\$2,099,387		\$2,099,388			
EXPENSES				% OF EGI	PER UNIT	PER SQ FT			PER SQ FT	PER UNIT	% OF EGI
General & Administrative		4.57%	\$390	0.36		\$95,940	\$43,100	\$0.16	\$175	2.05%	
Management		5.00%	348	0.32		85,559	83,976	0.32	341	4.00%	
Payroll & Payroll Tax		9.55%	815	0.75		200,490	221,000	0.83	898	10.53%	
Repairs & Maintenance		5.36%	457	0.42		112,436	111,000	0.42	451	5.29%	
Utilities		2.26%	193	0.18		47,478	39,000	0.15	159	1.86%	
Water, Sewer, & Trash		4.35%	371	0.34		91,308	90,000	0.34	366	4.29%	
Property Insurance		3.17%	270	0.25		66,506	66,000	0.25	268	3.14%	
Property Tax	2.95	9.58%	817	0.76		201,019	201,086	0.76	817	9.58%	
Reserve for Replacements		2.34%	200	0.18		49,200	49,200	0.18	200	2.34%	
Supportive Services, Compliance		2.94%	251	0.23		61,810	61,810	0.23	251	2.94%	
TOTAL EXPENSES		48.19%	\$4,113	\$3.80		\$1,011,745	\$966,172	\$3.63	\$3,928	46.02%	
NET OPERATING INC		51.81%	\$4,421	\$4.09		\$1,087,642	\$1,133,216	\$4.26	\$4,607	53.98%	
DEBT SERVICE											
TDHCA		48.02%	\$4,098	\$3.79		\$1,008,157	\$1,008,057	\$3.79	\$4,098	48.02%	
Additional Financing		0.00%	\$0	\$0.00		0	0	\$0.00	\$0	0.00%	
Additional Financing		0.00%	\$0	\$0.00		0	0	\$0.00	\$0	0.00%	
NET CASH FLOW		3.79%	\$323	\$0.30		\$79,486	\$125,159	\$0.47	\$509	5.96%	
AGGREGATE DEBT COVERAGE RATIO						1.08	1.12				
RECOMMENDED DEBT COVERAGE RATIO							1.12				

CONSTRUCTION COST									
Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		7.64%	\$6,707	\$6.20	\$1,650,000	\$1,650,000	\$6.20	\$6,707	7.90%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		8.54%	7,500	6.94	1,845,000	1,845,000	6.94	7,500	8.83%
Direct Construction		50.72%	44,534	41.18	10,955,282	10,655,277	40.05	43,314	50.99%
Contingency	0.78%	0.46%	407	0.38	100,000	100,000	0.38	407	0.48%
General Req'ts	5.86%	3.47%	3,049	2.82	750,020	750,020	2.82	3,049	3.59%
Contractor's G & A	1.95%	1.16%	1,016	0.94	250,010	250,010	0.94	1,016	1.20%
Contractor's Profit	5.86%	3.47%	3,049	2.82	750,020	750,020	2.82	3,049	3.59%
Indirect Construction		3.65%	3,202	2.96	787,800	787,800	2.96	3,202	3.77%
Ineligible Costs		4.20%	3,687	3.41	906,943	906,943	3.41	3,687	4.34%
Developer's G & A	4.92%	3.69%	3,240	3.00	796,933	796,933	3.00	3,240	3.81%
Developer's Profit	9.84%	7.38%	6,479	5.99	1,593,865	1,593,865	5.99	6,479	7.63%
Interim Financing		3.52%	3,088	2.86	759,567	759,567	2.86	3,088	3.64%
Reserves		2.11%	1,853	1.71	455,833	50,000	0.19	203	0.24%
TOTAL COST		100.00%	\$87,810	\$81.20	\$21,601,274	\$20,895,435	\$78.55	\$84,941	100.00%
Recap-Hard Construction Costs		67.82%	\$59,554	\$55.07	\$14,650,332	\$14,350,327	\$53.94	\$58,335	68.68%

SOURCES OF FUNDS				RECOMMENDED			
TDHCA	66.43%	\$58,333	\$53.94	\$14,350,000	\$14,350,000	\$14,350,000	Developer Fee Available
Additional Financing	0.00%	\$0	\$0.00	0	0	0	\$2,384,652
HTC Syndication Proceeds	24.47%	\$21,488	\$19.87	5,286,000	5,286,000	5,289,537	% of Dev. Fee Deferred
Deferred Developer Fees	5.83%	\$5,120	\$4.73	1,259,435	1,259,435	1,255,898	53%
Additional (excess) Funds Required	3.27%	\$2,869	\$2.65	705,839	0	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				\$21,601,274	\$20,895,435	\$20,895,435	\$4,562,388.37

MULTIFAMILY COMPARATIVE ANALYSIS (continued)
Tranquility Bay Apartments, Pearland, HTC# 04420

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook
 Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$42.13	\$11,207,507
Adjustments				
Exterior Wall Finish	0.24%		\$0.10	\$26,898
Elderly/9-Ft. Ceilings	3.24%		1.37	363,123
Roofing			0.00	0
Subfloor			(1.02)	(270,012)
Floor Cover			2.00	532,044
Porches	\$8.82	13,695	0.45	120,790
Balconies	\$30.00	13,675	1.54	410,250
Plumbing	\$605.00	1,056	2.40	638,880
Built-In Appliances	\$1,650.00	246	1.53	405,900
Stairs/Fireplaces			0.00	0
Floor Insulation			0.00	0
Heating/Cooling			1.53	407,014
Garages/Carports	\$11.74	56,250	2.48	660,375
Comm &/or Aux Bldgs			0.00	0
Other:			0.00	0
SUBTOTAL			54.52	14,502,768
Current Cost Multiplier	1.03		1.64	435,083
Local Multiplier	0.90		(5.45)	(1,450,277)
TOTAL DIRECT CONSTRUCTION COSTS			\$50.70	\$13,487,575
Plans, specs, survy, bld prmt	3.90%		(\$1.98)	(\$526,015)
Interim Construction Interest	3.38%		(1.71)	(455,206)
Contractor's OH & Profit	11.50%		(5.83)	(1,551,071)
NET DIRECT CONSTRUCTION COSTS			\$41.18	\$10,955,282

PAYMENT COMPUTATION

Primary	\$14,350,000	Amort	480
Int Rate	6.50%	DCR	1.08

Secondary	\$0	Amort	
Int Rate	0.00%	Subtotal DCR	1.08

Additional	\$5,286,000	Amort	
Int Rate		Aggregate DCR	1.08

RECOMMENDED FINANCING STRUCTURE APPLICANT'S NOI:

Primary Debt Service	\$1,008,157
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	\$125,059

Primary	\$14,350,000	Amort	480
Int Rate	6.50%	DCR	1.12

Secondary	\$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.12

Additional	\$5,286,000	Amort	0
Int Rate	0.00%	Aggregate DCR	1.12

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE (APPLICANT'S NOI)

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$2,225,328	\$2,292,088	\$2,360,850	\$2,431,676	\$2,504,626	\$2,903,548	\$3,366,008	\$3,902,126	\$5,244,131
Secondary Income	44,280	45,608	46,977	48,386	49,838	57,775	66,977	77,645	104,349
Contractor's Profit	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	2,269,608	2,337,696	2,407,827	2,480,062	2,554,464	2,961,324	3,432,986	3,979,771	5,348,480
Vacancy & Collection Loss	(170,220)	(175,327)	(180,587)	(186,005)	(191,585)	(222,099)	(257,474)	(298,483)	(401,136)
Developer's G & A	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	\$2,099,388	\$2,162,369	\$2,227,240	\$2,294,057	\$2,362,879	\$2,739,224	\$3,175,512	\$3,681,289	\$4,947,344
EXPENSES at 4.00%									
General & Administrative	\$43,100	\$44,824	\$46,617	\$48,482	\$50,421	\$61,345	\$74,635	\$90,805	\$134,414
Management	83,976	86495.2553	89090.11294	91762.81633	94515.70082	109569.6016	127021.1984	147252.3822	197894.8884
Payroll & Payroll Tax	221,000	229,840	239,034	248,595	258,539	314,552	382,700	465,614	689,222
Repairs & Maintenance	111,000	115,440	120,058	124,860	129,854	157,988	192,216	233,860	346,170
Utilities	39,000	40,560	42,182	43,870	45,624	55,509	67,535	82,167	121,627
Water, Sewer & Trash	90,000	93,600	97,344	101,238	105,287	128,098	155,851	189,616	280,679
Insurance	66,000	68,640	71,386	74,241	77,211	93,939	114,291	139,052	205,831
Property Tax	201,086	209,129	217,495	226,194	235,242	286,208	348,216	423,658	627,117
Reserve for Replacements	49,200	51,168	53,215	55,343	57,557	70,027	85,198	103,657	153,438
Other	61,810	64,282	66,854	69,528	72,309	87,975	107,035	130,224	192,764
TOTAL EXPENSES	\$966,172	\$1,003,979	\$1,043,273	\$1,084,113	\$1,126,560	\$1,365,210	\$1,654,699	\$2,005,906	\$2,949,157
NET OPERATING INCOME	\$1,133,216	\$1,158,390	\$1,183,967	\$1,209,944	\$1,236,319	\$1,374,015	\$1,520,813	\$1,675,382	\$1,998,187
DEBT SERVICE									
First Lien Financing	\$1,008,157	\$1,008,157	\$1,008,157	\$1,008,157	\$1,008,157	\$1,008,157	\$1,008,157	\$1,008,157	\$1,008,157
Second Lien	0	0	0	0	0	0	0	0	0
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	\$125,059	\$150,233	\$175,810	\$201,787	\$228,162	\$365,858	\$512,656	\$667,226	\$990,031
DEBT COVERAGE RATIO	1.12	1.15	1.17	1.20	1.23	1.36	1.51	1.66	1.98

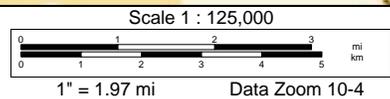
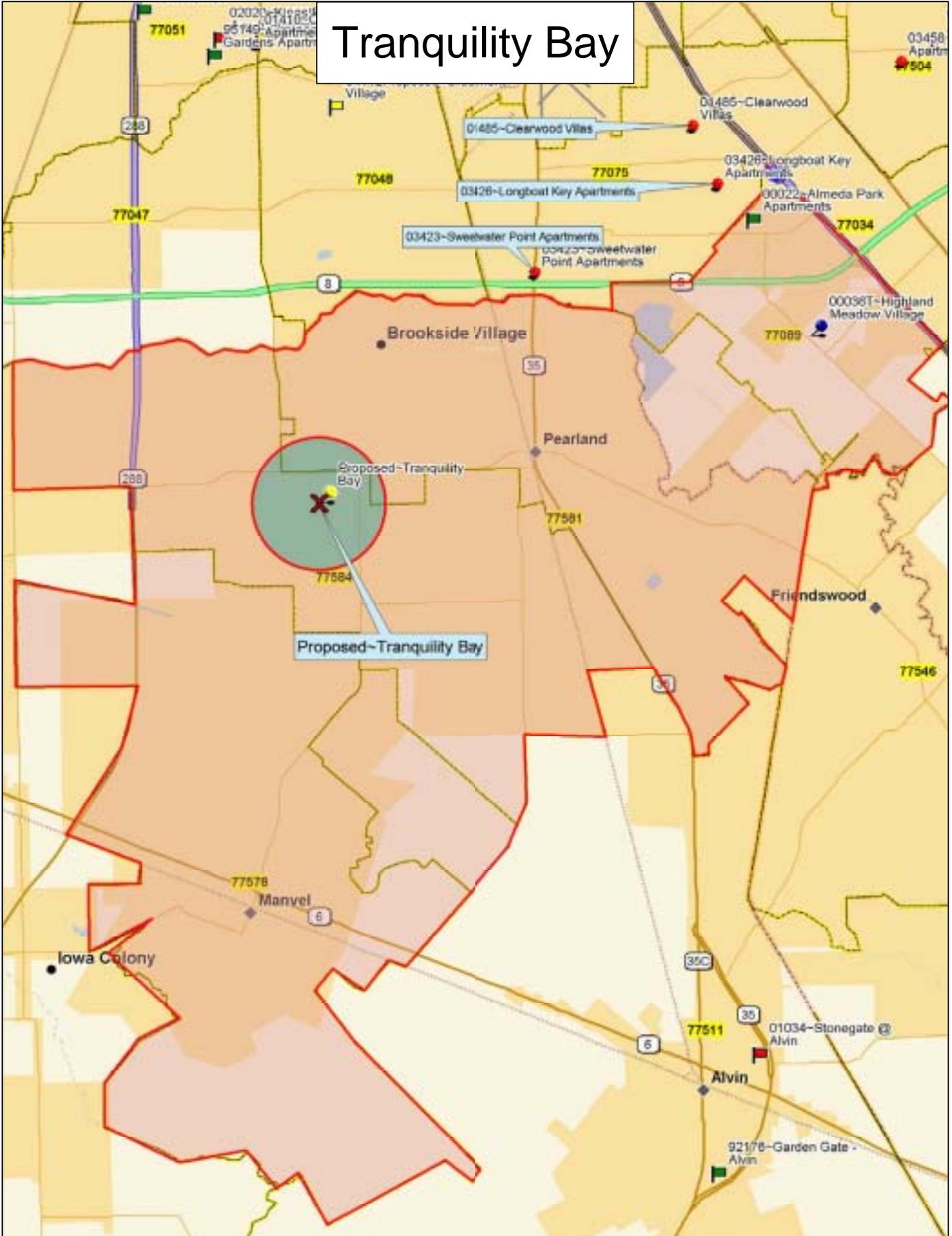
LIHTC Allocation Calculation - Tranquility Bay Apartments, Pearland, HTC# 04420

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
(1) Acquisition Cost				
Purchase of land	\$1,650,000	\$1,650,000		
Purchase of buildings				
(2) Rehabilitation/New Construction Cost				
On-site work	\$1,845,000	\$1,845,000	\$1,845,000	\$1,845,000
Off-site improvements				
(3) Construction Hard Costs				
New structures/rehabilitation hard costs	\$10,655,277	\$10,955,282	\$10,655,277	\$10,955,282
(4) Contractor Fees & General Requirements				
Contractor overhead	\$250,010	\$250,010	\$250,006	\$250,010
Contractor profit	\$750,020	\$750,020	\$750,017	\$750,020
General requirements	\$750,020	\$750,020	\$750,017	\$750,020
(5) Contingencies				
	\$100,000	\$100,000	\$100,000	\$100,000
(6) Eligible Indirect Fees				
	\$787,800	\$787,800	\$787,800	\$787,800
(7) Eligible Financing Fees				
	\$759,567	\$759,567	\$759,567	\$759,567
(8) All Ineligible Costs				
	\$906,943	\$906,943		
(9) Developer Fees				
			\$2,384,652	
Developer overhead	\$796,933	\$796,933		\$796,933
Developer fee	\$1,593,865	\$1,593,865		\$1,593,865
(10) Development Reserves				
	\$50,000	\$455,833		
TOTAL DEVELOPMENT COSTS	\$20,895,435	\$21,601,274	\$18,282,335	\$18,588,497

Deduct from Basis:			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
TOTAL ELIGIBLE BASIS		\$18,282,335	\$18,588,497
High Cost Area Adjustment		100%	100%
TOTAL ADJUSTED BASIS		\$18,282,335	\$18,588,497
Applicable Fraction		100%	100%
TOTAL QUALIFIED BASIS		\$18,282,335	\$18,588,497
Applicable Percentage		3.55%	3.55%
TOTAL AMOUNT OF TAX CREDITS		\$649,023	\$659,892

Syndication Proceeds	0.8150	\$5,289,537	\$5,378,117
Total Credits (Eligible Basis Method)		\$649,023	\$659,892
Syndication Proceeds		\$5,289,537	\$5,378,117
Requested Credits		\$650,675	
Syndication Proceeds		\$5,303,001	
Gap of Syndication Proceeds Needed		\$6,545,435	
Credit Amount		\$803,121	

Tranquility Bay



RENT CAP EXPLANATION

Houston MSA

AFFORDABILITY DEFINITION & COMMENTS

An apartment unit is "**affordable**" if the total housing expense (rent and utilities) that the tenant pays is **equal to or less than 30%** of the tenant's household income (as determined by HUD).

Rent Caps are established at this **30%** "affordability" threshold based on local area median income, adjusted for family size. Therefore, rent caps will vary from property to property depending upon the local area median income where the specific property is located.

If existing rents in the local market area are lower than the rent caps calculated at the 30% threshold for the area, then by definition the market is "affordable". This situation will occur in some larger metropolitan areas with high median incomes. In other words, the rent caps will not provide for lower rents to the tenants because the rents are already affordable. This situation, however, does not ensure that individuals and families will have access to affordable rental units in the area. The set-aside requirements under the Department's bond programs ensure availability of units in these markets to lower income individuals and families.

MAXIMUM INCOME & RENT CALCULATIONS (ADJUSTED FOR HOUSEHOLD SIZE) - 2004

MSA/County: Brazoria **Area Median Family Income (Annual):** \$62,900

ANNUALLY				MONTHLY							
Maximum Allowable Household Income to Qualify for Set-Aside units under the Program Rules				Maximum Total Housing Expense Allowed based on Household Income (Includes Rent & Utilities)			Utility Allowance by Unit Type (provided by the local PHA)	Maximum Rent that Owner is Allowed to Charge on the Set-Aside Units (Rent Cap)			
# of Persons	At or Below			Unit Type	At or Below			At or Below			
	50%	60%	80%		50%	60%	80%	50%	60%	80%	
1	\$ 22,000	\$ 26,400	35,200	Efficiency	\$ 550	\$ 660	\$ 880		\$ 550	\$ 660	\$ 880
2	25,150	30,180	40,250	1-Bedroom	589	707	943	79	510	628	864
3	28,300	33,960	45,300	2-Bedroom	707	849	1,132	106	601	743	1,026
4	31,450	37,740	50,300	3-Bedroom	817	981	1,308	136	681	845	1,172
5	33,950	40,740	54,350	4-Bedroom	912	1,095	1,458		912	1,095	1,458
6	36,500	43,800	58,350	5-Bedroom	1,006	1,207	1,610		1,006	1,207	1,610
7	39,000	46,800	62,400								
8	41,500	49,800	66,400								
FIGURE 1				FIGURE 2				FIGURE 3	FIGURE 4		

Figure 1 outlines the maximum annual household incomes in the area, adjusted by the number of people in the family, to qualify for a unit under the set-aside grouping indicated above each column.

For example, a family of three earning \$30,000 per year would fall in the 60% set-aside group. A family of three earning \$25,000 would fall in the 50% set-aside group.

Figure 2 shows the maximum total housing expense that a family can pay under the affordable definition (i.e. under 30% of their household income).

For example, a family of three in the 60% income bracket earning \$33,960 could not pay more than \$849 for rent and utilities under the affordable definition.

- 1) \$33,960 divided by 12 = **\$2,830** monthly income; then,
- 2) **\$2,830** monthly income times 30% = **\$849** maximum total housing expense.

Figure 4 displays the resulting maximum rent that can be charged for each unit type, under the three set-aside brackets. This becomes the rent cap for the unit.

The rent cap is calculated by subtracting the utility allowance in **Figure 3** from the maximum total housing expense for each unit type found in **Figure 2**.

Figure 3 shows the utility allowance by unit size, as determined by the local public housing authority. The example assumes all electric units.

Tranquility Bay Apartments

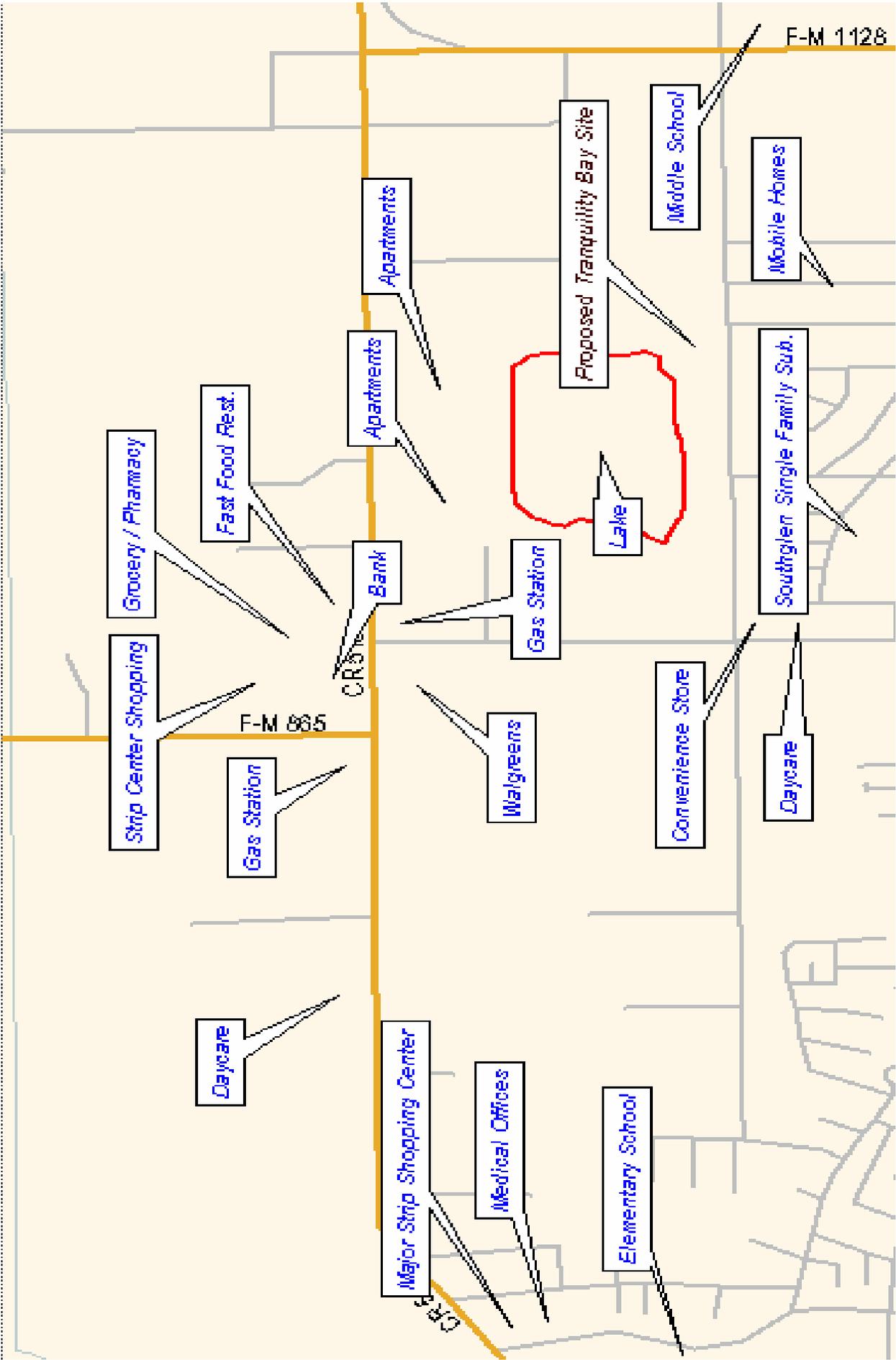
RESULTS & ANALYSIS: for 60% AMFI units

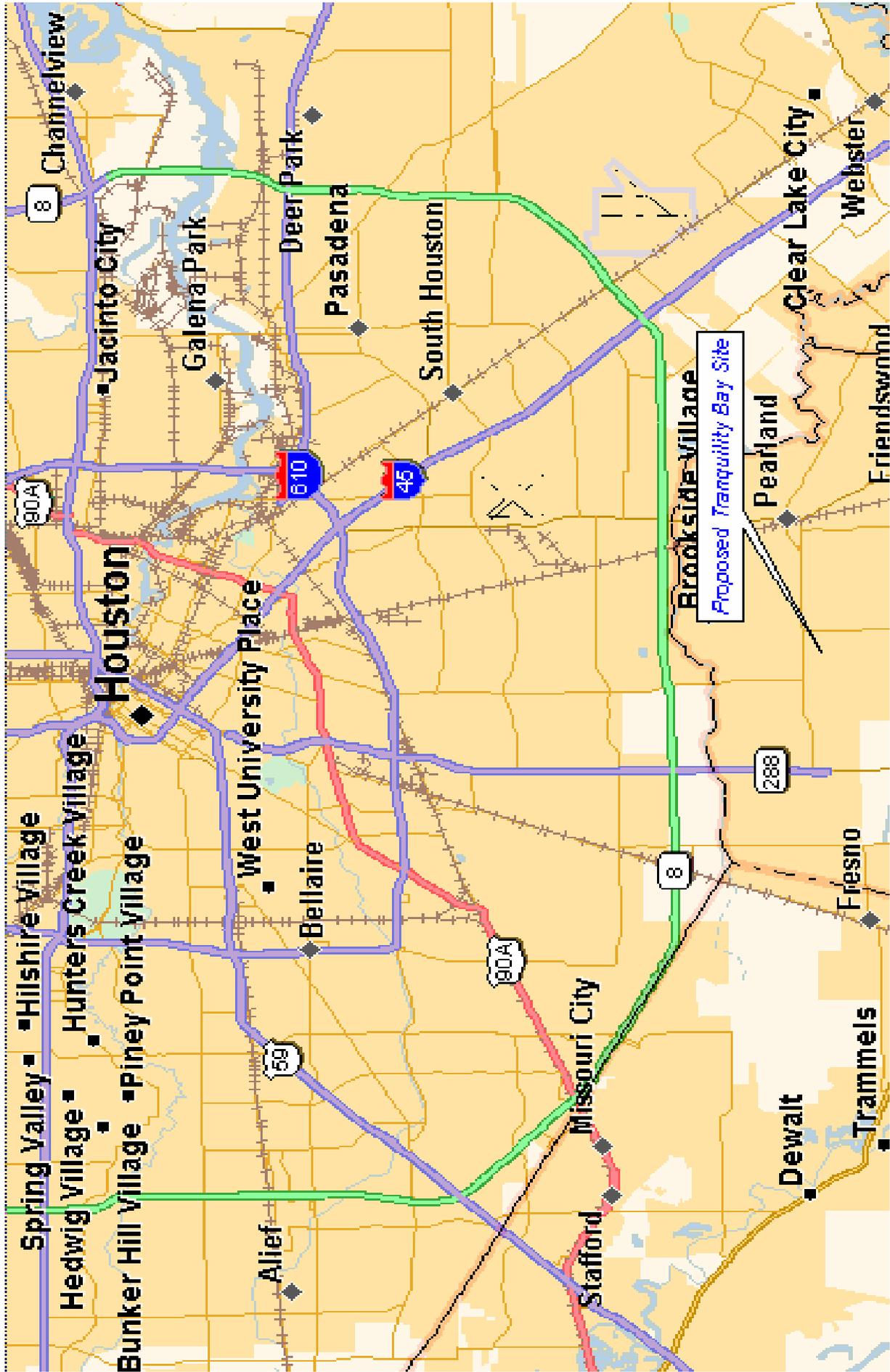
Tenants in the 60% AMFI bracket will **save \$73to \$253** per month (leaving 2.9% to 7.7% more of their monthly income for food, child care and other living expenses).
This is a monthly savings off the market rents of **10.4% to 23.1%**.

PROJECT INFORMATION			
	Unit Mix		
Unit Description	1-Bedroom	2-Bedroom	3-Bedroom
Square Footage	815	1,075	1,277
Rents if Offered at Market Rates	\$701	\$882	\$1,098
Rent per Square Foot	\$0.86	\$0.82	\$0.86

SAVINGS ANALYSIS FOR 60% AMFI GROUPING			
Rent Cap for 60% AMFI Set-Aside	\$628	\$743	\$845
Monthly Savings for Tenant	\$73	\$139	\$253
Rent per square foot	\$0.77	\$0.69	\$0.66
Maximum Monthly Income - 60% AMFI	\$2,515	\$2,830	\$3,270
Monthly Savings as % of Monthly Income	2.9%	4.9%	7.7%
% DISCOUNT OFF MONTHLY RENT	10.4%	15.7%	23.1%

Information provided by: Pacific Southwest Valuation, 2911 Turtle Creek Boulevard, Suite 300, Dallas, Texas 75219. Report dated May 14, 2004





Applicant Evaluation

Project ID # **04420**

Name: **Tranquility Bay**

City:

LIHTC 9% LIHTC 4% HOME BOND HTF SECO ESGP Other

No Previous Participation in Texas Members of the development team have been disbarred by HUD

Members of the application did not receive the required Previous Participation Acknowledgement

National Previous Participation Certification Received: N/A Yes No

Noncompliance Reported on National Previous Participation Certification: Yes No

Portfolio Management and Compliance

Total # of Projects monitored: 4

Projects in Material Noncompliance

in noncompliance: 0

Projects zero to nine: 3
grouped ten to nineteen: 1
by score twenty to twenty-nine: 0

Yes No

monitored with a score less than thirty: 4

Projects not reported Yes
in application No

not yet monitored or pending review: 6

of projects not reported 0

Portfolio Monitoring

Single Audit

Portfolio Administration/Analysis

Not applicable
Review pending
No unresolved issues
Unresolved issues found
Unresolved issues found that
warrant disqualification
(Comments attached)

Not applicable
Review pending
No unresolved issues
Issues found regarding late cert
Issues found regarding late audit
Unresolved issues found that
warrant disqualification
(Comments attached)

Not applicable
Review pending
No unresolved issues
Unresolved issues found
Unresolved issues found that
warrant disqualification
(Comments attached)

Reviewed by Sara Newsom

Date Friday, May 28, 2004

Multifamily Finance Production

Not applicable
Review pending
No unresolved issues
Unresolved issues found
Unresolved issues found that
warrant disqualification
(Comments attached)

Reviewer S. Roth
Date 5 /27/2004

Single Family Finance Production

Not applicable
Review pending
No unresolved issues
Unresolved issues found
Unresolved issues found that
warrant disqualification
(Comments attached)

Reviewer _____
Date _____

Real Estate Analysis (Cost Certification and Workout)

Not applicable
Review pending
No unresolved issues
Unresolved issues found
Unresolved issues found that
warrant disqualification
(Comments attached)

Reviewer _____
Date _____

Community Affairs

No relationship
Review pending
No unresolved issues
Unresolved issues found
Unresolved issues found that
warrant disqualification
(Comments attached)

Reviewer Eddie Fariss
Date 5 /28/2004

Office of Colonia Initiatives

Not applicable
Review pending
No unresolved issues
Unresolved issues found
Unresolved issues found that
warrant disqualification
(Comments attached)

Reviewer _____
Date _____

Finacial Administration

No delinquencies found
Delinquencies found

Reviewer Stephanie A. D'Couto
Date 5 /27/2004

Executive Director: Edwina Carrington

Executed: Wednesday, June 02, 2004

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Multifamily Finance Division

Public Comment Summary

Tranquility Bay Apartments

Public Hearing

<i>Total Number Attended</i>	212
<i>Total Number Opposed</i>	197
<i>Total Number Supported</i>	12
<i>Total Number Neutral</i>	3
<i>Total Number that Spoke</i>	37

Public Officials Letters Received

Opposition	4
Senator Mike Jackson	
Representative Glenda Dawson	
Pearland ISD	
City Councilman Kevin Cole	
Support	0

General Public Letters and Emails Received

Opposition	
Pearland	259
Petition	453
Support	
Pearland	128
Outside Pearland	18
Unknown Location	1

Summary of Public Comments

- 1 City / County Infrastructure is inadequate
- 2 Potential flooding to adjoining neighborhood
- 3 Overcrowding the schools
- 4 Increased traffic congestion in area
- 5 Increased crime in the neighborhood
- 6 Decreased property values of homes in neighborhood
- 7 Additional expenses needed for special needs children
- 8 Large number of units to be built in small area around lake
- 9 Safety to families in community
- 10 Decrease in property tax base
- 11 Negatively impact schools
- 12 No sidewalks on Fite Road (CR91) for school children
- 13 Lack of public transportation
- 14 City currently has moratorium on multifamily development
- 15 These types of projects are breeding grounds for crime and illicit activities
- 16 Oppose use of government dollars for this type housing
- 17 Insufficient police / sherriff protection

Summary of Public Comments

- 18** Developer and TDHCA trying to sneak this through
- 19** Sign on property was taken down before the hearing
- 20** These teens disrupt school classes
- 21** Land will not support housing foundations
- 22** The lake is a tragedy wait to happen with low income tenants
- 23** Support low income people but not in immediate community
- 24** Stop HUD from moving into neighborhood
- 25** Concerned with future up keep of property
Do not want this type of housing in west Pearland..put it at the other end of Fite
- 26** Road.
- 27** Will promote transient population
- 28** Serviced by a Volunteer Fire Department / slow response time due to traffic
- 29** Lake is a drowning hazard for children and adults
- 30** Developer has been sited in the past for compliance violations
- 31** Welcome a development for senior citizens
- 32** Development does not meet the needs of the community
- 33** Already have a high tax rate
- 34** Poor drainage on Fite Road
- 35** Adjacent to a manufacturing facility
Security and safety is a great concern due to the socio-economic standings of
- 36** the renters
- 37** Enjoyment of homes and landscape will be significantly impaired
- 38** There are no urgent care or hospital facilities in Pearland
Does not meet the needs of low income people and puts them at a
- 39** disadvantage
- 40** Fite Road is not wide enough for more traffic
- 41** TDHCA did not follow notification requirements
- 42** Hearing Official did not follow proper recording guidelines for the hearing
- 43** Nearest grocery store is 1/2 mile away
- 44** High risk to unsupervised children living in an area bordering a lake.
Mr. Richardson and Capital Consultants do not serve the interests of the
Pearland community. They serve themselves and the politicians that accept
- 45** their contributions

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

TRANQUILITY BAY APARTMENTS

PUBLIC HEARING

Silverlake Elementary School
2550 County Road 90
Pearland, Texas

April 20, 2004
6:22 p.m.

BEFORE:

ROBBYE G. MEYER, Multifamily Bond Administrator

I N D E X

<u>SPEAKER</u>	<u>PAGE</u>
Chris Richardson	10
Gil Jeske	18
Amanda Douglas	19
Robert Murray	21
Lewis Reuben	22
Ron Johnson	23
Greta Costa	24
Richard Skotak	26
Charles Booker	29
Ron Billine	31
Christy Hardy	32
Edward Reisen	32
Penny Dowdy	35
Kenneth Phillips	38
Jacob Rink	41
Dave McElvey	42
Bernice Bolden	43
Kim Long	44
Gregory Moffett	47
Erasmio Riojas	50
Jarvis Johnson	51
Chelsey Lindstram	55
Evelyn Scipion	57
Joyce Bennet	59

Jason Simon	61
Catherine Beech	63
Lisa Simon	65
Shirley Castenada	67
Craig Kelsey	69
Vincent Himes	71
Gregory Pearson	74
Kevin Geeson	75
Kimberly Gilbert	78
Nathaniel Murray	79
Christopher Murray	79
Unidentified Speaker	80
Mr. Richard	80

1 P R O C E E D I N G S

2 MS. MEYER: My name is Robbye Meyer, and I am
3 with the Texas Department of Housing and Community Affairs
4 in Austin, Texas. And the Texas Department of Housing and
5 Community Affairs is the issuer for the bond
6 development -- for bonds for this particular development.

7 I'd like to proceed with the public hearing.
8 And let the record show that it is 6:22 p.m. on Tuesday,
9 April 20 of 2004. And we are at the Silverlake Elementary
10 School located at 2550 County Road 90 in Pearland, Texas.

11 I'm here to conduct the public hearing on
12 behalf of the Texas Department of Housing and Community
13 Affairs with respect to an issuance of tax exempt
14 multifamily revenue bonds for a residential rental
15 community.

16 This hearing is required by the Internal
17 Revenue Code. The sole purpose of this hearing is to
18 provide a reasonable opportunity for interested
19 individuals to express their views regarding the
20 development and the proposed bond issuance.

21 No decisions regarding the development will be
22 made at this hearing. The Department's board is scheduled
23 to meet to consider the transaction on June 10 of 2004.

24 In addition to you providing your comments at
25 this hearing you can also provide comments directly to the

1 board at that meeting. The Department staff will also
2 accept written comments from the public up until five
3 o'clock on May 28.

4 The bonds will be issued as tax exempt
5 multifamily revenue bonds in the aggregate principal
6 amount not to exceed \$14,600,000 and taxable bonds, if
7 necessary, in an amount to be determined and issued by the
8 Texas Department of Housing and Community Affairs.

9 The proceeds of the bonds will be loaned to
10 Tranquility Housing, Limited or a related person or entity
11 thereof to finance a portion of the cost of acquiring,
12 constructing, and equipping a multifamily rental housing
13 community described as follows: 246 multifamily
14 residential rental development to be constructed on
15 approximately 14.4 acres of land located at approximately
16 the 4800 block of County Road 91, or Fite Road, in
17 Pearland, Brazoria, County, Texas.

18 The proposed multifamily rental housing
19 community will be initially owned and operated by the
20 borrower.

21 The two programs that are being used to finance
22 this particular developer -- one is tax exempt bonds and
23 one is housing tax credits. The major piece of that is
24 being in tax exempt bonds.

25 The federal government wanted to privatize the

1 housing industry and created both of these programs to put
2 affordable housing on the ground.

3 The Private Activity Bond Program -- the tax
4 exempt nature of the bonds -- the tax exemption is to the
5 bond purchaser. It does not have anything to do with
6 property tax exemption. This development will be paying
7 full taxes to schools, counties, city -- whatever their
8 taxes are that's what they will be paying. They are not
9 requesting an exemption from property tax.

10 Because of the exemption to the bond purchaser
11 the bond purchaser is willing to allow a lower rate of
12 return per his investment because he doesn't have to pay
13 income tax on it. So, therefore, the lender can charge a
14 lower interest rate to the developer in order to build the
15 product. And, therefore, you get a higher quality product
16 at a lower cost. That's one of the incentives that the
17 government did come up with in order to encourage
18 developers and private industry to build affordable
19 housing.

20 The tax credit piece is a 4 percent tax
21 credit -- goes to the development -- and is a tax credit
22 to the development for the first ten years of
23 stabilization. The tax credit piece is much like a
24 deduction on your income tax for your mortgage -- has the

1 same net effect to the IRS. That kind of gives you an
2 idea of what a tax credit is. It's a very complicated
3 program to try to explain.

4 The tax credits are sold to an industry, and it
5 is loaned back to the development at normally about 80
6 cents on the dollar. And they can use that to afford the
7 lower rents.

8 So you have the tax exempt bonds gives a lower
9 cost to the development, as far as building and debt
10 service. And the tax credit piece enables the developer
11 to charge a lower rent structure to its tenants.

12 Because of the use of the tax exempt bonds and
13 the of the tax credits there is an affordability period
14 and a compliance period with the Texas Department of
15 Housing and Community Affairs for the next 30 years or as
16 long as the bonds are outstanding, whichever is longer.
17 If the bond are outstanding for 40 years that compliance
18 period goes on for 40 years.

19 In that compliance period it is monitored by
20 our staff with tenancy, making sure that the correct
21 tenants are there, that the physical appearance is being
22 kept up, and also there is a financial audit-type
23 bookkeeping that is also done during a compliance
24 monitoring.

1 In most of our developments they have some type
2 of after school care -- and this particular developer
3 does. They have day care facilities, computer lab -- the
4 developer will go into a little bit more of what his
5 social services are to the tenants that live here. But
6 there are advantages to the tenants that do live there,
7 not just the rent structure.

8 Affordable housing -- I mean, the end result in
9 both of these programs is to put affordable housing on the
10 ground. Again, it is privately owned. It is privately
11 managed. I've had several calls -- tried to explain that
12 it's not HUD-based -- Section 8 project-based housing.
13 HUD doesn't have anything to do with this development. It
14 is -- it will be privately owned and privately managed.

15 The Tranquility Bay Apartments was in the bond
16 program, and it has a 150-day time limit. It receives
17 what we call a reservation of allocation from the Texas
18 Bond Review Board. And once it receives that allocation,
19 which was on February 18 of this year, it has 150 days to
20 close the bond transaction itself. That reservation is
21 set to expire on July 17 of this year.

22 We're in the middle of that process, and this
23 public hearing is part of that process -- to get your
24 public input that will be given to the Board -- the Texas

1 Department of Housing and Community Affairs Board for them
2 to render a decision on whether this particular
3 development will move forward or not.

4 The development will be located, again, at
5 the -- approximately the 4800 block of County Road 91 --
6 will consist of 26 two-story residential buildings and one
7 non-residential building.

8 The rent structure -- if you picked up one of
9 the packets there are a couple of corrections that I need
10 to make. One on the -- there will be a total of 246
11 units. There will be 56 one-bedroom units instead of 40,
12 110 two-bedroom, two-bath units, and there will be 80
13 instead of 96 three-bedroom, two-bath units.

14 This particular development will service -- 100
15 percent of the units will service families at 60 percent
16 of the area median income. For the Houston MSA area that
17 income is \$61,000. To give you an idea of -- a family of
18 four could not make more than \$36,600.

19 That's in your packet. And also the rent
20 schedule there is based on the Houston MSA rents. There's
21 also Brazoria County rents, and I would like to give those
22 to you. Instead of the one bedroom at the Houston MSA
23 rents -- it was 608. For Brazoria County it's actually
24 629. For Houston MSA on two bedroom it's 720. For the

1 Brazoria County it's 746. And the three bedroom units for
2 Houston MSA is 822; for Brazoria County it's 852.

3 At this time I'm going to turn the floor over
4 to the developer and let him do a short presentation about
5 the particular development and developments that he's
6 built.

7 MR. RICHARDSON: Hello. My name is Chris
8 Richardson. I'm the owner of the property at Tranquility
9 Lake that -- where we plan to build the Tranquility Bay
10 units.

11 The pictures you see are of some of our
12 properties. Like Robbye said, HUD has nothing to do with
13 this. It's just a method of financing a quality product
14 for residents in the 26- to 38- -- almost \$38,000 figure
15 here in Brazoria County.

16 And we move through the pictures, and you can
17 kind of look at the quality that we do. You know, we've
18 got some renderings there, along with pictures of actual
19 properties.

20 The site plan is around Tranquility Lake.
21 There are two apartment properties already built there at
22 Tranquility Lake. We wrap around the lake, and there will
23 be a very attractive site.

24 This is an old sand pit that's basically like

1 an artesian well that -- the water basically stays at a --
2 you know, at a constant level, almost in the lake. We've
3 got a pump system where the lake can hold a lot of storm
4 water. The banks are fairly steep and high that, you
5 know, a lot of storm water can run off into there. Then
6 at a point later once the storm subsides we can pump the
7 water out through a big sump pump system that goes into
8 the regular drainage system of the MUD district.

9 The property, like Robbye says, pays the ad
10 valorem taxes just like businesses, just like homeowners,
11 et cetera, at all the normal rates -- the Brazoria County
12 tax, the special road and bridge tax, the Pearland ISD
13 tax, the drainage district taxes, and the MUD tax.

14 It's located at 4800 Fite Road. Like Robbye
15 said, it's 246 units. The method of financing is the
16 combination of the bonds and the 4 percent tax credit,
17 like she mentioned.

18 We build a Class A product. And, based on the
19 way we finance it, we can offer a little bit lower rent to
20 the people making the 26- to \$37,000 range income bracket.
21 And there are a lot of them here in the Pearland area
22 based on the market studies that we have in place.

23 The equity for the development -- we can charge
24 a little bit lower rent and, you know, hit the AMFI like

1 I've already described.

2 We've got our manager -- management company
3 here -- Orion Management -- that will be on site. They
4 manage a lot of properties. You know, they do one that's
5 very close by at 1620 Spencer. That's the pictures that
6 you see on some of the ones you see here.

7 They're very attractive properties and well
8 maintained, well managed. And I'll have, you know,
9 security. You know, they look much like homes. You know,
10 they've got nice landscaping and good features. And we --
11 you know, we keep them up and are involved long term.

12 All the units on site will have attached
13 garages just like homes. They look a lot more like homes
14 than apartments. We don't have any exterior staircases.
15 They all have a front door on the ground floor, just like
16 your home. We strive to make them look a lot more like
17 homes so the residents, you know, feel at home and have a
18 good place to live.

19 This is one of our community centers. Our
20 community centers act both as leasing and a leisure area.
21 And also like Robbye said, we do quite a bit of on-site
22 educational programs, along with -- have a licensed day
23 care center on all of our sites.

24 They service, you know, our residents, along

1 with a few others. They're on a sliding scale so the
2 resident doesn't have to pay -- it's similar to like what
3 the YMCA charges at their day care center programs.

4 The 246 units -- there it is so you can see it
5 first hand. The income brackets are 26,400 to 37,740.
6 And the rents for the one bedroom range at 629 net. In
7 addition, the resident pays their power bills, et cetera.
8 The two bedroom is 746 and the three bedroom is 852.

9 As I mentioned Orion has a lot of experience
10 managing. They're professional. They -- you know, they
11 have 62 properties comprised of about 12,000 units
12 throughout Texas. The majority are Houston located.
13 They're right here local. Most of the units are right
14 here in the area. And they do a great job of keeping on
15 top of the units and making sure there's no problems.

16 They do background checks on the individuals
17 applying to lease there. They have to have good credit
18 history and no criminal background.

19 Some of the services we provide on site are
20 career counseling, workforce development training, basic
21 skill and tutoring, you know, EESL classes, GED programs.
22 You know, we've got internet connections in all of the
23 units, along with the community center -- high-speed
24 connections.

1 You know, we have a referral service to other
2 social services that we'll have a few people talk about in
3 a few minutes that help people if they've got various
4 situations to, you know, help find home ownership type
5 programs and, you know, move up once they're ready to.

6 The National Builders Association did a study
7 to show what some of the affordable units and some of the
8 offspring of, say, based on 100 units. And these are some
9 of the data that you see here in this slide. Shows 72
10 jobs during -- you know, are created during construction,
11 then ongoing permanent jobs of approximately 33, with
12 \$700,000 in local taxes spent during the course of
13 construction and 200,000 in annual income for the tax
14 revenues locally.

15 Some of the amenities -- we have beautiful pool
16 areas and, like you saw in the some of the pictures, game
17 rooms, furnished community center like you saw a picture
18 of, and the TV room with one of the units. Licensed day
19 care, picnic area, laundry facilities on site, a computer
20 room -- both -- little computer niche in the units and in
21 the community center where classes are held.

22 There's a public phone available. They're --
23 you know, everything right there with the -- you know,
24 with the pool area. We've got monitored security systems

1 that we wire and trim out and so the resident can get a
2 monitored security for their unit, which is connected to
3 the doors and windows, et cetera. So -- and that's at a
4 very nominal cost to the resident to sign that up.

5 All the properties are wrought iron fenced with
6 security access -- you know, controlled access. And we
7 have two playgrounds, one for, you know, preschool and
8 early school playground on site.

9 This is a list of some of the developments
10 we've done. All these are basically under this same
11 type or similar program. Many of these have lower incomes
12 than you have, you know, to qualify to live here. This is
13 basically the highest you go in this.

14 It's 60 percent of the area median income. I'd
15 like to point that out. Several of these around the state
16 now are going as low as 30 percent of the area median
17 income. So I'd want to point out that we're using the
18 highest one to keep -- you know, keep the rents up, to
19 keep the incomes up here in Pearland, and, you know, hope
20 that makes a difference to you.

21 We'd appreciate your keeping an open mind.
22 We've got -- we've had some e-mail contact with few of
23 you. My e-mail is blazer1 -- the number 1 -- at
24 bigplanet.com. I welcome you to, you know, make contact

1 with me --

2 VOICE FROM AUDIENCE: Repeat it, please.

3 MR. RICHARDSON: Blazer, B-L-A-Z-E-R, and just
4 the number 1 at bigplanet.com. And if you've got any
5 input or want to know anything else -- you've got
6 questions please don't hesitate to get with me.

7 I know a lot of the comments that I've heard is
8 concerns about it being HUD. But this is very different
9 than HUD, as you can see from the product. So, you know,
10 the one you see here on the screen is on Spencer.

11 And there was opposition to that -- fairly
12 considerable amount of opposition. But once they saw some
13 of our other properties and saw what we were doing,
14 especially with the services and the education programs
15 going on, they got behind us and actually went to the
16 State and spoke on our behalf. So I would appreciate your
17 input. Thank you.

18 MS. MEYER: Okay. We're going to open the
19 floor up for public comment at this time. If you have any
20 cell phones or pagers I would ask that you turn them
21 either to silent mode or turn them off. And please don't
22 answer your phone while the hearing is in process. Yes,
23 sir.

24 MALE VOICE: Okay. The maximum income is

1 36,000. Can you check that income? If they make more --

2 MS. MEYER: That is checked by the
3 management --

4 MALE VOICE: And then if they make more money
5 than that then [inaudible].

6 MS. MEYER: Okay. I'm not going to be able to
7 answer a bunch of questions right now. I'll answer this
8 one right now. The questions are going to have to be
9 answered after the hearing process.

10 The incomes will be monitored by the State. It
11 is up to the management company to make sure that the
12 tenancy is correct. If it's not there are penalties
13 assessed to the development for future development. And
14 that's not something that a developer wants to go through
15 in the compliance monitoring.

16 So at this time I'll going to open the floor up
17 for questions -- I mean, not for questions -- for the
18 hearing itself for anybody that wants to make comment.
19 I'm not going to be able to answer questions during the
20 hearing period. Okay? Once we get the hearing out of the
21 way I'll be glad to answer questions at the time. Okay?

22 I'm not going to be able to answer your
23 questions right now, sir.

24 MALE VOICE: [inaudible] comment [inaudible].

1 MS. MEYER: Okay.

2 MALE VOICE: The comment would be simply that
3 the [inaudible] study of 1998 said that the Section 8,
4 which is [inaudible] HUD -- it's a Section 8 study --
5 lowered the property value in the surrounding area
6 [inaudible].

7 MS. MEYER: Sir, you're welcome to make that
8 comment. [inaudible] that right now.

9 MALE VOICE: [inaudible] and it's on
10 [inaudible] web site.

11 MS. MEYER: Okay. The first speaker that I
12 have is Gil Jeske [phonetic].

13 MALE VOICE: Is that all the comments you want?

14 MS. MEYER: No, sir. You're going to come up
15 here to make comment. Okay?

16 MALE VOICE: [inaudible] comment.

17 MS. MEYER: Gil Jeske? You have to come up to
18 the microphone, sir. Everything is being transcribed at
19 this hearing and will be given to the Board.

20 (Pause.)

21 FEMALE VOICE: Can you say a couple of names so
22 people can be ready to go? And that way we can move a
23 little bit faster.

24 MS. MEYER: The next person will be Amanda

1 Douglas.

2 FEMALE VOICE: Thank you.

3 MR. JESKE: Myself, like a few other people --
4 some of my concerns resulting in the increase of the cost
5 of the schools with these people moving that don't have a
6 lot of money. Their tax dollars are not going to pay for
7 the increase for cost of the schools.

8 Traffic -- if you've been on 89 in the morning,
9 it's pretty bad. If they have the money for the rent are
10 they going to have the money to expand 89 to perhaps four
11 lanes?

12 Drainage -- is this going to be another
13 Corrigan? Are we going to have problems with the
14 drainage?

15 Besides, the gentleman mentioned the situation
16 with the property values. You're talking about all these
17 benefits to the people that are moving there. What about
18 the benefits to the people that live there right now?
19 What kind of benefits are for us?

20 So, again, it's just a bottom line that people
21 that live there are not going to have a lot of extra
22 money. There's a monitoring of 26- to 37-. I understand
23 that they have to live somewhere. I also understand
24 that -- I could be wrong -- that a development like this

1 where this one was attempted by the [inaudible] Skating
2 Center, and that was defeated already. So you might want
3 to kind of bring that up.

4 But those are the few points I might have. So
5 that's just a feeling that I've got for this [inaudible].

6 MS. MEYER: One other thing, you will have --
7 there is a limit of two to three minutes on the speaking.
8 Amanda Douglas. And the next person would be Robert
9 Murray.

10 MS. DOUGLAS: I guess I wanted to comment is
11 what I've noticed with a lot of apartments. I mean, they
12 have like a minimum amount of people that should go in,
13 you know, in each -- you know, like two people per bedroom
14 apartment. But I have found that, you know, before, from
15 living in the apartments, that there's really no way to
16 control how many people live in each apartment.

17 They'll sign up and say, I'm living with my
18 boyfriend, and that's just that, in one apartment. But I
19 have seen cases time and time again where you'll have a
20 family of five living in one apartment. You'll have four
21 or five singles living in two-bedroom apartments.

22 And before you know it these apartments are,
23 you know, loaded with, you know, people in there. And
24 there's a constant amount of traffic -- cars -- and

1 sometimes even the parking spaces can't -- you know,
2 especially since here's it's like -- what is it -- you
3 have individual parking -- individual garages.

4 So, you know, with so many people living in
5 these apartments they'll be forced to park their cars
6 outside. Next thing you know all the way down Fite Road
7 we're going to have cars parked here and there.

8 I've also experienced a lot of children who
9 have been killed just by crossing the street in apartment
10 zones because these apartments are driven by -- I mean,
11 the cars are -- automobiles in that area are driven by
12 teenagers or like people in a rush. And they're just
13 zooming down the neighborhood who don't even care. And I
14 just feel like it's a really dangerous atmosphere for
15 children.

16 MS. MEYER: Robert Murray. And then the next
17 person will be Lewis Reuben.

18 MR. MURRAY: Okay. Thank you. I guess what I
19 am going to said has been said already. Clearly, the
20 neighborhood that we live in -- this infrastructure is
21 really not to support the development that they're
22 proposing.

23 Because right now (applause over speaker) like
24 you're trying to get out of here, it's terrible. It's not

1 enough. The flooding is getting worse and you can see --
2 from we've been living here it's just getting worse.

3 The infrastructure needs to be addressed.
4 That's what they really should be doing. They should be
5 addressing traffic, flooding. They should not be making
6 it worse. All right? There's a problem right now. All
7 right? Try to solve the problem instead of making it
8 worse.

9 I'm just wondering -- this is such a great
10 development and all. Why don't you put it near where you
11 live? We've invested money in our homes. All right?
12 We've invested a lot of money and we plain and simply
13 don't want to lose it -- plain and simply.

14 Yes, the people want to live somewhere.
15 There's other means that they should be doing. I believe
16 they're approaching it the wrong way. There should be
17 economic development for people so they can get jobs and
18 not get substandard housing that are being supported by
19 other people. They should not be depending on other
20 people.

21 There should be opportunities for them. That
22 should be addressed. They should get the opportunities so
23 they can get jobs like other people and not have to depend
24 on us -- and we have to suffer. We get lower property

1 values. Are we going to be compensated for this?
2 Clearly, it's going to lower property values. Are we
3 going to get compensated for it? We've invested money and
4 we're going to lose it.

5 The situation with schools -- as you can see
6 with the schools there's a problem when Silverlake opened.
7 The day it opened it was filled up. That school up there
8 too is also filled up. What are you going to do about
9 that?

10 I mean, clearly, that's -- I'll just repeat.
11 The infrastructure is not there to support it. You need
12 to address that and not make the problems worse. Thank
13 you.

14 MS. MEYER: Lewis Reuben, would you like to
15 speak?

16 MR. REUBEN: Okay. I like the way it is right
17 now. And I don't have a problem with crime in my area.
18 The way I see it, if you're maximum income is 36,000 a
19 year that's pretty hard to live off of that. And so the
20 only way you can increase that without showing it is to
21 create -- is to steal and create crime.

22 And I just don't want that in my area. I pay a
23 lot of money for my house. Okay? And where's the
24 developer -- where's the builder? I don't want you around

1 my area. I want you to go somewhere else. Go somewhere
2 else. There's plenty of -- Texas is a big place. Okay?
3 Find another place. Thank you.

4 MS. MEYER: Ron Johnson. Would you like to
5 speak, sir? And the next person is Greta Costa.

6 MR. JOHNSON: First of all I'd like to
7 apologize for my sudden outburst. I'm a little emotional
8 about this. I have been doing the research on the
9 internet. The studies do support the fact that even with
10 Section 8 housing there is a negative impact on our
11 housing price and the value. And it's directly correlated
12 to the proximity that your house is to this development.
13 This is science. This is (applause over speaker) have
14 this available.

15 The other thing that we do know is that these
16 housing opportunities in study after study do not help the
17 people that they're supposed to help. They continue to
18 live in the same economic value range, and they do not
19 diversify out within the population. So I don't
20 understand why we do not have the infrastructure, as many
21 people have mentioned.

22 The other aspect of it is this -- that there is
23 no way that -- we don't have the buses to provide public
24 transportation, we don't have sidewalks here. So we're

1 going to have to pay for that. We also do not have -- the
2 governmental structures are in Alvin or they're in
3 Angleton. And that's -- you know, it's a 30-mile drive.

4 The nearest hospital clinics and assistant care
5 clinics are UTMB on the other side of town -- are also
6 down there. And it's just not an economic satisfactory
7 answer for this to be in our neighborhood. Thank you.

8 MS. MEYER: Greta Costa.

9 MS. COSTA: Right here.

10 MS. MEYER: Okay. The next one is Richard
11 Skotak?

12 MS. COSTA: A lot of the points that I was
13 going to talk about have already been brought up. I think
14 most of us feel that way. We spend a lot of money. We
15 made a lot of plans to move into a community to raise our
16 children.

17 We wanted to be in a place where there were
18 young professionals, people of the same income level,
19 people of the same education level, and people with the
20 same type of interests as us. We want our children to
21 associate with those people, and we want to associate with
22 those type of people.

23 Now, I'm not trying to downgrade people that
24 make less money. I'm sure they have their similar

1 interests, but I think there are plenty of other places
2 that they could go. Manville hasn't been built up. I
3 wonder if that's been considered. Or Rosharon.

4 When we moved into this community we wanted it
5 to be Silverlake, like it is. Now, granted, it has grown.
6 There are other communities that have been built up. But
7 they're similar to the neighborhoods that we live in. And
8 the price of those houses and the value of those areas is
9 similar to where we live.

10 This is totally 180 degrees from what we have.
11 So all of our plans that we've been making to stay here
12 for 20 years, they're going to go down the drain. All our
13 plans are shattered if this happens.

14 I don't know if we really get the opportunity
15 to make a difference in whether you build this community
16 or not. I know that you're just -- you're giving us the
17 opportunity to make our comments, but I don't know how
18 much of a force that's going to have on the final outcome.

19 But one point that Amanda brought up, which I
20 agreed with, you said you're going to do criminal
21 background checks on the people that rent these places.
22 Well, what about the boyfriends of these women that come
23 in?

24 Unfortunately, that happens a lot that you'll

1 have a single woman with kids. And I'm not trying to be
2 stereotypical, but I've seen it many times where they have
3 these deadbeat boyfriends that come in with criminal
4 records that pretty much take over their house and take
5 over everything around it and bring their buddies in. So
6 that's another thing to consider.

7 And then, finally, if we have no so say
8 whatsoever is there a possibility that you could
9 reconsider, only allowing residents that are senior
10 citizens?

11 MS. MEYER: Richard Skotak. And the next one I
12 have is Charles Booker.

13 MR. SKOTAK: My name is Richard Skotak. I'm a
14 business owner in Silverlake. I'm also a homeowner in
15 Silverlake. I live at Edgewater Estates right off of Fite
16 Road. And I'm also president of the homeowners
17 association for Edgewater Estates, Huntington Village,
18 Southfield Village, and Southmore.

19 My major concerns tonight have to do with the
20 school. Pearland Independent School District, as most of
21 you probably realize, is a recognized school. It's not
22 exemplary. We have a lot of trouble with people moving to
23 Friendswood to try to get into an exemplary district.

24 You've got to figure out why is it recognized?

1 I've asked the school board for a definition of that. I
2 haven't gotten it yet. But it's got a lot to do with the
3 students and how well they're cared for, i.e., this
4 program that's coming into town.

5 It sounds like he's got some basic skills, some
6 GEDs are going to train them, and some social services. I
7 don't know if it's going to help pull the school district
8 away from recognized and towards exemplary or not. Just
9 one of the questions I'd like to find out.

10 Also Ms. Meyer's has said that -- I think --
11 believe, the way I'm reading this, is that the \$14.5
12 million is committed to Mr. Richardson at present. Mr.
13 Richardson, I understand is saying, has purchased the 14
14 acres over there on Fite Road.

15 Are we doing any good tonight, or is thing a
16 slam dunk already? It seems to me like we're just here --
17 we're just here. We're (applause over speaker). We
18 would like to know -- one of the things is on what basis
19 has the Board ever reversed one of these commitments to
20 loan money for a project? What does it take to get them
21 to reverse? They're up there in Austin. They're not here
22 in Pearland.

23 246-unit apartment is going to be 500 children
24 at least. I mean, I'd like to find out that number also.

1 You've got to figure two children per apartment.

2 Silverlake is full. Silvercrest is full. There are no
3 elementaries breaking ground anywhere. Where are they
4 going to put those 500 children just from that one
5 apartment?

6 Next to the St. Andrews Apartment on 518 --
7 they have just recently completed another 300-unit plus
8 apartment. Down there at Tranquility Bay in front of Fite
9 Road they have just built another 350-unit apartment.
10 Those are going to be a thousand kids maybe? Then we have
11 Silvercreek which is building out -- 700 homes. There's
12 going to be 1,400 kids there.

13 The school's board does not have the money to
14 build those schools. I mean, we're talking about at least
15 two more elementary schools that would have to be built to
16 accommodate already, much less bringing in additional
17 children.

18 It's just not the right time. The
19 infrastructure's not there. Fite Road is a two-lane open
20 ditch road. The project he wants to build it on is a sand
21 pit. I don't even know where 14 acres is there unless
22 it's across the lake. Honestly, if you look at it it's
23 not there in any way, shape, or form.

24 It's just the wrong time. It's too early.

1 Pearland can't take this sort of growth. And let me tell
2 you about your tax base. These apartments -- if you take
3 \$14.5 million and divide it by 246 units you're going to
4 come out with an average cost of 55,000 a unit. If there
5 are two children per unit they're going to be paying \$500
6 per pupil per year -- \$500 per pupil.

7 Your cost is \$5,000 per pupil per year. That
8 is a \$4,500 subsidy which is going to be like 3 million --
9 two-and-a-half million dollars per year you're going to
10 have to come up with out of your pocket to accommodate
11 this apartment project.

12 Pearland has a moratorium on apartments.
13 Pearland has an ETJ. It's got jurisdiction over this
14 land. It could cancel these apartments by not granting
15 them water and sewer. I don't know -- it's got to be
16 coming from MUD 1. MUD 1 is in partnership with the City
17 of Pearland. No water, sewer, no apartment.

18 I just don't see how it can be accommodated.
19 Thank you.

20 MS. MEYER: Charles Booker.

21 MR. BOOKER: Right here. If you have some more
22 to say you can have my time.

23 MS. MEYER: The next person will be Ron Billine
24 [phonetic].

1 MR. BOOKER: I'm afraid I'm not going to do as
2 well as the last gentleman did, but I do have some
3 thoughts. I mean, everybody keeps bringing up the
4 infrastructure of Pearland, and I agree with that 100
5 percent.

6 The schools, fire stations, medical facilities,
7 and especially the roads are not there to support any more
8 growth like this. When you take a little piece of land,
9 build a whole bunch of effectively homes on it -- a bunch
10 of residential units, then you've just increased the
11 amount of traffic that's going to be there -- the amount
12 of people that are going to need services.

13 I also kind of have a question about why would
14 they choose to build this kind of a complex on lakefront
15 property. That just raises a big red flag to me.

16 I'd like to also state, since this is a hearing
17 and this is going on the record, I'd like to say that
18 people in this area have worked hard and they've gotten
19 educations. They found good jobs and they've invested in
20 this community. They pay a lot of taxes to live here and
21 a lot of community association dues to try to keep the
22 neighborhoods nice.

23 And I just sort of have a question of why would
24 you want to build a community right in the middle of that

1 that's going to be a lower income group. They wouldn't
2 even fit in really and we wouldn't mesh with them.

3 I'd like to comment on the fact that the sign
4 was posted and then removed several weeks before this
5 hearing -- that this is all kind of above board and such a
6 nice facility, then why is it that they try to sneak it in
7 under the radar by taking the sign down. I think they
8 should have put notices in the local Pearland paper and
9 also in the community association newsletter for
10 Silverlake.

11 And I also -- I may have missed something here,
12 but the packet said that the residents much make no more
13 than 60 percent of the AMFI to qualify to live here. But
14 I kind of am curious how much less can they make and still
15 be able to live there. Thank you.

16 MS. MEYER: Ron Billine. The next person is
17 Christy Hardy.

18 MR. BILLINE: Yes, I'd like to know where that
19 sign went, too. First it's up, then it's down.

20 But, overall, what I have seen here -- I hate
21 to be on a negative side also. Moved to Pearland, been in
22 Pearland for 14 years. See a lot of ups and down. See a
23 lot of signs go up and a lot of signs go down. Quickly.

24 But unsupervised children, behavior of teens,

1 vandalism -- I know this is a problem. A lot of trash and
2 so on and so forth. As you know, I'm not from here, but
3 I've been in Pearland since 1990 and love Texas. And have
4 seen it up north, have seen it across the country for many
5 times with income -- low income, so to speak.

6 I also notice that there's a maximum range for
7 salary is 36,042. What's the minimal? What about the
8 cars? Can they afford new cars? Medium size cars? You
9 know, vans? Whatever the case would be.

10 As Rick over here said -- he did very well --
11 the other gentleman who was just up here -- you guys did
12 awesome. Thank you very much. I am opposed to this.

13 (End of tape 1, side 1.)

14 MS. MEYER: The next one is Edwina Reisen
15 [phonetic].

16 MS. HARDY: The only thing that I actually have
17 to add is I just wanted to point out -- or make sure
18 everybody noticed that they said that the 150 days started
19 on February 28 -- February 18. That was two months ago.
20 Why are we just now doing this? I think that's totally
21 inappropriate. And I'm opposed also.

22 MS. MEYER: Edwina Reisen. Are you going to
23 speak for her? Are you Edward? Okay. And the next one
24 is Penny Dowdy.

1 MR. REISEN: Good evening. My wife's name is
2 Edwina and mine is Eddie. We're not sister and brother.

3 You know, they say those who forget their
4 history are bound to repeat it. It seems as though I've
5 lived this whole nightmare before. As a product of
6 Brooklyn, New York -- I came here to the university in
7 1959.

8 I, myself, was a welfare recipient. My father
9 passed when I was young. And I know the many hardships
10 that people have that are socially and economically
11 deprived, you know. A lot of my friends didn't get out of
12 the [inaudible] ghetto, et cetera. I came to the
13 university on a track scholarship. My wife came with
14 me -- my childhood sweetheart, who's Edwina.

15 But, to make a long story short, I graduated
16 Texas [inaudible] University. We moved to area southwest
17 part of town, you know. And I was teaching at the time.
18 My wife was teaching. And we moved to a real nice place
19 that reminds of [inaudible].

20 It was wonderful there when I first got there.
21 One of my neighbors [inaudible], [inaudible]. And the
22 first five, ten years worked beautiful. My daughter
23 attended [inaudible] High School, and she was doing fine.
24 My son attended there also.

1 I had one man -- son -- my youngest son was
2 special education. And we worked with him for many, many
3 years. And today he's driving a truck -- 18-wheeler. I
4 have another son that's in D.C. working for the federal
5 government. My daughter's a pharmacist at M.D. Anderson.

6 To make a long story short, I've seen all this
7 before. Crime -- it just seemed to come from nowhere.
8 But they stopped monitoring who moved in. They stopped
9 monitoring who moved in. People started moving out.

10 You wouldn't believe -- and then the drugs
11 came. The battle with drugs and kids and neighborhoods.
12 I wouldn't believe that I saw two kids -- children get
13 shot in front of my door. Two gun battles [inaudible] day
14 time -- not night, [inaudible] day time. Well, one police
15 officer got shot. I had to go to his aid and [inaudible]
16 helicopter to pick him up.

17 Now, I'm talking about [inaudible]. So you
18 haven't lived this, but I've lived this right here in
19 Houston. Oh, I lived some tough times in New York, too.
20 Don't you forget what I'm saying. We had a tough time.
21 [inaudible] I'm going to tell you.

22 I'm a retired school classroom educator here in
23 Houston in the school district. My wife is also.
24 However, I am totally against this project. I do realize

1 that people have to live somewhere. I don't think that
2 Pearland infrastructure will support this type of a
3 program. I [inaudible] transit. Where are these people
4 going to -- where is the bus system?

5 I mean, I'm against this project. I think it's
6 ill-advised, and I think we need to just step up to the
7 plate and do whatever we have to do to defeat this
8 project.

9 MS. MEYER: Penny Dowdy. And the next person I
10 have is Kenneth or Peggy Phillips.

11 MS. DOWDY: I know I'm going to reiterate what
12 a lot of people are saying, but I'm hoping I'm able to
13 give some specific examples to both the State and the
14 developers so they can understand where we're coming from.

15 The first thing that I'm hearing over and over
16 again is concern that this is done -- that what we're
17 saying is not causing an impact and won't cause any impact
18 and change.

19 One of the things that's so clear, if you look
20 on the back of the flyer, how can I have an input in the
21 development process? It's not uncommon for developers to
22 make changes in response to the concerns of area
23 neighbors.

24 I don't want a change to the development. I

1 want no development. And I need to know from the State
2 and from the developer even if that's a possibility, so
3 when you do get to the point where you're answering
4 questions I think there are many of us that would want to
5 know is this done or is there a possibility that it won't
6 happen.

7 Now, there are obviously logistics in traffic.
8 I live in Southland. I live two blocks from where this
9 development will build. I drive out Meadowhurst to Fite
10 Road and then either to the left or the right to go where
11 I'm going.

12 There are days -- not just mornings -- mid-day,
13 late day I will drive out Fite Road as if I'm going to
14 89 -- I'm going to Kroger. I will turn my head and look
15 down 89 and see the cars are two, three away. Mid-day.
16 You can wait on 89 from the Conoco to 518 for 20 minutes.

17 Adding 250 potential to 500 more cars is only
18 going to cause a problem. You have a business on Fite
19 Road, Teleflo [phonetic], with 18-wheelers. If you drive
20 down Fite Road you see the ruts because they go off Fite
21 Road because it is so narrow there's no room for them to
22 turn.

23 I will guarantee you once every month to two
24 months that there is a tow truck out there pulling one of

1 those 18-wheelers out and traffic is backed up forever.
2 This is common place. I've lived here eight years and I
3 see this so frequently.

4 I -- as a parent I'm very concerned about the
5 school issues. I know from hearing from Tish Farnie, who
6 is on the board of the Pearland Independent School
7 District, that the school district has sent three letters
8 requesting that this building does not happen. They have
9 not received firm indication one way or another that their
10 request is heard and considered.

11 If the school board doesn't feel that they can
12 meet the needs of these new children -- I'm not talking
13 about just my child, but I'm talking about these children
14 who are coming from low income. And the potential of them
15 having more special needs than you and my children do is
16 higher, just by the nature of where they are.

17 They don't have special services available for
18 those kids in the size and proportion that they're going
19 to be needed. That's going to hurt their children; that's
20 going to hurt our children. And that's unacceptable to
21 me.

22 I also have to point out a concern about
23 drainage. Again, I live in Southland, closest to this
24 area, along with the people on Links of Edgewater. We've

1 been there eight years. My neighbors have been there even
2 longer.

3 When we first came in we had no flooding
4 problems. In the eight years where we have seen
5 apartments and businesses develop along Fite Road and
6 along County Road 89, when we have heavy rains now our
7 streets do flood. That did not have happen before.

8 If you're talking about pumping water out of
9 the sand pit, which has never alleviated our flooding to
10 begin with -- if you're going to pump the water out of it
11 518 is higher than we are. Where is that pump water
12 going to go but into my neighborhood. This is not
13 acceptable.

14 MS. MEYER: The next person I have -- this is
15 Kenneth Phillips. Next is William Schwin.

16 MR. PHILLIPS: My name's Kenneth Phillips. I
17 live in Southland. I live on Meadowhurst Street. I've
18 lived there for ten years. I almost hate to admit this,
19 but I'm a real estate attorney and have been for 24 years.
20 So I think I understand something about developments.

21 Part of my training requires me to see both
22 sides of an argument. You do make a good product. I
23 don't have any problem with admitting that. I'd like the
24 record to reflect that.

1 However, I'm not sure that this is the proper
2 way to utilize the balance of your land. Seems to me that
3 what you've done is you've bought the whole 14 acres.
4 You've developed out the front half on 518. Now you have
5 to do something on the back side. I can appreciate that
6 from an economic standpoint.

7 I have the same concerns about traffic, taxes,
8 and school overloading, because, after all, you get to
9 pass the taxes on to your residents; we don't. And I have
10 a drainage concern.

11 But there's a different concern that I'd like
12 to raise that hopefully you can address. I saw a site
13 plan of what you've already built, but I didn't see a
14 proposed site plan of what you're going to build.

15 My concern about the impact that I just don't
16 see how you're going to get that many units packed on that
17 little bitty piece of land. That land can't be 60 feet
18 wide from the ditch on Fite Road to the sand pit. Maybe
19 it's a little larger than that, but it sure looks awful
20 small and I sure would like to see how the units are going
21 to be placed on there.

22 I think that you would be better served in the
23 community and in trying to -- well, that's what you've got
24 now. That's not what you're building.

1 MALE VOICE: This is what we're building.

2 MR. PHILLIPS: This is what you're building?

3 Well, there's no way you can get that -- you're telling me
4 that Fite Road -- down there where it says site plan.

5 FEMALE VOICE: No, it's on the left.

6 MALE VOICE: It's on the left-hand side.

7 FEMALE VOICE: On the left.

8 MR. PHILLIPS: Over here.

9 MALE VOICE: It's a match [inaudible].

10 MR. PHILLIPS: Okay. Well, all the more
11 reason. Since you have a site plan, this is way too many
12 people to be packed in there like there. Is there going
13 to be an outlet on to Fite Road?

14 FEMALE VOICE: [inaudible].

15 MR. PHILLIPS: Okay. So you're going to let
16 the traffic out on that. I think that's way too much
17 development. Try to scale it down to either large homes
18 or some townhouses where you don't try to put --

19 MALE VOICE: No homes.

20 MR. PHILLIPS: Guys, let's get realistic. This
21 is America, and he has a right to develop his own land.
22 Let's don't come across on the record like a bunch of
23 fascists. Okay?

24 But what I'm suggesting to you is is there is a

1 better, less impact, development for the balance of your
2 property. We can all recognize that you have a right to
3 get your money back, but we question the way you're doing
4 it.

5 So what most of us are here about is it's the
6 impact you're going to have on us in getting back your
7 investment.

8 MS. MEYER: William Schwin? (Pause.) Next
9 person is Scott Lester. (Pause.) You don't want to
10 speak? Okay. I'm also calling the ones that didn't put
11 anything down. So Mark McDonnell? (Pause.) Amelia
12 Jackson? (Pause.)

13 MALE VOICE: Why can't we stand in line?

14 MS. MEYER: Because I've got to check off who
15 spoke. Charles Scott? (Pause.) Tracy Scott? (Pause.)
16 Jacob Rink?

17 MR. RINK: Good evening, folks. Three years
18 ago we lived in Houston and moved into the Silverlake
19 area. Now, I'm going to have to tell you why we moved.
20 It was because of gun-related violence. Houston's a
21 pretty rough area, as the gentleman from New York also
22 mentioned. We moved and we have been very happy in the
23 area we live in, which is the Silverlake area.

24 I'd like to go on record by saying that I'm

1 also opposed to this plan for the many reasons many of the
2 speakers before me have mentioned.

3 I'd like to raise one issue that I think hasn't
4 been addressed yet, which is a study that HUD -- I know
5 this is not a HUD project, but nonetheless I'm going to
6 raise the issue. HUD put out a report two years ago on In
7 the Crossfire. It relates gun [inaudible] violence
8 directly with low income.

9 Now, as we have heard so far, all these
10 apartments are going to be occupied with people with
11 relatively low incomes. There is a direct correlation
12 between low income and gun-related violence.

13 My daughter will go to the ninth grade campus a
14 few blocks down the road here. Does she have to run a
15 gauntlet to go past these apartments complexes? I don't
16 think so. Pearland ISD is charging \$43 just to drive my
17 kid one mile down the road.

18 I think one way of addressing the
19 infrastructure here is to not build it at all. And I
20 disagree with the speaker before me by stating that the
21 owner has a right to recoup his money. I think there
22 should be a better plan made before they put this whole
23 plan in action. Thank you.

24 MS. MEYER: Dave McElvey? The next person I

1 have is Elizabeth Hallman.

2 MR. MCELVEY: My name is Dave McElvey. I live
3 in Edgewater Estates. Many people are strongly opposed to
4 this project, as am I.

5 One of the comments the person sitting by me
6 made was that the developer of this project has not even
7 flinched when all these comments were made. I think my
8 major concern is this thing's already a done deal and that
9 we're probably just wasting our time here tonight.

10 I'm personally also a businessman. And one of
11 the things that bothers me is this project won't fly
12 without tax-free bonds. Okay? The city doesn't have the
13 infrastructure to support this project. We're looking at
14 a possible decrease in property values, noise. The
15 developer isn't a Texas corporation, like I am.

16 We have current apartments that are sitting
17 empty. There's a upcoming Pearland moratorium on
18 apartments. And one of the things that really bothers me
19 is how many kids are going to drown in this lake?

20 One other cheap shot I got -- I'm going to
21 guess that Mr. Richardson makes more than \$36,000 a year
22 and won't be residing in our community.

23 They also mentioned a study cited in his
24 presentation. And I believe our homeowner association hit

1 it right on the head that it was done by a builder's
2 company. If anybody ever took a statistics class knows
3 how to make any number work in his favor.

4 Listen, because I am a businessman and a
5 taxpayer, and I feel like I'm already done, I'm going
6 home. Good night. Thank you.

7 MS. MEYER: Elizabeth Hallman? (Pause.) David
8 Hallman? (Pause.) Bernice Bolden? (Pause.) The next
9 person I have is Patricia Trapp. Do you want to speak?

10 FEMALE VOICE: No.

11 MS. MEYER: No?

12 MS. BOLDEN: First of all I'd like to say that
13 I oppose this projects. Most of the ideas that I also and
14 concerns I had have been brought up and mentioned by a lot
15 of my fellow homeowners and neighbors and friends.

16 But I'd just like to know concerning, you know,
17 your -- all in the Silverlake subdivision we're all
18 homeowners, taxpayers. What about our homeowners
19 association? I mean, where are they? I had no -- had no
20 notice of this so-called meeting here this evening. And
21 it was a very short notice.

22 In fact, the envelope I got my notice in -- it
23 looked like one of those bills, you know, that we get
24 every six months. So I'm just wondering, did anybody

1 besides having flyers and going door-to-door, did we
2 actually know about this meeting?

3 MEMBERS OF AUDIENCE: No.

4 MS. MEYER: John Fisher?

5 MR. FISHER: I'll yield my time.

6 MS. MEYER: Do what?

7 MR. FISHER: I'll yield my time to Richard.

8 MS. MEYER: Mary Alice Romo?

9 MS. ROMO: I yield my time also.

10 MS. MEYER: To who?

11 MS. ROMO: Richard.

12 MS. MEYER: Well, he's already spoken, so, I
13 mean, if you're yielding your time to him you're -- Kim
14 Long?

15 MS. LONG: My name is Kim Long, and I'm a
16 Silverlake resident. I'm also a professional educator.

17 I've really got five points that I want to want
18 across because I went to the web site for TDCH -- I
19 believe that's the acronym.

20 One of the things that you have to look for is
21 the appropriateness of the development site and the
22 configuration in relation to the housing needs the
23 community in which the development is to be located.

24 Well, I don't really think they've looked

1 around to see that there's a ton of apartments. We've got
2 two much multifamily housing. The city has already
3 decided to do a moratorium, which was something nice that
4 they finally did for Silverlake. They finally did a
5 moratorium, so why would you want to go against the City's
6 wishes if you want to bring in your business?

7 The second thing is the availability of
8 adequate public facilities and services. Well, if you
9 live in Silverlake you know that in the morning there's
10 no -- there's hardly any ever sheriff's deputies. Because
11 we are not in the city limits -- and neither is that
12 property -- you're depending on the sheriff's department
13 to patrol.

14 They are stretched to the limit. And I
15 understand that. They are stretched to the limit. So
16 they're going to add all these people -- and we're not
17 really going to get that much more in taxes, so it's
18 really not going to be easy to be able to increase the
19 sheriff patrol.

20 The third thing is the anticipated impact on
21 local school districts. Well, I can tell you we've got
22 two schools right here that are already at capacity.
23 We've got a middle school down Fite Road that is already
24 at capacity. We've got Carlston Elementary that is

1 down -- further down that road that is also -- and there's
2 one other that's already at capacity that this district
3 would feed into. We can't do it. We cannot squeeze the
4 kids in fast enough.

5 The fourth thing is zoning and other land use
6 considerations. Well, that goes back to the city
7 moratorium on apartment dwellings. It just -- I just
8 don't understand why you wouldn't listen to what the city
9 and the school district -- because it's my understanding
10 the school district has sent three letters saying we don't
11 need this to the Department -- Texas Department of
12 Community Housing Association.

13 And then the fifth thing is -- let me find in
14 my notes. The fifth thing is the compliance history of
15 the developer. I found one thing on the internet today
16 that showed that in 1999 there were two non-compliance
17 notices. So I'd like to know how many times since then --
18 that's four years that are unaccounted for -- and I know
19 he's done a lot of development. I'd like to know what the
20 non-compliance has been.

21 I'd also like to know how they get these deals.
22 I mean, what is the deal? Is it magic dust that does it?

23 MALE VOICE: Yes.

24 MS. LONG: That's all I've got to say.

1 MS. MEYER: Gregory Moffett? The next I have
2 is Byron Myers.

3 MR. MOFFETT: Good evening. Originally I had
4 not planned on speaking, and I did come in with an open
5 mind.

6 VOICE: Speak up.

7 MF. MOFFETT: I said originally I did not plan
8 on speaking, and I did come in with an open mind. I'm a
9 mortgage broker by profession. And most of my business
10 for the last five years I've done really in the Houston
11 area.

12 My wife and I and my daughter and son moved
13 here about four-and-a-half years ago. We paid about
14 \$125,000 for our house, and about a year ago, when I had
15 an appraisal done on it, it was worth 160,000. Now,
16 appraised value and what you can actually sell it for are
17 close, but they're not exactly the same thing.

18 Recently the mortgage business is not what it
19 used to be. Right? Rates are coming up; refinances are
20 down. But I was looking for a lot more business in the
21 Pearland area, and I ran through a subscription service
22 that I have called Real Quest. I can go in and pull
23 reports that will tell me everybody that has purchased a
24 home, say, three years ago. Maybe they have an adjustable

1 rate mortgage -- criteria like this that will allow me to
2 filter and then do direct mail marketing to these
3 individuals.

4 The result of this was absolutely astonishing
5 to me. I don't know how many people here have a car, say,
6 for instance, where they actually are upside down -- you
7 may have heard that term where you actually owe more today
8 than you can get for the car. Right?

9 Well, that's not supposed to be the way it
10 works with your house. The house is an investment that
11 should appreciate on average maybe 6 to 8 percent, and if
12 you're lucky maybe a little more than that.

13 334 names came up in this general area -- right
14 in Brazoria County -- all 77584 area code -- of people
15 that had purchased a house between two and three years ago
16 that had adjustable rate mortgages, which is really not
17 relevant here.

18 But the point is that I, after the first ten
19 applications, my time going out to their house at night,
20 ordering appraisals, ordering titles, and so on, the homes
21 were coming back at 15- and 20,000 less than they had paid
22 for them in value.

23 And one couple in particular kind of struck me
24 because they were Asian-Americans. They were both very

1 well educated people making not that much money here in
2 this country because they had most of their education and
3 degrees from another country. And the loan that I could
4 have done for them would have changed their life
5 significantly. They had three kids. One of them was
6 mentally challenged.

7 And the point is is that from developers coming
8 in and building lower quality larger homes and flooding
9 the area with things like this, it doesn't take much
10 depreciation in your home value, folks, before you cannot
11 use a mortgage as a financial vehicle any more. You
12 cannot count on that equity for retirement or college
13 tuition or whatever.

14 In fact, if you go to sell it you'd be lucky if
15 you can get in many cases -- if you financed 95, 97, or
16 100 percent of the purchase price you'd be lucky to get
17 back even what it cost to sell the house and so on.

18 And that will really, really hurt through
19 foreclosures. People moving and selling and leaving will
20 drop property values even more. So keep that perspective
21 in mind. I am opposed to it. Thank you.

22 MS. MEYER: Erasmo Riojas? (Pause.)

23 MR. RIOJAS: My name is Erasmo Riojas. I
24 wished I lived in Silverlake, but I live right across

1 where they're going to develop this project on Meadowglen.
2 So they're going to be my neighbors right across Farm
3 Road 91.

4 Of course, I oppose this construction. Mr.
5 Richardson gave you an eloquent rubdown on what he's going
6 to build. And it's probably true.

7 But what I was figuring out with just some
8 basic adding and subtracting -- I used to live in an
9 apartment in Houston and I've never paid more than 600
10 bucks for an apartment. And I had a bus that stopped
11 right in front of my apartment building to take me
12 anywhere with a transfer.

13 I agree with you guys that a project like this
14 is going to need city bus, wider streets, and probably
15 some police protection, none of which we have.

16 So the other thing that -- if you're going to
17 be paying \$608 and making \$25,000 a year, it comes out to
18 figure that adding light, water, electricity, sewers, and
19 everything it no longer is 600 bucks. It's going to
20 become like 800 bucks. And if you're making 25,000 that's
21 more than one-third of your income. And then you don't --
22 if you're that poor you will not have transportation.

23 Whenever it rains you're stuck in there. That
24 lake, as a matter of fact, doesn't go down any more. He

1 wants to drain it -- and it's been drained before, but
2 they gave up. They only drained half -- 50 percent or
3 halfway.

4 Right now the water level is to the very top
5 touching inside the drains from the apartments that are on
6 518. So any rain is going to continue to increase the
7 depth and the height of that water. And it's going to go
8 right back up and stop [inaudible] where I live. That
9 doesn't make sense to put [inaudible] units there without
10 having all the infrastructure to handle it.

11 So, as I said, I do oppose it. It's a
12 beautiful looking structures and everything, but that's
13 just too much for such a little area. Really.

14 MS. MEYER: Jarvis Johnson?

15 MR. JOHNSON: Good evening. My name is Jarvis
16 Johnson. I'm the executive director of the POYC Child
17 Development Learning Center, which is located on the
18 properties of Blazer Residential.

19 I'm here today to talk about a few of your
20 concerns that you've had about the residents that move in
21 and the children that come in with them. Well, a lot of
22 the studies that you guys have been partaking of and
23 reading of deals with -- I remember the gentleman over
24 here talking about a direct link between guns and low

1 income. Well, that is true. But the other link is lack
2 of information and lack of resources.

3 At POYC Child Development Learning Center -- by
4 the way, we are an accredited state program in which we
5 have child care classes that go up to the kindergarten and
6 [inaudible] apply to the state in which we will have first
7 through third grade on all of our sites.

8 We're dealing with providing after-school
9 education for our children. I remember the gentleman
10 talked about 500 more children coming into the complex.
11 Well, it is our goal to always provide resources for those
12 children -- after-school programming -- to ensure that
13 they're not running around in the streets, that they're
14 not just, you know, walking around.

15 As the same thing with your children, you want
16 to put them in the best programs possible. And I applaud
17 Blazer for doing that. They go out and find those classes
18 for those people who don't have the educational level.
19 They want to make sure that they get that education so
20 that they can improve their lives.

21 Because at some point we have all come up, and
22 it's not -- and that's American way for us to be able to
23 pull ourselves up by our bootstraps. Blazer is allowing
24 people to do that.

1 POYC Child Development Learning Center is
2 allowing those children to do that. Every child, no
3 matter their economic base, their race, their religion,
4 should be given an equal opportunity to succeed. And
5 that's what we're trying to do at POYC Child Development
6 Learning Center -- provide these children after-school
7 programs.

8 We expose them to as many different programs as
9 we can. We've taken our children all over the country and
10 even the world. We're taking our children --

11 (Interrupted by audience.)

12 MR. JOHNSON: We're taking our children on
13 trips to expose them so that they don't fall victim to a
14 lot of the things that you guys are talking about.

15 And, again, it's the children -- I'm here to
16 talk about the children. That's what POYC Child
17 Development Learning Center does. I'm only here --

18 (Interrupted by audience.)

19 MR. JOHNSON: I'm bringing information to you
20 guys. I'm bringing information. Information is key to
21 the success of you, as well as anybody that comes in. And
22 so, therefore --

23 FEMALE VOICE: Where do you live?

24 MR. JOHNSON: I live on Blazer Residential's

1 property. So --

2 (Interrupted by audience.)

3 MR. JOHNSON: At Windsor Gardens. At Windsor
4 Gardens. I do live there. I have an apartment there. My
5 children do live there. My children reside there. So,
6 again, all we're wanting to do --

7 (Interrupted by audience.)

8 MR. JOHNSON: Listen, all I'm trying to do is
9 bring information. I understand you guys -- you know,
10 your fears and all of that. But it's important that you
11 also hear the information.

12 POYC Child Development Learning Center is
13 bringing resources to our children to ensure that they're
14 getting the same opportunities that your children. And it
15 is a quality after-school program -- quality programs that
16 would make them successful in life.

17 MS. MEYER: I want to ask you all to be
18 respectful of each speaker that's up here.

19 MALE VOICE: Don't promote [inaudible] then.
20 Respect us.

21 (Audience all talking at once.)

22 FEMALE VOICE: Can we get some questions
23 answered now?

24 MS. MEYER: As soon as I conclude the hearing,

1 ma'am, we will open it up for questions.

2 MALE VOICE: I'd like to speak [inaudible].

3 MS. MEYER: If you will let me run the hearing,
4 sir, I would appreciate it. Okay? Chelsey Lindstram?
5 (Pause.)

6 MS. LINDSTRAM: Good evening. My name is
7 Chelsey Lindstram, and I am the director of operations for
8 Education-Based Housing, which is a non-profit
9 organization that supports affordable housing
10 developments.

11 In addition, I am a mother of three, a small
12 business owner, a homeowner, and I am a product of
13 affordable housing.

14 I've testified at several public hearings where
15 community groups and public figures have adamantly opposed
16 the affordable housing developments in their communities.
17 And the most common argument is always the crime, school
18 overcrowding. And, yes, those are very valid concerns.
19 As a homeowner those are issues that I always take into
20 consideration myself.

21 I've worked with affordable housing communities
22 for about seven years. And for the past five years I've
23 had the pleasure of working with Mr. Richardson on his
24 developments.

1 Currently we facilitate eight childcare
2 developments, and that's in cooperation with Mr. Johnson,
3 who spoke previously. And we also do different programs
4 with our residents -- credit cleaning up and homeowner
5 programs that help residents that live in our developments
6 save the money, get in homes, become contributing members
7 of society.

8 And I just have to address something. You
9 know, I am educated. I am not unemployed. I am not a
10 negligent parent. I'm not a criminal. But, rather, I'm a
11 contributing member of society. I work every day. And
12 the people who live in these developments -- they work.
13 They go to work every day. They have to or else they
14 can't live there because they can't pay the rent.

15 They go and they buy gas at the corner store,
16 which contributes to the tax base. They go to the local
17 grocery store. They attend church on Sundays. They are
18 people who deserve the same respect and the same
19 opportunities.

20 I don't understand why there would be the
21 concerns about the crime and the level -- I mean, well,
22 no. Because the people who are up here saying that you
23 don't want an uneducated person living in your community.
24 I would like to know how many people graduated from

1 college and made \$100,000 a year upon graduation.

2 (Interrupted by audience.)

3 MS. LINDSTRAM: And that's my point exactly.

4 So these are the same -- this is you when you graduated
5 from college.

6 (Interrupted by audience.)

7 MS. LINDSTRAM: I said college graduates.

8 College graduates. The average person with a bachelor's
9 degree --

10 (Interrupted by audience.)

11 MS. LINDSTRAM: I'm sorry.

12 (Interrupted by audience.)

13 MS. LINDSTRAM: Okay. Well, thank you so much
14 for your time.

15 (End of tape 1, side 2.)

16 MS. MEYER: Brian Hughes? (Pause.) Susan
17 Brightman? (Pause.) Rob Moore? (Pause.) Evelyn
18 Scipion? I don't know if I said that right or not.

19 MS. SCIPION: Good evening. My name is Evelyn
20 Scipion. And I am speaking in favor of the proposed
21 Tranquility Bay.

22 MALE VOICE: Do you live in the neighborhood?

23 MS. SCIPION: I am a proud member of an
24 [inaudible] agent --

1 (Interrupted by audience.)

2 MS. SCIPION: -- a police officer and a proud
3 grandparent.

4 (Interrupted by audience.)

5 MS. MEYER: This is a public hearing.

6 (Interrupted by audience.)

7 MS. MEYER: Sir, if are will just -- I mean,
8 you've got three minutes and that's it.

9 MALE VOICE: They don't live here.

10 MS. MEYER: Sir, it is a public hearing.

11 Anybody in the public can speak.

12 (Audience all talking at once.)

13 MS. SCIPION: I hold a master's degree in
14 education, and for the last 17 years I have worked for the
15 Texas Department of Human Services. I am also a resident
16 of Plum Creek Townhomes, an affordable living development
17 owned by Mr. Richardson.

18 I have lived in Plum Creek for almost four
19 years, and I am proud to say that next month I will be
20 moving in my new home built utilizing an ownership program
21 that was made available to me through Plum Creek
22 Townhomes.

23 Affordable housing has allowed me to save
24 money, provide an environment for my grandchildren, whom I

1 have helped raise part time, and live in an extremely nice
2 place in close proximity to where I work.

3 I am also glad that I was able to find a place
4 such as Plum Creek. It was a gated community, beautifully
5 landscaped, and very well maintained.

6 It has free after-school programs three days a
7 week, a program computer lab open to residents, free
8 swimming lessons for children in the summer, a
9 neighborhood watch organization, and lots of fun social
10 activities for all.

11 I know that without affordable housing my hard
12 working family may be forced to reside in places that may
13 not be best [inaudible] safe environment for my
14 grandchildren. I firmly believe that everyone should have
15 the right to live in a place regardless of race, social
16 economics status, marital standards, or gender. Thank
17 you.

18 MS. MEYER: Joyce Bennet?

19 MS. BENNET: My name is Joyce Bennet, and I'd
20 like to read a letter that I have addressed to the Texas
21 Department of Housing and Community Affairs.

22 Dear Ms. Meyer, I'm writing in support of
23 Tranquility Bay Apartments. As a single parent with only
24 my income to provide for my daughter and myself, I know

1 how hard it can be to make ends meet.

2 If affordable housing had been available to me
3 when my daughter was in elementary and middle school I
4 would most certainly have taken advantage of what it has
5 to offer people just like me, and I would have been able
6 to buy my own home a lot sooner. As it was, my daughter
7 and I lived in three different apartments in ten years
8 before I was able to save enough money to buy a home.

9 Affordable housing like Tranquility Bay gives
10 families like my daughter and me a hand up, not a hand
11 out. We all want and deserve a nice, clean, and safe
12 place to live that we are proud to call home.

13 Affordable housing has received a lot of bad
14 press the last few years because the general public has
15 not been educated as to what it actually is. Tranquility
16 Bay Apartments will not be a HUD Section 8 apartments.
17 Tranquility Bay will pay property taxes to Brazoria County
18 and Pearland ISD at the same rates that every property
19 owner here pays in Brazoria County.

20 A reputable management company who has to stay
21 compliant with Texas Department of Housing and Community
22 Affairs' regulations will manage Tranquility Bay. All
23 potential residents have to qualify to live in the
24 apartments by passing a credit check and a criminal

1 background check.

2 The Center on Urban and Metropolitan Policy has
3 issued a report in March 2004 that shows that an increase
4 of 3.4 percent of homeownership rates and an increase of
5 22.6 percent of median home value in LIHTC neighborhoods
6 between 1990 and 2000.

7 I'm here to ask that the Texas Department of
8 Housing and Community Affairs and the Texas Bond Review
9 Board approve the Tranquility Bay application to make a
10 positive difference in a lot of lives. Thank you.

11 MS. MEYER: Okay. Sir, your name?

12 MR. SIMON: Jason Simon.

13 MS. MEYER: Did you sign up?

14 MR. SIMON: Yes, I did.

15 MS. MEYER: Okay. If you'd like to speak.

16 MR. SIMON: First of all, can everybody hear
17 me? Okay. Thank you for allowing me the privilege to
18 speak here -- allowing me to exercise my First Amendment
19 rights. Thank you for dressing me down.

20 I'm not going to beat the bush -- beat around
21 the bush here and say what everyone else has said. Yes, I
22 believe this is not good for our community. Yes, I
23 believe this is going to increase the possibility of crime
24 in our community. And, yes, I think it's going to go

1 ahead and decrease our property values.

2 But some people have said here tonight -- I've
3 listened. They say, Are we spinning our wheels. And if
4 you're -- we're here to discuss this. And if we're just
5 discussing it with these people here the answer is yes.

6 But I honestly believe that what we need to do
7 is we need to be proactive in this. We need to go -- we
8 say we live in a community. We want to protect that
9 community. Well, get to know your neighbor. Talk to them
10 about this meeting tonight. Talk to them and tell them
11 that you oppose this project. Explain to them that you
12 oppose this project. And then get involved.

13 I really think that the people here are really
14 most interested -- the people that are here right in this
15 meeting are best interested in how to redistribute the
16 wealth that we've worked so hard to achieve. I don't make
17 a lot. My wife doesn't make a lot. She's a school
18 teacher. But we pay a heck of a lot of taxes here, and I
19 believe we have a right to keep the quality of living that
20 we have today.

21 So I'd like to tell you how I think you can go
22 ahead and make this project disappear. Number one, you
23 need to contact your state senator and representative.
24 This is -- these people get elected. If they know that

1 you're opposed to something in their backyard and they
2 know that you're going to go ahead and not vote for them
3 next time, maybe someone will actually turn around and say
4 to these people here, This is something that these people
5 in this community do not want.

6 I also think you should contact Pearland Mayor
7 Tom Reed. We're going to be annexed by the City of
8 Pearland eventually. And if you would express this
9 opinion to the mayor of Pearland and let him know that the
10 people who are going to be underneath his jurisdiction in
11 the future will oppose this project and will oppose him if
12 he goes ahead and says, Yes, this is something we can't do
13 anything about, then maybe our voices will get heard.

14 You have to stand firm with your neighbors.
15 You have to keep in contact with the people in your
16 government. And, you know, that's how I think that you
17 can go ahead and help to oppose this project.

18 My parents did this in Pennsylvania. They
19 worked with their neighbors to get this -- to get a
20 housing project like this, you know, dissolved in their
21 neighborhood. And I think that we can do the same. Thank
22 you.

23 MS. MEYER: Catherine Beech?

24 MS. BEECH: I'll just start out by saying

1 [inaudible] Pearland and Silverlake since it was Southwick
2 for 14-and-a-half years. I've watched it grow, I've
3 watched it change, I've been here fighting with developers
4 before.

5 And let me make this one statement. I've seen
6 this neighborhood stand their ground, stand together, back
7 one another, and shut down a whole bunch of stuff.

8 So I agree with this gentlemen. We have to
9 contact every county, city, state, commissioners, and
10 senators, and all that stuff that we possibly can. But
11 we're a powerful source when we gang up together.

12 And there's two things. One of the comments
13 that the gentleman made about the educational aspect, a
14 third grader is only eight years old. There's another
15 demographic of children that we are facing as parents who
16 work -- both parents work -- from 12 years old to about 16
17 when they're not self-sufficient with their own vehicles
18 and possibly working. They are not taken in by the day
19 cares.

20 I even checked into Vacation Bible School this
21 summer for my children. My 12-year-old son won't be
22 allowed to go. They don't take them.

23 There's a big demographic of children that are
24 high risk. I've got a friend of mine that's looking at --

1 she's a single parent who lives right behind the school
2 and has worked and lived out in this community her whole
3 life. She went to school at Pearland High School.

4 She has a 12-year-old daughter. Next year
5 will -- has been in day care her whole life -- who will
6 end up walking home to an unattended home unless she finds
7 another resource for taking care of that child.

8 Where do you think these 500 kids that you're
9 only covering to eight years old are going to be? They're
10 going to be unattended and they're going to be unprotected
11 and they're going to be untaken care of. I can guarantee
12 you.

13 That has nothing to do with financials. That
14 has to do with the parents themselves paying attention to
15 their children and what's going on. And I can tell you
16 from experience and the people that I've met in this
17 community, they all give a damn about their children, they
18 love them dearly, and we will do everything in our power
19 to stand together to fight this. I will make sure of it.

20 MS. MEYER: Lisa Simon? (Pause.)

21 MS. SIMON: Okay. Everybody can hear me and
22 I'm going to talk fast because I want make sure I can get
23 it all in. First of all I want to commend all my
24 neighbors. I really am -- you guys are awesome.

1 Okay. We've been out here five years. We came
2 from the Galleria area. We are both parents and
3 professionals. One comment I want to make is, A, obvious
4 reason -- the site plan looks great. It's looks great.
5 Where are the sidewalks on our street that we can walk our
6 kids, our dogs, have some safety.

7 They're shoving a lot -- I work with kids with
8 visual perceptual deficits. They must have some visual
9 spacial problems because there's no way that is all going
10 to fit on that land. I'm sorry. I've walked by it a
11 million times. Okay? It's not going to work.

12 Second of all, I'm sorry, I had to wade in
13 water this deep to get my child from day care. How many
14 other people live on Cloverfield or Meadowglen or
15 Meadowhurst and had to go wade through water to get their
16 groceries. I saw (applause over speaker) that parked
17 together. So, no, we have a drainage problem, too. It's
18 obvious that is not going to fit on that land.

19 Three, I'm a professional. I work in a large
20 school district -- a wealthy one. There's not
21 equitability. I'm sorry. Yes, that's a great idea. I
22 work with all social economic classes. But you're talking
23 about resources. It's simple as construction paper. I
24 have certain schools that don't even have construction

1 paper.

2 I believe in them having equitability. I
3 believe there's home that need to be built for these low
4 social economical classes. But look closely. Make a wise
5 decision. Look at the whole picture.

6 Don't base it on -- yes, it's a money maker.
7 Why don't they turn it into a park like West Oaks. Have a
8 nice walkway. But it's all about money. It's not about
9 beautification of land, about your resources. It's about
10 shoving everything onto a small piece of land.

11 I'm a mother of two. I have redone my yard.
12 I've redone my house. We came in and -- you know,
13 everybody's like, oh, my gosh, they mow. We have done so
14 much. And I hate to see that lose because -- and I'm not
15 against anybody. I believe it. There's a special place
16 or an area. Pearland's huge. There are places between
17 here and Alvin. There are. I drive it -- trust me -- to
18 Sugar Land every day. There can be places where those are
19 built. This place is not an optimal place. Thank you
20 very much.

21 MS. MEYER: Shirley Castaneda?

22 MS. CASTANEDA: I think it's sincerely obvious
23 that I oppose this. And I'm going to talk to you, sir.
24 I've been watching -- I've been standing in that corner

1 watching you, sir. If you could come out from the police
2 officer I'd be happy.

3 I've been watching you snicker at some of the
4 things that these community members have been saying. I'm
5 upset about it and I'll tell you why.

6 I agree with every single thing they've said,
7 from infrastructure to flooding to [inaudible], to
8 protection, safety. We're talking about police officers
9 to protect this beautiful little unit. There's not enough
10 to protect our beautiful little community.

11 I have two small children. We moved here from
12 Clear Lake, which is a really nice community as well. I'm
13 a little nervous. My voice is shaking. Forgive me. We
14 moved here from Clear Lake. We lived in a very, very nice
15 community.

16 We had a low income housing move right across
17 the street -- major street -- from us. Halloween came.
18 We were wonderful people to come and trick or treat. We
19 couldn't open our doors any more. We couldn't let our
20 children out. We weren't comfortable.

21 We had all kinds of cars drive by with kids
22 that were booming boxes, had stockings on their heads
23 during the day time in the middle of the week of a school
24 year.

1 I understand your wanting to give people
2 something. I agree with my community members. This is
3 not the place to do it. We moved here because this was
4 supposed to be a well-planned community.

5 This is not what you're going to build for us.
6 The people who will be living there will not be of this
7 caliber. I'm sorry. I will step up to the plate and say
8 I have a problem with that. I don't have a problem with
9 people who just for some reason don't make it and step up
10 to the plate for whatever reason. But I have a problem.

11 You're showing us a beautiful picture. That's
12 not reality. You have painted this picture of Utopia.
13 Well, we're going to do this and we've got GED, we've got
14 this up to third grade, and it's just beautiful. Why
15 don't you move there?

16 I'm very, very, upset. I'm very upset with how
17 pretty this picture is. And you really expect us to just
18 take it. Here, honey, here is your dose of stuff. And
19 you expect us to go, Oh, wow, well, that's not so bad, is
20 it? Do you really, really think that anyone of these
21 people who are sitting here are going to go home tonight
22 and say, You know, he's not really that bad a guy after
23 all? That's not such a bad place.

24 I don't mind my eleven-year-old walking by that

1 area to go to school. Do you really think that's what
2 they're going to do? Do you really think anybody here is
3 going to sit down and take it?

4 And I really hope, sir, that you understand
5 this is not -- there's been a lot of jokes. This is
6 coming from their hearts, not just their paychecks.
7 Because this is our life and our children. And I'm really
8 hoping you're going to go home tonight and really weigh
9 what they have to say.

10 Because we are taking -- my -- I'm losing time
11 with my family to come here. My son stood them -- four
12 years old -- Mommy, please come home. That whole corner
13 heard me. I can't, honey, I'm going to stay. Because I'm
14 fighting for him. Okay?

15 MS. MEYER: Craig Kelsey?

16 MR. KELSEY: I really want to make two, maybe
17 three observations. The first is, you can spin this
18 anyway you want, but whoever buys my house from me is not
19 going to pay me a premium because it's five blocks away
20 from this place. Okay?

21 The other thing I want to address is this
22 neighborhood. I've lived in this neighborhood before it
23 was streets. I've lived in this neighborhood before this
24 school was here.

1 This is one of the most racially diverse crowds
2 you will ever see. We have professional athletes that
3 live in our neighborhoods, we have laborers that live in
4 our neighborhoods. We care about our kids. That's what
5 we're concerned about. This is very giving and loving
6 community, but we are not ready for this.

7 My concern is, if you want to be altruistic do
8 it with your money, not with ours. If (applause over
9 speaker) is what you are after I would think you would
10 want this in a neighborhood of people that want it there.
11 We don't. Okay?

12 The other bigger issue here is just a few
13 months ago we passed a \$30 million school board bond
14 issue. Now, I'm a school teacher, and that was pitched to
15 me as, we're not going to have tax increases because the
16 property value increases are going to cover that bond.

17 I'm also an accountant and I realize that,
18 well, whether the property value goes up or the tax rate
19 goes up it's still money out of my pocket. You put this
20 here, not only my property value is going to go down, my
21 tax rate is going to go up because we've got to pay off
22 those school bonds.

23 I would ask you, sir -- I know money is
24 important, and I know you've got profit and loss here.

1 But one of the things you may want to consider in your
2 profit and loss is I hope you have a whole big bunch of
3 money set aside for legal fees to get this place in here.
4 Because I haven't seen people in this neighborhood
5 motivated by anything like this since they wanted to build
6 a freeway through here. Okay? Thank you.

7 MS. MEYER: Vincent Himes? Is there anybody
8 else that would like to speak?

9 MR. HIMES: My name is Vincent Himes. Excuse
10 me, I'm not very good in this kind of stuff, but I'm going
11 to try the best I can.

12 I live here in Pearland. I'm in real estate,
13 and I've been in real estate for 23 years. I'm an
14 architect by trade. My double major's in financial
15 management and architecture.

16 I own four homes in Pearland, and in
17 surrounding areas I own other homes. This is -- this
18 situation -- I think if you would step back and look --
19 please be respectful -- if you would step back and look at
20 what they're really accomplishing and have already
21 accomplished that you would take a different stance.

22 When I first saw this, being in real estate, I
23 thought this is not good. And so I had to see something
24 like this. And I went over to south Houston and I looked

1 at that community. I looked at the management that they
2 have. I looked at the programs that they have. I also
3 looked at the way they set up these homes -- these -- this
4 community.

5 And I noticed that these -- I'm sorry, it's not
6 funny to me. I noticed that these --

7 MALE VOICE: [inaudible].

8 MR. HIMES: Excuse me?

9 MALE VOICE: [inaudible].

10 MR. HIMES: Okay. That's why. It's my turn.

11 MALE VOICE: Okay.

12 MALE VOICE: Then speak.

13 MR. HIMES: Shut up. It's my turn.

14 (Audience all speaking at once.)

15 MALE VOICE: Do you live here?

16 MR. HIMES: Yes, I live here. I just said I
17 did. Did you hear me?

18 (Audience all speaking at once.)

19 MR. HIMES: I live in West Oaks.

20 (Audience all speaking at once.)

21 MR. HIMES: That's real close. Yes, it's
22 pretty close. And this has a lot to do with everybody in
23 Pearland. Yes, it does. Let me -- just let me talk.
24 And, please, I'm embarrassed for the City of Pearland

1 people because you guys --

2 (Audience all speaking at once.)

3 MR. HIMES: [inaudible].

4 (Audience all speaking at once.)

5 MR. HIMES: I am a part of everybody here. You
6 bet. The lady mentioned more occupants than the lease.
7 That simply doesn't happen. Because as soon as the
8 management company finds out they get kicked out. It's
9 not like it used to be as far as that goes.

10 MALE VOICE: How do you know so much about it?

11 MR. HIMES: I've been in real estate for 23
12 years. I've sold 875 homes in my career. I know a little
13 bit about real estate. I'm not trying to say anything
14 derogatory toward you folks. I just want to just bring a
15 point to you guys that you should step back and get
16 educated before you run out of here and think that this is
17 a bad thing.

18 (Audience all speaking at once.)

19 MR. HIMES: Okay. Give me two more minutes,
20 please.

21 (Audience all speaking at once.)

22 MR. HIMES: Also, the entrance is not on Fite.
23 The main entrance is going to be on 518.

24 (Audience all speaking at once.)

1 MR. HIMES: The main entrance is going to be --

2 (Audience all speaking at once.)

3 FEMALE VOICE: You sold that property. That's
4 why.

5 MS. MEYER: Gregory Pearson.

6 MR. PEARSON: Hi, my name is Greg Pearson. I'm
7 a resident of Emerald Point.

8 (Audience all speaking at once.)

9 FEMALE VOICE: Get him out of here.

10 (Audience all speaking at once.)

11 MR. PEARSON: Okay. I'm opposed. All right?

12 (Audience all speaking at once.)

13 MR. PEARSON: Greg Pearson. I live in Emerald
14 Point. Okay? Every morning I get in my car, take my son
15 to this school right here, and I wait 20 to 25 minutes
16 behind all the traffic.

17 This year -- I may be off on the numbers. I'm
18 not a statistic. I don't know. But I think there's about
19 700 kindergartners. My child is in kindergarten. That's
20 a lot of kids. There's seven classes here and I think
21 there's nine at Silvercrest.

22 I mean, my big thing this influx of people is
23 just going to add. It's going to come to Pearland anyway.
24 This is going to continue. This is going to add to it.

1 The other thing that I wanted to make a point
2 of is that I live in Emerald Point near a lot of people
3 that live in Southglen. And I own a home that's not in
4 the flood plain. It's in a Zone X, which is like the
5 lowest that you can get. And I still buy flood insurance
6 every year because of a couple of years ago. And that's
7 ridiculous. Thank you.

8 MS. MEYER: Kevin Geeson [phonetic].

9 MR. GEESON: Can I have the site plan up
10 there -- the thing that we haven't seen much of? Please?
11 Or do you not want to show it? Is that -- I mean, that's
12 what I gather.

13 I mean, tonight we saw it flicker across the
14 screen when he was giving his presentation. I asked for
15 it to come up again, and I actually got a copy of it,
16 which I don't think any of you all have this. If any of
17 you all want to see this I'll have it after the meeting if
18 you all want to look at it.

19 But if you notice up in the top, which you
20 can't see, that, if you have that residency you have 498
21 cars -- or a possibility of that. If one of the people
22 works from the family that's 250 cars coming out of that
23 subdivision. You have one entrance, one exit up here at
24 the top. You have one entrance, one exit out here at the

1 bottom.

2 The reason I know some of this because I am an
3 engineer by trade. And because -- I mean, really, low
4 income, not low income -- it affects your -- value of your
5 property. Really, what we need to look at here is a
6 feasibility study. Have they been done? Have we looked
7 to see if it's really something we need to do? Is it
8 feasible? In my mind it's not. But, really, this needs
9 to go back to the board. They need to look at it.

10 You have a safety problem. If you have 246
11 units you probably have 2.3 kids, just as an average --
12 you're going to have 600 kids. How are they going to get
13 to school? You have one entrance, one exit on one end.
14 You have two entrances and two exits. And they have to
15 get to the bus because they're probably not going to have
16 any transportation to the school.

17 Another safety issue. The water. I mean, if
18 they're going to drown. Another safety issue. If one of
19 the -- like, say, the husband works, the woman stays at
20 home. How is she going to get groceries? She's going to
21 walk down the street. They're going to get run over.

22 I mean, it's just not feasible. I mean, you
23 have kids -- okay, kids are going to be walking home from
24 school because their parents don't have a car to pick them

1 up because their dad is at work. It's just not feasible
2 and it's very, very dangerous.

3 And the most important thing of this whole
4 meeting is the safety. You're going to have children that
5 are dead now that they got hit by cars. You're going to
6 have women that were hit by cars because they're going to
7 pick up their groceries.

8 I mean, you have to have a larger road. You
9 have to have sidewalks. You have to have the things that
10 are in place before you put a subdivision or any kind
11 of -- whether it's low income or not -- before you even
12 put that there.

13 I mean, it's -- and if you look at the
14 easements. I don't know if you all understand this, but
15 this goes on the bottom side of the lake. There's
16 actually a house down here in this bottom corner. This
17 strip over here actually goes up on top of that.

18 So if you look at your easement between Fite
19 Road and -- I mean, their parking lot, you only have like
20 five feet. There's no room for drainage. There's a ditch
21 there now. What are they going to do with it? Put it
22 underground?

23 I mean, there's so many issues with this that
24 this needs to go back to the State. This isn't for us

1 to -- I mean, I know we've done a lot here tonight, but,
2 really, this needs to go back to the State -- needs to go
3 to all the people that can actually effect this not
4 happening because of the safety of the people that are
5 actually going to be living there. That's the most
6 important thing.

7 MS. MEYER: Kimberly Gilbert.

8 MR. GILBERT: This is just food for thought.
9 Somehow this has slipped in, and we need to look at our
10 elected officials on how it slipped in under the rug here.
11 Somehow they got drainage approval.

12 And we talk about transportation. Don't
13 think -- you know, I always thought no public
14 transportation will come to Pearland. They won't have it.
15 Don't think the buses aren't going to come. They'll
16 probably apply for grants and everything to bring the
17 buses after they get this project in. So don't think that
18 we don't -- won't have public transportation.

19 We do need to look at our public officials and
20 see how it slipped in. Because they didn't want it down
21 in the City of Pearland they're slipping it into the
22 county because we just didn't know. And I'm sure we don't
23 have the rules in the county as they do in the city.

24 MS. MEYER: Nathaniel Murray.

1 MR. MURRAY: I am opposed to this whole thing.
2 It may look nice at first, but in a few years it's going
3 to become a crime area. It's going to become -- it may
4 look nice, but it's practically going to become ugly.

5 And there's going to be crime, stealing,
6 burglary. And we don't have this kind of thing. But now
7 we're going to bring in this kind of thing and then our
8 house prices are going to get -- go down. And we have put
9 lots of money into it, and now we're going to just it.
10 Thank you.

11 MS. MEYER: Is there anybody else that wants to
12 speak? I just want to make sure I get all that out of the
13 way. Yes, sir. We have more speaker before. We have
14 Christopher Murray.

15 MR. MURRAY: When we moved into this area it
16 was because it was a beautiful area. And this [inaudible]
17 our area. Why do you want to put this here or why do you
18 want to make our area worse?

19 Our crime rate is zero right now, and it will
20 only be -- they will only say only one murder for the
21 year. We had -- it's zero murders. I believe since we've
22 been here for eight years. And you are just going to make
23 it worse.

24 Pearland -- all that they care about is

1 stealing money from people, and they don't care about the
2 people. They -- and probably they have deaf ears to what
3 we are saying. Thank you.

4 MS. MEYER: [inaudible].

5 UNIDENTIFIED SPEAKER: I don't think I could
6 have said it any better myself. Thank you. I just want
7 to go on record as saying that the only people that have
8 come up here and who have actually supported this housing
9 project have been people who have been directly associated
10 or have had business dealings with the development
11 company. I think that's in very, very poor taste.

12 I know you guys looked about this room tonight
13 and you said -- you know, you've probably done this
14 before, but I don't think you've ever been up against a
15 neighborhood like this. You know, we may be very diverse,
16 we may be coming from many different walks of life.

17 You know, I look at my cul-de-sac alone. I've
18 got -- half of my cul-de-sac has an advanced graduate
19 degree of some sort or a medical degree. I've got a guy
20 that lives next to me who owns a business and sells
21 roughly in excess of \$50 million a year.

22 You know, we're going to fight you on this. We
23 are all educated, we're very mobile, we're very organized,
24 and we will not stand for this.

1 MS. MEYER: [inaudible] Richard?

2 MR. RICHARD: Sorry [inaudible] this. This is
3 going to be brief. I'm not a public speaker and it is
4 late.

5 The only thing I can add -- one point that has
6 not been brought up -- I don't know if anyone realizes
7 that the entire city of Pearland is served by a volunteer
8 fire department. No one is paid in this department. We
9 risk our lives to save your property and get you out of
10 trouble.

11 Now, Station 4 is the only station that
12 services this area. And that station -- all of the
13 officers and 80 percent of the members live south of 518.
14 We come up County Road 89. When we have a call,
15 especially around 6:30 in the evening or in the morning,
16 we cannot get to the station.

17 We keep the tax rate down by keeping a
18 volunteer fire department here, and we have a response
19 time that is equal to or better than Houston Fire
20 Department.

21 Adding this subdivision adds more vehicles --
22 adding this subdivision with more vehicles, more people --
23 we're trying to get to the station to help you with your
24 problem. We're simply not going to be able to get there.

1 MALE VOICE: You can't even get in the
2 subdivision.

3 MR. RICHARD: I know. That's all I have to
4 say.

5 MS. MEYER: I would like to thank all of you
6 for your comments and for participating in this public
7 hearing. If you didn't get a packet of information up at
8 the front -- my information is in the back of that -- how
9 to get in touch with me. If you want to e-mail me my
10 address is on there also. And you can send written
11 comment, if that's what you would prefer to do.

12 But the public -- I'd just like to give you a
13 couple of dates. The public deadline -- the public
14 comment deadline is May 28. So if you want to e-mail me
15 or mail me something -- my fax number is also on there, so
16 if you want to write a letter and fax it to me you can do
17 that also. But the cutoff is five o'clock on May 28.

18 This transaction is scheduled to be presented
19 to the Texas Department of Housing Board on June 10. And
20 a package of information will be given to the Board, which
21 will be available on our web site seven days prior to the
22 10th, which -- the 10th is on a Thursday, and it's the
23 previous Thursday -- I do believe it's the 3rd.

24 But it will be posted on the web site, so if

1 you want to see exactly what will be presented to the
2 Board you can get a copy of that information.

3 Seeing that there's not any other comments at
4 this time I'm going to conclude the hearing part, and I'll
5 open the floor for questions. But let the record show
6 that the meeting is now adjourned and the time is 8:17.

7 MALE VOICE: I have a question. When are --
8 you're up there, you're in control [inaudible]. Do we
9 have a chance of stopping this, yes or no?

10 MS. MEYER: Okay. Let me explain the process
11 from this point. Okay?

12 MALE VOICE: Tell me just a yes or no answer.

13 MS. MEYER: Well, I need to [inaudible]
14 process --

15 MALE VOICE: Do we have a chance?

16 MS. MEYER: -- I think you'll understand that
17 it is not a done deal.

18 MALE VOICE: Okay. That's good.

19 MS. MEYER: It is offered as on the property.
20 He can do with -- what he wants with it, so, I can't
21 really address anything [inaudible]. But, as far as this
22 process is concerned, we're right in the middle of the
23 transaction, and [inaudible] why are we in the middle of
24 it? [inaudible] 30 million [inaudible] in the paper, and

1 that's the reason why it's a little bit farther into the
2 process than [inaudible]. But that's the reason why we're
3 kind of in the middle of it.

4 But, at this point, a copy of this transcript,
5 which -- and we have court reporter who is transcribing
6 everything -- a copy of this transcript and a summary of
7 all comment that I receive will be given to the Board in
8 that presentation that I told you we posted on the web
9 site.

10 FEMALE VOICE: What board are you referring to?

11 MS. MEYER: The Texas Department of Housing and
12 Community Affairs.

13 FEMALE VOICE: So they have [inaudible].

14 MALE VOICE: No. Doesn't that count for
15 something?

16 MS. MEYER: They're a State agency and --

17 MALE VOICE: [inaudible]

18 FEMALE VOICE: [inaudible]

19 MS. MEYER: Let me tell you how the process
20 [inaudible]. If you want a copy of that, there's a
21 summary of the whole transaction at the very beginning of
22 that package of information. It goes through all the
23 players involved as far as trustees and financial
24 institutions and different councils. Anyway, it gives you

1 a lot of information for that.

2 It also gives the sources and uses of the
3 bonds, and I know that I've received several e-mails
4 wanting to know exactly how the money is going to be used.
5 And that breaks it down to what page is what. There's
6 also a minute schedule that will show you exactly what it
7 is that you'll be charged. And there's an [inaudible].

8 And there's a compliance history. I think
9 somebody had asked how you get a copy of that compliance
10 history. Everything with the State is on public record.
11 If you'd like a copy of the compliance history of this
12 developer [inaudible] done business with, whether there's
13 properties [inaudible], you're more than welcome to get a
14 copy of that report.

15 MALE VOICE: Can I ask that question again,
16 then? I understand the process now. It goes between the
17 boards. What are our chances? Who do we talk to to stop
18 this from happening?

19 MS. MEYER: Well, let me get through the
20 process and I'll --

21 FEMALE VOICE: Oh, come on.
22 [indiscernible-several people speaking at once]

23 MS. MEYER: My Board knows it -- and a lot of
24 things. They -- I'm trying to tell you exactly what's

1 going to be in the package for them to make the decision
2 on. Along with that, is a copy of this transcript and the
3 information that you have given, and they will weigh that
4 decision.

5 They take everything into consideration, the
6 feasibility, the numbers, do they work, I mean, is it even
7 more viable property. They will get an underwriting
8 report that is done by the department that gives market
9 information, it gives a lot of information that they will
10 go into and make a decision on.

11 Not only at this public hearing, but if you
12 want to go to the Board meeting, you're more than welcome
13 to do that.

14 FEMALE VOICE: Where is the Board meeting?

15 MS. MEYER: The Board meeting is in Austin.

16 [indiscernible-several speaking at once]

17 MALE VOICE: To be announced. They'll post it.

18 FEMALE VOICE: By the 10th.

19 [indiscernible-several speaking at once]

20 FEMALE VOICE: Are the members of the Board
21 elected? Are they elected officials?

22 MS. MEYER: The members of the Board are
23 appointed by the governor.

24 [indiscernible-several speaking at once]

1 FEMALE VOICE: Will the Board come to Pearland
2 and look at this site, look at our neighborhood, before
3 they make this decision?

4 MS. MEYER: [inaudible] information, but, no,
5 do they come out -- one of our board members does live in
6 Missouri City. He's very familiar with all the areas
7 around Houston. And he does have a --

8 FEMALE VOICE: What's his name?

9 MS. MEYER: [inaudible]

10 MALE VOICE: Are you on the Board?

11 MS. MEYER: No, I'm not on the Board. Just
12 staff.

13 MALE VOICE: No? Okay.

14 FEMALE VOICE: How do you spell his name?

15 FEMALE VOICE: What's his name again?

16 MS. MEYER: [inaudible] Bogeny. All it -- I
17 can get you all this information -- all of our Board
18 members are listed on our web site also. And, you know,
19 their contact information on how to get in touch with
20 them. You're more than welcome to do that. [inaudible]
21 if you want to [inaudible] do that.

22 FEMALE VOICE: [inaudible]

23 MS. MEYER: I didn't [inaudible]

24 FEMALE VOICE: Right. But [inaudible]

1 specifically [inaudible]

2 FEMALE VOICE: You take off that far left piece
3 and you attach it to the top.

4 FEMALE VOICE: If I -- because we're back here
5 talking, if I can show you what we're questioning, it's
6 hard to tell. Are you showing --

7 MALE VOICE: There's a match line at the bottom
8 on the left --

9 FEMALE VOICE: Like right here? No, it's over
10 one page and you take that whole piece and move that whole
11 piece over to the top.

12 FEMALE VOICE: Okay. Okay. So these are homes
13 and mobile homes --

14 FEMALE VOICE: No, no, no. That's their
15 development.

16 FEMALE VOICE: Right. Right. But
17 theoretically, this gets shoved up there, so this --

18 FEMALE VOICE: Yes.

19 FEMALE VOICE: -- is all the other homes
20 around -- this is where we would be.

21 FEMALE VOICE: Exactly.

22 FEMALE VOICE: We're having a hard time
23 visualizing that. So what that means is there's a
24 piece -- one row of housing garage and park ways in the

1 parking lot before you ever see the [inaudible].

2 FEMALE VOICE: Correct.

3 MALE VOICE: Very narrow.

4 [indiscernible-several speaking at once]

5 MALE VOICE: You see the scale down at the
6 bottom, it's 20 feet.

7 MALE VOICE: Yes, 20 feet.

8 FEMALE VOICE: Is there a lawyer here?

9 MALE VOICE: [inaudible] all of you
10 [inaudible] and get on the web site. It's got a chat site
11 that they set up that's just -- you know, go to
12 [inaudible] texas.com and communicate on it, because when
13 people [inaudible] all various things. [inaudible] web
14 site and someone brought it up that it was assigned to me,
15 so [inaudible].

16 We want to notify there's no attorney here.
17 [inaudible] bring an attorney, we'll have to bring him to
18 another meeting to be the one that has to [inaudible].
19 [inaudible] what we need to know from them is what does
20 it take to stop this sort of project.

21 MALE VOICE: That was my question [inaudible]

22 MALE VOICE: [inaudible] can't answer, can it?

23 MALE VOICE: She has not answered my question.

24 MALE VOICE: What the Board -- the Board

1 [inaudible] the project, I think. Maybe, maybe. What
2 projects, what were the reasons? We -- our project is
3 [inaudible] that's some idiot, not in my backyard. That's
4 one thing that [inaudible] they want you to get on his
5 case if you want it in your backyard. [inaudible] I'm
6 talking all those things. We don't have any [inaudible]

7 MS. MEYER: Sir?

8 MALE VOICE: That's the answer we want
9 notified, Ms. Meyer.

10 FEMALE VOICE: I have a question on the
11 [inaudible] legal action. Is there anything [inaudible]
12 anybody that knows an attorney that understands this
13 process, that lives in Silverlake? Is there any legal
14 action we can do to block the Board from having the
15 authority to make a decision in a community that it knows
16 nothing about, does not live in, they have no financial
17 ties to [inaudible].

18 FEMALE VOICE: There was supposed to be a
19 lawyer here tonight from [inaudible] but the lawyer that
20 represents community [inaudible] he's not [inaudible].

21 MS. MEYER: The question on the floor --

22 FEMALE VOICE: I want to know who our voice is
23 going to be? Who is going to be the voice of this
24 community at your meetings in Austin.

1 MS. MEYER: This transcript will be.
2 Everything that you just said tonight, a copy -- a whole
3 copy of this transcript will be given to the Board as --

4 FEMALE VOICE: [inaudible]

5 MS. MEYER: Ma'am, I'm not an attorney and I
6 can't instruct in that. If you want to seek an attorney
7 and find out as best you could [inaudible] to do so.

8 FEMALE VOICE: Who's side are you on?

9 MS. MEYER: Ma'am, I am not -- I am an
10 objective person here, and I'm here to do a public
11 hearing.

12 FEMALE VOICE: [inaudible].

13 MS. MEYER: No, it's not.

14 FEMALE VOICE: [inaudible] anybody ever passed
15 [inaudible] and will an attorney have any pull in
16 [inaudible].

17 MS. MEYER: No, they -- okay, the question,
18 again, goes back to the legal ramifications. I don't have
19 any -- I can't advise you on anything. Do you want to
20 seek legal advice, you can do that. Now, has anybody else
21 asked that question before? Yes, and I've given them the
22 exact same answer. I work for the State. I'm here doing
23 a job -- my job in holding a public hearing.

24 MALE VOICE: Is this proposed anywhere else in

1 Pearland or in the vicinity and what was the outcome of
2 that [inaudible] anything vicinity and how was the outcome
3 of that [inaudible]. Is it true that it's been proposed
4 [inaudible]

5 MALE VOICE: I'm not aware of [inaudible]

6 MS. MEYER: As far as --

7 MALE VOICE: Has public housing been proposed
8 anywhere else in Pearland and has it been defined?

9 MS. MEYER: As far as the department and the
10 issuer of any type of bonds in Pearland, no, we have not.

11 MALE VOICE: You have not proposed anything
12 down at the other end of Pearland?

13 MS. MEYER: No. Not as TDHCA as an issuer.
14 There are other issuers that issue bonds in the State of
15 Texas. TDHCA is not the only one.

16 Yes, ma'am.

17 FEMALE VOICE: Since you are still here, the
18 people that you did hear speak in favor of the development
19 really seems to resent that our concern is going to be
20 over crime and bringing in low income families into our
21 neighborhood. And as we've heard, and I firmly agree,
22 this is not a not in my backyard issue, [inaudible] this
23 same group and it was 84,000. I wasn't making much money
24 [inaudible] but I probably couldn't qualify for the

1 housing at the time we bought it.

2 But, all of these other issues that we did
3 bring up, the difficulty traveling on roads with the
4 population that we currently have, the inability to get
5 fire personnel to and from the fire station, the number of
6 children that are currently attending schools, what kind
7 of issues are you prepared to address with those since
8 your development is going to be causing a hardship on us
9 [inaudible].

10 MALE VOICE: The \$25,000 a house [inaudible].

11 MALE VOICE: I couldn't hear you real well
12 [inaudible]

13 FEMALE VOICE: I could restate it.

14 MALE VOICE: As far as the tract, we do have an
15 entrance and exits on Pine Road and [inaudible]. The main
16 roads in Oak Grove that comes off 518 right by the reserve
17 [inaudible] that's where the property joins, right there
18 on that existing new road, [inaudible] Road. So most of
19 our traffic will most likely be going out on 518.
20 [indiscernible-several speaking at once]

21 FEMALE VOICE: If I really -- I don't think
22 that you are in the area daily to see the amount of
23 traffic getting out onto 518 from those residents at the
24 apartments. It's difficult. They're building -- a number

1 of those cars pulling out of [inaudible] going out 89,
2 going out the other way, we don't have the roads that we
3 need for that kind of -- we don't have the roads we need
4 for the traffic that we have.

5 MALE VOICE: I've first built in Pearland in
6 1974, and I've seen the changes in Pearland also. 518 was
7 a --

8 FEMALE VOICE: Plus you're to here daily.

9 MALE VOICE: -- two lane road, asphalt road.
10 I've seen a awful changes, there'll be an awful lot more
11 changes coming to Pearland. I'm sure 518 and 89 will
12 eventually be, you know, improved and widened.

13 Part of the issue about our plan is we donated
14 land on the back side of our property along Pike Road for
15 the future widening of Pike Road, so everyone come on
16 across [inaudible] stops right now at Rogers Elementary
17 will eventually be widened just like that is.

18 FEMALE VOICE: But it's your understanding our
19 concern is eventually is the problem. Eventually come,
20 2006, we're scheduled for two elementary schools. Your
21 resident's children will be in our schools before then. I
22 don't have a problem with children coming to our schools,
23 if there's room for them. I don't have a problem with the
24 cars being on the roads, if there's room for them.

1 But if it's causing a hardship on the
2 neighborhood, and the only benefit we have is eventually
3 it should be fine?

4 MALE VOICE: [inaudible] school district
5 [inaudible] and also Jamison [inaudible]
6 [indiscernible-several speaking at once]

7 FEMALE VOICE: [inaudible] are in relationship
8 to our neighborhood? So are those children going to bused
9 a great distance? In which case, again, you have the
10 issue of them walking where they don't have sidewalks to
11 get to the bus or are our children going to be moved out
12 of their neighborhood schools that we moved in for?

13 I mean, you have answers, but they are not
14 solutions for us. And I don't see that if you want to
15 come into our neighborhood and you want us to support you,
16 I think the answers need to be solutions.

17 MALE VOICE: Looking at the information that
18 the school district gave us, it shows [inaudible]
19 redirected a lot of kids to come to Silverlake when
20 Silverlake was built new two years ago.

21 MALE VOICE: Have you ever been to [inaudible]
22 schools.

23 [indiscernible-several speaking at once]

24 MALE VOICE: Okay. I taught there for two

1 years. It's a [unintelligible] school. It's very
2 dilapidated, it's old.

3 FEMALE VOICE: They are tiny.

4 MALE VOICE: Very small schools. I think --

5 FEMALE VOICE: And, sir --

6 MALE VOICE: -- you're making a big mistake.

7 FEMALE VOICE: -- you don't acknowledge the
8 fact that, you know, PISD is showing you against the
9 [inaudible] other school's [inaudible], but they also sent
10 three letters requesting that this development not go in.
11 If they felt like they could handle the number of kids,
12 they would have never sent those letters.

13 This is coming directly from a board member who
14 is not available to be here because she is an attorney and
15 out of town. But, this isn't just pie out the, you know,
16 pie out of the sky stuff if the district is asking
17 multiple times that this development not go in.

18 MALE VOICE: [inaudible] Pearland [inaudible]
19 shows all their schools at capacity.
20 [indiscernible-several speaking at once]

21 MS. MEYER: [inaudible]

22 FEMALE VOICE: Ms. Meyer, you said that a
23 transcript for tonight would be presented on June 10, and
24 that is our voice. Is there any other voice via e-mail or

1 anything else that we can let the Board members know how
2 we feel about this?

3 MS. MEYER: Yes, ma'am. Any additional
4 comments that you want to make, you're welcome to send it,
5 and all that will --

6 FEMALE VOICE: And that will be presented also?

7 MS. MEYER: Yes, it will.

8 FEMALE VOICE: Thank you very much.

9 MS. MEYER: Yes, ma'am?

10 FEMALE VOICE: My question is, is [inaudible]
11 [indiscernible-several speaking at once]

12 FEMALE VOICE: According to Dr. [inaudible]
13 Smith, chief economist with the University of Houston
14 public policy section, who has accurately predicted the
15 Houston housing market for over 30 years, what type of
16 [inaudible] study could you possibly have that will
17 justify more apartments, when the apartment market is
18 over-supplied and [inaudible] There's already a huge
19 [inaudible] factor at that side, as well as a couple of
20 other locations in [inaudible] Silverlake area
21 [inaudible].

22 So, how did you [inaudible] studies about
23 that?

24 MALE VOICE: [inaudible]

1 FEMALE VOICE: Where are they?

2 MALE VOICE: [inaudible]

3 [indiscernible-several speaking at once]

4 FEMALE VOICE: I'd like to have a copy of
5 those.

6 MALE VOICE: On the record, could we make them
7 part of the record?

8 MS. MEYER: The question is, is there a
9 feasibility study, and, yes, there is a market study that
10 is with the department and is public record and you're
11 welcome to a copy of that.

12 FEMALE VOICE: And I'd like to know --
13 [indiscernible-several speaking at once]

14 MS. MEYER: I can't answer a whole bunch of
15 questions at one time. As far as -- I'm not real sure if
16 the feasibility study that he's addressing -- if I have it
17 my office, it is public record and you are welcome to a
18 copy of it.

19 FEMALE VOICE: I'd like to know -- if you have
20 that feasibility study, then how does that impact the City
21 of Pearland [inaudible] The city did not take that action
22 lightly. So, if you have that study, then obviously it's
23 just a [inaudible] study that they have done.

24 [indiscernible-several speaking at once]

1 FEMALE VOICE: In two years, this location will
2 be in the city. In two years.

3 MS. MEYER: You're welcome to have a copy of
4 anything that the State has. [inaudible] it's not
5 public. It's up to the developer. If you want to contact
6 him personally, I can give you that information
7 [inaudible].

8 FEMALE VOICE: Well, I will give you my name
9 and number because I want that feasibility study.

10 MS. MEYER: Sir.

11 MALE VOICE: So we could contact you? And can
12 we get a copy of this transcript in writing also?

13 MS. MEYER: Yes. As soon as -- it normally
14 takes about two weeks to get the transcript because it has
15 it be typed out. [inaudible].

16 MALE VOICE: And then any other studies that
17 you have?

18 MS. MEYER: Anything that I have in my office
19 is of public record, so you should --

20 FEMALE VOICE: Are we going to be able to get a
21 transcript of the Board meeting?

22 MS. MEYER: After the Board meets there is a
23 transcript that is available.

24 FEMALE VOICE: I make to make sure all their

1 [inaudible] --

2 MS. MEYER: Well, the problem with the
3 transcript -- it normally takes about two weeks to get
4 that also -- sometimes a little longer -- depends on how
5 large that meeting is. But, yes, you can get a copy of
6 the Board meeting once it gets published. Yes, ma'am.

7 FEMALE VOICE: Can we find out the name of the
8 person that supplies him the information that said we were
9 not at capacity with our schools?

10 MS. MEYER: Yes, ma'am. I -- the question is
11 can we get the information --

12 FEMALE VOICE: The name of the person that
13 supplied --

14 MS. MEYER: The name of the person that
15 supplied the information about the schools, yes. I'll try
16 to get that information for you. Yes, sir.

17 MALE VOICE: Have you seen these proposals been
18 defeated?

19 MS. MEYER: Yes, sir.

20 MALE VOICE: And how is that done? How have
21 you see it done?

22 MS. MEYER: Same thing that you're doing
23 tonight.

24 MALE VOICE: And from here what's the next

1 step?

2 MS. MEYER: It goes through the process that I
3 went through before. I mean, all of the information for
4 this particular development will be compiled and presented
5 to the Board.

6 MALE VOICE: What board?

7 MS. MEYER: The Texas Department of Housing and
8 Community Affairs.

9 MALE VOICE: Well, where are they at?

10 AUDIENCE: In Austin.

11 MS. MEYER: Yes, sir.

12 MALE VOICE: Is there a maximum number of
13 occupants per federal [inaudible] that is required? Is
14 that mandated as part of these requirements from the State
15 that they monitor?

16 MS. MEYER: That is a compliance monitoring.
17 And, yes, it is two persons per bedroom.

18 MALE VOICE: Two persons per bedroom.

19 MS. MEYER: That's correct. And it is
20 monitored by the State. That is one of the things that
21 is. Yes, sir.

22 MALE VOICE: So you said we would go through
23 the process. [inaudible] summary judgment of the actual
24 meeting -- basically, a transcript of what happened here

1 tonight. Do you present that to the Board? Who makes the
2 case [inaudible] property to the Board? Who presents
3 that?

4 MS. MEYER: Our executive director, Edwina
5 Carrington, is the one that would actually present the
6 transaction -- and, actually, all the transaction to the
7 Board.

8 MALE VOICE: Is there a summary judgment
9 written by someone in your office in addition to the
10 transcripts?

11 FEMALE VOICE: Do you make the recommendation?

12 MS. MEYER: There will be a staff
13 recommendation, yes.

14 MALE VOICE: And that's compiled by the staff
15 as a whole looking at the transcript?

16 MS. MEYER: Staff as a whole. We have an
17 executive review committee that meets prior to the package
18 being posted onto the web site and presented to the Board.
19 That committee has --

20 MALE VOICE: So sometimes --

21 MS. MEYER: -- say so -- I mean, that's where
22 the staff recommendation would actually be published.

23 MALE VOICE: So sometime before June 3 you will
24 have your recommendation from the staff.

1 MS. MEYER: Yes.

2 FEMALE VOICE: At what point can we know what
3 your recommendation is?

4 MALE VOICE: You know it tonight.

5 MS. MEYER: Well, I mean, it won't actually be
6 a public record. The actual staff recommendation won't be
7 a public record until it's posted to the web site, which
8 is seven days prior to the Board meeting.

9 FEMALE VOICE: In the packet.

10 MS. MEYER: It will be in the packet. Yes,
11 ma'am. Yes, sir.

12 MALE VOICE: [inaudible] in this information
13 that they present to the Board is there a traffic study
14 based on the traffic patterns that will be increased
15 [inaudible] the amount of cars? Is there information -- a
16 study [inaudible] gentleman talked about on bringing these
17 issues of the water [inaudible], increase in fire
18 [inaudible] responsibilities, increased [inaudible] moved
19 in. Are there studies presented along with this
20 information presented to them so they can make an informed
21 decision?

22 MS. MEYER: As far as -- no, not all those
23 studies are, you know, part of the decision process.

24 FEMALE VOICE: Well, then, what is?

1 MALE VOICE: Why not?

2 MS. MEYER: There are a lot of things that are
3 presented to the Board.

4 FEMALE VOICE: That's the main [inaudible].

5 MS. MEYER: We have engineering --

6 FEMALE VOICE: Why can't this be part of the
7 packet? Shouldn't this be? Isn't police and fire
8 important enough to be part of the plan?

9 MALE VOICE: [inaudible] the children?

10 MS. MEYER: If one of those things -- if that's
11 the concern and you want to do a traffic study, yes, you
12 can present that to the Board. As far as --

13 FEMALE VOICE: Should be required by law for
14 him to build all these apartments and not --

15 MS. MEYER: Ma'am --

16 FEMALE VOICE: -- have the facilities to take
17 [inaudible].

18 MS. MEYER: I understand that concern. And
19 that's just not part of the actual package. Yes, sir.

20 (Audience all speaking at once.)

21 MS. MEYER: Can everybody -- I can't hear the
22 question, please.

23 MALE VOICE: This is just procedural. Why is
24 this question-and-answer period not a part of the hearing,

1 and, therefore, I assume not part of the record?

2 MS. MEYER: Well, it was supposed to be.

3 (Audience all speaking at once.)

4 MS. MEYER: The actual hearing itself is
5 [inaudible].

6 (Audience all speaking at once.)

7 MS. MEYER: The question and answers isn't
8 an -- it's not part of the hearing itself. It's an
9 informational time for you and myself or the developer,
10 you know, to make -- normally, it is transcribed --

11 FEMALE VOICE: But there are important issues
12 that needs to be addressed. And it needs to be recorded.

13 MS. MEYER: Those -- your concerns were
14 addressed at the public comment.

15 FEMALE VOICE: But there's a lot of people that
16 didn't go up and speak. Not everybody went up and spoke.

17 MS. MEYER: And I've given you the open door as
18 far as sending written comment to the Board -- I mean, to
19 be presented to the Board. I mean, that's your avenue
20 right there. Yes, ma'am.

21 MALE VOICE: Wait. I still have another
22 question.

23 MS. MEYER: Okay.

24 MALE VOICE: My second question -- I was

1 wondering if I could ask the developer -- is -- you don't
2 have to answer, obviously, but I'm just curious why would
3 you choose to build low income housing on your property
4 versus, seeing as though it's lakefront property, you
5 could put up some real nice luxury apartments and charge
6 astronomical rents?

7 FEMALE VOICE: And get the money for it.

8 MALE VOICE: [inaudible] cost the government
9 \$14 million.

10 MALE VOICE: [inaudible] market study indicates
11 that a lot of people in Pearland would fit the [inaudible]
12 income bracket that we serve.

13 FEMALE VOICE: Not in our area though.

14 (Audience all speaking at once.)

15 MS. MEYER: Yes, ma'am.

16 FEMALE VOICE: It seems to me that we need some
17 legal advice.

18 MS. MEYER: Excuse me. We can't hear the --
19 the lady has the floor.

20 FEMALE VOICE: It seems to me that we need
21 legal advice since we all pay our dues to the civic
22 organizations. We need to have a meeting with them. They
23 have the lawyers to pay for it. If we need an injunction
24 it's probably --

1 MALE VOICE: Absolutely.

2 FEMALE VOICE: -- might be to get an
3 injunction.

4 MS. MEYER: Are there any other questions?
5 Yes, ma'am.

6 FEMALE VOICE: You said it's not part of the
7 public hearing -- the question-and-answer session. But
8 normally [inaudible] said normally it would be --

9 COURT REPORTER: Ma'am. I'm sorry. It was my
10 fault.

11 FEMALE VOICE: I understand.

12 COURT REPORTER: When she did the conclusion a
13 while ago it was my fault that I did --

14 MALE VOICE: Has that been entered into the
15 record?

16 COURT REPORTER: And I have since recording
17 here on this -- I can't get all the questions anyhow.

18 FEMALE VOICE: Right. So, now, the second half
19 of my question is, if it was supposed to be taped -- it
20 was supposed to be transcribed and put into, what, as a
21 part of the public hearing?

22 MS. MEYER: The public hearing -- I mean, the
23 transcript of the public hearing is what goes to the
24 Board. Your comments.

1 FEMALE VOICE: What does the question-and-
2 answer session being taped -- what good does that do us?

3 MS. MEYER: Just gives us a record of what was
4 asked.

5 FEMALE VOICE: So you guys don't really even
6 look at it.

7 MALE VOICE: Does that go in the transcript
8 also?

9 FEMALE VOICE: If it was taped and transcribed
10 for the Board to read and really get a sense of the
11 frustration in this room, would you -- does the Board take
12 these question-and-answer sessions into consideration in
13 making a decision? Or is it simply the hearing, simply
14 the comments, and then, boom, you turn it off?

15 MS. MEYER: There was a mistake made, ma'am.

16 FEMALE VOICE: I understand.

17 MS. MEYER: And I can't take that back at that
18 time.

19 FEMALE VOICE: That's not what I'm asking.

20 MS. MEYER: And the answer to your question, I
21 think there was enough frustration in the hearing
22 itself -- I think the Board will get the idea on that.

23 FEMALE VOICE: I understand.

24 MS. MEYER: If they want me to make a public

1 testimony at the Board meeting they will request that.

2 FEMALE VOICE: I understand. But how -- that's
3 not answering my question. My question is, if this is
4 supposed to be taped and transcribed and to go to the
5 Board as part of the hearing, but not the official part,
6 would the Board have read these question-and-answer
7 sessions -- would they have been reading them or do they
8 say, oh, here it is, it says, The End, end of the hearing,
9 oh, we've got 50 pages of questions -- no, we don't read
10 that? Is that how it would go?

11 Or do they say, Oh, look, these people are
12 pretty frustrated, there's 50 more pages. How -- where do
13 you guys stop? At the hearing period? Or are these
14 question-and-sessions in transcribed -- and is it part of
15 the decision-making process?

16 MS. MEYER: Normally the question and answers
17 are part of the decision-making process.

18 MALE VOICE: Do it over.

19 MS. MEYER: I can't take back what's happened.

20 All I can --

21 (Audience all speaking at once.)

22 MALE VOICE: Can I go on record to say that
23 there is a videotape in the room and that that will be --

24 FEMALE VOICE: This is supposed to be a legal

1 session -- excuse me.

2 MALE VOICE: There is a videotape, ma'am. If
3 we go on record then that can be submitted.

4 FEMALE VOICE: Are you taping us? Can you
5 transcribe off this? Because, see, this is legal
6 regardless because some things should have been taped. In
7 a court -- in a trial, do you say, oops, my cassette
8 turned off. Well, you think you can make a decision on
9 three-quarters of the case?

10 MS. MEYER: Ma'am, I think there was enough
11 comments --

12 FEMALE VOICE: That's not the point.

13 MS. MEYER: -- during the hearing --

14 (Audience all speaking at once.)

15 MS. MEYER: And that -- I mean, if you want to
16 get the real matters that's what it is.

17 FEMALE VOICE: This is a legal matter.

18 MS. MEYER: Are there any other questions that
19 we can -- yes, ma'am.

20 FEMALE VOICE: I do have a question. The
21 statistics from the school board that said those schools
22 were under capacity, did it give numbers -- like how much
23 it was under capacity? [inaudible]

24 MALE VOICE: [inaudible].

1 FEMALE VOICE: You said that the report from
2 the schools said they were under capacity [inaudible] is
3 what you said, if I understood you correctly.

4 MALE VOICE: [inaudible] capacity is 600.
5 Enrollment is 490.

6 FEMALE VOICE: Okay. How about the other
7 schools?

8 MALE VOICE: [inaudible] under capacity.
9 Enrollment is 845. [inaudible] is 964 capacity; enrollment
10 is 607. Pearland Junior High South is -- capacity is 900;
11 enrollment is 757. Pearland Junior High School East --
12 capacity is 846; enrollment if 558. Pearland High
13 School -- capacity is 3,900; enrollment is 2,800.

14 MALE VOICE: There's a problem with this
15 meeting [inaudible] be corrected. We were not given due
16 time on the tape recording, we were not given due time
17 [inaudible] the meetings actually occur. There could have
18 been 2,000 here. There was only about 350 people time.
19 We do not have an accurate representation of the people in
20 this community on that paper -- those signatures. I think
21 this is not right.

22 (Audience all speaking at once.)

23 MALE VOICE: I have an e-mail [inaudible] who
24 couldn't be here tonight.

1 FEMALE VOICE: I mean, can anybody tell me why
2 there is no one from City Hall here or --

3 MALE VOICE: Or the school board.

4 (Audience all speaking at once.)

5 MALE VOICE: But here's an e-mail from
6 [inaudible], who you know is our School Board Trustee.
7 She has just briefly -- it's a long e-mail. This is one
8 she responded -- she had written to the Texas Department
9 of Housing three or four times in the last [inaudible].
10 And she says right here, As you know, Silvercrest and
11 Silverlake are at capacity. Those are the schools that
12 [inaudible] for Tranquility Bay. You know that.

13 They're at capacity now. We're building
14 another apartment project [inaudible] building right now
15 [inaudible]. That's [inaudible] 4- or 500 [inaudible]
16 because [inaudible] even more.

17 But she says, Silvercrest and Silverlake are at
18 capacity. So are [inaudible] and Carlton. The schools
19 are all full. I mean, there's no question about that.
20 We're going to have to build [inaudible] schools. I don't
21 mind [inaudible], but [inaudible].

22 MALE VOICE: [inaudible]. It's not on record.

23 It doesn't matter what you say. It's not on record.
24 They're not going to hear anything you're saying right

1 now. It's not on record.

2 MALE VOICE: Oh, no, no, no. I'm talking
3 about, we've got to get on that Silverlaketexas.com --

4 MALE VOICE: But it's not on record.

5 MALE VOICE: Get organized. I'm just telling
6 you guys now to get you upset and where you'll know where
7 it's all coming from from what I know. Now, Mrs. Meyer,
8 she speaks for us for the Board. What is Mr. Boggany's
9 first name?

10 MS. MEYER: Shadrick.

11 MALE VOICE: Shadrick. We need to get in touch
12 with him also on Missouri City. I mean, we need to get in
13 touch with every -- is that the MS. MEYER: only board
14 member we know?

15 MS. MEYER: That's -- he lives -- yes.

16 MALE VOICE: So the ones that don't live here
17 local are not important or they don't count or they're not
18 concerned?

19 MS. MEYER: I was just letting you know there
20 is a Board member that is from the Houston are.

21 MALE VOICE: Well, we definitely need to get
22 all those together and definitely get on that
23 Silverlaketexas.com so we can --

24 MALE VOICE: The developer's going to get in

1 touch with Shadrick -- he's written his name down also, so
2 he's going to try to contact --

3 (Audience all speaking at once.)

4 FEMALE VOICE: I have one other question.
5 Would the Board consider as evidence a videotape of that
6 area -- the streets with all their traffic, the lack of
7 the sidewalks? Would they consider looking at something
8 like that? You could e-mail that.

9 MS. MEYER: The community -- if you want to
10 make -- if you wanted to do a Power Point presentation and
11 go out and take pictures and send it to me I'll put that
12 in the Board packet.

13 FEMALE VOICE: I mean, [inaudible].

14 (Audience all speaking at once.)

15 MS. MEYER: I understand that it is
16 convenient -- the meeting is in Austin. I can't help
17 that. That's where the meeting is. Again, if there's any
18 comment that you want to make -- if you want to send me
19 pictures, if -- I mean, whatever you want to send me I
20 will make sure that it gets into the Board packets.

21 And, normally -- under normal circumstances
22 I -- we summarize the public comment and I don't put all
23 the e-mails in there because it was rather burdensome for
24 the Board at times reading all the information.

1 MALE VOICE: Can we put a statement on the
2 record that states that they cut the session short and
3 there wasn't a lot of time for the residents to even come
4 to show up? Can that be part of the record?

5 MS. MEYER: He's been recording that.

6 COURT REPORTER: I've been back on the record.

7 MALE VOICE: I've got a question concerning
8 criminal background checks --

9 MS. MEYER: Yes, sir.

10 MALE VOICE: -- on [inaudible] residents. What
11 is the legality of that? I mean, I don't want this here.
12 I live here. I don't want criminals living here. But
13 can we actually prohibit, you know, from -- prohibit --

14 MALE VOICE: Only the Brady Law applies to,
15 like, guns [inaudible].

16 MALE VOICE: So he can't actually
17 [inaudible] -- so people -- criminals could still live
18 there, just if he says, Oh, yea, we did criminal
19 background checks. We couldn't just -- may do a check.
20 It's not going to say that he's going to keep them out of
21 there. He's not going to turn down money.

22 (Audience all speaking at once.)

23 MS. MEYER: Are there any other questions?

24 Yes, sir.

1 MALE VOICE: I just had a question about the
2 sign that was posted along Fite Road -- was up for -- I
3 don't know what -- I'm sure there was finite period that
4 it had to be posted -- probably 30 days or something like
5 that. Is that roughly right?

6 MS. MEYER: Well, the sign is to be posted on
7 the property until the Board renders a decision.

8 MALE VOICE: It's not there.

9 (Audience all speaking at once.)

10 MS. MEYER: I understand.

11 MALE VOICE: The sign's there. It got moved so
12 people wouldn't see it.

13 MS. MEYER: I can't tell you what happened to
14 the sign. But as soon as I was notified I notified the
15 developer that the sign needed to go back up. I can't
16 tell you what happened to the sign. I don't know.

17 MALE VOICE: Who's responsible for keeping that
18 sign up?

19 MS. MEYER: The developer's responsible for
20 keeping the sign up.

21 (Audience all speaking at once.)

22 MS. MEYER: They disappear [inaudible] --

23 MALE VOICE: But if they had known today they
24 would be here. The took that sign [inaudible] to the

1 community and moved it down the street.

2 FEMALE VOICE: A hundred feet down the street
3 where nobody would see it.

4 MALE VOICE: They moved it down the street so
5 people couldn't see it.

6 MALE VOICE: They don't want us to see.

7 MALE VOICE: The people most affected by it
8 didn't see it because they moved it down the street.

9 MALE VOICE: Is there a legal requirement for
10 it to be up for a specific amount of time? And, if so,
11 [inaudible].

12 MS. MEYER: That will be presented, I mean, to
13 the executive director once we --

14 MALE VOICE: And in the minutes of the meeting.

15 MS. MEYER: Do what?

16 MALE VOICE: There -- was it in the minutes of
17 the meeting the time was up and not up and was supposed to
18 be up?

19 FEMALE VOICE: Somebody called in [inaudible].

20 MALE VOICE: [inaudible]. If it's not in the
21 minutes of the meeting they're not going to address it.

22 MS. MEYER: Well, but I'm going to address it
23 with my executive director.

24 MALE VOICE: You're going to do it personally

1 for us.

2 MS. MEYER: Well, yes, sir. It's my
3 responsibility to do that. I mean, I don't blind side my
4 executive director.

5 MALE VOICE: That's fine.

6 MS. MEYER: When I get back from any hearing I
7 always send my executive director a summary of what
8 happened at the hearing and the problems that were
9 presented.

10 MALE VOICE: I have one other thing I wanted to
11 ask about the sign, and then I guess we can move on. But
12 if I'm not mistaken I read the sign to say that this
13 meeting would start at seven o'clock. And then right at
14 the last minute one of my neighbors came to my house and
15 said, No, the meeting's been changed to six o'clock. Is
16 that -- did anybody else see that or am I wrong?

17 FEMALE VOICE: Yes, it was posted seven.

18 (Audience all speaking at once.)

19 MS. MEYER: All the notifications were sent
20 out -- I mean, that the Department sent out were for six
21 o'clock.

22 MALE VOICE: The sign was in error, too.

23 MALE VOICE: The sign was how I found out about
24 this meeting, and I planned to be here. I was lucky that

1 one of my neighbors took it upon themselves to print out a
2 bunch of little slips and paper and go around knocking on
3 doors to pass them out so that I would know it was at six
4 and not at seven.

5 MS. MEYER: Well, I'll have to -- I mean, I'll
6 have to check the records with the application and find
7 out exactly what was on the sign. There are records in
8 the application.

9 MALE VOICE: Is there a penalty to the person
10 that didn't maintain the signage as -- is that outlined in
11 the law? Is there any penalty that the 120 days he cut
12 down to 50 days?

13 MS. MEYER: [inaudible] there's not. But,
14 again, I mean, that will be an executive director decision
15 as to whether it goes forward. Yes, sir.

16 MALE VOICE: You said the State sent out these
17 notices?

18 MS. MEYER: Do what now?

19 MALE VOICE: Who sent out the notice? You said
20 the State sent out a notice? I know you have -- I know
21 it's on your web site.

22 FEMALE VOICE: I didn't get a notice.

23 MS. MEYER: Yes, the State did send out
24 notices.

1 MALE VOICE: Who did the State send them to?

2 MS. MEYER: Well, they sent them to -- well,
3 actually, I sent them out to the U.S. Representative, the
4 State Senator and the State Representative, the county
5 officials. Since this isn't in the city it didn't go to
6 city officials. It went to the school board president and
7 the superintendent.

8 (Audience all speaking at once.)

9 MS. MEYER: And there were a couple of
10 homeowners that -- I don't know what the names of them
11 are, but there were a couple of -- if you want to e-mail
12 me and request that information I'll be glad to give it to
13 you and I'll tell you exactly who the notices were sent
14 and when.

15 MALE VOICE: When did the question period for
16 this development start? I mean, when did things start
17 ticking in because I [inaudible].

18 MS. MEYER: What do you mean?

19 MALE VOICE: When did things start ticking --
20 the first notification that this was going to be proposed?
21 When did [inaudible]?

22 MS. MEYER: The first notification for this
23 particular development went out last September. There was
24 two different notices to local officials and to homeowner

1 associations.

2 When they received a reservation from the Bond
3 Review Board on February 18 -- within 14 days of that date
4 they -- another notification went out from my -- I mean, I
5 send them out so I know they went out. I mean, another
6 one went out from my office to the same people -- same
7 representatives.

8 MALE VOICE: Certified mail?

9 MS. MEYER: What?

10 MALE VOICE: Certified mail? Do you know that
11 they got them? I mean, you don't know. I mean, it could
12 have been faulty addresses.

13 MS. MEYER: Well, there -- I mean, I received a
14 lot of mail back. So --

15 MALE VOICE: You received a lot of mail back so
16 a lot of them didn't get them?

17 MS. MEYER: No, no, no. No. I received a lot
18 of responses back from the notices that were sent out.
19 Yes, sir.

20 MALE VOICE: Are you part of the staff who will
21 make a recommendation to the Board?

22 MS. MEYER: Not really. All I do is present
23 the information and the executive committee actually makes
24 the recommendation. Yes, ma'am.

1 FEMALE VOICE: Can we get a list of the names
2 of people that you notified last September --

3 MS. MEYER: Sure.

4 FEMALE VOICE: -- and again in February?

5 MS. MEYER: If you'll just send me an e-mail or
6 fax me or whatever you want to do, I'll be glad to -- I'll
7 tell you who was notified in September and also in
8 February. Yes, sir.

9 MALE VOICE: You say you sent them to the
10 homeowner associations?

11 MS. MEYER: There was a homeowners -- I don't
12 know which one it was. I mean, I --

13 MALE VOICE: CIA Services?

14 MS. MEYER: I don't know exactly which
15 associations.

16 MALE VOICE: Well, the reason why I'm asking
17 because CIA Services sent this one out to us in the mail,
18 which I got on Friday. I called CIA Services, and they
19 said that [inaudible] is the Board of Directors instructed
20 them to send it out.

21 MS. MEYER: Let me explain to you the rules
22 behind notification. Okay? Part of it is the developer
23 is required to send a notification to county clerks and
24 city clerks trying to get information about homeowner

1 associations. And whatever the county and city clerks
2 send back to them is what they have to notify. Okay?

3 The legislation that governs this part of the
4 whole process states that the homeowner associations have
5 to encompass the development. Now, if your homeowner
6 association doesn't actually touch the developer or is
7 away from it you might not have been notified because
8 we're doing everything by legislation and by the law.

9 (Audience all speaking at once.)

10 MS. MEYER: I mean, if you were across the
11 street I would still consider you [inaudible].

12 FEMALE VOICE: We are across the street.

13 MS. MEYER: I understand that. I can't tell
14 you which ones were notified at this point. I mean, I
15 deal with a lot of things, actually. I don't know how
16 many -- which ones were notified for this particular deal.
17 I'll be glad to give you that information if you want to
18 know.

19 MALE VOICE: So there was a first notification
20 in September.

21 MS. MEYER: Yes, sir.

22 MALE VOICE: What followed that? I mean, I'm
23 just trying to find out the notifications because we
24 weren't notified in time. So there might be another --

1 some other things that might not have taken place like
2 they should have. Also, was it put in the newspaper, and
3 which newspaper?

4 MS. MEYER: It was put in the Houston
5 Chronicle.

6 MALE VOICE: Is there a certain period it has
7 to run?

8 MS. MEYER: It runs 30 days prior the hearing
9 itself. And this was --

10 (Audience all speaking at once.)

11 MALE VOICE: That's okay. I'll --

12 MS. MEYER: [inaudible].

13 MALE VOICE: You all have asked a bunch of
14 questions about a bunch of legal issues. Mr. Shaw and I,
15 who are both attorneys, talked about this for a while.
16 Let me see if I can give you a general idea. Going and
17 arguing about something like this on the lack of notice is
18 like going to traffic court and pleading not guilty and
19 hoping your cop doesn't show up. There's not a lot of
20 relief in that.

21 If you really want to get relief, that lady in
22 the red shirt and the brown hair has said she had been to
23 the web site and she had identified the five areas of
24 concern that the staff would be looking at and making the

1 recommendation and she listed them for us -- one, two,
2 three, four, five.

3 That's what we all need to go do -- is go get
4 on that web site and send a letter back to Ms. Meyer, to
5 our state representative, and anybody that you all think
6 wants to listen, and identify those five things and
7 address those five things.

8 And all this stuff on the, Gee, we didn't get
9 enough questions or whatever -- when there's 300 e-
10 mails -- 300 e-mail responses addressing the issues upon
11 which the Board basis the decision, that's how we get
12 their attention. And that's the real way to get their
13 attention, not -- don't go hiring lawyers and trying to
14 get injunctions and all that kind of that stuff.

15 There's a process. And the process is real
16 easy. All we have to do is respond to those five things.
17 And everyone in this room has responded and is very vocal
18 on all those five issues. That's what we need to do.

19 We can start with the web site that this
20 gentleman pointed out. But each one of us can go get Ms.
21 Meyer's e-mail. Go to the web site and address those five
22 issues and she will be bound by the terms of her office to
23 present our e-mails to everybody. And she'll gladly do
24 it. And then she'll pass them on to the staff, and that's

1 how they'll decide there's 350 people or 500 people or
2 1,000 people.

3 And, like everybody said, start knocking on
4 your neighbor's door. Photocopy this. Stop at the 7-11
5 and spend a dollar. Make ten copies. Go give ten copies
6 to your neighbors and say, Hey, man, e-mail this lady. Go
7 to this web site, identify these five issues, respond in
8 your own words so they know it's not a blanket e-mail.
9 Response in your words and send them to this lady. That's
10 how the Board will hear that we don't want the development
11 here.

12 And then, if you want, copy Bigplanet.com there
13 and try to convince him that he needs to do something else
14 with the remainder of his land. Because it's just
15 business. Do you know what he's going to make per month?
16 \$185,000 gross rents according to his own testimony.
17 Now, that's really hard to get us to overcome that kind of
18 money. Okay? That's his gross revenues per month based
19 on the number of units he gave us and the amount of rents
20 he's going to charge. And that assumes 100 percent
21 occupancy, but, regardless, that's what he stands to make
22 every month.

23 MALE VOICE: [inaudible] percent on tax
24 deferral for a big corporation, and nobody's even thinking

1 about that [inaudible] 4 percent.

2 MALE VOICE: He's going to get that much cash
3 every month into his coffers unless we convince him to do
4 another development with less density and perhaps for the
5 elderly -- okay? -- where we don't have a bunch of people
6 driving, we don't have a bunch of people going into our
7 schools. And that addresses the issues. He gets
8 something, we get what we want, everybody potentially
9 could live together.

10 Well, that's what we need to get. Forget
11 pooling your money and calling your homeowners association
12 to hire lawyers. That just makes lawyers wealthy. Okay?

13 The way to do this is to send these e-mails and
14 address these issues. That's what the boards look at, not
15 emotional concern, not everybody's histories -- past
16 histories that we heard about. But those five issues
17 they're required to look at statutorily. We must address
18 those issues. Yes, ma'am.

19 FEMALE VOICE: If we're not united though -- I
20 mean, if all of us go home -- everybody here and everybody
21 that was here today -- if we all go home and do this and
22 we have no -- like we need to plan another meeting. We
23 need to make sure that we're all sticking together. Even
24 if we don't get a lawyer we need to stick together, and we

1 need to state --

2 MALE VOICE: Maybe we want to spend 50 bucks
3 each and rent a bus. We can all go to Austin.

4 (Audience all speaking at once.)

5 MALE VOICE: I agree with you 100 percent. But
6 the first thing we've got to do is start responding. And
7 I think, yes, more meetings. And I think a personal
8 appearance in Austin is important.

9 MALE VOICE: I think you're absolutely right.
10 I agree with you almost 100 percent, except for the legal
11 part. I have been -- I don't like spending money on
12 attorneys either. I really don't like attorneys.

13 MALE VOICE: [inaudible] like spending money
14 [inaudible].

15 MR. SKOTAK: Again, my name is Richard Skotak.
16 I've been in real estate since 1969. I've been before
17 the Texas Department of Housing back in the eighties and
18 nineties. I've been to the meetings to observe
19 [inaudible].

20 What we've got is we've got -- you know, I
21 don't know how many commissioners they have now. It's
22 used be four or five. [inaudible].

23 MS. MEYER: Six board members.

24 MR. SKOTAK: Six now? But they're just

1 citizens. They're citizens like us. They're coming in
2 from a hard day, driving to Austin, and they're going to
3 have all this information put before them on various and
4 sundry projects, people [inaudible], everything.

5 One issue is going to be Tranquility Bay
6 Apartments. It will be sitting down there at the end.
7 They're going to come through and look at that. And what
8 they're going to look is this transcript that Ms. Meyer's
9 made tonight about our -- you know, our presentation here.

10 Four of those presentations, if you recall,
11 were indisbursed like, I'm from West Oaks and I like that
12 Tranquility Bay project. It will be in there, and that's
13 all it's going to say. And then we'll have the one that
14 likes the low income housing -- that brought him up from
15 slum or something like that -- whatever he said. But it
16 will just look like us, but it will be for it; it won't be
17 against. And they're indisbursed.

18 Now, if they wanted to really do this right
19 they would come up with the developer first and disclose
20 who they hell they were. The men from -- you know, we all
21 know that West Oaks is owned by Rene West, who owns the
22 property. You know, he's a real estate and architect --
23 and nothing to do with real estate and architect on the
24 project.

1 But you've got to watch out for the slam dunk.
2 If we all sit on our duffs right now this thing will
3 be -- do you want a ham or rye or a turkey sandwich? Do
4 you want [inaudible] Tranquility Bay Apartments or do you
5 want it -- and they'll just move it down the row like
6 that? Yes, yes, yes, yes. And they will just right
7 through it and be done.

8 Now, remember, this developer has already been
9 committed \$14.6 million. That's a hell of a lot of money
10 to commit. He's not going to shake \$14.6 million that
11 they said they'll give him if we say it's okay. Think
12 about it -- 14.6. They're going to fight hard for it. We
13 are going to have to fight hard to make sure they don't
14 get it.

15 In my opinion, the only way you're going to
16 make this possible [inaudible] is, like you said, the e-
17 mail [inaudible]. We should have legal advice. I'm
18 absolutely sure of that. I know how they are. Those are
19 [inaudible] citizens. They get legal people up there who
20 know something more than we know about how to get in there
21 [inaudible] who they are.

22 We're Mr. Richardson. Why does Mr. Richardson
23 get 14.5 million? [inaudible] and then proceed from there.

24 And, Ms. Meyer, what's her relationship? How

1 come these people were indisbursed into our comments to
2 make it look like everything's okay?

3 I mean, we need some of those questions
4 answered, and we need them legally answered. I'm not -- I
5 am the [inaudible] property rights person you ever bumped
6 into in your whole life. That's all I've done my whole
7 life. I'm for property rights. I'm for Mr. Richardson's
8 property rights, believe it or not. I really am.

9 This city is just not right right now for this
10 project. The timing is not right. We're not as big as
11 the city of Houston. We can't absorb this. We don't have
12 any infrastructure at all. You're [inaudible] if you're
13 thinking I know what's going on around here because I'm in
14 real estate here every day. I've seen all this stuff
15 [inaudible] popping up here -- apartment here, apartment
16 here -- and no new schools.

17 The school districts -- I mean, if the board
18 was sitting here I'd tell them right to their face they're
19 so far behind times they don't know what's going on. The
20 City of Pearland is so far behind times they don't know
21 what's going on.

22 Look at the Southfork Road issue. They all sit
23 there and scratch their heads and -- Well, we won't
24 [inaudible]. We'll [inaudible]. We'll build a \$5 million

1 bridge. Well, we can't go any further because that
2 [inaudible] says no. So they stop and go off on somewhere
3 else [inaudible] just builds our case.

4 This thing would be a total disaster. On a
5 two-lane asphalt road with open ditches all the way. And
6 I'll tell you another thing. Mr. Richardson can sell this
7 project. Is that not right, Ms. Meyer? Can he sell it if
8 he wants to?

9 MS. MEYER: The property?

10 MR. SKOTAK: Yes, ma'am.

11 MALE VOICE: He can sell it for tax credits.

12 MS. MEYER: It's his property. Do what now?

13 MALE VOICE: Couldn't he sell the tax credits?

14 MR. SKOTAK: He can sell the property.

15 MS. MEYER: No.

16 MALE VOICE: He can sell the tax credits.

17 Correct?

18 MS. MEYER: No. No.

19 MALE VOICE: He can sell his tax credits right
20 off.

21 MS. MEYER: Until the bonds actually close
22 nothing moves forward. I mean, he owns the property
23 thought.

24 MR. SKOTAK: Right. So he could sell the

1 property. Tax credits go --

2 MALE VOICE: I mean, the question is --

3 MS. MEYER: I mean, he can sell the property.

4 MALE VOICE: -- once the project is developed
5 and the bonds are issued and paid for with the bonds he
6 can then sell -- there's no restriction on his alienation.

7 MS. MEYER: Yes, there --

8 MALE VOICE: He can sell the project to anybody
9 else.

10 MS. MEYER: There is a restricted [inaudible].

11 MR. SKOTAK: He has to own it?

12 MS. MEYER: Do what?

13 MR. SKOTAK: He has to own it?

14 MS. MEYER: Yes.

15 MR. SKOTAK: For how long?

16 MALE VOICE: Ten years.

17 MS. MEYER: I don't [inaudible].

18 MALE VOICE: He [inaudible] the 4 percent for
19 ten years. After ten years, boom, buddy, he's out of
20 there.

21 MS. MEYER: It depends on what's in the bond
22 documents as to how long he has to [inaudible]. And all
23 of them are different. So, I mean [inaudible].

24 MR. SKOTAK: Well, I mean, as we all know,

1 everything's subject to change. And change will happen
2 about ownership, about conditions. And I guarantee you,
3 [inaudible] you think they're going to let those people
4 [inaudible].

5 MALE VOICE: [inaudible].

6 MR. SKOTAK: [inaudible] nice little gate and
7 you go back the other way. I mean, I can already see the
8 traffic jam of them trying to get out on 518. They're
9 going -- everybody's going to have to go back through Fite
10 Road.

11 FEMALE VOICE: [inaudible] and I don't feel
12 like I [inaudible] necessary to present them with what our
13 schools are doing [inaudible]. I don't even know where to
14 go [inaudible] about the traffic [inaudible]. That's what
15 I need to [inaudible] my e-mail [inaudible]. If you
16 [inaudible].

17 MALE VOICE: Look at Silverlaketexas.com. It
18 will [inaudible].

19 MALE VOICE: You can get the information about
20 school enrollment from the school.

21 MALE VOICE: If we all work together we'll
22 bring up that statistic.

23 (Audience all speaking at once.)

24 MALE VOICE: The school district has a

1 projected growth and it shows where these schools will
2 fill up. [inaudible] full now because all the kindergarten
3 and first graders that are coming up to Silverlake and
4 Silvercrest aren't there yet. [inaudible] if there was.

5 We've got projections when all of the schools
6 are going to fill up. He took current day numbers and
7 said, Look at all the room. Okay? There's lots of room.

8 MALE VOICE: We paid for that [inaudible] our
9 tax dollars for our kids to go there.

10 (Audience all speaking at once.)

11 MALE VOICE: It's the bait and switch. He
12 shows them all the numbers today -- look at all the room
13 in these schools, look at all of this. And he's not
14 showing them the school district's other part of the
15 projection of where it goes up.

16 And that's all on the PISD web site. If you go
17 there they've got all of their numbers from the school
18 district that shows their own thing, because they've got
19 to keep track of it for their own book planning.

20 (Audience all speaking at once.)

21 MR. SKOTAK: I've done the numbers on the
22 school.

23 MS. MEYER: Can you hang on just a second, sir?

24 MR. SKOTAK: There are going to be \$2.5 million

1 short each and every year. Their kids are only going to
2 pay \$500 in taxes. You're going to be \$2.5 million short
3 in tax every year. I don't care how many schools you
4 build you're going to be 2.5 million. And that money's
5 got to come from you.

6 MS. MEYER: Does anyone have any more questions
7 of me?

8 MALE VOICE: The five criteria that were talked
9 about earlier, are there any other [inaudible] that
10 [inaudible] staff use to make their determination to the
11 Board? I'm assuming the Board weighs heavily on
12 recommendation by staff. Is that correct? Of those five
13 things --

14 MS. MEYER: Well, I mean, the Board makes an
15 independent decision of what the staff recommends.

16 MALE VOICE: Oh, sure. But --

17 MS. MEYER: They're going to [inaudible] staff
18 recommendations.

19 MALE VOICE: But your doing this [inaudible]
20 I'm sure that they take that recommendation [inaudible]
21 have your --

22 MS. MEYER: [inaudible].

23 MALE VOICE: But, besides those five
24 [inaudible], are they [inaudible]? Is it subjective or

1 [inaudible]? And what's [inaudible]? How does staff

2 [inaudible]?

3 MS. MEYER: The staff presents the information
4 objectively. [inaudible].

5 MALE VOICE: [inaudible] presented like we had
6 this many constituents show up and [inaudible] that were
7 pros [inaudible] that were [inaudible] --

8 MS. MEYER: [inaudible].

9 MALE VOICE: -- or what?

10 MS. MEYER: There will be a sign-up sheet at
11 the very [inaudible]. The first page on that is a sign-up
12 form [inaudible]. And there's statements to those
13 documents [inaudible]. And there's also a summary as to
14 letters that we received, e-mails [inaudible].

15 But that starts off [inaudible]. Then there's
16 a transcript [inaudible].

17 FEMALE VOICE: Ms. Meyer, I don't want to
18 volunteer something. I know you're not from our area.
19 Correct?

20 MS. MEYER: No.

21 FEMALE VOICE: I will personally take off work
22 tomorrow -- I don't know who's going to take care of my
23 [inaudible]. I would like to -- I'll pay for your meals,
24 I'll pay for your [inaudible]. I want to drive you to the

1 area. I want you to see our area and see what
2 [inaudible]. I want you to see it with your own eyes.

3 MS. MEYER: I [inaudible].

4 (Audience all speaking at once.)

5 FEMALE VOICE: Did you [inaudible] around the
6 neighborhood -- Fite Road and all of that and see there's
7 no sidewalks? You saw that and all the traffic?

8 FEMALE VOICE: Did you try to go to Kroger?

9 MS. MEYER: There's [inaudible]. I also drove
10 all the way around the neighborhood. I drove over to the
11 other side of the [inaudible]. I drove through the
12 [inaudible] -- also through a mobile home area -- all up
13 and down [inaudible].

14 There are a lot of things that [inaudible] the
15 Board. [inaudible]. And those are on a map. So I
16 [inaudible].

17 MALE VOICE: What's your impression when you
18 saw the site? Were you like saying how are they going to
19 put a house between the fence?

20 MS. MEYER: I was thinking I wish I had a
21 [inaudible].

22 (Audience all speaking at once.)

23 MALE VOICE: But I guess the logistics of it
24 are 450 cars or more [inaudible].

1 MS. MEYER: [inaudible]. I mean, if you want
2 to call [inaudible] in the morning and ask him about
3 [inaudible]. I actually did pull the site plan and
4 [inaudible]. Now, I've seen the site plan [inaudible] the
5 site plan [inaudible].

6 FEMALE VOICE: Even though you were attacked I
7 apologize.

8 MALE VOICE: Yes, thank you for your patience.

9 MS. MEYER: I've been to worse. [inaudible]. I
10 do have a job to do. [inaudible].

11 MALE VOICE: You've given us a web site -- or
12 this packet has a web site for the Board. Does that
13 contain criteria the Board considers? And is there
14 another place where we should look for other criteria that
15 the Board considers?

16 MS. MEYER: Actually, on our web site there is
17 a copy of the bond [inaudible]. There's also what's
18 called a [inaudible] application [inaudible].

19 A lot of it though does happen to do with
20 another tax credit program. There's [inaudible] applies
21 to the bond side [inaudible]. The bond rules -- the 2004
22 bond rules [inaudible] on the web site.

23 MALE VOICE: And is there any other place
24 besides that web site I should be looking for criteria

1 that this Board will consider?

2 MS. MEYER: That criteria is in our bond
3 [inaudible].

4 MALE VOICE: [inaudible] on the web site.
5 Right? Is there one that [inaudible] tax credits
6 [inaudible] more recently than [inaudible]? Like an
7 example of [inaudible].

8 MS. MEYER: Oh, yes. [inaudible].

9 MALE VOICE: Does one come to your mind
10 that's --

11 MS. MEYER: [inaudible] to the Board in March I
12 do believe. [inaudible].

13 MALE VOICE: That's fine. I just want to take
14 a look at an example of --

15 MS. MEYER: Yes. There's -- if you'll -- when
16 you get to the very front page of the web site there's
17 [inaudible] goes across the top. If you go over to the
18 publications [inaudible] multifamily bonds. And that will
19 pull up [inaudible].

20 There is a huge amount of [inaudible] out
21 there. [inaudible].

22 MALE VOICE: [inaudible].

23 MS. MEYER: Yes. [inaudible].

24 MALE VOICE: [inaudible] meetings. Is it

1 reimbursed through the developer or is it reimbursed
2 through our tax dollars?

3 MS. MEYER: [inaudible].

4 MALE VOICE: Do you get paid through the
5 developer or do you paid from Texas taxpayers?

6 MS. MEYER: My salary?

7 MALE VOICE: The salary of the Board
8 [inaudible].

9 (Audience all speaking at once.)

10 MALE VOICE: Come here like we did today --
11 your travel expenses and all that. Who picks up that
12 cost?

13 MS. MEYER: The travel expenses is the State.

14 MALE VOICE: The State. So none of this comes
15 from the developer at all?

16 MS. MEYER: The developer has to reserve
17 [inaudible] their responsibility. The publication of the
18 [inaudible]. The court reporter is [inaudible].

19 MALE VOICE: You're representing us.

20 MS. MEYER: I represent the State.

21 MALE VOICE: Well, we're the state. We pay
22 taxes [inaudible].

23 MS. MEYER: I'm not representing [inaudible].

24 MALE VOICE: [inaudible].

1 MS. MEYER: Well, [inaudible] pay a lobbyist?

2 MALE VOICE: [inaudible].

3 MS. MEYER: The Board. Or the Governor's
4 Office. I mean, the Governor's Office appoints -- our
5 Board is a volunteer board. They are not paid
6 [inaudible]. It is a volunteer board [inaudible] to be on
7 the Board. There are [inaudible].

8 MALE VOICE: [inaudible]. Before you guys
9 leave, we currently have a [inaudible] that's active in
10 Silverlake, Emerald Point, and [inaudible] side of
11 Pearland. [inaudible]. And, basically, this is something
12 that, you know, we're going to change [inaudible] to save
13 neighborhoods. This is something [inaudible] involved in.

14 We had a great turnout for the primary. We had
15 a great turnout for the runoff. Certainly -- you know,
16 we'd like all you guys to sign up. I mean, because that's
17 how we're going to get this resolved is basically -- you
18 know, we [inaudible] for our elected representatives as a
19 group. We can certainly be [inaudible] to try to do the
20 same.

21 But, again, if you have a strong voice -- I
22 mean, you know, you all get together and you voice our
23 opinion -- our opposition to this thing, that's where
24 you're going to get the biggest bang for your bucks.

1 So we [inaudible]. We'll keep you informed.
2 We're extremely concerned by the lack of I guess
3 communication from anyone from the State, from our HOAs,
4 from the city, from the county -- anyone -- about these
5 particular issues.

6 And then it seems like everything's being
7 jammed down our throat and no one cares. We have no
8 representation within the city. Basically our county
9 commissioner's had several strokes and he's missing in
10 action. And there's no one representing us.

11 So taking all of our tax money -- the
12 schools -- where's anyone from PISD? They're non-
13 existent? Why couldn't they have someone here?
14 [inaudible] no one seems to care.

15 You know, the [inaudible]. Please sign up. We
16 need volunteers. I mean, we had a great turnout for the
17 primary and the runoff. [inaudible] because, if not,
18 [inaudible] this particular [inaudible] going to go up and
19 our property values and everything else [inaudible].

20 MS. MEYER: Are there any other questions?

21 MALE VOICE: Yes, Ms. Meyer. The attendance
22 roster -- can we can a copy of that, too? You have
23 that -- everybody signed in?

24 MS. MEYER: Oh, yes. That's public record.

1 MALE VOICE: That -- so we can get that
2 [inaudible].

3 MS. MEYER: I would like everybody to know that
4 there was a record [inaudible].

5 (Audience all speaking at once.)

6 FEMALE VOICE: What time will the meeting be on
7 June 10?

8 (Whereupon, at 9:18 p.m., the hearing was
9 concluded.)

C E R T I F I C A T E

1

2

3 IN RE: Tranquility Bay Apartments

4 LOCATION: Pearland, Texas

5 DATE: April 20, 2004

6 I do hereby certify that the foregoing pages,
7 numbers 1 through 148, inclusive, are the true, accurate,
8 and complete transcript prepared from the verbal recording
9 made by electronic recording by Andy Denmark before the
10 Texas Department of Housing & Community Affairs.

04/30/04

(Transcriber) (Date)

On the Record Reporting, Inc.
3307 Northland, Suite 315
Austin, Texas 78731

To view the hearing click on the following link
<http://www.tdhca.state.tx.us/tranquilitybay.wvx> . You will need Windows Media
Player to view the video.

THE SENATE OF THE STATE OF TEXAS

CAPITOL OFFICE

P.O. BOX 12068
AUSTIN, TEXAS 78711
512/463-0111
FAX: 512/475-3727
MIKE.JACKSON@SENATE.STATE.TX.US
DIAL 711 FOR RELAY CALLS



MIKE JACKSON

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FAX: 713/948-0004
201 ENTERPRISE, SUITE 4600-A
LEAGUE CITY, TEXAS 77573
281/334-0011
FAX: 281/334-3043

May 24, 2004

Edwina Carrington, Executive Director
Texas Department of Housing and Community Affairs
P. O. Box 13941
Austin, TX 78711-3941

Dear Ms. Carrington:

RE: Tranquility Bay Apartments, Pearland, TX
Application #2004-027

I am writing on behalf of my constituents to express opposition to the Tranquility Bay Apartments' application proposed for County Road 91 in Pearland, Brazoria County.

I have received many letters and calls opposing this proposed development. I have also received letters of opposition from the Lakes of Edgewater Estates Home Owners Association, Silverlake Home Owners Association, Pearland Independent School District, and Brazoria County MUD #1. I believe from the negative interest this project has generated and from the community groups who are strongly opposed to this project, it would be a disservice to pursue issuance of tax-exempt multifamily residential rental development revenue bonds for this project at the present time.

I hope if you have any questions or need any additional information you will feel free to contact me.

Sincerely,

Mike Jackson
Senate District 11

MJ/dc

cc: Ms. Robbye Meyer, TDHCA



SENATE DISTRICT 11

RECEIVED
MAY 25 2004
EXECUTIVE



GLEND A DAWSON
TEXAS HOUSE OF REPRESENTATIVES
DISTRICT 29

MAY 26 PM5:12

May 20, 2004

Robbye Meyer
Texas Department of Housing and Community Affairs
507 Sabine
Austin, TX 78701

Dear Ms. Meyer:

I would like to voice my opposition to the Multifamily Housing Revenue Bond application for Tranquility Bay Apartments proposed at County Road 91 (Fite Road) in Pearland, Brazoria County.

I have been contacted by many of my constituents both supporting and opposing this proposed development. I believe in the sincerity of those who are both proposing and supporting this development and know that they have the best intentions for our community. However, the concerns that have been voiced to me and that I myself have raised have shown that this development will not be in the best interest for Pearland at this time.

Thank you for your time to speak with me and to hear the concerns of my constituents. Please call me if you have any questions or if I can be of any additional assistance.

Sincerely,

A handwritten signature in cursive script that reads "Glenda Dawson".

Glenda Dawson
State Representative
District 29



PEARLAND ISD

Bonny Cain, Ed.D.
Superintendent

Janet Penner, Ed.D.
Assistant Superintendent

Don Marshall, CPA
Assistant Superintendent

Robert Richter
Assistant Superintendent

RECEIVED

October 9, 2003

OCT 14 2003

Multifamily Finance Division

PRE-Application

Ms. Robbye Meyer
Texas Department of Housing and Community Affairs
507 Sabine, Suite 400
Austin, Texas 78711-3941

Dear Ms. Meyer,

This letter is in response to your request pursuant to Section 2306.1114, Texas Government Code, for input on the proposed construction of Tranquility Bay apartments (attached). This is to inform you that the Pearland Independent School District Board of Trustees nor its administration is supportive of the building of another set of apartments in the Pearland community. High density dwellings such as Tranquility Bay are not offset by state funding for school districts. This places an undue burden on our local taxpayers. To make matters worse, the city's infrastructure and roadways have not kept up with the city's growth, making increased traffic a major concern in regard to the construction of apartments.

This letter of concern has nothing to do with the fact that these are low-income housing units. The district has expressed concern previously and will send a similar negative response to any inquiry about the desirability of additional apartment complexes, regardless of the income level of the residents. However, if a low socio-economic apartment complex does come to pass, the Pearland Independent School District will totally embrace all students coming from those homes and will make them successful in school. If you have any questions, concerns, or comments, please feel free to call on me.

Sincerely,

Bonny Cain, Ed.D.
Superintendent



PEARLAND ISD

Bonny Cain, Ed.D.
Superintendent

RECEIVED

Robert Richter
Assistant Superintendent
for Student Services

MAY 04 2004

Multifamily Finance ...

April 28, 2004

Ms. Robbie Meyer
Texas Department of Housing and Community Affairs
507 Sabine, Suite 400
Austin, TX 78711-3941

Full-Application

Dear Ms. Meyer,

To reiterate the position taken in the letter sent to you October 9, 2003 in regard to the apartment project, Tranquility Bay, neither the school board nor the administration of Pearland ISD is supportive of this apartment project or any other apartment project proposed within school district boundaries. Projects such as these cause problems with school overcrowding and traffic. The elementary school that serves the zone for the proposed apartment project is over capacity and this development will hasten rezoning. In the interim, students will have to be bused to another elementary school several miles away, further complicating transportation issues for the school district and creating additional traffic problems.

Please call me if you have questions, concerns or comments.

Sincerely,

Robert Richter
Assistant Superintendent



May 26, 2004

Ms. Robbyn Meyer
TDHCA
507 Sabine, Suite 700
P.O. Box 13941
Austin, TX 78711-3941

Sent via fax: 512-475-0764 with hard copy to follow

Re: Tranquility Bay Development in Pearland, TX

Dear Ms. Meyer,

This letter is written in opposition to the proposed Tranquility Bay Development being requested by Blazer Development. Even though this proposed development is located just outside the city limits of the City of Pearland, many of my constituents who live within a quarter of mile of the site have voiced their concerns and opposition to it. The City of Pearland cannot stop this development directly due to no zoning control in the RTJ. So we are asking the TDHCA Board to help us.

The proposed development will negatively impact the roads, drainage, water, sewer, emergency services, and schools in the area. In addition, the sand pit lake that already exists on the property would be a safety factor for anyone living on that property.

I believe you have already received letters of opposition from our state officials as well as the Pearland Independent School District. We are all in agreement; we would like this proposal to be denied.

Thanks you for your time and attention to this matter and for the work you do in Austin.

Best regards,

A handwritten signature in black ink, appearing to read "Kevin Cole".

Kevin Cole
Pearland City Councilmember Position 5

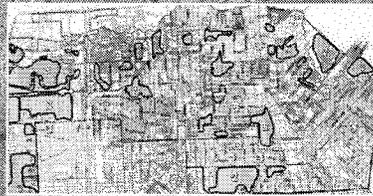
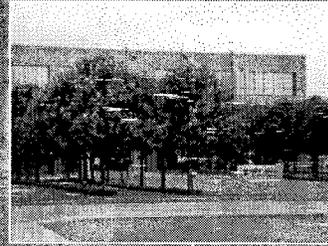
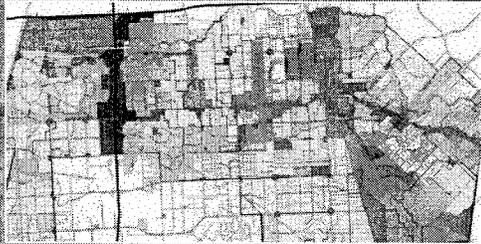
MAY 27 AM 10:32

CLASS A
BRAZORIA COUNTY BUILDING PERMIT

THIS NOTICE CONFIRMS THAT BRAZORIA COUNTY
PERMIT NO. #26,709-#26,736, DATED 05/27/2004
WAS ISSUED TO MATTHEW FUGUE / TRANQUILITY BAY APT.
FOR CONSTRUCTION OF IMPROVEMENTS AT THE
FOLLOWING BUILDING SITE: H T & B R R COMPANY
SURVEY - ABSTRACT 242 - SECTION 17 - 16 ACRES
2920 OAK ROAD - CLUBHOUSE PLUS BUILDINGS 1 - 27
IN BRAZORIA COUNTY TEXAS. THE BUILDING SITE
HAS BEEN FOUND TO BE OUTSIDE THE DESIGNATED
100-YEAR FLOOD PLAIN, AND NO INSPECTION OF
THE WORK IS REQUIRED.

Nancy Cleveland
PERMIT OFFICER

2004 COMPREHENSIVE PLAN UPDATE



PREPARED BY:
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IN ASSOCIATION WITH:
The Citizens Code Advisory Committee & City of Pearland Staff

PURPOSE OF THE 2004 UPDATE

The City of Pearland completed its most recent Comprehensive Plan in December of 1999¹. This 2004 Comprehensive Plan Update should be included within the current Comprehensive Plan as an addendum, and should be incorporated into any new Comprehensive Plan process, whenever that is undertaken. It has been almost four years since the adoption of the 1999 Plan, and the City has undergone changes that warrant updated policy guidance. This document is intended to provide that guidance, thereby providing a framework for various development-related decisions and for areas that are in need of special land use related policies.

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It should be noted that the 2004 Comprehensive Plan Update does not directly affect existing zoning or development regulations on any property within Pearland, but could affect how future decisions will be made. The implementation mechanism for the recommended policies within this document will be Pearland's new Unified Development Code (UDC), which will include all zoning, subdivision, and related development ordinances. The UDC will be a state-of-the-art unified Code which will be user-friendly, yet comprehensive in nature. The new Code will be tailored specifically to implement policies that remain applicable from the 1999 Comprehensive Plan as well as those established herein in order to meet the unique needs of the City of Pearland.

¹ Prepared by Vernon G. Henry & Associates, Inc., in association with Walsh Engineering, Inc. and CDS Research.



HOUSING GUIDANCE

THE MULTIPLE-FAMILY MARKET

Pearland's 1999 Comprehensive Plan did not specifically address the multiple-family component of housing. Within the *Housing Demand* portion of the *Population Section*, the high demand for multiple-family is discussed, supported by occupancy percentages of the existing apartment complexes in Pearland, which ranged from 91 to 100 percent. Another portion of the same section called *Multi-Family Absorption* suggests that high occupancy rates and high monthly rents would likely precipitate new multiple-family development. It is also stated "such growth would comprise about 13 percent of anticipated residential development activity".

The following sections are intended to provide an analysis of the multiple-family market in Pearland. This analysis includes a build-out comparison between multiple-family and single-family development. Recommendations are then made with regard to the future ideal percentage of multiple-family development in Pearland.

THE REGIONAL MULTIPLE-FAMILY MARKET

A discussion about the local multiple-family market in Pearland is not complete without looking at what is occurring regionally. According to the 2000 Census, the City had approximately 14 percent of its housing stock comprised of multiple-family units and 75 percent of single-family units. A comparison of five cities in close proximity to Pearland reveals that the City is in the middle in terms of multiple-family percentage. Houston has the largest with 45 percent multiple-family, which is almost equal to its percentage of single-family. League City and Friendswood both have 17 percent. Pearland has 14 percent, while Sugar Land has nine percent and Missouri City has three. Consequently, the housing market in the Pearland area appears to have a viable mix of multiple-family and single-family units. The conclusion that can be made from this analysis is that there are local and regional opportunities for multiple-family living.

THE ANTICIPATED ADDITIONAL MULTIPLE-FAMILY & SINGLE-FAMILY DEVELOPMENT

Another consideration in planning for future multiple-family development is what is occurring now - what has been platted, what is under construction, and what has been built recently (which would not be included in the 2000 U.S. Census information). The Shadow Creek Ranch Planned Unit Development area has already been platted with nine different areas totaling approximately 193 acres. Using 19.36 dwelling units per gross acre, which is the number of units allowed by the related ordinance, the Shadow Creek Ranch area could result in approximately 3,736 new multiple-family units.



Table 1 PLANNED, PLATTED, & RECENTLY COMPLETED MULTIPLE-FAMILY DEVELOPMENTS City of Pearland, Texas & The ETJ		
DEVELOPMENTS	Number of Units	Units x Average Household Size x Occupancy Rate = Potential Population
Shadow Creek Ranch PUD	3,736	10,058
Saint Andrews I & II	472	1,270
Southwind	312	840
The Club at Tranquility Lake I	212	570
The Club at Tranquility Lake II	314	845
LAND ZONED FOR MULTIPLE-FAMILY DEVELOPMENT	Number of Units	Units x Average Household Size x Occupancy Rate = Potential Population
132 acres	2,091	5,626
TOTAL POTENTIAL MULTIPLE-FAMILY UNITS & POPULATION	7,137 units	19,215 additional people
Sources: City of Pearland 2000 U.S. Census: 2.84, Average Household Size; 94.8% Occupancy		

In addition, there are several multiple-family developments that have recently been built or are under construction in the ETJ. These are detailed within *Table 1*. The second phase of The Club at Tranquility Lake is currently under construction. Using Pearland's average household size and occupancy rate from the 2000 U.S. Census, the potential population from Shadow Creek and these new developments can be calculated. Although some are currently in the extraterritorial jurisdiction, they will likely be within Pearland's City limits in the future. In addition, there are three areas within Pearland currently vacant and zoned for multiple-family development. The total acreage is 132 acres, which is also reflected in *Table 1*. There are approximately 7,137 units planned, platted, or zoned for multiple-family, and there were 1,912 multiple-family units in the City in 2000, according to the U.S. Census (*Table 2* on the following page). These two numbers can be added together to result in the total ultimate number of multiple-family units, assuming the densities in *Table 1*, of 9,049 total units. The calculations show that there is potential for thousands of new units and tremendous population growth from the recent, planned, or zoned multiple-family areas. In addition, as can be seen from the *School District Map* on the following page, of the five multiple-family developments listed in *Table 1*, four will have an impact of the Pearland Independent School District.

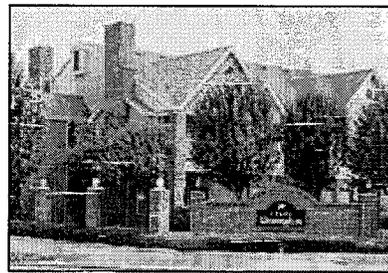
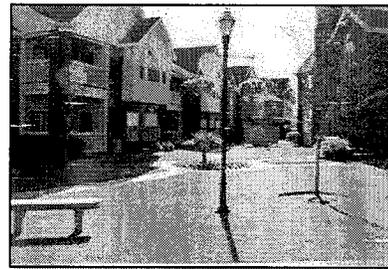
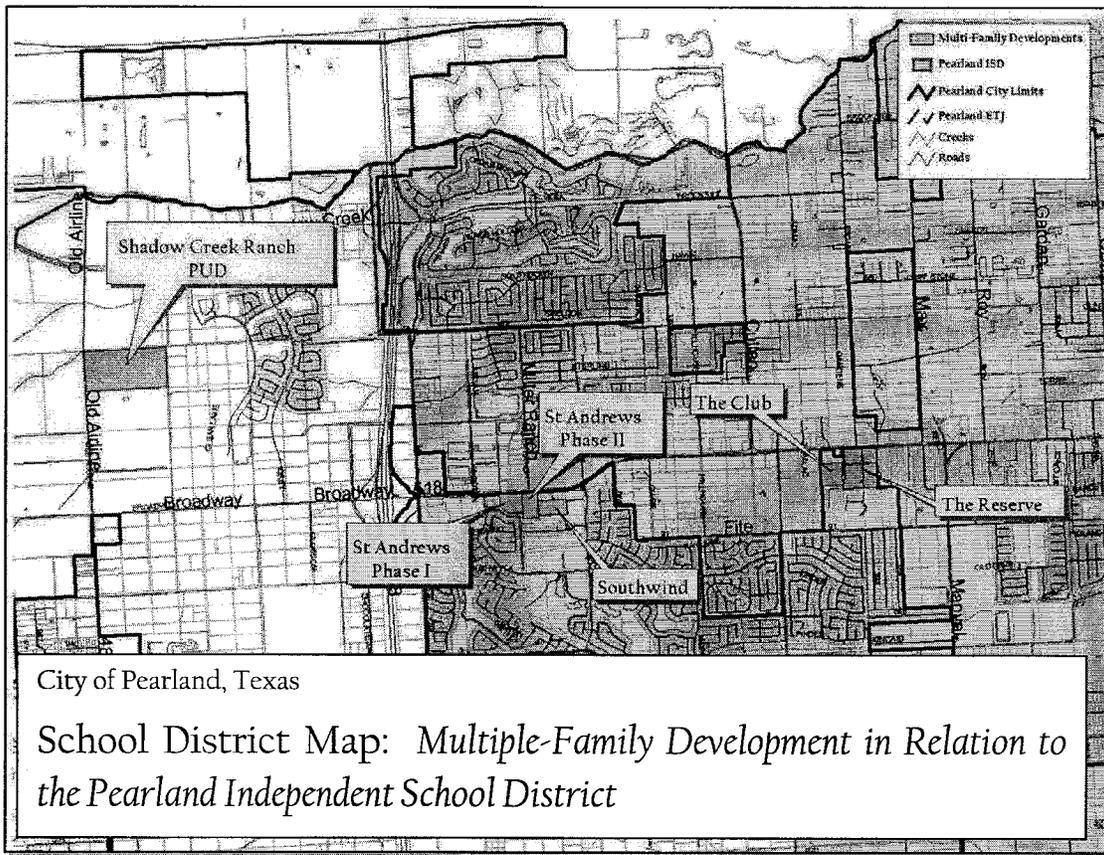


Illustration 1
 EXISTING MULTIPLE-FAMILY
 DEVELOPMENT IN PEARLAND





A comparative analysis of the existing and potential number of single-family units would be helpful in establishing an ultimate target percentage of multiple-family units within the City. The existing number of single-family units established by the 2000 U.S. Census was 10,354 units. Establishing the number of potential single-family units is done through analysis of the amount of vacant land within the City, the way in which that land is zoned, and the projected number of single-family units within the adopted Planned Unit Developments (PUD's).

Pearland City staff provided much of the data and analysis needed. First, the area of all vacant parcels that were zoned single-family residential and that were one acre or more in size were identified. The area of each of these vacant parcels

was then calculated, based on the assumption that these larger parcels have a higher probability of being developed into residential subdivisions in the future. Third, the number of single-family residential lots that could be developed in each area based on the current zoning district of the area was calculated. Fourth, potential development in the ETJ was reviewed - vacant lot

Table 2
SINGLE-FAMILY & MULTIPLE-FAMILY UNITS
City of Pearland, Texas

Type of Unit	Number	Percentage of Total
Single-Family Units	10,354	84.4%
Multiple-Family Units	1,912	15.6%
Total of Both Types ¹	12,266	100.0%

Source: 2000 Census
Percentages of each based on the total number of units of each type



developments as well as PUD's were examined. The Savannah PUD will likely result in 2,560 new lots. Five other major PUD's, which were identified as Shadow Creek Ranch, Southern Trails, Highland Glen/Beazer Development, Canterbury Park, Lawrence Place, were also then examined to determine the total number of single-family lots that could be developed under the densities prescribed by the applicable PUD. The calculations and results of this analysis are shown in *Table 3*.

Table 3
POTENTIAL FUTURE SINGLE-FAMILY DEVELOPMENT
City of Pearland, Texas

Zoning District	Size of Lots In Square Feet	Area (In Acres) of Vacant Parcels One Acre or More in Size, Excluding PUD'S	Potential Number of Units (Lots) Permitted By Current Zoning ¹	Potential Units (Lots) Including the Major PUD's ²
R-E	1/2 acre or more	1,434.57	1,865	1,865
R-1	8,800 sq.ft. - 1/2 acre	539.76	1,000	1,577
R-2	7,000 sq.ft. - 8,799 sq.ft.	1,836.05	6,580	8,838
R-3	6,000 sq.ft. - 6,999 sq.ft.	207.89	906	2,499
R-4	5,000 sq.ft. - 5,999 sq.ft.	402.50	2,072	3,856
NA	3.6 dwelling units per acre ³	711.10	2,560	2,560
NA	15,000 sq. ft. ⁴	100.00	190	190
Total		4,420.77	12,423	21,385
Total Potential Number of Single-Family Lots in Vacant Areas & PUD's				

Source: City of Pearland. Data updated in July 2003
¹ The calculations excluded 20% for infrastructure and open space. (Southern trails had 19% for parks/open spaces and major thoroughfare ROW.) Additionally 15 % was excluded for interior streets. Therefore 65% of total area was used for density calculations. Average lot size in each zone was used to calculate number of lots.
² Five major PUD's include Shadow Creek Ranch, Southern Trails, Highland Glen/Beazer Development, Canterbury Park, Lawrence Place.
³ Savannah PUD.
⁴ Recommended density as shown on the Housing Density Map (page 12 of this 2004 Comprehensive Plan Update).

There are approximately 21,385 potential single-family units in the City and ETJ assuming anticipated densities. There were 10,354 single-family units in the City in 2000, according to the U.S. Census (*Table 2*). These two numbers can be added together to result in the total ultimate number of single-family units of 31,739 total units (*Table 4*).

Table 4
COMPARISON OF POTENTIAL SINGLE-FAMILY & MULTIPLE-FAMILY UNITS
City of Pearland, Texas

Type of Unit	Potential Ultimate Number of Units: Current + Potential	Potential Ultimate Percentage	Difference Between Current ¹ & Potential Percentages
Single-Family Units	10,354 + 21,385 = 31,739	77.8%	(-) 6.6%
Multiple-Family Units	1,912 + 7,137 = 9,049	22.2%	(+) 6.6%
Total of Both Types ²	40,788	100.0%	n/a

Source: Derived from information in Tables 3 and 5, and from the 2000 U.S. Census information on housing types.
¹ Refer to Table 2.
² Percentages of each based on the total number of units of each type



Now that the ultimate numbers of both multiple-family and single-family units have been calculated, both can be compared to determine what the ultimate mix may be in the future. As Table 4 shows, the future mix of single-family and multiple-family has the potential to be extremely different than what exists today. The percentage of single-family units as a percentage of the total has the potential to decrease, while the percentage of multiple-family units has the potential to increase.

Table 5 POTENTIAL ULTIMATE POPULATION City of Pearland, Texas				
Number of Units		Multiplied By 2.84 People Per Unit – Average Household Size From the 2000 U.S. Census	Multiplied By 94.8% Occupancy – Occupancy Rate From the 2000 U.S. Census	Potential Population From Units
Potential Single-Family & Multiple-Family Units ¹	40,788			
Other Existing Units ²	1,629			4,635
POTENTIAL ULTIMATE POPULATION				114,200

¹ Table 4
² 2000 U.S. Census information - Other Units include: "1-unit, attached"; "mobile home"; and "boat, RV, van, etc."
 NOTE: Calculations assume that no additional units that would be within the "Other Existing Units" category are developed, and that average household size and occupancy rate remain constant.

Table 5 shows the potential ultimate population of the City based on the number of single-family and multiple-family units that could develop under the scenarios discussed herein. The table also includes population information based on the number of "Other Existing Units" within the City; such units include attached dwellings, mobile homes, and other types of dwelling units recorded by the U.S. Census that were not otherwise reflected within this 2004 Comprehensive Plan Update. The ultimate potential population that could result from all of these units is over 114,200 people.

Conclusions Regarding Potential Future Multiple-Family & Single-Family Development

Given the increases in population and service needs that will result in the high percentage of multiple-family units that has the potential to develop under current conditions, it is recommended that the City rezone existing undeveloped parcels that are zoned multiple-family to either a single-family zoning district or a nonresidential zoning district, depending on location. If this recommended rezoning occurs, the result will be a reduction in the potential number of multiple-family units. This would reduce the future potential percentage below 22.5 percent (shown in Table 4) to about 19 percent. The reduced percentage would be more consistent with other regional cities, and with the present mix of multiple-family and single-family units.



FUTURE TRADITIONAL MULTIPLE-FAMILY DEVELOPMENT

The possible exception to the previous recommendation would be a multiple-family component developed within an overall Traditional Neighborhood Design (TND) development. This phrase is used to describe a new movement in land use planning that is based on an old practice – that is, a built environment that fosters social interaction and mixed use pedestrian-friendly areas. The core idea behind the TND movement is the intent to revive a sense of community in today's increasingly urbanized culture. The main characteristics of a traditional neighborhood design are high density, tree-lined streets, public spaces, and mixed land uses.

This concept could be used on a limited basis in Pearland to provide unique multiple-family areas unlike anything the City currently has. The limited development of TND areas would be appropriate 1) along major roadways such as State Highway 288 and Beltway 8 (refer to the discussion of the Spectrum District later within this document), and 2) within the Village area, as shown on the *Future Land Use Plan* map (page 19). These locations could support the density that typically characterizes TND. If such a development was proposed within Pearland, the multiple-family component should not contribute more than approximately 20 percent of the overall units within the project. Also, the multiple-family dwelling units would have to be provided as part of a mixed use development, wherein retail and/or office uses would be located at least on the ground level with apartment, loft-type residences located on the floor(s) above. Public spaces such as a park or formalized outdoor space (e.g., courtyard, gazebo) should be integrated into any TND development. The TND concept is also discussed later within this *Comprehensive Plan Update* within the *Future Land Use* section.

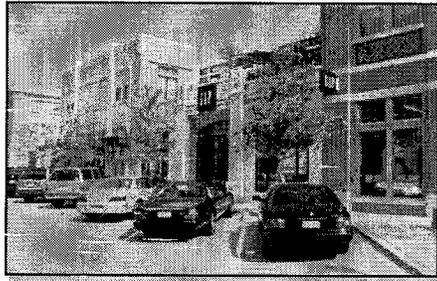


Illustration 2
EXAMPLES OF A TND DEVELOPMENT WITH
MULTIPLE-FAMILY USES – COULD DEVELOP IN
THE DOWNTOWN VILLAGE AREA OR THE
SPECTRUM DISTRICT

THE SINGLE-FAMILY MARKET

Pearland's 1999 Comprehensive Plan did not specifically make recommendations about lot size or lot coverage in relation to future single-family development. The following sections are intended to provide an analysis of single-family zoning districts and how the local need for increased lot size diversity and more stringent requirements for lot coverage have evolved. Also, recommendations are made with regard to future single-family development in Pearland.

SINGLE-FAMILY LOT SIZE

Within the *Land Use Categories* portion of the *Land Use Section*, "Low Density Residential" is described as being between 0 and 4 dwelling units per acre, with an average lot size of 7,500 square feet. Since the adoption of the 1999 Plan, however, the City has recognized its need for more specific guidance with regard to single-family lot size. This recognition has come as a result of an increase in developments with small lots (R-3 and R-4 zoning) in recent years.

The City has the following residential zoning districts with the corresponding minimum lot sizes:

- R-E – One-half acre lot (21,780 square feet)
- R-1 – 8,800 square foot lot
- R-2 – 7,000 square foot lot
- R-3 – 6,000 square foot lot
- R-4 – 5,000 square foot lot

The total difference between the minimum lot sizes required within the R-2, R-3, and R-4 districts is 2,000 square feet. However, there is a much larger difference in the minimum lot sizes between the R-E District and the R-1 District (12,980 square feet). This puts the City in the position of either dictating a relatively large lot of one-half acre, or a relatively small lot of between 8,800 and 5,000 square feet, without a choice in between. While it is true that a *minimum* 8,800-square-foot lot actually allows any lot size equal to or above that number, the development community generally uses the minimum lot size as the benchmark for the lot size that is developed.

The community has expressed a desire for Pearland to have more market diversity when it comes to buying a home. Currently, the City has thousands of lots allocated for residential zoning districts with allowable lot sizes in the range of 5,000 to 8,800 square feet; the following section discusses the City's current mix of lot sizes.



Size Analysis of Existing Single-Family Lots

In order to make a fully informed recommendation with regard what the City's single-family lot size policy should be in the future, an analysis of the existing development pattern is needed. Illustration 6, right, and Table 6 on the following page provide information regarding this analysis. While 46 percent of the developed lots are over 8,800 square feet in size, almost 54 percent of the lots are less than 8,800 square feet in size. While the smallest lots categorized, which are those between 3,000 and 5,999 square feet, do represent the smallest percentage of developed lots, the large lot categories also have relatively low percentages.

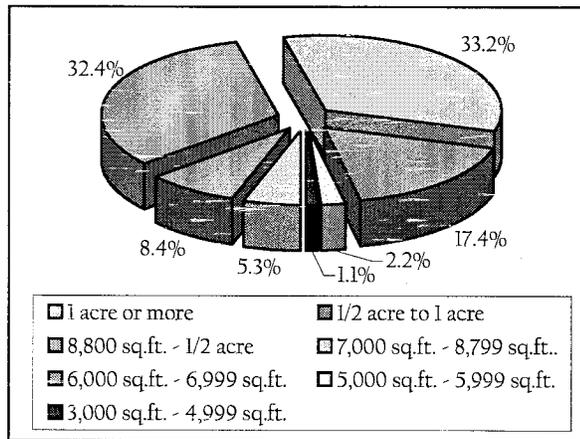


Illustration 6
SINGLE-FAMILY LOT SIZE PERCENTAGES

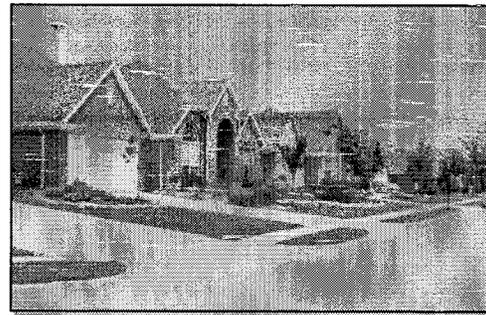


Illustration 4
EXAMPLE OF A SMALL-LOT SUBDIVISION

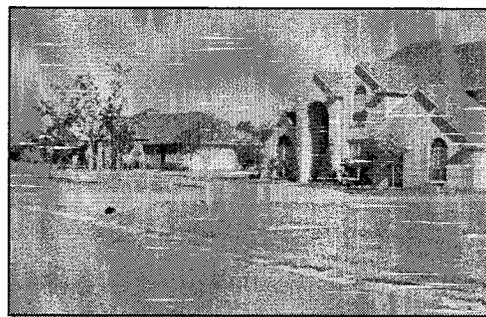


Illustration 5
EXAMPLE OF A LARGE-LOT SUBDIVISION

General Conclusions of the Single-Family Lot Size Analysis

Residents looking to purchase larger lots do not have many local options of larger lot home-sites. This fact limits opportunities by providing fewer options for families who live in Pearland and would like to upgrade from their existing home to a new one within the City. The City should strive for a range of lot sizes in the future.

In furthering this recommendation, the addition of residential districts into the Zoning Ordinance that have larger minimum lot sizes would provide a mechanism to increase the variety of the local housing market. The five current residential zoning districts should remain within the City's Zoning Ordinance in order to ensure continued conforming uses within those districts. However, three new zoning districts should be established within the Ordinance with minimum lot sizes of 10,000 square feet, 12,000 square feet, and 15,000 square feet. Lot sizes consistent with the City's current R-1 District of 8,800 square feet would also be acceptable. It is generally recommended that the City not rezone any additional land to allow for smaller lot sizes, with the possible exception of R-4 as



Table 6 EXISTING DEVELOPMENT OF SINGLE FAMILY LOTS City of Pearland, Texas					
Zoning District Corresponding to the Lot Size	Size of Lots	Current Acreage of Developed Parcels Over 3,000 Square Feet (as of July 2003)	Number of Lots in Each Zoning District	Percentage of Lots in Each Zoning District	
NA	1 acre or more	1,777.61	630	5.3%	46.2%
R-E	1/2 acre to 1 acre	745.37	1,001	8.4%	
R-1	8,800 sq.ft. - 1/2 acre	1,068.12	3,849	32.4%	
R-2	7,000 sq.ft. - 8,799 sq.ft.	708.28	3,943	33.2%	53.8%
R-3	6,000 sq.ft. - 6,999 sq.ft.	309.81	2,060	17.4%	
R-4	5,000 sq.ft. - 5,999 sq.ft.	34.45	263	2.2%	
NA	3,000 sq.ft. - 4,999 sq.ft.	11.86	125	1.1%	
Total		4,655.50	11,871	100.0%	

Source: Projects Dept., City of Pearland. Data updated in July 2003. Compiled by Planning Department Oct, 2003

discussed in the *General Housing Diversity* section herein. Higher densities may be appropriate in some areas for buffering or transition purposes, but Pearland should generally strive for the development of larger-lot subdivisions. Refer to the *Housing Density Map* for locational recommendations for rezoning existing vacant land to the previously recommended zoning districts. The *Future Land Use* portion of this 2004 *Comprehensive Plan Update* discusses the benefits of rezoning some areas of the City proactively.

SINGLE-FAMILY LOT COVERAGE

The trend of developing large houses on small lots has become an issue within Pearland in part due to increasing concerns with drainage and flooding. The current Zoning Ordinance allows the R-E District to be developed at a maximum coverage of 50 percent, with all other residential districts allowed 60 percent coverage. The Ordinance specifies "covered by buildings" in some of the residential districts, and is interpreted as such in the districts with no specification.

Lot coverage is important for several reasons. A high allowable percentage of lot coverage permits people to build more on their land, but as a result of the house footprint, concrete driveways, and other impervious cover, the amount of drainage from a property increases and the amount of water filtering through the ground decreases. Related to the increased runoff is the fact that with development, areas that had been pervious are decreased because of land development. A high amount of lot coverage also transfers visually into higher density, which can affect the overall appearance of the neighborhood and the community as a whole.



Currently, the Ordinance specifies that the allowable percentage is based on coverage *by buildings*. However, as mentioned, there are other site elements that result in impervious coverage. It is therefore recommended that lot coverage be addressed in detail as part of the Unified Development Code (UDC) that will be the implementation instrument of these recommendations. Adequate engineering study of lot coverage and its potential impacts on drainage and flooding should be pursued, with consideration given to the fact that all impervious surfaces, including buildings and driveways, can adversely affect the way in which runoff occurs. Lot coverage should also be considered within the UDC in terms of its affect on aesthetics and the resulting community image of Pearland. It is recommended that lot coverage requirements include a definition for impervious coverage and a percentage established for the entire lot.



Illustration 7
EXAMPLE OF A LARGE HOUSE ON A SMALL LOT, RESULTING IN A
HIGH PERCENTAGE OF LOT COVERAGE

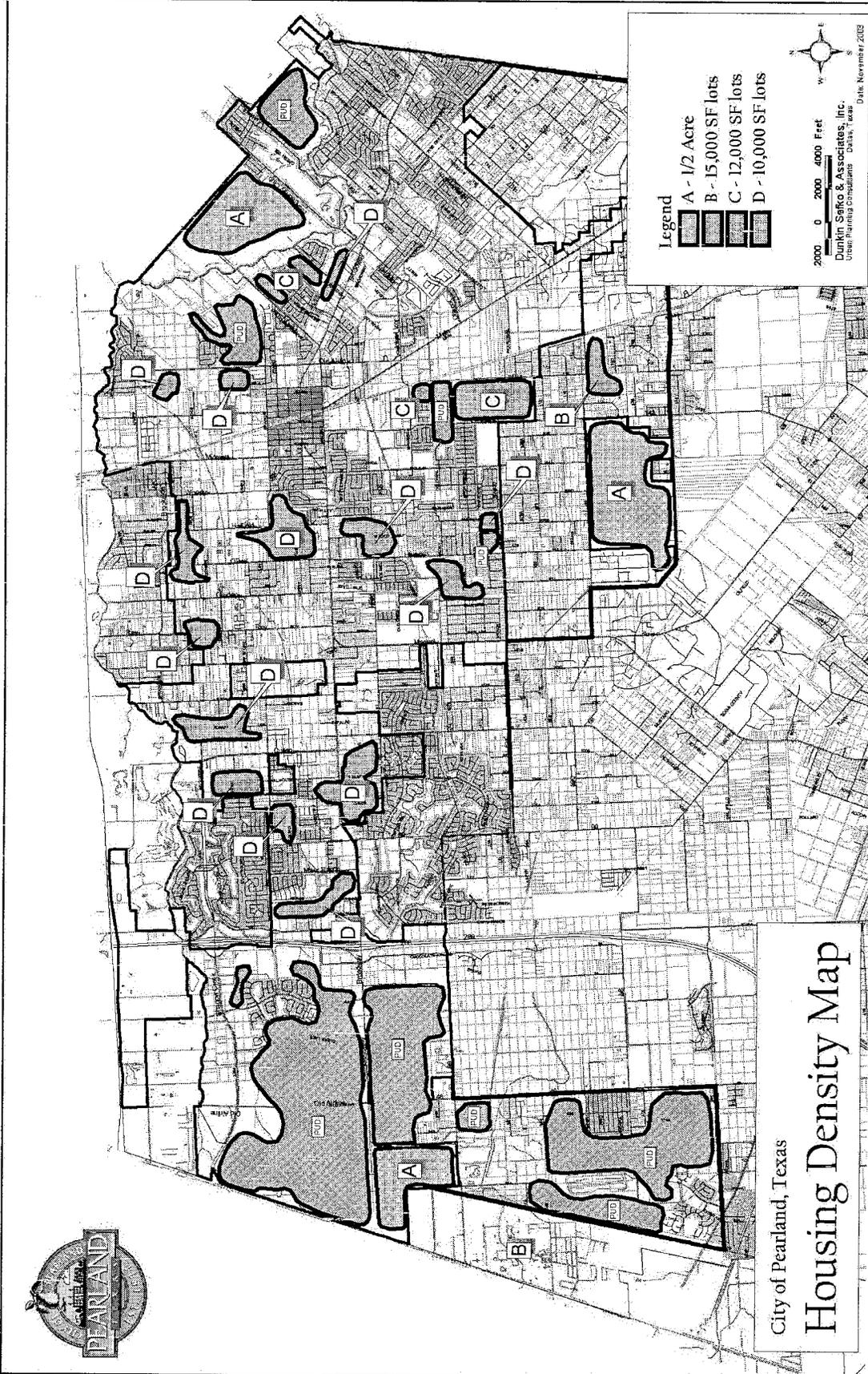
GENERAL HOUSING DIVERSITY

In addition to the desire for an increased variety of lot size choices, the community has expressed a desire for an increased diversity of housing types. Patio homes and townhomes have been suggested to increase the housing diversity. These two are discussed in the City's 1999 Comprehensive Plan as *Medium Density Residential*, and recommended locations for such development are identified on the *Future Land Use Plan* map.

These uses can be developed through the use of the City's R-3 or R-4 Single-Family Dwelling District. The R-3 District allows patio home development through a related Planned Unit Development (PUD) and does not allow townhomes. The R-4 District allows patio home development through straight zoning, and townhomes can be developed only through a related Planned Unit Development (PUD).

PATIO HOME & TOWNHOME ZONING DISTRICTS

To facilitate the development process for these desired types of development, it is recommended that the City make the process easier to use and to understand. The patio home PUD should be eliminated as an option from the R-3 District; the straight zoning of patio homes through use of the R-4 District should remain. The townhome PUD should be eliminated from the R-4 District, and the PUD requirements should be used as the basis for establishing a zoning district specifically for townhome development.



City of Pearland, Texas
Housing Density Map

Further, it is recommended that patio homes be developed at a maximum of seven dwelling units per acre, and townhomes should be developed at a maximum of ten dwelling units per acre. Both should be developed on tracts that are 40 acres or less in size, with a maximum of 50 percent project coverage, and provision for green space/park land. Amending the Pearland Zoning Ordinance in this manner will help the City provide the development community with better mechanisms to increase local housing choice. It should be noted that although these types of housing are desirable in Pearland, traditional single-family homes on larger lots, as recommended previously herein, should be the predominate type of residential development in the future. The City should review such development proposals in accordance with the recommended 2004 *Future Land Use Plan* on the basis that at least one of the following criteria apply:

- Patio homes and townhomes together comprise less than 30 percent of a mixed use development.
- Patio homes and townhomes together comprise less than 30 percent of a residential development.
- Patio homes and townhomes are proposed as a cluster development (refer to the following section, *Housing Developments With Open Space*).
- The patio homes or townhomes provide a buffer between single-family land uses and higher intensity land uses, such as multiple-family or nonresidential.
- The patio homes or townhomes provide a buffer between single-family land uses and major thoroughfares or collectors.
- The land proposed for development of patio homes or townhomes is located along a major thoroughfare or collector.

ANTI-MONOTONY REGULATIONS

In order for residential streets to achieve the intimate, interesting and welcoming quality, the buildings along the street must compose a suitable street wall. This means that the street should be visually interesting, with variations of front facades and dissimilar spacing of the residences. Some of the ways in which the City can avoid monotony along residential streets include encouraging:

- Greater variety of housing types.
- Variations in front setbacks.
- The addition of elements like front porches and allowing a reduction in front yards to bring houses to a pedestrian scale.
- A mixture of housing types and prices within a neighborhood.

WALKABLE NEIGHBORHOODS

Designs that make destination areas more walkable should be encouraged through the following:

- Neighborhoods should be designed to be pedestrian-centered, with residential sidewalks and streets that interconnect with adjacent developments, schools, neighborhood retail areas, open areas, walkways, greenways, etc.

- Encourage traffic calming measures to be incorporated into the street design of new residential neighborhoods to prevent excessive traffic speeding. Also, long, straight streets should be discouraged by specifically limiting the length of residential streets by ordinance.
- Design standards that ensure safety, mobility, and adequate separation between pedestrian and non-motorized modes of transport should be incorporated into neighborhoods.

HOUSING DEVELOPMENTS WITH OPEN SPACE

Open space and undeveloped land are becoming increasingly rare as society is becoming more urbanized. In order to allow development to occur while preserving open space, the concept of cluster development has grown in popularity in recent years. A cluster development “generally sites houses on smaller parcels of land, while the additional land that would have been allocated to individual lots is converted to common shared open space for the subdivision residents. Typically, road frontage, lot size, setbacks, and other traditional subdivision regulations are redefined to permit the developer to preserve ecologically sensitive areas, historical sites, or other unique characteristics of the land being subdivided”². Residents can enjoy larger amounts of open space, and developers can enjoy lower infrastructure costs (such as roads, waterlines, and sewer lines). Furthermore, this type of development can have a beneficial impact on the Pearland’s drainage capabilities by reducing the amount of impervious cover.

The City could provide developers with incentives to utilize this design technique. One way in which the City can do this is generally referred to as a “density bonus”, whereby a developer is allowed higher density levels in exchange for the provision of open space. Another incentive is to allow smaller street widths and cul-de-sac radii, resulting in reduced development costs. The following is an example of how a cluster design might work in the City.

A landowner with a 50-acre tract would leave 20 acres as perpetual open space, leaving 30 acres to be developed. Approximately 20 percent would likely be used for roadways, which is less than the approximately 30 percent that would be used for roadways in a typical development. This would leave 24 acres for residential lot development. With 7,000-square-foot lots permitted, approximately 149 lots could be established. The reduction of lot size to 7,000 square feet provides a monetary incentive to the developer due to reduced initial cost for roadways and improvements compared to developing 10,000-square-foot lots. The result would be 149 lots on less total acreage than the typical development with a 10,000-square-foot lot minimum.

² Cluster Development: Land Use Series. ADDRESS: <http://ohioline.osu.edu/cd-fact/1270.html>.



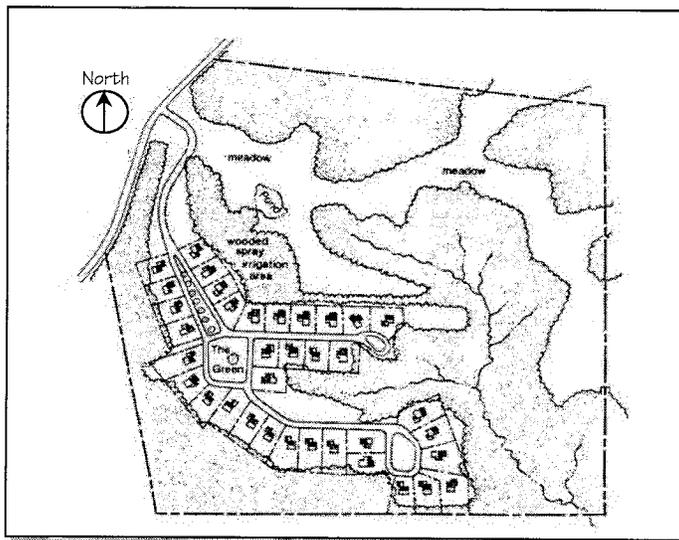
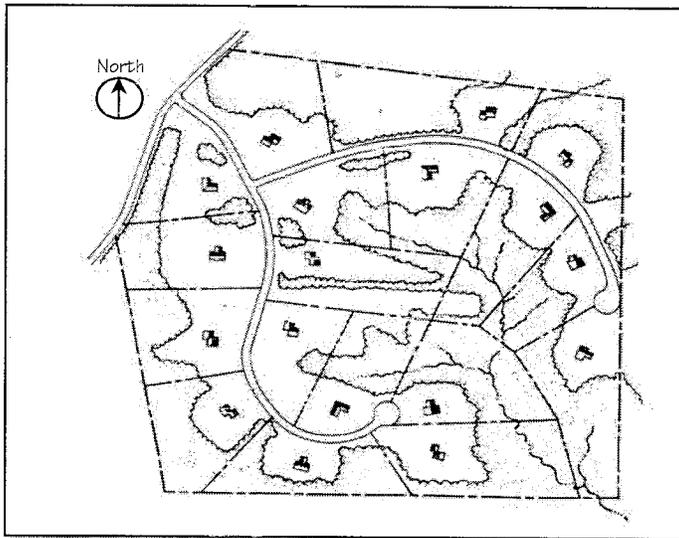


Illustration 8
COMPARATIVE LOT YIELD OF TYPICAL (top) & CLUSTER DEVELOPMENT (bottom)

Table 7
COMPARATIVE LOT YIELD OF 50 ACRES WITH CLUSTER DEVELOPMENTS
& TYPICAL DEVELOPMENTS

TYPE OF DEVELOPMENT	AMOUNT OF OPEN SPACE	ROADWAYS	LOT SIZE	LOT YIELD
CLUSTER	(40%) 20 acres	20%	7,000 s.f.	149 lots
TYPICAL	(0%) 0 acres	30%	10,000 s.f.	152 lots

Source: Dunkin, Sefko & Associates, Inc.

CLUSTER DEVELOPMENT ZONING DISTRICT

In Pearland, a proposed cluster development could be allowed to develop at a lot size equal to the existing R-2 District. Although the previous recommendation was to not permit any more development with lots smaller than 10,000 square feet, the cluster concept would be beneficial to the City; therefore, a 7,000 square foot lot should be permitted, as shown in Table 7, but only if the development uses the cluster concept. A Homeowner Association (HOA) or other similar entity should be established to insure that open space areas are maintained. At least 40 percent of the overall site that is to be developed should be left as perpetual open space. A cluster development zoning district should be established within the City's Zoning Ordinance.

OPEN SPACE & NEIGHBORHOOD SQUARES

Creating meaningful open spaces is important to the overall design of local neighborhoods. The treatment and size of open spaces such as waterfronts, neighborhood greens, neighborhood squares, and similar amenities can create a variety of spaces, each serving



a different, distinct function. Therefore, the following should apply to new neighborhoods developed within Pearland:

- Each neighborhood should contain a central focus area such as a square or park that is of appropriate size and that is centrally located within the neighborhood.
- Neighborhoods along waterfronts and lakes should be encouraged to provide parks, walking trails and areas along the water front accessible to the public. Lakes should be designed such that they are visible from streets and enhance the character of the entire development.

HOUSING GUIDANCE: RECOMMENDATIONS SUMMARY

- 1) Issue – Multiple-Family Development: The City should rezone vacant areas that are zoned for multiple-family development to a single-family or nonresidential zoning district, and should not rezone any new areas for multiple-family development in the foreseeable future. The possible exception to this recommendation would be a multiple-family component developed within an overall Traditional Neighborhood Design (TND), mixed use development.
- 2) Issue – Larger Lot Development: Three new zoning districts should be established within the Pearland Zoning Ordinance with minimum lot sizes of 10,000 square feet, 12,000 square feet, and 15,000 square feet.
- 3) Issue – Larger Lot Development: The City should not rezone any additional land to allow for smaller lot sizes (i.e., lots 8,800 square feet or less), with possible exceptions to allow for patio home, townhome, and cluster developments.
- 4) Issue – Larger Lot Development: Use the *Housing Density Map* as a guide for City policy on lot size. This is further discussed in the *Future Land Use* portion of this *Comprehensive Plan Update*.
- 5) Issue – Lot Coverage: Lot coverage will be addressed in detail as part of the Unified Development Code (UDC). Adequate engineering study of lot coverage and its potential impacts on drainage and flooding should be pursued. Lot coverage should also be considered in terms of its impact on Pearland's community image. Any new lot coverage requirements within the UDC should include a definition for impervious coverage and should specify an allowable maximum percentage of impervious surface for new development.
- 6) Issue – Housing Diversity: To help increase local housing choice, the Zoning Ordinance should be amended to provide separate districts for patio home and townhome development. Patio homes should be developed at a maximum of seven dwelling units



per acre, and townhomes should be developed at a maximum of ten dwelling units per acre, both at a maximum of 50 percent project coverage. All patio homes and similar developments should have an abundance of open space suitable for use by its residents. Developments of this type should also be on tracts that are 40 acres or less in size. The criteria recommended within the *Housing Diversity* section should be used as the City considers patio home and/or townhome development proposals.

- 7) Issue – Open Space: Cluster developments can assist in providing housing diversity and mitigate drainage problems. A cluster development zoning district should be established within the City's Zoning Ordinance, with a density bonus to provide an incentive for developers.

- 8) Issue – Monotonous, Anti-Pedestrian Neighborhoods That Lack Cohesive Character. Incorporating anti-monotony regulations within the new UDC will help ensure that new neighborhoods within Pearland provide local residents with an increased a sense of place. Such neighborhoods will likely also be able to hold their value economically due to the sense of quality that is generally inherent to unique neighborhoods. Anti-monotony recommendations include: encouraging a variety of housing types within neighborhoods, ensuring that new neighborhoods are pedestrian-friendly, and encouraging amenities like centralized open spaces, waterfront areas, and walking trails that contribute to neighborhoods being unique.



FUTURE LAND USE

SUBURBAN DEVELOPMENT (SD)

DISTRICT AREAS

Pearland currently has a large portion of its land zoned Suburban Development (SD) or some variation thereof, such as Suburban Development Residential. Previous City practice was to zone land SD after it was annexed into the City; this practice has changed in recent years, and less land has been zoned to this district. However, over 9,000 acres remain. As a result, when landowners/developers want to develop property they must apply for a rezoning. This method puts the City in a reactive position – that is, the City has to react to each rezoning proposal and has to establish reasons to affirm or deny each proposal. Also, this method puts the development community in a speculative position – that is, developers must speculate on what the City may grant in terms of rezoning, with only the 1999 *Future Land Use Plan* as a guide.

The City should consider the following three policy-related actions. First, the City should adopt a policy of annexing land and immediately zoning that land according to the 1999 *Future Land Use Plan* and/or the *Housing Density Map*, as applicable. Second, the City should adopt a policy of using the *Housing Density Map* within this *Comprehensive Plan Update* as a guide in making decisions regarding proposals to rezone any areas that are currently zoned Suburban Development. Third, the City should be responsive to requests to rezone areas where existing residences exist that were annexed and zoned Suburban Development; many citizens are applying individually for zoning changes that would make them conform to a residential zoning district. The City should establish a procedure to make such rezoning request as simple and streamlined as possible. Implementation of such policies not only benefits the City, but also benefits 1) the development community as well by establishing a clear framework for what type of development is desired in specific locations of Pearland, and 2) citizens in areas that were annexed.

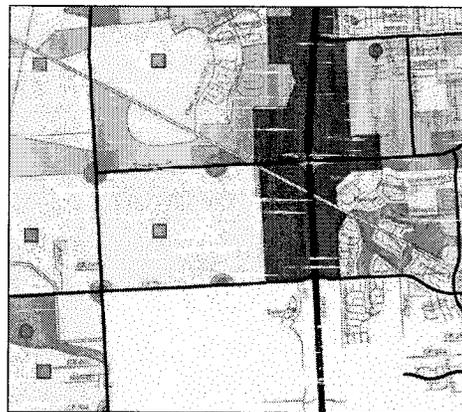
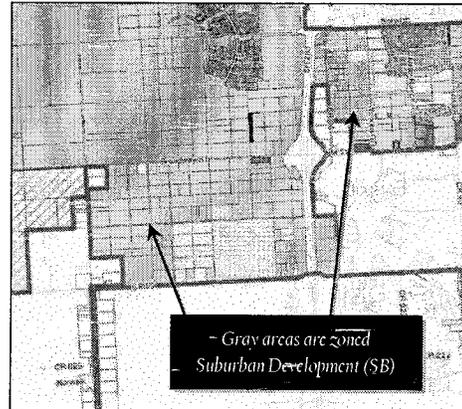
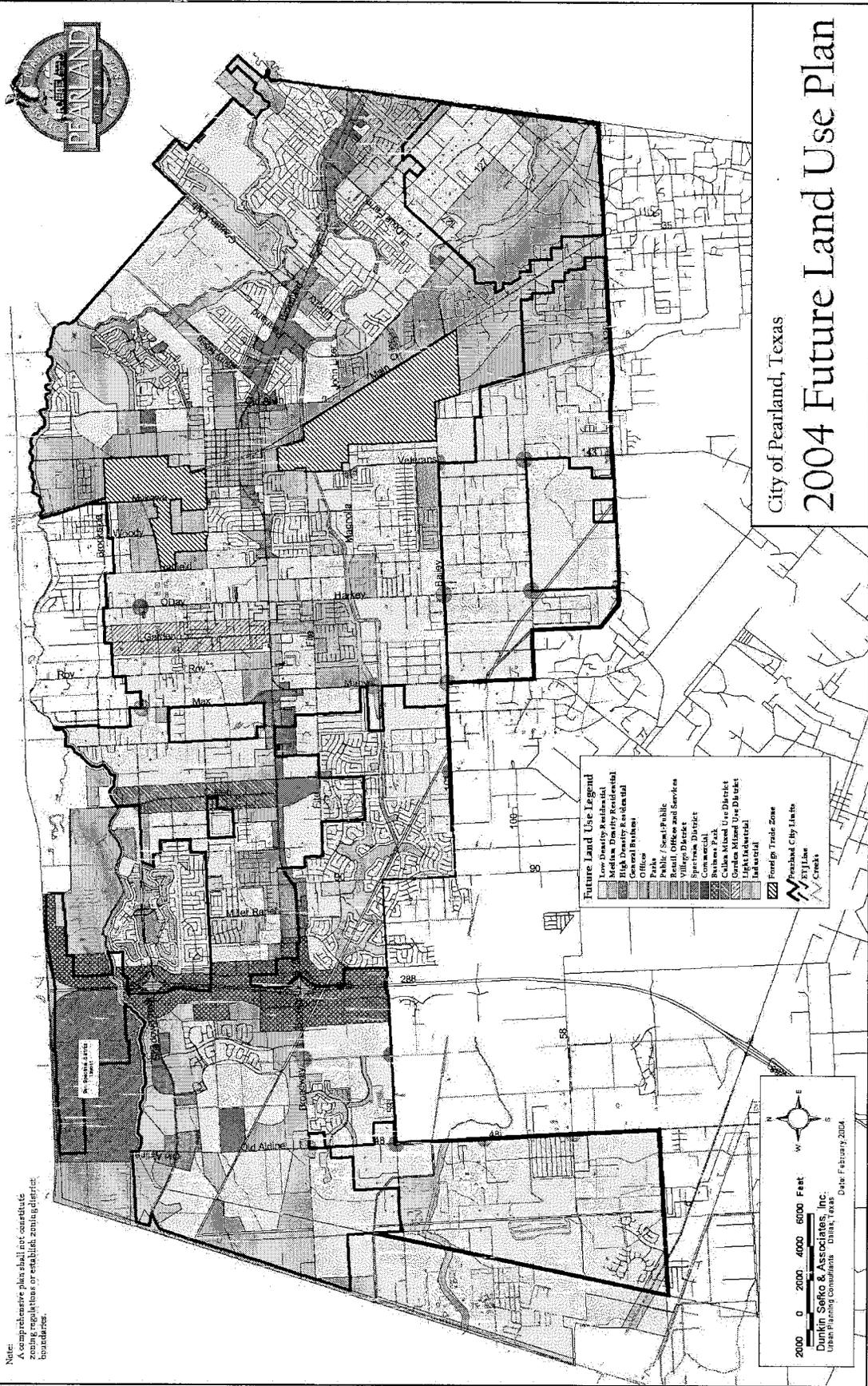


Illustration 10
ZONING MAP (top) &
THE 1999 FUTURE LAND USE PLAN (bottom)

Note:
Comprehensive plans shall not constitute
a guarantee or establishment of specific
boundaries.



LAND USE GUIDANCE IN SPECIFIC AREAS OF PEARLAND

CULLEN BOULEVARD & GARDEN ROAD

Cullen Boulevard and Garden Road are areas of the City that are characterized by diverse types of land use, including residential, commercial and industrial development. *Illustration 8* shows the 1999 *Future Land Use Plan* in relation to Cullen Boulevard and Garden Road. It was a goal of the 1999 *Comprehensive Plan* to transition areas such as Garden Road and Cullen Boulevard from the existing uses to residential use. The light yellow areas represent *Low Density Residential*, the dark yellow areas represent *Medium Density Residential*, the purple represents *General Business*, and the red, *Retail, Offices, and Services*. Since the adoption of the 1999 *Comprehensive Plan*, there have been several instances in which zoning decisions have been made that result in inconsistencies with the 1999 *Future Land Use Plan*. Conversely, often when zoning decisions have been consistent with the 1999 *Future Land Use Plan*, the result often is that numerous land uses that exist within these corridors become nonconforming. Neither result is positive for the City, and the latter result is a definite negative for landowners in these areas. Consequently, the City has received many requests for rezoning to accommodate the needs of existing area residents and businesses along both Cullen Boulevard and Garden Road.

Given the unique situation of these areas of Pearland, a separate mixed use zoning district should be established for each these corridors. Shown on the 2004 *Future Land Use Plan* map and in *Illustration 12*, these districts would help protect the interests of all parties, including the City, the residents, and the businesses. The City would benefit through the increase in sales and property tax generated by expanding

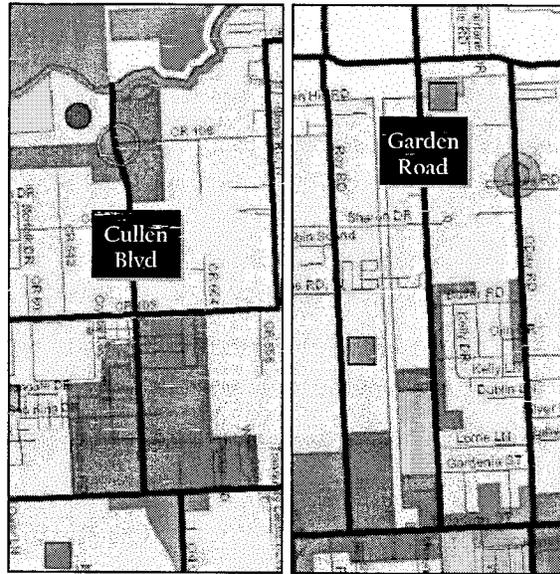


Illustration 11
THE 1999 FUTURE LAND USE PLAN – Cullen Boulevard & Garden Road Recommended Land Uses Within the 1999 Plan



Illustration 12
THE 2004 FUTURE LAND USE PLAN – Recommended Cullen & Garden Mixed Use District Areas

businesses. Another benefit for Pearland would be increased consistency between the City's adopted plan and its zoning regulations. Additionally, both residential and nonresidential land uses would benefit by becoming conforming uses, thereby streamlining the process of making desired expansions and/or selling property along Cullen Boulevard and Garden Road. The major difference between the *Cullen Boulevard Mixed Use District* and the *Garden Road Mixed Use District* would be the uses allowed within each, as shown in the following list. Other characteristics of the proposed districts would be similar, and are also outlined in the following.

- Acceptable land uses, assuming that the other bulleted items apply, include:

Cullen Boulevard District

- Single-family residential
- Retail (less than 20,000 sq. ft.)
- Technology-related businesses
- Cemetery
- Churches
- Light manufacturing (with limitation on building size) – primarily intended to allow existing businesses to have a conforming status in terms of zoning; any new manufacturing uses should only be allowed by Special Use Permit (SUP)

Garden Road District

- Single-family residential
- Manufacturing businesses
- Fabrication businesses
- Technology businesses
- Retailing
- Manufactured Homes
- Light Commercial

- The majority of existing nonresidential uses would become conforming, with the possible exception of uses that are determined to have an adverse affect on other uses in the area.
- New nonresidential businesses permitted would be closely defined and would be consistent with the types that currently exist along Cullen Boulevard and Garden Road.
- Expansions of existing nonresidential uses would include a requirement that business must be conducted within a building.
- Adjacency standards, such as setbacks and screening, would be established to ensure that residential uses would not be adversely affected by the integration of nonresidential land uses.
- Open storage should not be allowed.

A NEW MIXED USE AREA – THE SPECTRUM DISTRICT

The 1999 Comprehensive Plan discussed the City's need to facilitate the creation of "an attractive business park environment along State Highway 288" (page 5.17). Specifically called Planning Initiative #4 within the 1999

Plan, the concept was to provide locations for corporate headquarters in campus-like settings, office buildings, light manufacturing uses, restaurants, and retail shops. It was also mentioned that regional shopping centers, malls, hotels and motels would be desirable uses, and that

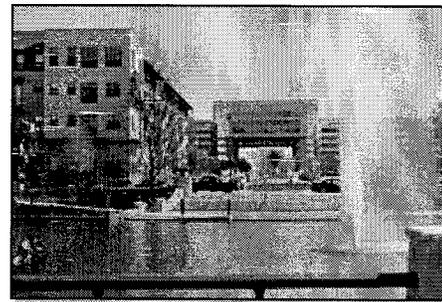


Illustration 13
THE LEGACY IN PLANO, TEXAS



multiple family development should be permitted with a limitation on the number of units per acre. This 2004 *Comprehensive Plan Update* supports the concept outlined in Pearland's previous Plan. However, this concept should be concentrated at the southwest intersection of State Highway 288 and Beltway 8, and should be slightly refined as outlined herein. As the 2004 *Future Land Use Plan* shows, the southwest intersection of State Highway 288 and Beltway 8 should be differentiated from the more general *Business Park* land use designation in order to identify it as a more unique area of the City. The intersection, shown on the 2004 *Plan* as the *Spectrum District*, has the three principle characteristics that the development community desires – location, location, location. Examples of other developments within Texas that this recommendation could be compared to include The Legacy in Plano, The Arboretum in Austin, and The Woodland Town Center in the Woodlands. The following elements should be integrated within a special zoning district for this identified area:

- A mix of land uses, including multiple-family, retail, office, public/semi-public, and light manufacturing, specifically:
 - A regional mall,
 - Research labs and high-tech manufacturing,
 - Hotel and conference facilities,
 - A sports park,
 - Restaurants,
 - Live theater and/or movie theater,
 - TND development (refer to page 7).
- A distinct gateway announcing the City of Pearland in a location visible from both State Highway 288 and Beltway 8.
- A comprehensive streetscape program, with medians, street trees, cohesive lighting, pedestrian walkways, etc.
- A comprehensive landscape program, with water features and view corridors.
- Cohesive signage that unifies the area.
- Parking oriented away from roadways and pedestrian walkways wherever possible.
- Pedestrian-orientation, including signage and crosswalks.
- Front building facades with a mixture of architectural and design characteristics that are aesthetically pleasing.
- If uses that require outside/open storage are permitted, areas used for the storage should be screened from public view.
- Buildings without setbacks where appropriate, such as buildings with office, retail and multiple-family mixed (such as within a TND development).
- Buildings set in a campus-like environment where appropriate, such as a large office,

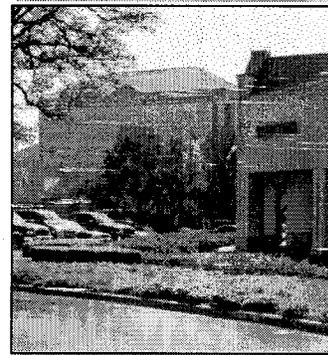


Illustration 14
THE ARBORETUM IN
AUSTIN, TEXAS



Illustration 15
EXAMPLE OF A MIXED USE DEVELOPMENT

- manufacturing, or research and development centers.
- Neighborhood parks and/or public plazas.
- Pedestrian linkages to other areas of the City.

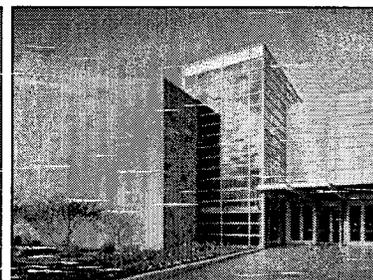
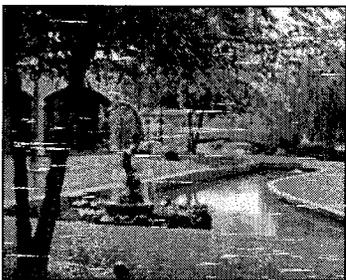
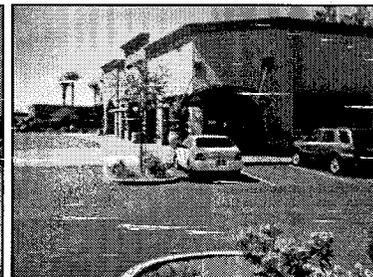
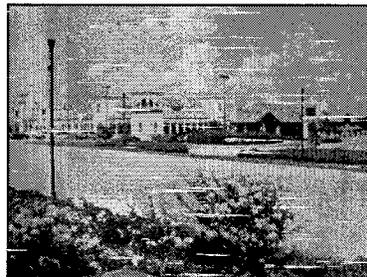
Integrating these concepts into a cohesive design and locating such a development at one of Pearland's major intersections and one of the main gateways into the City would create a positive perception of the City as a whole. Not only would this type of development be unique to the region, but it would also be unlike any development that currently exists in Pearland. The recommended integration of land uses and the pedestrian orientation would also set this area of the City apart.

The different land use concepts discussed herein have been recommended for various specific locations shown on the Spectrum District map (following page). Descriptions of the land use concepts in relation to their locations are as follows.

District S1: The Beltway District



These areas are intended for nonresidential development that typically desires high visibility from major thoroughfares. Retail uses such as shops and restaurants are intended to characterize this district. A "mall-like" setting, either indoor or outdoor, would be ideal for these locations. Pedestrian circulation should be a prime consideration. In addition, science and technology related office uses (also referred to as "tech-flex") developed within a business park or corporate campus would also be appropriate. Buildings for such uses should be set back from roadways and parking should be located such that a feeling of open space is created. Business activities should take place wholly within buildings, and outside storage of materials would be inconsistent with the purpose of the S1 District. In addition, development should respect natural features such as creeks and drainageways by integrating such features into the overall site design.





Beltway 8

Highway 288

Spectrum Dr

Kirby

Old Airline Rd

Kirby Dr

Shadow Creek Pkwy

State Highway 288 & Beltway 8

The Spectrum District

Legend

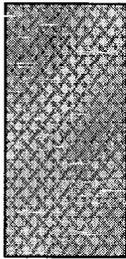
- S1 - The Beltway District
- S2 - The Mixed Use District
- S3 - The Mixed Use - High Density Residential District
- S4 - The Light Industrial and Science & Technology District
- S5 - The Light & Heavy Industrial District
- Open Space
- Trail System
- Pearland City Limits
- Pearland IJ
- Creeks

Scale: 0 400 800 1200 Feet

Dunkin Seifko & Associates, Inc.
Urban Planning Consultants Dallas, Texas

Date: February 2004

District S2: Mixed Use District



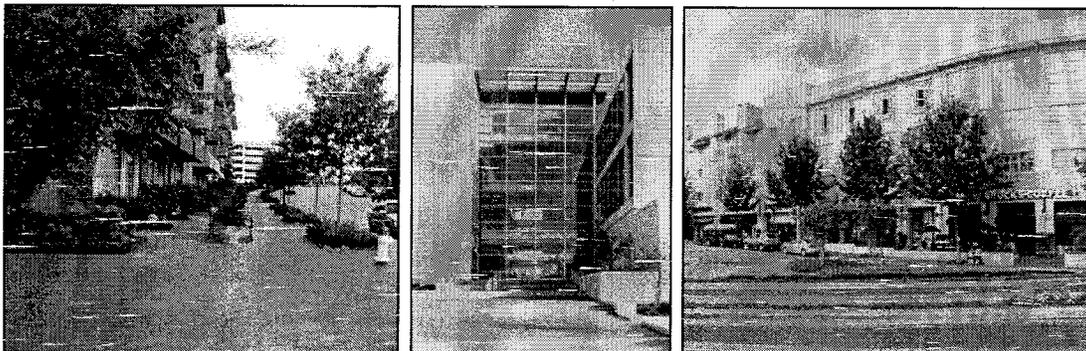
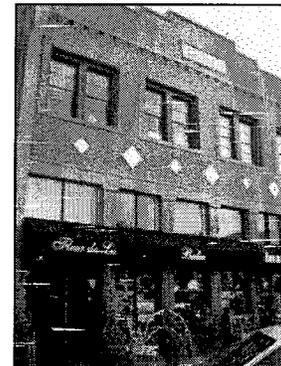
This area is appropriate for a variety of land uses, including hotels, a conference center/convention center, tourism-oriented uses, commercial, light industrial, and science and technology related uses (also referred to as “tech-flex”). This wide variety of acceptable uses is intended to allow for optimum market flexibility for development within the S2 area. Any commercial and/or light industrial uses developed should be within a business park or corporate campus with buildings and parking situated such that a feeling of open space is created, and business activities should take place wholly within buildings. Development should also respect natural features such as creeks and drainageways by integrating such features into the overall site design. Walkability and pedestrian-orientation is important for this site due to its central location within the overall Spectrum District; therefore, pedestrian access has been shown to and within the area.



District S3: The Mixed Use - High Density Residential District



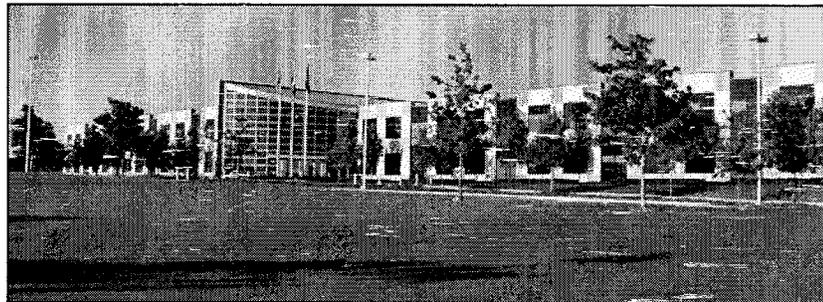
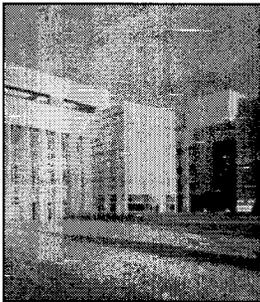
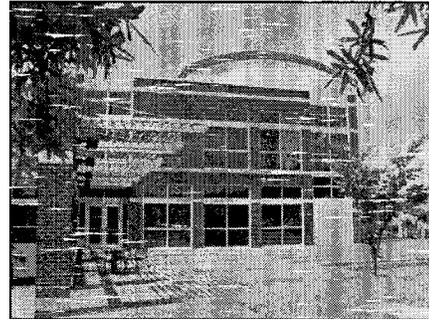
These areas are intended for TND development, as discussed previously within this 2004 Comprehensive Plan Update. A vertical mix of nonresidential and residential uses is envisioned, with retail and/or office uses on the ground floor and residential uses above. Traditional multiple-family development is not intended for this area; retail and/or offices therefore should be required as a condition of development. Also, the City should have special oversight of this type of mixed use development by allowing it only through a Special Use Permit (SUP). In addition, consistent with other areas of the Spectrum District, commercial, and light industrial science and technology related uses (also referred to as “tech-flex”) developed within a business park or corporate campus would also be appropriate within the S3 area. Compatibility with residential uses should be an important design consideration.



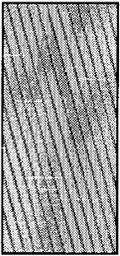
District S4: The Light Industrial and Science & Technology District



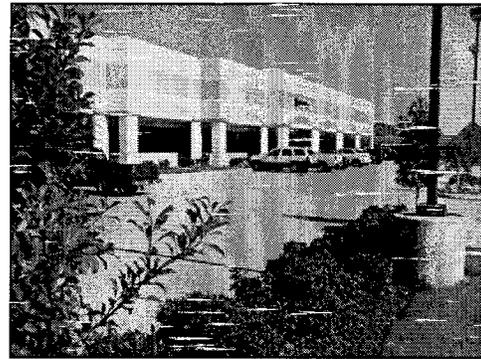
These areas are intended for light industrial uses similar to those that are envisioned for location within District S2. One significant difference between District S2 and District S4 is that uses in S4 may have some business activity that takes place outside and/or some outside storage of materials; such outside activity and/or storage should have guidelines for screening. Another difference is that S4 would not necessarily have a campus-like business environment. S4 District uses should provide positive transition between development within the S5 District (discussed below) and the S2 District. Regardless of the type of uses, however, design guidelines should be established to ensure that the businesses envisioned for this district provide an aesthetically pleasing view from the planned roadways.



District S5: The Light & Heavy Industrial District



These areas are intended for light or heavy industrial development that may have outside business activity and outside storage. Much of the development to the south and west of the Spectrum District area is currently characterized by heavy commercial and industrial businesses, and the identified areas should provide transition between these existing uses and the new uses envisioned for development within the S4 District. Regardless of the type of uses, however, design guidelines should be established to ensure that future development provides an aesthetically pleasing view from the planned roadways.



FUTURE LAND USE: RECOMMENDATIONS SUMMARY

- 1) Issue – Amount of Suburban Development Zoning: The City should utilize the *Housing Density Map* and the *2004 Future Land Use Plan* map herein to guide policy decisions on rezoning proposals in areas currently zoned Suburban Development.
- 2) Issue – Cullen Boulevard & Garden Road: The City should establish mixed use zoning districts for the areas along Cullen Boulevard and Garden Road. The respective specific locations for the recommended *Cullen Boulevard Mixed Use District* and the *Garden Road Mixed Use District* are shown on the *2004 Future Land Use Plan*. The guidelines outlined herein should be integrated into the established district.
- 3) Issue – Creating a Unique Mixed Use Area: The City should establish a unique business park zoning district for the southwest corner of the intersection between State Highway 288 and Beltway 8. The recommended area for the *Spectrum District* is shown on the *2004 Future Land Use Plan* and is shown in greater detail in the illustration on page 24. The guidelines outlined herein should be integrated into the established district.



COMMUNITY IMAGE GUIDELINES

INCREASED BEAUTIFICATION OF CORRIDORS

The City of Pearland has recognized the need for protecting and enhancing its image along major thoroughfares by enacting a corridor overlay zoning district for Pearland Parkway, Oiler Drive, and McHard Road. Other major roadways should be protected and enhanced by an overlay district. The following major thoroughfares could substantially benefit from an overlay district:

- State Highway 288 (Recommended in the *1999 Comprehensive Plan*)
 - State Highway 288 (South Freeway) is located in the western portion of the City. It serves as a major north-south transportation route and links Pearland directly to downtown Houston. This highway is a critical element in shaping and developing the City's image.
- Beltway 8 (Recommended in the *1999 Comprehensive Plan*)
 - Beltway 8 is also known as the Sam Houston Parkway. The major challenge with Beltway 8 is that Pearland has very little frontage along the highway. Beltway 8 is mostly contained inside Houston's city limits; therefore, unified development of the highway ideally would have the support of both cities. However, even if Pearland is unable to garner the support of Houston, the City should still proactively manage development along the Beltway wherever possible as outlined herein.
- Main Street
 - Main Street is a major north-south thoroughfare through the heart of the City. It serves as an important visual image because of its location through the core area of Pearland.
- Broadway Road
 - Broadway Road is a major east-west thoroughfare, moving through the center of Pearland and connecting to the city of Friendswood. It runs through the downtown area and forms a key intersection with Main Street.
- Dixie Farm Road
 - Dixie Farm Road is located in the eastern portion of the City. With a terminus at Main Street, the road runs to the northeast crossing Broadway Street and passes along the city limits of Houston and Friendswood and intersects Interstate Highway 45. The road can enhance the visual image of the City's main southeastern entrance.
- Planned Roadways
 - Future roads should be planned to enhance the image of the City. These planned roads are free from some of the complications that are experienced by existing roads. Planned roadways are opportunities for the City to develop aesthetically pleasing corridors from the initial construction and



development of the roadways. The image of existing roads is dependent on the land uses and other man-made features that lay adjacent to the road. Overall, the City should view planned roadways as a way in which to positively present its image proactively. One such roadway is Bailey, which is currently being studied as a possible additional east-west thoroughfare. Another possible roadway is Magnolia, north of Bailey; this roadway may become the alternative choice for an east-west thoroughfare if the studies of Bailey result in the conclusion that it would be economically infeasible to construct. Magnolia and/or Bailey should have corridor overlays after their initial development.

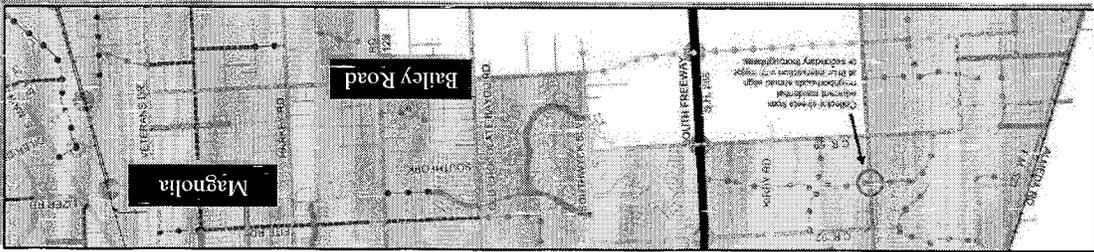


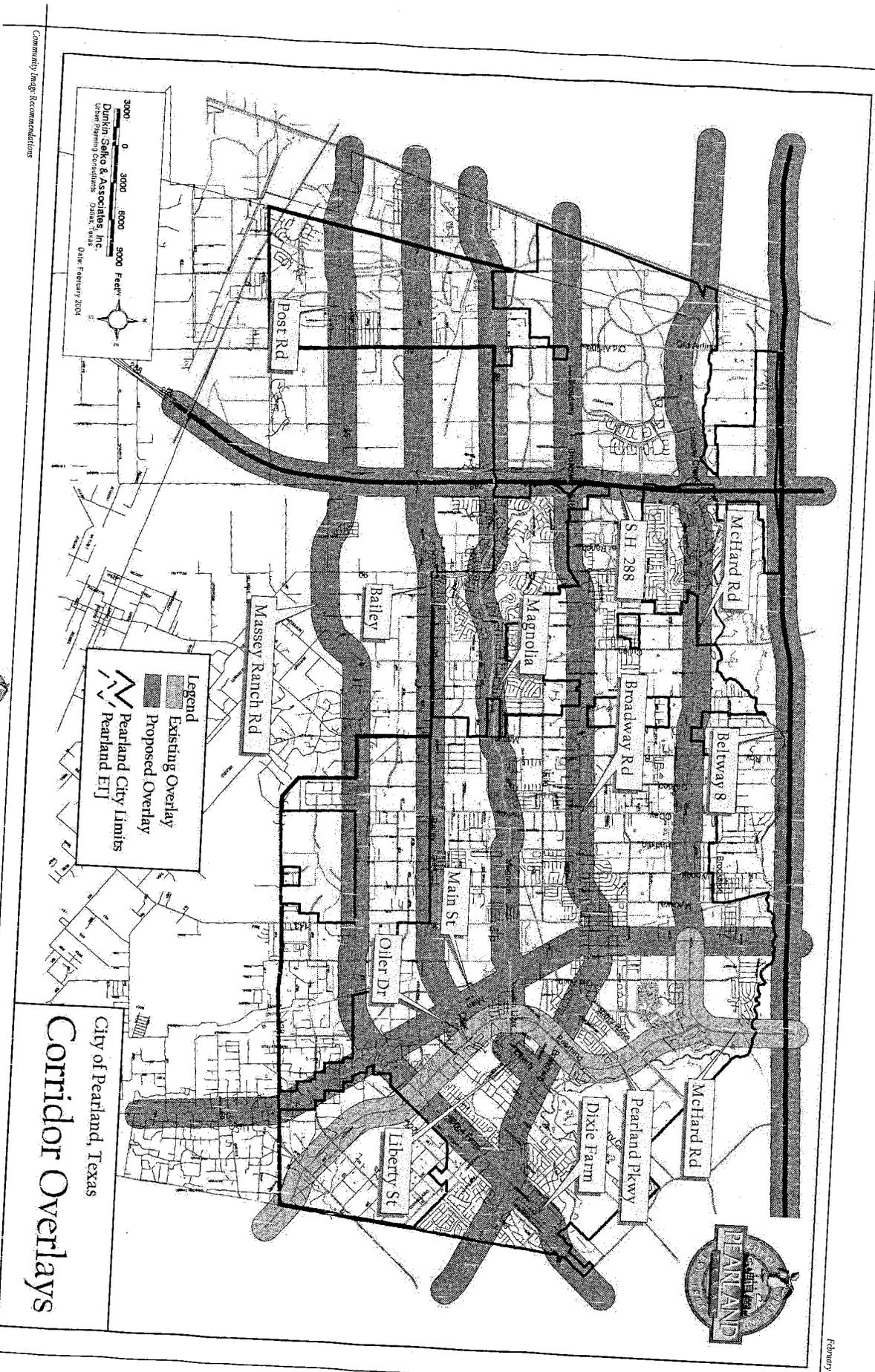
Illustration 16
THE ADOPTED THOROUGHFARE PLAN - Magnolia ↔ Bailey Road

It is recommended that the City develop either a single overlay district that is applicable to all of the previously listed roadways, or develop separate overlay districts. The need for separate districts may arise from the differing characteristics of the roadways themselves. The City has had much success implementing the Pearl and Parkway, McHard Road, and Oiler Drive Corridor Overlay District (Chapter 30 of the Land Use and Urban Development Ordinance) should be used as a template for implementing the recommendations made herein for enhancing development along other specified corridors. Many of the standards in the existing Overlay are sufficient and should be directly integrated into the new overlay district(s) as they are. Such standards include Lot and Setback Standards, Lighting Standards, Buffering Standards, Sidewalk Standards, Sign Standards, and Utilities. Unless otherwise noted, the regulations within the existing Overlay should be used in addition to the regulations recommended herein. Each of the following sections is divided into two parts, as applicable.

- District Boundaries
- Building Façade Standards
- Landscaping Standards
- Screening Standards

It should also be noted that there are some aesthetic-related recommendations that should be applied to nonresidential development throughout the City; these are discussed in the *General Design Guidelines*, which begins on page 35 of this 2004 Comprehensive Plan Update.





Community Image Recommendations

3000 0 3000 6000 9000 Feet

Dunkin Seko & Associates, Inc.
Urban Planning Consultants - Dallas, Texas
Date: February 2004

Legend

Existing Overlay

Proposed Overlay

Pearland City Limits

Pearland ETJ

City of Pearland, Texas

Corridor Overlays

The first part describes the *Pearland Parkway, McHard Road, and Oiler Drive Corridor Overlay District* standards, referred to as the *Pearland Parkway Overlay* for discussion purposes. The second part sets forth additional recommendations that should be incorporated into the overlay district(s) that should be implemented along State Highway 288, Beltway 8, Main Street, Liberty Street, Broadway Road, Dixie Farm Road, and certain planned roadways such as Magnolia and Bailey Road.

DISTRICT BOUNDARIES

Pearland Parkway Overlay Development Standards

This section establishes which portions of roadways are included in the existing overlay district. The depth of the existing overlay district boundary is 300 feet on either side of the right-of-way along the specified streets.

Recommendations for the New Corridor Overlays

The 300-foot boundary has proven to be problematic in some instances, especially with larger developments that encompass a large amount of land. Therefore, it is recommended that the new overlay district(s) boundaries be applied to the future development and use of all land within the depth of a lot to a maximum of 300 feet or to the entirety of any lot that has frontage on either side of the street right-of-way along a specified thoroughfare.

This would ensure that large developments and related buildings, which can sometimes extend beyond 300 feet, would conform to the standards of the overlay district(s), as long as the lot has some amount of frontage along a specified roadway.

BUILDING FAÇADE STANDARDS

Pearland Parkway Overlay Development Standards

The way in which the exterior of a structure looks along a major thoroughfare has an affect on the visual image of Pearland. The City has addressed this issue in the existing Overlay District by requiring building articulation in order to break the possibility of a monotonous building façade. The Overlay also addresses building materials for exterior walls, which are limited to masonry materials³. Generally, corrugated metal and exposed fasteners are prohibited. Another standard requires an exterior wall facing a specified roadway to be a minimum 25 percent transparent (i.e., glass). In addition, there is a requirement that buildings in a shopping center or integrated business development be architecturally similar.

The last section in the building façade standards concerns building colors. All building colors must comply with an approved color palette prepared by the City's Architectural Design Committee.

³ The definition of masonry within the *Pearland Parkway Overlay* and within any new overlay district(s) should be consistent with the recommended definition contained within the *General Non-Residential Guidelines* portion of this *Comprehensive Plan Update*.



Recommendations for the New Corridor Overlays

The masonry requirements contained within the existing Overlay District should be applied to any new overlay district(s), as should the standards related to similar architectural design, color, and materials. However, although building articulation is addressed, there is no specificity to the related requirement.



Illustration 17
EXAMPLE OF ARCHITECTURAL VARIATION

Therefore, to provide clarification to the development community, a specified requirement for building articulation should be incorporated into the recommended overlay district(s). Architectural variation of the exterior walls of any structure visible from the specified roadway(s) should be provided for all nonresidential structures 50,000 square feet in size or greater. The variation should be at least three feet in depth for every twenty-five feet in vertical or horizontal length. Nonresidential structures less than 50,000 square feet should incorporate architectural variation of at least one foot in depth for every ten feet in vertical or horizontal length.

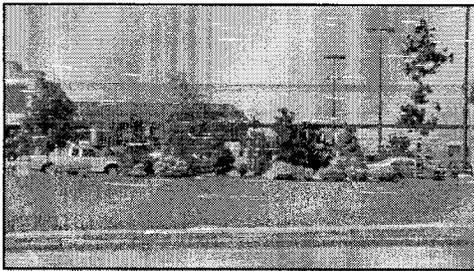


Illustration 18
EXAMPLE OF LANDSCAPING IN PEARLAND (LOWE'S)

LANDSCAPING STANDARDS

Pearland Parkway Overlay
Development Standards

Landscaping is generally accepted as adding value to property and is an aesthetically pleasing element to incorporate along major thoroughfares. The existing overlay district outlines several landscaping standards. It requires 10 percent of a lot to have landscaped areas with a permeable surface with a coefficient runoff of at least 0.35. Other requirements include a specified tree caliper size (2"-3") for required trees, the number of which is dependent on the amount of frontage. For interior landscaping, parking spaces must be within 50 feet of a tree. A mechanical irrigation system for front yards and building setbacks is also required.

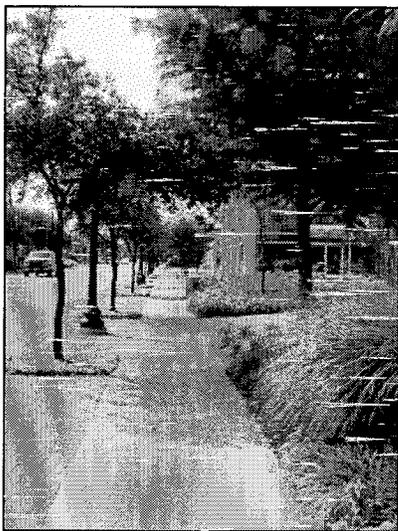


Illustration 19
EXAMPLE OF STREET TREES AND FRONT YARD
LANDSCAPING ENHANCING DEVELOPMENT

Recommendations for the New Corridor
Overlays

While landscaping in general is an important component of quality development, within the recommended corridor overlay(s) concentrated areas of landscaping are likely to have more of a visual impact. It is therefore recommended that instead of the landscaping percentage being based on the entire site as it is in the Pearland Parkway Overlay and in the General Development Standards, the percentage



should be based on the front yard area. The requirement should specify that at least 15 percent of the front yard or the designated yard that is located along a specified thoroughfare be landscaped.

In addition, the amount of trees required within the Pearland Parkway Overlay is sufficient, but the same concept applies to trees as was stated for landscaping – the key within the specified corridors is to positively affect the view from the road. Therefore within the new overlay, the same number of trees should be required, but at least fifty percent (50%) of the required trees should be located along the frontage of the specified thoroughfare.

SCREENING STANDARDS

Pearland Parkway Overlay Development Standards

Elements within the Pearland Parkway Overlay that are required to be screened include mechanical and utility equipment, vehicle loading and unloading areas, and refuse and recycling containers. Screening must be between 75 and 100 percent opaque, depending on the screening device and the element being screened.

Fence requirements are also outlined, and include requirements for masonry materials to be used, and color and design to be consistent with the related building's architecture. Also, no fence can be constructed with surface-painted or coated concrete, chain link, concertina wire, bared wire, corrugated metal, or fiberglass panels. An exception is allowed for barbed wire when used to control livestock. Residential subdivision fences are also required to be uniform in style, color, and material along the length of a subdivision.



Illustration 20
EXAMPLE OF NONRESIDENTIAL MASONRY SCREENING WALL

Recommendations for the New Corridor Overlays

Although the screening requirements within the Pearland Parkway Overlay are adequate, there are some minor elements that could be added to further refine the requirements. The City should consider requiring some

variations of the screening walls, which is especially important for screening walls that are extremely long. This regulation could specify that all screening walls that are 20 feet in length or longer provide some horizontal variation in the wall that is equal to at least three feet in depth for every 20 feet in length. In addition, outside storage areas and outside display regulations should be strengthened, as the following sections discuss.

The City should develop screening alternatives to address adjacency issues between residential and nonresidential for all districts. No wood screening fences should be

allowed, with the exception of wood rail fencing around large residential lots, as described in the *Fencing* section, page 38.

OUTSIDE STORAGE AREAS

Outside storage areas are generally defined as areas where goods and materials are displayed or stored outside a building for more than 24 hours. These areas are required to be screened with landscaping within Chapter 22 of the Land Use and Urban Development Ordinance; there are no specific requirements for outside storage to be screened within the Pearland Parkway Overlay. Given the fact that such areas detract

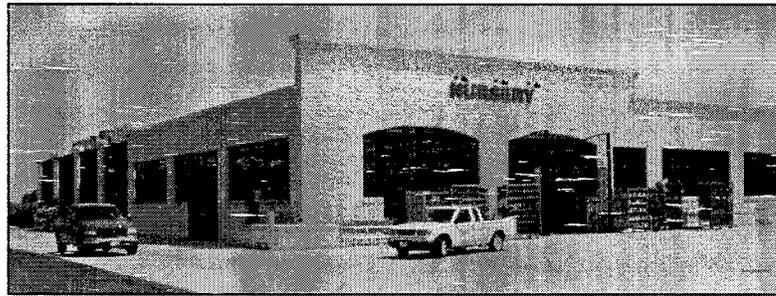


Illustration 21
EXAMPLE OF SCREENING TYPICAL OUTSIDE STORAGE ELEMENTS

from the positive community image that the City desires to portray, outside storage areas, such as the one shown in *Illustration 18*, should be screened from public view with a masonry screening wall.

In addition, requiring screening walls for outside storage would be ineffective if the materials were stacked above the height of the screening wall. Therefore, the new overlay(s) should specify that outside storage materials cannot be stacked above the height of the screening wall.

OUTSIDE DISPLAY

Outside display is differentiated from outside storage due primarily to the more temporary nature of outside display. Outside display areas are defined as areas for the temporary display of retail commodities and goods for the purpose of sale outside of an enclosed building; commodities and goods generally do not remain outside overnight, although some seasonal display items (e.g., Christmas trees) may occasionally remain outside overnight. Many types of retailers have outside display areas, such as grocery stores, large retailers, and arts-and-crafts stores. Outside display areas are often located in the parking areas of such stores, or immediately in front of the building. There are no specific regulations within the Pearland Parkway Overlay with regard to outside display, however, the General Business (Retail) Zoning District does have the following requirements:

In connection with any permitted use, there shall be allowed the incidental display of merchandise out of doors subject to the following limitations:

Except as provided below, all display areas out of doors shall be confined to a pedestrian walkway immediately adjacent to the building housing the primary use, shall not extend from such building a distance of more than ten (10) feet, and shall be located wholly under a

permanent part of a main business building such as a marquee, provided that adequate pedestrian access is maintained. Adequate pedestrian access shall be an unobstructed thirty-six inch (36") walkway.

On any property in the general business district, the temporary sale of Christmas trees and other forms of decorative plant materials associated with celebration of religious events shall be permitted for a period of forty-five (45) days prior to the day of religious celebration. The Enforcing Officer shall issue a permit for such sale when he finds:

That there is an adequate off-street parking area, approved by the City; and

That the location and layout of drives and parking areas, of lighting and of temporary sales signs will not constitute a hazard to public traveling to the abutting public streets.

These requirements are adequate to ensure that outside display areas do not proliferate. Therefore, they should be included within the corridor overlay(s). Eliminating the visual clutter, which could result from outside display areas becoming too common along the specified roadways, is important to the visual appeal of the City.

GENERAL DESIGN GUIDELINES

The previously discussed requirements pertain to enhancing the visual quality of Pearland within specified corridors. However, there are elements that have been recognized as being important to enhancing Pearland's overall image, not just in specified corridors but throughout the City. Building façade materials and signage are two such elements. Ways in which these regulations can be further enhanced are discussed below; these recommendations should be incorporated within Chapter 22, Landscaping and Building Façades, and Chapter 24, Signs, within the Land Use and Urban Development Ordinance.

BUILDING FAÇADE MATERIALS STANDARDS

Existing General Development Standards

The general development standards for building facades generally apply to any wall or portion of a wall in the Multi-Family, Office and Professional, Neighborhood Service, General Business, and Commercial zoning districts. Any wall that is visible from a roadway or abutting a residential district must have a minimum 100 percent masonry or glass exterior wall. Existing buildings must conform to façade standards upon a change of occupancy, when a new occupant moves into an abandoned site, or if an expansion of a nonresidential or multiple-family structure is greater than 1,000 square feet. Lesser façade requirements apply to industrial districts, buildings built before January 1, 2001, and certain buildings in the commercial (C) zoning district.



Recommended Changes to Building Façade Materials Requirements

Existing buildings that undergo a change of occupancy or that have been abandoned for six months have to conform to the City's current façade requirements. The requirements also apply to any expansion of a building exceeding 1,000 square feet in

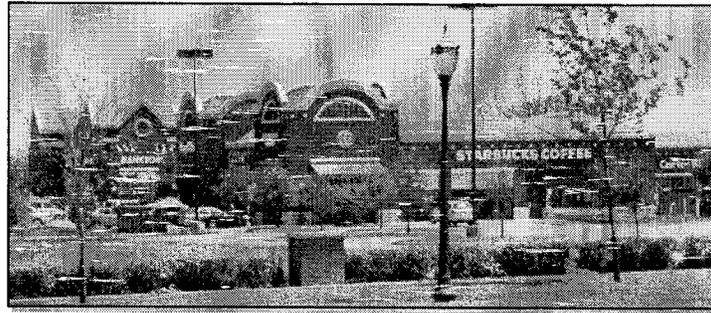


Illustration 22
EXAMPLE OF A RETAIL DEVELOPMENT WITH ATTRACTIVE BUILDING MATERIALS

dimensional area of a nonresidential or multi-family use. The first two triggers for building façade improvements have worked well and have resulted in more aesthetically pleasing existing structures. However, the trigger for façade improvements based on building expansion has been somewhat problematic, especially for structures that are not fully visible from a roadway. Therefore, expansions that are made to existing structures should trigger façade improvements only if the new exterior building façade(s) is not visible from a roadway. It should be the responsibility of the owner/developer of the building/lot to prove to the City that the building façade(s) intended to be metal is not visible.

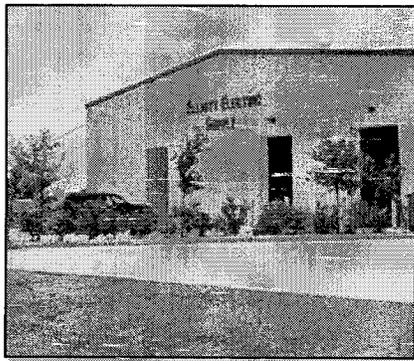


Illustration 23
AN EXAMPLE OF AN ATTRACTIVE INDUSTRIAL BUILDING FAÇADE IN PEARLAND

walls of structures on lots located along a designated "thoroughfare" or "collector" roadway. However, the spirit and intent of the facade requirements would not be compromised if the regulation did not apply to buildings in industrially zoned areas that are not clearly visible from the roadway. It is therefore recommended that Pearland make a revision to the current building façade requirements that exempt any façade of a building located in industrial zoning districts (M-1 and M-2) that are not visible from a designated thoroughfare or collector roadway. It should be the responsibility of the owner/developer of the building/lot to prove to the City that the building façade(s) intended to be metal is not visible.

In addition, the way in which the building materials standards are implemented is correlated to the type of roadway along which the building is located. While this is generally a good way to ensure that the image along roadways is positive for the City, the use of metal façade structures is prevalent in industrial areas that are often affected by the building material regulations. By ordinance, corrugate metal is prohibited on the exteriors

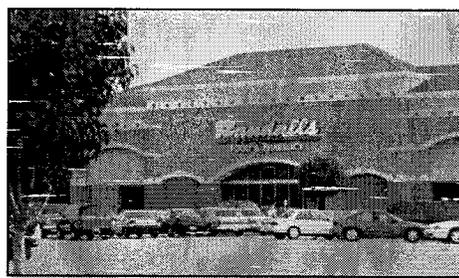


Illustration 24
AN EXAMPLE OF AN ATTRACTIVE RETAIL BUILDING FAÇADE IN PEARLAND

Also, a revised definition of masonry material, which is currently found on page 76 of the City's Land Use & Urban Development Ordinance, should be amended so that it does not allow stucco or EIFS (exterior insulation and finish systems) by right. The only masonry materials that should be allowed by right are brick, stone brick veneer, custom treated tilt wall, and decorative or textured concrete block. Stucco and EIFS, along with any new material that has not been widely utilized (i.e., is a result of new technology) should be allowed only through the City's Special Use Permit (SUP) process.

SIGN STANDARDS

Size-Related Standards in the General Business (GB) District

Table VII of the Land Use and Urban Development Ordinance addresses sign regulations. Standards related to signs in Pearland have been raised in the past few years, and the results can be seen on recently developed nonresidential sites throughout



Illustration 25

EXAMPLE OF A LOWE'S BUILDING SIGN

the City. However, one change that should be made is to the sign requirements that impose maximum size limitations for signs within the General Business (GB) and Commercial (C) zoning districts. Building signs within the General Business district are permitted to be "2 square feet per lineal foot of building frontage up to a maximum of 200 square feet", and those within the Commercial district are permitted to be the same in terms of lineal feet with a maximum of 300 square feet (page 147).

While the maximum size requirements are generally suitable for small-scale structures, they are less suitable for large structures such as a Wal-Mart store or a Lowe's Home Improvement store. A more applicable regulation is to permit building

signs within these districts to be a percentage of the building façade. The requirement should be amended to allow building sign(s) to be a maximum of 30 percent (cumulative) of the building façade area, not including windows, doors, and other openings.

Signs With Flashing/Moving Messages

The *Prohibited Signs, Advertising, Lighting* section of Chapter 4 (*Signs*) of the Land Use and Urban Development Ordinance addresses signs that move and flash. Specifically, the regulation states that signs and advertising devices "which move, flash, rotate, blink, change color, or are animated are prohibited" (page 84). However, an exception is made for "devices displaying time, temperature and messages spelled out electronically". It is recommended that the City establish an allowable time period within which a message could flash or change. This would ensure that any flashing/moving sign would not be a hazard or nuisance to traffic, by causing undue distraction, or to adjacent properties.

Clarification of the Definition of Free-Standing Signs

The *Height Restrictions* section of Chapter 4 (*Signs*) specifies “no free standing sign shall be allowed/permitted” (page 81). A free standing sign is defined in Chapter 3, *Definitions*, as “a sign that is supported solely by posts or structures other than a building” (page 17).

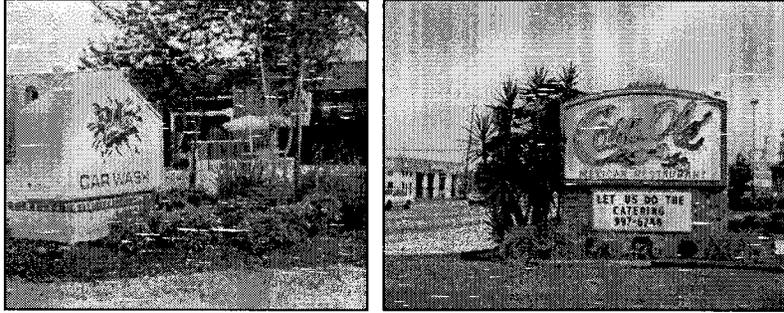


Illustration 26

MONUMENT SIGNS IN PEARLAND PRESENT A POSITIVE IMAGE OF THE CITY

This definition could be interpreted as including monument signs. The definition should be clarified to ensure that this interpretation cannot be made by deleting the words “or structures” from the definition.

FENCING STANDARDS

In general, fences that are erected to screen development, both residential and nonresidential, along roadways throughout Pearland are important to the City’s overall visual quality, especially in terms of the materials that are used for the fencing. Certain materials such as wood have been proven over time to be more problematic in terms of maintenance than some higher quality materials such as brick. It is therefore recommended that fencing materials for both residential and nonresidential uses should be limited to masonry along specified thoroughfares; the term masonry as used here is intended to be consistent with the previously recommended masonry definition, which does not include stucco, EIFS, or wood. The exception to this should be wood rail fencing (as shown in Illustration 27 at the right), which should be permitted for perimeter fencing for large individual residential lots and for large-lot residential subdivisions. Also, as recommended previously for nonresidential screening walls, residential screening walls should be varied in form to provide increased visual interest; therefore, such walls that are 20 feet in length or longer should provide some horizontal variation equal to at least three feet in depth for every 20 feet in length.

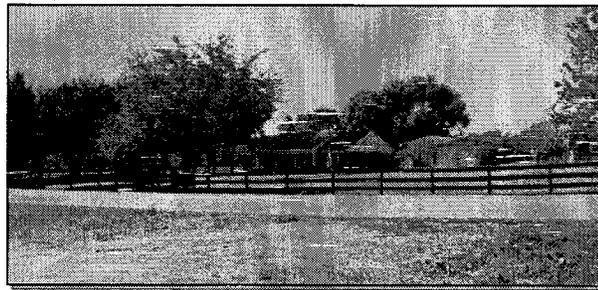


Illustration 27

PEARLAND “COUNTRY” WOOD RAIL FENCE TO BE ENCOURAGED IN LARGE-LOT SUBDIVISIONS

ACCESS & OFF-STREET PARKING STANDARDS

There should be a shared driveway requirement for all roadways within Pearland that are anticipated to develop with nonresidential uses. Currently there are minimum spacing



Illustration 28
EXAMPLE OF A SHARED DRIVEWAY BETWEEN TWO RETAIL USES

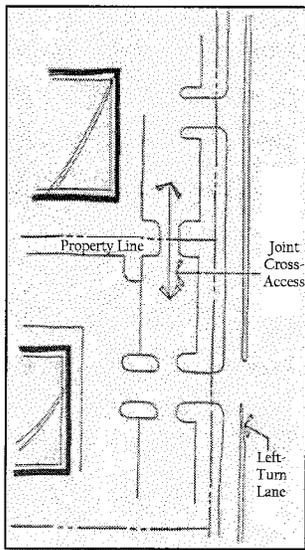


Illustration 29
CROSS-ACCESS SKETCH

requirements that adequately address driveway spacing issues, however, such requirements do not mandate that adjacent uses make provisions to share access points. Combined with the minimum driveway spacing, shared access requirements would further help ensure that the mobility function of the applicable corridors is preserved to the fullest extent possible as development occurs. Uses that require one driveway by current regulations should construct that driveway in such a way that it can be shared by an adjacent development. Areas that are already densely developed will not likely be able to do this, but new developments may be able to utilize driveways of adjacent



Illustration 30
EXAMPLE OF THE RESULT OF A LACK OF SHARED DRIVEWAYS & CROSS ACCESS

existing development (by widening, etc.). Uses that require more than one driveway by current regulations should construct at least one driveway such that it is or can be shared.

Another way in which to provide for increased mobility of the specified roadways is to require cross access between developments. This would help alleviate the need for drivers to enter onto one of these roadways in order to drive to an immediately adjacent development. Mutual access agreements for parking lots, driveways and adjoining properties should be required.

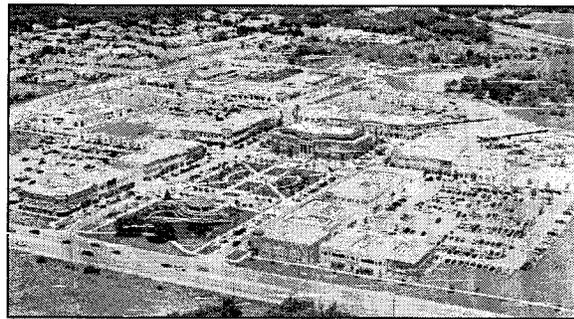


Illustration 31
EXAMPLE OF PARKING AREAS ORIENTED TO THE SIDE & REAR



In addition, the City encourages and prefers “parking to the side and rear of buildings” (page 103 of the Land Use and Urban Development Ordinance). To help the City attain its preferred site layout whenever possible, there should be an incentive established for parking to be to the side or rear. An example of such an incentive is to allow for a reduced amount of landscaping for developments with parking to the rear or side of buildings. For example, instead of 15 percent of the front yard (recommended within the following *Landscaping Standards* section), the City could allow a development to provide 10 percent landscaping of the front yard (with the same runoff coefficient).

BUFFER BETWEEN RESIDENTIAL & NON-RESIDENTIAL AREAS

In situations where residential and nonresidential uses abut each other, it is recommended that a landscaped buffer be provided. The buffer could include elements such as berms, trees, landscaping, fences, and walls. Such a buffer would ensure that incompatible uses are appropriately separated from residential uses.

TREATMENT OF ENTRYWAYS & STREET INTERSECTIONS

Residential developments should be encouraged to enhance their entrances and street intersections with incorporation of aesthetically pleasing elements. Examples of such elements include landscaping, decorative walls, fences, and unique lighting. Varying the orientation of homes within developments and ensuring that each key intersection has an interesting design would further enhance the character of local neighborhoods.

STREET ENHANCEMENT

Increased beautification measures along thoroughfares, collectors and internal spines are important to enhance the image of the City. Currently the ordinance does not require any additional setbacks, landscaping or any other aesthetic improvements along the perimeter streets of a development. Nor are there any specific requirements for fences or walls along the perimeter. To ensure that City’s streetscapes are improved, the following are recommended:

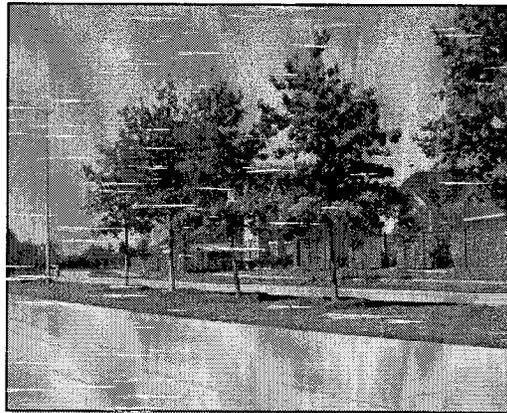
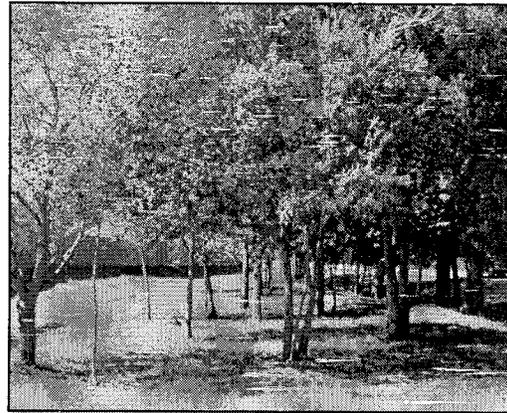


Illustration 32
WALLS INCORPORATING DIFFERENT MATERIALS,
LANDSCAPING, AND BUFFERING BETWEEN CITY STREETS
AND DEVELOPMENTS

- Require a landscaped strip between the perimeter fence and roadway. Tree-lined boulevards and streets with intermediate massing of shrubs should be encouraged.
- Require better design, variety and more durable materials for fences/walls along the perimeter of residential developments. Wherever possible the fences/walls around the residential development should be broken to provide views of interesting features located within the development for safety and visual interest.
- Encourage curved/meandering fences and sidewalks to provide a visual break from any monotonous development.

In addition, the provision of street trees should be encouraged for all developments. Trees along streets must be aligned in a disciplined manner. Such an alignment would assist in creating tree-lined streets, vistas and avenues. This is particularly important to remedy spaces when over-large setbacks cannot be avoided. Picturesque planting patterns are commended for parks, squares and other large areas.

MIXED LAND USES

Mixed land uses are important to encourage walkable communities. The ability of residents to be able to walk or ride a bicycle to work and/or to places that meet their retail needs should be a consideration as new development occurs within the City. In this regard it is recommended the introduction of neighborhood retail and services areas and other compatible uses within residential neighborhoods be considered.

COMMUNITY IMAGE:

RECOMMENDATIONS SUMMARY

- 1) Issue – Establish An Overlay District(s) for Significant Corridors in Pearland: The City should establish overlay district(s) that would apply to development along State Highway 288, Beltway 8, Main Street, Broadway Road, Dixie Farm Road, and certain planned roadways such as Magnolia and Bailey Road.
- 2) Issue – Apply Increased Development Standards Within the Overlay(s): The City should use the *Pearland Parkway, McHard Road, and Oiler Drive Corridor Overlay District* as a template for the increased development standards that should be applied to the overlay(s). Some standards should be enhanced as outlined herein; such standards include:
 - District Boundaries – Recommendation: The Corridor Overlay District(s) standards should apply to the future development and use of all land within the depth of a lot to a maximum of 300 feet or to the entirety of any lot that has frontage on either side of the street right-of-way along a specified thoroughfare.



- Access and Off-Street Parking Standards – Recommendations: 1) Cross-access between nonresidential developments and shared driveways should be required; 2) An incentive for parking to be to the side or rear should be established – the incentive could be reduced landscaping requirements.
- Buffering Between Residential & Non-Residential Areas - In situations where residential and nonresidential uses abut each other, it is recommended that a landscaped buffer be provided.
- Treatment of Entryways & Street Intersections - Residential developments should be encouraged to enhance their entrances and street intersections with incorporation of aesthetically pleasing elements.
- Street Enhancement - Recommendations: 1) A landscaped strip between perimeter fences and roadways should be required. Tree-lined boulevards and streets with intermediate massing of shrubs should be encouraged; 2) Variety and durable materials for fences/walls along the perimeter of residential developments should be required for safety and visual interest; 3) Curved/meandering fences and sidewalks should be encouraged; 4) Street trees should be encouraged for all new development.
- Mixed Uses – The City should consider allowing neighborhood retail and services areas, along with other compatible nonresidential uses within residential neighborhoods.



CONCLUSIONS OF THE 2004 UPDATE

This 2004 Comprehensive Plan Update has addressed several issues that have arisen within the City of Pearland since the adoption of the 1999 Comprehensive Plan.

HOUSING GUIDANCE

The *Housing Guidance* section provides guidance on housing issues in Pearland including multiple-family development, single-family lot size, and recommended areas for future single-family housing density shown graphically on a *Housing Density Map*.

FUTURE LAND USE

The *Future Land Use* section provides guidance on land use and zoning policies, including land that is currently zoned Suburban Development. In addition, the 2004 *Future Land Use Plan* map graphically shows updated land use recommendations for land located along Cullen Boulevard and Garden Road - *Cullen/Garden Mixed Use District* - as well as land in the vicinity of State Highway 288 and Beltway 8 - *Mixed Use Business Park*.

COMMUNITY IMAGE GUIDELINES

The *Community Image Guidelines* section provides guidance on corridors within the City that should have increased development standards due to the significant role they play in presenting a quality image of Pearland. Recommendations for an overlay district(s) centered on using the Pearland Parkway Overlay as a template and building on the criteria therein to establish the guidelines. The *Community Image Guidelines* section also provides guidance on general design guidelines that would apply throughout Pearland; specifically addressed are building materials, signage, fencing, access and parking standards, buffering, street enhancement, and mixed uses.

IMPLEMENTATION

The implementation mechanism for the recommended policies within this 2004 Comprehensive Plan update will be Pearland's new Unified Development Code (UDC). The new Code will include all zoning, subdivision, and related development ordinances, and most of the recommendations herein will be integrated into zoning regulations. The new Code will implement policies that remain applicable from the 1999 Comprehensive Plan as well as those established herein in order to meet the needs of the City of Pearland for the foreseeable future.



ORDINANCE NO. 1153

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF PEARLAND, TEXAS, ESTABLISHING A MORATORIUM ON MULTI-FAMILY DEVELOPMENT WITHIN THE INCORPORATED LIMITS OF THE CITY.

WHEREAS, Multi-family use development within the City, in certain circumstances, may be detrimental to the health, safety, morals, and welfare of the general public.

WHEREAS, Chapter 212, subchapter E, of the Texas Local Government Code, authorizes a municipality to adopt a moratorium on multi-family development if such a need can be properly demonstrated.

WHEREAS, separate public hearings regarding the adoption of a moratorium were held before the City Council and the City's Planning and Zoning Commission to allow the City's residents and affected parties an opportunity to be heard.

WHEREAS, The City Council has determined that a significant need for public facilities in the City exists, and the unregulated growth of multi-family development would result in an overcapacity of certain public facilities which would be detrimental to the health, safety and welfare of the residents of the City (Exhibit A).

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF PEARLAND, TEXAS:

Section 1. That a temporary one hundred twenty (120) day moratorium on multi-family use development is hereby approved to allow sufficient time to study and determine the need for possible amendments to the City's Land Use and Urban Development Ordinance and/or the City's Code of Ordinances to properly address the overcapacity of certain public facilities associated with multi-family developments.

Section 2. The City Council may authorize a variance to the Moratorium when,

ORDINANCE NO. 1153

in its opinion, undue hardship will result from requiring strict compliance. In granting the variance, City Council shall prescribe only conditions that it deems necessary to or desirable in the public interest. No variance shall be granted unless City Council finds:

- A. That there are special circumstances or conditions affecting the applicant such that the strict application of the Moratorium would deprive the applicant of a vested property right; or
- B. That the variance is necessary for the preservation and enjoyment of a substantial property right of the applicant; and
- C. That the granting of the variance will not be detrimental to the public health, safety or welfare to other property in the area.

Section 3. Severability. If any section, subsection, sentence, clause, phrase or portion of this Ordinance is for any reason held invalid, unconstitutional or otherwise unenforceable by any court of competent jurisdiction, such portion shall be deemed a separate, distinct, and independent provision and such holding shall not affect the validity of the remaining portions thereof.

Section 4. Repealer. All ordinances and parts of ordinances in conflict herewith are hereby repealed but only to the extent of such conflict.

Section 5. Effective Date. The Ordinance shall become effective immediately upon its passage and approval on second and final reading.

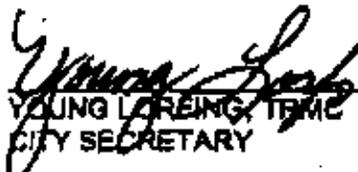
PASSED, APPROVED and ADOPTED on FIRST Reading this the 3th day of February, A.D., 2004.



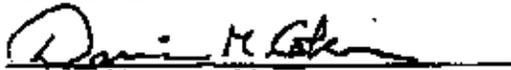
 TOM REID
 MAYOR

ORDINANCE NO. 1153

ATTEST:


YOUNG LOREING, TRMG
CITY SECRETARY

APPROVED AS TO FORM:


DARRIN M. COKER
CITY ATTORNEY

PASSED and APPROVED ON SECOND AND FINAL READING this the 23rd day of
February A. D., 2004.


TOM REID
MAYOR

ATTEST:


YOUNG LOREING, TRMG
CITY SECRETARY

APPROVED AS TO FORM:


DARRIN M. COKER
CITY ATTORNEY

Exhibit A

Findings Regarding Overcapacity/Insufficient Public Utilities

Broadway Property

- **Drainage**
 - Pine Hollow Drainage Study has identified deficiencies in the drainage system in this area.
 - Homes adjacent to this property flooded during TS Allison.
 - Initial drainage improvements are in design now, but funding for complete solution has not been allocated.

Main Street Property

- **Sanitary Sewer**
 - There is no public sanitary service available in this area.
 - Improvements have been budgeted that will extend sanitary sewer service on Main Street as far south as Industrial Drive, but not all the way to this property. These improvements likely will not be complete for two years.

Industrial Drive Property

- **Sanitary Sewer**
 - There is no public sanitary service available in this area.
 - Improvements have been budgeted that will extend sanitary sewer service on Main Street as far south as Industrial Drive, but not all the way to this property. These improvements likely will not be complete for two years.

Walnut Street Property

- **Sanitary Sewer**
 - Documented sanitary sewer overflows along Walnut Street and "downstream" toward the WWTP.
 - Currently under TCEQ enforcement order to monitor overflows and correct MI problems.

The City has initiated zone change applications for the above referenced properties, thereby allowing most of the concerns identified in the findings to be addressed within the time period covered by the moratorium. In the event, a property owner seeks to develop property not identified in the findings, a variance would be appropriate, provided the property is properly zoned for multi-family development. Additionally, the owner of property identified in the findings would be entitled to a variance if it can be demonstrated that the landowner will construct the public facilities that are the subject of the moratorium at the landowner's cost.

**Request to Reject
Tranquility Bay Apartments
4800 Fite Road (C.R. 91)
(Bond ID – 2004-027)**

Ron Mayfield

**Chris Richardson and Blazer
Development have shown through their
actions a history of disregarding the
welfare and safety of children.**

Examples:

- Planning a multi-family housing project on the banks of Tranquility Lake – a sandpit lake.
- Inadequate fencing on the west, south and east side of Tranquility Lake.
- The increase of traffic and children on Fite Road (CR 91) if the Tranquility Bay Apartments are built.

Sandpit Lakes are Dangerous

Building a multi-family housing unit on a sandpit lake is dangerous. The south and east sides of Tranquility Lake where the housing units are planned are narrow strips of land. Any playground or common area will be near the deep 30 acre Tranquility Lake sandpit. Parents will have to constantly monitor their children to ensure their safety. Any fence built will have to be maintained constantly – it only takes a small opening and few seconds for a child to get through, over or under a fence. If a parent is unable to follow the child through the fence, the child could fall in the lake and drown before the parent could get to the child.

It only takes a few minutes for a child to drown.

Sandpit Lakes are Dangerous

I have lived in the Pearland area for 40 years. I am an avid fisherman and have fished in many of the local sandpit lakes. I wish I had a dollar for every time I have slipped and fallen into the water while fishing. The soil in this area is primarily clay which is very slick when wet. Even if the banks of a lake are graded and landscaped, the banks below the water line will be steep and slick. Tranquility Lake sandpit, like most sandpit lakes in the area, has an approximate bank slope of 45 degrees below the water. This means that for ever foot a child steps into the water, the depth increases by a foot. Six feet from the bank, the water is nearly six feet deep in Tranquility Lake. Building a multi-family housing unit on Tranquility Lake where many residents will be single parents with multiple children is signing a future death warrant for some small child.

The following photos are of my 8-year old son who is on a local swim team and is a strong swimmer. As you can see, he has a difficult time negotiating the slick banks on the south side Tranquility Lake.



South side
Tranquility Lake
where some units will be built.

10 feet from the bank and the water is well over his head.



South side
Tranquility Lake
where some units will be built.

Climbing out of Lake Tranquility is even more of a challenge.
Imagine what these photos would look like if this had been an
unattended 4-year old child.



Sandpit Lakes are Dangerous

Having fished at and knowing how dangerous local sandpit lakes are for children, when I first heard someone was planning to build a low-income housing project on Lake Tranquility, I could not believe it. Several years ago, my wife and I had an opportunity to move into another nearby subdivision called Crystal Lake which has a similar sandpit lake. We chose not to move into this subdivision because it would have been too dangerous for our children. We would have been constantly scared that our children would either go through, over or under any fence and get into the lake and drown. Anyone who has had children knows how well and fast children can climb.

This photo was taken at the playground at The Club at Tranquility Lake apartments on the north side of Tranquility Lake. The complex is surrounded by a 6-foot fence that some adults would find impossible to climb. As you can see, my 8-year old son had no problem climbing over the fence.

But what about my 5-year old daughter?



Tranquility Lake
as seen from the northwest.

Southglen subdivision

With no assistance, it took her...



Southglem subdivision

Tranquility Lake
as seen from the northwest.

only 25 seconds....



Southglenn subdivision

Tranquility Lake
as seen from the northwest.

to climb over the fence...



Southgleam subdivision

Tranquility Lake
as seen from the northwest.

to get to the sandpit lake.



Tranquility Lake
as seen from the northwest.

It only took her **3** seconds to go through the fence.



Southglen subdivision

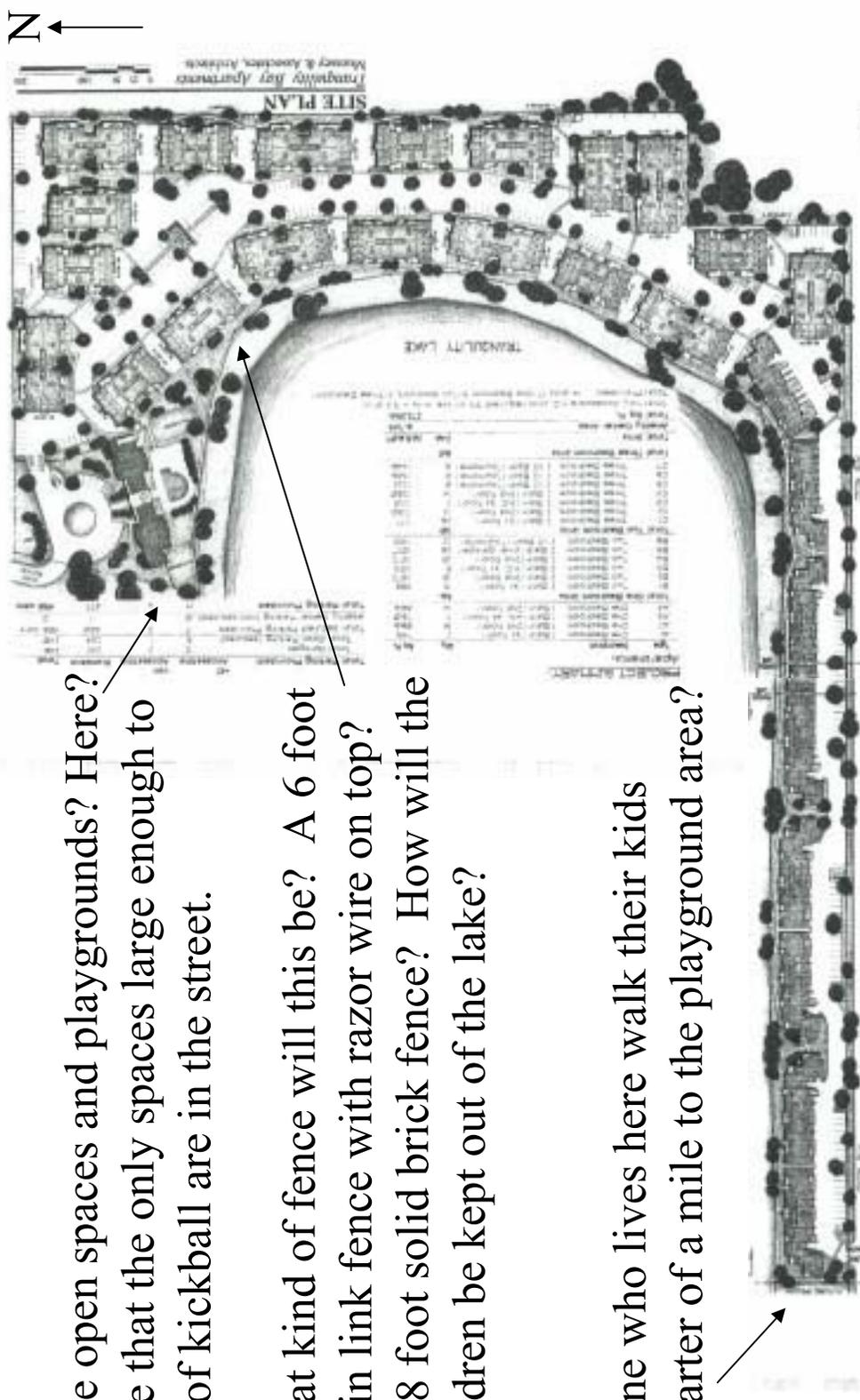
Tranquility Lake
as seen from the northwest.

This is the project plan for Tranquility Bay Apartments. I count 14 units that back up to the lake. It looks like there will only be a few feet between the units, the fence and the bank that slopes down to the lake.

Where are the open spaces and playgrounds? Here? It looks to me that the only spaces large enough to play a game of kickball are in the street.

What kind of fence will this be? A 6 foot chain link fence with razor wire on top? An 8 foot solid brick fence? How will the children be kept out of the lake?

Will someone who lives here walk their kids almost a quarter of a mile to the playground area?



Where will the children play?

In the hot summer when there is no school, where will +300 children be playing?

At the swimming pool?

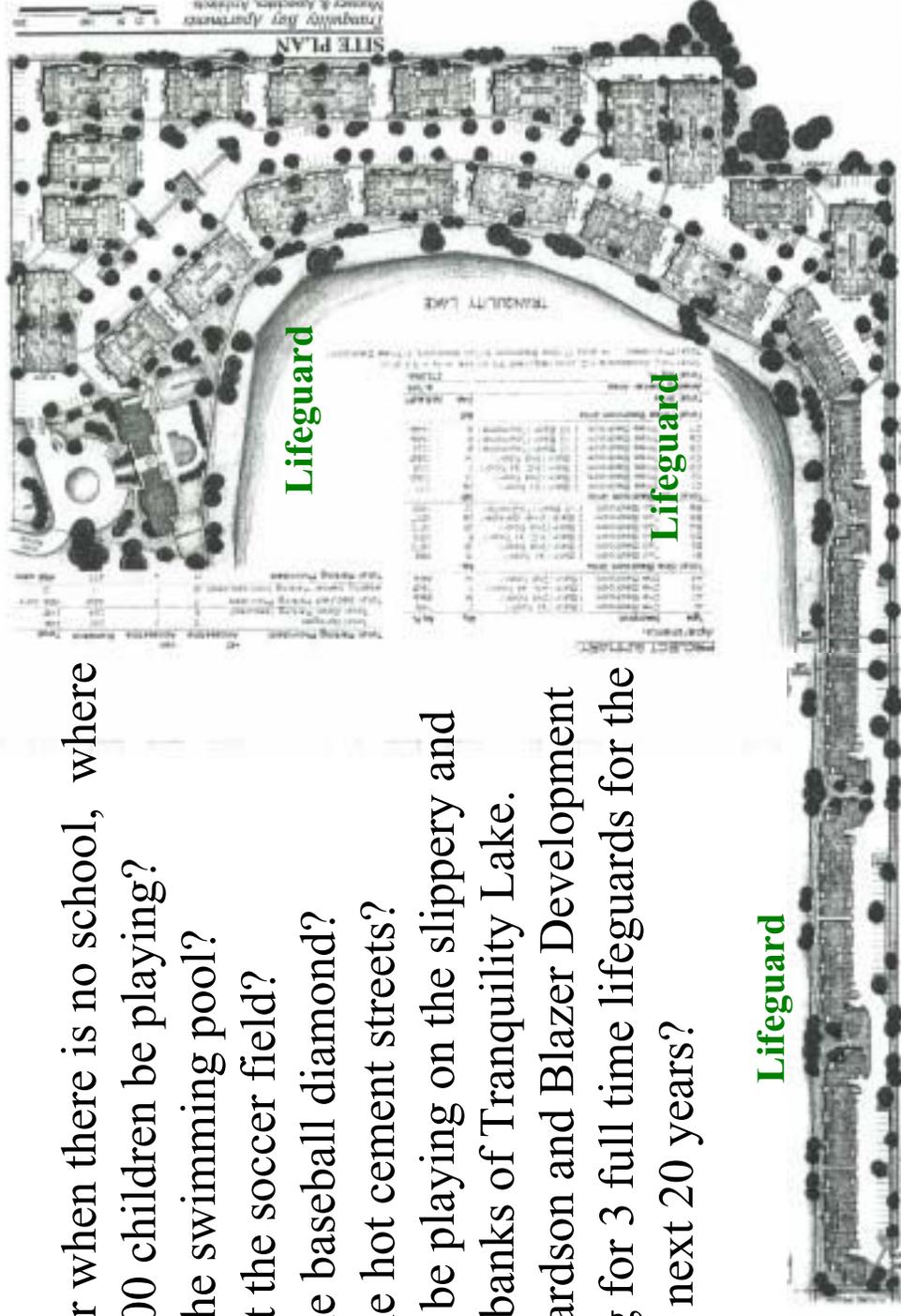
At the soccer field?

At the baseball diamond?

On the hot cement streets?

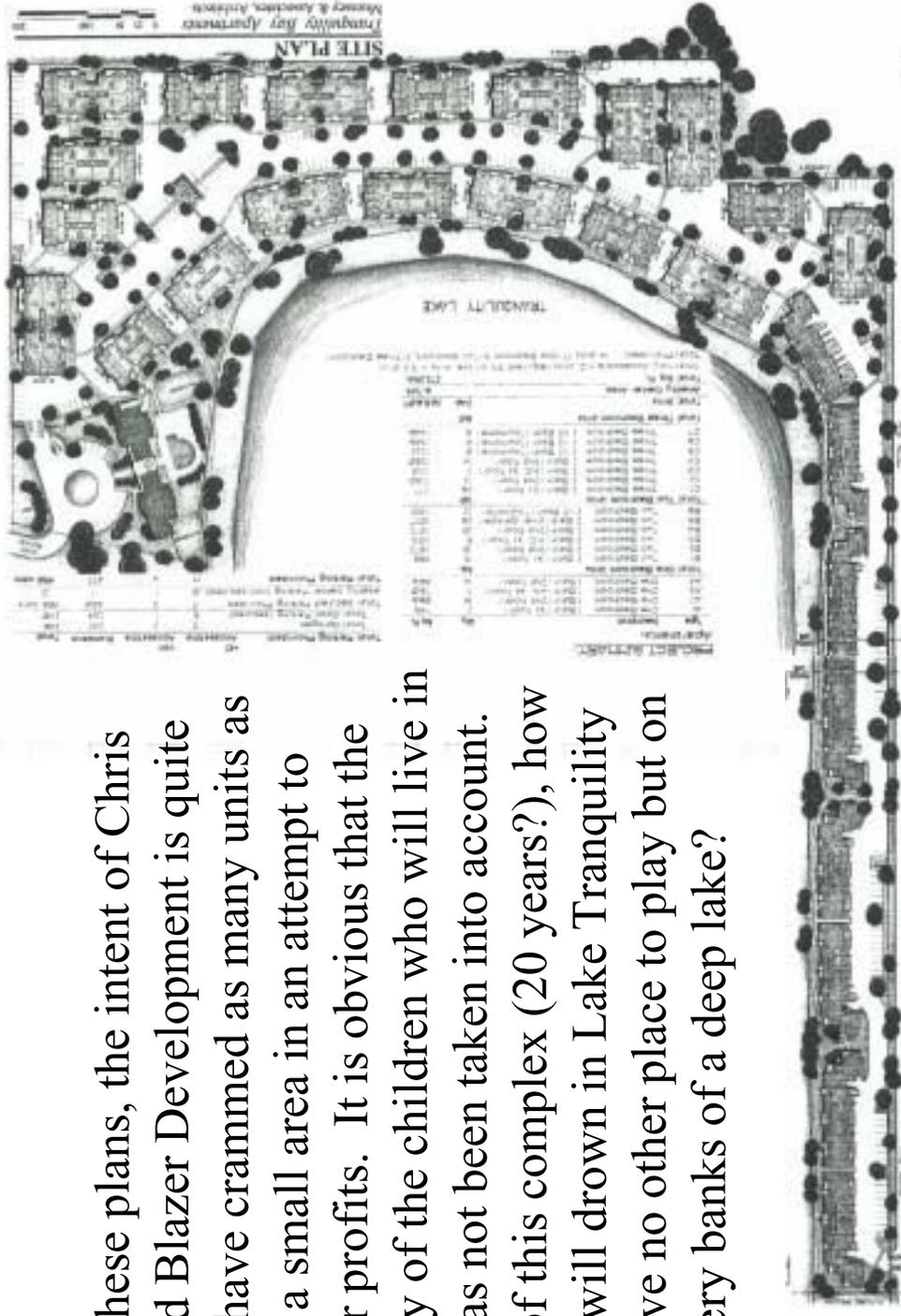
NO! They will be playing on the slippery and dangerous banks of Tranquility Lake.

Will Chris Richardson and Blazer Development commit to paying for 3 full time lifeguards for the next 20 years?



These plans are sad when you consider the possibility of 300-400 children living in this complex!

In reviewing these plans, the intent of Chris Richardson and Blazer Development is quite obvious. They have crammed as many units as possible into a small area in an attempt to maximize their profits. It is obvious that the welfare and safety of the children who will live in this complex has not been taken into account. During the life of this complex (20 years?), how many children will drown in Lake Tranquility because they have no other place to play but on the slippery banks of a deep lake?

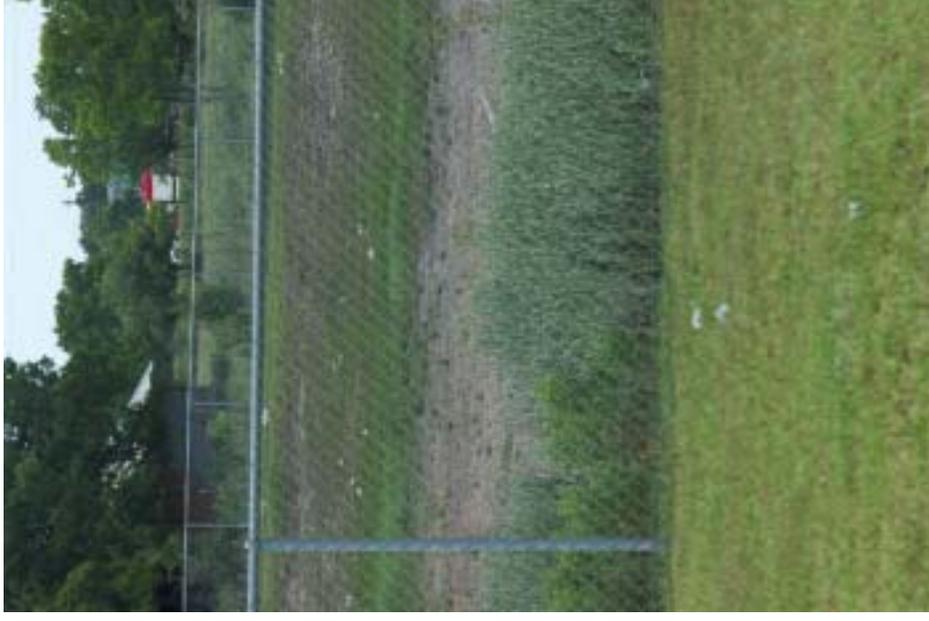


Sandpit Lakes are Dangerous

The fact that Chris Richardson and Blazer Development have proposed to build a multi-family housing project on the Lake Tranquility sandpit shows that they are not interested in the welfare and safety of children. Anyone who has lived in the Pearland area knows how dangerous sandpit lakes are and keeps their children away from them. Potentially, several hundred children could live at the Tranquility Bay Apartments.

Chris Richardson and Blazer Development have a large sandpit lake with not much usable land and they are trying to recoup their expenses at the possible cost of a child's life. And this is not the only time they have disregarded the welfare and safety of children in the area.

Property owners have a custodial responsibility to secure their property –the cost of which is usually a small percent of their total investment. Other sandpits lakes and drainage detention ponds in the area have 6-foot chain link fences around them (some with barbed wire across the top) in an attempt to keep the local children safe.



Tranquility Lake only has a 4-strand barbed wire fence on the west, south and east sides – the cheapest fence possible. A few children from the two local neighborhoods go through the fence and play at the lake. Luckily, there have been no drownings so far.

This picture was taken on 22-May-2004



**Tranquility Lake looking north toward
The Club at Tranquility Lake apartments**

For over a year, there has been no gate on the southwest corner of the property. I have seen children on four wheelers zooming around the lake.



This picture was taken on 22-May-2004

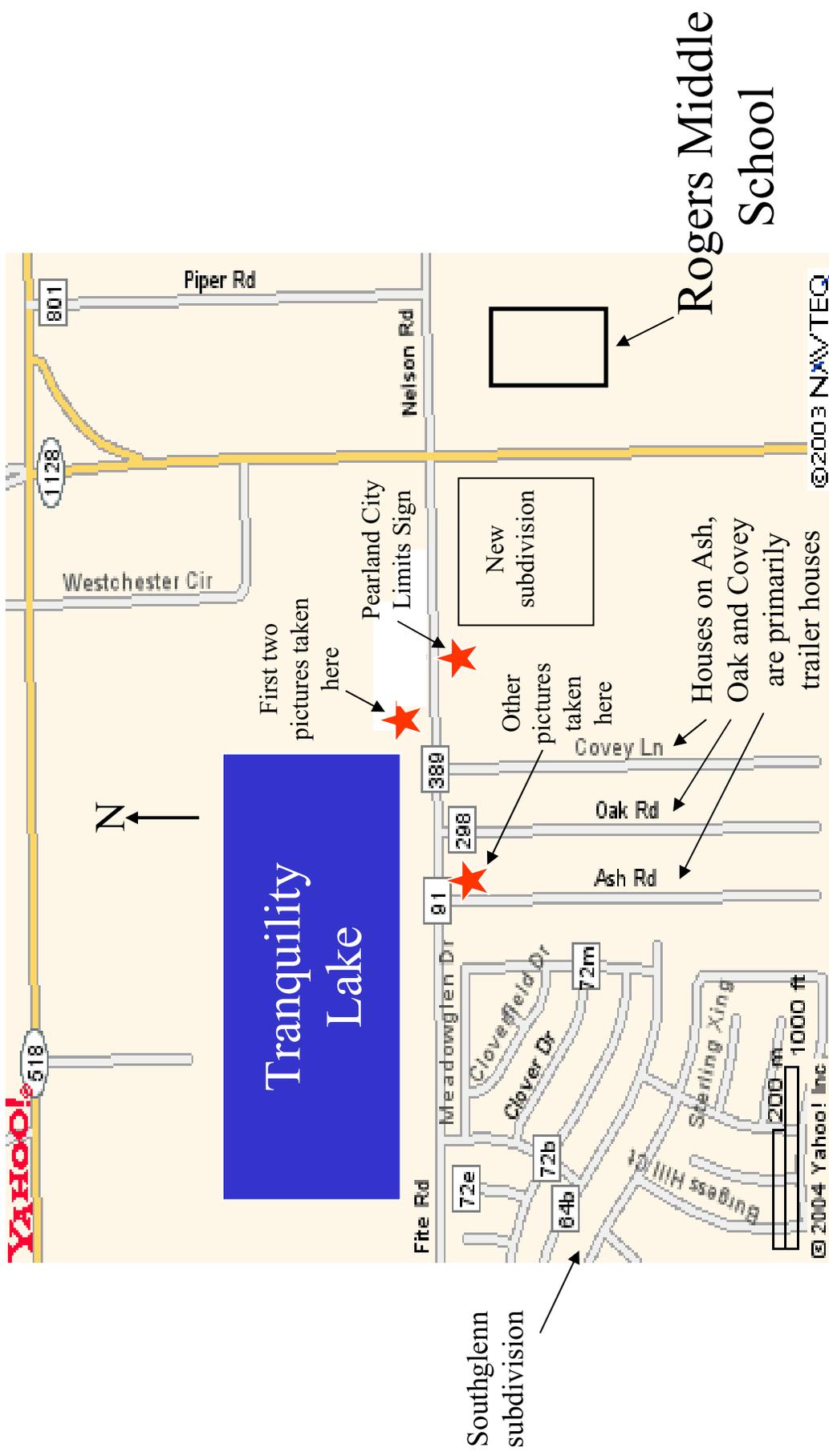
Tranquility Lake

**The future increase of traffic and children on Fite Road
(CR 91) due to the proposed Tranquility Bay
Apartments 2004-027 on Tranquility Lake.**

Fite Road is a heavily traveled road with no shoulder and steep drainage ditches on both sides and no room for sidewalks – children are forced to walk right next to the road. It is the only practical route to Rogers Middle School, Junior High South and Pearland High School for several hundred homes in the area.

Any child walking along Fite Road in the morning causes a backup in traffic. Even though some of the children at Tranquility Bay Apartments will qualify for free busing, not all the children will. Any child that does not qualify for free busing or misses a bus or stays after school for sports, clubs or tutoring will have to walk on Fite Road to get to/from school.

This map shows the location of Tranquility Lake, Rogers Middle School, Pearland City Limits and the nearby neighborhoods. Also on the map are the locations of where I took several pictures to show how narrow Fite Road is and how heavily traveled it is.



This photo looks west and was taken on the morning of May 25th – a typical school morning. 6 buses and 20 cars are backed up in this line. Imagine what Fite Road would look like if 300-400 more children lived here.



Fite Road
(CR 91)

Fite Road looking east toward FM 1128 and Rogers Middle School



← FM 1128 →

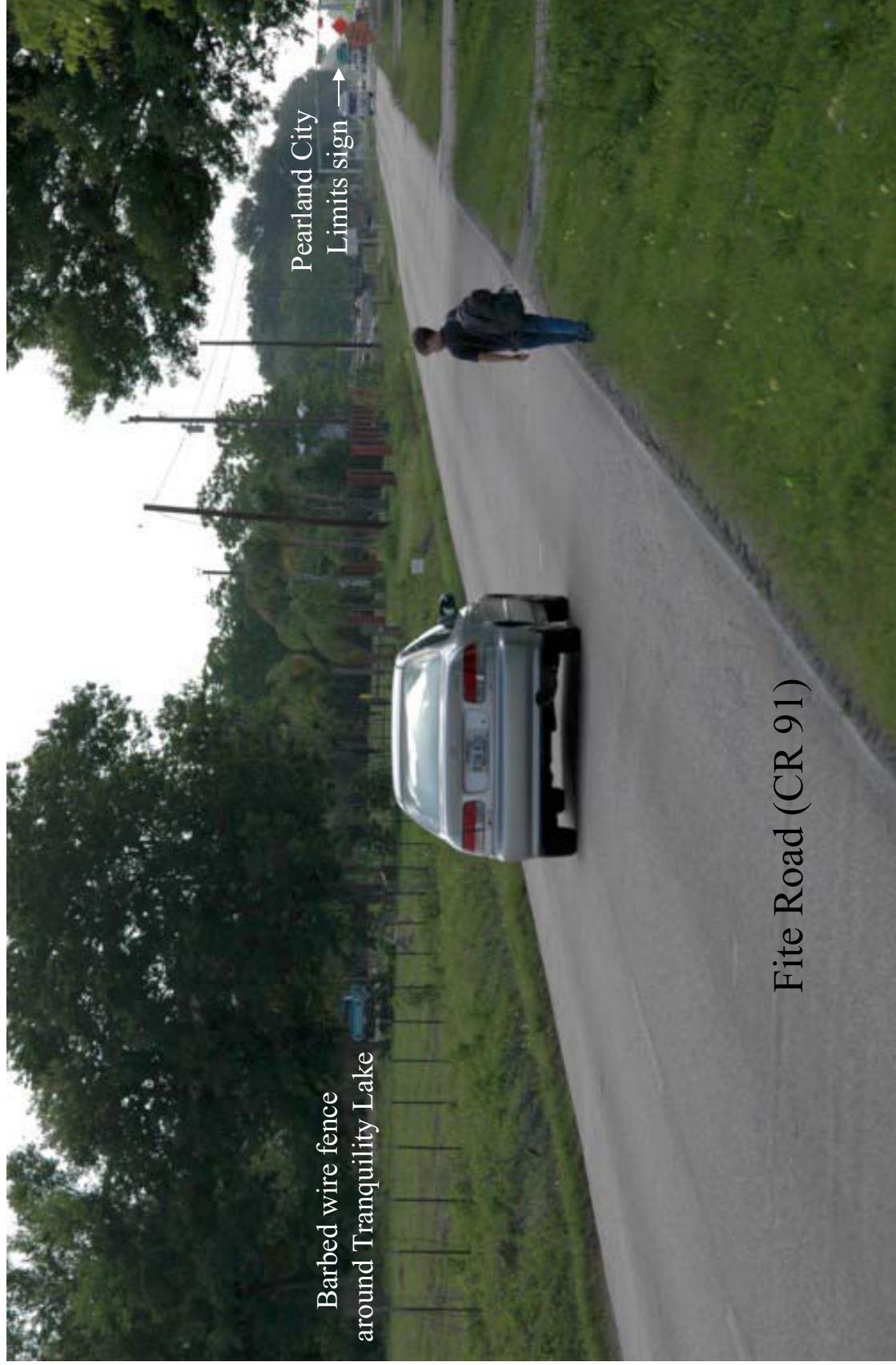
Tranquility Lake is
50 yards from the
Pearland City Limits

Rogers Middle
School

New single family
subdivision under
construction

Fite Road (CR 91)

Fite Road is heavily traveled with steep drainage ditches on both sides and no room for sidewalks. It is the only route to Rogers Middle School for several hundred homes.



Barbed wire fence
around Tranquility Lake

Pearland City
Limits sign →

Fite Road (CR 91)

Fite Road will be the only way for the children living at Tranquility Bay Apartments to walk to Rogers Middle School.



Fite Road (CR 91)

As you can see, Fite Road is very narrow with no center stripe. Children cannot walk anywhere but next to the road because of the steep drainage ditches that are muddy and fill up during rain storms.



Fite Road (CR 91)

Fite Road is a disaster waiting to happen – and there is no good solution. This is one reason why Pearland Independent School District is fighting to stop this project before a child is hurt or killed.

Please, no more children on Fite Road!



**Chris Richardson and Blazer Development
have shown through their actions a history of
disregarding the welfare and safety of children.**

**Planning a multi-family housing project on the banks of
Tranquility Lake – a sandpit lake.**

**I believe it's not a matter of if, it's a matter of when a child will
drown in Tranquility Lake sandpit.**

**Is it even possible to make the planned Tranquility Bay
Apartments on Tranquility Lake sandpit safe for children?**

Chris Richardson and Blazer Development have shown through their actions a history of disregarding the welfare and safety of children.

Inadequate fencing on the west, south and east side of Tranquility Lake.

Chris Richardson and Blazer Development have not spent the money necessary to make Tranquility Lake safe for local children even before they build Tranquility Bay Apartments.

Will they also neglect their responsibilities at Tranquility Bay Apartments?

Chris Richardson and Blazer Development have shown through their actions a history of disregarding the welfare and safety of children.

The increase of traffic and children on Fite Road (CR 91) if the Tranquility Bay Apartments are built.

Chris Richardson and Blazer Development do not seem to care if they make a dangerous situation for our children even more dangerous – completely disregarding the guidance of the community and public officials.

How many children will be hurt or killed on Fite Road because of Chris Richardson and Blazer Development ?

TDHCA Mission Statement: To help Texans achieve an improved quality of life through the development of better communities.

Will the Tranquility Bay Apartment multi-family complex on Tranquility Lake sandpit improve the quality of life for the Pearland community?

NO!

It will only endanger the lives of children for the sake of Chris

Richardson and Blazer Development's profits. If Chris Richardson and Blazer Development were really concerned about our community, they could donate this land to the City of Pearland or a wildlife management organization as a much needed park or wildlife sanctuary. This last winter, Tranquility Lake had several hundred federally protected migratory waterfowl stay for several months. I spotted mallards, coots, pintails, red heads, teal and scaups on Tranquility Lake.

TDHCA Mission Statement: To help Texans achieve an improved quality of life through the development of better communities.

Please, for the sake of my children and the hundreds of other children in the area, **reject** the Tranquility Bay Apartment 2004-027 application to build a multi-family complex on Tranquility Lake sandpit. Show **Chris Richardson and Blazer Development** that our children are more important than their profits.

Thank you,

Ron Mayfield

**Request to Reject
Tranquility Bay Apartments
4800 Fite Road (C.R. 91)
(Bond ID -- 2004-027)**

***Presented by the citizens of Pearland, Texas, and
Northern Brazoria County***

**June 10, 2004
Austin, Texas**

Thank you for your time and
consideration!

Objectives

- Convince this Governing Board that the Tranquility Bay project violates the TDHCA Mission Statement:

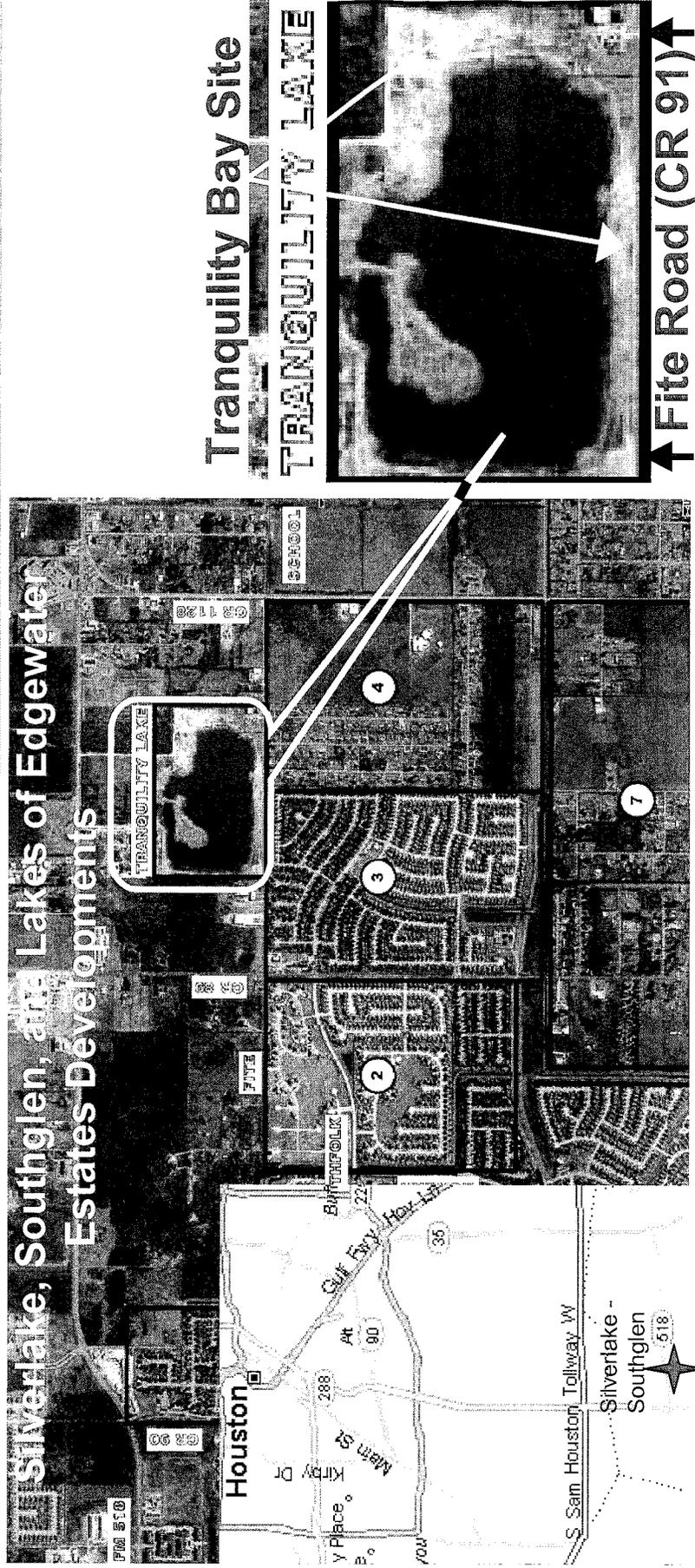
“To help Texans achieve an improved quality of life through the development of better communities.”

- Provide facts demonstrating that the location of this project is unsafe and unsuitable for the potential residents of the Tranquility Bay Apartments; and will reduce the quality of life for the surrounding community
- Encourage the board to **REJECT** the proposed Tranquility Bay project

Executive Summary

- **The Tranquility Bay project would pose a danger to children walking to/from school.**
- **Pearland currently lacks the infrastructure to adequately support Tranquility Bay or any additional multi-family residential projects.**
 - **The site of Tranquility Bay is outside Pearland Police jurisdiction;** leaving police protection to the overtaxed County Sheriff's department, which only has 12 cars to cover over 1,400 sq. miles.
 - **The location of Tranquility Bay will place an additional burden on Pearland's volunteer fire department,** which already has seen a 50% increase in calls in 2003.
 - **There is no public transportation in Pearland.** Also, there will be no walkways or bike paths to commercial areas. This project would force low-income families to own cars, or use taxi service if available, in order to get to work or to shopping areas.
 - Even worse, some residents may try to walk/bike up rural roads, putting their lives in jeopardy
 - **Pearland's elementary schools currently are over capacity.** The schools closest to Tranquility Bay are 9% above capacity. Adding nearly 500 pupils to the school system without equivalent tax revenues would increase class size and likely reduce the quality of education for all students.
 - **The area around the site of Tranquility Bay is prone to flooding.** This project will create more flooding problems. By admission of Brazoria County, our drainage commission, and Mr. Chris Richardson of Blazer Development, there are no plans to improve drainage in the area.
- **Experts have stated in the *Houston Chronicle* that developers must stop building apartments, as Houston is overbuilt. Plus, Pearland has a moratorium on apartments.**
 - With Houston's city limits less than 5 miles away, the funding for Tranquility Bay may be better allocated buying out existing apartment complexes in Houston at a discount while the apartment market is weak. The City of Houston has the necessary infrastructure required by those with lower incomes. **The State may be able to help more low-income families with the same amount of funding.**
- **Senator Mike Jackson, Rep. Glenda Dawson, Pearland City Councilman Kevin Cole, the Pearland ISD, Brazoria County MUD #1, Brazoria County Sheriff's Dept, local Homeowner Associations, prominent business leaders and hundreds of residents have formally opposed this project in writing.**
- **Based on the ensuing facts, we encourage you to REJECT the Tranquility Bay project!**

The Situation



- The Silverlake/Southglen area, which is less than 5 miles from Houston’s city limits, has approximately 4,500 homes and over 1,000 apartment units
- The City of Pearland has established a moratorium on additional apartment development – Tranquility Bay is only 50 yards outside of Pearland city limits
- The Tranquility Bay development will place additional burdens on public services and infrastructure that already are overtaxed

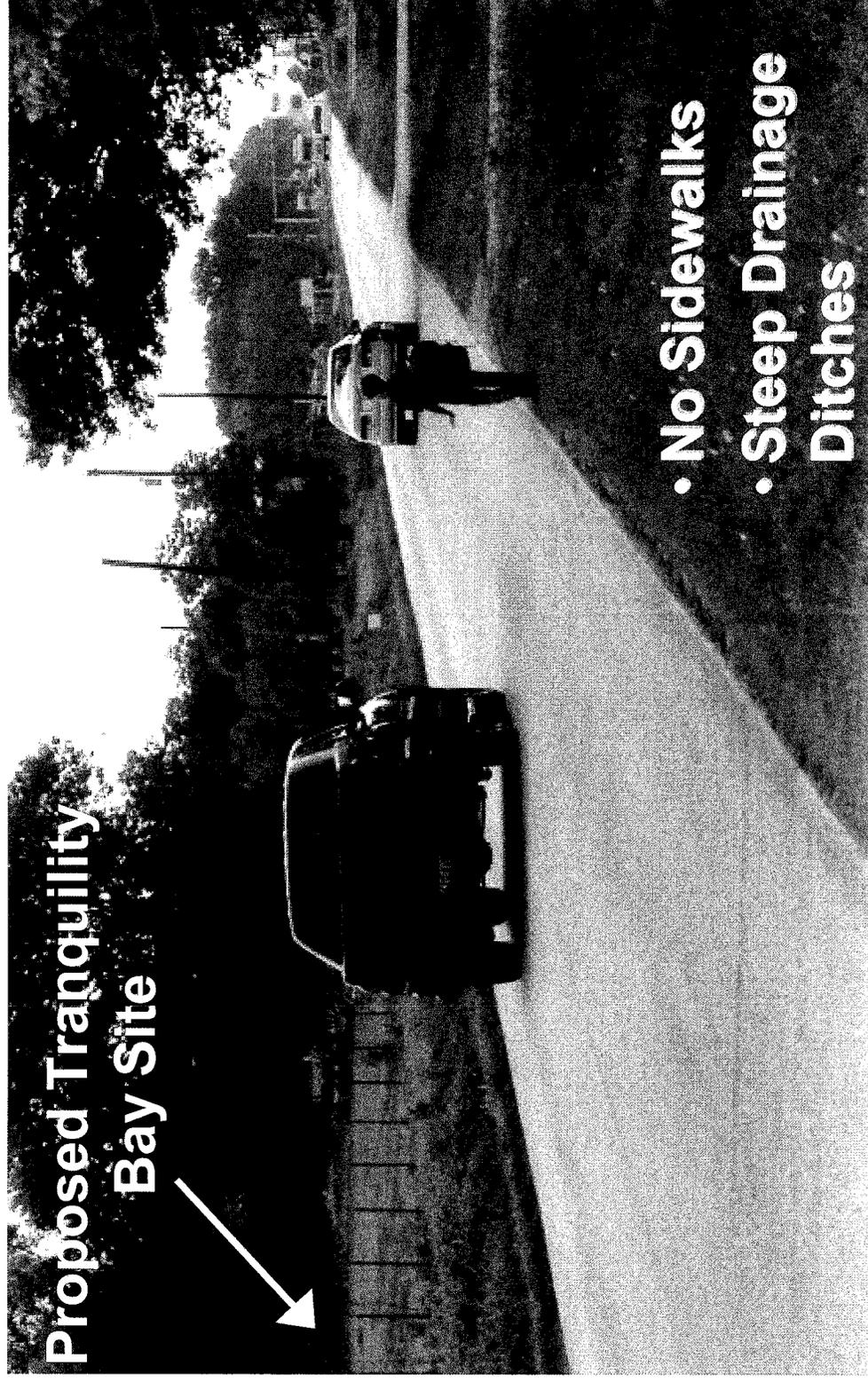
Child Safety Concerns

- A student walking to Rogers Middle School on Fite Road (which borders the proposed Tranquility Bay site on the South side)
- This middle school is zoned to the proposed Tranquility Bay Apartments



Child Safety Concerns

- Fite Road is very narrow with no center stripe. Children are forced to walk next to or on the road because of the steep drainage ditches.
- The ditches are muddy and fill up during even minor rain events.



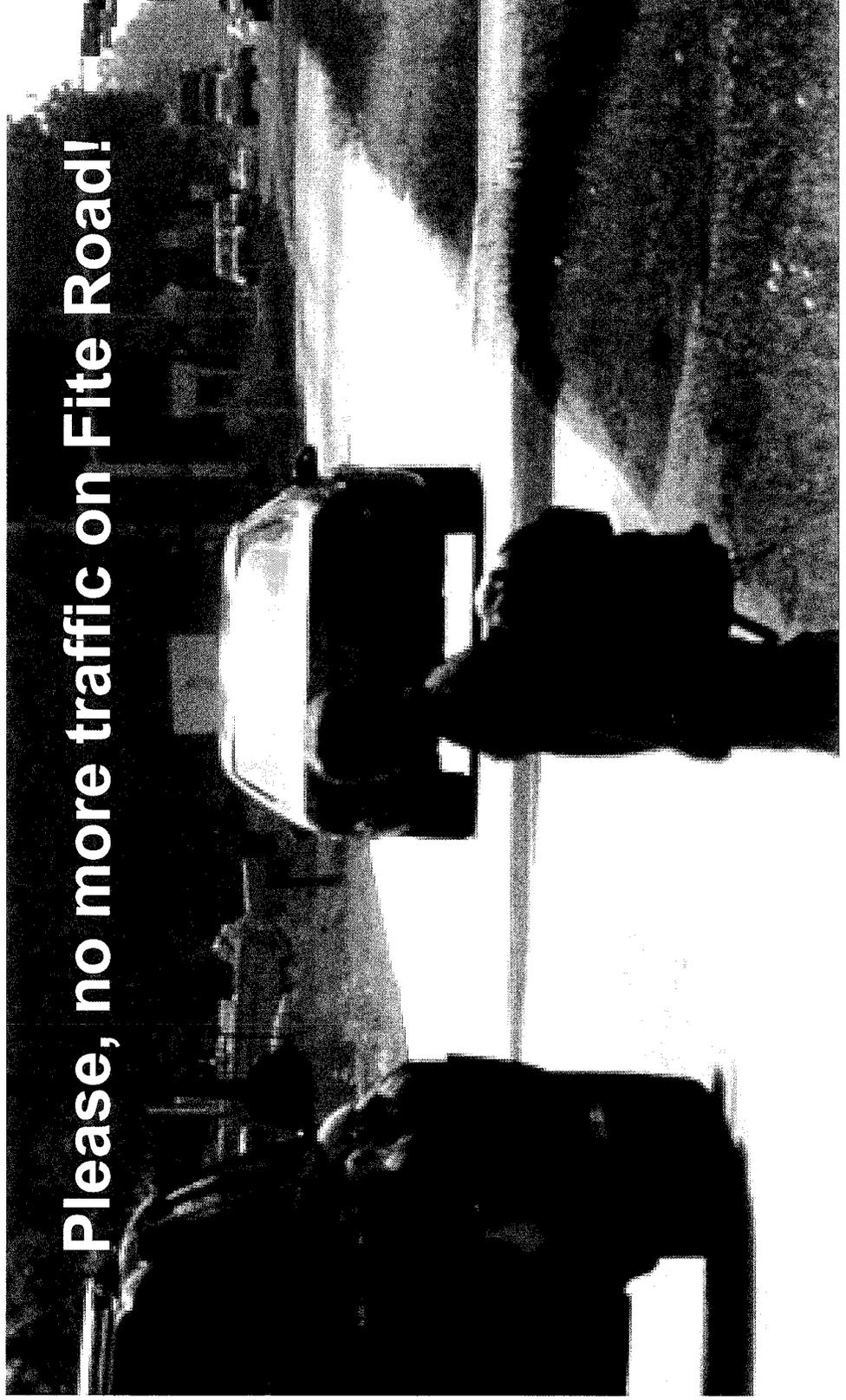
Child Safety Concerns

- Fite Road is the only route to Rogers Middle School for several hundred homes.



Child Safety Concerns

- Fite Road is unsafe for children/pedestrian traffic.
- This is one of the reasons why Pearland Independent School District is fighting to stop this project, before a child gets hurt or killed.



Pearland/Houston Housing Market

- According to Margaret Dixon of Brazoria County's Department of Welfare, Pearland already has an apartment complex that is devoted to low-income housing: Park Place Apartments.
- In addition, there are over 50 private landlords that accept Section 8 vouchers to provide housing to low-income residents.
- The Houston apartment market is overbuilt: On May 7, 2004, Nancy Sarnoff wrote the following in the *Houston Chronicle* (complete article in Appendix 2):

“[apartment] Vacancies have increased as renters have abandoned their apartments in favor of buying homes at historically low interest rates.... However, it will take at least a year before the industry records significant occupancy gains.

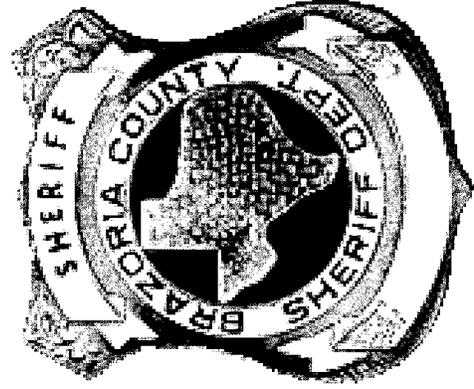
In the short term, hordes of consumers are expected to jump on the home-buying bandwagon as interest rates begin inching up, leaving even more apartments vacant, Smith predicted. [Barton Smith is the Director of the Institute for Regional Forecasting at the University of Houston.] ‘The apartment market will have a dismal year in absorption this year,’ he said.

With occupancy at 86.5 percent and nearly 15,000 units expected to be delivered in 2004, Smith said the oversupply of apartments only has one cure:

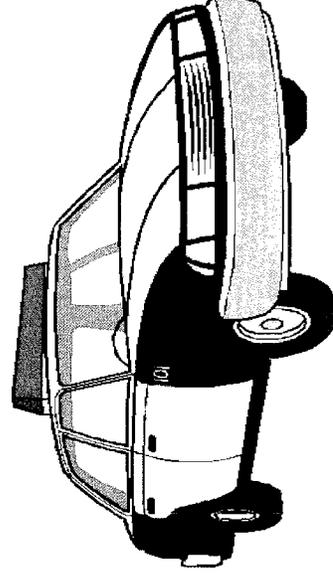
Developers must stop building.”

Public Safety Concerns – Police Protection

- The proposed location of Tranquility Bay is outside the jurisdiction of the Pearland Police Department. Police protection must be provided by the Brazoria County Sheriff's Dept, which also opposes this development (see Opposition Letters from Patrol Captain Dorman Davidson in Appendix 8).
- The Sheriff has a maximum of 12 police cars available to cover over 1,400 square miles of land, which equates to 1 unit per 119 square miles
 - By comparison, this equates to 2 police cars for the entire city limits of Austin!
 - 60% of the available cars patrol the southern region of Brazoria County
 - At least one car usually is unavailable for use due to vacations, sick time, or training
 - Requests for additional cars have been denied by the county commissioner
 - Additional residents reduce overall protection for all, regardless of where they reside



Only 1 Car



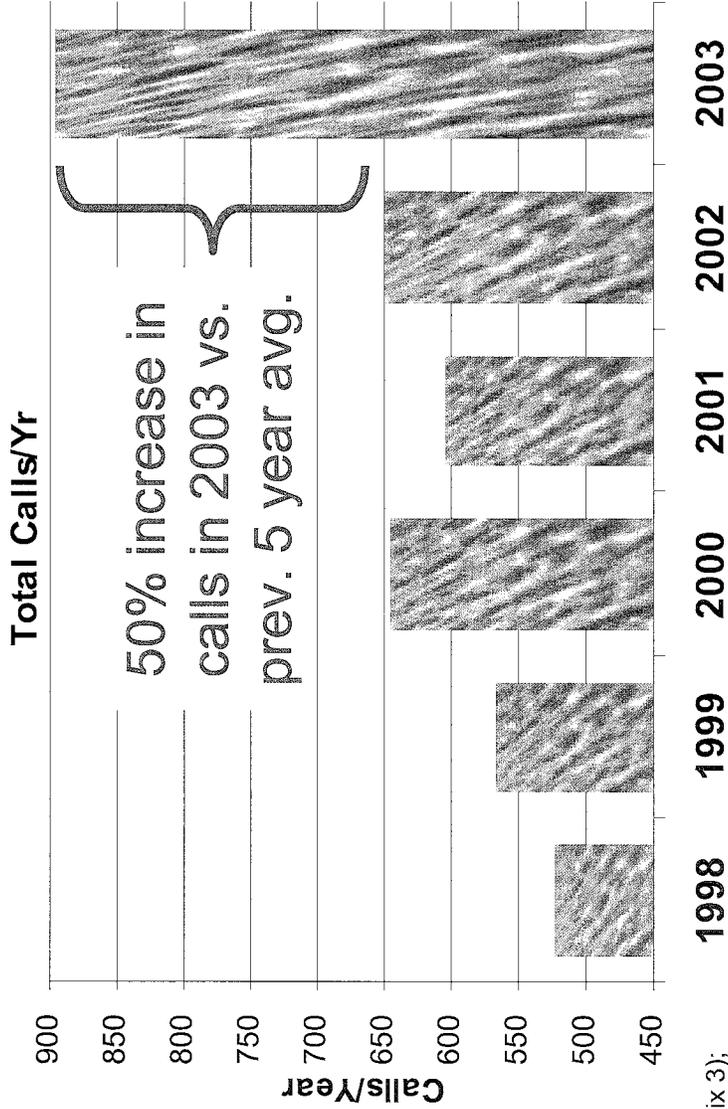
For
= 119 sq. miles of
coverage

Public Safety Concerns – Fire Fighting

- **Pearland and vicinity is protected by a volunteer fire department consisting of approximately 65 members; no on-site fire-fighting teams are maintained**
- **In 2003, a period of expansion where many homes and apartments were added, call volumes increased 40% vs. 2002 and 50% vs. the previous 5-year average**
- During the April 20th Public Hearing, Mr. Richard, a Pearland volunteer fire fighter, raised concern that their response times would increase and safety would be sacrificed if this project were to develop. It will add traffic along County Road 89, making it more difficult for the volunteers to drive to the closest station (see Appendix 5).

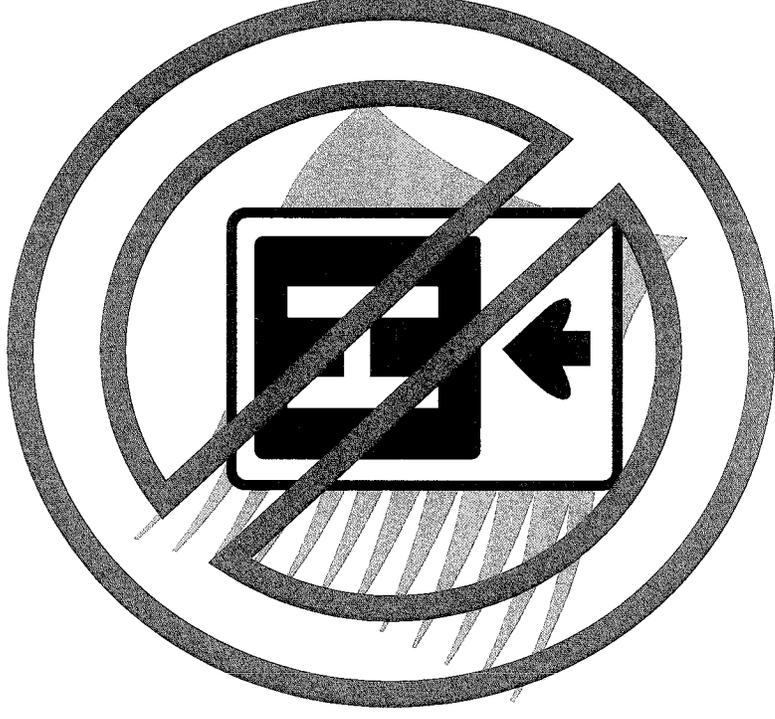


Pearland Volunteer Fire Department



Public Safety Concerns - Hospitals

- There are no hospitals or extended-hour urgent care facilities in Pearland
- The nearest urgent care facility is 15 miles away in Alvin
- According to the Pearland-Hobby Chamber of Commerce, the proposed Pearland Regional Medical Center has been postponed indefinitely.



Education – Overcrowded Schools

- Silverlake and Silvercrest Elementary, the schools to which the Tranquility Bay students would be zoned, are currently **ABOVE CAPACITY**.
- Pearland’s aggregate elementary school system population will be over capacity by the end of 2004, as shown in the table below
 - These statistics were obtained from Pearland ISD and DO NOT INCLUDE the additional students from Tranquility Bay, new apartment complexes recently built in Pearland, or future town home development
- While some middle/high schools in the Pearland ISD are projected to have additional capacity (without the projects listed above), a major influx of students from a complex like Tranquility Bay will have a cascading effect on those schools, bringing them above capacity much sooner than expected

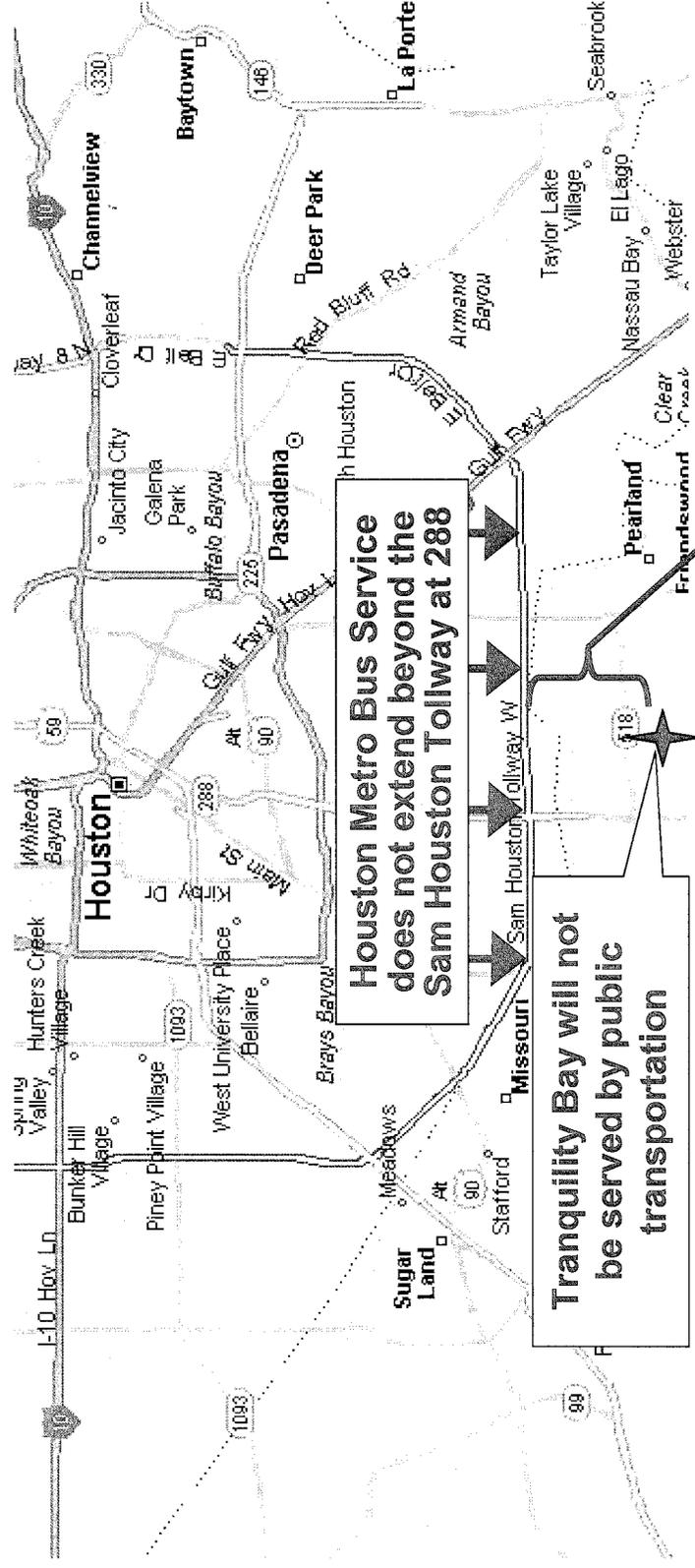
Elementary School	2004 Capacity	2004 Current	EOY 2004 Projection	2005 Projection	2011 Projection	Overcapacity in Year:
Silvercrest	722	809	652	695	805	NOW
Silverlake	722	754	695	733	915	NOW
Rustic Oak	722	733	739	780	870	NOW
Carlston	656	725	745	762	836	NOW
Harris	722	707	971	1,207	1,609	2004
Shadycrest	738	699	866	938	1,094	2004
Challenger	722	644	652	667	722	2011
Lawhon	600	495	529	572	790	2006
Total	5,604	5,566	5,849	6,354	7,641	2004

Education – Overcrowded Schools

- **Tranquility Bay could add nearly 500 students (based on the national average of 1.89 children per household with children) into the Pearland ISD; without a commensurate increase in tax revenue comparable to that received by families living in single family units**
 - PISD’s capital budget DOES NOT INCLUDE the construction of additional elementary schools anywhere in the area. This is contrary to Mr. Chris Richardson’s statements to area residents during the April 20 Public Hearing.
 - Also contrary to Mr. Richardson’s statements, while Tranquility Bay does pay the same tax rate as others in the community, the tax revenue per family will be less in Tranquility Bay than from a single family home because tax revenue is based on the value of the residence
 - For example, for a home valued at \$150,000, the tax rate per family is \$2,745 (0.0183 x \$150,000). By comparison, for an apartment with an estimated value of \$50,000, the tax rate per family is only \$915.
 - Class sizes will increase and, as a result, the quality of education will likely drop
 - Taxpaying citizens will probably see increased taxes to offset some of the costs
- **Bonny Cain, Superintendent of Pearland ISD, and Robert Richter, Assistant Superintendent, have written letters in opposition to this project (see Appendix 4).**

Transportation Infrastructure

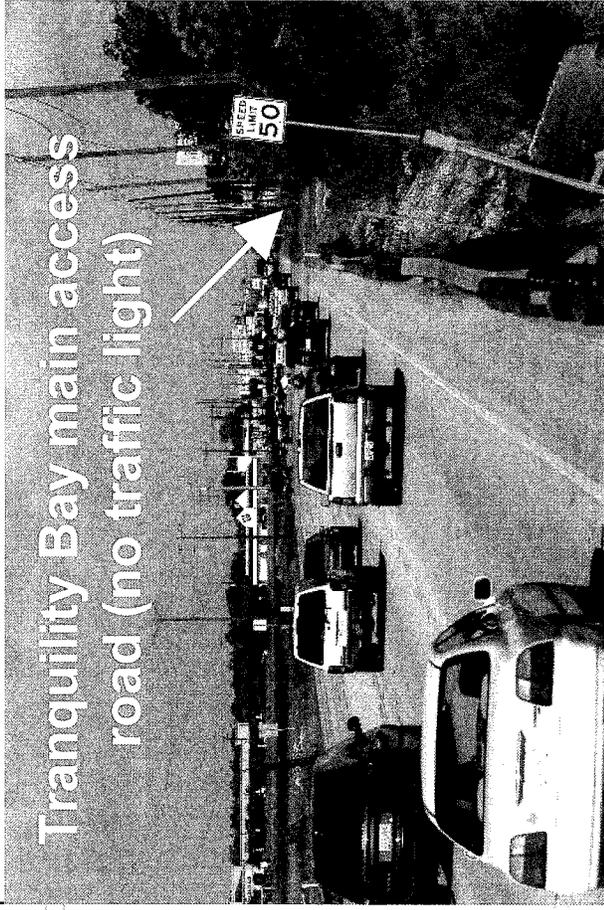
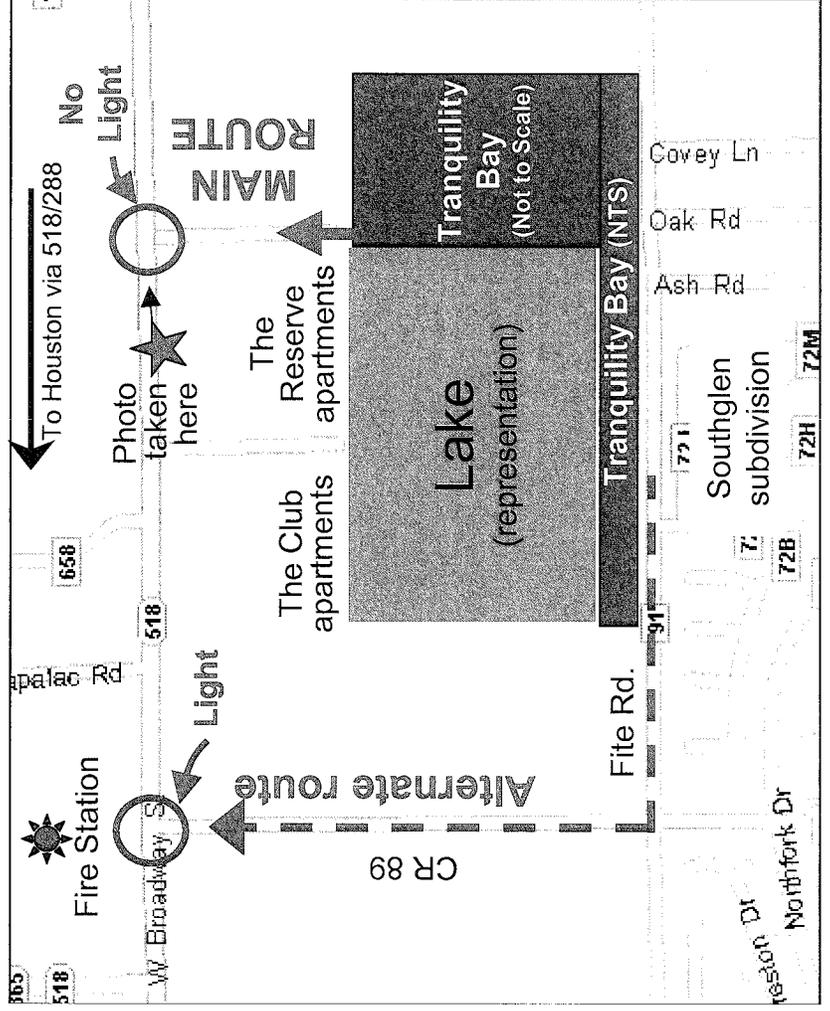
- **Houston Metro public transportation does not extend to Pearland**
 - Future Tranquility Bay residents would need to own cars, or take taxis if available, in order to get to work or to shopping areas.
 - There are no walkways or bike paths on any of the surrounding roads. This will create a dangerous situation for residents trying to walk or bike to the store, school, or work.



Approx. 15 miles to nearest Metro bus stop.

Transportation Infrastructure

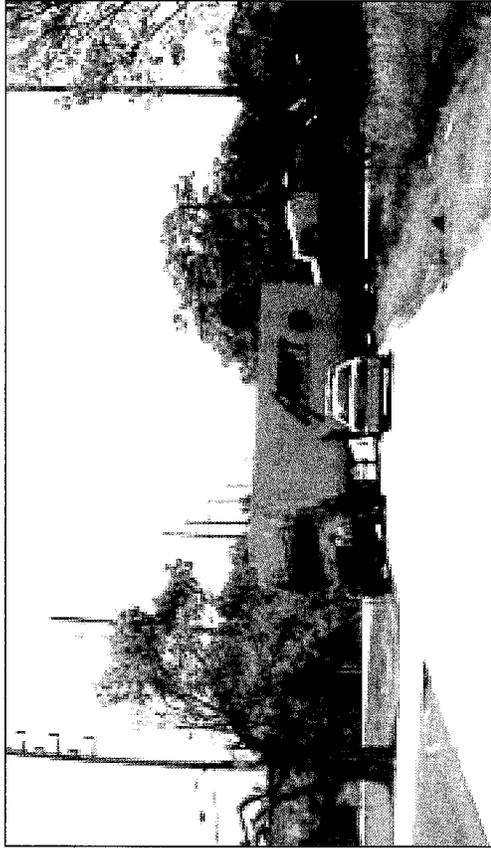
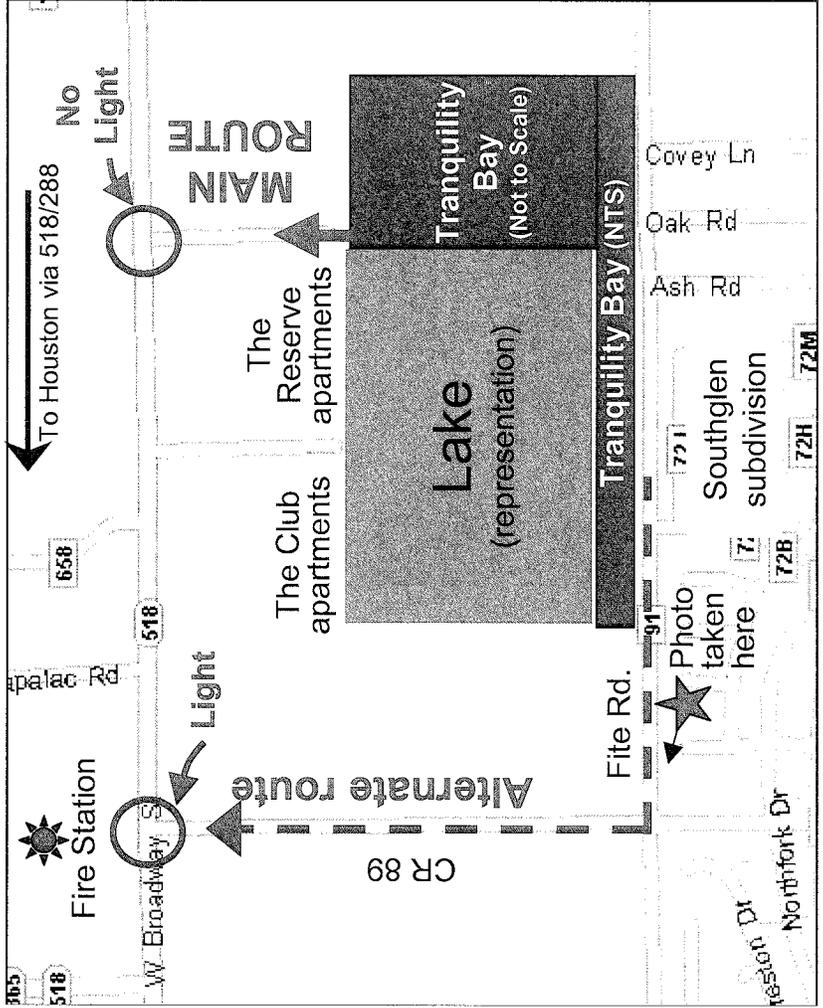
- The proposed main exit for Tranquility Bay joins a road next to an existing apartment complex (“The Reserve” apartments) and intersects Hwy 518, where there is no traffic light and a 50 mph speed limit.
 - Many residents in the existing complex (“The Reserve”) work in Houston, requiring a left turn into heavy traffic.



A typical morning on Hwy 518, May 2004

Transportation Infrastructure

- If an exit is constructed on Fite Road as currently planned, many Tranquility Bay residents may choose to exit via Fite and use CR 89 as a means of accessing Hwy 518. CR 89 already is heavily congested.
- Fite Road also suffers from a business adjacent to the proposed Tranquility Bay location that uses 18-wheel trucks, which often get stuck or jackknife since Fite is so narrow.



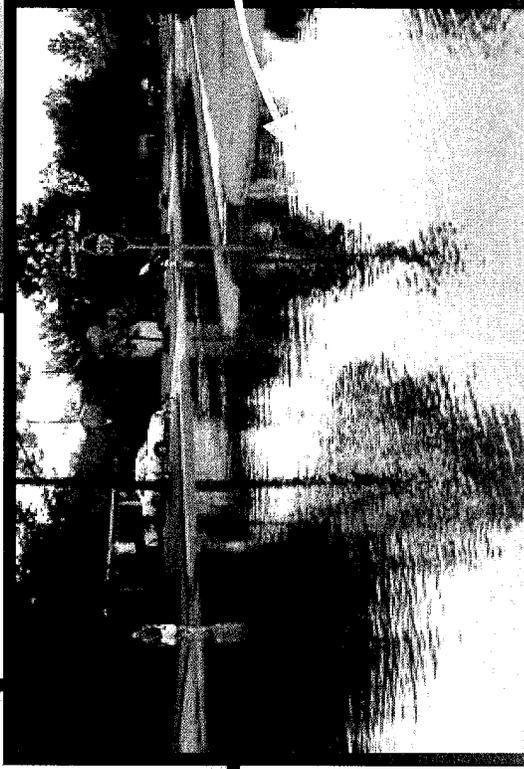
Pearland Police (not Brazoria County Sheriff) and Volunteer Fire respond to another stuck 18-wheel truck at intersection of Fite Road and CR 89

Drainage Infrastructure

- **The proposed project location is along Fite Road; a two-lane secondary road that is *prone to flooding***
 - The Southglen subdivision, directly South of the proposed development, has serious drainage issues and floods during heavy rain
 - If constructed, this project would cover valuable rain-absorbing land, which will increase the likelihood of flooding outside of the project area – notably along Fite Road



**Flooding Home Sites
Along Fite Road,
May 2004**



**Southglen
Flooding,
Fall 2003**

Request to Reject Tranquility Bay

- **Who else opposes Tranquility Bay?**
 - Texas Representative Glenda Dawson
 - Texas Senator Mike Jackson
 - Pearland City Councilman Kevin Cole
 - Pearland ISD
 - Brazoria County MUD #1
 - Brazoria County Sheriff's Department
 - All surrounding Homeowner Associations
 - Prominent business leaders in the area
 - Hundreds of local residents
- **Based on the facts stated herein we encourage you to REJECT the Tranquility Bay project!**

Thank you for your time and
consideration!

***Respectfully submitted by the citizens of Pearland, Texas,
and Northern Brazoria County***

Texas State
Representative
Glenda Dawson's
opposition letter

** TOTAL PAGE.01 **



GLEND A DAWSON
TEXAS HOUSE OF REPRESENTATIVES
DISTRICT 29

May 20, 2004

Robbye Meyer
Texas Department of Housing and Community Affairs
507 Sabine
Austin, TX 78701

Dear Ms. Meyer:

I would like to voice my opposition to the Multifamily Housing Revenue Bond application for Tranquility Bay Apartments proposed at County Road 91 (Fitc Road) in Pearland, Brazoria County.

I have been contacted by many of my constituents both supporting and opposing this proposed development. I believe in the sincerity of these who are both proposing and supporting this development and know that they have the best intentions for our community. However, the concerns that have been voiced to me and that I myself have raised have shown that this development will not be in the best interest for Pearland at this time.

Thank you for your time to speak with me and to hear the concerns of my constituents. Please call me if you have any questions or if I can be of any additional assistance.

Sincerely,

Glenda Dawson
State Representative
District 29

P.O. Box 2910, AUSTIN, TEXAS 78768-2910 • 512-463-0707
2404 SOUTH GRAND BLVD., SUITE 105, PEARLAND, TEXAS 77581 • 281-412-9498
GLEND.A.DAWSON@HOUSE.STATE.TX.US
COMMITTEES: PUBLIC EDUCATION • PUBLIC HEALTH • HOUSE ADMINISTRATION

May 24 04 12:38p Penny Dowdy
SEP 30 1999 19:43 FR
281-485-0541
TX 2814850541
P.11

Appendix 1 (cont.)

May 24, 2004

Edwina Carrington, Executive Director
Texas Department of Housing and Community Affairs
P. O. Box 13941
Austin, TX 78711-3941

Dear Ms. Carrington:

RE: Tranquility Bay Apartments, Pearland, TX
Application #2004-027

Text of Texas State Senator's Mike Jackson's opposition letter

I am writing on behalf of my constituents to express opposition to the Tranquility Bay Apartments' application proposed for County Road 91 in Pearland, Brazoria County.

I have received many letters and calls opposing this proposed development. I have also received letters of opposition from the Lakes of Edgewater Estates Home Owners Association, Silverlake Home Owners Association, Pearland Independent School District, and Brazoria County MUD #1. I believe from the negative interest this project has generated and from the community groups who are strongly opposed to this project, it would be a disservice to pursue issuance of tax-exempt multifamily residential rental development revenue bonds for this project at the present time.

I hope if you have any questions or need any additional information you will feel free to contact me.

Sincerely,

Mike Jackson
Senate District 11

MJ/dc

cc: Ms. Robbye Meyer, TDHCA

Houston Chronicle article about the overbuilt apartment market – May 7, 2004

Title: “Housing market should hang tough / But for apartments it’s a different story, economist says”

By NANCY SARNOFF, Staff

Houston-area homeowners will face a stress test this year as interest rates begin to rise, but the city should escape a serious housing bust looming in other markets, a local economist said Thursday.

The gap between income levels and home values in Houston is not as wide as it is in some cities, which should help the local housing market weather the storm, said Barton Smith, director of the Institute for Regional Forecasting at the University of Houston.

“The Houston story just doesn’t seem so spooky,” he said.

By 2006, many regions will experience a harsh housing market correction where home prices not only stop rising, but begin to fall, Smith said. The most severe example is Providence, R.I., where housing has appreciated 73.5 percent over the last three years.

“That appreciation is not sustainable,” he said.

While rising interest rates may hamper Houston’s market a little, they will have a more positive impact on at least one local sector: apartments .

Vacancies have increased as renters have abandoned their apartments in favor of buying homes at historically low interest rates.

But once rates go back up, consumers won’t be in such a hurry to buy homes, creating an opportunity in the apartment market .

However, it will take at least a year before the industry records significant occupancy gains.

In the short term, hordes of consumers are expected to jump on the home-buying bandwagon as interest rates begin inching up, leaving even more apartments vacant, Smith predicted.

“The apartment market will have a dismal year in absorption this year,” he said.

With occupancy at 86.5 percent and nearly 15,000 units expected to be delivered in 2004, Smith said the oversupply of apartments only has one cure: Developers must stop building.

Bruce McClenny of research firm Apartment Data Services agrees that the market is overbuilt.

But he says 8,000 to 9,000 units could be absorbed this year and that rents could actually begin to rise in 2004.

“Positive absorption may burn off some of the deep concessions we have,” McClenny said.

Aside from the apartment industry, other commercial sectors are headed for a bright year.

In his speech Thursday, Smith also noted:

The office market has hit bottom and will begin to improve this year.

In general, the retail market appears healthy. However, much of the new retail being added is taking sales away from other stores.

The industrial market also will begin to improve as new construction slows.

Overall, Smith was upbeat with his economic message on Thursday.

Barring any unforeseen events, the economy will continue to improve, and Houston could see 30,000 to 50,000 new jobs this year.

Still, there are some clouds hovering over a national recovery: continued world turmoil, increases in energy prices and an overextended consumer population.

Smith echoed previous predictions that gentrification will increase in Houston’s inner core, while growth will continue along the city’s fringes.

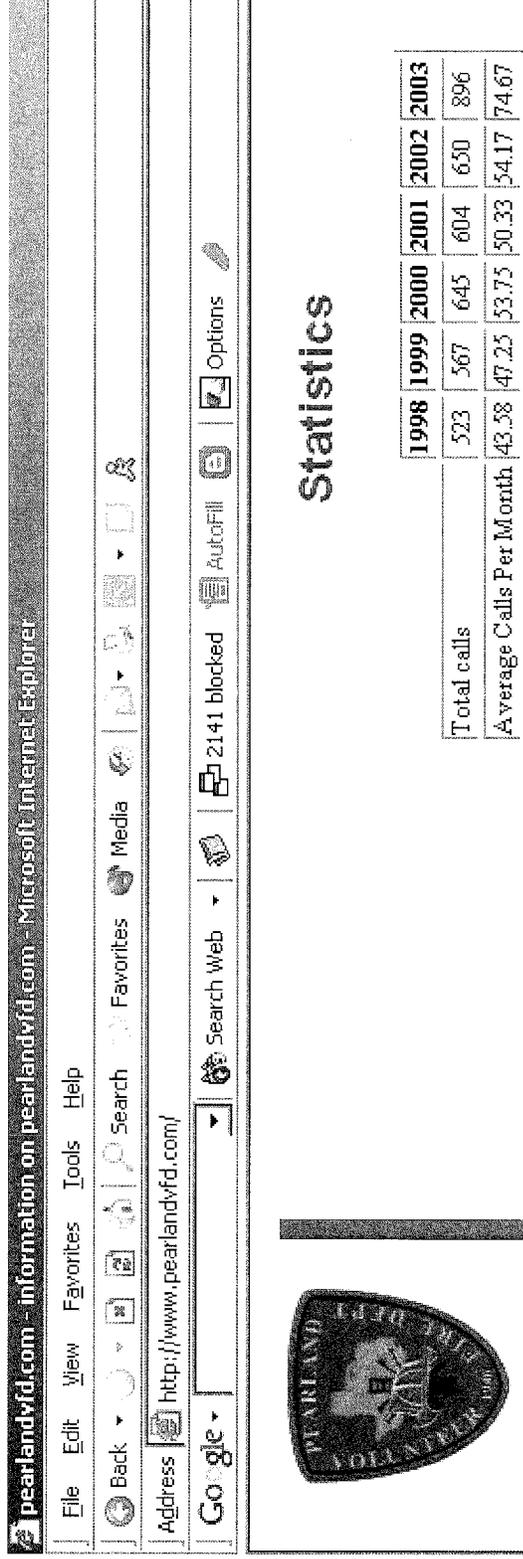
He also foresees the Grand Parkway being congested by 2025.

“We’re going to see suburban growth far out beyond your imagination,” he said.

To help alleviate congestion and environmental problems, Smith encouraged developers to build master-planned employment centers that can house some 60,000 workers in a single area.

Appendix 3

Pearland Volunteer Fire Fighters' Call Statistics (1998-2003)



pearlandvfd.com - information on pearlandvfd.com - Microsoft Internet Explorer

File Edit View Favorites Tools Help

Back Search Favorites Media AutoFill Options

Address <http://www.pearlandvfd.com/>

Google Search Web 2141 blocked



Statistics

	1998	1999	2000	2001	2002	2003
Total calls	523	567	645	604	630	896
Average Calls Per Month	43.58	47.25	53.75	50.33	54.17	74.67

Appendix 4

School Capacities and Student Projections

Source: Pearland ISD website

(NOTE: PROJECTIONS DO NOT INCLUDE TRANQUILITY BAY, RECENTLY BUILT APARTMENT COMPLEXES, OR PROPOSED TOWNHOMES)

Comparison of Projected '02-'03 Enrollment, Capacity, and Forecast Enrollment Grade Groups by Attendance Boundaries

Elementary School	School Capacity	PISD		utiliz '02-'03	PISD		proj w/ incr	Year									
		proj '02-'03	revised '02-'03		2,002	2,003		2,004	2,005	2,006	2,007	2,008	2,009	2,010	2,011		
Carlston	696	693	626	1	713	745	661	762	775	787	799	811	824	836			
Challenger	722	477	504	1	627	552	573	657	675	685	694	703	713	722			
Harris	722	595	626	1	768	971	638	1,207	1,425	1,517	1,555	1,576	1,593	1,609			
Lawlor	800	453	476	1	483	528	475	572	616	660	698	728	759	790			
Rustic Oak	777	662	699	1	726	739	712	780	832	844	852	858	864	870			
Shacycrest	738	648	684	1	783	865	714	938	994	1,015	1,036	1,057	1,076	1,094			
Silvercrest	722	410	433	1	607	652	516	695	740	777	786	792	799	805			
Silverlake	722	577	609	1	650	695	629	733	758	802	832	860	888	915			
District Sub Total	5,000	4,415	4,663	1	5,377	5,648	4,917	5,354	5,615	7,057	7,252	7,386	7,576	7,841			
MS School																	
Jamison/MS	554	548	568	1	617	679	555	742	754	813	830	845	859	874			
Roper/MS	900	595	616	1	727	819	636	921	1,017	1,048	1,066	1,083	1,100	1,117			
Subtotal/MS	684	589	620	1	606	624	590	643	682	711	735	754	768	783			
District Sub Total	2,700	1,742	1,804	1	1,961	2,122	1,794	2,305	2,473	2,572	2,632	2,681	2,727	2,773			
JrHigh School																	
PJHEast	646	565	573	1	662	727	501	791	846	855	882	898	913	928			
PJHSou	900	580	589	1	746	841	652	947	1,047	1,078	1,097	1,115	1,132	1,149			
PJHWest	688	525	534	1	661	678	543	698	717	758	784	812	827	843			
District Sub Total	2,434	1,770	1,796	1	2,069	2,246	1,896	2,436	2,609	2,712	2,774	2,825	2,872	2,920			
9thGrade																	
High School	1,500	1,029	1,104	1	1,209	1,316	1,104	1,431	1,537	1,598	1,636	1,667	1,696	1,725			
District Total	3,924	2,657	2,515	1	2,747	2,985	2,515	3,239	3,470	3,605	3,687	3,766	3,878	3,981			
District Total			12,179		13,317	14,478	15,722	16,656	17,523	17,928	18,262	18,672	18,882				

Point at which projected enrollment exceeds school capacity

Appendix 4 (cont.)

Pearland ISD School Current Enrollment Source: Pearland ISD website

Crosstab Enrollment Count 8/14/2004

	01	02	03	04	05	06	07	08	09	10	11	12	BE	KG	PK	Total
PHS	0	0	0	0	0	0	0	0	11	985	776	698	0	0	0	2,470
UAEP	0	0	0	1	0	0	0	1	7	3	0	0	0	0	0	12
NGC	0	0	0	0	0	0	0	0	998	0	0	0	0	0	0	998
PACE	0	0	0	0	0	0	27	30	32	0	0	0	0	0	0	89
East	0	0	0	0	0	0	263	296	0	0	0	0	0	0	0	559
West	0	0	0	0	0	0	314	329	0	0	0	0	0	0	0	643
South	0	0	0	0	0	0	363	393	0	0	0	0	0	0	0	756
Lawton	76	98	83	99	0	0	0	0	0	0	0	0	19	33	37	495
Harris	127	140	124	135	0	0	0	0	0	0	0	0	17	144	17	707
Shadycrest	146	143	134	131	0	0	0	0	0	0	0	0	15	112	18	699
Carlston	143	127	146	145	0	0	0	0	0	0	0	0	5	134	25	725
Jansoul	0	0	0	0	290	317	0	0	0	0	0	0	0	0	0	607
Challenger	135	161	124	115	0	0	0	0	0	0	0	0	19	126	24	644
Rustic Oak	165	158	151	143	0	0	0	0	0	0	0	0	21	135	0	773
Sablarus	0	0	0	0	320	306	0	0	0	0	0	0	0	0	0	626
Silverlake	145	144	143	129	0	0	0	0	0	0	0	0	32	150	11	754
Silvercrest	161	174	152	165	0	0	0	0	0	0	0	0	16	160	41	809
Rogers	0	0	0	0	437	406	0	0	0	0	0	0	0	0	0	843
Total	1,098	1,085	1,057	1,006	1,047	1,029	967	1,049	1,048	988	776	698	144	1,044	173	13,208

Appendix 4 (cont.)



PEARLAND ISD

Bonny Cain, Ph.D.
Superintendent

Janet Penner, F.I.D.
Finance Superintendent
Don Marshall, CPA
District Superintendent
Robert Richter
District Superintendent

October 9, 2005

Pearland ISD Superintendent Bonny Cain's opposition letter

Ms. Kacey Meyer
Texas Department of Housing and Community Affairs
507 Bay Area, Suite 400
Austin, Texas 78711-3341

Dear Ms. Meyer:

This letter is in response to your request submitted in Section 202.17(4), Texas Government Code, for input on the proposed construction of Tranquility Bay apartments in Pearland. This is to inform you that the Pearland Independent School District Board of Trustees nor its entire station is supportive of the building of another set of apartments in the Pearland community. High density dwellings such as Tranquility Bay are not offset by state funding for other districts. This places an undue burden on our local taxpayers to make make a waste. The city's infrastructure and highways have not kept up with the city's growth, making increased traffic a major problem. It appears to the construction of apartments.

The letter of comment was nothing to do with the building of low income housing units. The district has expressed concern for safety and well being of state of residents to any inquiry about the desirability of additional apartment complexes. The district does not intend to increase the level of the residents. However, if a new low income apartment complex does come to pass, the Pearland Independent School District will only attribute all the parts coming from these names and will make them successful. If you have any questions, concerns, or comments, please feel free to call on any

Sincerely,

Bonny Cain
Bonny Cain, Ph.D.
Superintendent

Appendix 4 (cont.)



PEARLAND ISD

Benny Cain, FLD,
Superintendent

Robert Richter
Assistant Superintendent
for Student Services

April 28, 2004

Ms. Robbie Meyer
Texas Department of Housing and Community Affairs
507 Sabine, Suite 400
Austin, TX 78711-6941

Dear Ms. Meyer,

To reiterate the position taken in the letter sent to you October 9, 2003 in regard to the apartment project, Tranquility Bay, neither the school board nor the administration of Pearland ISD is supportive of this apartment project or any other apartment project proposed within school district boundaries. Projects such as these cause problems with school overcrowding and traffic. The elementary school that serves the zone for the proposed apartment project is over capacity and this development will hasten returning in the interim, students will have to be bused to another elementary school several miles away, further complicating transportation issues for the school district and creating additional traffic problems.

Please call me if you have questions, concerns or comments.

Sincerely,

Robert Richter
Assistant Superintendent

Pearland ISD Assistant Superintendent Robert Richter's opposition letter

Appendix 5

Excerpt of Transcript from the April 20, 2004 Public Hearing on Tranquility Bay Project <<< *Mr. Richard, Volunteer Fire Fighter, comments on the impact to public safety* >>> (*emphasis ours*)

MR. RICHARD: Sorry [inaudible] this. This is going to be brief. I'm not a public speaker and it is late.

The only thing I can add -- one point that has not been brought up -- I don't know if anyone realizes that the entire city of Pearland is served by a volunteer fire department. No one is paid in this department. We risk our lives to save your property and get you out of trouble.

Now, Station 4 is the only station that services this area. And that station -- **all of the officers and 80 percent of the members live south of 518. We come up County Road 89. When we have a call, especially around 6:30 in the evening or in the morning, we cannot get to the station.**

We keep the tax rate down by keeping a volunteer fire department here, and we have a response time that is equal to or better than Houston Fire Department.

Adding this subdivision adds more vehicles -- adding this subdivision with more vehicles, more people -- we're trying to get to the station to help you with your problem. We're simply not going to be able to get there.

MALIE VOICE: You can't even get in the subdivision.

MR. RICHARD: I know. That's all I have to say.

May 20, 2004

Mr. Robby Meyer
TDHCA
507 Sabine Suite 700
P.O. Box 13941
Austin, TX 78711-3941
512-475-0764 (fax)

Dear Ms. Meyer:

The Silverlake Home Owners Association (HOA) is very concerned and requesting that you reject the proposed low-income housing to be known as Tranquility Bay Apartments, to be located at 4800 CR91, Pearland, Brazoria County, Texas. This association has over 4000 homeowners in the area and we definitely have first hand experience in living and traveling through the neighborhood. The location is not suitable for such a large influx of people for the following reasons:

- o Very limited or no availability of public safety officers and emergency services,
- o Inadequate space and services from the local school district for incoming students,
- o Drainage and utility issues that are not currently addressed
- o Poor road conditions at the entrance and exit to the property
- o No availability of public transportation

Public Safety and Emergency Services

The residents of this proposed new community will rely on an already overburdened county sheriff's department. There are only 12 patrol cars to serve all of Brazoria County, 5 of which are assigned to our area of the county. At least one of those patrols is often not returned due to vacation, illness, or training. The county Commissioner's Court has denied additional Sheriff patrols for the County. The citizens of both incorporated and unincorporated Pearland rely solely on a volunteer fire department, which does not maintain an on-site fire-fighting team. A member of our fire department expressed concerns to TDHCA that the development would increase traffic in the area around the closest fire station and could increase response times, reduce safety, and put lives in danger. Further, there are no hospitals in Pearland, and the closest extended-hour urgent care facility is in Alvin, approximately 15 miles away.

Public Education

According to the Pearland ISD, the schools are becoming overburdened with the current projections of enrollment. These projections do not include the large influx of town homes and apartments that are presently being built in the area, let alone the proposed Tranquility Bay development. Our school officials, including Dr. Bonny Cobb, Pearland Independent School District Superintendent, have expressed their opposition to this development a multiple of times to TDHCA. The additional costs of educating the school children that will come from the high-density apartments are not offset by additional tax dollars that are required for building more schools, hiring more teachers, providing additional support services, and procuring required supplies. The elementary school for the proposed Tranquility Bay development are located in the Silverlake HOA and will further congest our area and roads in getting the children to and from schools. This is very undesirable for our community.

Silverlake
Homeowner's
Association
opposition letter
(Page 1 of 2)

Appendix 6 (cont.)

Drainage and Utility Issues

The land on which the development is proposed was last designated for a relatively small number of town homes. The utilities for this property, particularly water and sewer services, are adequate only for a small development, not a large multi-family project such as this. This information has been provided directly to EDHCA from the Brazoria County MUD #1.

Flooding also is a concern for this area. As documented by numerous residents, a typical rainstorm currently creates street flooding in Southglen (the neighborhood immediately south of the proposed development) as well as on the roads that intersect Fite Road. The flooding can be so severe that the front yards of many of the homes are under water. Building at the proposed elevation will exacerbate the problem with water run-off in the surrounding areas. Facilities of this size should not be constructed until the numerous flooding and drainage issues in the area are adequately addressed.

Transportation

The location of this project, along Fite Road, is unable to sustain a large influx of traffic. According to Blazer Development's site plan, there will be an entrance from the property directly onto Fite Road. Fite Road is merely a two-lane secondary road with large ditches on either side. There is a business located next to where the builder plans to erect this project. It is common for 18-wheeler trucks traveling to and from this business to get stuck or jackknife on Fite Road because the thoroughfare is so narrow. This is also the same road that students living at the proposed complex would have to traverse by foot in order to get to and from Rogers Middle School, which is less than one mile away. There are no sidewalks for the students to walk on, so those that do not have a ride to school will have to choose to either walk in a ditch or walk on the street. Either alternative is dangerous and unacceptable for any child! With a cost in excess of \$40 per month to bus a child this short distance, it isn't reasonable to expect that families with such low income levels could afford to pay for PISD to provide transportation.

This housing project will be built in a community that does not have public transportation. Considering the distance of this property from most job sites, this would put an undue burden on the residents of this property.

All of these issues are made even stronger by the fact that the City of Pearland has instituted a moratorium on apartments and other multi-family housing. The City is well aware of the strain that the large growth in population has had on services and infrastructure. This proposed development is only one block outside of the Pearland City limits. The potential residents would attend the same overcrowded schools, drive the same under-sized and ill-repaired roads, and receive emergency fire and medical attention from the same strained resources as city residents. In conclusion, based on facts provided by so many other community members, the Silverlake HOA would like to again express our HOA's desire that you reject the proposed housing project.

Sincerely,



Curtis R. Campbell, President Silverlake HOA

Silverlake
Homeowner's
Association
opposition letter
(Page 2 of 2)

PAUL A. PHILEIN & ASSOC., P.C.
 PAUL A. PHILEIN
 Attorneys at Law
 3553 Woodway • Ste. 725 • Houston, Texas 77057-1792
 (713) 783-4120 • FAX (713) 783-8312

April 23, 2004

TDHCA
 507 Sabine Suite 700
 P O Box 13941
 Austin, Texas 78711-3941
 Ann Robbiv Meyers
 Multi Family Bond Administrator

RE: Tranquility Bay Affordable Housing Project
 Brazoria County

Dear Ms Meyers

Our firm represents Brazoria County Municipal Utility District No. 1, a political subdivision of the State of Texas, located in Brazoria County, Texas. Three of our resident Directors informed the District and our Office that a Public Hearing was held at the Silverlake Elementary School on April 20, 2004 regarding the proposed project of Blazer Homes called Tranquility Bay Apartments

I am writing to inform you of the fact that the proposed project is within the boundaries and jurisdiction of Brazoria County Municipal Utility District No. 1 and the fact that no member of the governing board of the District was provided with notice of the filing of an application with the Department nor notice of the Public Hearing

The Board has serious and substantial concerns regarding the following

- 1 The failure of the Applicant to comply with the notice provisions of the Government Code
- 2 The Directors who attended the meeting reported that over 30 residents presented objections to the project and raised numerous legitimate issues as to the project's potential negative impact on the health, safety and welfare of the Community
- 3 The fact that the District has a Strategic Partnership Agreement with the City of Pearland pursuant to Texas Local Government Code Sections 13.0751 et seq and the fact that the City of Pearland has annexed the District under that Agreement and the City of Pearland has adopted a moratorium on high density apartment projects which may apply to this project.

Brazoria County
 MUD #1
 opposition letter
 (Page 1 of 2)

Appendix 7 (cont.)

IDHCA
Ms Robbye Meyers
April 23, 2004
page 2

4. The fact that the original plans submitted to the District called for townhomes to be built on this land and no water and sewer capacity has been allocated to the tract for high density/apartment usage.
5. The fact that there are issues of non-compliance with the drainage requirements of the District and Brazoria County Drainage No. 4
6. The fact that one resident questioned the need for apartments given the City of Pearland's moratorium and given Dr. Barton Smith's reports regarding the oversupply of apartment units. No market demand analysis was presented to justify the need

Brazoria County MUD #1 opposition letter (Page 2 of 2)

On behalf of Brazoria County Municipal Utility District No. 1, we would respectfully request that the District be made a party to any proceedings on this matter and we further request that the failure to provide the statutorily required Notice to Potential Subdivisions be rectified by requiring the proper notice be given and the processing schedule appropriately adjusted.

Very truly yours,



Paul A. Philbin
Attorney for the District

7. Board of Directors
Blazer Homes
Jones A. Carter
Sullivan's HOA
Silverlake HOA
Brazoria County Drainage District No. 4

Brazoria County Sheriff's Department opposition letter to Representative Glenda Dawson (excerpt)

E. J. "JOE" KING
SHERIFF



CHARLES S. WAGNER
CHIEF DEPUTY

BRAZORIA COUNTY SHERIFF'S OFFICE
3602 COUNTY ROAD 45
ANGLETON, TEXAS 77515
1991 849 2441

Tuesday, May 25, 2004

TO: Representative Glenda Dawson
Texas District 29
281-412-3729 Fax (Pearland office)

FROM: Dorman Davidson
3602 CR 45
Angleton, Texas 77515

Pages: 4

Dear Representative Dawson,

Please find attached a letter concerning the proposed Tranquility Bay Apartments development project that is up for TDHCA approval in the near future. This development would be located in the City of Pearland, Brazoria County, Texas.

My fellow citizens and I need your help! Our community's insufficient and/or strained infrastructure, schools, and public services cannot support this type of high-density development, as substantiated by the information contained in the attached letter. We ask that you, therefore, please encourage the TDHCA to REJECT this proposed development.

Thank you for your time and consideration.

Dorman Davidson
Patrol Captain
3602 CR 45
Angleton, Texas
281-756-2252

- Similar letters also were sent to:
- U.S. Representative Tom DeLay
 - U.S. Senator Kay Bailey Hutchison
 - U.S. Senator John Cornyn
 - Texas Senator Mike Jackson

Text Of Pearland City Councilman Kevin Cole's Opposition Letter

May 26, 2004
Ms. Robbye Meyer
TDHCA
507 Sabine, Suite 700
P.O. Box 13941
Austin, TX 78711-3941
Sent via fax: 512-475-0764 with hard copy to follow
Re: Tranquility Bay Development in Pearland, TX
Dear Ms. Meyer,

This letter is written in opposition to the proposed Tranquility Bay Development being requested by Blazer Development. Even though this proposed development is located just outside the city limits of the City of Pearland, many of my constituents who live within a quarter of a mile of the site have voiced their concerns and opposition to it. The City of Pearland cannot stop this development directly due to zoning control in the ETJ. So we are asking the TDHCA Board to help us. The proposed development will negatively impact the roads, drainage, water, sewer, emergency services, and schools in the area. In addition, the sand pit lake that already exists on the property would be a safety factor for anyone living on that property. I believe you have already received letters of opposition from our state officials as well as the Pearland Independent School District. We are all in agreement; we would like this proposal to be denied. Thanks you for your time and attention to this matter and for the work you do in Austin.
Best regards,

Kevin Cole
Pearland City Councilmember Position 5

May 27, 2004

Ms. Robbye Meyer
Texas Department of Housing and Community Affairs
507 Sabine Suite 700
P.O. Box 13941
Austin, TX 78711-3941
512-475-2213
512-475-0764 (Fax)
robbye.meyer@tdhca.state.tx.us

Dear Ms. Meyer,

There is a gross negligence and severe liability of approving the 4800 County Road 91, Brazoria County site, also known as Tranquillity Bay Apartments, for a large multi-family development, when over 3/4 (estimated 10 acres) of the 14 acre site is an inactive, deep sand pit filled with water.

In addition to the links in this e-mail, the actual articles have been faxed to your office at 512-475-0764 (10 pages including cover letter) related to numerous drowning deaths associated with active and inactive sand/gravel pits. There's even a news release from the US Department of Labor concerning a rash of quarry related drowning deaths (<http://www.blm.gov/aml/amldocs/Drowning%20Warning-8-2002.doc>). The US Department of the Interior Bureau of Land Management has also released evidence of "accidents and fatalities associated with abandoned mine lands, pits and quarries" (http://www.blm.gov/aml/accidents_articles.htm).

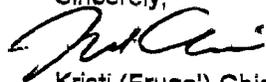
This would be a severe liability issue for the Texas Department of Housing and Community Affairs (TDHCA) should they approve the site at 4800 County Road 91, Brazoria County for the Tranquillity Bay Development. As you already know, the site being considered for a multi-family housing development is being built around an inactive, deep sand/gravel pit, now 90% filled with water. The walls of this former sand/gravel pit/mine are not sloped, but rather very steep and can/will give way not to mention impossible for someone in the water to scale out of.

Our concern is not around the local and state Economic Development, but rather the **UNSAFE** location for such a multi-family development. The matter is not "if" one of these drowning deaths occur but "when". Please add this documentation along with other opposition materials stating the gross liability and negligence of approving such an unsafe location/site for a large multi-family development.

Sand Pit Drowning Deaths:

<http://www.blm.gov/aml/amldocs/Drowning%20Warning-8-2002.doc>
<http://www.mme.state.va.us/Dmm/Accident%20Summaries/9.9.01.pdf>
http://www.polkonline.com/stories/091198/sta_plt.shtml
http://www.blm.gov/aml/accidents_articles.htm
http://www.mme.state.va.us/Dmm/Drowning_Hazards.htm
http://www.omaha.com/index.php?u_pg=1638&u_sid=1089759
<http://www.mucknmlre.com/mangrove/articles/news2.htm>

Sincerely,



Kristi (Früge) Chisum
4819 Pecan Grove
Pearland, Texas 77584
Kristi.Chisum@hp.com

Attn: Robbye Meyer

pg. 1 of 10

News Release



U.S. Department of Labor
Office of Public Affairs
Washington, D.C.
USDOL 02-490

For Immediate Release
August 16, 2002
Contact: Amy Louviere
Office: (202) 693-9423

Rash of Quarry Drownings Prompts Renewed Warnings

ARLINGTON, Va. – A recent spate of drownings in the United States has prompted the Mine Safety and Health Administration (MSHA) to reissue warnings about the dangers of swimming in active and abandoned quarries and gravel pits. Since early July, MSHA has documented nine deaths at mine sites frequented by adult and teenage swimmers. Three drownings occurred in Pennsylvania, while Indiana, Michigan, New Hampshire, New Jersey, New York and Vermont each accounted for one.

“Each one of these deaths is tragic, yet totally preventable,” said Dave D. Lauriski, assistant secretary of labor for mine safety and health. “Quarries may seem like enjoyable places to take a dip, but they are nothing like a backyard pool or a mountain lake. They are riddled with hidden hazards that make them extremely dangerous places to swim.”

Water-filled quarries and pits may conceal rock ledges and old mining machinery beneath the surface. The water can be deceptively deep and dangerously cold, which often leads to cramping among even experienced swimmers. Steep, slippery walls make exiting these swimming holes extremely difficult.

MSHA’s public awareness campaign, “Stay Out—Stay Alive,” educates children and adults about the dangers of swimming in old quarries and playing on mine property. More than 70 federal and state agencies, private organizations and businesses are partners in this effort.

Since 1999, more than 100 people have died in recreational accidents on active and abandoned mine sites.

For more information about “Stay Out—Stay Alive” and a list of fatalities, visit MSHA’s web site at www.msha.gov.

###

Attn: Robbye MEYER
Pg 2 of 10



Division of Mineral Mining

Fatal Accident Investigation: Sand Pit Drowning September 9, 2001

A seven year old boy drowned at an open pit sand mine in Accomack County on Sunday, September 9, 2001. The body was found in six feet of water, near the raised island, in the mined out portion of the mine site.



ATTN: Robbie Meyer
Pg 3 of 10

RECOMMENDATION: Water bodies at active or abandoned mine sites often appear to be desirable swimming holes or ice skating ponds; however, they often hide rock ledges, old mining equipment, and other hazards. In addition, the water can be deceptively deep and dangerously cold. Steep, slippery walls and unstable banks make exiting these swimming holes extremely difficult. Every year, dozens of people (children and adults) are injured or killed while exploring or playing on mine property. Always obey warning signs and fences and stay out of active or abandoned mine sites.

Remember: "STAY OUT - STAY ALIVE."

http://www.blm.gov/aml/accidents_articles.htm

5/27/2004

From the US Department of the Interior Bureau of Land Management

This page includes current media coverage of accidents and fatalities associated with abandoned mine lands, pits and quarries. Actual articles are not reproduced, but dates and brief summaries are provided, and news sources are referenced to assist the viewer in obtaining more detailed information.

List of Fatalities: A Mine Safety and Health Administration (MSHA) Link

04/16/02 (Richmond Times-Dispatch) -*GIRL DROWNS IN SURRY COUNTY PIT:*
A 10-year-old girl drowned in Surry County while playing in a sand and gravel pit near her home, authorities said.

The girl lived about a half mile from the pit, a surface mine containing pools of water 30 feet wide and up to about a dozen feet deep, Brown said. She had been playing at the site with her brother and a female friend when the two girls decided to go swimming, the sheriff said. When [she] disappeared beneath the water, the other children sought help from her mother and stepfather, Brown said. Authorities located the body the next morning after a search that included tracking dogs, he said.

Brown said [the girl's] mother had taken both her children to the sand pit the night before the drowning and told the children it was dangerous to go there, Brown said.

Ath: Robbye Meyer

pg. 4 of 10



Thu May 27 22:54:52 EDT 2004

BEST READ GUIDE

County will fence pits after deaths

Associated Press

MILTON -- An ordinance that would require fencing or sloped walls at excavations has won preliminary approval from Santa Rosa County commissioners after three sisters died in a clay pit cave-in.

The Aug. 9 deaths of the young girls at the unfenced pit in nearby East Milton prompted calls from family, friends and neighbors for the commissioners to do something.

The five-member panel has unanimously agreed to an ordinance that would require all future and existing clay and sand pits to have sloping sides or be circled by 5-foot fences with locking gates.

"No Trespassing" signs also would be required and water in excess of 2 feet for more than 12 hours would be prohibited.

The ordinance is based on similar laws in Volusia, Manatee, Orange and neighboring Escambia counties.

News

- local
- state
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Communities

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Ath: Robbye Meyer

pg. 5 & 10

Drowning Hazards At Mineral Mines

Many of the nearly 500 mineral mines permitted in Virginia create impoundments of water as a result of extraction and processing of sand or crushed stone products; in some instances, sediment basins are constructed to handle surface run-off water at mine sites. Unfortunately, impounded water may be viewed as a "swimming hole" by trespassers on mine property. Since October of 2000, three persons have drowned at active mineral mine sites in Virginia:

October 28, 2000 A 17-year old boy drowned in a water-filled quarry on the weekend.

September 9, 2001 A 7-year old boy drowned in a sand pit on the weekend.

April 12, 2002 A 10-year old girl drowned in a sand pit on a Friday evening.

Over the years, a number of adults and children have died as a result of swimming at active or abandoned mineral mines in Virginia; mine operators are required to implement certain safeguards to minimize any safety or environmental risks associated with their impoundments. Laws and regulations being enforced by the Division of Mineral Mining (DMM) of the Virginia Department of Mines, Minerals, & Energy address potential hazards associated with impoundments of water or silt; they include the following:

- Restricting access to unattended openings or mine roads by gates or fences, and posting warning signs (DMM safety regulation 4VAC25-40-290).
- Barricading or posting warning signs that specify the hazard and proper safety procedure around areas where the hazard may not be obvious such as silt ponds that pose an engulfment, suffocation, or drowning hazard to persons (DMM safety regulation 4VAC25-40-260).
- Sloping banks to the angle of repose to ensure stable ground around water or silt filled pits (4VAC25-40-390/400).
- Fencing & posting warning signs around abandoned mines (4VAC25-40-300).

In addition to these requirements, DMM recommends fencing and posting warning signs around readily accessible sediment basins that pose an attractive nuisance to children (DMM drainage handbook, page 80).

As the summer swimming months approach, mine operators should evaluate their potential risk for accidents involving impounded water, silt or tailings ponds, highwalls, energized electrical equipment, explosives magazines, or other areas or equipment that may be a target of persons not authorized to be on mine property. In addition, an effort should be made to educate adjoining neighbors and their children of the potential risks associated with mineral mines emphasizing the point of **Stay Out.....Stay Alive!**

[DMME Home](#) | [DMM Home](#) | [Disclaimer](#) | [E-mail DMM](#) |

Attn: Robbye Meyer
PO 6/9/04



Keyword Site Story

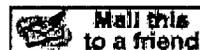
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Omaha World-Herald



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Region » MAIN » 21-Day Archive



Published Friday
May 7, 2004

Northwest grad drowns in sand pit

KEARNEY, Neb. - A freshman defensive lineman at the University of Nebraska at Kearney drowned Thursday in a sand pit.

Tarence Lymon, 19, who graduated last year from Omaha Northwest, was trying to swim across a sand pit when he sank from the view of witnesses, the Buffalo County sheriff's office said.

Others at the sand pit called 911.

Lymon's body was found at about 5:50 p.m., about 30 minutes after the report came in.

Football Coach Darrell Morris said Lymon was liked and respected by his teammates. "He played football the way every coach wants it played - with enthusiasm and intensity," Morris said.

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*Att: Robbye Meyer
pg 7 of 10*

<http://www.mucknmire.com/mangrove/articles/news2.htm>

5/27/2004

<http://www.mucknmire.com/mangrove/articles/news2.htm>

CAPTAIN MANGROVE'S

TRUE NEWS STORIES

News Articles Part 2

Pittsfield teen-agers escape gravel pit Mud nearly envelops young fishermen

PITTSFIELD -- Two Pittsfield teen-agers fishing in a gravel pit misjudged the stability of the pit walls Wednesday and ended up stuck in muck -- one up to his hips, the other up to his neck. "I thought we were going to die," Peter Boucher, 14, said Wednesday afternoon. "I was really scared. I almost began saying my prayers."

Boucher and Matt Bennett, also 14, had headed out about 11:30 a.m. Wednesday for a simple summer day of fishing at the gravel pit.

The pit has existed for years alongside the Sebasticook River off Hartland Avenue but has been excavated recently as part of an expansion project for the J.W. Parks Golf Course.

According to Pittsfield Police Chief Steve Emery, the construction work has created a dangerous situation where the walls of the pit are 20 feet high and unstable. As the pit is being filled in, he said, the fill is turning the bottom of the pit into mud.

"It's just like quicksand down there," he said.

*Attn: Robbye Meyer
Pg 8 of 10*

<http://www.mucknmire.com/mangrove/articles/news2.htm>

5/27/2004

Boucher said that he and Bennett were walking along the edge of the pit when they cast their lines into the water.

"All of sudden, Matt slipped and I went to grab him," the youth said. "The rocks just kept falling out from under our feet. Then we were in the water. It was about up to my stomach, but Matt was up to his neck.

"My first thought was 'We're going to die.' Matt was yelling and screaming for help," he said.

Bennett said the water, sand and gravel combined to make a heavy mud that prevented him from moving toward the pit's edge.

"It felt like it was pulling me back down and that I was sinking," he said. "I was very scared."

Boucher said the gravel continued slowly to roll into the pit, and he was afraid they would be buried. "I managed to get to the side and kept yelling to Matt to come to me," said Boucher.

Just before noon Wednesday, a Hartland Avenue resident reported to police that he could hear boys screaming for help from the pit. At first, fire and rescue personnel believed the boys were drowning in either the pit or the nearby river, and the Fire Department rescue boat was dispatched.

There was also confusion about just which pit was the scene of the emergency as another pit exists about a quarter-mile north on the same road.

Emery said that by the time rescuers arrived, the two boys had managed to crawl out of the mud. "They weren't hurt," he said, "but they were pretty scared."

"The whole thing took seven minutes," the chief said, pleased at the fast response of rescue and fire personnel. When the call was received, two Pittsfield

Attn: Robbye Meyer
pg. 9 of 10

<http://www.mucknfire.com/mangrove/articles/news2.htm>

5/27/2004

officers, state Trooper Bernie Brunette, Sebasticook Valley Ambulance and half a dozen firefighters rushed to the scene.

Emery said he had asked the landowner, Stanley Kitchen, to post the area and possibly fence it off until construction is complete.

As for the two teens: "I am never going fishing there again," vowed Bennett.

Attn: Robby Meyer

pg 10 & 10

May 13, 2004

TRANQUILITY BAY DEVELOPMENT

As the developer we have submitted Tranquility Bay to TDHCA for tax exempt bond financing with 4% tax credits. We have been working with supporters as well as the opposition to our development and we have tried to keep the elected officials informed as to the status of the project, as well as details of what the proposed property will bring to the community. If you will review the attached information I believe a reasonable person would see that the opposition does not understand the quality of the property we will build or the local residents it will serve.

The City of Pearland is working on a 2004 Comprehensive Plan and in that plan they recognize that local apartments that are stabilized, range in occupancy from 91%-100%. They state that the percent of housing is 14% apartment's, which is below nearby Friendswood and League City at 17% each. They site the fact that Houston is 45% multi-family and make a calculation that if all the multi-family is developed in their chart on page 3 of their Draft Comprehensive Plan that multi-family would rise to 22.5%. Their logic to control this is to possibly put a moratorium on multi-family within the city limits of Pearland and consider a rezone of multi-family land to other categories. Our property is in the ETJ of Brazoria County and is adjacent to Pearland and does not fall under the jurisdiction of Pearland. It is noted that Shadow Creek Ranch PUD, just west of Hwy. 288 has land set aside for 3,736 multi-family units to be developed over the next several decades. It is interesting to note that Shadow Creek Ranch is not in the City of Pearland nor is it in the Pearland School District and is actually in Alvin School District.

The City of Pearland has confirmed that it has no zoning rights over our parcel.

BRAZORIA MUNICIPAL UTILITY DISTRICT

The property relies on to MUD #1 for its sanitary sewer and water. We were in contact in the early stages of the purchase process of this property with MUD #1 and confirmed that the utilities would be in conjunction with our planned development. Our engineer, David Brown of Brown & Lott confirmed with Jones and Carter that there is plenty of capacity but was informed that the lift station in the Tranquility development would have to have the pump motors increased in size to accommodate our property. We have addressed plan review comments from Jones and Carter the MUD #1 district engineer.

DRAINAGE

Brazoria County drainage No. 4 has signed our preliminary plat. We are moving forward with our Civil Engineer plans. The drainage design has the entire development including the other apartments and commercial sites draining into Tranquility Lake which can hold many times the amount of any storm on record for its current drainage area. If the lake ever does need any amount of drainage there is a lift station to pump storm water planned for the end of Tranquility Lake Blvd. The water will discharge to the North and then drains to 518 Rd. away from Silverlake area. This lift station will be installed in conjunction with our development.

ROAD INFRASTRUCTURE

The County is active in road work and drainage projects. Recently eighty (80) road projects were submitted for consideration and the list was reduced to twenty-seven (27), which are considered to be higher priority. One key project is Bailey that will give residents of Silver Lake several options to get out to 288 and the Beltway. Another road project where plans are basically

complete and ready for submission to the drainage district is Cullen Blvd. /CR865 this too would improve traffic conditions for traffic going to 518.

PEARLAND INDEPENDENT SCHOOL DISTRICT

P.I.S.D. had written a letter in October 2003, which stated that they were not supportive of the development but if approved they would educate all of the children that came to their district. This of course is their mandate and our experience is no school district has ever welcomed apartments or affordable housing but the good ones like Pearland do take the charge and educate the youth. We have been in contact on several occasions with the School District and after explaining the program and the income brackets between \$26,400.00 - \$37,740.00 and agree that they too have personnel on their payroll that would fit this income. At the urging of neighborhood opposition, another letter has been written by the School District. The School District is very active in the area and is noted for high quality schools with a good opportunity for education. They recognize the high growth that Pearland is projected to have in the coming years. There are plans for at least two (2) New Elementary Schools to be built and the district now controls a 40 acre tract (approximately 40 acres) of property at CR1128 and Bailey, which is about ½ mile southeast of our development.

P.I.S.D. owns 30 acres on Old Alvin Rd. at the corner of where the McHard extension will come through. They intend to bid out an Elementary School for that site in January 2005. This school would be built to accommodate an additional 800 students. Projected completion date for the new elementary school would be the Spring of 2006. This coincides with the lease up of Tranquility Bay. See schedule below:

P.I.S.D. also has 15 acres between Silverlake Elementary and Silvercrest Elementary dedicated to be a YMCA.

First Units Leasing:	April 2005	20
	May 2005	20
	June 2005	20
	July 2005	20
	August 2005	20
	September 2005	20
	October 2005	20
	November 2005	20
	December 2005	20
	January 2006	20
	February 2006	15
	March 2006	15
	April 2006	10
	May 2006	<u>6</u>
Fully Leased	June	246 Total Units

Based on our experience and our management companies data the following is the number of children estimated from 0-17 years of age.

	No. of Children	Ages
	76	0-4
	72	5-9
	62	10-14
	<u>56</u>	15-17
Total Estimated No. Of Children	266	

This does not take into consideration that some of our children already live in the school district. Based on these numbers Tranquility Bay will not have a substantial impact on the area P.I.S.D. Schools.

FIRE DEPARTMENT, LAW ENFORCEMENT AND EMS

These agencies should not be for or against a particular development and seem to be adhering to that attitude by indicating they provide their services to the public in their area. Pearland Fire Chief has been quoted as saying:

“The Pearland Volunteer Fire Department has no position for or against this proposed development and none is expected to be issued. Any statements to the contrary are false and unauthorized. Any information pertaining to matters such as this will be issued strictly, and only, by the Chief of the Department”.

These comments are direct, straight forward and should not be considered a negative to the area residents in any way. They are the facts. One Volunteer indicates that they have response time as good as any in Houston.

We attended the TEFRA Meeting in good faith with a simple request that after a description PowerPoint Presentation and explanation of what our property would be and asked that residents keep an open mind and learn what this program really is. We were not treated with any respect with regard to the comments. Several speakers were invited to explain several areas of the program, and were basically booed off the podium and several residents of Pearland indicated they would speak in favor but after seeing the attitude of the crowd when their name was called did not come to the podium. At least one local resident that got up to speak in favor of Tranquility Bay, asked the Silver Lake residents to go see what affordable housing is now verses what their concept is and he also was booed off the podium.

ECONOMIC DEVELOPMENT

I'm confident that there are local residents who would benefit from our development. There are a number of employees currently in the Pearland area that fit our income levels, along with the School District and other local businesses and also an increasing number of national chain stores and businesses that would benefit from having better housing at affordable prices in Pearland.

Companies such as-

Home Depot
Kohl's
Randall's Food
Circuit City
Walgreen
Kroger
Hallmark
Public Libraries
Banks
Title Companies

Wal-Mart
Linen's & Things
Nextel
Best Buy
CVS Pharmacy
Blockbuster
Pearland Independent School District
The Parks Department
Medical Clinics
And various other County and City agencies

In conclusion we are confident Tranquility Bay will improve the chances of quality housing and we can overcome various impediments fair housing.

Sincerely,

Chris Richardson
Blazer Building, Inc.



Tranquility Bay Apartments



The Proposal







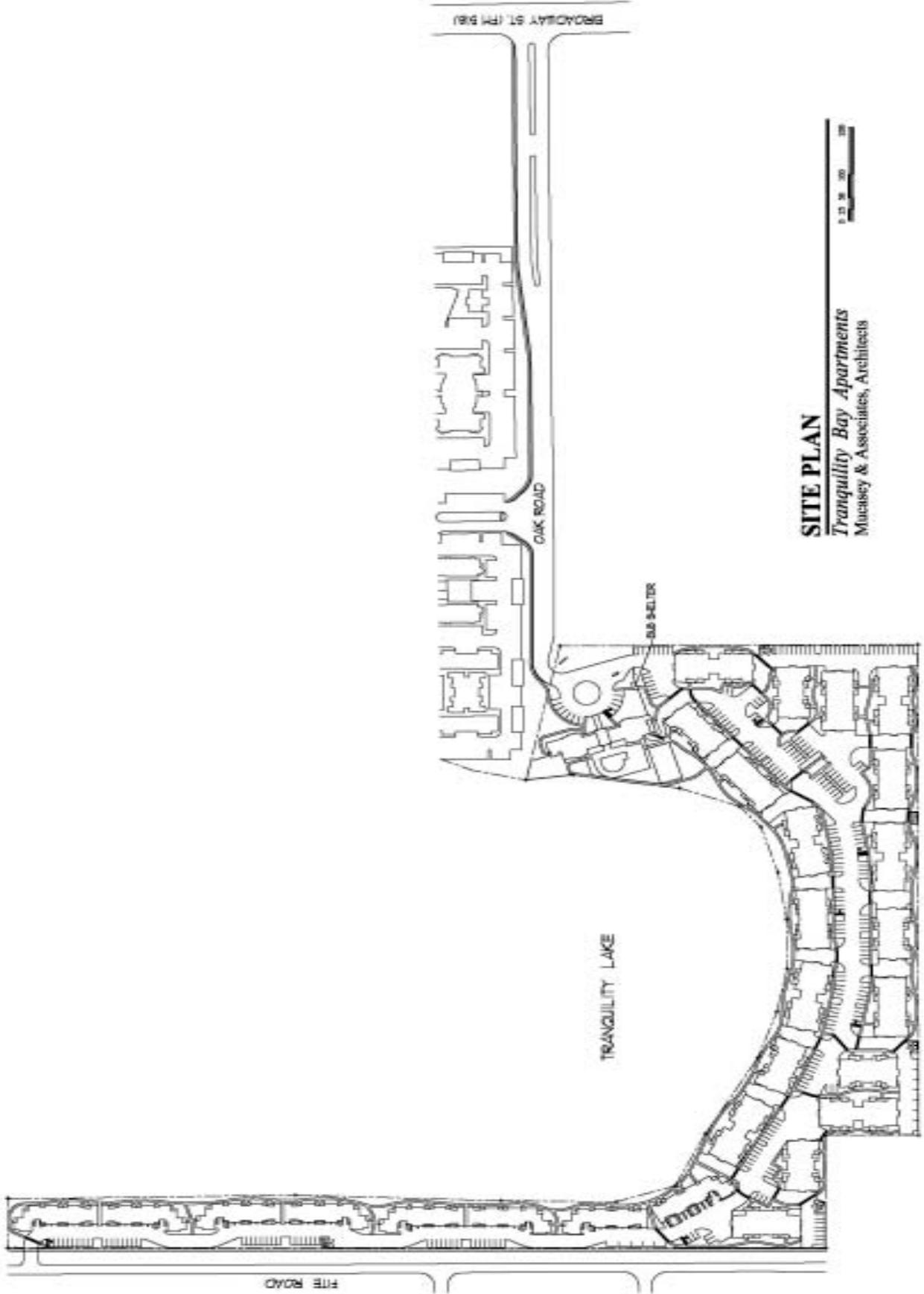








Tranquility Bay Apartments



SITE PLAN

Tranquility Bay Apartments
Mucasey & Associates, Architects

Will the Developer Pay Taxes?

◆ The development will pay all ad valorem taxes at the same rate as other developments in Pearland, Brazoria County.

Brazoria County	.3595
Special Road & Bridge	.06
Pearland ISD	1.8092
Brazoria Drainage Dist. #4	.14282
Brazoria County M.U.D. #1	<u>.54</u>
Total Tax Rate	\$ 3.00

Tranquility Bay Apartments

- ◆ Community located at 4800 Fite Road
- ◆ Comprised of 246 multi-family units

Financial Incentive Programs

- ◆ Private Activity Tax-Exempt Bonds
- ◆ Housing Tax Credits

Private Activity Bond Program

- ◆ Developer builds market rate “A” quality housing at a lesser cost to the resident.

Housing Tax Credits

- ◆ Provides equity to development to allow Developer to charge lower than market rates rents to individuals and families below the AMFI

End Result

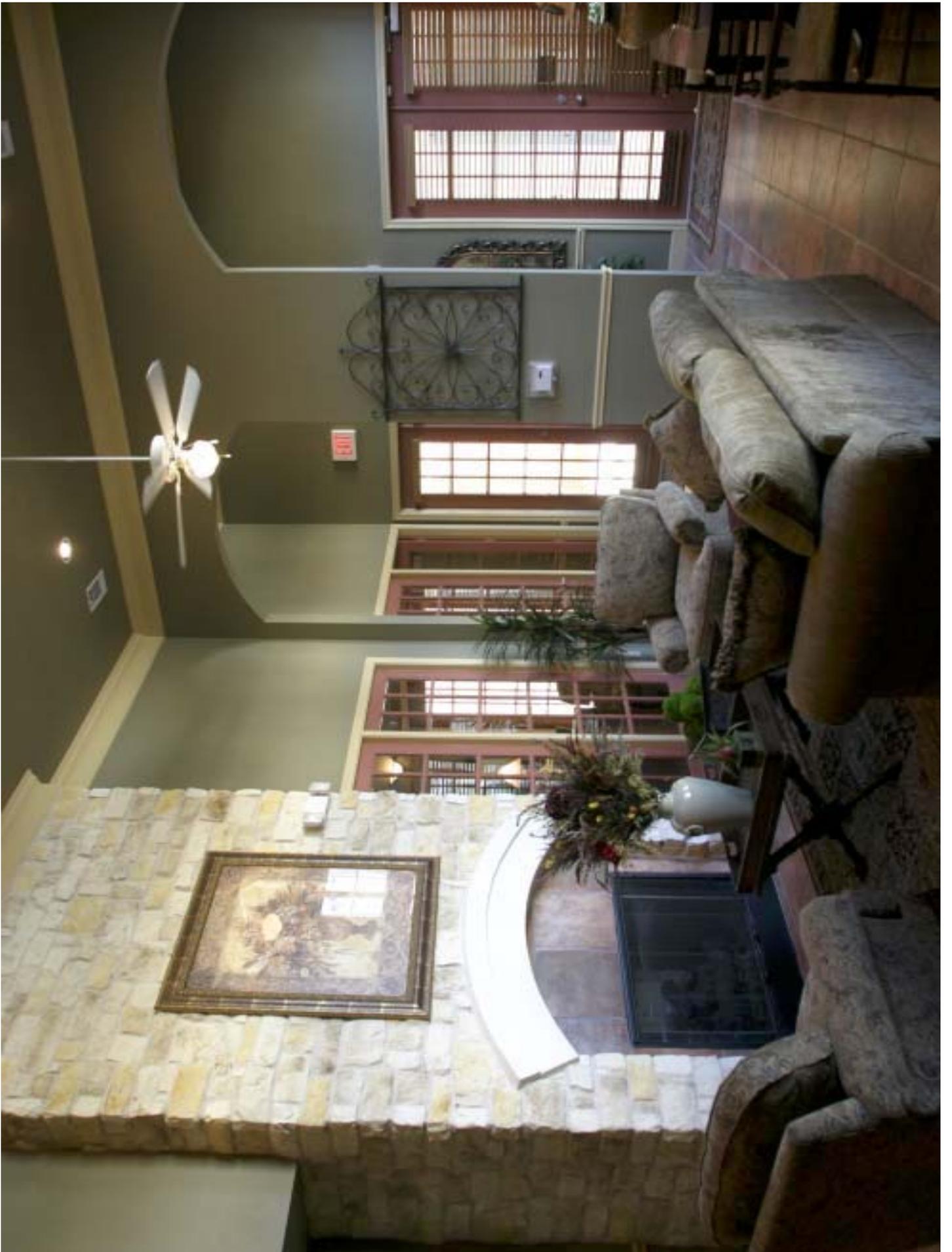
- ◆ Affordable housing is privately built and managed.











Who will live in Tranquility Bay Apartments?

- ◆ 246 units for incomes at or below 60% area median income (\$26,400 – \$37,740)
 - 1 BR, \$629
 - 2 BR, \$746
 - 3 BR, \$852

Who will manage this Community?

- ◆ Orion Real Estate Management will be the Management Company for this Community.
- ◆ Orion Manages 62 Properties comprised of 12,092 units throughout Texas.
- ◆ Blazer has extensive experience with Orion.

Services to be provided at Tranquility Bay Apartments

- ◆ Family Finance & Home Ownership Training
- ◆ Career Counseling
- ◆ Workforce development training through technology and other training mechanisms
- ◆ Basic Skill Tutoring
- ◆ ESL classes
- ◆ GED preparation classes
- ◆ Referral service for residents to contact other social service needs

Positive Economic Impact

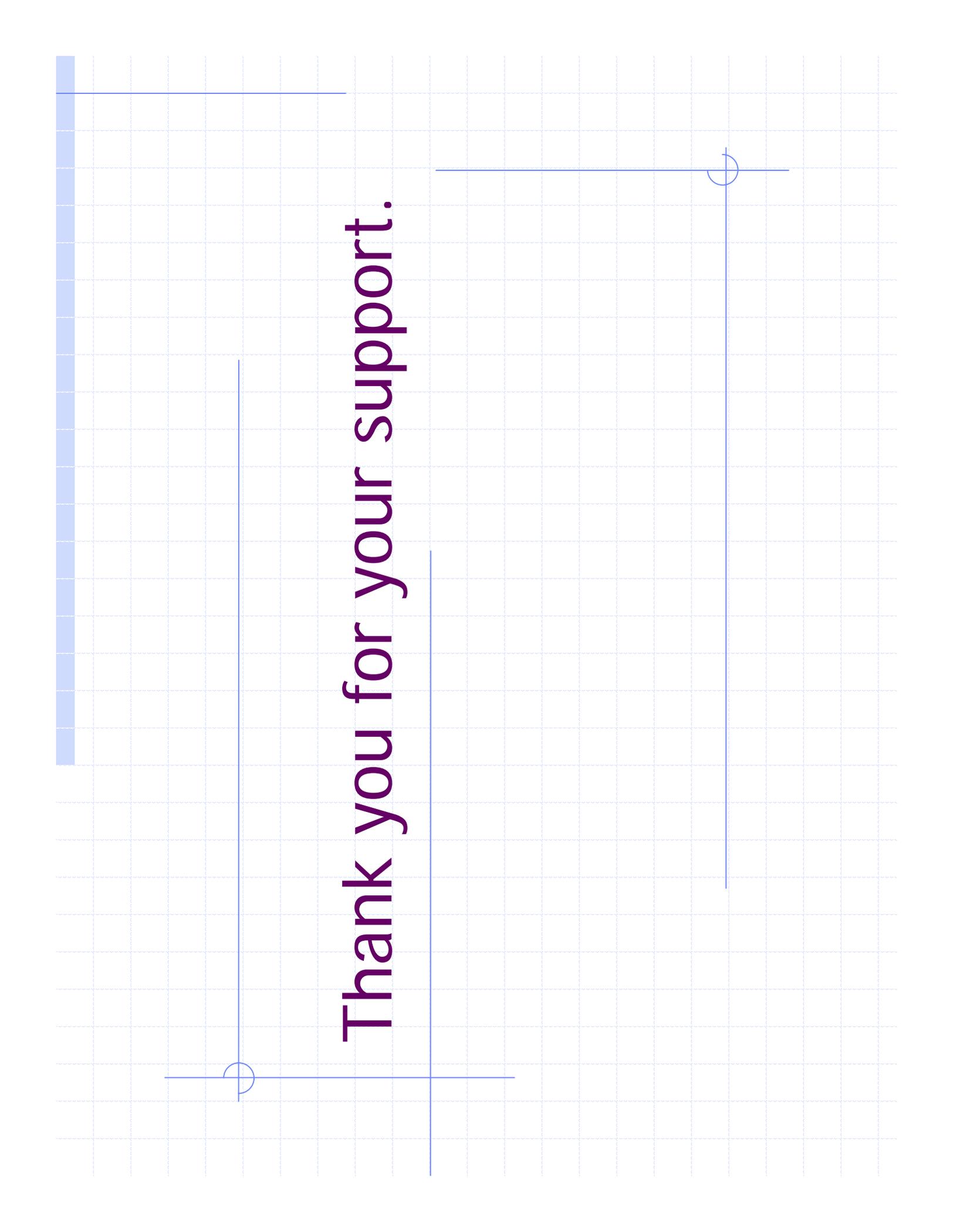
◆ Tranquility Bay Apartments will be a positive economic impact on the entire area. For instance, the National Association of Home Builders Housing Policy Department described in a report in January 2003 that within the first year of building just 100 affordable units, local income will increase \$4 million, local tax revenues will increase by \$700,000, 72 jobs will be created. The ongoing annual effects are: \$1.6 million in income, \$200,000 in tax revenues, and 33 jobs. These effects are based on new consumer activity, construction material, and construction and management jobs.

Tranquility Bay On-Site Amenities and Features

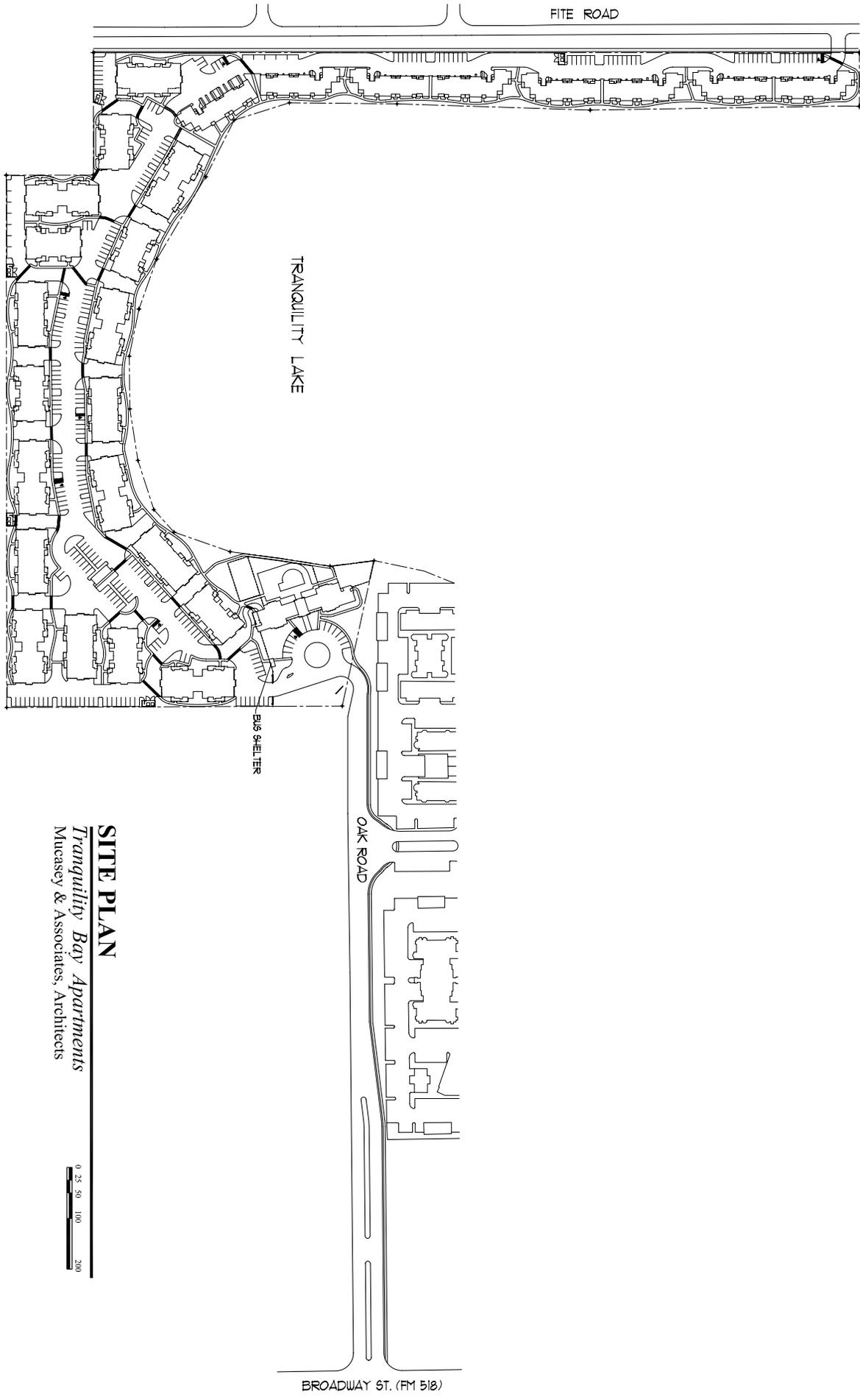
- ◆ Pool
- ◆ Game/Recreation Room
- ◆ Furnished Community Room
- ◆ Licensed Daycare Facility (Resident Pays for services on a sliding scale)
- ◆ Picnic Area
- ◆ Laundry Room (Resident pays for usage)
- ◆ Computer Room
- ◆ Public Restrooms
- ◆ 246 Attached Garages
- ◆ Monitored Security in each unit (Resident pays for usage)
- ◆ Perimeter Fence with limited access gate
- ◆ 2 Play Grounds

Other Affordable Housing Complexes Built by Blazer Residential

- ◆ Forest View in The Woodlands, Texas
- ◆ Timber Mill in The Woodlands, Texas
- ◆ Park Yellowstone in Houston, Texas
- ◆ Park at Cliff Creek in Dallas, Texas
- ◆ Villas at Willow Springs in San Marcos, Texas
- ◆ Park at Clear Creek in Hempstead, Texas
- ◆ Plum Creek Townhomes in Houston, Texas
- ◆ Timber Ridge in Houston, Texas
- ◆ Windsor Gardens in Houston, Texas
- ◆ Woodway Village Apartment Homes in Austin, Texas
- ◆ Woodway Square Apartment Homes in Austin, Texas

A decorative blue horizontal bar is located at the top of the page. The background is a light blue grid. The text "Thank you for your support." is centered vertically and horizontally in a purple font. There are four blue L-shaped corner markers, one in each quadrant, formed by thin blue lines.

Thank you for your support.



FITE ROAD

TRANQUILITY LAKE

BUS SHELTER

OAK ROAD

BROADWAY ST. (FM 518)

SITE PLAN
Tranquility Bay Apartments
Mucasey & Associates, Architects



Reserve apartments adjacent to our site.





Cullen/865 is to the West of our Property and plans are complete for a road widening and extension project that will help relieve traffic going to and from the various section of Silverlake to the South.

2 Phases of apartments exist adjacent to our phase.

Future road widening of File Rd.

Public Drainage easement on the west end of our property





Site is around Tranquility Lake Oak Rd. is the main entry. Across and adjacent to two Apartment Properties, Tranquility Lake and the Reserve at Tranquility. During the conveyance of the land a 10' tract was transferred to the entire length of Fite Rd. for road widening.

A drainage easement was also transferred at the West end of our property for drainage from off site.

LOTT & BROWN, CONSULTING ENGINEERS

Civil Engineering, Hydrology, Construction Management

Johnny T. Lott, P.E.
David L. Brown, P.E.
Principals

May 4, 2004

Mr. Matt Fuqua, Project Manager
Blazer Building, Inc.
6363 Woodway, Suite 320
Houston, Texas 77057

Re: Tranquility Bay Apartments
Detention and Floodplain Issues

Dear Mr. Fuqua:

As you are aware, the property to be developed is adjacent to a detention lake that was formerly a sand pit. To mitigate the development impacts, the project will incorporate a detention system. Detention volume adequate to mitigate development impacts is available within the sand pit. The sand pit has been specifically dedicated for this purpose by the original owner of the property for the common benefit of the two apartment projects existing on the north side of the lake and for our proposed project. The master plan for detention has been previously approved by Brazoria Drainage District No. 4 on October 25, 2002. Additionally, approval has previously been given to another developer pursuing a similar project on the same tract you are now proposing to develop. That approval was given on July 25, 2003. Our drainage system design has been prepared in conformance with the master plan and in a manner similar to the project previously approved on July 25, 2003.

The detention lake has a surface area of approximately 33-acres with a normal water level approximately 10-feet below lake high bank. A quick calculation indicates an available detention storage volume of approximately 330 acre-feet above the static water level. The ultimate drainage area tributary to the lake is approximately 119-acres. The National Weather Service, Technical Paper 40 quantifies the 24-hour, 100-year point rainfall as 12.90-inches. At this rainfall rate, the existing lake has capacity to hold 2.6 times the 100-year, 24-hour rainfall or approximately 30-inches of rain, falling on every acre of land within the drainage area. Drainage systems have been prepared in conformance with locally accepted engineering practice, Brazoria Drainage District No. 4 criteria, and City of Pearland drainage criteria and will be approved by all jurisdictional entities prior to issuance of a building permit.

The proposed project is located within Zone 'X'; areas located outside of the 500-year flood plain. This determination was made by scaling from the Federal Emergency Management Agency, Flood Insurance Rate Map No. 48039C0040 I, revised September 22, 1999 for Brazoria County Texas and Incorporated Areas. As a participating community in the National Flood Insurance Program, Brazoria County has established

Tranquility Bay Apartments
Detention & Floodplain Issues
May 4, 2004
Page 2

regulations for development both inside and outside of mapped flood prone areas. We will comply with the strict letter of these regulations that require our development to be constructed in such a manner so as to not cause a negative impact upon the floodplain or upon projected flood levels throughout the community.

We trust that this discussion clarifies the drainage and floodplain status of the project. Should you have any questions or require additional information, please advise.

Sincerely,

A handwritten signature in black ink, appearing to read "David L. Brown". The signature is fluid and cursive, with a large initial "D" and "B".

David L. Brown, P.E.
President
dlb

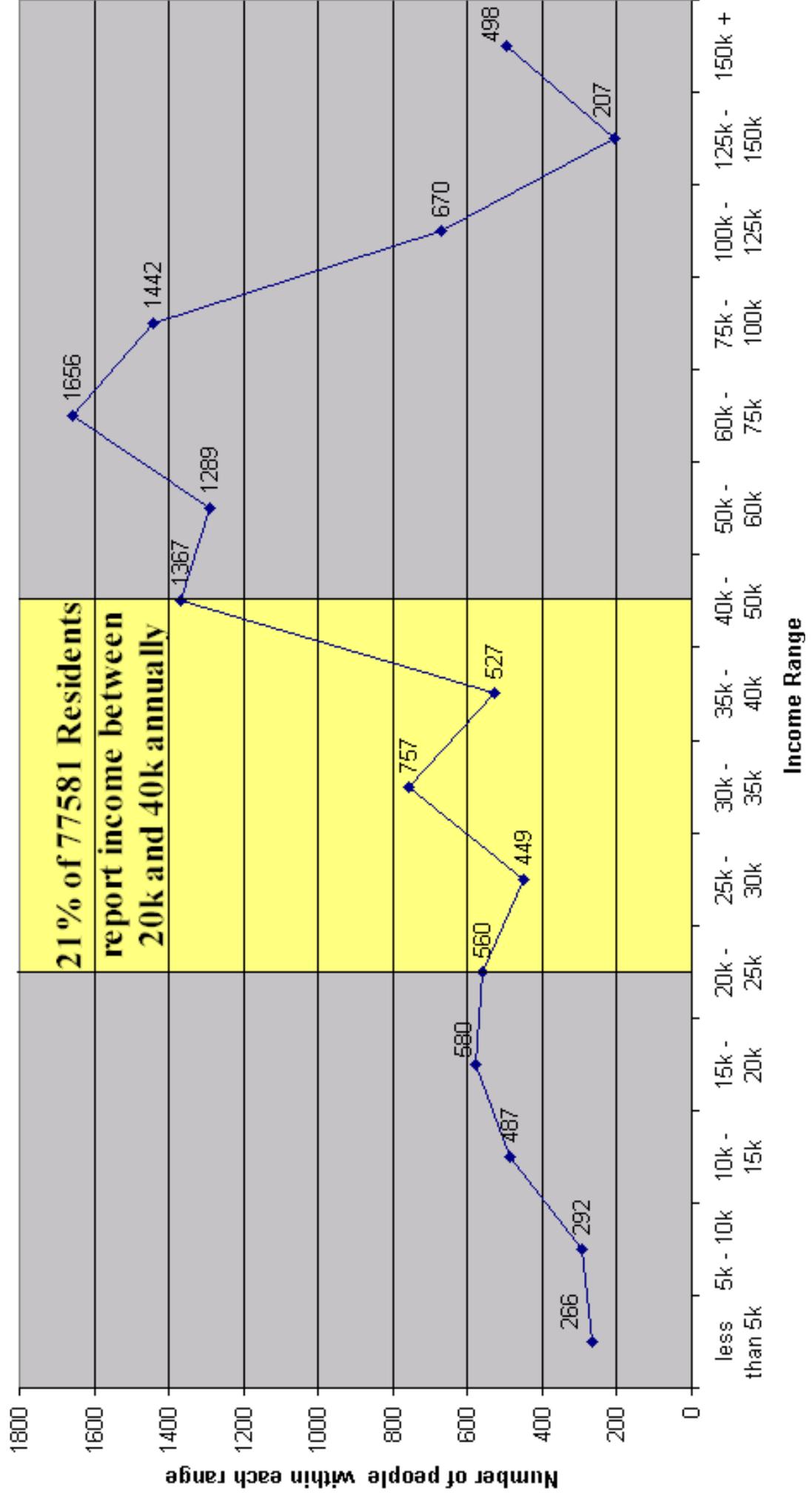
Tranquility Lake has an 8 to 10 foot bank that will hold a tremendous amount of water as shown in Lott and Brown's letter.



Tranquility Lake has an 8 to 10 foot Bank that will hold a tremendous amount of water as shown in Lott and Brown's letter.



Income Report for Tranquility Bay 77581





MOBILITY AND DRAINAGE PROGRAM

[Location Map](#)

[Project List](#)

**Turner Collie & Braden
Inc.**
Program Managers

Project List

(click below on desired Project Name for more information)

Drainage Projects	
Project ID	Project Name
4	Corrigan Drainage Improvements
19	West Mary's Creek Detention Facility

Mobility Projects	
Project ID	Project Name
1	Baily / Oiler Road
2	Pearland Parkway Phase II
3	Yost Boulevard
4	Barry Rose Road
5	Magnolia Street
6	Orange Street
7	Cullen Road Extension
8	Pearland Parkway (PE and EA)
9	Walnut Street
10	Miscellaneous Road Improvement Projects Group 1
	Old Alvin - Broadway to Plum
	Fite at Harkey Intersection
	Magnolia at McLean Intersection
	Miscellaneous Road Improvement Projects Group 2
	Cullen at Hughes Ranch
	Cullen at Brookside

	Dixie Farm Road at McGinnis
	Dixie Farm Road at McDonald
	Miscellaneous Road Improvement Projects Group 3
	Walnut at Post Office
	Hatfield at Broadway
	John Lizer at Old Alvin
	Liberty at Broadway
	Pearland Parkway at Broadway
	Old Chocolate Bayou at Broadway
11	Fite at FM 1128

Updated Last on April 7, 2003

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

June 10, 2004

Action Item

Presentation, Discussion and Possible Approval of Senior Managing and Co-Managing Underwriting Firms for the Multifamily Mortgage Revenue Bond Transactions.

Requested Action

Approve or Deny the Recommended List Below.

Background

At the April 10, 2003 TDHCA Board meeting, the Board approved the Request for Qualifications (RFQ) for Investment Banking Firms. Department staff published the RFQ in the *Texas Register*, the Bond Buyer and the Texas Market Place to solicit the expertise of Investment Banking Firms to facilitate the underwriting needs for the multifamily bond transactions. The Department currently has Thirteen (13) Senior Managers and three (3) Co-Managers on the approved multifamily list (see attached list). The Department received information from three (3) investment banking firms that were on the approved list however the approval time had expired and the firms were removed from the list. Two are being recommended to be added back on the approved list as Senior Managers and one is recommended to be added back to the approved list as a Co-Manager.

The Department staff recommends the following Investment Banking Firms be added to the Multifamily Bond Approved Underwriters List:

Estrada Hinohosa	Co-Manager	Add to the approved list
Raymond James & Assc.	Senior Manager	Add to the approved list
Red Capital Markets, Inc	Senior Manager	Add to the approved list

Recommendation

The Board approve the recommended Investment Banking Firms be added to the Multifamily Bond Approved Underwriters list.

**Senior Managing Underwriters
for Multifamily Transactions**

Stern Brothers & Co. (9/11/03)

Contact: Terrance M. Finn
8000 Maryland Avenue, Suite 1020
St Louis, MO 63105-3752
Phone: (314) 727-5519
Fax: (314) 727-7313

M.R. Beal & Company (9/11/03)

Contact: Bernard B. Beal
67 Wall Street, Suite 1701
New York, NY 10005
Phone: (212) 983-3930
Fax: (212) 983-4539

JP Morgan Securities, Inc. (9/11/03)

Contact: Anthony Snell
2200 Ross Avenue, 8th Floor
Dallas, TX 75201
Phone: (214) 496-5722
Fax: (214) 965-3577

A.G Edwards & Sons, Inc (9/11/03)

Contact: Nora Chavez
One North Jefferson
St. Louis, Missouri 63103
Phone: (314) 955-3616
Fax: (314) 955-7371

Citigroup Global Markets (5/13/04)

Contact: Michael Toth
390 Greenwich Street, 2nd Floor
New York, NY 10013
Phone: (212) 723-5697
Fax: (212) 723-8581

Newman & Associates (5/13/04)

Contact: John M. Kuykendall
1801 California, Suite 3700
Denver, CO 80202
Phone: (303) 293-8500
Fax: (303) 296-6804

George K. Baum & Co. (9/11/03)

Contact: Guy E. Yandel
717 Seventeenth Street, Suite 2500
Denver, CO 80202
Phone: (303) 292-1600
Fax: (800) 722-1670

Merchant Capital, L.L.C. (9/11/03)

Contact: John Rucker, III
250 Commerce, Suite 36104
Montgomery, Alabama 36101
Phone: (334) 834-5100
Fax: (334) 269-0902

Banc of America Securities 1/13/04

Contact: Lawrence Soule
9 West 57th, 6th Floor
New Yoark, NY 10019
Phone: (212) 847-6351
Fax: (212) 933-2268

Morgan Keegan (9/11/03)

Contact: Mark C. O'Brien
5956 Sherry Lane, Suite 1900
Dallas, TX 75225
Phone: (214) 365-5524
Fax: (214) 365-5563

Berean Capital, Inc (9/11/03)

Contact: Riley Simmons, II
14001 Dallas Parkway, Suite 1200
Dallas, Texas 75240
Phone: (972) 934-6512
Fax: (972) 934-6513

National Alliance Capital, LLC (9/11/03)

Contact: Stephen Lipkin
1800 Valley view Lane, Suite 300
Dallas, Texas 75234
Phone: (469) 522-4443
Fax:

First Albany Corporation 1/13/04

Contact: R. David Potter
4801 Woodway Drive, Suite 300 East
Houston, Texas 77056
Phone: (713) 964-2634
Fax: (713) 964-2763

**Co-managing Underwriters
for Multifamily Transactions**

Advest, Inc.

Contact: Cathy Bell
One Rockefeller Plaza, 20th Floor
New York, NY 10020
Phone: (212) 484-3825
Fax: (212) 484-3813

Melvin Securities

Contact: Michael Gagnon
111 West Jackson Blvd., Suite 2110
Chicago, IL 60604
Phone: (312) 941-0050
Fax: (312) 341-5168

Southwestern Capital Markets

Contact: Robert Rodriguez
140 E. Houston, Suite 201
San Antonio, TX 78205
Phone: (210) 344-9101
Fax: (210) 344-6527

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

June 10, 2004

Action Item

Presentation, Discussion and Possible Approval of Qualified Trustees for the Multifamily Mortgage Revenue Bond Transactions.

Requested Action

Approve or Deny the addition of Zion First National Bank to the list of Approved Trustees.

Background

At the April 10, 2003 TDHCA Board meeting, the Board approved the Request for Qualifications (RFQ) for qualified institutions to serve as Trustees for the multifamily bond issues and/or refundings. Department staff published the RFQ in the *Texas Register*, the Bond Buyer and the Texas Market Place to solicit institutions to serve in the role of Trustee. The Department currently has five (5) approved trustees on the list. The five Trustees currently on the approved list: Wells Fargo Bank Texas, N.A.; Bank One, Texas, N.A.; JP Morgan Chase Bank of Texas; Wachovia Bank, National Association and The Bank of New York (Dallas office). The Department received a proposal from one (1) trustee institution. The Zion First National Bank has no multifamily housing experience in Texas, does not have an office in Texas and is not being recommended by staff.

Institution	Role	Requested Action
Zion First National Bank	Trustee	Not recommended

Recommendation

The Board not approve the addition of the Zion First National Bank to the Multifamily Bond Approved Trustee list.

Approval of Private Mortgage Insurance Subsidy for Expanded Approval Program

This item has been pulled from the agenda.

MULTIFAMILY FINANCE PRODUCTION DIVISION
BOARD ACTION REQUEST
June 10, 2004

Action Item

Appeal of determination of two 2004 Housing Tax Credit (HTC) Applications.

Requested Action

Issue determinations on each of the two appeals.

Background and Recommendations

I. The Pineywoods Community Development, #04066

This Applicant was originally sent a notice on May 6, 2004, notifying the applicant that their application was being terminated for not providing sufficient documentation to the Department that initial approval of zoning was in place by April 1, 2004. The requirement in the QAP clearly states that “No later than April 1, 2004 (or for Tax Exempt Bond Developments no later than 14 days before the Board meeting where the credits will be committed), the Applicant must submit to the Department written evidence that the local entity responsible for initial approval of zoning has approved the appropriate zoning and that it will recommend approval of appropriate zoning to the entity responsible for final approval of zoning decisions (city council or county commission).”

The applicant provided evidence by that date that the Director of Planning and Zoning was going to recommend the rezoning to the Planning and Zoning Commission, but did not provide evidence that the Planning and Zoning Commission had indeed approved it and was recommending it for further approval by the City Council. Upon receipt of the Department’s determination, the applicant submitted an appeal to the Executive Director on May 12, 2004, disputing the determination. They argued that the Director of Planning and Zoning has authority to make recommendation to the City Council and therefore, that his recommendation satisfied the requirement. However, even in the letter provided from the City of Orange it is clear that a recommendation does not go directly from the Director of Planning and Zoning to the City Council, but goes through the Planning and Zoning Commission. On June 1, 2004, staff contacted the City of Orange and confirmed that a rezoning request must go through the Planning and Zoning Commission prior to being considered by the City Council. Therefore, the letter from the Director of Planning and Zoning was insufficient to meet the requirement. On May 25, 2004, the Executive Director responded to the appeal stating that the zoning requirement in the QAP had still not been satisfied. The applicant submitted an appeal to the Board on May 27, 2004.

Relevant documentation related to this appeal is provided behind the Board Action Request.

Applicant:	Pineywoods Orange HOME Team Ltd.
Site Location:	Scattered Sites in the East Town Section of Orange
City/County:	Orange / Orange County
Regional Allocation Category:	Rural
Set-Aside:	Nonprofit
Population Served:	General Population
Region:	5
Type of Development:	New Construction
Units:	36
Credits Requested:	\$411,155

Staff Recommendation: The Executive Director denied the original appeal. Staff is recommending that the Board deny the appeal of the termination.



**Texas Department of Housing and Community Affairs
Housing Tax Credit Program
2004 HTC Application Notice of Termination**

May 6, 2004

**THIS NOTICE WILL ONLY BE
TRANSMITTED VIA FACSIMILE**

Douglas Dowler

1610 South First St., Suite 202

Lufkin, Texas 75901

Phone: (936) 637-7607 Fax: (936) 637-7631

Regarding: TDCHA Number 04066, Pineywoods Community Orange

On March 1, 2004, you submitted a Housing Tax Credit Application for the above-referenced development. Our staff has completed a review of the Threshold Criteria. In our review it was determined that proper documentation of zoning was not submitted to the Department in a timely manner.

The Application submitted to the Department sufficiently documented that the Applicant was in the process of seeking the appropriate zoning at the time of application. However, Section 50.9(t)(7)(B)(ii)(II) of the QAP requires that if the Applicant is in the process of seeking the appropriate zoning at the time of application,

"No later than April 1, 2004, ...the Applicant must submit to the Department written evidence that the local entity responsible for initial approval of zoning has approved the appropriate zoning and that it will recommend approval of appropriate zoning to the entity responsible for final approval of zoning decisions (city council or county commission). If this evidence is not provided on or before April 1, 2004, the Application will be terminated".

Written evidence of the initial approval of zoning by the initial entity responsible for approval was not submitted by the April 1, 2004 deadline. Therefore, please be informed that pursuant to this section of the QAP, the Department has terminated this Application and no further action will be taken on it.

Please be aware that an Appeals Policy exists for the Housing Tax Credit Program. If you wish to appeal this application termination decision, you must file your appeal with the Department no later than May 13, 2004. The restrictions and requirements relating to the filing of an appeal can be found in §50.18(b) of the 2004 QAP.

If you have any questions, please do not hesitate to contact Jennifer Joyce at 512.475.3995. She will be available for questions regarding this termination after May 9, 2004.

Sincerely,

A handwritten signature in black ink, appearing to read "Brooke Boston".

Brooke Boston
Multifamily Finance Production Division Director



February 12, 2004

Doug Dowler
Executive Director
Pineywoods HOME Team
Affordable Housing, Inc.
P.O. Drawer 190
Lufkin, Texas 75902

Re: Zoning Verification

Dear Mr. Dowler,

This letter is to confirm that at the present time 25 of the 36 sites that you have targeted for the Pineywoods Orange HOME Team project are located within zoning districts that allow residential use. The remainder of the sites are located within a light commercial district which does not allow for new residential construction. When you first made this department aware of the sites involved we related this information to you and stated that the City would take action to allow for new residences. This issue of rezoning will be heard at the March 2, 2004 Planning and Zoning Commission meeting. City staff and the Council are in support of your project and will highly recommend that favorable action be taken. Upon a recommendation by the Commission the City Council will make the final approval of the rezoning on March 23, 2004. Immediately following the City Council action I will notify you of the results. At this point in time I foresee no difficulty in having the property rezoned.

If you need any additional information or have any further questions please contact me at 883-1034.

Sincerely,

A handwritten signature in black ink, appearing to read "J. B. Lewis".

Jimmie B. Lewis, AICP
Director of Planning and Community Development

9

CITY OF
 P.O. Box 520
 Orange, Texas 77631-0520
 (409) 886-3811

ORANGE

April 23, 2004

Doug Dowler
 Executive Director
 Pineywoods HOME Team
 Affordable Housing, Inc.
 P.O. Drawer 190
 Lufkin, Texas 75902

RE: Proposed Replat
Lots 11 and 12, Bk 114, Sheldon Addition
1019 4th Street

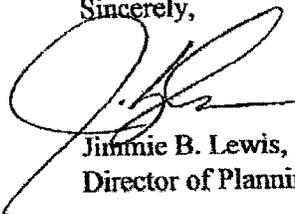
Dear Mr. Dower,

This letter is a follow-up to a previous letter pertaining to the subdivision of the two lots referenced above. As I stated in the previous letter a minor variance would need to be granted in order to finalize the resubdivision. I have spoken with the Chairman of the Planning and Zoning Commission and she feels strongly that your project is much needed within the city and would vigorously support the approval of the variance. As the Planning Director, I would recommend the variance be approved by the commission. With these two actions I can say with confidence that the variance and therefore, the replat would be approved by the Commission.

If you need any additional information please contact me at (409) 883-1034.

*Replat not accomplished
 by April 23*

Sincerely,



Jimmie B. Lewis, AICP
 Director of Planning and Community Development

CITY OF **ORANGE**
P.O. Box 520
Orange, Texas 77631-0520
(409) 886-3611

February 3, 2004

Doug Dowler
Executive Director
Pineywoods HOME Team
Affordable Housing, Inc.
P.O. Drawer 190
Lufkin, Texas 75902

Re: Proposed Replat
Lots 11 and 12, Blk 114, Sheldon Addition

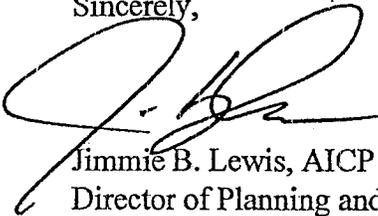
Dear Mr. Dowler,

This letter is to confirm that Lots 11 and 12, Block 114, Sheldon Addition may be subdivided into four (4) lots for your affordable homes project. At this time I see only one minor problem which is due to the size of the proposed four lots. The Orange subdivision regulations state that no lot shall have less than one hundred feet (100') of depth. These lots will, after the subdivision, only have ninety-eight feet and three inches (98.25') of depth. To have the plat approved the Planning and Zoning Commission will have to grant a variance to the one hundred foot (100') rule and I foresee no difficulty in having this approved.

*but not yet
accomplished*

I would like to reiterate that the City of Orange believes that this project will be an asset to the community and is committed to seeing the project to completion. If you need any additional information or have any further questions please contact me at 883-1034.

Sincerely,



Jimmie B. Lewis, AICP
Director of Planning and Community Development

Law Offices of

John D. Stover

113 Gaslight Boulevard

Lufkin, Texas 75904

Telephone (936) 632-3130

Telecopier (936) 632-3234

BB
Austin Office:
1212 Guadalupe Street
Suite 1004
Austin, Texas 78701
Telephone (512) 472-1399

6:56 PM
MAY 13 2004

Timothy J. Karczewski
Of Counsel

May 12, 2004

RECEIVED
MAY 13 2004
EXECUTIVE

VIA TELECOPIER (512) 469-9606
and FEDERAL EXPRESS

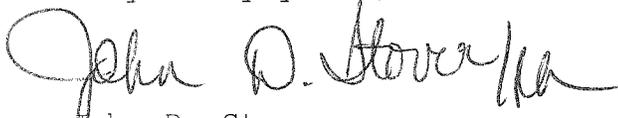
Ms. Edwina Carrington
Executive Director
Texas Department of Housing and
Community Affairs
507 Sabine, Suite 400
Austin, Texas 78701

In re: Application of Pineywoods Home Team Affordable Housing,
Inc./TDHCA #04066, Pineywoods Community Orange

Dear Ms. Carrington:

Enclosed is the Appeal of Pineywoods Home Team Affordable
Housing, Inc. of the Departments terminating its application
submitted for the Pineywoods Community Orange project. Your
consideration of this matter is appreciated.

Very truly yours,


John D. Stover

JDS/rh

C:\My Documents\Pineywoods Home Team Affordable Housing\Ltr to TDHCA re Appeal Orange.wpd

Enclosure

cc: Ms. Brooke Boston,
Director of Multifamily Finance Production

Mr. Doug Dowler

Mr. Jerry Moore

BEFORE THE TEXAS DEPARTMENT OF HOUSING
AND COMMUNITY AFFAIRS

APPLICATION OF PINEYWOODS §
HOME TEAM AFFORDABLE HOUSING, §
INC.; TDHCA #04066, §
PINEYWOODS COMMUNITY ORANGE §

**APPEAL OF DEPARTMENT DECISION RESULTING
IN TERMINATION OF APPLICATION**

TO THE EXECUTIVE DIRECTOR:

Applicant, Pineywoods Home Team Affordable Housing, Inc., appeals the decision made by the Department terminating its application submitted for the Pineywoods Community Orange to be located in Orange, Texas, and for grounds shows:

1.

By letter dated May 6, 2004, a copy of which is attached, the Department notified Applicant that its application was being terminated. As shown in the letter the basis for the termination a claimed failure by Applicant to submit written evidence relating to zoning. Applicant appeals this decision.

2.

Applicant submitted a letter dated February 12, 2004, from the Director of Planning and Community Development of the City of Orange which satisfies the requirement. Under the ordinances of the City of Orange, the entity responsible for initially approving zoning and making a recommendation to the appropriate

zoning entity is the Director of Planning and Community Development. Section 12.304 of the Code of Ordinance of the City of Orange provides:

- (a) For the purpose of this zoning ordinance, the Director of the Department of Planning and Community Development ("Director") and his/her staff is empowered by the City Council, under the direction under the City Manager, to carry out the following duties and responsibilities:
 - (2) Report and make recommendations to the City Council, Planning and Zoning Commission, Zoning Board of Adjustment, and the Historic Preservation Commission on applications which effect land use in the City of Orange;
 - (4) Provide administrative interpretation and decisions on issues effecting land use in Orange, with the assistance of the Planning and Zoning Commission as necessary..." (Emphasis added)

3.

The above quoted section of the Code of Ordinance of the City of Orange shows that the Applicant satisfied the requirement of the QAP used by the Department for terminating the application. If Applicant has not satisfied the requirements of Section 50.9(f)(7)(B)(ii)(II) of the QAP, then the requirement is ambiguous and should not be used as a basis for terminating the application. The Department sent the Applicant a deficiency notice which asked as for the final zoning decision. This would indicate that the Department is also unsure as to what is required.

WHEREFORE, PREMISES CONSIDERED, Applicant requests that its application be reinstated, that it be granted as applied for, and for such other relief to which it is entitled.

Respectfully submitted,

Law Offices of
JOHN D. STOVER
113 Gaslight Blvd.
Lufkin, Texas 75904
936/632-3130
936/632-3234 Fax

By: 
John D. Stover
State Bar No. 19349000
**Attorney for Pineywoods Home Team
Affordable Housing, Inc.**



WWW.TDHCA.STATE.TX.US

May 25, 2004

RICK PERRY
Governor

EDWINA P. CARRINGTON
Executive Director

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

Doug Dowler
1610 South First St., Suite 202
Lufkin, TX 75901
Telephone: (936) 637-7607
Telecopier: (936) 637-7631

Re: Pineywoods Community Apartments, TDHCA# 04066

Dear Mr. Dowler:

Appeal Review

I have carefully reviewed the application you submitted, as well as the appeal that we received from John Stover on May 13, 2004 on the above-referenced development.

The Application submitted to the Department sufficiently documented that the Applicant was in the process of seeking the appropriate zoning at the time of application. However, Section 50.9(f)(7)(B)(ii)(II) of the QAP requires that if the Applicant is in the process of seeking the appropriate zoning at the time of application,

“No later than April 1, 2004, ...the Applicant must submit to the Department written evidence that the local entity responsible for initial approval of zoning has approved the appropriate zoning and that it will recommend approval of appropriate zoning to the entity responsible for final approval of zoning decisions (city council or county commission). If this evidence is not provided on or before April 1, 2004, the Application will be terminated”.

Written evidence of the initial approval of zoning by the initial entity responsible for approval was not submitted by the April 1, 2004 deadline.

Appeal Determination

Unfortunately, although it is clear that the City of Orange supports the Application, there was never any further evidence submitted in the application or appeal that, “the local entity responsible for initial approval of zoning has approved the appropriate zoning and that it will recommend approval of appropriate zoning to the

Mr. Dowler
May 25, 2004
Page 2 of 2

entity responsible for final approval of zoning decisions", as required by the QAP. Therefore, your appeal is denied.

Section 50.18(b)(4) of the 2004 QAP states that if you are not satisfied with this response to your appeal, you may appeal directly in writing to the Board of the Texas Department of Housing and Community Affairs. Please note that an appeal filed with the Board must be received by the Board before the seventh day preceding the date of the Board meeting at which the relevant commitment decision is expected to be made. To have an appeal considered by the Board at the June 10 Board meeting, the appeal must be received by Delores Groneck, Board Secretary, no later than June 2, although it is strongly suggested that you submit it by May 28, 2004.

If you have questions or comments, please call (512) 475-3340.

Sincerely,

A handwritten signature in cursive script, appearing to read "Edwina P. Carrington".

Edwina P. Carrington
Executive Director

EPC/JLJ/MFMU



Pineywoods HOME Team

May 27, 2004

Delores Groneck, Board Secretary
TDHCA
507 Sabine-Suite 400
Austin, Texas 78711-3941

RECEIVED

MAY 27 2004

EXECUTIVE

RECEIVED

MAY 27 2004

LHHC

RE: Pineywoods Community Development, TDHCA # 04066

Dear Ms. Groneck:

We are in receipt of a letter from Edwina Carrington advising us of our appeal denial. We respectfully disagree with the findings of the appeal process and wish an opportunity to be heard by the Board for final determination of this matter. Please include us on the June 10, 2004 Board meeting agenda. Thank you.

Sincerely,

Douglas R. Dowler
Executive Director

1610 South First, Suite 202
Lufkin, Texas 75901

Phone (936)637-7607
Fax (936) 637-7631

II. The Brentwood Apartments, #04267

This Applicant was originally sent a notice on April 12, 2004, notifying the applicant that 10 points were being deducted from their application. The deduction of points is based on §50.9(g)(3)(G) of the 2004 QAP which gives points to a development located in an “exurban” area which is more explicitly outlined in the QAP: if “the development is located in an incorporated city that is not a Rural Area but has a population no greater than 100,000 based on the most current available information published by the United States Bureau of the Census as of October 1 of the year preceding the applicable program year.” Aldine City is not a Rural Area and has a population less than 100,000 and therefore was included in a Department-generated list of communities eligible for these points prior to the application deadline. However, after further review the Department determined that Aldine City is not incorporated. Therefore, in spite of inclusion on the original list, the development is not eligible for these points. Upon receipt of the Department’s determination, the applicant submitted an appeal to the Executive Director on April 12, 2004, disputing the determination. On May 3, 2004, the Executive Director responded to the appeal confirming that the QAP’s reference to “incorporated city” must be adhered to and thus denying the appeal request.

It should be noted that due to a typographical error, staff was unable to confirm that the appeal response dated May 3 was ever received by the applicant, so a subsequent letter indicating the same language was reissued on May 26, 2004. The applicant submitted an appeal to the Board on May 25, 2004 in anticipation of our re-issuance of the letter.

Relevant documentation related to this appeal is provided behind the Board Action Request.

Applicant:	Langwick/Hardy, Ltd.
Site Location:	Northwest corner of West Hardy Rd. and Langwick
City/County:	Aldine City / Harris County
Regional Allocation Category:	Urban/Exurban
Set-Aside:	General
Population Served:	Elderly
Region:	6
Type of Development:	New Construction
Units:	100
Credits Requested:	\$799,000

Staff Recommendation: The Executive Director denied the original appeal. Staff is recommending that the Board deny the appeal of the point reduction.

X-file



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RICK PERRY
Governor

April 12, 2004

EDWINA P. CARRINGTON
Executive Director

Ms. Angie Stahl
Langwick/Hardy, Ltd.
2001 Hermann Drive
Houston, Texas 77004
Telephone: (713) 824-6263
Telecopier: (713) 533-5849

BOARD MEMBERS
Elizabeth Anderson, Chair
Shadrick Bogary
C. Kent Conine
Vidal Gonzalez
Patrick R. Gordon
Norberto Salinas

Re: The Brentwood Apartments, TDHCA# 04267

Dear Ms. Stahl:

I am writing regarding the above-referenced Housing Tax Credit (HTC) application you submitted on March 1, 2004.

In Exhibit 1G of your application, the HTC Application Self-Scoring Form, you indicated all items for which you would like to receive points. On that form, you requested points for the item described in §50.9(g)(3)(G) of the Qualified Allocation Plan and Rules (QAP), which grants points if "the development is located in an incorporated city that is not a Rural Area but has a population no greater than 100,000 based on the most current available information published by the United States Bureau of the Census as of October 1 of the year preceding the applicable program year."

In our review of your application, the Texas Department of Housing and Community Affairs (the Department), noted that the particular city in which your development is proposed, Aldine City, is not an incorporated city according to the United States Bureau of the Census (the Census). I understand that you based your decision on a list that was released on our web site which included an Affordable Housing Needs Score for every "place" in Texas. That list also indicated whether a "place" was eligible for the points under §50.9(g)(3)(G). Unfortunately, that list included both incorporated cities as well as Census Designated Places (CDPs), which are unincorporated areas. Aldine City is one of those places that was on the list, but unfortunately, is not incorporated and therefore, not eligible to receive these points.

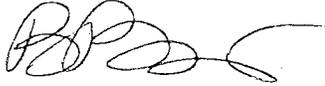
Your application will continue to be evaluated and scored for all other items. Please be aware that an Appeals Policy exists for the Housing Tax Credit Program. If you wish to appeal this decision regarding your scoring on this item, you must file your appeal with the

Ms. Angie Stahl
April 12, 2004
Page 2 of 2

Department no later than Monday, April 19, 2004. The restrictions and requirements relating to the filing of an appeal can be found in §50.18(b) of the 2004 QAP.

If you have any questions, please do not hesitate to contact Jennifer Joyce at 512.475.3995.

Sincerely,

A handwritten signature in black ink, appearing to be 'Brooke Boston', with a long horizontal flourish extending to the right.

Brooke Boston
Director of Multifamily Finance Production

Response due 5/3

Talk
Chris

APR 20 PM 2:14

Fax ruel
4/19

Langwick/West Hardy, Ltd.

April 12, 2004
Ms. Brooke Boston
Texas Department of Housing
and Community Affairs (the "Department")
507 Sabine, Suite 400
Austin, Texas 78711-3941

Re: TDHCA #04267: The Brentwood Apartments to be located at the northwest corner of Langwick and W. Hardy Rd., Aldine, Texas (Seniors development): **Appeal to Scoring Decision dated April 12, 2004 denying Exurban points.**

Dear Brooke:

We are in receipt of the above referenced notice. If your decision is upheld, our application will lose 10 points and effectively be eliminated from the process. We do not think this is equitable under the circumstances. The underlying intent of the exurban designation is to steer new to areas with urban characteristics which are underserved by Tax Credit "HTC" developments. The Aldine PMA has 183,000 people and zero seniors affordable units of any character: HUD, HTC or otherwise. It would be arbitrary to exclude this area merely because of its status as incorporated or unincorporated, as that particular status has no bearing on whether a particular place or location in Texas is heretofore underserved with affordable housing units. It would defeat the purpose.

The Department went to great lengths to include document 8. in the Reference Manual and directed all applicants to rely upon it in interpreting section 50.9(g)(3)(G). So we did. Document 8 clearly and unequivocally states that Aldine (1) has a population base less than 14,000 according to the 2000 Census, which we independently verified (2) is eligible to receive ANHS points totaling 18 and (3) is eligible to receive exurban points totaling 10. We relied heavily on this document in determining the development location of our project. We sought expert legal advice and advice from our tax credit consultant prior to securing our site. It was determined by all parties that the site would be located in an exurban location because of the clear and unambiguous language in section 8.

We submit the following comments in support of our position:

1. In our view the "decision" as to whether or not Aldine or any other location is entitled to receive exurban points was made back in December of 2003 when the Department published the 2004 Housing Tax Credit Program Reference Manual and more specifically document 8. therein entitled "**Affordable Housing Needs Score (also includes whether a location is a rural Allocation or an Urban/Exurban Allocation and whether a location is eligible for "Exurban" points under 50.9(g)(3)(G)**" Page 15 of 32 of document 8 of the Reference Manual **clearly and unequivocally indicates that Aldine is eligible to receive Exurban points.** Specifically, the heading for Column 8 states: "**For Housing Tax Credit Applications, the Place is eligible for QAP Sec. 50.9(g)(3)(G) points.**" Further down the page in said column 8 next to the Aldine listing, the word "**Yes**" is clearly indicated. Further it states that the population of Aldine is less than 14,000. (*Bolding and underlining added for emphasis*) There is nothing ambiguous about this determination. We relied upon this data to select our development site.

2. Many sections of the application and or QAP need further explanation or clarification due to inherent complexities or to inevitable ambiguities arising in the complicated process of drafting a comprehensive plan. The department went to great lengths in clarifying **Sec. 50.9(g)(3)(G)** by creating a separate document (document 8 of the Reference Manual) which all applicants were to refer to in making the AHNS and the exurban determinations. Any conflict or ambiguity that you perceive to exist by virtue of the "incorporated city" language contained in **Sec. 50.9(g)(3)(G)** surely would be extinguished by the very plain and simple language contained in document 8 which simply names the areas and cities entitled to receive the points. Nothing in document 8 indicates that non-incorporated areas are ineligible or it would not have listed Aldine in the first place as a place entitled to receive the points.

3. Again, presumably, the underlying intent of the Department and or legislature in awarding points for exurban developments is to steer developments into areas with urban characteristics which have been historically underserved by HTC Projects. Clearly certain cities and areas in Texas are saturated with HTC developments and would not merit an exurban designation, however, Aldine is not one of those areas and the following demographic characteristics support this fact:
 - There are **no elderly** affordable units of any type e.g. HUD, Bond Financed HTC etc. located within a 2 mile radius of the project or within the greater PMA which extends beyond Aldine and which includes some 183,000 people. **ZERO seniors units in a PMA with 183,000 inhabitants. By comparison, other exurban areas with smaller PMA's e.g. Lubbock, Amarillo, Beaumont, Waco, Odessa and Midland each have senior tax credit developments.**
 - There is only **one (1) HTC project within 2 miles** of our development site, and it is a family site.
 - Since 1996, there have only been four (4) projects of any type (market or affordable) built within the PMA.
 - The capture ratio for the project is a very low 6.30%. The Department's ceiling for a seniors development is 100%.
 - In the entire history of the Tax Credit program, only ten (10) senior's HTC projects have been developed within Harris County, Texas including the City of Houston and all exurban locations within Houston and or within Harris the County.

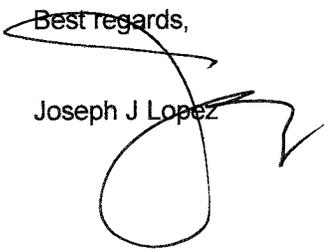
I realize you are confronted with hundreds of tough issues and decisions relating to various applications which must make your life quite difficult at present. However, we are obviously confronted with a life or death situation so to speak. We've targeted an area to develop designated by the Department as exurban back in December and obviously relied heavily on that designation.. If there is a drafting conflict between **Sec. 50.9(g)(3)(G)** and what's contained in document 8, I do not think it is equitable to sink our project. We read the QAP, went to the Reference Manual as directed to get more specific data and then used that data to select our site and develop our application. Conflict or no conflict, ultimately it would seem that the most important factor for the Department to consider would be whether or not this particular development is in a PMA in Texas underserved by seniors tax credit developments.

We've spent thousands of dollars, worked many months and garnered extensive community support operating entirely on the premise that the designations the Department made back in December are correct and thus we ask that the points be reinstated relative to

our exurban designation. I would like to thank you in advance for your review of the foregoing.

Best regards,

Joseph J Lopez

A handwritten signature in black ink, consisting of a large, stylized loop that starts under the word "Best", goes up and over "regards", then loops back down and under "Lopez".



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May 3, 2004

RICK PERRY
Governor

EDWINA P. CARRINGTON
Executive Director

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

Joseph Lopez
Langwick/West Hardy, Ltd.
2991 Hermann Drive
Houston, TX 77004
Telephone: (713) 553-5853
Fax: (713) 533-5849

Re: Response to appeal received April 19, 2004
The Brentwood Apartments TDHCA Project No. 04267

Dear Mr. Lopez:

Appeal Review

I have carefully reviewed the application you submitted, as well as your appeal that we received on April 19, 2004 on the above-referenced development, regarding the eligibility of your application to receive points for an "Exurban" location.

As you know, in Exhibit 1G of your application, you requested "Exurban" points for the item described in §50.9(g)(3)(G) of the Qualified Allocation Plan and Rules (QAP), which grants points if "the development is located in an incorporated city that is not a Rural Area but has a population no greater than 100,000 based on the most current available information published by the United States Bureau of the Census as of October 1 of the year preceding the applicable program year." We noted in our letter to you of April 12, 2004, that unfortunately, the particular area in which your development is proposed, Aldine City, is not an incorporated city according to the United States Bureau of the Census (the Census).

I understand that you relied on the exhibit provided in the Department's Reference Manual as you researched sites, made application decisions, and ultimately requested these "exurban" points. I regret that the list we released had an error in showing Aldine City as eligible for these points. In your appeal, you also note that the idea behind the points is to move development into exurban areas, regardless of whether they are incorporated or not. However, the rule clearly limits the points for this section to a development located in an "incorporated city." The Department is bound to follow its rules as it awards points for selection criteria. In this case, the QAP, as the rule for the Housing Tax Credit Program, takes precedence over any supplemental manual or document that the Department may release. An error by staff cannot alter the legal rules of the program. Again, we regret the error.

Mr. Joseph Lopez
May 3, 2004

As noted in the Department's letter to you of April 12, 2004, your application will continue to be evaluated and scored for all other items.

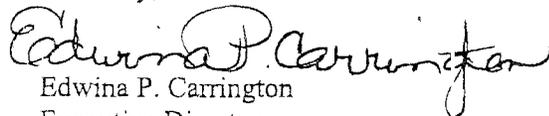
Appeal Determination

Because your development is located in an unincorporated area and the QAP only allows the awarding of these points for developments located in incorporated cities, your appeal is denied.

Section 50.18(b)(4) of the 2004 QAP states that if you are not satisfied with this response to your appeal, you may appeal directly in writing to the Board of the Texas Department of Housing and Community Affairs. Please note that an appeal filed with the Board must be received by the Board before the seventh day preceding the date of the Board meeting at which the relevant commitment decision is expected to be made. To have an appeal considered by the Board at the May 13 Board meeting, the appeal must be received by Delores Groneck, Board Secretary, no later than May 5, although it is strongly suggested that you submit it by May 3, 2004.

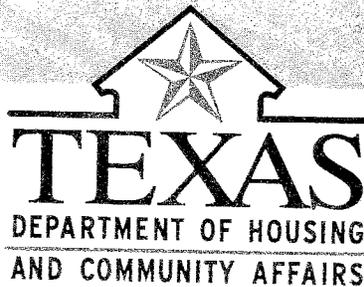
If you have questions or comments, please call (512) 475-3340.

Sincerely,



Edwina P. Carrington
Executive Director

EPC/BLB/MFMU



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May 26, 2004

RICK PERRY
Governor

Joseph Lopez
Langwick/West Hardy, Ltd.
2001 Hermann Drive
Houston, TX 77004
Telephone: (713) 533-5853
Fax: (713) 533-5849

EDWINA P. CARRINGTON
Executive Director

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

**Re: Response to appeal received April 19, 2004
The Brentwood Apartments TDHCA Project No. 04267**

Dear Mr. Lopez:

Appeal Review

I have carefully reviewed the application you submitted, as well as your appeal that we received on April 19, 2004 on the above-referenced development, regarding the eligibility of your application to receive points for an "Exurban" location. Please note that we inadvertently mailed the letter to the incorrect address on May 03, 2004. Therefore, we are reissuing this letter.

As you know, in Exhibit 1G of your application, you requested "Exurban" points for the item described in §50.9(g)(3)(G) of the Qualified Allocation Plan and Rules (QAP), which grants points if "the development is located in an incorporated city that is not a Rural Area but has a population no greater than 100,000 based on the most current available information published by the United States Bureau of the Census as of October 1 of the year preceding the applicable program year." We noted in our letter to you of April 12, 2004, that unfortunately, the particular area in which your development is proposed, Aldine City, is not an incorporated city according to the United States Bureau of the Census (the Census).

I understand that you relied on the exhibit provided in the Department's Reference Manual as you researched sites, made application decisions, and ultimately requested these "exurban" points. I regret that the list we released had an error in showing Aldine City as eligible for these points. In your appeal, you also note that the idea behind the points is to move development into exurban areas, regardless of whether they are incorporated or not. However, the rule clearly limits the points for this section to a development located in an "incorporated city." The Department is bound to follow its rules as it awards points for selection criteria. In this case, the QAP, as the rule for the Housing Tax Credit Program, takes precedence over any supplemental manual or

Mr. Joseph Lopez
May 26, 2004

document that the Department may release. An error by staff cannot alter the legal rules of the program. Again, we regret the error.

As noted in the Department's letter to you of April 12, 2004, your application will continue to be evaluated and scored for all other items.

Appeal Determination

Because your development is located in an unincorporated area and the QAP only allows the awarding of these points for developments located in incorporated cities, your appeal is denied.

Section 50.18(b)(4) of the 2004 QAP states that if you are not satisfied with this response to your appeal, you may appeal directly in writing to the Board of the Texas Department of Housing and Community Affairs. Please note that an appeal filed with the Board must be received by the Board before the seventh day preceding the date of the Board meeting at which the relevant commitment decision is expected to be made. To have an appeal considered by the Board at the June 10 Board meeting, the appeal must be received by Delores Groneck, Board Secretary, no later than June 2, although it is strongly suggested that you submit it by May 28, 2004.

If you have questions or comments, please call (512) 475-3340.

Sincerely,



Edwina P. Carrington
Executive Director

EPC/BLB/MFMU

Langwick/West Hardy, Ltd.

May 25, 2004
Ms. Edwina Carrington
Texas Department of Housing
and Community Affairs (the "Department")
507 Sabine, Suite 400
Austin, Texas 78711-3941

Re: Response to letter from Edwina Carrington received May 24, 2004 regarding appeal of deficiency received April 19, 2004; TDHCA #04267: The Brentwood Apartments to be located at the northwest corner of Langwick and W. Hardy Rd., Aldine, Texas Seniors development): **Appeal to Scoring Decision dated April 12, 2004 denying Exurban points.**

Dear Ms Carrington:

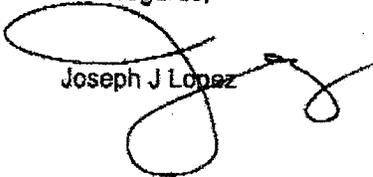
Yesterday evening at 4:07 PM as you can see at the bottom of the attached copy, we received your letter via fax from your office. I've also included our fax log. There is obviously an error as it is dated May 3, 2004. You'll note the last paragraph seems to have some confusing language about board times and dates and scheduling board meetings that also indicate it's an erroneous fax. Anyway, we've received it and will respond to it hereunder as if it was the Department's intent to date it May 24, 2004 in advance of the June 10, 2004 board meeting. In this regard, we would like to schedule an appeal to the board relevant to the June 10, 2004 meeting and will notify Delores accordingly.

Let me briefly restate our position. For many months we have gone to great lengths and have spent significant sums of money relying on information provided by the Department in selecting our site in Aldine. The QAP and the reference manual are to be read together. The Department went to great lengths to include document 8. in the Reference Manual and directed all applicants to rely upon it. Document 8 clearly and unequivocally states that Aldine is eligible to receive ANHS points totaling 18 and is eligible to receive exurban points totaling 10.

With respect to the "incorporated city" language appearing in the QAP, we do not believe the ambiguity, created by the Department, is material. Presumably the underlying policy of the legislature in awarding points for exurban developments is to encourage developments in urban areas which have been historically underserved by affordable housing units. In our 183,000 person PMA located in an around Aldine, **there is not one single elderly affordable housing unit.** Clearly, our site is in an urban area underserved by affordable units, thus consistent with the Legislature's intent regarding the exurban designation. The fact that it is not incorporated does not affect the fact that it is underserved. Thus, it would be totally arbitrary to award exurban points to areas such as Lubbock, Amarillo, Beaumont, Waco, Odessa and Midland, which are all smaller in population and all over served with elderly affordable units relative to Aldine, while not awarding the same points to Aldine simply because Aldine happens to be unincorporated.

Thank you very much in advance for your consideration of the foregoing and please advise if I can be of further assistance.

Best regards,


Joseph J Lopez

**Housing Tax Credit Program
Board Action Request
June 10, 2004**

Action Item

Request review and board determination of two (2) four percent (4%) tax credit applications with other issuers for tax exempt bond transactions.

Recommendation

Staff is recommending board approval of staff recommendations for the issuance of two (2) four percent (4%) Tax Credit Determination Notice with **other issuers** for tax exempt bond transaction known as:

Development No.	Name	Location	Issuer	Total Units	LI Units	Total Development	Applicant Proposed Tax Exempt Bond Amount	Requested Credit Allocation	Recommended Credit Allocation
04425	The Masters	Dallas	City of Dallas HFC	144	144	\$12,314,736	\$7,400,000	\$511,061	\$500,879
04428	Primrose at Pasadena Apartments	Pasadena	Southeast Texas HFC	248	248	\$20,415,939	\$12,330,000	\$783,565	\$783,565

* This Development has one Employee Occupied Unit.

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

June 10, 2004

Action Item

Presentation, Discussion and Possible Approval for the issuance of Housing Tax Credits for The Masters Apartments.

Summary of the Transaction

The application was received on March 5, 2004. The Issuer for this transaction is the City of Dallas HFC. The development is to be located at 1180 N. Masters Drive in Dallas. The development will consist of 144 total units targeting families, with all affordable. The site is currently properly zoned for such a development. Because the City of Dallas is a municipality that has more than twice the state average of units per capita which is a violation under §50.5(a)(7) of the 2004 Qualified Allocation Plan and Rules, the applicant was required (under the QAP) to obtain a resolution from the city council acknowledging the concentration and authorizing an allocation of tax credits. The resolution was recommended and approved by the city council on May 12, 2004. The Department has received one letter of support from an elected official, Rep. Jesse W. Jones and no letters in opposition. The bond priority for this transaction is:

- Priority 1A:** Set aside **50%** of units that cap rents at 30% of **50%** AMFI **and** Set aside **50%** of units that cap rents at 30% of **60%** AMFI (MUST receive 4% Housing Tax Credits)
- Priority 1B:** Set aside **15%** of units that cap rents at 30% of **30%** AMFI **and** Set aside **85%** of units that cap rents at 30% of **60%** AMFI (MUST receive 4% Housing Tax Credits)
- Priority 1C:** Set aside **100%** of units that cap rents at 30% of **60%** AMFI (Only for projects located in a **census tract with median income that is greater** than the median income of the county MSA, or PMSA that the QCT is located in. (MUST receive 4% Housing Tax Credits)
- Priority 2:** Set aside **100%** of units that cap rents at 30% of **60%** AMFI (MUST receive 4% Housing Tax Credits)
- Priority 3:** Any qualified residential rental development.

Recommendation

Staff recommends the Board approve the issuance of Housing Tax Credits for The Masters Apartments.



**HOUSING TAX CREDIT PROGRAM
2004 HTC/TAX EXEMPT BOND DEVELOPMENT PROFILE AND BOARD SUMMARY**

Texas Department of Housing and Community Affairs

Development Name: **The Masters Apartments**

TDHCA#: 04425

DEVELOPMENT AND OWNER INFORMATION

Development Location: Dallas QCT: Y DDA: N TTC: N
 Development Owner: The Masters Apartments, LP
 General Partner(s): The Masters Apartments I, LLC, 100%, Contact: Granger MacDonald
 Construction Category: New
 Set-Aside Category: Tax Exempt Bond Bond Issuer: City of Dallas HFC
 Development Type: Family

Annual Tax Credit Allocation Calculation

Applicant Request: \$511,061 Eligible Basis Amt: \$500,879 Equity/Gap Amt.: \$592,208

Annual Tax Credit Allocation Recommendation: \$500,879

Total Tax Credit Allocation Over Ten Years: \$ 5,008,790

PROPERTY INFORMATION

Unit and Building Information

Total Units: 144 HTC Units: 144 % of HTC Units: 100
 Gross Square Footage: 143,300 Net Rentable Square Footage: 140,244
 Average Square Footage/Unit: 974
 Number of Buildings: 10
 Currently Occupied: N

Development Cost

Total Cost: \$12,314,736 Total Cost/Net Rentable Sq. Ft.: \$87.81

Income and Expenses

Effective Gross Income:¹ \$1,181,148 Ttl. Expenses: \$568,831 Net Operating Inc.: \$612,317
 Estimated 1st Year DCR: 1.25

DEVELOPMENT TEAM

Consultant: Not Utilized	Manager: Alpha Barnes Real Estates Services
Attorney: J. Micheal Pruitt	Architect: Archon Corp.
Accountant: To Be Determined	Engineer: Hunter Associates Texas, Ltd.
Market Analyst: Butler Burgher	Lender: Boston Capital Corp.
Contractor: G. G. MacDonald, Inc.	Syndicator: Wachovia Securities

PUBLIC COMMENT²

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

1. Gross Income less Vacancy

2. NC - No comment received, O - Opposition, S - Support

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTIFAMILY UNDERWRITING ANALYSIS**

DATE: May 25, 2004

PROGRAM: 4% HTC

FILE NUMBER: 04425

DEVELOPMENT NAME

The Masters Apartments

APPLICANT

Name:	<u>The Masters Apartments, L.P.</u>	Type:	<u>For Profit</u>
Address:	<u>1180 N. Masters Drive</u>	City:	<u>Dallas</u> State: <u>TX</u>
Zip:	<u>75217</u>	Contact:	<u>Granger MacDonald</u> Phone: <u>(830) 257-5323</u> Fax: <u>(830) 257-3168</u>

PRINCIPALS of the APPLICANT/ KEY PARTICIPANTS

Name:	<u>The Masters Apartments I, LLC</u>	(%):	<u>.01</u>	Title:	<u>Managing General Partner</u>
Name:	<u>John Wolcott</u>	(%):	<u>N/A</u>	Title:	<u>33% Member of MGP; 33% owner of Developer</u>
Name:	<u>Resolutions Real Estate Services, Inc.</u>	(%):	<u>N/A</u>	Title:	<u>33% Member of MGP; 33% owner of Developer</u>
Name:	<u>G.G. MacDonald, Inc.</u>	(%):	<u>N/A</u>	Title:	<u>33% Member of MGP; 33% owner of Developer</u>
Name:	<u>Dallas Masters Builders, LLC</u>	(%):	<u>N/A</u>	Title:	<u>Developer</u>

PROPERTY LOCATION

Location: 1180 N. Masters Drive **QCT** **DDA**
City: Dallas **County:** Dallas 75217

REQUEST

<u>Amount</u>	<u>Interest Rate</u>	<u>Amortization</u>	<u>Term</u>
\$511,061	N/A	N/A	N/A
Other Requested Terms:	<u>Annual ten-year allocation of housing tax credits</u>		
Proposed Use of Funds:	<u>New Construction</u>	Property Type:	<u>Multifamily</u>

RECOMMENDATION

RECOMMEND APPROVAL OF AN LIHTC ALLOCATION NOT TO EXCEED \$500,879 ANNUALLY FOR TEN YEARS SUBJECT TO CONDITIONS.

CONDITIONS

1. Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit amount may be warranted.

REVIEW OF PREVIOUS UNDERWRITING REPORTS

No previous reports.

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTIFAMILY UNDERWRITING ANALYSIS**

DEVELOPMENT SPECIFICATIONS

IMPROVEMENTS

Total Units: 144 **# Rental Buildings:** 10 **# Common Area Bldgs:** 2 **# of Floors:** 2 **Age:** N/A **Vacant:** N/A at / /
Net Rentable SF: 140,244 **Av Un SF:** 973.9 **Common Area SF:** 3,056 **Gross Bldg SF:** 143,300

STRUCTURAL MATERIALS

Wood frame on a post-tensioned concrete slab on grade, 40% masonry/brick veneer and 60% Hardiplank siding exterior with wood trim, wall covering with drywall interior wall surfaces with 9 foot ceilings. The roofing will be constructed using composite shingles.

APPLIANCES AND INTERIOR FEATURES

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

ON-SITE AMENITIES

3,056 SF community building with activity room, management offices, fitness & laundry facilities, kitchen, restrooms, computer center, central mailroom, swimming pool, and equipped children's play area. Limited access gates are also planned for the site.

Uncovered Parking: 162 spaces **Carports:** 144 spaces **Garages:** 0 spaces

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Description: The Masters Apartments is a proposed new construction of 144 units of mixed income housing to be located in southeast Dallas. The Masters is a relatively dense development with 19.16 units per acre. The project is to be comprised of 10 residential buildings as follows:

- One Type A Building with 4 one-bedroom/one-bath units and 12 two-bedroom/two-bath units;
- Three Type B Buildings with 16 two-bedroom/two-bath units;
- Four Type C Buildings with 8 one-bedroom/one-bath units, and 8 three-bedroom/two-bath units; and
- Two Type D Buildings with 8 three-bedroom/two-bath units.

Based on the site plan the apartment buildings are distributed evenly throughout the property. The community building and swimming pool are located near the front entrance of the site. The 3,056-square foot community building is planned to have the management office, a community room, exercise room, mail room, computer room, kitchen, restrooms, public telephones, laundry and maintenance facilities.

Architectural Review: The building elevations are both attractive and functional. The buildings are to be average in quality two-story construction with pitched, composition shingle roofs, and should be in excellent condition upon completion of construction.

Supportive Services: The Applicant is contracting with Texas Interfaith Housing Corporation to provide supportive services programs to tenants. The Texas Workforce Commission will also coordinate some tenant services for the development. The tenant services to be provided are money management, credit counseling, financial planning assistance, energy conservation, health, nutrition and safety.

Schedule: The Applicant anticipates construction to begin in July of 2004, to be completed in July of 2005, to be placed in service in July of 2005, and to be substantially leased-up in May of 2006.

SITE ISSUES

SITE DESCRIPTION

Size: 7.5698 acres 329,740 square feet **Zoning/ Permitted Uses:** MF-2(A) Multifamily District
Flood Zone Designation: Zone X **Status of Off-Sites:** Partially Improved

SITE and NEIGHBORHOOD CHARACTERISTICS

Location: The site is a rectangular-shaped parcel located in the southeast area of Dallas, approximately 10

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTIFAMILY UNDERWRITING ANALYSIS**

miles from the central business district. The site is situated on the east side of Masters Drive.

Adjacent Land Uses:

- **North:** multifamily residential, commercial and retail (predominantly 1970's)
- **South:** single family residential (1950's)
- **East:** multifamily residential and commercial (1980's)
- **West:** single family residential (1960's) and retail/commercial

Site Access: Access to the site is from the west along Masters Drive. The development is to have two entries from Masters Drive which is a six-lane, median divided road with turn lanes. Masters Drive is a major north/south thoroughfare in the Primary Market Area (PMA), which from the site leads north to Military Parkway which changes to Town East Boulevard, before it intersects with US 80 to go east to IH 635 or to go north to IH 30 via Gus Thomason Road. Freeway access is less than 2 miles from the site.

Public Transportation: Public transportation is within 50 feet of the site.

Shopping & Services: The site is across the street from one major grocery/pharmacy; is within 1/2 mile of other grocery/pharmacies and shopping centers, and a variety of other retail establishments and restaurants. Schools, churches, hospitals and health care facilities are located within a short driving distance from the site.

Site Inspection Findings: TDHCA staff performed a site inspection on March 9, 2004 and found the location to be acceptable for the proposed development.

HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)

A Phase I Environmental Site Assessment report dated February 4, 2004 was prepared by Alpha Testing, Inc. which concluded that no evidence of recognized environmental conditions exist in connection with the site.

POPULATIONS TARGETED

Income Set-Aside: The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside, although as a Priority 1a private activity bond lottery development the Applicant has elected the 50% at 50% and 50% at 60% option.

MAXIMUM ELIGIBLE INCOMES						
	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
60% of AMI	\$27,960	31,920	35,940	39,900	43,080	46,260

MARKET HIGHLIGHTS

A market feasibility study dated March 23, 2004 was prepared by Butler Burgher, Inc. (Market Analyst) and highlighted the following findings:

Definition of Market/Submarket "The Primary Market Area (PMA) is defined as the portions of the City of Dallas, Mesquite, and Balch Springs that are located south of IH 30, west of IH 635, and north and east of US 175" (p.59).

Population: The estimated 2003 population of the PMA was 128,280 and is expected to increase by 7.03% to approximately 137,292 by 2008. Within the primary market area there were estimated to be 39,877 households in 2003.

Total Local/Submarket Demand for Rental Units: The Market Analyst calculated a total demand of 5,287 qualified households in the PMA, based on the current estimate of 39,877 households, the projected annual growth rate of 1.37%, renter households estimated at 40.5% of the population, income qualified households estimated at 52.55%, and an annual renter turnover rate of 60% (p. 77). The Market Analyst used an income band of \$0 to \$41,490. The Underwriter refined this income band to \$18,480 to \$41,490 which resulted in a somewhat more conservative demand calculation as follows:

ANNUAL INCOME-ELIGIBLE SUBMARKET DEMAND SUMMARY

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTIFAMILY UNDERWRITING ANALYSIS**

Type of Demand	Market Analyst		Underwriter	
	Units of Demand	% of Total Demand	Units of Demand	% of Total Demand
Household Growth	192	3.64%	59	1.8%
Resident Turnover	5,095	96.36%	3,172	98.2%
TOTAL ANNUAL DEMAND	5,287	100%	3,231	100%

Inclusive Capture Rate: The Market Analyst calculated an inclusive capture rate of 9.42% based upon a supply of unstabilized comparable affordable units of 498 divided by a demand of 5,287. The Underwriter calculated an inclusive capture rate of 15.4%. Both estimates include Gateway Village (96 tax credit units), Prairie Commons (56 tax credit units), and the proposed but not yet approved Sphinx of Delafield (204 tax credit units). This is a slightly higher rate, but still acceptable.

Local Housing Authority Waiting List Information: “The Dallas Housing Authority administers 5,762 public housing units along with 16,006 active Section 8 vouchers. There are currently 9,606 households on the public housing waitlist along with 14,911 households on the Section 8 waitlist. It takes approximately two years to clear the waitlist, due, in part, to a lack of funding. New applications to the waiting list are being accepted. Housing Authorities and HUD generally limit the total percentage of vouchers in a subsidized property to 30%” (p. 72).

Market Rent Comparables: The Market Analyst surveyed six comparable apartment projects totaling 1,718 units. “All of the comparables selected are located outside the subject’s primary market area; as there has been virtually no development of conventional multi-family communities in this area since 1990; however, they will be competitive due to quality, amenities, and condition” (p. 81).

RENT ANALYSIS (net tenant-paid rents)					
Unit Type (% AMI)	Proposed	Program Max	Differential	Market	Differential
1-Bedroom (50%)	\$539	\$539	\$0	\$650	-\$111
1-Bedroom (60%)	\$664	\$664	\$0	\$650	\$14
2-Bedroom (50%)	\$642	\$642	\$0	\$905	-\$263
2-Bedroom (60%)	\$792	\$792	\$0	\$905	-\$113
3-Bedroom (50%)	\$738	\$738	\$0	\$1,005	-\$267
3-Bedroom (60%)	\$911	\$911	\$0	\$1,005	-\$94

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

Submarket Vacancy Rates: “The new apartment projects surveyed as competition had occupancies ranging from 83% to 94% with a mean of 89% (stabilized market properties). The HTC product had occupancies that range from 92% to 98% with an average of 95%.

The South Dallas apartment submarket is averaging 82.5% occupancy overall but the 1990+ product is indicating a higher 85.2% occupancy rate.

South Dallas lacks an adequate inventory of quality, affordable housing, however, the submarket has an ample supply of poorly maintained, older complexes, which are deteriorating and do not offer quality housing choices. Unfortunately this is the majority of supply in the subject’s immediate area. New development will spur additional construction in the subject locale. The surveyed affordable comparables had a stabilized occupancy level of 95%” (p. 89).

Absorption Projections: “Considering absorption levels experienced by newly constructed units in the area, and based upon the subject’s unit mix, this property should experience strong absorption levels and should maintain a consistent stabilized occupancy level. An encumbered absorption level of 20 units/month after completion is reasonable for the subject, considering the demand in the market for newly developed, affordable rental housing. Units are typically absorbed at a slower rate at the beginning of pre-leasing, and then at the estimated average absorption rate upon completion of the property. According to the developer, the subject development is scheduled to complete construction in July 2005. Based on these assumptions, the proposed 144 units should be absorbed to a stabilized 92.0% occupancy by November 2005, with encumbered rents” (p. 4).

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Known Planned Development: Currently there are two known planned unit developments in the Primary Market Area, the first being Gateway Village Apartments, a proposed 96 unit HTC property, and the second being the Sphinx at Delafield, a proposed 204 unit HTC property. The Gateway Village is to be located at 4600 Saint Francis Avenue, approximately 6 miles northwest of the subject, and the Sphinx at Delafield Apartments are to be located at 8200 Hoyle Avenue, approximately 5 miles northwest of the subject. The Prairie Commons, a Housing Tax Credit community with 72 two-story rental units (56 tax credit) was completed in March 2004, and has not stabilized as of this date. This property is located approximately 3 miles north of the subject on Military Drive.

Effect on Existing Housing Stock: “The addition of the subject units is not expected to impact the overall vacancy rate of the submarket since the subject is expected to quickly lease-up to stabilization with occupancy in the mid 90%’s” (p. 89).

The Underwriter found the market study to provide sufficient information to complete this report and make a funding recommendation.

OPERATING PROFORMA ANALYSIS

Income: The Applicant’s rent projections are the maximum rents allowed under HTC guidelines, and should be achievable. Estimates of secondary income and vacancy and collection losses are reasonable and in line with TDHCA guidelines; accordingly, the Applicant’s effective gross income estimate is comparable to the Underwriter’s estimate.

Expenses: The Applicant’s total expense estimate of \$3,950 per unit is 3.0% lower than the Underwriter’s derived estimate, an acceptable deviation. However, the Applicant’s budget has two line items that deviate significantly. The first item is general and administrative expenses in which the Applicant’s estimate is \$24K lower than TDHCA’s estimate, and the other is utility expense which is \$19K higher than TDHCA’s.

Conclusion: The Applicant’s estimated income is consistent with the Underwriter’s expectations and total operating expenses are within 5% of the database-derived estimate. Therefore, the Applicant’s NOI should be used to evaluate debt service capacity.

In both the Applicant’s and the Underwriter’s income and expense estimates there is sufficient net operating income to service the proposed first lien permanent mortgage at a debt coverage ratio that is within an acceptable range of TDHCA underwriting guidelines of 1.10 to 1.30.

ACQUISITION VALUATION INFORMATION

ASSESSED VALUE

Land: (7.5698) acres	\$165,200	Assessment for the Year of:	2003
Buildings:	N/A	Valuation by:	Dallas Central Appraisal District
Total Assessed Value:	\$165,200	Tax Rate:	2.88

EVIDENCE of SITE or PROPERTY CONTROL

Type of Site Control:	Earnest Money Contract					
Contract Expiration Date:	03/	30/	2005	Anticipated Closing Date:	06/	30/ 2004
Acquisition Cost:	\$477,000			Other Terms/Conditions:		
Seller:	T.E. Frossard, Jr., Trustee			Related to Development Team Member:	No	

CONSTRUCTION COST ESTIMATE EVALUATION

Acquisition Value: The site cost of \$477,000 (\$1.45/SF or \$63,013/acre) is assumed to be reasonable since the acquisition is an arm’s-length transaction.

Site Cost: The Applicant claimed sitework costs of \$7,156 per unit.

Direct Construction Cost: The Applicant’s costs are more than 5% lower than the Underwriter’s Marshall & Swift Residential Cost Handbook-derived estimate after all of the Applicant’s additional justifications were

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considered. This would suggest that the Applicant's direct construction costs are slightly understated.

Interim Financing Fees: The Underwriter reduced the Applicant's eligible interim financing fees by \$56K to reflect an apparent overestimation of eligible construction loan interest, to bring the eligible interest expense down to one year of fully drawn interest expense.

The Applicant's contractor's and developer's fees for general requirements, general and administrative expenses, and profit all exceed the maximums allowed by TDHCA guidelines, and require a \$163,995 reduction in eligible basis due to an overstatement of the fees in their schedule.

Conclusion: The Applicant's total development cost estimate is within 5% of the Underwriter's verifiable estimate and is therefore generally acceptable. Since the Underwriter has been able to verify the Applicant's projected costs to a reasonable margin, the Applicant's total cost breakdown as adjusted by the Underwriter is used to calculate eligible basis and determine the HTC allocation. As a result an eligible basis of \$10,822,803 is used to determine a credit allocation of \$500,879, which is less than the Applicant's request. The resulting syndication proceeds will be used to compare to the gap of need using the Applicant's cost to determine the recommended credit amount.

FINANCING STRUCTURE

INTERIM TO PERMANENT FINANCING

Source:	Boston Capital Corporation	Contact:	Thomas Dixon	
Principal Amount:	\$7,400,000	Interest Rate:	6.0% estimated underwriting rate.	
Additional Information:				
Amortization:	40 yrs	Term:	18 yrs	Commitment: <input type="checkbox"/> LOI <input type="checkbox"/> Firm <input checked="" type="checkbox"/> Conditional
Annual Payment:	\$519,590	Lien Priority:	1 st	Commitment Date 03 04 2004

LIHTC SYNDICATION

Source:	Wachovia Securities	Contact:	Tim McCann	
Address:	One Wachovia Center, 17 th Floor	City:	Charlotte	
State:	NC	Zip:	28288	Phone: 704 374-3468 Fax: 704 715-0046
Net Proceeds:	\$4,241,380	Net Syndication Rate (per \$1.00 of 10-yr LIHTC)		83¢
Commitment	<input type="checkbox"/> LOI <input type="checkbox"/> Firm <input checked="" type="checkbox"/> Conditional	Date:	03/ 03 2004	
Additional Information:				

APPLICANT EQUITY

Amount:	\$673,356	Source:	Deferred Developer Fee	
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FINANCING STRUCTURE ANALYSIS

Permanent Financing: The tax-exempt bonds are to be issued by the Dallas Housing Finance Corporation and purchased by Boston Capital Corporation. The permanent financing commitment is consistent with the terms reflected in the sources and uses listed in the application.

LIHTC Syndication: The tax credit syndication commitment is consistent with the terms reflected in the sources and uses of funds listed in the application.

Deferred Developer's Fees: The Applicant indicates that deferred developer's fees will reach \$1,440,365 during the construction phase of the development, but will be \$696,356 at the permanent loan stage.

Financing Conclusions: Based on the adjusted estimate of eligible basis, the HTC allocation should not exceed \$500,879 annually for ten years, resulting in syndication proceeds of approximately \$4,156,881. This amount is \$84,499 less than the Applicant's anticipated amount due to the reduction in the eligible basis discussed above. The additional funds are likely to be sourced from additional deferral of developer fees for total deferred developer fees of \$757,855. The deferred developer fee should be repayable from project cash flow within 6 years.

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTIFAMILY UNDERWRITING ANALYSIS**

**DEVELOPMENT TEAM
IDENTITIES of INTEREST**

The Applicant, Developer and General Contractor firms are all related entities. These are common relationships for HTC funded developments.

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

Financial Highlights:

- The Applicant and General Partner are single-purpose entities created for the purpose of receiving assistance from TDHCA and therefore have no material financial statements.
- Resolution Real Estate Services, LLC a 33% owner of the General Partner submitted an unaudited financial statement as of December 15, 2004 reporting total assets of 898K, consisting of \$140K in cash, \$700K in receivables, \$28K in machinery and equipment, and 30K in securities. Liabilities total \$95K, resulting in a net worth of \$803K.
- G.G. MacDonald, Inc. a 33% owner of the General Partner submitted an unaudited financial statement as of September 30, 2003 reporting total assets of \$11.1M consisting of \$39K in cash, \$2.4M in receivables, \$165K in machinery and equipment, and \$8.4M in other assets. Liabilities total just under \$11M, resulting in a net worth of \$136K.
- Managing principals of the General Partner, J. Steve Ford, and G.G. MacDonald, Jr. submitted unaudited personal financial statements as of December 15, 2003 and December 31, 2003 respectively and are anticipated to be guarantors of the development.
- Co-Managing principal of the General Partner, John Wolcott submitted an unaudited person financial statement as of January 30, 2004.

Background & Experience:

- The Applicant and General Partner are new entities formed for the purpose of developing the project.
- G.G. MacDonald, Inc., a principal of the General Partner has participated in 10 HTC housing developments totaling 927 units since 1997.
- Resolution Real Estate Services, LLC, a principal of the General Partner has participated in 11 HTC and mortgage revenue bond financed developments totaling 2,342 units since 1999.

SUMMARY OF SALIENT RISKS AND ISSUES

The Applicant's direct construction costs differ from the Underwriter's Marshall and Swift based estimate by more than 5%.

Underwriter:

David Burrell

Date: May 25, 2004

Director of Real Estate Analysis:

Tom Gouris

Date: May 25, 2004

MULTIFAMILY COMPARATIVE ANALYSIS

The Masters Apartments, Dallas, HTC# 04425

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Net Rent per Unit	Rent per Month	Rent per SF	Tnt Pd Util	Wtr, Swr, Trsh
HTC 50%	18	1	1	680	\$623	\$539	\$9,702	\$0.79	\$84.00	\$51.00
HTC 60%	18	1	1	680	748	650	11,700	0.96	84.00	51.00
HTC 50%	30	2	2	983	748	642	19,260	0.65	106.00	58.00
HTC 60%	30	2	2	983	898	792	23,760	0.81	106.00	58.00
HTC 50%	24	3	2	1,183	864	738	17,712	0.62	126.00	67.00
HTC 60%	24	3	2	1,183	1,037	911	21,864	0.77	126.00	67.00
TOTAL:	144		AVERAGE:	974	\$831	\$722	\$103,998	\$0.74	\$107.17	\$59.25

INCOME Total Net Rentable Sq Ft: **140,244**

POTENTIAL GROSS RENT

Secondary Income Per Unit Per Month: \$15.00

Other Support Income: (describe)

POTENTIAL GROSS INCOME

Vacancy & Collection Loss % of Potential Gross Income: -7.50%

Employee or Other Non-Rental Units or Concessions

EFFECTIVE GROSS INCOME

TDHCA	APPLICANT
\$1,247,976	\$1,251,000
25,920	25,920
0	0
\$1,273,896	\$1,276,920
(95,542)	(95,772)
0	0
\$1,178,354	\$1,181,148

Comptroller's Region **3**

IREM Region **Dallas**

Per Unit Per Month \$15.00

-7.50% of Potential Gross Rent

EXPENSES

	% OF EGI	PER UNIT	PER SQ FT
General & Administrative	4.99%	\$408	0.42
Management	5.00%	409	0.42
Payroll & Payroll Tax	10.45%	855	0.88
Repairs & Maintenance	6.32%	517	0.53
Utilities	1.96%	160	0.16
Water, Sewer, & Trash	5.39%	441	0.45
Property Insurance	2.98%	243	0.25
Property Tax 2.88	8.84%	723	0.74
Reserve for Replacements	2.44%	200	0.21
Other Expenses:	1.48%	121	0.12
TOTAL EXPENSES	49.83%	\$4,078	\$4.19
NET OPERATING INC	50.17%	\$4,105	\$4.22

TDHCA	APPLICANT
\$58,751	\$34,500
58,918	59,617
\$123,120	119,000
74,486	71,030
23,040	42,600
63,499	67,260
35,061	33,600
104,112	95,000
28,800	28,800
17,424	17,424
\$587,211	\$568,831
\$591,143	\$612,317

PER SQ FT	PER UNIT	% OF EGI
\$0.25	\$240	2.92%
0.43	414	5.05%
0.85	826	10.07%
0.51	493	6.01%
0.30	296	3.61%
0.48	467	5.69%
0.24	233	2.84%
0.68	660	8.04%
0.21	200	2.44%
0.12	121	1.48%
\$4.06	\$3,950	48.16%
\$4.37	\$4,252	51.84%

DEBT SERVICE

Boston Capital Corp.	41.46%	\$3,393	\$3.48
Additional Financing	0.00%	\$0	\$0.00
Additional Financing	0.00%	\$0	\$0.00
NET CASH FLOW	8.70%	\$712	\$0.73

\$488,590	\$519,590
0	0
0	0
\$102,554	\$92,727

\$3.70	\$3,608	43.99%
\$0.00	\$0	0.00%
\$0.00	\$0	0.00%
\$0.66	\$644	7.85%

AGGREGATE DEBT COVERAGE RATIO 1.21

RECOMMENDED DEBT COVERAGE RATIO 1.18

1.21	1.18
1.25	

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT
Acquisition Cost (site or bldg)		3.71%	\$3,313	\$3.40
Off-Sites		0.00%	0	0.00
Sitework		8.01%	7,156	7.35
Direct Construction		47.69%	42,584	43.72
Contingency	4.54%	2.53%	2,257	2.32
General Req'ts	5.89%	3.28%	2,929	3.01
Contractor's G & A	2.00%	1.11%	995	1.02
Contractor's Profit	5.89%	3.28%	2,929	3.01
Indirect Construction		4.35%	3,889	3.99
Ineligible Costs		5.45%	4,868	5.00
Developer's G & A	1.92%	1.49%	1,334	1.37
Developer's Profit	12.49%	9.71%	8,669	8.90
Interim Financing		7.50%	6,694	6.87
Reserves		1.89%	1,685	1.73
TOTAL COST		100.00%	\$89,300	\$91.69
Recap-Hard Construction Costs		65.90%	\$58,849	\$60.43

TDHCA	APPLICANT
\$477,000	\$477,000
0	0
1,030,500	1,030,500
6,132,135	5,602,950
325,000	325,000
421,707	421,707
143,253	220,569
421,707	421,707
560,000	560,000
700,938	700,938
192,049	192,049
1,248,316	1,248,316
964,000	964,000
242,665	150,000
\$12,859,269	\$12,314,736
\$8,474,302	\$8,022,433

PER SQ FT	PER UNIT	% of TOTAL
\$3.40	\$3,313	3.87%
0.00	0	0.00%
7.35	7,156	8.37%
39.95	38,909	45.50%
2.32	2,257	2.64%
3.01	2,929	3.42%
1.57	1,532	1.79%
3.01	2,929	3.42%
3.99	3,889	4.55%
5.00	4,868	5.69%
1.37	1,334	1.56%
8.90	8,669	10.14%
6.87	6,694	7.83%
1.07	1,042	1.22%
\$87.81	\$85,519	100.00%
\$57.20	\$55,711	65.14%

SOURCES OF FUNDS

Boston Capital Corp.	57.55%	\$51,389	\$52.77
Additional Financing	0.00%	\$0	\$0.00
HTC Syndication Proceeds	32.98%	\$29,454	\$30.24
Deferred Developer Fees	5.24%	\$4,676	\$4.80
Additional (excess) Funds Required	4.23%	\$3,781	\$3.88
TOTAL SOURCES			

\$7,400,000	\$7,400,000
0	0
4,241,380	4,241,380
673,356	673,356
544,533	0
\$12,859,269	\$12,314,736

RECOMMENDED

\$7,400,000	Developer Fee Available
0	\$1,411,670
4,156,881	% of Dev. Fee Deferred
757,855	54%
0	15-Yr Cumulative Cash Flow
\$12,314,736	\$3,263,381.03

MULTIFAMILY COMPARATIVE ANALYSIS (continued)
The Masters Apartments, Dallas, HTC# 04425

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook

Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$43.94	\$6,162,844
Adjustments				
Exterior Wall Finish	3.80%		\$1.67	\$234,188
Elderly/9-Ft. Ceilings	3.40%		1.49	209,537
Roofing			0.00	0
Subfloor			(1.02)	(142,348)
Floor Cover			2.00	280,488
Porches/Balconies	\$17.59	13,786	1.73	242,489
Plumbing	\$605	324	1.40	196,020
Built-In Appliances	\$1,650	144	1.69	237,600
Stairs/Fireplaces	\$1,475	36	0.38	53,100
Floor Insulation			0.00	0
Heating/Cooling			1.53	214,573
Garages/Carports	\$8.18	28,800	1.68	235,584
Comm &/or Aux Bldgs	\$63.40	3,056	1.38	193,738
Other:			0.00	0
SUBTOTAL			57.88	8,117,813
Current Cost Multiplier	1.03		1.74	243,534
Local Multiplier	0.90		(5.79)	(811,781)
TOTAL DIRECT CONSTRUCTION COSTS			\$53.83	\$7,549,566
Plans, specs, survy, bld prm	3.90%		(\$2.10)	(\$294,433)
Interim Construction Interest	3.38%		(1.82)	(254,798)
Contractor's OH & Profit	11.50%		(6.19)	(868,200)
NET DIRECT CONSTRUCTION COSTS			\$43.72	\$6,132,135

PAYMENT COMPUTATION

Primary	\$7,400,000	Amort	480
Int Rate	6.00%	DCR	1.21

Secondary	\$0	Amort	
Int Rate	0.00%	Subtotal DCR	1.21

Additional		Amort	
Int Rate		Aggregate DCR	1.21

COMMENDED FINANCING STRUCTURE APPLICANT'S NC

Primary Debt Service	\$488,590
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	\$123,727

Primary	\$7,400,000	Amort	480
Int Rate	6.00%	DCR	1.25

Secondary	\$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.25

Additional	\$0	Amort	0
Int Rate	0.00%	Aggregate DCR	1.25

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE (APPLICANT'S NOI)

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$1,251,000	\$1,288,530	\$1,327,186	\$1,367,001	\$1,408,012	\$1,632,271	\$1,892,250	\$2,193,636	\$2,948,063
Secondary Income	25,920	26,698	27,499	28,323	29,173	33,820	39,206	45,451	61,082
Contractor's Profit	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	1,276,920	1,315,228	1,354,684	1,395,325	1,437,185	1,666,091	1,931,456	2,239,087	3,009,146
Vacancy & Collection Loss	(95,772)	(98,642)	(101,601)	(104,649)	(107,789)	(124,957)	(144,859)	(167,932)	(225,686)
Developer's G & A	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	\$1,181,148	\$1,216,586	\$1,253,083	\$1,290,676	\$1,329,396	\$1,541,134	\$1,786,597	\$2,071,155	\$2,783,460
EXPENSES at 4.00%									
General & Administrative	\$34,500	\$35,880	\$37,315	\$38,808	\$40,360	\$49,104	\$59,743	\$72,686	\$107,593
Management	59,617	61405.666	63247.83594	65145.27102	67099.62915	77786.86047	90176.29067	104539.0359	140491.7226
Payroll & Payroll Tax	119,000	123,760	128,710	133,859	139,213	169,374	206,069	250,715	371,120
Repairs & Maintenance	71,030	73,871	76,826	79,899	83,095	101,098	123,001	149,649	221,518
Utilities	42,600	44,304	46,076	47,919	49,836	60,633	73,769	89,752	132,855
Water, Sewer & Trash	67,260	69,950	72,748	75,658	78,685	95,732	116,473	141,707	209,760
Insurance	33,600	34,944	36,342	37,795	39,307	47,823	58,184	70,790	104,787
Property Tax	95,000	98,800	102,752	106,862	111,137	135,215	164,509	200,151	296,272
Reserve for Replacements	28,800	29,952	31,150	32,396	33,692	40,991	49,872	60,677	89,817
Other	17,424	18,121	18,846	19,600	20,384	24,800	30,173	36,710	54,339
TOTAL EXPENSES	\$568,831	\$590,988	\$614,014	\$637,942	\$662,808	\$802,557	\$971,970	\$1,177,376	\$1,728,553
NET OPERATING INCOME	\$612,317	\$625,597	\$639,069	\$652,734	\$666,588	\$738,577	\$814,627	\$893,779	\$1,054,907
DEBT SERVICE									
First Lien Financing	\$488,590	\$488,590	\$488,590	\$488,590	\$488,590	\$488,590	\$488,590	\$488,590	\$488,590
Second Lien	0	0	0	0	0	0	0	0	0
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	\$123,727	\$137,008	\$150,480	\$164,144	\$177,998	\$249,987	\$326,037	\$405,190	\$566,317
DEBT COVERAGE RATIO	1.25	1.28	1.31	1.34	1.36	1.51	1.67	1.83	2.16

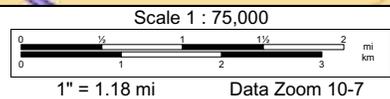
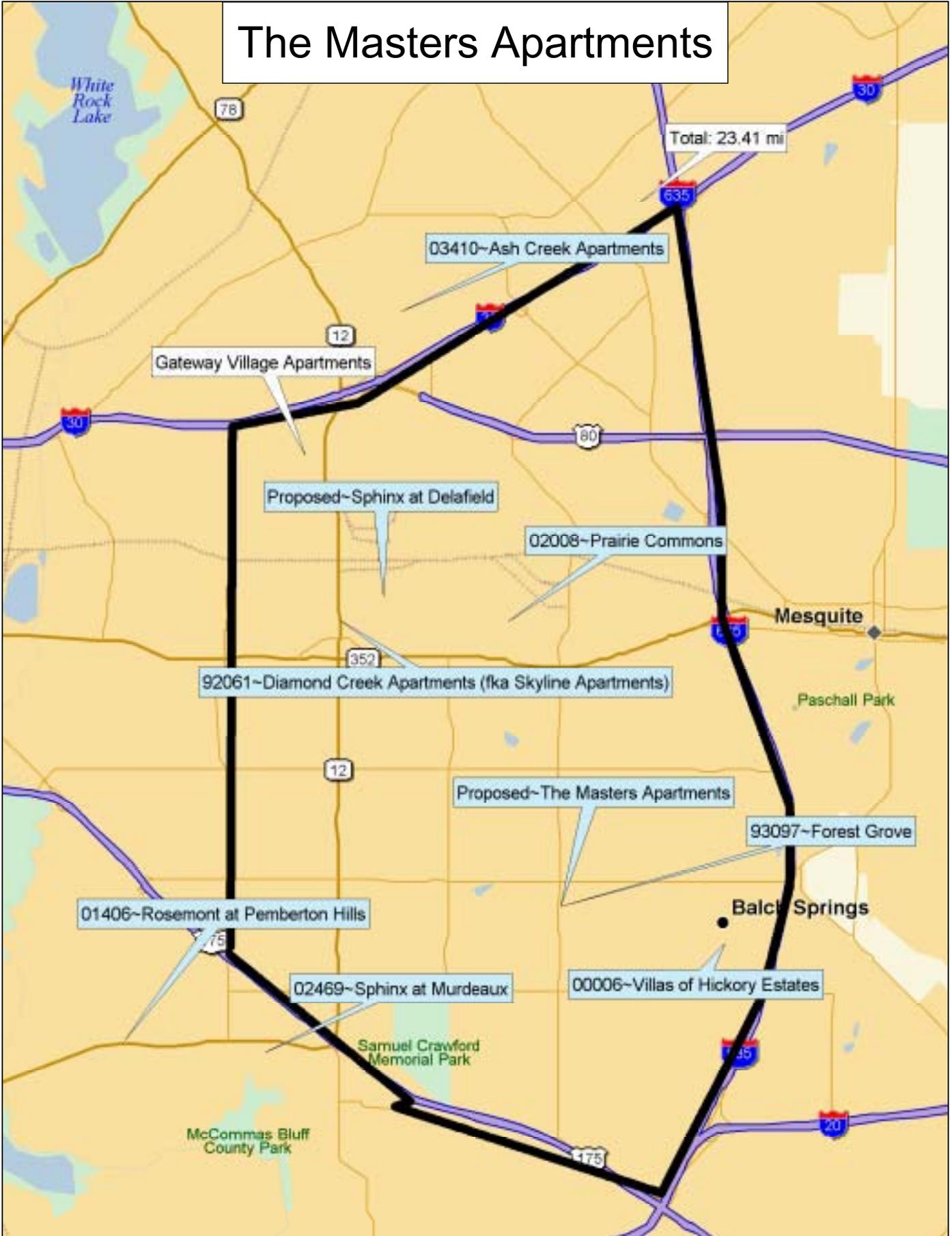
LIHTC Allocation Calculation - The Masters Apartments, Dallas, HTC# 04425

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
(1) Acquisition Cost				
Purchase of land	\$477,000	\$477,000		
Purchase of buildings				
(2) Rehabilitation/New Construction Cost				
On-site work	\$1,030,500	\$1,030,500	\$1,030,500	\$1,030,500
Off-site improvements				
(3) Construction Hard Costs				
New structures/rehabilitation hard costs	\$5,602,950	\$6,132,135	\$5,602,950	\$6,132,135
(4) Contractor Fees & General Requirements				
Contractor overhead	\$220,569	\$143,253	\$132,669	\$143,253
Contractor profit	\$421,707	\$421,707	\$398,007	\$421,707
General requirements	\$421,707	\$421,707	\$398,007	\$421,707
(5) Contingencies	\$325,000	\$325,000	\$325,000	\$325,000
(6) Eligible Indirect Fees	\$560,000	\$560,000	\$560,000	\$560,000
(7) Eligible Financing Fees	\$964,000	\$964,000	\$964,000	\$964,000
(8) All Ineligible Costs	\$700,938	\$700,938		
(9) Developer Fees			\$1,411,670	
Developer overhead	\$192,049	\$192,049		\$192,049
Developer fee	\$1,248,316	\$1,248,316		\$1,248,316
(10) Development Reserves	\$150,000	\$242,665		
TOTAL DEVELOPMENT COSTS	\$12,314,736	\$12,859,269	\$10,822,803	\$11,438,667

Deduct from Basis:			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
TOTAL ELIGIBLE BASIS		\$10,822,803	\$11,438,667
High Cost Area Adjustment		130%	130%
TOTAL ADJUSTED BASIS		\$14,069,644	\$14,870,267
Applicable Fraction		100%	100%
TOTAL QUALIFIED BASIS		\$14,069,644	\$14,870,267
Applicable Percentage		3.56%	3.56%
TOTAL AMOUNT OF TAX CREDITS		\$500,879	\$529,381

Syndication Proceeds	0.8299	\$4,156,881	\$4,393,425
Total Credits (Eligible Basis Method)		\$500,879	\$529,381
Syndication Proceeds		\$4,156,881	\$4,393,425
Requested Credits		\$511,061	
Syndication Proceeds		\$4,241,380	
Gap of Syndication Proceeds Needed		\$4,914,736	
Credit Amount		\$592,196	

The Masters Apartments



Developer Evaluation

Project ID # **04425**

Name: **The Masters Apartments**

City:

LIHTC 9% LIHTC 4% HOME BOND HTF SECO ESGP Other

No Previous Participation in Texas Members of the development team have been disbarred by HUD

National Previous Participation Certification Received: N/A Yes No

Noncompliance Reported on National Previous Participation Certification: Yes No

Portfolio Management and Compliance

Projects in Material Noncompliance: No Yes # of Projects: 0

Total # of Projects monitored: 8 Projects grouped by score 0-9 8 10-19 0 20-29 0

Total # monitored with a score less than 30: 8 # not yet monitored or pending review: 10

Program Monitoring/Draws

Not applicable Review pending No unresolved issues Unresolved issues found
Unresolved issues found that warrant disqualification (Additional information/comments must be attached)

Asset Management

Not applicable Review pending No unresolved issues Unresolved issues found
Unresolved issues found that warrant disqualification (Additional information/comments must be attached)

Reviewed by Sara Carr Newsom Date 4/5/2004

Multifamily Finance Production

Not applicable Review pending No unresolved issues Unresolved issues found
Unresolved issues found that warrant disqualification (Additional information/comments must be attached)

Reviewed by S Roth Date 3/31/2004

Single Family Finance Production

Not applicable Review pending No unresolved issues Unresolved issues found
Unresolved issues found that warrant disqualification (Additional information/comments must be attached)

Reviewed by _____ Date _____

Community Affairs

Not applicable Review pending No unresolved issues Unresolved issues found
Unresolved issues found that warrant disqualification (Additional information/comments must be attached)

Reviewed by _____ Date _____

Office of Colonia Initiatives

Not applicable Review pending No unresolved issues Unresolved issues found
Unresolved issues found that warrant disqualification (Additional information/comments must be attached)

Reviewed by _____ Date _____

Real Estate Analysis (Cost Certification and Workout)

Not applicable Review pending No unresolved issues Unresolved issues found
Unresolved issues found that warrant disqualification (Additional information/comments must be attached)

Reviewed by _____ Date _____

Loan Administration

Not applicable No delinquencies found Delinquencies found
Delinquencies found that warrant disqualification (Additional information/comments must be attached)

Reviewed by Stephanie A. D'Couto Date 3/31/2004

Executive Director: Edwina Carrington

Executed: 6/2/2004

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

June 10, 2004

Action Item

Presentation, Discussion and Possible Approval for the issuance of Housing Tax Credits for Primrose at Pasadena Apartments.

Summary of the Transaction

The application was received on March 5, 2004. The Issuer for this transaction is Southeast Texas HFC. The development is to be located at the SWC of Pasadena Boulevard and Beltway 8 in Pasadena. The development will consist of 248 total units targeting the elderly population, with all affordable. The site is currently properly zoned for such a development. The Department has received no letters of support and no letters in opposition. The bond priority for this transaction is:

- Priority 1A:** Set aside **50%** of units that cap rents at 30% of **50%** AMFI **and** Set aside **50%** of units that cap rents at 30% of **60%** AMFI (MUST receive 4% Housing Tax Credits)
- Priority 1B:** Set aside **15%** of units that cap rents at 30% of **30%** AMFI **and** Set aside **85%** of units that cap rents at 30% of **60%** AMFI (MUST receive 4% Housing Tax Credits)
- Priority 1C:** Set aside **100%** of units that cap rents at 30% of **60%** AMFI (Only for projects located in a **census tract with median income that is greater** than the median income of the county MSA, or PMSA that the QCT is located in. (MUST receive 4% Housing Tax Credits)
- Priority 2:** Set aside **100%** of units that cap rents at 30% of **60%** AMFI (MUST receive 4% Housing Tax Credits)
- Priority 3:** Any qualified residential rental development.

Recommendation

Staff recommends the Board approve the issuance of Housing Tax Credits for Primrose at Pasadena Apartments.



**HOUSING TAX CREDIT PROGRAM
2004 HTC/TAX EXEMPT BOND DEVELOPMENT PROFILE AND BOARD SUMMARY**

Texas Department of Housing and Community Affairs

Development Name: **Primrose at Pasadena Apartments**

TDHCA#: 04428

DEVELOPMENT AND OWNER INFORMATION

Development Location: Pasadena QCT: Y DDA: N TTC: N
 Development Owner: TX Pasadena Housing, LP
 General Partner(s): TX Pasadena Housing GP, LLC, 100%, Contact: Brian Potashnik
 Construction Category: New
 Set-Aside Category: Tax Exempt Bond Bond Issuer: Southeast TX HFC
 Development Type: Elderly

Annual Tax Credit Allocation Calculation

Applicant Request: \$783,565 Eligible Basis Amt: \$818,033 Equity/Gap Amt.: \$1,026,437
Annual Tax Credit Allocation Recommendation: \$783,565
 Total Tax Credit Allocation Over Ten Years: \$7,835,650

PROPERTY INFORMATION

Unit and Building Information

Total Units: 248 HTC Units: 248 % of HTC Units: 100
 Gross Square Footage: 227,036 Net Rentable Square Footage: 221,448
 Average Square Footage/Unit: 893
 Number of Buildings: 6
 Currently Occupied: N

Development Cost

Total Cost: \$20,415,939 Total Cost/Net Rentable Sq. Ft.: \$92.19

Income and Expenses

Effective Gross Income:¹ \$1,801,104 Ttl. Expenses: \$874,678 Net Operating Inc.: \$926,426
 Estimated 1st Year DCR: 1.10

DEVELOPMENT TEAM

Consultant: Not Utilized Manager: Southwest Housing Management Corp.
 Attorney: Shackelford, Melton & McKinley Architect: Beeler Guest Owens Architects, LP
 Accountant: Reznick, Fedder & Silverman Engineer: To Be Determined
 Market Analyst: O'Connor & Assoc. Lender: MMA Financial, LLC
 Contractor: Affordable Housing Construction Syndicator: MMA Financial, LLC

PUBLIC COMMENT²

From Citizens:	From Legislators or Local Officials:
# in Support: 0	Sen. Mario Gallegos, District 6 - NC
# in Opposition: 0	Rep. Robert Talton, District 144 - NC
	Mayor John Manlove - NC
	Miles G. Arena, Community Development Administrator, City of Pasadena;
	Consistent with the local Consolidated Plan.

1. Gross Income less Vacancy

2. NC - No comment received, O - Opposition, S - Support

CONDITION(S) TO COMMITMENT

1. Per §50.12(c) of the Qualified Allocation Plan and Rules, all Tax Exempt Bond Project Applications “must provide an executed agreement with a qualified service provider for the provision of special supportive services that would otherwise not be available for the tenants. The provision of such services will be included in the Declaration of Land Use Restrictive Covenants (“LURA”).
2. Receipt, review, and acceptance of a current financial statement from Southeast Texas Housing Partners, Inc.
3. Receipt, review, and acceptance of an ad valorem property tax exemption or reduced property taxes of at least 50% by cost certification.
4. Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit amount may be warranted.

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

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

Other Comments including discretionary factors (if applicable).

Robert Onion, Multifamily Finance Manager

Date

Brooke Boston, Director of Multifamily Finance Production Date

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

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

Other Comments including discretionary factors (if applicable)._____

Edwina P. Carrington, Executive Director

Date

Chairman of Executive Award and Review Advisory Committee

TDHCA Board of Director’s Approval and description of discretionary factors (if applicable).

Chairperson Signature: _____

Elizabeth Anderson, Chairman of the Board

Date

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTIFAMILY UNDERWRITING ANALYSIS**

DATE: May 24, 2004

PROGRAM: 4% HTC

FILE NUMBER: 04428

DEVELOPMENT NAME

Primrose at Pasadena Apartments

APPLICANT

Name:	<u>TX Pasadena Housing, L.P.</u>	Type:	<u>For Profit w/ Non-profit General Partner</u>		
Address:	<u>5910 North Central Expressway, Suite 1145</u>	City:	<u>Dallas</u>	State:	<u>TX</u>
Zip:	<u>75206</u>	Contact:	<u>Deepak Sulakhe</u>	Phone:	<u>(214) 891-1402</u>
		Fax:	<u>(214) 987-4032</u>		

PRINCIPALS of the APPLICANT/ KEY PARTICIPANTS

Name:	<u>TX Pasadena Housing GP, LLC</u>	(%):	<u>.01</u>	Title:	<u>Managing General Partner</u>
Name:	<u>Southeast Texas Housing Partners, Inc.</u>	(%):	<u>N/A</u>	Title:	<u>100% Owner of MGP</u>
Name:	<u>TX Pasadena Development, LLC</u>	(%):	<u>.01</u>	Title:	<u>Special Limited Partner</u>
Name:	<u>Brian Potashnik</u>	(%):	<u>N/A</u>	Title:	<u>100% Owner of SLP</u>
Name:	<u>Southwest Housing Development Co., Inc.</u>	(%):	<u>N/A</u>	Title:	<u>Developer</u>
Name:	<u>Brian Potashnik</u>	(%):	<u>N/A</u>	Title:	<u>100% Owner of Developer</u>

PROPERTY LOCATION

Location: SWC of Pasadena Boulevard and Beltway 8 **QCT** **DDA**
City: Pasadena **County:** Harris **Zip:** 77503

REQUEST

<u>Amount</u>	<u>Interest Rate</u>	<u>Amortization</u>	<u>Term</u>
\$783,565	N/A	N/A	N/A
Other Requested Terms: <u>Annual ten-year allocation of low-income housing tax credits</u>			
Proposed Use of Funds: <u>New Construction</u>		Property Type: <u>Elderly</u>	

RECOMMENDATION

RECOMMEND APPROVAL OF A HOUSING TAX CREDIT ALLOCATION NOT TO EXCEED \$783,565 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

CONDITIONS

1. Receipt, review, and acceptance of a current financial statement from Southeast Texas Housing Partners, Inc.
2. Receipt, review, and acceptance of a ad valorem property tax exemption or reduced property taxes of at least 50% by cost cert.
3. Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit amount may be warranted.

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTIFAMILY UNDERWRITING ANALYSIS**

REVIEW of PREVIOUS UNDERWRITING REPORTS

No previous reports.

DEVELOPMENT SPECIFICATIONS

IMPROVEMENTS

Total Units: 248 **# Rental Buildings:** 6 **# Common Area Bldgs:** 1 **# of Floors:** 3 **Age:** N/A yrs

Net Rentable SF: 221,448 **Av Un SF:** 893 **Common Area SF:** 5,588 **Gross Bldg SF:** 227,036

STRUCTURAL MATERIALS

The structure will be wood frame on a post-tensioned concrete slab on grade. According to the plans provided in the application the exterior will be comprised as follows: 25% stone veneer/75% stucco. The interior wall surfaces will be painted or papered drywall. The pitched roof will be finished with asphalt composite shingles.

APPLIANCES AND INTERIOR FEATURES

The interior flooring will be a combination of carpeting & ceramic tile. Each unit will include: range & oven, hood & fan, garbage disposal, dishwasher, refrigerator, microwave oven, tile tub/shower, washer & dryer connections, ceiling fans, laminated counter tops, cable, & 9-foot ceilings.

ON-SITE AMENITIES

A 5,588-square foot community building will include: activity room, management offices, fitness center, kitchen, restrooms, computer/business center, and media room along with a swimming pool which will be located near the entrance to the property. In addition, perimeter fencing with limited access gates is also planned for the site. Each building will also have a elevator.

Uncovered Parking: 551 spaces **Carports:** 0 spaces **Garages:** 0 spaces

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Description: Primrose at Pasadena is a relatively dense (16.26 units per acre) new construction development of 248 units of affordable housing located in Pasadena which is approximately 13 miles southeast of the Houston Business District. The development is comprised of six evenly distributed large elevator served low-rise residential buildings as follows:

- Three Type B Buildings with twelve one-bedroom/one-bath units, twelve two-bedroom/one-bath units and twelve two-bedroom/two-bath units;
- Two Type C Buildings with eighteen one-bedroom/one-bath units, six two- bedroom/one-bath units and twenty-four two-bedroom/two-bath units;
- One Type C1 Building with eighteen one-bedroom/one-bath units, six two-bedroom/one-bath units and twenty two-bedroom/two-bath units;

Supportive Services: The Applicant has contracted with Housing Services of Texas to provide supportive services to tenants with the focus on enriching the lives of the families at the property with a special emphasis on the needs of the elderly. The services will consist of: scheduled transportation, activity coordination, spiritual wellness, exercise programs, food assistance programs, benefits counseling, prescription program, health education programs, computer classes, outings and trips, meals on wheels, and financial assistance. These services will be provided at no cost to tenants. The contract requires the Applicant to provide, furnish, and maintain facilities in the community building for provision of the services, plus pay \$24,800 per year for these support services.

SITE ISSUES

SITE DESCRIPTION

Size: 15.25 acres 664,290 square feet **Zoning/ Permitted Uses:** No zoning in Pasadena

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

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTIFAMILY UNDERWRITING ANALYSIS**

SITE and NEIGHBORHOOD CHARACTERISTICS

Location: The site is an irregularly-shaped parcel located at the southwest corner of Pasadena Boulevard and Beltway 8, in Pasadena, Harris County.

Adjacent Land Uses:

- **North:** Pasadena Boulevard and a former Randall’s shopping center beyond
- **South:** single-family residential development
- **East:** Beltway 8 (Sam Houston Tollway) and a Cinemark theater beyond
- **West:** vacant parcel of land

Site Access: Access to the property is from the north along the feeder road to Beltway 8 or from the east or west from Pasadena Boulevard. The development is to have one main entry off of the feeder road to Beltway 8 and a second entry off of Pasadena Boulevard. Access to Beltway 8 (Sam Houston Tollway) is immediately east, which provides connections to all other major roads serving the Pasadena and Greater Houston area.

Public Transportation: Public transportation is available in Pasadena. The location of the nearest stop was not identified in the application materials.

Shopping & Services: “Numerous single-tenant and small neighborhood retail centers are scattered throughout the neighborhood. Crossroads Shopping Center is located within the subject neighborhood near the intersection of Spencer Highway and Red Bluff. Pasadena Plaza Shopping Center is located near the intersection of Spencer Highway and Shaver.” (p.25)

Site Inspection Findings: TDHCA staff performed a site inspection on April 6, 2004 and found the location to be acceptable for the proposed development.

HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)

A Phase I Environmental Site Assessment report dated April 8, 2004 was prepared by Alpha Testing, Inc. and contained the following findings and recommendations: “This assessment has revealed no evidence of recognized environmental conditions in connection with the Site.” (p. 20)

POPULATIONS TARGETED

Income Set-Aside: The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside, although as a Priority 1 private activity bond lottery development the Applicant has elected the 50% at 50% / 50% at 60% option.

MAXIMUM ELIGIBLE INCOMES						
	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
60% of AMI	\$25,620	\$29,280	\$32,940	\$36,600	\$39,540	\$42,480

MARKET HIGHLIGHTS

A market feasibility study dated April 5, 2004 was prepared by Patrick O’Connor & Associates, L.P. (“Market Analyst”) and highlighted the following findings:

Definition of Primary Market Area (PMA): “.....the subject’s PMA is generally defined as being bound by the Houston Ship Channel to the north; Allen-Genoa and Genoa-Red Bluff Roads to the south, Red Bluff, Luella and Georgia Roads to the east, and Scarborough and Allen-Genoa Road to the west.” (p. 24). This area encompasses approximately 49 square miles and is equivalent to a circle with a radius of 3.9 miles.

Population: The estimated 2003 population of the PMA was 146,992 and is expected to increase by 6.3% to approximately 156,272 by 2008. Within the primary market area there were estimated to be 48,254 households in 2003.

Total Primary Market Demand for Rental Units: The Market Analyst calculated a total demand of 528 qualified seniors households in the PMA, based on the current estimate of 48,695 households, the projected annual growth rate of 2%, renter income-qualified households estimated at 11.3% of the population, targeted

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTIFAMILY UNDERWRITING ANALYSIS**

seniors households estimated at 14.3%, and an annual renter turnover rate of 60 %. (p. 70). The Market Analyst used an income band of \$17,760 to \$32,940.

ANNUAL INCOME-ELIGIBLE SUBMARKET DEMAND SUMMARY				
Type of Demand	Market Analyst		Underwriter	
	Units of Demand	% of Total Demand	Units of Demand	% of Total Demand
Household Growth	11	2%	8	2%
Resident Turnover	467	89%	472	89%
Other Sources: Sources not accounted for	48	9%	48	9%
TOTAL ANNUAL DEMAND	526	100%	528	100%

Ref: p. 70

Inclusive Capture Rate: The Market Analyst calculated an inclusive capture rate of 64.47% based upon 526 units of demand and 339 unstabilized affordable housing in the PMA (including the subject) (p. 71). The Underwriter calculated a comparable inclusive capture rate of 64.2% based upon a slightly higher demand estimate of 528 units. Both capture rates are within the 100% tolerance for developments targeting seniors.

Market Rent Comparables: The Market Analyst surveyed five comparable apartment projects totaling 1,054 units in the market area. “The majority of the apartment facilities in the subject’s primary market are older, less appealing projects. It is our opinion that rental rates will show moderate increases over the next few years. With continued demand and negligible new construction, the supply of available apartment product is declining.” (p. 44)

RENT ANALYSIS (net tenant-paid rents)					
Unit Type (% AMI)	Proposed	Program Max	Differential	Est. Market	Differential
1-Bedroom (50%)	\$518	\$519	-\$1	\$695	-\$177
1-Bedroom (60%)	\$633	\$634	-\$1	\$695	-\$62
2-Bedroom (50%) 950 SF	\$611	\$612	-\$1	\$865	-\$254
2-Bedroom (50%) 987 SF	\$611	\$612	-\$1	\$920	-\$309
2-Bedroom (60%) 987 SF	\$748	\$749	-\$1	\$920	-\$172

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

Primary Market Occupancy Rates: “The overall occupancy rate for projects in this primary market area was 90.23% as of March 2004. Occupancy rates for Class B projects were slightly higher at 91.90%.” (p. 35)

Absorption Projections: “The subject property will achieve stabilized occupancy within eight to twelve months following completion.” (p. 77)

Known Planned Development: “Based on our research, there is no affordable Seniors housing project (other than the subject property) currently under construction or approved for construction in the subject’s primary market.” (p. 76)

Effect on Existing Housing Stock: “Based on the high occupancy levels of the existing properties in the market, along with the strong recent absorption history, we project that the subject property will have minimal sustained negative impact upon the existing apartment market. Any negative impact from the subject property should be of reasonable scope and limited duration.” (p. 77)

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

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTIFAMILY UNDERWRITING ANALYSIS**

OPERATING PROFORMA ANALYSIS

Income: The Applicant's chose to round the rents down for each unit; therefore, causing the gross rent figure to be \$2,062 less than the maximum rents allowed under HTC guidelines, and is achievable according to the Market Analyst. It should be noted, that the Applicant plans to develop the complex with a central water heating system and therefore the tenants will not be responsible for water heating utility costs. Estimates of secondary income are in line with TDHCA's underwriting guidelines. The Applicant utilized a lower vacancy and collection loss rate of 7% that contributed to the \$7.8K higher gross income estimate than the Underwriter's estimate. As a result of these differences the Applicant's effective gross income estimate is \$7,822 greater than the Underwriter's estimate.

Expenses: The Applicant's total expense estimate of \$3,359 per unit is greater than 5% below the Underwriter's estimate. Several of the Applicant's line-item projections also varied significantly as compared to the Underwriter's estimates; in particular, general and administrative is \$38.3K less. The Underwriter discussed these differences with the Applicant but was unable to reconcile them even with additional information provided by the Applicant. The Applicant also included a 50% property tax exemption for which the property appears to be eligible as a result of the non-profit general partner. Due to changes in the legislation however, taxing authorities have more ability in some jurisdictions to override this legislated exemption. Without at least a 50% exemption, the transaction becomes significantly less feasible and with no exemption the requested deferred developer fee would not be repayable in 15 years. Therefore receipt review and acceptance of a property tax exemption or pilot reflecting at least a 50% exemption is a condition of this report.

Conclusion: The Applicant's total estimated operating expenses and net operating income (NOI) estimates are not within 5% of the Underwriter's estimates. Therefore, the Underwriter's NOI will be used to evaluate debt service capacity. Due primarily to the difference in estimated operating expenses, the Underwriter's estimated debt coverage ratio (DCR) of 1.07 is less than the program minimum standard of 1.10. Therefore, it is likely that the maximum debt service for this development should be limited to \$843,058 by a reduction of the bond amount or extension of the amortization or a reduction in the interest rate. The Underwriter has completed this analysis assuming a likely redemption of a portion of the bond amount resulting in a final anticipated bond amount of \$12,000,000.

ACQUISITION VALUATION INFORMATION

ASSESSED VALUE

Land: (15.25) acres	\$583,390	Assessment for the Year of:	2003
Building:	N/A	Valuation by:	Harris County Appraisal District
Total Assessed Value:	\$583,390	Tax Rate:	3.1274

EVIDENCE of SITE or PROPERTY CONTROL (5.42-acre tract)

Type of Site Control:	Unimproved Commercial Property Contract						
Contract Expiration Date:	7/	4/	2004	Anticipated Closing Date:	8/	2/	2004
Acquisition Cost:	\$731,895.12			Other Terms/Conditions:	\$5,000 Earnest Money		
Seller:	Howard Startzman, Trustee			Related to Development Team Member:	No		

EVIDENCE of SITE or PROPERTY CONTROL (8.83-acre tract)

Type of Site Control:	Unimproved Commercial Property Contract						
Contract Expiration Date:	7/	29/	2004	Anticipated Closing Date:	8/	2/	2004
Acquisition Cost:	\$538,488.72			Other Terms/Conditions:	\$5,000 Earnest Money		
Seller:	Kenneth Bryon, Trustee			Related to Development Team Member:	No		

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTIFAMILY UNDERWRITING ANALYSIS**

EVIDENCE of SITE or PROPERTY CONTROL (1.0-acre tract)			
Type of Site Control:	Unimproved Commercial Property Contract		
Contract Expiration Date:	7/ 29/ 2004	Anticipated Closing Date:	8/ 2/ 2004
Acquisition Cost:	\$75,000	Other Terms/Conditions:	\$2,500 Earnest Money
Seller:	Samuel Jery	Related to Development Team Member:	No

CONSTRUCTION COST ESTIMATE EVALUATION
<p>Acquisition Value: The site cost of \$1,345,384 (\$2.03/SF, \$88,221/acre, or \$5,425/unit), although significantly higher than the tax assessed value of \$583,390, is assumed to be reasonable since the acquisition is a combination of several arm's-length transactions.</p> <p>Sitework Cost: The Applicant's claimed sitework costs of \$7,495 per unit are considered acceptable compared to the safe harbor limit of \$7,500 for multifamily projects.</p> <p>Direct Construction Cost: The Applicant's direct construction cost estimate is \$147K or 2% lower than the Underwriter's Marshall & Swift <i>Residential Cost Handbook</i>-derived estimate, and is therefore regarded as reasonable as submitted.</p> <p>Fees: The Applicant's contractor's and developer's fees for general requirements, general and administrative expenses, and profit are all within the maximums allowed by TDHCA guidelines.</p> <p>Conclusion: The Applicant's total development cost estimate is within 5% of the Underwriter's verifiable estimate and is therefore generally acceptable. Since the Underwriter has been able to verify the Applicant's projected costs to a reasonable margin, the Applicant's total cost breakdown is used to calculate eligible basis and determine the HTC allocation. As a result, an eligible basis of \$17,675,726 is used to determine a credit allocation of \$818,033 from this method. The resulting syndication proceeds will be used to compare to the Applicant's request and to the gap of need using the Applicant's costs to determine the recommended credit amount.</p>

FINANCING STRUCTURE	
INTERIM TO PERMANENT BOND FINANCING	
Source: MMA Financial, LLC	Contact: Steve Napolitano
Tax-Exempt Amount: \$12,330,000	Interest Rate: 6.5% underwriting rate
Additional Information: Interest only at 5.0% through construction	
Amortization: 40 yrs	Term: 42 yrs
Commitment: <input type="checkbox"/> LOI <input type="checkbox"/> Firm <input checked="" type="checkbox"/> Conditional	
Annual Payment: \$866,242	Lien Priority: 1st Commitment Date: 4/ 9/ 2004
GRANT FINANCING	
Source: City of Pasadena	Contact: Miles G. Arena
Principal Amount: \$350,000	Interest Rate: N/A
Additional Information: The award of these funds are pending	
Amortization: N/A yrs	Term: N/A yrs
Commitment: <input type="checkbox"/> LOI <input type="checkbox"/> Firm <input type="checkbox"/> Conditional	
Annual Payment: \$N/A	Lien Priority: N/A

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTIFAMILY UNDERWRITING ANALYSIS**

TAX CREDIT SYNDICATION							
Source:	MMA Financial, LLC	Contact:	Steve Napolitano				
Address:	101 Arch Street	City:	Boston				
State:	MA	Zip:	02110	Phone:	(617) 439-3911	Fax:	(617) 439-9978
Net Proceeds:	\$6,425,000		Net Syndication Rate (per \$1.00 of 10-yr LIHTC)			82¢	
Commitment	<input type="checkbox"/> LOI	<input type="checkbox"/> Firm	<input checked="" type="checkbox"/> Conditional	Date:		4/ 9/ 2004	
Additional Information:							

APPLICANT EQUITY	
Amount:	\$1,217,964
Source:	Deferred Developer Fee

FINANCING STRUCTURE ANALYSIS

Interim to Permanent Bond Financing: The tax-exempt bonds are to be issued by Southeast Texas Housing Finance Corporation and will be underwritten by Newman & Associates and purchased by MMA Financial. The permanent financing commitment is consistent with the terms reflected in the sources and uses of funds listed in the application.

The Applicant has indicated that the city of Pasadena is prepared to award a grant to this development of \$350,000 however a firm commitment for such grant was not provided. Assuming the previously discussed property tax exemption is granted the need for these city funds is diminished, though they will reduce the anticipated need to defer developer fees.

HTC Syndication: The tax credit syndication commitment is generally consistent with the terms reflected in the sources and uses of funds listed in the application.

Deferred Developer's Fees: The Applicant's proposed deferred developer's fees of \$1,217,964 amount to 53% of the total fees.

Financing Conclusions: Based on the Applicant's estimate of eligible basis, the HTC allocation should not exceed \$818,033 annually for ten years, resulting in syndication proceeds of approximately \$6,707,196, but the Applicant's requested credit amount of \$783,565 annually for ten years is lower; therefore, the lower of the two will be used. This results in syndication proceeds of \$6,424,590. Based on the underwriting analysis, the entire bond amount will not be available at conversion to permanent status and the difference of \$330,000 will need to be sourced from additional deferred developer's fee. The Applicant's deferred developer fee will be increased to \$1,991,349, which represents approximately 86% of the eligible fee and which is not repayable in ten years, but should be repayable from cash flow within fifteen years. Should the Applicant's final direct construction cost exceed the cost estimate used to determine credits in this analysis, additional deferred developer's fee may be available to fund those development cost overruns.

**DEVELOPMENT TEAM
IDENTITIES of INTEREST**

The Applicant, Developer, General Contractor and Property Manager firms are all related entities. These are common relationships for HTC-funded developments. The issuer is also related to the non-profit general partner. While two is somewhat unusual it is not prohibited.

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTIFAMILY UNDERWRITING ANALYSIS**

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

Financial Highlights:

- The Applicant and General Partner are single-purpose entities created for the purpose of receiving assistance from TDHCA and therefore have no material financial statements.
- The Owner of the General Partner, Southeast Texas Housing Partners, Inc. a non-profit did not submit a current financial statement; therefore, is a condition of this report.
- The Developer, Southwest Housing Development Company Inc., submitted an unaudited financial statement as of February 20, 2004 reporting total assets of \$22.6M consisting of \$15.1M in current assets, \$1.6M in property and equipment in cash, and \$5.8M in receivables. Liabilities totaled \$10.1M, resulting in a net worth of \$12.5M.
- The principal of the Developer, Brian Potashnik, submitted an unaudited financial statement as of December 31, 2003 and is anticipated to be guarantor of the development.

Background & Experience:

- The Applicant and General Partner are new entities formed for the purpose of developing the project.
- Brian Potashnik, the principal of the General Partner, listed participation in 20 HTC housing developments totaling 4,499 units since 2000.

SUMMARY OF SALIENT RISKS AND ISSUES

- The Applicant's estimated operating expenses and operating proforma are more than 5% outside of the Underwriter's verifiable ranges.
- The recommended amount of deferred developer fee cannot be repaid within ten years, and any amount unpaid past ten years would be removed from eligible basis.
- The anticipated ad valorem property tax exemption may not be received or may be reduced, which could affect the financial feasibility of the development.
- The significant financing structure changes being proposed have not been reviewed or accepted by the Applicant, lenders, and syndicators, and acceptable alternative structures may exist.

Underwriter:

Carl Hoover

Date: May 24, 2004

Director of Real Estate Analysis:

Tom Gouris

Date: May 24, 2004

MULTIFAMILY COMPARATIVE ANALYSIS

Primrose at Pasadena, Pasadena, HTC # 04428

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Net Rent per Unit	Rent per Month	Rent per SF	Tnt Pd Util	Wtr, Swr, Trsh
HTC (50%)	45	1	1	750	\$571	\$519	\$23,337	\$0.69	\$52.39	\$38.42
HTC (60%)	45	1	1	750	686	634	28,512	0.84	52.39	38.42
HTC (50%)	54	2	1	950	686	612	33,034	0.64	74.26	41.95
HTC (50%)	25	2	2	987	686	612	15,294	0.62	74.26	41.95
HTC (60%)	79	2	2	987	823	749	59,150	0.76	74.26	41.95
TOTAL:	248		AVERAGE:	893	\$709	\$642	\$159,328	\$0.72	\$66.32	\$40.67

INCOME

Total Net Rentable Sq Ft: **221,448**

POTENTIAL GROSS RENT

Secondary Income Per Unit Per Month: \$11.83
 Other Support Income: (describe)

POTENTIAL GROSS INCOME

Vacancy & Collection Loss % of Potential Gross Income: -7.50%
 Employee or Other Non-Rental Units or Concessions

EFFECTIVE GROSS INCOME

EXPENSES

	% OF EGI	PER UNIT	PER SQ FT
General & Administrative	5.37%	\$390	0.44
Management	5.00%	363	0.41
Payroll & Payroll Tax	11.22%	815	0.91
Repairs & Maintenance	5.00%	363	0.41
Utilities	2.79%	203	0.23
Water, Sewer, & Trash	4.62%	335	0.38
Property Insurance	3.07%	223	0.25
Property Tax 3.1274	6.46%	469	0.53
Reserve for Replacements	2.75%	200	0.22
Other Expenses: Supp.Serv.,Comp	2.28%	165	0.19

TOTAL EXPENSES

NET OPERATING INC

DEBT SERVICE

	% OF EGI	PER UNIT	PER SQ FT
Tax-Exempt Bonds	48.10%	\$3,493	\$3.91
City of Pasadena - Grant	0.00%	\$0	\$0.00
Additional Financing	0.00%	\$0	\$0.00

NET CASH FLOW

AGGREGATE DEBT COVERAGE RATIO

RECOMMENDED DEBT COVERAGE RATIO

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT
Acquisition Cost (site or bldg)		6.56%	\$5,546	\$6.21
Off-Sites		0.00%	0	0.00
Sitework		8.87%	7,495	8.39
Direct Construction		46.69%	39,446	44.18
Contingency 4.94%		2.74%	2,317	2.60
General Req'ts 5.92%		3.29%	2,781	3.11
Contractor's G & A 1.97%		1.10%	927	1.04
Contractor's Profit 5.92%		3.29%	2,781	3.11
Indirect Construction		5.67%	4,792	5.37
Ineligible Costs		6.51%	5,503	6.16
Developer's G & A 1.86%		1.38%	1,162	1.30
Developer's Profit 13.00%		9.63%	8,134	9.11
Interim Financing		2.40%	2,031	2.27
Reserves		1.86%	1,573	1.76
TOTAL COST		100.00%	\$84,488	\$94.62

Recap-Hard Construction Costs

SOURCES OF FUNDS

	% OF EGI	PER UNIT	PER SQ FT
Tax-Exempt Bonds	58.85%	\$49,718	\$55.68
City of Pasadena - Grant	1.67%	\$1,411	\$1.58
HTC Syndication Proceeds	30.66%	\$25,908	\$29.01
GIC Income			
Deferred Developer Fees	5.81%	\$4,911	\$5.50
Additional (excess) Funds Required	3.01%	\$2,540	\$2.84

	TDHCA	APPLICANT
POTENTIAL GROSS RENT	\$1,911,934	\$1,909,872
Secondary Income	35,206	35,206
Other Support Income	0	0
POTENTIAL GROSS INCOME	\$1,947,140	\$1,945,078
Vacancy & Collection Loss	(146,035)	(136,152)
Employee or Other Non-Rental Units or Concessions	0	0
EFFECTIVE GROSS INCOME	\$1,801,104	\$1,808,926
General & Administrative	\$96,651	\$58,340
Management	90,055	90,445
Payroll & Payroll Tax	202,120	206,695
Repairs & Maintenance	90,031	92,231
Utilities	50,331	43,400
Water, Sewer, & Trash	83,189	84,000
Property Insurance	55,362	55,800
Property Tax	116,339	111,600
Reserve for Replacements	49,600	49,600
Other Expenses: Supp.Serv.,Comp	41,000	41,000
TOTAL EXPENSES	\$874,678	\$833,111
NET OPERATING INC	\$926,426	\$975,815
Tax-Exempt Bonds	\$866,242	\$866,242
City of Pasadena - Grant	0	0
Additional Financing	0	0
NET CASH FLOW	\$60,184	\$109,573
AGGREGATE DEBT COVERAGE RATIO	1.07	1.13
RECOMMENDED DEBT COVERAGE RATIO	1.10	

	PER SQ FT	PER UNIT	% OF EGI
Comptroller's Region			6
IREM Region			Houston
Secondary Income	\$11.83		Per Unit Per Month
Vacancy & Collection Loss	-7.00%		of Potential Gross Rent
General & Administrative	\$0.26	\$235	3.23%
Management	0.41	365	5.00%
Payroll & Payroll Tax	0.93	833	11.43%
Repairs & Maintenance	0.42	372	5.10%
Utilities	0.20	175	2.40%
Water, Sewer, & Trash	0.38	339	4.64%
Property Insurance	0.25	225	3.08%
Property Tax	0.50	450	6.17%
Reserve for Replacements	0.22	200	2.74%
Other Expenses: Supp.Serv.,Comp	0.19	165	2.27%
TOTAL EXPENSES	\$3.76	\$3,359	46.06%
NET OPERATING INC	\$4.41	\$3,935	53.94%
Tax-Exempt Bonds	\$3.91	\$3,493	47.89%
City of Pasadena - Grant	\$0.00	\$0	0.00%
Additional Financing	\$0.00	\$0	0.00%
NET CASH FLOW	\$0.49	\$442	6.06%

	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)	\$1,375,384	\$1,375,384	\$6.21	\$5,546	6.74%
Off-Sites	0	0	0.00	0	0.00%
Sitework	1,858,759	1,858,759	8.39	7,495	9.10%
Direct Construction	9,782,608	9,635,576	43.51	38,853	47.20%
Contingency	574,717	574,717	2.60	2,317	2.82%
General Req'ts	689,660	689,660	3.11	2,781	3.38%
Contractor's G & A	229,887	229,887	1.04	927	1.13%
Contractor's Profit	689,660	689,660	3.11	2,781	3.38%
Indirect Construction	1,188,300	1,188,300	5.37	4,792	5.82%
Ineligible Costs	1,364,828	1,364,828	6.16	5,503	6.69%
Developer's G & A	288,290	0	0.00	0	0.00%
Developer's Profit	2,017,240	2,305,530	10.41	9,296	11.29%
Interim Financing	503,638	503,638	2.27	2,031	2.47%
Reserves	390,066	0	0.00	0	0.00%
TOTAL COST	\$20,953,037	\$20,415,939	\$92.19	\$82,322	100.00%
Recap-Hard Construction Costs	\$13,825,291	\$13,678,259	\$61.77	\$55,154	67.00%

RECOMMENDED

	TDHCA	APPLICANT	RECOMMENDED	
Tax-Exempt Bonds	\$12,330,000	\$12,330,000	\$12,000,000	Developer Fee Available
City of Pasadena - Grant	350,000	350,000	0	\$2,305,530
HTC Syndication Proceeds	6,425,234	6,425,234	6,424,590	% of Dev. Fee Deferred
GIC Income		92,744		
Deferred Developer Fees	1,217,964	1,217,964	1,991,349	86%
Additional (excess) Funds Required	629,839	(3)	(0)	15-Yr Cumulative Cash Flow
TOTAL SOURCES	\$20,953,037	\$20,415,939	\$20,415,939	\$3,360,654.14

MULTIFAMILY COMPARATIVE ANALYSIS (continued)
Primrose at Pasadena, Pasadena, HTC # 04428

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook

Average Quality Multiple Residence Basic

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$42.85	\$9,489,821
Adjustments				
Exterior Wall Finish	2.00%		\$0.86	\$189,796
9-Ft. Ceilings	3.00%		1.29	284,695
Elderly	3.00%		1.29	284,695
Roofing			0.00	0
Subfloor			(0.68)	(149,846)
Floor Cover			2.00	442,896
Interior Halls	\$33.36	30,158	4.54	1,006,176
Plumbing	\$605	64	0.17	38,720
Built-In Appliances	\$1,650	248	1.85	409,200
Stairs	\$900	24	0.10	21,600
Floor Insulation			0.00	0
Heating/Cooling			1.53	338,815
Garages/Carports		0	0.00	0
Comm &/or Aux Bldgs	\$59.29	5,588	1.50	331,296
Elevators	\$43,750	6	1.19	262,500
SUBTOTAL			58.48	12,950,364
Current Cost Multiplier	1.03		1.75	388,511
Local Multiplier	0.90		(5.85)	(1,295,036)
TOTAL DIRECT CONSTRUCTION COSTS			\$54.39	\$12,043,839
Plans, specs, survy, bld prn	3.90%		(2.12)	(\$469,710)
Interim Construction Interes	3.38%		(1.84)	(406,480)
Contractor's OH & Profit	11.50%		(6.25)	(1,385,041)
NET DIRECT CONSTRUCTION COSTS			\$44.18	\$9,782,608

PAYMENT COMPUTATION

Primary	\$12,330,000	Amort	480
Int Rate	6.50%	DCR	1.07

Secondary	\$350,000	Amort	
Int Rate	0.00%	Subtotal DCR	1.07

Additional	\$6,425,234	Amort	
Int Rate		Aggregate DCR	1.07

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	\$843,058
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	\$83,368

Primary	\$12,000,000	Amort	480
Int Rate	6.50%	DCR	1.10

Secondary	\$350,000	Amort	0
Int Rate	0.00%	Subtotal DCR	1.10

Additional	\$6,425,234	Amort	0
Int Rate	0.00%	Aggregate DCR	1.10

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

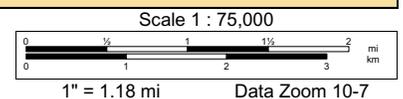
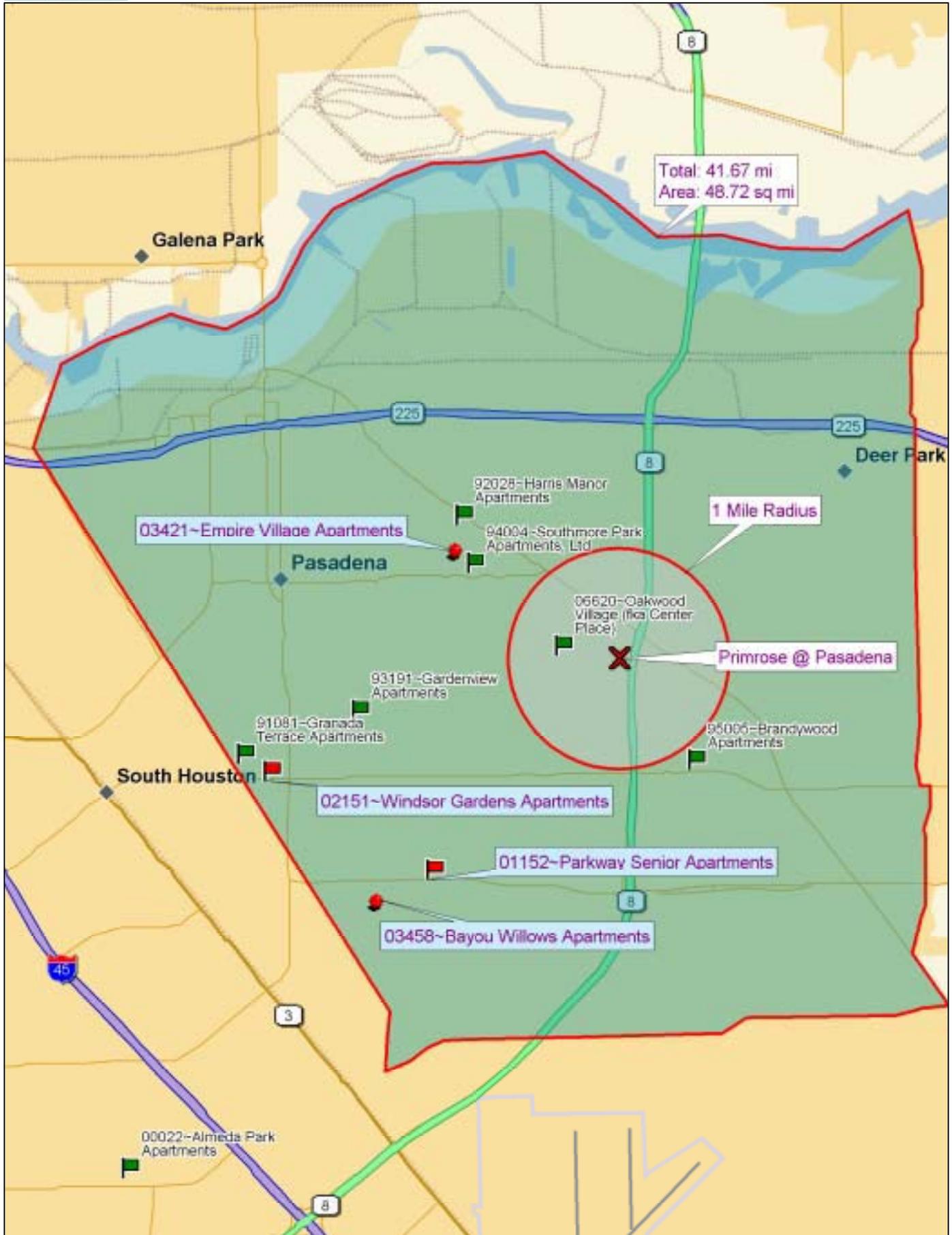
INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$1,911,934	\$1,969,292	\$2,028,371	\$2,089,222	\$2,151,898	\$2,494,640	\$2,891,971	\$3,352,588	\$4,505,597
Secondary Income	35,206	36,262	37,350	38,471	39,625	45,936	53,252	61,734	82,965
Other Support Income: (describ	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	1,947,140	2,005,554	2,065,721	2,127,692	2,191,523	2,540,576	2,945,224	3,414,322	4,588,563
Vacancy & Collection Loss	(146,035)	(150,417)	(154,929)	(159,577)	(164,364)	(190,543)	(220,892)	(256,074)	(344,142)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	\$1,801,104	\$1,855,138	\$1,910,792	\$1,968,115	\$2,027,159	\$2,350,033	\$2,724,332	\$3,158,248	\$4,244,421
EXPENSES at 4.00%									
General & Administrative	\$96,651	\$100,517	\$104,538	\$108,719	\$113,068	\$137,564	\$167,368	\$203,629	\$301,421
Management	90,055	92,757	95,540	98,406	101,358	117,502	136,217	157,912	212,221
Payroll & Payroll Tax	202,120	210,205	218,613	227,358	236,452	287,680	350,006	425,836	630,342
Repairs & Maintenance	90,031	93,632	97,377	101,273	105,323	128,142	155,904	189,682	280,775
Utilities	50,331	52,345	54,438	56,616	58,881	71,637	87,158	106,041	156,966
Water, Sewer & Trash	83,189	86,516	89,977	93,576	97,319	118,403	144,056	175,266	259,436
Insurance	55,362	57,576	59,880	62,275	64,766	78,797	95,869	116,639	172,655
Property Tax	116,339	120,993	125,833	130,866	136,101	165,587	201,462	245,109	362,822
Reserve for Replacements	49,600	51,584	53,647	55,793	58,025	70,596	85,891	104,500	154,685
Other	41,000	42,640	44,346	46,119	47,964	58,356	70,999	86,381	127,865
TOTAL EXPENSES	\$874,678	\$908,765	\$944,188	\$981,000	\$1,019,256	\$1,234,265	\$1,494,930	\$1,810,995	\$2,659,187
NET OPERATING INCOME	\$926,426	\$946,373	\$966,604	\$987,115	\$1,007,903	\$1,115,768	\$1,229,402	\$1,347,252	\$1,585,233
DEBT SERVICE									
First Lien Financing	\$843,058	\$843,058	\$843,058	\$843,058	\$843,058	\$843,058	\$843,058	\$843,058	\$843,058
Second Lien	0	0	0	0	0	0	0	0	0
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	\$83,368	\$103,315	\$123,546	\$144,058	\$164,845	\$272,710	\$386,344	\$504,195	\$742,176
DEBT COVERAGE RATIO	1.10	1.12	1.15	1.17	1.20	1.32	1.46	1.60	1.88

LIHTC Allocation Calculation - Primrose at Pasadena, Pasadena, HTC # 04428

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
(1) Acquisition Cost				
Purchase of land	\$1,375,384	\$1,375,384		
Purchase of buildings				
(2) Rehabilitation/New Construction Cost				
On-site work	\$1,858,759	\$1,858,759	\$1,858,759	\$1,858,759
Off-site improvements				
(3) Construction Hard Costs				
New structures/rehabilitation hard costs	\$9,635,576	\$9,782,608	\$9,635,576	\$9,782,608
(4) Contractor Fees & General Requirements				
Contractor overhead	\$229,887	\$229,887	\$229,887	\$229,887
Contractor profit	\$689,660	\$689,660	\$689,660	\$689,660
General requirements	\$689,660	\$689,660	\$689,660	\$689,660
(5) Contingencies				
	\$574,717	\$574,717	\$574,717	\$574,717
(6) Eligible Indirect Fees				
	\$1,188,300	\$1,188,300	\$1,188,300	\$1,188,300
(7) Eligible Financing Fees				
	\$503,638	\$503,638	\$503,638	\$503,638
(8) All Ineligible Costs				
	\$1,364,828	\$1,364,828		
(9) Developer Fees			\$2,305,529	
Developer overhead		\$288,290		\$288,290
Developer fee	\$2,305,530	\$2,017,240		\$2,017,240
(10) Development Reserves				
		\$390,066		
TOTAL DEVELOPMENT COSTS	\$20,415,939	\$20,953,037	\$17,675,726	\$17,822,759

Deduct from Basis:				
All grant proceeds used to finance costs in eligible basis				
B.M.R. loans used to finance cost in eligible basis				
Non-qualified non-recourse financing				
Non-qualified portion of higher quality units [42(d)(3)]				
Historic Credits (on residential portion only)				
TOTAL ELIGIBLE BASIS			\$17,675,726	\$17,822,759
High Cost Area Adjustment			130%	130%
TOTAL ADJUSTED BASIS			\$22,978,444	\$23,169,587
Applicable Fraction			100%	100%
TOTAL QUALIFIED BASIS			\$22,978,444	\$23,169,587
Applicable Percentage			3.56%	3.56%
TOTAL AMOUNT OF TAX CREDITS			\$818,033	\$824,837

Syndication Proceeds	0.8199	\$6,707,196	\$6,762,989
Total Credits (Eligible Basis Method)		\$818,033	\$824,837
Syndication Proceeds		\$6,707,196	\$6,762,989
Requested Credits		\$783,565	
Syndication Proceeds		\$6,424,590	
Gap of Syndication Proceeds Needed		\$8,415,939	
Credit Amount		\$1,026,437	



Applicant Evaluation

Project ID # **04428**

Name: **Primrose @ Pasadena**

City: **Pasadena**

LIHTC 9% LIHTC 4% HOME BOND HTF SECO ESGP Other

No Previous Participation in Texas Members of the development team have been disbarred by HUD

Members of the application did not receive the required Previous Participation Acknowledgement

National Previous Participation Certification Received: N/A Yes No

Noncompliance Reported on National Previous Participation Certification: Yes No

Portfolio Management and Compliance

Total # of Projects monitored: 11

Projects in Material Noncompliance

in noncompliance: 0

Projects zero to nine: 11

Yes No

Projects not reported Yes
in application No

grouped ten to nineteen: 0

monitored with a score less than thirty: 11

by score twenty to twenty-nine: 0

not yet monitored or pending review: 12

of projects not reported 0

Portfolio Monitoring

Single Audit

Portfolio Administration/Analysis

Not applicable
Review pending
No unresolved issues
Unresolved issues found
Unresolved issues found that warrant disqualification
(Comments attached)

Not applicable
Review pending
No unresolved issues
Issues found regarding late cert
Issues found regarding late audit
Unresolved issues found that warrant disqualification
(Comments attached)

Not applicable
Review pending
No unresolved issues
Unresolved issues found
Unresolved issues found that warrant disqualification
(Comments attached)

Reviewed by Sara Newsom

Date Friday, May 28, 2004

Multifamily Finance Production

Not applicable
Review pending
No unresolved issues
Unresolved issues found
Unresolved issues found that warrant disqualification
(Comments attached)

Reviewer S. Roth
Date 5/27/2004

Single Family Finance Production

Not applicable
Review pending
No unresolved issues
Unresolved issues found
Unresolved issues found that warrant disqualification
(Comments attached)

Reviewer _____
Date _____

Real Estate Analysis (Cost Certification and Workout)

Not applicable
Review pending
No unresolved issues
Unresolved issues found
Unresolved issues found that warrant disqualification
(Comments attached)

Reviewer _____
Date _____

Community Affairs

No relationship
Review pending
No unresolved issues
Unresolved issues found
Unresolved issues found that warrant disqualification
(Comments attached)

Reviewer Eddie Fariss
Date 5/28/2004

Office of Colonia Initiatives

Not applicable
Review pending
No unresolved issues
Unresolved issues found
Unresolved issues found that warrant disqualification
(Comments attached)

Reviewer _____
Date _____

Finacial Administration

No delinquencies found
Delinquencies found

Reviewer Stephanie A. D'Couto
Date 5/27/2004

Executive Director: Edwina Carrington

Executed: ednesday, June 02, 2004

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

June 10, 2004

Action Item

Requests for amendments to Housing Tax Credit (HTC) applications involving material changes.

Requested Action

Consider and approve or deny requests for amendments.

Background and Recommendations

Pertinent facts about the developments requesting amendments are summarized below.

Development No. 03134, Lilac Gardens Apartments

Summary of Request: Applicant requests approval to forego the (1) 90% AFUE furnaces, (2) storm windows and (3) ridge vents that were threshold requirements in the 2003 QAP. The units are rented all-bills-paid. The application's costs and plans omitted the three items, as did the calculation of the tax credits awarded. The buildings to be rehabilitated have evaporative coolers, windows with a horizontal sliding pane on either side of a fixed pane, and flat roofs. (1) Because the subject property uses evaporative coolers for AC and evaporative coolers need no supplementary air handlers, the existing furnaces have no cooling coils and, consequently, no drains. If new 90% furnaces are installed, sewer drains, or outside drains, or both, would have to be retrofitted. (2) The storm windows would have no benefit during the operation of the evaporative A/C system because windows must be cracked to prevent the coolers from pressurizing the dwelling units and wearing out the motors. Storm windows would require custom fitting to be mounted on the existing windows. (3) Ridge vents would require complete reconstruction of the roofs. (2 & 3) Ridge vents would eliminate the existing Spanish/Southwestern architectural style and storm windows would also detract from appeal.

Governing QAP	2003 QAP, Section 49.18(c)
Applicant:	Lilac Way, L.P.
General Partner:	Edgewater Group of El Paso, Inc.
Principals/Contacts	Doug Gurkin (50%), Wooten Epps (50%)
Syndicator:	Texas Housing Finance Corporation
Construction Lenders:	JP Morgan Chase (IRP loan)
Permanent Lender:	JP Morgan Chase
City/County:	El Paso/El Paso
Set-Aside:	At Risk
Type of Development:	Rehabilitation
Units:	148 LIHTC units
2003 Allocation:	\$685,609
Allocation per HTC Unit:	\$4,633
Other Funding:	NA
Prior Board & Department Actions:	Awarded credits in August of 2003
Underwriting Re-evaluation:	An evaluation by the Real Estate Analysis Division is pending.

Staff Recommendation: Because they concern threshold requirements, and therefore do not affect scoring, the changes requested would not have directly affected the selection of the application for an award of tax credits. However, the units are rented all-bills-paid; the amount of tax credits awarded was based on the absence of the features that the applicant requests to be omitted; and the architectural style would be completely changed if the request is denied, possibly damaging the appeal and feasibility of the development. Therefore, staff recommends that the Board approve the applicant's request, contingent on approval from the Real Estate Analysis Division and on the applicant complying with the 2000 International Energy Conservation Code.

**Doug Gurkin**

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 Spicewood, TX 78669
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 (512) 264-3052 fax
 (512) 423-0521 mobile

April 14, 2004

Mr. Ben Sheppard
 Texas Department of Housing and Community Affairs
 507 Sabine, Suite 400
 Austin, Texas 78701

Wooten Epes

128 Normandy Road
 Little Rock, AR 72207
 (501) 766-4554 office
 (501) 664-7507 fax

Re: Lilac Gardens Apartments
 TDHCA No. 03134

Mr. Sheppard:

Deborah Welchel

21518 Patton Avenue
 Lago Vista, TX 78645
 (512) 267-7432 office
 (512) 267-4377 fax
 (512) 826-3880 mobile

This letter serves as formal notice that Edgewater Affordable Housing, L.P. (EAH) is requesting an Amendment for Lilac Garden Apartments, HTC #03134. Although the construction issues EAH is proposing should not be considered material, the request regarding Section 504 is considered as such. EAH would appreciate a review and disposition of the following items:

1. Soffit and ridge vents and storm windows.

This project has a flat roof and while we are providing adequate attic ventilation per the code, the system will not include ridge vents.

With regard to storm windows, this project is using evaporative coolers. Evaporative cooler operation requires a window to be open in each room. The existing windows are horizontal sliders on both sides of a fixed panel. To provide storm windows would require fixed storm windows that have to be removed during the cooling season. The construction documents presently call for vinyl coated fiberglass sunscreens to be installed that cover the entire window. In El Paso, sunscreens are considered a very effective method to enhance cooling. Additionally, the sunscreens provide a clean pleasing appearance to the building façade.

George Schmidt

34 Lone Oak Trail
 Austin, TX 78745
 (512) 680-1600 office
 (512) 233-0860 fax

We therefore request the application be amended to allow for the attic to be ventilated per code without the inclusion of ridge vents and that sunscreens be allowed in lieu of storm windows.

2. Requirement for heating systems with minimum AFUE 90% furnace.

Please note this property is master metered with all bills paid.

The 2000 International Energy Conservation Code for the region in which the development is located can be met by the provision of an AFUE 80% furnace. To provide AFUE 90% furnaces would cost in excess of \$800 per unit, resulting in over \$100,000 in additional construction cost to the project. This excessive cost is caused by the fact that an AFUE 90% furnace requires a condensate drain from the unit to a drain and an emergency condensate drain to the exterior. This excessive price differential is not normally a consideration due to the fact that when using a standard split package-cooling system, the fan coil at the furnace requires the aforementioned condensate drains. However in this project both the existing cooling system and the cooling system post rehabilitation will be provided by evaporative coolers. In the evaporative cooling type of system there is no cooling coil at the furnace and therefore no existing condensate drains at the existing furnaces. Additionally the furnace closets are not located near an existing drain or near an outside wall. To provide the required condensate drains both to a drain and to the exterior from the furnace closets would be a major undertaking.

Additionally, attached are calculations of the anticipated energy savings between an AFUE 80% furnace and the AFUE 90% furnace calculated on the existing furnace energy usage. The annual savings is \$11.75 per unit, resulting in a payback of over 68 years due to the relative low heating requirements in the El Paso area. EAH feels that by allowing the use of evaporative cooler systems for air conditioning in El Paso, TDHCA is recognizing that the HVAC needs for the El Paso area are not standard.

We therefore request the application be amended to allow installation of AFUE 80% furnaces on this project.

3. Provision of 11 units that meet handicapped design requirements to comply with Section 504, Rehabilitation Act of 1073 (29 U. S. C. Section 794) and specified under 24 CFR Part 8, Subpart C.

When filling out the application, it was thought that to meet the requirements to comply with Section 504, Rehabilitation Act of 1073 (29 U. S. C. Section 794) and specified under 24 CFR Part 8, Subpart C it would require the provision of 11 units altered to meet the handicapped design requirements of said provisions. Upon review of Section 504, Rehabilitation Act of 1073 (29 U. S. C. Section 794) and specified under 24 CFR Part 8, Subpart C by the design team the following was concluded:

The two paragraphs of Section 504, Rehabilitation Act of 1073 (29 U. S. C. Section 794) and specified under 24 CFR Part 8, Subpart C 24 CFR Part 8, Subpart C that deal with design standards are: (1) Section 8.22

new construction – housing facilities and (2) Section 8.23 Alterations of existing housing facilities.

Section 8.23 details the requirements for Alterations of existing housing facilities. In the Uniform Federal Accessibility Standards Section 3.5 Definitions (page 3) the definition of alteration is:

Alteration *As applied to a building or structure, means a change or rearrangement in the structural parts or elements, or in the means of egress or in moving from one location or position to another. It does not include normal maintenance, repair, re-roofing, interior decoration or changes to mechanical and electrical systems.*

The work proposed by this application does not change or rearrange the structural parts or elements, or the means of egress or in moving from one location or position to another. It only includes normal maintenance, repair, re-roofing, interior decoration and changes to the mechanical and electrical systems.

Based on the fact that the work proposed in this application qualifies as normal maintenance, repair, re-roofing, interior decoration, and changes to the mechanical and electrical systems as defined in the Uniformed Federal Accessibility Standards, page 3, Section 3.5 Definitions and is not therefore considered an alteration to existing housing facilities and furthermore that the estimated project cost is less than 75% of the replacement cost of the completed facility, this project should not be required to meet the design standards contained in Section 504 of the Rehabilitation Act of 1973 as outlined in Section 3 through 8 of the Uniformed Federal Accessibility Standards (UFAS) as more specifically required under 24 CFR Part 8, Subpart C, Section 8.22 New construction – housing facilities (page 139) and Section 8.23 Alterations of existing housing facilities (page 140).

Furthermore, Section 8.23 (a) requires the property to meet the requirements of 8.22 – new construction – housing facilities only if the project has more than 15 units and the cost of the alteration is 75% or more of the replacement cost of the completed facility. The cost of the work proposed in this project is not 75% or more of the replacement cost of the completed facility.

Therefore, it is EAH's contention that since the work proposed in this project does not meet the definition of an alteration and the work proposed in this project does not meet the criteria of a substantial alteration because the cost of the proposed work is not 75% or more of the replacement cost of the completed facility. Therefore that Section 504, Rehabilitation Act of 1973 (29 U. S. C. Section 794) and specified under 24 CFR Part 8, Subpart C does not require alterations to existing units (that would require structural changes to the first floor of two story buildings) for compliance.

We therefore request the application be amended to exclude the installation of 11 handicapped units.

The anticipated savings from the above Amendments are scheduled to be used in provision of the following upgrades:

1. Installation of all brass washerless faucets and shower mixing valves.
2. Installation of TOTO toilets with G-max flushing systems
3. Installation of 2 speed fans on the evaporative coolers and “clean machine” devices that keep the filters clean for more efficient operation.
4. Relocating the HVAC distribution ductwork for the 2nd.floor units from the attic to a furr down within the units thereby providing additional insulation for the duct system.
5. Installation of hinged closet doors to replace all sliding closet doors.
6. Installation of a swimming pool and extensive landscaping.

The financial documents submitted by EAH both at carryover and subsequently prior to construction loan closing did not contemplate the ridge vents, storm windows, 90% AFUE furnace or the 11 handicapped units. Lilac Garden Apartments will benefit from over \$24,000 a unit in hard construction cost renovations to each unit. Included with this submission is the Executive Summary from the Cost Review prepared for the lender, JPMorgan Chase. In it the reviewer, a licensed architect, states, “It is our opinion that the proposed rehabilitation is well conceived and the hard cost budget for the construction generally adequate to complete the planned improvements.” However if we are required to meet the above design standards this could impact the amount of renovation EAH can accomplish per unit due to the need to re-allocate funds. Thank you for your consideration.

Sincerely,



Doug Gurkin
President

Enc

CC: Sara Newsom, Compliance and Portfolio Management

Development No. 04408, Hickory Manor Apartments

Summary of Request: Applicant requests approval to change the site plan and increase the number of units in the development. The request results from the publication of a new FEMA floodplain map that includes roughly three acres of the original site. The site area would be increased from 18.95 acres to 24.31 acres. Total units would also increase by two. The number of three bedroom units would increase from 34 (18% of 188 total units) to 36 (19% of 190 total units). The request is a material alteration in the application as defined by the QAP because it is a modification of the number of units or bedroom mix.

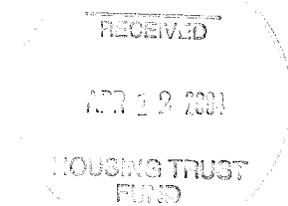
Governing QAP	2004 QAP, Section 50.18(c)
Applicant:	OHC DeSoto I, Ltd.
General Partner:	Outreach Housing Corporation
Principals/Contacts	Richard Shaw
Syndicator:	WNC & Associates, Inc.
Construction Lenders:	JP Morgan
Permanent Lender:	Collateral Mortgage Capital, LLC
City/County:	DeSoto/Dallas
Set-Aside:	General/Elderly
Type of Development:	New Construction
Units:	188 LIHTC units
2003 Allocation:	\$579,425
Allocation per HTC Unit:	\$3,082
Other Funding:	\$8,200,000 tax exempt bonds, DeSoto Housing Finance Corporation
Prior Board & Department Actions:	Awarded credits in March of 2004
Underwriting Re-evaluation:	An evaluation by the Real Estate Analysis Division is pending.

Staff Recommendation: The change would not have affected the selection of the application for an award of tax credits and does not have any negative effects. Staff therefore recommends that the Board approve the applicant's request contingent on approval from the Real Estate Analysis Division.

OHC/DESOTO I LTD

April 5, 2004

Ms. Brooke Boston
Texas Department of Housing and Community Affairs
507 Sabine, Suite 400
Austin, Texas 78711



Re: Hickory Manor
DeSoto, Texas
TDHCA Number 04408

Dear Brooke:

After working with our Civil Engineer on the above referenced development, we have been made aware of the fact, that a new FEMA Flood Study of the area including this site indicates an area of 3± acres of our site are now included within the 100 year flood plain area map. We therefore find it necessary to use the entire 24.31 acres being purchased for the Hickory Manor development as opposed to the 18.95 acres shown in the original application.

Because of adding the addition land area and adjusting our site plan, we are now able to increase the number of units on the site to 190, without adding to our costs.

I am therefore requesting that our application be amended to read a land area of 24.31 acres and the number of dwelling units to be increased to 190.

Should you have questions, do not hesitate to give me a call.

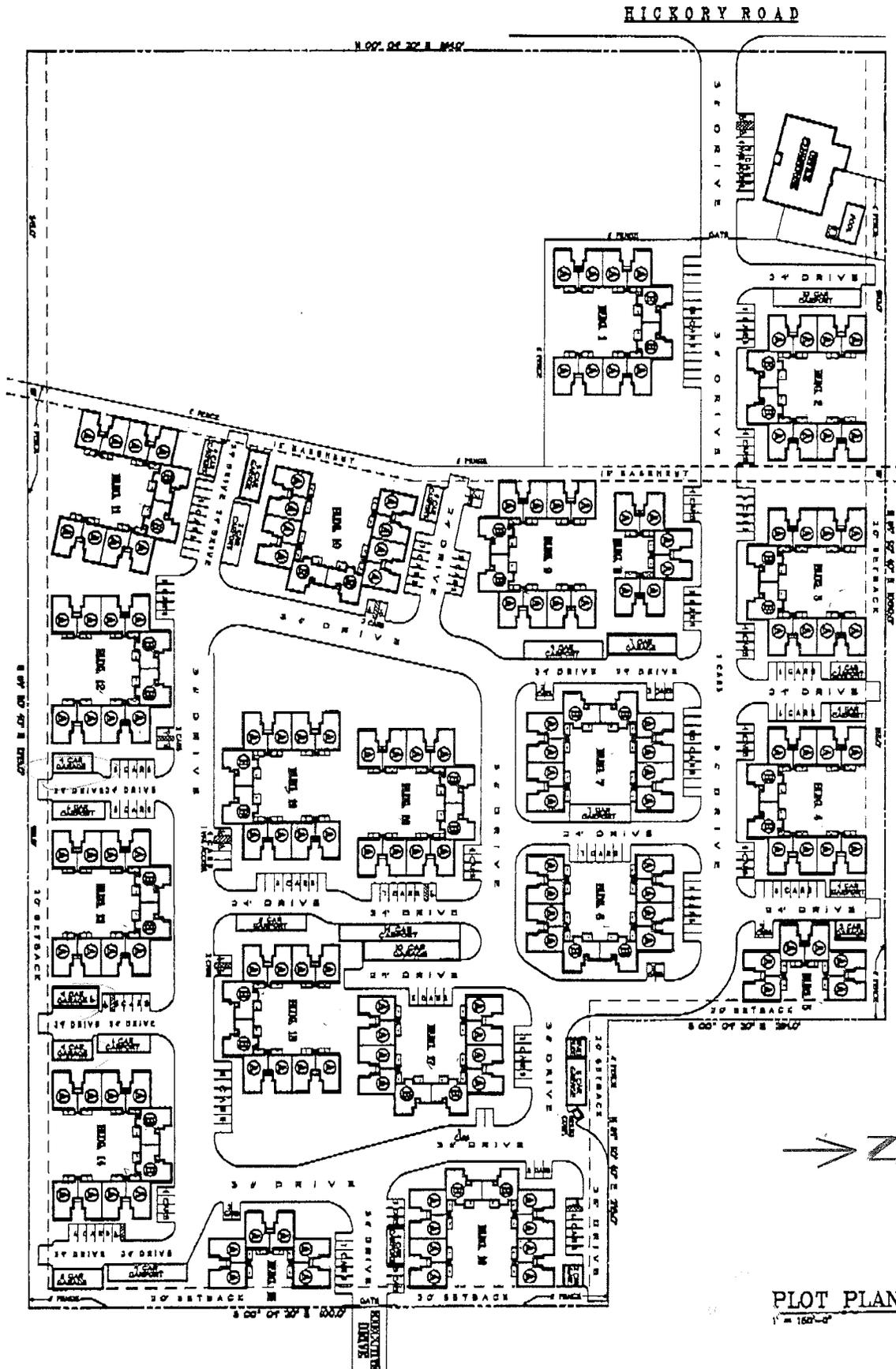
Sincerely,

A handwritten signature in cursive script that reads "Richard Shaw".

Richard Shaw

RS/mlg

c:\mary\docs\property\DeSoto\TDHCA Addition of 2 units \Amendment to Application



PLOT PLAN
1" = 160'-0"

John E. Taylor & Associates
Leo S. Hagar Architect
9450 Skillman, Suite 117
Dallas, Texas 75243
Phone: 214.341.0509
Fax: 214.553.5158

HICKORY MANOR SENIOR
COMMUNITY • 188 UNITS
HICKORY ROAD DeSoto, Texas
PLOT PLAN

DATE: 12-29-03
PROJECT No. 2098
SHEET No. 4

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

June 10, 2004

Action Items

Requests for extensions to close construction loans.

Required Action

Approve or deny the requests for extensions associated with 2003 Housing Tax Credit commitments.

Background

Pertinent facts about the developments requesting extensions are given below. The requests were each accompanied by a mandatory \$2,500 extension request fee.

Arbor Woods Apartments, HTC Development No. 03004

Summary of Request: Applicant is participating in the Voluntary Cleanup Program administered by the Texas Commission on Environmental Quality (TCEQ). TCEQ requires environmental sampling, not only on the subject site, but on adjoining properties. The applicant has been delayed by obtaining approval from neighboring property owners. Final sampling was received in the week ending May 15, 2004. The results of the sampling must be reported to TCEQ and to the lenders for review and approval or recommendations for further action.

Applicant:	Arbor Woods Housing, L.P.
General Partner:	Arbor Woods Development, LLC
Principals/Interested Parties:	Cheryl and Brian Potashnik
Syndicator:	MMA Financial
Construction Lender:	Chase Manhattan Bank
Permanent Lender:	Midland Mortgage Investment Corporation
Other Funding:	Housing Services of Texas (a nonprofit formed by principals of the applicant)
City/County:	Dallas/Dallas
Set-Aside:	General/Family
Type of Development:	New Construction
Units:	120 HTC and 31 market rate units
2003 Allocation:	\$1,059,304 (original award of \$1,078,956 reduced at carryover)
Allocation per HTC Unit:	\$8,828
Extension Request Fee Paid:	\$2,500
Type of Extension Request:	Closing construction loan
Note on Time of Request:	Request was submitted on time
Current Deadline:	June 11, 2004
New Deadline Requested:	August 10, 2004
New Deadline Recommended:	August 10, 2004
Prior Extensions:	None
Reason for Request:	See summary above.
Staff Recommendation:	Approve extension as requested. Note that this development was awarded a 2003 Forward Commitment in 2002 and therefore has had one full extra year to achieve this stage of development.

Arbor Woods Housing, L.P.

May 12, 2004

Texas Department of Housing and Community Affairs
507 Sabine, Suite 400
Austin, TX 78701

RE: Extension Request concerning the Construction Loan Closing
Arbor Woods Apartments
TDHCA # 03004

Pursuant to Section 49.21(k) of the 2003 QAP, an extension request needs to be submitted in writing to the Department at least 30 days prior to the date for which an extension is being requested. The date of Construction Loan Closing is June 11, 2004.

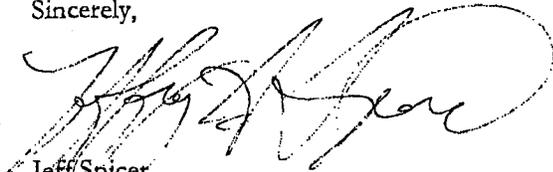
Please accept this letter as an official written request for an extension on the Construction Loan Closing for the above referenced Development. The reasons for the request are stated below:

1. [Reasons for delay] The site will require environmental remediation as a result of site conditions caused by previous owners and the operations they conducted. The site has been entered into the Voluntary Cleanup Program administered by the Texas Commission on Environmental Quality. The VCP required the site owner to perform environmental sampling to delineate selected constituents of concern that are present at the site. That required investigation of not only the site itself, but also of adjoining properties that are not owned by Applicant. Applicant encountered significant delays in obtaining access rights to do such investigation on the non-owned properties. The access was finally obtained and the necessary investigation has been concluded. The final sampling data was received this week. The lenders are currently reviewing the sampling data and other aspects of the planned remediation to confirm that it does not present issues with the loan commitment they had previously extended to Applicant.

2. [Progress has been made and documentation.] As noted in [1], above the matters that had delayed Applicant's ability to obtain sampling data have been resolved. Those data have been generated and provided to the lenders. Those data are available upon request. (Those data have not yet been incorporated into the necessary reports to be submitted to TCEQ; the filing of those reports should not be a condition precedent to the closing of the loan transactions.) In order to complete their loan underwriting process, the lenders will still need to review the data and certain other information about the environmental remediation to be performed at the site, which is being prepared at the lenders' request. Other than the final review of the TCEQ data, all other documents and approvals necessary for the closing of both the construction loan and the equity funding are in place.

3. [New deadline date and why reasonable.] We expect that the lenders will be provided with all the environmental information they need within the next ten days. They will then need to proceed with the final review of all environmental information in connection with their loan underwriting process. We believe that the lenders should be able to complete that process, and the Applicant can complete the various matters that need to be completed in order to proceed to closing, within the next [30?60?] days.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Spicer", written over a circular scribble.

Jeff Spicer
Senior Vice President

Jefferson Davis Artist Lofts, HTC Development No. 03011

Summary of Request: Applicant requests the extension to better coordinate completion of the environmental remediation on the site and to close various financing sources. Regarding the environmental remediation, the lead paint abatement and asbestos removal work required by the Department of Housing and Urban Development (HUD) began on April 12, 2004 and is scheduled to take approximately 5-6 weeks. The lender is awaiting a certification of the completion of all remediation prior to closing.

Applicant: Jefferson Davis Artist Loft, LP
General Partner: Artspace Houston, LLC (51%) & Avenue Jeff Davis, LLC (49%)
Principals/Interested Parties: Artspace Projects, Inc., the Minneapolis-based nonprofit parent of the 51% GP; Avenue Community Development Corporation, the Houston-based nonprofit parent of the co-GP.
Syndicator: Apollo Housing Capital
Construction Lender: Southwest Bank of Texas (loan)
Historic Tax Credits
Permanent Lender: Southwest Bank of Texas (loan)
Other Funding: Houston Endowment, Inc. (sponsor loan)
Rockwell Fund, Inc. (sponsor loan)
The Brown Foundation (sponsor loan)
United States Environmental Protection Agency (grant)
City of Houston (loan)
Neighborhood Reinvestment Corporation (sponsor loan)
Fondren Foundation (sponsor loan)
Harris County (sponsor loan)
City/County: Houston/Harris
Set-Aside: General/Family
Type of Development: New Construction
Units: 27 HTC and 7 market rate units
2003 Allocation: \$280,733
Allocation per HTC Unit: \$10,398
Extension Request Fee Paid: \$2,500
Type of Extension Request: Closing construction loan
Note on Time of Request: Request was submitted on time
Current Deadline: June 11, 2004
New Deadline Requested: August 10, 2004
New Deadline Recommended: August 10, 2004
Prior Extensions: None
Reason for Request: See summary above.

Staff Recommendation: Approve extension as requested.


WINTHROP WEINSTINE
ATTORNEYS AND COUNSELORS AT LAW

MAY 11 PM 1:55

May 10, 2004

Erin D. Jones
(612) 604-6730
ejones@winthrop.com

VIA FEDERAL EXPRESS

Mr. Ben Sheppard
Texas Department of Housing and Community Affairs
507 Sabine Street, Suite 400
Austin, Texas 78701

Re: Jefferson Davis Artist Lofts (the "Development")
TDHCA No.: 03011

Dear Mr. Sheppard:

We represent Jefferson Davis Artist Lofts Limited Partnership (the "Owner") with respect to the above-referenced Development. This letter is being submitted to request approval of an extension of the June 11, 2004 Construction Loan Closing deadline set forth in paragraph 1.D of Exhibit A to the Development's 2003 Low Income Housing Tax Credit Commitment Notice.

Pursuant to Section 49.21(k) of the Department's 2003 Low Income Housing Tax Credit Program Qualified Allocation Plan and Rules, the Owner would like to request a 60-day extension to the June 11, 2004 Construction Loan Closing deadline. Under the proposed 60-day extension, the Construction Loan Closing deadline would be extended to Tuesday, August 10, 2004. A check in the amount of \$2,500 in payment of the nonrefundable extension fee is enclosed with this request.

The Owner is requesting the Construction Loan Closing extension in order to better coordinate completion of the environmental remediation work on the Development and closing of the Development's various financing sources. Environmental remediation work is currently being performed on the Development. The "risk assessment" required by the Department of Housing and Urban Development lead paint abatement regulations was performed during the week of April 5, 2004. Lead paint abatement and asbestos removal work began during the week of April 12, 2004. The environmental remediation work is scheduled to take approximately 5 – 6 weeks to complete. Accordingly, it is anticipated that the environmental remediation work will be completed by May 24, 2004.

As a condition to closing on the first mortgage loan and on the equity financing, Southwest Bank of Texas, N.A., the first mortgage lender (the "Bank"), and Apollo Housing Capital, L.L.C., the

Owner's limited partner equity investor ("Apollo"), respectively, will require lien waivers and affidavits of completion of all environmental remediation work on the Development from the environmental contractor and its subcontractor(s). It is likely that the environmental contractor and its subcontractor(s) will be unable to provide the affidavits of completion with respect to the environmental remediation for purposes of permitting the Owner to close on the Bank loan, the equity financing, and the other sources of financing until the State of Texas Department of Health has reviewed the Development and certified that the remediation work is complete in accordance with the applicable law. The timeframe for the State of Texas Department of Health review and certification is not known. Therefore, the Owner is requesting the 60-day extension in order to allow some flexibility in the timing of the completion of the environmental remediation work and the certification of that completion, both prerequisites to closing on the Bank loan and the equity financing.

The Owner scheduled the environmental remediation work to begin in April 2004 to continue making forward progress to closing and completion of the Development. Many, if not all, of the local environmental contractors were unable to provide services to the Development during the months of May through July due to prior contracting with local school districts. Because of the scheduled work on the schools and the unavailability of environmental contractors during this 3-month period, if the Owner had not commenced the asbestos and lead paint abatement work in April, the Development's construction schedule would have been delayed nearly 4 months until August 2004. The availability of funds received from various local charitable organizations has allowed the Owner to move forward with the environmental remediation work. Though the commencement of the environmental remediation work avoided significant delays to the Development's construction schedule, the Bank and Apollo, and other lenders, require assurance that the work has been completed and all parties have been paid fully before they are willing to formally enter the transaction. Therefore, the Owner is requesting the above-referenced 60-day extension to the June 11th Construction Loan Closing deadline to ensure that it has adequate time to obtain these required assurances.

Further, the Owner is requesting the Construction Loan Closing extension also as a result of proposed amendments to the Development's Uniform Housing Programs Application (the "Application") with respect to (i) the Development's funding sources (by restructuring certain grant funds received from various local charitable entities and from Harris County, Texas, as fully-deferred sponsor loans), and (ii) the Owner's general partner organizational structure (by having a single general partner to be known as Jeff Davis, LLC, of which Artspace Houston, LLC and Avenue Jeff Davis, LLC will be the only members). The parties are in the process of negotiating the terms of these proposed amendments to the Application, and a supplemental request for approval of these amendments, including all required documentation relating to the proposed general partner structure change, will be submitted to the Department on or before Friday, May 21, 2004.

Mr. Ben Sheppard
May 10, 2004
Page 3

If you have any questions or require additional information with respect to the Owner's request for a 60-day extension of the Construction Loan Closing date, please contact either Beth Timm (612-604-6569) or Erin Jones (612-604-6730).

Sincerely,

WINTHROP & WEINSTINE, P.A.



Erin D. Jones

Enclosures

cc: Mr. Brian Gorecki
Ms. Mary Lawler
Cynthia Bast, Esq.
Mr. Rick Slagle
William Skalitzky, Esq.
Paul W. Markwardt, Esq.
Beth G. Timm, Esq.

2115871v1
File No.: 4886-37

Tigoni Villas Apartments, HTC Development No. 03136

Summary of Request: Applicant has notified the Department that while the construction loan is approved by the lender, they are experiencing delays in loan closing. The Department is aware that a lawsuit is in progress that may have influenced this request.

Applicant:	Tigoni Villas, L.P.
General Partner:	Lone Star Housing Corporation
Principals/Interested Parties:	Cathy Graugnard
Syndicator:	Key Investment Fund Limited Partnership, XII
Construction Lender:	Key Bank
Permanent Lender:	Key Bank
Other Funding:	HOME funds from City of San Antonio
City/County:	San Antonio/Bexar
Set-Aside:	General/Family
Type of Development:	New Construction
Units:	112 HTC and 28 market rate units
2003 Allocation:	\$851,994
Allocation per HTC Unit:	\$7,607
Extension Request Fee Paid:	\$2,500
Type of Extension Request:	Closing construction loan
Note on Time of Request:	Request was submitted on time
Current Deadline:	June 11, 2004
New Deadline Requested:	July 11, 2004
New Deadline Recommended:	July 11, 2004
Prior Extensions:	None
Reason for Request:	See summary above.

Staff Recommendation: **Approve extension as requested.**

TIGONI VILLAS, L.P.

19202 HUEBNER, SUITE 100
SAN ANTONIO, TEXAS 78258
(210) 490-9440
(210) 490-9441 FAX

RECEIVED

MAY 12 2004

LIHTC

May 12, 2004

VIA HAND DELIVERY

Ms. Brooke Boston
Director of Multifamily
Texas Department of Housing and Community Affairs
507 Sabine, Suite 400
Austin, Texas 78711

Re: Tax Credit Award (the "Award") by the Texas Department of Housing and Community Affairs ("TDHCA") pursuant to that certain Uniform Housing Program Application dated February 28, 2003 (the "Application") by Tigoni Villas, L.P. (the "Partnership") for the development of that certain real property located at 4601 Rim Rock St, San Antonio, Bexar County Texas (the "Project").

Dear Ms. Boston:

I am writing on behalf of Tigoni Villas, LP, owner of Tigoni Villas, TDHCA # 03136. We respectfully request an extension for the construction loan deadline until July 11, 2004. Enclosed is a check in the amount of \$2,500.00.

The construction loan is approved by the lender, but we are experiencing delays in loan closing. We are requesting this extension as a precautionary measure in the event we cannot close the loan by the submission date of June 11, 2004.

If you need any further information, please contact our office at (210) 490-9440. Thank you for your immediate attention to this matter.

Sincerely,



Cathy Graugnard
President of General Partner

Summit Senior Village Apartments, HTC Development No. 03159

Summary of Request: Applicant stated that delays have been caused by the amendment to the site plan and building plans approved by the Board on October 9, 2003. That amendment permitted the addition of 3 acres of land and the redesign of the building type and configurations and was predicated upon a request from the City of Gainesville. After the amendment was approved, the applicant obtained a carryover extension to purchase the additional land, perform floodplain remediation and pursue a letter of map revision from FEMA. While those requests enhanced the quality of the development, they have caused it to perform consistently 60 days behind schedule. Furthermore, the applicant has selected HUD as its lender which has also created several delays. The HUD office has indicated that the new deadline for closing requested below should be sufficient.

Applicant:	MAEDC Gainesville Seniors, L.P.
General Partner:	MAEDC Gainesville GP, LLC
Principals/Interested Parties:	James French
Syndicator:	Lend Lease
Construction Lender:	Bank One
Permanent Lender:	Bank One
Other Funding:	NA
City/County:	Gainesville/Cooke
Set-Aside:	General/Elderly
Type of Development:	New Construction
Units:	68 HTC and 8 market rate units
2003 Allocation:	\$476,268
Allocation per HTC Unit:	\$7,004
Extension Request Fee Paid:	\$2,500
Type of Extension Request:	Closing construction loan
Note on Time of Request:	Request was submitted on time
Current Deadline:	June 11, 2004
New Deadline Requested:	August 11, 2004
New Deadline Recommended:	August 11, 2004
Prior Extensions:	Carryover extended from 11/1/03 to 12/15/03
Reason for Request:	See summary above.

Staff Recommendation: **Approve extension as requested.**

SUMMIT SENIOR VILLAGE

MAY 12 AM 11:40

May 10, 2004

Mr. Robert Onion
Manager of Multifamily Programs
Texas Department of Housing and Community Affairs
507 Sabine Street, 6th Floor
Austin, Texas 78701

Re: Request for Construction Loan Closing Extension of LIHTC #03159, Summit Senior Village, Gainesville, TX

Dear Robert:

Pursuant to the information provided in the 2003 HTC Development Timeline and Required HTC Progress Reports, the purpose of this letter is to request an extension to August 11, 2004 for executing the Construction Loan Closing for the above referenced development. An HTC Program Document and Payment Receipt, along with a check in the amount of \$2,500, are included with the letter.

The Summit Senior Village has previously requested a change in the land area and site plan. This request was recommended for approval by TDHCA Staff and was approved at the October 9th TDHCA Board meeting. The Project Owner then requested a carryover extension due to additional time required to address items outlined in the material change request (including but not limited to the purchase of additional land and the flood plain remediation and pursuit of the Conditional Letter of Map Revision from FEMA). Essentially, these requests have significantly improved the quality of the Summit Senior Village development, but have caused it to perform a consistent 60 days behind schedule.

Additionally, the Project Owner has opted to utilize U.S. Department of Housing and Urban Development financing for the construction and permanent loans for this development. This financing tool benefits the financial feasibility of the development, but has created a few delays in processing the closing information. The Project Owner, our tax credit consultants and the lender are all work in concert to expedite this closing. We have met with the Fort Worth office of the U.S. Department of Housing and Urban Development regarding this matter. All parties involved feel a 60 days extension will provide ample time to close the construction loan.

Thank you for your assistance in this matter. We are available to answer any questions or provide you with any additional documentation concerning this request. Please contact our tax credit consultant, Kelly Hunt, at (806) 383-8784.

Sincerely,

MAEDC Gainesville Seniors, L.P.



James R. French
President of the Special Limited Partner

enclosures

cc: Monique Allen, Maple Avenue Economic Development

Jacinto Manor Apartments, HTC Development No. 03178

Summary of Request: The applicant is requesting the extension because they have applied to HUD for a 221(d)(4) mortgage, but must still complete HUD's final review. They anticipate that the Firm Commitment will be filed by the end of May and that closing will occur by the first week of August.

Applicant:	Jacinto Manor, Ltd.
General Partner:	Artisan/American Corporation (59%), Inland General Construction Company (41%)
Principals/Interested Parties:	Elizabeth Young, Vernon Young
Syndicator:	PNC Bank
Construction Lender:	Davis-Penn Mortgage Company
Permanent Lender:	Davis-Penn Mortgage Company
Other Funding:	NA
City/County:	Jacinto City/Harris
Set-Aside:	General/Elderly
Type of Development:	New Construction
Units:	160 HTC and 40 market rate units
2003 Allocation:	\$782,354
Allocation per HTC Unit:	\$4,890
Extension Request Fee Paid:	\$2,500
Type of Extension Request:	Closing construction loan
Note on Time of Request:	Request was submitted on time
Current Deadline:	June 11, 2004
New Deadline Requested:	August 31, 2004
New Deadline Recommended:	August 31, 2004
Prior Extensions:	None
Reason for Request:	See summary above.
Staff Recommendation:	Approve extension as requested.

ARTISAN/AMERICAN CORP.

MAY 12 AM 11:41

5325 Katy Freeway, Suite One
Houston, Texas 77007
(713) 626-1400
FAX: (713) 626-1098

May 11, 2004

Ms. Brooke Boston
Low Income Housing Tax Credit Program
TDHCA
507 Sabine, Suite 400
Austin, TX 78701

RE: Construction Loan Closing - Request for Extension
Jacinto Manor # 03178

Dear Brooke,

We are requesting an extension to the deadline for Construction Loan Closing for the above-referenced project. We have applied to the Department of Housing and Urban Development for a mortgage pursuant to Section 221 (d) 4. HUD has issued an invitation letter for our proposal, but must complete their final review which can take up to 45 days. The Firm Commitment will be filed before the end of this month and we anticipate closing the first week of August.

We are requesting that the deadline for our Construction Loan Closing be extended until August 31, 2004. We believe this date will allow HUD sufficient time to complete their review and allow for any unanticipated delays.

Thank you for your consideration and please do not hesitate to call if you have any questions.

Yours truly,



H. Elizabeth Young
President

Enclosures

The Manor at Jersey Village, HTC Development No. 03182

Summary of Request: The applicant is requesting the extension because they have applied to HUD for a 221(d)(4) mortgage, but must still complete HUD's final review. They anticipate that the Firm Commitment will be filed by the end of May and that closing will occur by the first week of August.

Applicant:	The Manor at Jersey Village, Ltd.
General Partner:	Artisan/American Corporation (51%), Inland General Construction Company (49%)
Principals/Interested Parties:	Elizabeth Young, Vernon Young
Syndicator:	PNC Bank
Construction Lender:	Davis-Penn Mortgage Company
Permanent Lender:	Davis-Penn Mortgage Company
Other Funding:	NA
City/County:	Jersey Village/Harris
Set-Aside:	General/Elderly
Type of Development:	New Construction
Units:	160 HTC and 40 market rate units
2003 Allocation:	\$782,354
Allocation per HTC Unit:	\$4,890
Extension Request Fee Paid:	\$2,500
Type of Extension Request:	Closing construction loan
Note on Time of Request:	Request was submitted on time
Current Deadline:	June 11, 2004
New Deadline Requested:	August 31, 2004
New Deadline Recommended:	August 31, 2004
Prior Extensions:	None
Reason for Request:	See summary above.
Staff Recommendation:	Approve extension as requested.

ARTISAN/AMERICAN CORP.

5325 Katy Freeway, Suite One
Houston, Texas 77007
(713) 626-1400
FAX: (713) 626-1098

MAY 12 AM 11:42

May 11, 2004

Ms. Brooke Boston
Low Income Housing Tax Credit Program
TDHCA
507 Sabine, Suite 400
Austin, TX 78701

RE: Construction Loan Closing - Request for Extension
The Manor at Jersey Village # 03182

Dear Brooke,

We are requesting an extension to the deadline for Construction Loan Closing for the above-referenced project. We have applied to the Department of Housing and Urban Development for a mortgage pursuant to Section 221 (d) 4. HUD has issued an invitation letter for our proposal, but must complete their final review which can take up to 45 days. The Firm Commitment will be filed before the end of this month and we anticipate closing the first week of August.

We are requesting that the deadline for our Construction Loan Closing be extended until August 31, 2004. We believe this date will allow HUD sufficient time to complete their review and allow for any unanticipated delays.

Thank you for your consideration and please do not hesitate to call if you have any questions.

Yours truly,



H. Elizabeth Young
President

Enclosures

DAVIS-PENN MORTGAGE CO.

May 11, 2003

Ms. H. Elizabeth Young
Artisan/American Corporation
5325 Katy Freeway, Suite One
Houston, Texas 77007

**RE: Manor @ Jersey Village
Project # 114-35553**

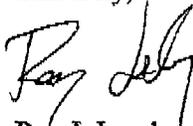
Dear Ms. Young,

On April 30th, HUD issued an Invitation Letter for your proposal, indicating their preliminary approval to finance your proposed elderly development. Before a Firm Commitment can be issued, they must complete their final review of the proposal, which can take up to 45 days to complete. It is our intention to file the Firm Commitment prior to the end of this month, which would result in a Firm Commitment being issued in mid July, with closing the first week in August.

You indicated your tax credit deadline for closing is June 11th. Based on our experience with HUD financing, you will probably need an extension to your credits, as this closing deadline is rapidly approaching, and I doubt seriously HUD can meet the time frame.

I look forward to working with you in the future on this project. If you have any questions, please don't hesitate to call me.

Sincerely,



Ray J. Landry
Vice President



A FULL SERVICE MORTGAGE COMPANY

12621 FEATHERWOOD • SUITE 290 • HOUSTON, TEXAS 77034 • (281) 481-2400 • FAX: (281) 481-2425

Village of Kaufman Apartments, HTC Development No. 03212

Summary of Request: The applicant has stated that the development is subject to the Mark-to-Market Program with HUD's Office of Multifamily Housing Assistance Restructuring and they are awaiting HUD's issuance of a restructuring commitment. All necessary documents were submitted to HUD in time for HUD to meet the scheduled issuance of a restructuring commitment in March, 2004; however, HUD is still reviewing the information submitted and must issue the commitment before the construction loan can be closed. The extended deadline requested below is based on an estimate of the time to close supplied by HUD.

Applicant:	V.K. Affordable Housing, L.P.
General Partner:	Delphi Housing of Kaufman, Inc.
Principals/Interested Parties:	Dan O'Dea, Michelle Grant
Syndicator:	Paramount Financial Group
Construction Lender:	Davis-Penn Mortgage Company
Permanent Lender:	Davis-Penn Mortgage Company/HUD (assumption)
Other Funding:	NA
City/County:	Kaufman/Kaufman
Set-Aside:	General/At-Risk/Family
Type of Development:	New Construction
Units:	67 HTC units
2003 Allocation:	\$193,806
Allocation per HTC Unit:	\$2,893
Extension Request Fee Paid:	\$2,500
Type of Extension Request:	Closing construction loan
Note on Time of Request:	Request was submitted on time
Current Deadline:	June 11, 2004
New Deadline Requested:	September 10, 2004
New Deadline Recommended:	September 10, 2004
Prior Extensions:	None
Reason for Request:	See summary above.

Staff Recommendation: **Approve extension as requested.**

May 11, 2004

Texas Department of Housing and Community Affairs
507 Sabine
Austin, Texas 78703
Attn: Brooke Boston

RE: Extension of Date of Construction Loan Closing – Village of Kaufman Apartments; TDHCA #03212

Ladies and Gentlemen:

This letter is written to request an extension of the date that the construction loan must close and documentation thereof.

This project is subject to the Mark-to-Market program of HUD's Office of Multifamily Housing Assistance Restructuring ("OMHAR"). We are currently waiting for OMHAR to issue a restructuring commitment. The original timing for the closing of this transaction was March, 2004. We submitted all required information to the Participating Administrative Entity that represents OMHAR, RER, Inc., through its representative, Scott Houchell, in due time for OMHAR to issue a restructuring commitment. OMHAR is still reviewing that information, along with other information that the PAE prepared. Only when OMHAR completes its review and issues a restructuring commitment will we be able to close. Once we receive the restructuring commitment, we will be able to close in a relatively short time. We expect the restructuring commitment any day. We believe that we will be able to close within thirty days after receipt of the restructuring commitment. Because we have not yet received the commitment, however, we are requesting an extension of the date that evidence of the closing of the construction loan must be received in your office to September 10, 2004.

Attached is an email from Mr. Houchell evidencing the submission of the proposal to OMHAR and his estimation of the time to close.

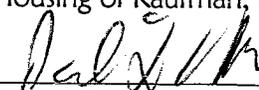
Enclosed please find our check number 1002 in the amount of \$2,500.00 as fees for the extension.

If you have any questions or need any additional information, please do not hesitate to contact me at 512.494.8200 ext. 211.

Sincerely,

VK Affordable Housing, L.P., a Texas limited partnership

By: Delphi Housing of Kaufman, Inc., a Texas corporation, General Partner

By: 
Daniel F. O'Dea, President

Cc: Mr. Scott Houchell



Fox Run Apartments, HTC Development No. 03213

Summary of Request: The applicant has stated that the development is subject to the Mark-to-Market Program with HUD's Office of Multifamily Housing Assistance Restructuring and they are awaiting HUD's issuance of a restructuring commitment. All necessary documents were submitted to HUD in time for HUD to meet the scheduled issuance of a restructuring commitment in March, 2004; however, HUD is still reviewing the information submitted and must issue the commitment before the construction loan can be closed. The extended deadline requested below is based on an estimate of the time to close supplied by HUD.

Applicant:	F.R. Affordable Housing, L.P.
General Partner:	Delphi Housing of Orange, Inc.
Principals/Interested Parties:	Dan O'Dea, Michelle Grant
Syndicator:	Paramount Financial Group
Construction Lender:	Davis-Penn Mortgage Company
Permanent Lender:	Davis-Penn Mortgage Company/HUD (assumption)
Other Funding:	NA
City/County:	Orange/Orange
Set-Aside:	General/At-Risk/Family
Type of Development:	New Construction
Units:	68 HTC units
2003 Allocation:	\$213,473
Allocation per HTC Unit:	\$3,139
Extension Request Fee Paid:	\$2,500
Type of Extension Request:	Closing construction loan
Note on Time of Request:	Request was submitted on time
Current Deadline:	June 11, 2004
New Deadline Requested:	September 10, 2004
New Deadline Recommended:	September 10, 2004
Prior Extensions:	None
Reason for Request:	See summary above.

Staff Recommendation: **Approve extension as requested.**

May 11, 2004

Texas Department of Housing and Community Affairs
507 Sabine
Austin, Texas 78703
Attn: Brooke Boston

RE: Extension of Date of Construction Loan Closing – Fox Run Apartments; TDHCA #03213

Ladies and Gentlemen:

This letter is written to request an extension of the date that the construction loan must close and documentation thereof.

This project is subject to the Mark-to-Market program of HUD's Office of Multifamily Housing Assistance Restructuring ("OMHAR"). We are currently waiting for OMHAR to issue a restructuring commitment. The original timing for the closing of this transaction was March, 2004. We submitted all required information to the Participating Administrative Entity that represents OMHAR, RER, Inc., through its representative, Scott Houchell, in due time for OMHAR to issue a restructuring commitment. OMHAR is still reviewing that information, along with other information that the PAE prepared. Only when OMHAR completes its review and issues a restructuring commitment will we be able to close. Once we receive the restructuring commitment, we will be able to close in a relatively short time. We expect the restructuring commitment any day. We believe that we will be able to close within thirty days after receipt of the restructuring commitment. Because we have not yet received the commitment, however, we are requesting an extension of the date that evidence of the closing of the construction loan must be received in your office to September 10, 2004.

Attached is an email from Mr. Houchell evidencing the submission of the proposal to OMHAR and his estimation of the time to close.

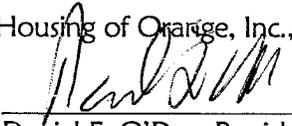
Enclosed please find our check number 1002 in the amount of \$2,500.00 as fees for the extension.

If you have any questions or need any additional information, please do not hesitate to contact me at 512.494.8200 ext. 211.

Sincerely,

FR Affordable Housing, L.P., a Texas limited partnership

By: Delphi Housing of Orange, Inc., a Texas corporation, General Partner

By: 
Daniel F. O'Dea, President

Cc: Mr. Scott Houchell



Desert Breeze Apartments, HTC Development No. 03220

Summary of Request: Applicant has requested the extensions because Horizon City has annexed the area containing the development since the time the application was submitted. Horizon City, through the annexation, imposed zoning that was incompatible with the proposed development. The applicant's counsel has met with city representatives and there is concurrence that the development will be able to move forward. However, the applicant is awaiting written confirmation of this. Furthermore, because of the land use issue, due diligence reviews by the lender and investor are not yet completed, although they believe the 90 day request will be sufficient to get the zoning matter resolved and the loan and equity documents in place.

Applicant:	Desert Breeze, Ltd.
General Partner:	Housing & Economic Rural Opportunities, Inc., Managing GP
	Marvelous Light Corporation, Co-GP
Principals/Interested Parties:	James Millender, Sr./Ike Monty (general contractor)
Syndicator:	SunAmerica Affordable Housing Partners
Construction Lender:	AIG SunAmerica, Inc.
Permanent Lender:	AIG SunAmerica, Inc.
Other Funding:	NA
City/County:	Horizon City/El Paso
Set-Aside:	Rural/Nonprofit/Elderly
Type of Development:	New Construction
Units:	36 HTC units
2003 Allocation:	\$359,018
Allocation per HTC Unit:	\$9,973
Extension Request Fee Paid:	\$2,500
Type of Extension Request:	Closing construction loan
Note on Time of Request:	Request was submitted on 5/14. Deadline was 5/12
Current Deadline:	June 11, 2004
New Deadline Requested:	September 9, 2004
New Deadline Recommended:	September 9, 2004
Prior Extensions:	None
Reason for Request:	See summary above.
Staff Recommendation:	Approve extension as requested.

LOCKE LIDDELL & SAPP LLP

ATTORNEYS & COUNSELORS

100 CONGRESS AVENUE
Suite 300
Austin, Texas 78701-4042

AUSTIN • DALLAS • HOUSTON • NEW ORLEANS

(512) 305-4700
Fax: (512) 305-4800
www.lockeliddell.com

Direct Number: (512) 305-4707
email: cbast@lockeliddell.com

May 12, 2004

Ms. Brooke Boston
Texas Department of Housing and Community Affairs
507 Sabine
Austin, Texas 78701

VIA HAND DELIVERY

Re: Desert Breeze, Ltd. (the "Partnership")
TDHCA File No.: 03220

Dear Brooke:

Our firm represents the Partnership. The Partnership respectfully requests a 90-day extension for the construction loan closing deadline. This request is due to circumstances that were beyond the control of the Partnership and unanticipated at the time of application.

When the Partnership filed its application for tax credits, the property was outside of the city limits of Horizon City and therefore not subject to the City's zoning requirements. Subsequently, the City annexed this property and imposed zoning that is inconsistent with the development of the affordable homes anticipated by the Partnership's application. Zoning for this property needs to be changed so that the project can be developed, and this proposed change is in progress.

The Partnership's local counsel has discussed this matter with the Mayor of Horizon City and the City Attorney. Both have agreed that the Partnership has vested rights in this project and must be permitted to continue with the development without regard for the zoning designation that was imposed by the annexation. The Partnership is seeking written confirmation of this determination and expects the written confirmation to be delivered shortly.

As a result of this land use issue, the Partnership's investor and lender have not completed their due diligence review. They are prepared to move forward as soon as the zoning matter is resolved. The Partnership believes a 90-day extension will provide sufficient time for the zoning matter to be resolved and the construction loan and equity documents to be put into place. Further, the Partnership believes it will have sufficient time to construct and complete the project so that it may be placed in service as required.

Ms. Brooke Boston
May 12, 20024
Page 2

We have enclosed a check in the amount of \$2,500, payable to the Department, to support this request. If you need any additional information about this situation, please feel free to contact me.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink that reads "Cynthia L. Bast". The signature is written in a cursive style with a long horizontal flourish extending to the right.

Cynthia L. Bast

cc: James Millender
Eddie Gallegos
Ike Monty
Yolanda Giner

LOCKE LIDDELL & SAPP LLP

ATTORNEYS & COUNSELORS

100 CONGRESS AVENUE
Suite 300
Austin, Texas 78701-4042

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(512) 305-4700
Fax: (512) 305-4800
www.lockeliddell.com

Direct Number: (512) 305-4707
email: cbast@lockeliddell.com

May 28, 2004

Ms. Brooke Boston
Mr. Ben Sheppard
Texas Department of Housing
and Community Affairs
507 Sabine, Suite 400
Austin, TX 78701



Re: Desert Breeze Apartments #03220

Dear Brooke and Ben:

You asked for comments and clarifications as to the request for construction loan closing extension for the above-referenced project.

As to the Summary of Request, we wish to clarify that the annexation process commenced in December 2003, after the tax credit allocation, and was completed on March 17, 2004 by letter from the U.S. Department of Justice, indicating no objection to the proposed annexation by Horizon City. Pursuant to City Code Section 303.5, all unzoned annexed land is zoned R-2 upon annexation. R-2 zoning requires single-family detached dwellings or two family duplex dwellings with a minimum of 1500 square feet for one-story dwellings and garages. These requirements are incompatible with the site plan proposed by Desert Breeze in its tax credit application. Thus, a change of zoning is now required. Copies of zoning regulations and other information regarding the annexation can be provided upon your request.

In my letter dated May 12, 2004, I indicated that the Mayor of Horizon City has acknowledged our client's vested rights in developing this project in accordance with the tax credit application. At this time, we are anticipating the receipt of a correspondence from the City Attorney for Horizon City confirming that Desert Breeze Subdivision will be considered a nonconforming use by the City and will be permitted to develop as planned.

In addition, the request for extension should be clarified as follows:

- The syndicator, construction lender and permanent lender are now expected to be MMA Financial. As you know, it is commonplace for project owners to change finance parties after the application is made.

Brooke Boston
Ben Sheppard
May 28, 2004
Page 2

- The project did not participate in the non-profit or elderly set-asides.
- As previously discussed, we have provided evidence that the extension request was submitted on May 12, 2004, within the Department's deadline.

I hope this provides the information you are seeking. Please let me know if you need anything further.

Sincerely,



Cynthia L. Bast

CLB/saf

**REAL ESTATE ANALYSIS DIVISION
BOARD ACTION REQUEST**

June 10, 2004

Action Items:

Request approval of an increase in the tax credit allocation amount for transactions with 4% Low Income Housing Tax Credits (LIHTC) associated with private activity tax exempt mortgage revenue bonds for the following developments:

- € 01401 Roseland Gardens (Dallas Housing Authority developer), new construction asking for \$3,188 in additional credits
- € 00004T Carroll Townhome (Dallas Housing Authority developer), new construction asking for \$13,587 in additional credits

Required Action:

Approve the increase in credits as follows:

- € 01401 Roseland Gardens: \$3,188 for a total of \$402,563
- € 00004T Carroll Townhomes: \$13,587 for a total of \$265,305

In addition, staff requests approval of a waiver of the duplex ineligible building type (2000 QAP §49.2(44)) for 0004T Carroll Townhomes.

Background:

Since 2001 the Qualified Action Plan (QAP) has included a provision for tax credits associated with private activity bonds which states that a determination notice issued by the Department and any subsequent IRS Form(s) 8609 will reflect the amount of tax credits for which the project is determined to be eligible, and the amount of credits reflected may be greater than or less than the amount set forth in the determination notice, based upon the Department's and the bond issuer's determination as of each building's placement in service date.

The requested action requires the Board to act upon two cases which involved the new construction of Roseland Gardens (101 units) and Carroll Townhomes (71 units), both located in Dallas and developed by the Dallas Housing Authority. The applicants were previously approved for credits in the amount of \$399,375 and \$251,718, respectively. With the current request the applicant cited unpredicted increases in direct construction costs. The underwriting addendums have confirmed that rehabilitation cost increase is the primary reason for the increase.

The waiver for Carroll Townhomes is requested due to the Applicant's inclusion of a duplex building which was considered in the 2000 QAP as an ineligible building type (2000 QAP §49.2(44)) Since Bond Review Board rules require that 100% of the development be tax credit restricted in order to receive an allocation of bonds, the ineligibility of two units place in question the developments original eligibility for the bonds. Staff recommends the Board waive the ineligible building type requirement under the waiver authority of the 2004 QAP. The Development Owner has also agreed to

reduce their request based on excluding the prorated cost of the ineligible building type units from eligible basis costs. The exclusion of these costs from eligible basis will not affect the number of units restricted under the Housing Tax Credit program. The exclusion of these costs from basis will also provide an accounting for the increase in costs for items that were, at least in part, within the Applicant's control.

Recommendation

Staff recommends approval of the requested action.

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTI FAMILY CREDIT UNDERWRITING ANALYSIS 2nd ADDENDUM**

DATE: 5/25/2004

PROGRAM: 4% LIHTC

FILE NUMBER: 01401

DEVELOPMENT NAME

Roseland Gardens

APPLICANT

Name: Roseland Fellowship, L.P. **Type:** For Profit Non-Profit Municipal Other
Address: 3939 Hampton Road **City:** Dallas **State:** Texas
Zip: 75212 **Contact:** Lester Nevels **Phone:** (214) 951-8327 **Fax:** (214) 951-8800

PRINCIPALS of the APPLICANT

Name: Urban Options, Inc. **(%):** .01 **Title:** Managing General Partner
Name: Dallas Housing Authority (DHA) **(%):** N/A **Title:** Parent of MGP
Name: AMTAX HOLDINGS 2001-P, LLC **(%):** .9999 **Title:** Limited Partner

PROPERTY LOCATION

Location: 2255 North Washington Avenue QCT DDA
City: Dallas **County:** Dallas **Zip:** 75212

REQUEST

<u>Amount</u>	<u>Interest Rate</u>	<u>Amortization</u>	<u>Term</u>
\$3,188	N/A	N/A	N/A
Description: <u>4% tax credits in addition to 2001 award of \$399,375 for a total allocation of \$402,563 annually</u>			
Proposed Use of Funds: <u>New Construction</u>		Property Type: <u>Multifamily</u>	

RECOMMENDATION

RECOMMEND APPROVAL OF AN INCREASED HOUSING TAX CREDIT ALLOCATION NOT TO EXCEED A TOTAL OF \$402,563 ANNUALLY FOR TEN YEARS.

2nd ADDENDUM

In conjunction with submission of a cost certification packet for the development, Roseland Fellowship has requested a tax credit allocation of \$3,188 annually in addition to the allocation of \$399,375 received in 2000 for a total allocation of \$402,563. With respect to tax credits allocated in association with tax exempt bonds, the QAP provides that if the Development Owner requests more tax credits at cost certification than were approved by the Board in the original Determination Notice, additional documentation is required, including: a detailed narrative of the exceptional and unforeseeable circumstances necessitating the request for additional credits; a detailed breakdown of the cost overrun line items of the Development; a statement supported with documentation for proof that the increases in development costs were beyond the developer's

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
CREDIT UNDERWRITING ANALYSIS 2nd ADDENDUM

control; and other items as may be necessary for a complete review and evaluation of the request.

In response to a request for the required additional information, the Development Owner submitted a letter with an explanation for the increase in total costs and eligible basis from estimates at application. As the letter states, "The most substantive increases were in site improvement, construction costs, and Developer's fees." An unforeseen need to regrade the site after demolition work and additional electrical costs are noted, as well as increased costs due to installation of external dryer vents and laundry doors in order to meet City codes.

The Development Owner originally requested credits of \$336,496 annually, but increased the request to \$386,458 annually at application. Although costing by the Underwriter did not support the total development costs estimate provided by the Development Owner at application, several contractor bids for the development were submitted showing a much higher cost than both the Underwriter's and the Development Owner's estimates. The development's eligible basis based on the lowest of the contractor bids qualified it for the committed \$399,375 in annual tax credits.

As at application, the Underwriter has been unable to verify the development's direct construction costs based on the submitted architectural drawings and *Marshall & Swift* costing methods. The first addendum to the underwriting report indicates bids for construction ranged from a low of \$6,091,703 to \$6,433,573 in 2001. The actual cost of \$6,452,201, although at the high end, is supported by the initial bids.

The actual eligible basis of \$9,054,467, certified to by a public accountant, supports an increase in tax credits to a total of \$402,562. However, in order for the Underwriter to recommend an increase in the tax credit allocation, the development's gap driven need for syndication proceeds must also support the requested additional tax credits. The gap analysis is difficult in this case due to the development's rent subsidy and unusual financing structure.

Tax-exempt private activity mortgage revenue bonds issued through the Dallas Housing Authority (DHA) were used to finance the construction of the development. Series A bonds in the amount of \$3,200,000 remain outstanding while Series B bonds of \$3,225,000 will be repaid with tax credit equity and sponsor subordinated loans with a remaining outstanding balance of \$392,000. The sponsor subordinated loans include funds from a HOPE VI Grant for comprehensive redevelopment of the Roseland Homes public housing development and neighboring community. Up to \$2,480,136 has been committed to the subject development. In addition, Housing Options, Inc. has committed to providing a \$500,000 loan at an interest rate of 1.0% with principal and accrued interest due at the end of a 45-year term. Total DHA funding through subsidiaries of \$2,980,136 is available, but the current sources and uses indicates the Development Owner plans to utilize only \$2,590,551.

Due to the use of the grant funds to finance the development, the 100 tax credit units will be designated as public housing units for a period of at least 40 years, while the remaining unit will be employee occupied. The public housing units will be operated subject to conditions of the Applicable Public Housing Requirements and, in this case, the ground lease with DHA. The Dallas Housing Authority will utilize a HUD Annual Contributions Contract (ACC) to provide a monthly operating subsidy again through its subsidiary, Housing Options Inc., via a regulatory and operating agreement with the Development Owner. DHA will remain accountable to HUD and responsible for monitoring the Development Owner. The subsidy, funded by HUD's HOPE VI grant application program, will be the lesser of 90% of the operating funds approved by HUD for the fiscal year or an amount equal to the estimated property expenses for the fiscal year, as set forth in the approved operating budget, less the estimated property income for such period. At the end of the fiscal year, any excess subsidy provided based on the actual property expenses will be reimbursed to DHA or subsequent subsidy payments will be reduced. Therefore, with proper monitoring, the development will operate at break-even, with no net operating income available to service debt.

The Development Owner has the right to prepay the grant-financed loan at anytime without penalty and, in fact, the loan agreement indicates after all construction and development costs are paid, any remaining permanent funds must be applied towards repayment of the \$2,480,136 loan provided through DHA. Therefore, the requested additional tax credits and resulting syndication proceeds would not result in excess total sources of funds for the development.

**TEXAS DEPARTMENT OF HOUSING and COMMUNITY AFFAIRS
CREDIT UNDERWRITING ANALYSIS 2nd ADDENDUM**

In summary, the development cannot service additional debt based on the subsidy structure and any additional source of permanent funds would be used to repay a portion of an existing loan that will accrue interest until maturity. The development's eligible basis supports the additional tax credits requested and it is likely the funds repaid with the resulting syndication proceeds (estimated at \$26,447) will be used to release related party grant-funded financing on this property to finance additional DHA sponsored affordable housing. Therefore, the Underwriter recommends approval of an additional tax credit allocation of \$3,188 for a revised total annual housing tax credit allocation of \$402,563.

SUMMARY OF SALIENT RISKS AND ISSUES

- ∅ The Applicant's operating proforma is more than 5% outside of the Underwriter's verifiable range.
- ∅ The lender and lessor of the property have an identity of interest with the Development Owner.

Underwriter:

Lisa Vecchietti

Date: 5/25/2004

Director of Real Estate Analysis:

Tom Gouris

Date: 5/25/2004

MULTIFAMILY COMPARATIVE ANALYSIS

Roseland Gardens, Dallas, HTC #01401 2nd ADDENDUM

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Net Rent per Unit	Rent per Month	Rent per SF	Tnt Pd Util	Wtr, Swr, Trsh
50% TC	90	1	1	691	\$623	\$647	\$58,230	\$0.94	\$69.00	\$44.00
50% TC	10	2	1	832	748	830	8,300	1.00	80.00	51.00
EO	1	2	1	832	748	0	0	0.00	80.00	51.00
TOTAL:	101		AVERAGE:	706	\$637	\$659	\$66,530	\$0.93	\$70.20	\$44.76

INCOME				Total Net Rentable Sq Ft:	71,342	TDHCA 2001		TDHCA 2004		COST CERT		APPLICATION		Comptroller's Region 3			
POTENTIAL GROSS RENT						\$697,560	\$798,360	\$798,480	\$826,200	IREM Region Dallas			Per Unit Per Month				
Secondary Income		Per Unit Per Month:	\$5.00	12,120	6,060	3,612	0	\$2.98	Per Unit Per Month								
Other Support Income: (describe)				100,800	0	0	0										
POTENTIAL GROSS INCOME						\$810,480	\$804,420	\$802,092	\$826,200	-6.97%			of Potential Gross Rent				
Vacancy & Collection Loss		% of Potential Gross Income:	-7.50%	(60,786)	(60,332)	(55,894)	(61,968)										
Employee or Other Non-Rental Units or Concessions				0	0	0	0										
EFFECTIVE GROSS INCOME						\$749,694	\$744,089	\$746,198	\$764,232								
EXPENSES				% OF EGI	PER UNIT	PER SQ FT	TDHCA 2001		TDHCA 2004		COST CERT		APPLICATION		PER SQ FT	PER UNIT	% OF EGI
General & Administrative	5.13%	\$378	0.53	\$20,148	\$38,165	\$25,760	\$16,950	\$0.36	\$255	3.45%							
Management	5.00%	368	0.52	37,485	37,204	37,310	42,700	0.52	369	5.00%							
Payroll & Payroll Tax	12.17%	897	1.27	71,032	90,567	105,000	82,500	1.47	1,040	14.07%							
Repairs & Maintenance	5.99%	441	0.62	41,310	44,580	51,700	65,800	0.72	512	6.93%							
Utilities	2.92%	215	0.30	85,080	21,695	96,000	40,000	1.35	950	12.87%							
Water, Sewer, & Trash	5.11%	377	0.53	54,252	38,050	18,000	50,125	0.25	178	2.41%							
Property Insurance	2.40%	177	0.25	14,268	17,836	6,891	24,500	0.10	68	0.92%							
Property Tax	0.00%	0	0.00	0	0	0	0	0.00	0	0.00%							
Reserve for Replacements	2.71%	200	0.28	25,250	20,200	25,000	25,250	0.35	248	3.35%							
Other Expenses:	6.01%	443	0.63	3,400	44,735	44,735	3,300	0.63	443	6.00%							
TOTAL EXPENSES	47.44%	\$3,495	\$4.95	\$352,226	\$353,033	\$410,396	\$351,125	\$5.75	\$4,063	55.00%							
NET OPERATING INC	52.56%	\$3,872	\$5.48	\$397,468	\$391,056	\$335,802	\$413,107	\$4.71	\$3,325	45.00%							
DEBT SERVICE																	
Series A	34.96%	\$2,576	\$3.65	\$278,713	\$260,135	\$260,135	\$353,572	\$3.65	\$2,576	34.86%							
Series B	4.28%	\$316	\$0.45	0	31,867	31,867	0	\$0.45	\$316	4.27%							
Series B	0.00%	\$0	\$0.00	2,525	0	0	5,000	\$0.00	\$0	0.00%							
NET CASH FLOW	13.31%	\$981	\$1.39	\$116,230	\$99,054	\$43,800	\$54,535	\$0.61	\$434	5.87%							
AGGREGATE DEBT COVERAGE RATIO				1.41	1.34	1.15	1.15										
RECOMMENDED DEBT COVERAGE RATIO				1.23	1.34												

CONSTRUCTION COST				TDHCA 2001		TDHCA 2004		COST CERT		APPLICATION		PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)	0.00%	\$0	\$0.00	\$0	\$0	\$0	\$0	\$0.00	\$0	0.00%				
Off-Sites	0.00%	0	0.00	0	0	0	0	0.00	0	0.00%				
Sitework	6.05%	4,526	6.41	227,891	457,108	457,108	227,891	6.41	4,526	4.80%				
Direct Construction	60.63%	45,351	64.20	3,959,740	4,580,501	6,452,201	6,091,703	90.44	63,883	67.82%				
Contingency	0.00%	0	0.00	169,110	0	0	169,110	0.00	0	0.00%				
General Req'ts	3.72%	2,488	2.63	211,657	187,502	187,502	211,657	2.63	1,856	1.97%				
Contractor's G & A	1.21%	604	0.86	67,211	61,047	61,047	67,211	0.86	604	0.64%				
Contractor's Profit	3.72%	2,488	2.63	251,258	187,502	187,502	67,211	2.63	1,856	1.97%				
Indirect Construction	4.25%	3,177	4.50	427,202	320,887	320,887	427,202	4.50	3,177	3.37%				
Ineligible Costs	6.08%	4,548	6.44	599,639	459,376	459,376	599,639	6.44	4,548	4.83%				
Developer's G & A	2.00%	1,198	1.70	150,000	121,035	0	150,000	0.00	0	0.00%				
Developer's Profit	13.00%	7,789	11.03	380,000	786,728	1,131,017	380,000	15.85	11,198	11.89%				
Interim Financing	3.40%	2,547	3.61	488,658	257,206	257,206	488,658	3.61	2,547	2.70%				
Reserves	1.80%	1,344	1.90	90,000	135,724	0	90,000	0.00	0	0.00%				
TOTAL COST	100.00%	\$74,798	\$105.89	\$7,022,366	\$7,554,616	\$9,513,846	\$8,970,282	\$133.36	\$94,196	100.00%				
Recap-Hard Construction Costs	72.45%	\$54,195	\$76.72		\$5,473,660	\$7,345,360		\$102.96	\$72,726	77.21%				

SOURCES OF FUNDS				TDHCA 2001		TDHCA 2004		COST CERT		APPLICATION		RECOMMENDED	
Series A	42.36%	\$31,683	\$44.85	\$3,592,000	\$3,200,000	\$3,200,000	\$3,592,000	\$3,200,000	\$3,592,000	\$3,200,000	Developer Fee Available		
Series B	5.19%	\$3,881	\$5.49	1,606,372	392,000	392,000	1,606,372	392,000	1,606,372	392,000	\$907,763		
DHA-Sponsored Subordinated Loans	34.29%	\$25,649	\$36.31	0	2,590,551	2,590,551	0	2,580,907	0	2,580,907	% of Dev. Fee Deferred		
HTC Syndication Proceeds	44.10%	\$32,983	\$46.69	2,461,123	3,331,292	3,331,292	3,197,617	3,340,939	0	3,340,939	0%		
Deferred Developer Fees	0.00%	\$0	\$0.00	550,000	0	0	0	0	0	0			
Additional (excess) Funds Required	-25.93%	(\$19,398)	(\$27.46)	(1,187,129)	(1,959,227)	3	574,293	0	0	0	15-Yr Cumulative Cash Flow		
TOTAL SOURCES				\$7,022,366	\$7,554,616	\$9,513,846	\$8,970,282	\$9,513,846		\$2,397,405.80			

MULTIFAMILY COMPARATIVE ANALYSIS (continued)
Roseland Gardens, Dallas, HTC #01401 2nd ADDENDUM

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook

Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$45.23	\$3,227,154
Adjustments				
Exterior Wall Finish	6.00%		\$2.71	\$193,629
Elderly	5.00%		2.26	161,358
9 ft. ceilings	3.75%		1.70	121,018
Subfloor			(0.51)	(36,206)
Floor Cover			2.00	142,684
Porches/Balconies	\$18.21	5353	1.37	97,451
Plumbing	\$605	0	0.00	0
Built-In Appliances	\$1,650	101	2.34	166,650
Stairs	\$1,775	9	0.22	15,975
Floor Insulation			0.00	0
Heating/Cooling			1.53	109,153
Interior Corridors	\$36.41	29,481	15.05	1,073,403
Common Area	\$81.84	8,037	9.22	657,748
Elevators	\$44,573	3	1.87	133,719
SUBTOTAL			85.00	6,063,737
Current Cost Multiplier	1.03		2.55	181,912
Local Multiplier	0.90		(8.50)	(606,374)
TOTAL DIRECT CONSTRUCTION COSTS			\$79.05	\$5,639,275
Plans, specs, survy, bld prmt	3.90%		(\$3.08)	(\$219,932)
Interim Construction Interest	3.38%		(2.67)	(190,326)
Contractor's OH & Profit	11.50%		(9.09)	(648,517)
NET DIRECT CONSTRUCTION COSTS			\$64.20	\$4,580,501

PAYMENT COMPUTATION

Primary	\$3,200,000	Amort	360
Int Rate	7.18%	DCR	1.50

Secondary	\$392,000	Amort	360
Int Rate	7.18%	Subtotal DCR	1.34

Additional	\$2,590,551	Term	
Int Rate		Aggregate DCR	1.34

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	\$260,135
Secondary Debt Service	31,867
Additional Debt Service	0
NET CASH FLOW	\$99,054

Primary	\$3,200,000	Term	360
Int Rate	7.18%	DCR	1.50

Secondary	\$392,000	Term	360
Int Rate	7.18%	Subtotal DCR	1.34

Additional	\$2,580,907	Term	0
Int Rate	0.00%	Aggregate DCR	1.34

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
INCOME at 3.00%									
POTENTIAL GROSS RENT	\$798,360	\$822,311	\$846,980	\$872,390	\$898,561	\$1,041,679	\$1,207,591	\$1,399,929	\$1,881,388
Secondary Income	6,060	6,242	6,429	6,622	6,821	7,907	9,166	10,626	14,281
Other Support Income: (describe)	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	804,420	828,553	853,409	879,011	905,382	1,049,586	1,216,757	1,410,555	1,895,668
Vacancy & Collection Loss	(60,332)	(62,141)	(64,006)	(65,926)	(67,904)	(78,719)	(91,257)	(105,792)	(142,175)
Employee or Other Non-Rental t	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	\$744,089	\$766,411	\$789,403	\$813,086	\$837,478	\$970,867	\$1,125,501	\$1,304,764	\$1,753,493
EXPENSES at 4.00%									
General & Administrative	\$38,165	\$39,692	\$41,279	\$42,931	\$44,648	\$54,321	\$66,090	\$80,408	\$119,024
Management	37,204	38,321	39,470	40,654	41,874	48,543	56,275	65,238	87,675
Payroll & Payroll Tax	90,567	94,190	97,957	101,876	105,951	128,905	156,833	190,811	282,447
Repairs & Maintenance	44,580	46,363	48,218	50,146	52,152	63,451	77,198	93,923	139,029
Utilities	21,695	22,563	23,466	24,404	25,381	30,879	37,569	45,709	67,660
Water, Sewer & Trash	38,050	39,572	41,155	42,801	44,514	54,158	65,891	80,166	118,666
Insurance	17,836	18,549	19,291	20,063	20,865	25,385	30,885	37,577	55,623
Property Tax	0	0	0	0	0	0	0	0	0
Reserve for Replacements	20,200	21,008	21,848	22,722	23,631	28,751	34,980	42,558	62,997
Other	44,735	46,524	48,385	50,321	52,334	63,672	77,467	94,250	139,513
TOTAL EXPENSES	\$353,033	\$366,782	\$381,070	\$395,918	\$411,348	\$498,066	\$603,188	\$730,641	\$1,072,633
NET OPERATING INCOME	\$391,056	\$399,629	\$408,333	\$417,167	\$426,130	\$472,801	\$522,313	\$574,123	\$680,860
DEBT SERVICE									
First Lien Financing	\$260,135	\$260,135	\$260,135	\$260,135	\$260,135	\$260,135	\$260,135	\$260,135	\$260,135
Second Lien	31,867	31,867	31,867	31,867	31,867	31,867	31,867	31,867	31,867
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	\$99,054	\$107,628	\$116,332	\$125,166	\$134,128	\$180,800	\$230,312	\$282,121	\$388,859
DEBT COVERAGE RATIO	1.34	1.37	1.40	1.43	1.46	1.62	1.79	1.97	2.33

LIHTC Allocation Calculation - Roseland Gardens, Dallas, HTC #01401 2nd ADDENDUM

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
(1) Acquisition Cost				
Purchase of land				
Purchase of buildings				
(2) Rehabilitation/New Construction Cost				
On-site work	\$457,108	\$457,108	\$457,108	\$457,108
Off-site improvements				
(3) Construction Hard Costs				
New structures/rehabilitation hard costs	\$6,452,201	\$4,580,501	\$6,452,201	\$4,580,501
(4) Contractor Fees & General Requirements				
Contractor overhead	\$61,047	\$61,047	\$61,047	\$61,047
Contractor profit	\$187,502	\$187,502	\$187,502	\$187,502
General requirements	\$187,502	\$187,502	\$187,502	\$187,502
(5) Contingencies				
(6) Eligible Indirect Fees				
	\$320,887	\$320,887	\$320,887	\$320,887
(7) Eligible Financing Fees				
	\$257,206	\$257,206	\$257,206	\$257,206
(8) All Ineligible Costs				
	\$459,376	\$459,376		
(9) Developer Fees				
Developer overhead		\$121,035		\$121,035
Developer fee	\$1,131,017	\$786,728	\$1,131,017	\$786,728
(10) Development Reserves				
		\$135,724		
TOTAL DEVELOPMENT COSTS	\$9,513,846	\$7,554,616	\$9,054,470	\$6,959,516

Deduct from Basis:			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
TOTAL ELIGIBLE BASIS		\$9,054,470	\$6,959,516
High Cost Area Adjustment		130%	130%
TOTAL ADJUSTED BASIS		\$11,770,811	\$9,047,371
Applicable Fraction		100%	100%
TOTAL QUALIFIED BASIS		\$11,770,811	\$9,047,371
Applicable Percentage		3.42%	3.42%
TOTAL AMOUNT OF TAX CREDITS		\$402,562	\$309,420

Syndication Proceeds	0.8299	\$3,340,928	\$2,567,930
Total Credits (Eligible Basis Method)		\$402,562	\$309,420
Syndication Proceeds		\$3,340,928	\$2,567,930
Requested Credits		\$402,563	
Syndication Proceeds		\$3,340,939	
Gap of Syndication Proceeds Needed			\$3,962,616
Credit Amount			\$477,471

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

DATE: June 3, 2004

PROGRAM: LIHTC

FILE NUMBER: 01401

DEVELOPMENT NAME

Roseland Gardens

APPLICANT

Name: Roseland Fellowship, L.P. **Type:** For Profit Non-Profit Municipal Other
Address: 3939 Hampton Road **City:** Dallas **State:** Texas
Zip: 75212 **Contact:** Mattye Jones **Phone:** (214) 951-8303 **Fax:** (214) 951-8800

PRINCIPALS of the APPLICANT

Name: Urban Options, Inc. **(%):** .01 **Title:** Managing General Partner
Name: Enterprise SIC/Texas HFC **(%):** 99.99 **Title:** Limited Partner

GENERAL PARTNER

Name: Urban Options, Inc. **Type:** For Profit Non-Profit Municipal Other
Address: 3939 N. Hampton Road **City:** Dallas **State:** Texas
Zip: 75212 **Contact:** Barbara Cassel **Phone:** (214) 951-8349 **Fax:** (214) 951-8800

PROPERTY LOCATION

Location: 2000 Block of North Washington Avenue QCT DDA
City: Dallas **County:** Dallas **Zip:** 75204

REQUEST

<u>Amount</u>	<u>Interest Rate</u>	<u>Amortization</u>	<u>Term</u>
\$336,496	N/A	N/A	N/A
Other Requested Terms: <u>Annual 10-year allocation of low-income housing tax credits</u>			
Proposed Use of Funds: <u>New Construction</u> Set-Aside: <input checked="" type="checkbox"/> 4% LIHTC/Private Activity Bonds			

SITE DESCRIPTION

Size: 1.854 acres 80,760 square feet **Zoning/ Permitted Uses:** MF-2A (PD in process)
Flood Zone Designation: Zone C **Status of Off-Sites:** Partially Developed

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
CREDIT UNDERWRITING ANALYSIS**

DESCRIPTION of IMPROVEMENTS

Total Units: 101 **# Rental Buildings:** 1 **# Common Area Bldgs:** 0 **# of Floors:** 4 **Age:** N/A yrs **Vacant:** N/A at / /

Number	Bedrooms	Other Rms	Bathrooms	Size in SF
90	1		1	691
11	2		1	832

Net Rentable SF: 71,342 **Av Un SF:** 706 **Common Area SF:** 36,686* **Gross Bldng SF** 108,028

Property Type: Multifamily SFR Rental Elderly Mixed Income Special Use

* 5,309sf resident accessible common areas; 1,896sf mechanical/storage space; 29,481sf other common areas, i.e. common hallways

CONSTRUCTION SPECIFICATIONS

STRUCTURAL MATERIALS

Steel stud frame on a post-tensioned concrete slab on grade, 75% stone/brick veneer/25% dryvit or stucco siding exterior wall covering, drywall interior wall surfaces, composite shingle roofing with build-up rock

APPLIANCES AND INTERIOR FEATURES

Range & oven, hood & fan, garbage disposal, dishwasher, refrigerator, microwave, washer & dryer, ceiling fans, individual water heaters, fireplaces, carpeting & vinyl flooring, steel tub, tile tub/shower walls, laminated counter tops, three 4-stop elevator(s), & central heating & air conditioning

ON-SITE AMENITIES

Community/recreation room w/residential kitchen and common dining area, library/computer room, exercise area, residence counsel office, public restrooms & telephone, perimeter fencing with limited access gate

Uncovered Parking: 74 spaces **Carports:** N/A spaces **Garages:** N/A spaces

OTHER SOURCES of FUNDS

INTERIM CONSTRUCTION or GAP FINANCING

Source: Bank of America **Contact:** Pat Nagler

Principal Amount: \$6,425,000 **Interest Rate:** Bond Buyer Revenue Bond Index + 150 bps, fixed at closing

Additional Information: Series A-tax exempt and Series B-taxable multifamily bonds; 0.35% fee for 6-mo. term extension

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

LONG TERM/PERMANENT FINANCING

Source: Bank of America **Contact:** Pat Nagler

Principal Amount: \$3,579,000 **Interest Rate:** Bond Buyer Revenue Bond Index + 150 bps, fixed at closing

Additional Information: Series A-tax exempt and Series B-taxable multifamily bonds; max financing at 1.15 DCR

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

Annual Payment: \$353,572 **Lien Priority:** 1st **Commitment Date** / /

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
CREDIT UNDERWRITING ANALYSIS**

LONG TERM/PERMANENT FINANCING

Source: Housing Options, Inc. **Contact:** Mattye Jones
Principal Amount: \$1,606,372 **Interest Rate:** 0.5%
Additional Information: Sponsor Subordinated Loan; principal and interest due and payable at maturity
Amortization: 55 yrs **Term:** 55 yrs **Commitment:** None Firm Conditional
Annual Payment: Residual **Lien Priority:** 2nd **Commitment Date** 12/ 12/ 2000

LIHTC SYNDICATION

Source: Enterprise (ESIC)/Texas Housing Finance Corporation **Contact:** Diana Helms-Morreale
Address: 11824 28th Street **City:** Santa Fe
State: Texas **Zip:** 77510 **Phone:** (409) 925-6767 **Fax:** (409) 925-2384
Net Proceeds: \$2,684,319 **Net Syndication Rate** (per \$1.00 of 10-yr LIHTC) .83¢
Commitment None Firm Conditional **Date:** / /
Additional Information: Based on annual LIHTC allocation of \$324,389 with applicable percentage rate of 3.59%

APPLICANT EQUITY

Amount: N/A **Source:** N/A

VALUATION INFORMATION

APPRAISED VALUE

Land Only: \$404,000 **Date of Valuation:** 11/ 18/ 2000
Appraiser: CB Richard Ellis **City:** Dallas **Phone:** (972) 458-4888

ASSESSED VALUE

Land: \$242,277 **Assessment for the Year of:** 2000
Building: (now demolished) **Valuation by:** Dallas Central Appraisal District
Total Assessed Value: \$246,727

EVIDENCE of SITE or PROPERTY CONTROL

Type of Site Control: Contract for Lease
Contract Expiration Date: 12/ 31/ 2001 **Anticipated Closing Date:** 5/ 30/ 2001
Acquisition Cost: \$ 100 **Other Terms/Conditions:** \$5,500 total lease (\$100/year, 55 years)
Owner: Dallas Housing Authority **Related to Development Team Member:** Yes

REVIEW of PREVIOUS UNDERWRITING REPORTS

No previous reports.

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Description: Roseland Gardens is a proposed new construction project of 101 units of affordable elderly housing located in Dallas. The project consists of 90 1-BR/1-BA units, and 11 2-BR/1-BA units in one four-story building. The site plan shows an L-shaped building configuration with units spread out over the entire

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
CREDIT UNDERWRITING ANALYSIS**

building. There is common area on all four floors consisting of the following: ground floor common area of 2,121sf includes a main lobby, two leasing offices and a reception area, public restrooms and mailboxes; second floor common area of 816sf includes a library and computer room, third floor common area of 788sf includes an exercise room, lounge and resident council office; and the fourth floor common area of 1,584sf includes a kitchen, two dining rooms and public restrooms. There is no laundry facility available, but each unit is equipped with washer/dryer connections. The application indicates that each unit has a washer/dryer. There is proposed to be three elevators to access each floor, one in the center of the building, by each common area and one at either end of the building.

Existing Subsidies: The application indicates that the project will receive federal assistance in the form of HUD Section 8 rental assistance.

Supportive Services: The Applicant has contracted with the Housing Authority of the City of Dallas to provide the following supportive services to tenants: fellowship for seniors; recreational facilities; health care and nutritional programs and clinics; library and computer facilities and services. These services will be provided both on-site and at the nearby Roseland Homes Community Center. The contract indicates an annual fee of \$100 for this service; however, this expense was not reflected in the Applicant's operating expense budget. A fee of \$40 per hour will be charged for requested services not listed in the contract. These services will be provided at no cost to tenants.

Schedule: The Applicant anticipates construction to begin in April of 2001, be completed by July of 2002, to be placed in service and substantially leased-up by October of 2002.

POPULATIONS TARGETED

Income Set-Aside: The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside. The application reflects that 99% of the units will be reserved for households earning 60% or less of AMGI. The employee occupied unit is not identified as a tax credit unit. The Applicant has indicated that the employee occupied unit will be rent restricted to 30% of 50% AMGI, per priority one requirements of the Texas Bond Review Board. In addition, as a priority one private activity bond project, all of the units will be rent restricted at not more than the 50% of the AMGI limit. The Applicant expects to serve residents within the lower range incomes based on a significant operating subsidy to be provided by Section 8.

Special Needs Set-Asides: Five units (5%) will be set-aside for handicapped/developmentally-disabled tenants.

Compliance Period Extension: The Applicant has also elected to extend the compliance period an additional ten years.

MARKET HIGHLIGHTS

A market feasibility study dated November 12, 2000, prepared by CB Richard Ellis, Inc., highlighted the following findings:

Definition of Market/Submarket: "The market is comprised of the City of Dallas." "The subject site is located in the 'Intown submarket' as defined by M/PF Research, Inc. This submarket is bounded by Interstates 35 and 30, Haskell, Ross, and Fitzhugh Avenues, and the Union Pacific railroad tracks."

Total Regional Market Demand for Rental Units: "The regional demand for rental units is high, with an average occupancy rate in the mid 90%."

Total Local/Submarket Demand for Rental Units:

DEMAND SUMMARY		
Type of Demand	Units of Demand	% of Total Demand
Population/Household Growth	8,101	83%
Resident Turnover	1,620	17%
TOTAL ANNUAL DEMAND	9,721	100%

Capture Rate: "At the subject's 101 proposed units, the subject would have to capture at least 1.2% of the 8,101 households over 65 years of age." Including the expected turnover of 1,620 households would further reduce the capture rate to 1%.

Local Housing Authority Waiting List Information: "It was reported by the Dallas Housing Authority

that there exists extensive waiting lists for good quality, affordable and government assisted housing in the city. As of mid 2000, over 4,375 families were on such waiting lists for low-income housing and approximately 4,673 families were on waiting lists for Section 8 units. The DHA indicated that there might be some overlapping, if a family has applied to both programs.”

Market Rent Comparables: The market analyst surveyed 6 comparable apartment projects totaling 1,018 units in the market area. The project is proposed as an all-bills paid project and, therefore, gross program rents are used in the following comparison.

RENT ANALYSIS					
Unit Type	Program Maximum	Market Rent	Proposed Subject	Proposed - Maximum	Proposed - Market
1-Bedroom	\$570	\$975	\$684	\$114	-\$291
2-Bedroom	\$683	\$1,100	\$729	\$46	-\$371

The project will receive a Section 8 project based contract; thus, the fair market rents under the Section 8 program of \$647 for one-bedroom units and \$830 for two-bedroom units should also be noted.

Submarket Vacancy Rates: “The comparable properties surveyed reported occupancy rates that averaged 93%, and all are currently in average to good condition...the overall apartment “Intown” submarket vacancy rate is less, at approximately a 4.3% vacancy rate.”

Absorption Projections: “Considering the most recent trends in good leasing activity occurring at the newer retirement projects, along with the results from the previous demand analysis, the most likely absorption scenario is projected to include an estimated successful 50% pre-leasing (three months @ 16.8 units per month) prior to construction completion and then to extend for approximately three months after construction completion, in order to achieve a stabilized occupancy of 92.5%.” “In our opinion, the majority of the subjects absorption will come from existing residents in the submarket and in the adjacent submarkets, that are relocating/turnover from older, inferior complexes to the new subject units.”

Known Planned Development: The market analyst did not discuss any other planned developments.

Effect on Existing Housing Stock: “...the proposed subject complex, in light of the vacancy and absorption rates for the applicable market area and submarket, is not likely to result in an unreasonably high vacancy rate for comparable units within the area or submarket.”

Although the analyst did not factor in their estimated demand from turnover to calculate the project’s capture rate and did not identify the effect of other potential new projects, the supportive information provided was otherwise complete and thorough.

SITE and NEIGHBORHOOD CHARACTERISTICS

Location: “The subject is located in Dallas and is in the south central portion of the Dallas Metroplex in Dallas County. The site is a rectangularly-shaped parcel in the southeast quadrant of Central Expressway and Washington Avenue, a short distance south of Lemmon Avenue, approximately 1.5 miles north of the central business district. The site is situated on the South side of North Washington Avenue in the approximate 2000 block and on the north side of Carter Avenue.”

Population: “The estimated 1999 population of Dallas County was 2,072,435 and is expected to increase by 1% to approximately 2,175,773 by 2004.”

Adjacent Land Uses: Land uses in the overall area in which the site is located are mixed with vacant land, older single-family dwellings, apartment complexes, and community service buildings. Adjacent land uses include:

- ∅ **North:** City park and older single family dwellings
- ∅ **South:** Roseland vacant land to be redeveloped, and older single family dwellings
- ∅ **East:** Community services buildings, church and older single family dwellings
- ∅ **West:** New apartments and Central Expressway

Site Access: “Primary access is good to the subject neighborhood and is provided by Central Expressway (U.S. 75), Woodall Rogers Freeway, Lemmon Avenue, Ross Avenue, Fitzhugh Avenue, Live Oak Street, Gaston Avenue, Hall Street and Haskell Avenue.” “The Dallas/Fort Worth Metroplex is located at the hub of four interstate highways.”

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Public Transportation: Public transportation to the area is provided by DART (Dallas Area Rapid Transit).

Shopping & Services: “The Cityplace Market...contains popular stores such as Target, Office Max, Ross, and MacFrugals.” “The large Baylor University Medical Center and adjacent medical clinics are located in the southeast portion of the neighborhood.” “South of the subject neighborhood is Dallas’ Central Business District, and to the Southeast is Deep Ellum, a former warehouse district, redeveloped with many nightclubs, restaurants, and loft apartments.”

Special Adverse Site Characteristics:

“It was reported that a zoning Planned Development (PD) is being planned with the city for the overall larger Roseland development that will include the subject. It was reported by the Dallas Housing Authority (DHA) and it is a limiting condition of this report, that the PD will contain the necessary variance for a reduction in the number of parking spaces required as well as for the necessary building height allowance increase to four stories.”

Site Inspection Findings: A Credit Underwriting Division/TDHCA staff member performed a site inspection on January 18, 2001 and found the location to be acceptable for the proposed development. Overall linkage features are rated as average to good. The inspector noted the site is in an area with roads and sidewalks in poor condition; however, as revitalization is in progress, these should be repaired.

HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)

A Phase I Environmental Site Assessment report dated November 30, 2000 was prepared by Afram International Environmental Consultants and contained the following findings and recommendations:

Findings: The site assessment identified the property as consisting of several apartment buildings undergoing demolition. “This assessment has revealed no evidence of recognized environmental conditions or potential environmental concerns in connection with the subject property.”

Recommendations: “Based upon the findings of this assessment, Afram does not recommend any additional investigations at this time.”

OPERATING PROFORMA ANALYSIS

Income: The submitted rent schedule reflects monthly gross rents of \$684 for one-bedroom units and \$729 for two-bedroom units. These rents are the maximum allowed under the LIHTC program limit for 60% of AMGI. As stated above, participation in the tier one private activity bond lottery cap requires rents limited to those affordable to households with incomes at 50% of AMGI. Therefore, the Underwriter has utilized \$570 for one-bedroom units and \$683 for two-bedroom units, the gross limits for affordability at 50% of AMGI for the Dallas MSA. Because the residents will not be responsible for any utility payments, utility allowances were not subtracted from the gross limits to calculate the net rents. The result is a potential annual gross rent of \$698K, which is \$129K less than the Applicant’s estimate.

The Applicant’s Year One pro forma does not include secondary income. In contrast, the Department’s analysis includes an underwriting guideline of \$10 per unit per month in secondary income from project operation and a \$100,800 subsidy, based on excerpts from a draft Section 8 contract provided by the Applicant. The Section 8 program allows projects to provide housing to households who would otherwise be unable to afford even the LIHTC rent limits by funding the gap between the rents payable by the households and Fair Market Rents based on proposed operating expenses of the project. According to the Internal Revenue Code, Section 42(g)(2)(b)(i), gross rent “does not include any payment under section 8 of the United States Housing Act of 1937 or any comparable rental assistance program...” The Texas Administration Code, title 34 part 9 chapter 190 subchapter A (d)(1) indicates that for priority 1 bond projects “the maximum allowable rents are restricted to 30% of 50% adjusted median family income, minus an allowance for utility costs authorized under the federal Low Income Housing Tax Credit Program, for 100% of the units.” This seems to imply that the IRC will apply to determining the rental income achieved. The Section 8 subsidy included in the underwriting estimate was calculated by annualizing the difference between the 50% of AMGI rent limit and the Fair Market Rents quoted in the draft contract exerts. The actual amount of the Section 8 subsidy may be greater since it will also pay up to the 50% rent limit for residents who cannot afford that rent level. As a net result and because of the 60% rents used by the Applicant, the Applicant’s effective gross income is \$15K, or 2%, more than the Underwriter’s estimate.

Expenses: Overall, the Applicant’s total operating expense compared favorably to the Underwriter’s

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estimate. However, several of their line-item expenses varied significantly from the TDHCA database-derived estimates for projects of this size. In particular, utilities appear to be understated by 45K. This was offset by overstated expenses of \$11K, \$24K and \$10K for payroll, repairs and maintenance, and insurance costs, respectively, for a total operating expense difference of only \$1K.

Conclusion: The comparable total operating expense assumption and similar income estimates resulted in net operating income estimates that differ by less than 5%, or \$16K. The Applicant's Year One pro forma indicates a debt service of \$354K and compliance fees of \$5K for a debt coverage ratio (DCR) of 1.15. The underwriting analysis includes a debt service calculated at \$291K and compliance fees of \$2.5K for an aggregate DCR of 1.35. While the Applicant's DCR is within the Department's DCR guideline of 1.10 to 1.25, the Underwriter's estimate is beyond this range. A DCR above the maximum guideline of 1.25 indicates that the project may be able to support additional debt. Exclusive of the Section 8 operating subsidy, the underwritten DCR would be only 1.01.

CONSTRUCTION COST ESTIMATE EVALUATION

Land Value: Not applicable. Site control is in the form of a land lease for \$100 annually over 55 years.

Site Work Cost: At \$2,130 per unit, site work costs appear to be reasonable.

Direct Construction Cost: The Applicant's direct construction costs are \$886, or 22%, higher than the Underwriter's estimate despite significant adjustments by the Underwriter to account for exceptional construction factors for this project. A 5% increase in base costs was included because this is an elderly project. In addition, the Underwriter increased to good quality cost for resident accessible common areas to compensate for the exceptional amenities provided. The Underwriter also included over \$1M in additional costs to account for other interior common areas, specifically the extensive interior air-conditioned common hallways. Costs for three elevators in addition to three interior stairwells were included per the submitted architectural plans. Finally, the higher than average ceilings also required a further increase of 4% of the base cost. Even with these significant adjustments, the end result is a net direct construction cost estimate that is \$886K less than the Applicant's proposed figure.

Fees: The Underwriter included the maximum contractor profit allowed under program guidelines to offset the Applicant's overstated general requirements and contractor's general and administrative costs. In addition, the proposed housing consultant fees included in indirect construction costs were added to the proposed developer's profit. This was done to ensure that the total submitted developer fees including housing consultant fees are limited to the maximum permitted under program rules.

Other Costs: The Applicant estimated a reserve amount of \$411,602, which is significantly greater than a four-month operating and debt service reserve typically required, but this is less than the \$736K called for under the syndication agreement. The syndication agreement calls for a portion of the reserve to represent one year's operating expense plus debt service to mitigate the potential risk of the Section 8 contract expiring. The Underwriter accepted the Applicant's cost for this item.

Conclusion: Due to a higher direct construction cost estimate, the Applicant's total development cost figure is \$858K, or 12%, higher than the Underwriter's estimate. Because this difference is greater than 5%, the Underwriter's estimate will be used to determine eligible basis and the total need for funding.

FINANCING STRUCTURE ANALYSIS

The Applicant intends to finance the development with an interim to permanent loan, an additional permanent loan, and syndicated LIHTC equity.

Interim to Permanent: Roseland Fellowship, LP has received a bond reservation of \$6,425,000 to be issued by Housing Options, Inc., an affiliate of the Housing Authority of the City of Dallas. As of the date of this report, the percentage of Series A—tax-exempt and Series B—taxable bonds composing the total issue is unknown. However, it is known that the Series A bonds will mature in 32 years, while the Series B bonds will have an accelerated term of approximately seven years.

The reservation has led to a proposal by Bank of America, dated March 15, 2001, to purchase the bonds and provide interim financing not to exceed \$6,425,000 and permanent financing not to exceed \$3,579,000. It is clearly stated that the amount of Series A and Series B bonds will be determined in the Bank's underwriting phase, which has not been completed. The loan term will mirror the Series A bonds with a 24-month extendable construction period and a 30-year permanent period. The loan will bear a fixed rate of

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interest, established at closing and given by the Bond Buyer Revenue Bond Index plus a spread up to 150 basis points in the absence of credit support. The Applicant has indicated that they will not seek credit enhancement. The proposal also states that the Bank's loan commitment is not to exceed an amount that can be supported at a 1.15 DCR using income and expense projections set forth in a Bank-approved appraisal.

Additional Permanent: The bond issuer, Housing Options, Inc., has also committed to providing a permanent loan not to exceed \$1,606,372, subordinated as a second lien to the Bank of America note. Although the current commitment indicates a term of 55 years and an interest rate fixed at 0.5%, the Applicant has proposed a change to a 45-year term to meet investor preference. Payments are to be made from residuals with remaining principal and interest due at maturity.

According to a representative of the Applicant, the loan will be funded from developer fees earned by a nonprofit group through past collaborations with the Housing Authority of the City of Dallas. The organization has proposed returning the developer fees as a grant to the housing authority for future housing development.

LIHTC Syndication: A proposal, dated December 8, 2000, includes a term sheet for purchase of the requested tax credits by the Enterprise Social Investment Corporation and the Texas Housing Finance Corporation. The term sheet indicates a purchase rate of \$0.8275 per tax credit dollar and a pay-in schedule as follows:

1. 22% at lower tier closing and evidence of permanent loan commitment;
2. 7% upon completion of construction and receipt of appropriate forms;
3. 13% upon 100% qualified occupancy, three consecutive months of break even and evidence that required reserve funds have been established;
4. 7% accountant's determination of actual tax credits for 2002, receipt of 2002 audit report and tax return;
5. 40% receipt of 2003 audit report and tax return; and
6. 11% receipt of 2004 audit report and tax return.

In addition, their estimated LIHTC allocation of \$268,431 annually is limited to an increase of only \$20,000 annually. The syndicator will also require a Transitional Reserve of \$600K (approximately one year of operating costs plus must-pay debt service) to cover operations should the Section 8 Contract not be renewed. In addition, an operating reserve of \$164K will be required. These total reserve amounts appear to be excessive for the market. The Applicant assumed a lesser amount would ultimately be required in their development cost budget.

As stated above, the Underwriter's development cost estimate was used to calculate the project's basis and maximum eligible LIHTC allocation of \$304,860 annually, based on an underwriting applicable percentage rate of 3.71% for the month of March. However, the syndication term sheet allows for the purchase of low-income housing tax credits limited to an allocation of only \$288,432 annually for total proceeds calculated by the Underwriter at \$2,386,486. Based on the commitment, additional credits over this amount as requested, could not be utilized. Should a revised commitment that can utilize additional credits be provided, this analysis and the conclusions herein may need to be revised.

Conclusion & Award Recommendation: The proposed sources of funds allow for infinite alternative financing structures. Since the sponsor loan is being used to fill the gap and the Section 8 contract has not been finalized, three scenarios are described below using the Underwriter's total development cost estimate to determine the project's funding needs.

Recommended: This scenario follows the maximum 50% LIHTC limits for permanent financing of \$3,279,000 from Bank of America serviced at a 1.15 DCR without the Section 8 contract. This would provide the closest comparison to a typical bond/tax credit financed project. In addition, the \$1,606,372 from Housing Options, Inc. as indicated in the submitted term sheet provided an overall DCR of 1.36 if the Section 8 contract is considered. The need for syndication proceeds would increase to \$2,289,003 or a maximum LIHTC allocation of \$276,650 annually, \$59,846 less than requested. This proposed structure could potentially provide a DCR of 1.36, which is above the Department's maximum guideline of 1.25. However, the remaining uncertainty regarding the Section 8 contract and the term of the subordinated loan may reduce the overall DCR.

Alternative I: Under this scenario, the Underwriter has assumed that the Bank of America proposal is not limited to \$3,579,000 in permanent financing as indicated in the submitted term sheet and that the permanent

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loan commitment may allow for financing up to the project's bond reservation of \$6,425,000. Taking into consideration the Underwriter's Year One pro forma and the Department's maximum DCR guideline of 1.25 using maximum Fair Market rents, the project could support a loan of \$3,970,315. This amount is also based on an interest rate of 6.95% calculated using the maximum 150 basis points spread indicated in the term sheet and a Bond Buyer Revenue Bond Index of 5.45% as of March 8, 2001. With the cash flow second lien remaining at \$1,606,372, the remaining gap in financing would be \$1,534,686. The recommended LIHTC allocation under this scenario would be a maximum of \$185,482 annually. This figure is \$151,014 less than the Applicant's request of \$336,496 annually.

Alternative II: Again, the Underwriter has assumed that a commitment from Bank of America would offer permanent financing up to the project's bond reservation of \$6,425,000. Disregarding the commitment for a subordinated second lien from Housing Options, Inc., and allowing an annual LIHTC allocation of \$288,432, for maximum proceeds of \$2,386,486 under the syndication term sheet, would indicate a need for \$4,724,887 in permanent financing. The resulting debt service, based on the calculated interest rate of 6.95% as of March 8, 2001, and the Underwriter's Year One pro forma would provide a 1.05 debt coverage ratio. This is below the Department's DCR guideline of 1.10 to 1.25, and it is under the Bank of America's limit of 1.15 for loan sizing. Therefore, the permanent debt was reduced to satisfy the 1.15 DCR and the remaining need of \$1,508,889 must come from Housing Options, Inc.

The actual annual allocation may need to be adjusted subsequent to receipt of commitments for actual permanent loan amounts.

REVIEW of ARCHITECTURAL DESIGN

Exterior Elevations: The exterior elevation is simple with a varied roofline and balconies for each unit. Both floor plans are of average size for market rate and LIHTC units. Each unit has a washer and dryer closet, adequate storage and a well-planned kitchen. It appears that all units have been designed to be convertible to accessible units as needed.

Amenities: The project is planned to have community rooms on each floor. These rooms include: a congregating dining room with full kitchen, an exercise space, a library/computer center, and lounge.

IDENTITIES of INTEREST

The Applicant, developer, cost estimator, service provider, proposed site owner and subordinated lien holder are all affiliates of the Housing Authority of the City of Dallas. The project attorney also serves as a consultant.

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

Financial Highlights: The Applicant and Urban Options, Inc. provided interim financial statements, dated November 30, 2000, indicating no significant assets or liabilities. The Housing Authority of the City of Dallas, submitted an audited financial statement as of December 31, 1999 reporting total assets of \$374M consisting of general, special revenue, capital projects, enterprise, pension trust and other accounts. Liabilities totaled \$107M, resulting in a net worth of \$266M.

Background & Experience: The Applicant is a new entity formed for the purpose of developing the project. The General Partner has participated in 42 housing projects including bond-financed multifamily projects, LIHTC projects, single-family homes, laundry facilities, and community centers.

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RECOMMENDATION

- RECOMMEND APPROVAL SUBJECT TO THE FOLLOWING CONDITIONS:**
1. Receipt, review, and acceptance of a permanent loan commitment;
 2. Receipt, review, and acceptance of an executed syndication agreement;
 3. Receipt, review, and acceptance of a complete and executed Section 8 contract indicating Fair Market Rents of \$647 for one-bedroom units and \$830 for two-bedroom units; and
 4. LIHTC allocation not to exceed \$276,650 annually for ten years, subject to review should any of the above conditions (1, 2, or 3) be inconsistent with the analysis herein.

Associate Underwriter:	<hr/> <i>Lisa Vecchietti</i>	Date: <u>June 3, 2004</u>
Credit Underwriting Supervisor:	<hr/> <i>Cari Bradley</i>	Date: <u>June 3, 2004</u>
Director of Credit Underwriting:	<hr/> <i>Tom Gouris</i>	Date: <u>June 3, 2004</u>

MULTIFAMILY FINANCIAL ASSISTANCE REQUEST: Comparative Analysis

Roseland Gardens, LIHTC #01401

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Net Rent per Unit	Rent per Month	Rent per SF	Utilities	Wtr, Swr, Trsh
50% TC	90	1	1	691	\$570	\$570	\$51,300	\$0.82	\$69.00	\$44.00
50% TC	10	2	1	832	683	683	6,830	0.82	80.00	51.00
EO	1	2	1	832	683	0	0	0.00	80.00	51.00
TOTAL:	101		AVERAGE:	706	\$582	\$576	\$58,130	\$0.81	\$70.20	\$44.76

INCOME & EXPENSE

				TDHCA	APPLICANT			
POTENTIAL GROSS RENT				\$697,560	\$826,200			
Secondary Income	Per Unit Per Month:	\$10.00		12,120	0	\$0.00	Per Unit Per Month	
Section 8 Subsidy				100,800	0			
POTENTIAL GROSS INCOME				\$810,480	\$826,200			
Vacancy & Collection Loss	% of Potential Gross Income:	-7.50%		(60,786)	(61,968)	-7.50%	of Potential Gross Rent	
Employee or Other Non-Rental Units or Concessions				0	0			
EFFECTIVE GROSS INCOME				\$749,694	\$764,232			
EXPENSES	% OF EGI	PER UNIT	PER SQ FT			PER SQ FT	PER UNIT	% OF EGI
General & Administrative	2.69%	\$199	\$0.28	\$20,148	\$16,950	\$0.24	\$168	2.22%
Management	5.00%	371	0.53	37,485	42,700	0.60	423	5.59%
Payroll & Payroll Tax	9.47%	703	1.00	71,032	82,500	1.16	817	10.80%
Repairs & Maintenance	5.51%	409	0.58	41,310	65,800	0.92	651	8.61%
Utilities	11.35%	842	1.19	85,080	40,000	0.56	396	5.23%
Water, Sewer, & Trash	7.24%	537	0.76	54,252	50,125	0.70	496	6.56%
Insurance	1.90%	141	0.20	14,268	24,500	0.34	243	3.21%
Property Tax	0.00%	0	0.00	0	0	0.00	0	0.00%
Reserve for Replacements	3.37%	250	0.35	25,250	25,250	0.35	250	3.30%
Other: Security/Supportive Services	0.45%	34	0.05	3,400	3,300	0.05	33	0.43%
TOTAL EXPENSES	46.98%	\$3,487	\$4.94	\$352,226	\$351,125	\$4.92	\$3,476	45.94%
NET OPERATING INC	53.02%	\$3,935	\$5.57	\$397,468	\$413,107	\$5.79	\$4,090	54.06%
First Lien	38.81%	\$2,881	\$4.08	\$290,945	\$353,572	\$4.96	\$3,501	46.27%
Subordinated Second Lien	0.00%	\$0	\$0.00	0	0	\$0.00	\$0	0.00%
Other	0.00%	\$0	\$0.00	0	0	\$0.00	\$0	0.00%
Compliance Fees	0.34%	\$25	\$0.04	2,525	5,000	\$0.07	\$50	0.65%
NET CASH FLOW	13.87%	\$1,030	\$1.46	\$103,998	\$54,535	\$0.76	\$540	7.14%
AGGREGATE DEBT COVERAGE RATIO				1.35	1.15			
RECOMMENDED AGGREGATE DEBT COVERAGE RATIO				1.36				
ALTERNATIVE I AGGREGATE DEBT COVERAGE RATIO				1.13				
ALTERNATIVE II AGGREGATE DEBT COVERAGE RATIO				1.37				

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		0.00%	\$0	\$0.00	\$0	\$0	\$0.00	\$0	0.00%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		3.02%	2,130	3.01	215,090	215,090	3.01	2,130	2.70%
Direct Construction		55.68%	39,205	55.50	3,959,740	4,845,697	67.92	47,977	60.80%
Contingency	1.99%	1.17%	824	1.17	83,174	83,174	1.17	824	1.04%
General Requiremen	6.00%	3.52%	2,480	3.51	250,490	253,039	3.55	2,505	3.18%
Contractor's G & A	2.00%	1.17%	827	1.17	83,497	101,216	1.42	1,002	1.27%
Contractor's Profit	6.00%	3.52%	2,480	3.51	250,490	202,458	2.84	2,005	2.54%
Indirect Construction		5.89%	4,149	5.87	419,040	419,040	5.87	4,149	5.26%
Ineligible Expenses		4.65%	3,275	4.64	330,776	330,776	4.64	3,275	4.15%
Developer's G & A	2.60%	2.11%	1,485	2.10	150,000	150,000	2.10	1,485	1.88%
Developer's Profit	7.66%	6.22%	4,381	6.20	442,500	442,500	6.20	4,381	5.55%
Interim Financing		7.24%	5,099	7.22	514,975	514,975	7.22	5,099	6.46%
Reserves		5.79%	4,075	5.77	411,602	411,602	5.77	4,075	5.16%
TOTAL COST		100.00%	\$70,410	\$99.68	\$7,111,373	\$7,969,567	\$111.71	\$78,907	100.00%

SOURCES OF FUNDS

				TDHCA	APPLICANT	RECOMMENDED	ALTERNATIVE I	ALTERNATIVE II
First Lien	50.33%	\$35,436	\$50.17	\$3,579,000	\$3,578,972	\$3,215,998	\$3,970,315	\$3,215,998
Subordinated Second Lien	22.59%	\$15,905	\$22.52	1,606,372	1,606,372	1,606,372	1,606,372	1,508,889
Syndication Proceeds	37.75%	\$26,577	\$37.63	2,684,319	2,784,222	2,289,003	1,534,686	2,386,486
Deferred Developer Fees	0.00%	\$0	\$0.00	0	0	0	0	0
Additional (excess) Funds Required	-10.66%	(\$7,508)	(\$10.63)	(758,318)	1	0	0	0
TOTAL SOURCES				\$7,111,373	\$7,969,567	\$7,111,373	\$7,111,373	\$7,111,373

MULTIFAMILY FINANCIAL ASSISTANCE REQUEST (continued)

Roseland Gardens, LIHTC #01401

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook
Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$41.65	\$2,971,163
Adjustments				
Exterior Wall Finish	6.00%		\$2.50	\$178,270
Elderly	5%		2.08	148,558
Wall Height (9')	4%		1.56	111,419
Subfloor			(1.96)	(139,830)
Floor Cover			1.82	129,842
Plaster Interior			0.00	0
Plumbing	\$0	0	0.00	0
Built-In Appliances	\$1,550	101	2.19	156,550
Interior Stairs	\$1,525	9	0.19	13,725
Floor Insulation			0.00	0
Heating/Cooling			1.41	100,592
Elevators	\$49,850	3	2.10	149,550
Resident Community	\$77.21	5,309	5.75	409,932
Other Common Areas	\$34.08	31,377	14.99	1,069,171
SUBTOTAL			74.28	5,298,941
Current Cost Multiplier	1.01		0.74	52,989
Local Multiplier	0.91		(6.68)	(476,905)
TOTAL DIRECT CONSTRUCTION COSTS			\$68.33	\$4,875,026
Plans, specs, survy, bld prmt	3.90%		(2.66)	(190,126)
Interim Construction Interest	3.38%		(2.31)	(164,532)
Contractor's OH & Profit	11.50%		(7.86)	(560,628)
NET DIRECT CONSTRUCTION COSTS			\$55.50	\$3,959,740

PAYMENT COMPUTATION

Primary	\$3,579,000	Term	360
Int Rate	7.18%	DCR	1.37

Secondary	\$1,606,372	Term	660
Int Rate	0.50%	Subtotal DCR	1.37

Additional	\$0	Term	0
Int Rate	0.00%	Aggregate DCR	1.35

ALTERNATIVE FINANCING STRUCTURE:

	RECOMMENDED	ALT I	ALT II
First Lien	\$255,459	315,377	\$255,459
Second Lien	33,413	33,413	31,385
Other	0	0	0
Compliance	2,525	2,525	2,525
NET cash flow	\$106,071	\$46,153	\$108,099

RECOMMENDED	\$3,215,998	Term	360
Int Rate	6.95%	DCR on 50% rents	1.15
Second Lien	\$1,606,372	All In DCR	1.36

ALT I	\$3,970,315	Term	360
Int Rate	6.95%	Subtotal DCR	1.25
Second Lien	\$1,606,372	All In DCR	1.13

ALT II	\$3,215,998	Term	360
Int Rate	6.95%	DCR on 50% rents	1.15
Second Lien	\$1,508,889	All In DCR	1.37

OPERATING INCOME & EXPENSE PROFORMA: ALT I FINANCING STRUCTURE

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$697,560	\$718,487	\$740,041	\$762,243	\$785,110	\$910,158	\$1,055,122	\$1,223,176	\$1,643,846
Secondary Income	12,120	12,484	12,858	13,244	13,641	15,814	18,333	21,252	28,562
Section 8 Subsidy	100,800	103,824	106,939	110,147	113,451	131,521	152,469	176,753	237,542
POTENTIAL GROSS INCOME	810,480	834,794	859,838	885,633	912,202	1,057,493	1,225,924	1,421,182	1,909,949
Vacancy & Collection Loss	(60,786)	(62,610)	(64,488)	(66,423)	(68,415)	(79,312)	(91,944)	(106,589)	(143,246)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	\$749,694	\$772,185	\$795,350	\$819,211	\$843,787	\$978,181	\$1,133,979	\$1,314,593	\$1,766,703
EXPENSES at 4.00%									
General & Administrative	\$20,148	\$20,954	\$21,792	\$22,664	\$23,571	\$28,677	\$34,890	\$42,449	\$62,835
Management	37,485	38,609	39,768	40,961	42,189	48,909	56,699	65,730	88,335
Payroll & Payroll Tax	71,032	73,874	76,829	79,902	83,098	101,101	123,005	149,655	221,525
Repairs & Maintenance	41,310	42,963	44,681	46,469	48,327	58,798	71,536	87,035	128,833
Utilities	85,080	88,483	92,023	95,703	99,532	121,095	147,331	179,251	265,335
Water, Sewer & Trash	54,252	56,422	58,679	61,026	63,467	77,218	93,947	114,301	169,193
Insurance	14,268	14,839	15,433	16,050	16,692	20,308	24,708	30,061	44,498
Property Tax	0	0	0	0	0	0	0	0	0
Reserve for Replacements	25,250	26,260	27,310	28,403	29,539	35,939	43,725	53,198	78,746
Other	3,400	3,536	3,677	3,825	3,978	4,839	5,888	7,163	10,603
TOTAL EXPENSES	\$352,226	\$365,940	\$380,192	\$395,002	\$410,392	\$496,884	\$601,729	\$728,842	\$1,069,904
NET OPERATING INCOME	\$397,468	\$406,244	\$415,158	\$424,209	\$433,395	\$481,296	\$532,250	\$585,750	\$696,799
DEBT SERVICE									
First Lien	\$255,459	\$255,459	\$255,459	\$255,459	\$255,459	\$255,459	\$255,459	\$255,459	\$255,459
Subordinated Second Lien	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0
Compliance Fees	2,525	2,626	2,731	2,840	2,954	3,594	4,372	5,320	7,875
Cash Flow	139,484	148,160	156,969	165,910	174,982	222,244	272,419	324,972	433,466
AGGREGATE DCR	1.54	1.57	1.61	1.64	1.68	1.86	2.05	2.25	2.65

LIHTC Allocation Calculation - Roseland Gardens, LIHTC #01401

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
(1) Acquisition Cost				
Purchase of land				
Purchase of buildings				
(2) Rehabilitation/New Construction Cost				
On-site work	\$215,090	\$215,090	\$215,090	\$215,090
Off-site improvements				
(3) Construction Hard Costs				
New structures/rehabilitation hard costs	\$4,845,697	\$3,959,740	\$4,845,697	\$3,959,740
(4) Contractor Fees & General Requirements				
Contractor overhead	\$101,216	\$83,497	\$101,216	\$83,497
Contractor profit	\$202,458	\$202,458	\$202,458	\$202,458
General requirements	\$253,039	\$250,490	\$253,039	\$250,490
(5) Contingencies				
	\$83,174	\$83,174	\$83,174	\$83,174
(6) Eligible Indirect Fees				
	\$419,040	\$419,040	\$419,040	\$419,040
(7) Eligible Financing Fees				
	\$514,975	\$514,975	\$514,975	\$514,975
(8) All Ineligible Costs				
	\$330,776	\$330,776		
(9) Developer Fees				
Developer overhead	\$150,000	\$150,000	\$150,000	\$150,000
Developer fee	\$442,500	\$442,500	\$442,500	\$442,500
(10) Development Reserves				
	\$411,602	\$411,602		
TOTAL DEVELOPMENT COSTS	\$7,969,567	\$7,063,341	\$7,227,189	\$6,320,963

Deduct from Basis:				
All grant proceeds used to finance costs in eligible basis				
B.M.R. loans used to finance cost in eligible basis				
Non-qualified non-recourse financing				
Non-qualified portion of higher quality units [42(d)(3)]				
Historic Credits (on residential portion only)				
TOTAL ELIGIBLE BASIS			\$7,227,189	\$6,320,963
High Cost Area Adjustment			130%	130%
TOTAL ADJUSTED BASIS			\$9,395,345	\$8,217,252
Applicable Fraction			100%	100%
TOTAL QUALIFIED BASIS			\$9,395,345	\$8,217,252
Applicable Percentage			3.71%	3.71%
TOTAL AMOUNT OF TAX CREDITS			\$348,567	\$304,860

Syndication Proceeds 0.8274 \$2,884,046 \$2,522,412

RECOMMENDED

Annual Allocation \$276,650
Maximum Syndication Proceeds \$2,289,003

ALT I

Annual Allocation \$185,483
Maximum Syndication Proceeds \$1,534,686

ALT II

Maximum Annual Allocation allowed under Syndication Agreement \$288,432
Syndication Proceeds \$2,386,486

**TEXAS DEPARTMENT OF HOUSING and COMMUNITY AFFAIRS
MULTI FAMILY CREDIT UNDERWRITING ADDENDUM**

DATE: June 2, 2004 PROGRAM: HTC FILE NUMBER: 00004T

DEVELOPMENT NAME

Carroll Townhomes

APPLICANT

Name: 71 Carroll Place, LP **Type:** For Profit Non-Profit Municipal Other
Address: 3939 N. Hampton Road **City:** Dallas **State:** TX
Zip: 75212 **Contact:** Lester Nevels **Phone:** (214) 951-8308 **Fax:** (214) 951-8492

PRINCIPALS of the APPLICANT

Name: Supreme Development Corporation (SDC)	(%): 0.01	Title: Managing General Partner
Name: Dallas Housing Authority (DHA)	(%): N/A	Title: Parent of MGP
Name: Chase Affordable Housing Fund, LP	(%): 24.987501	Title: Limited Partner
Name: Banc of America Fund III C Limited Partnership	(%): 26.007399	Title: Limited Partner
Name: THOF Dallas Fund, Ltd.	(%): 48.9951	Title: Limited Partner

PROPERTY LOCATION

Location: 1935 California Drive QCT DDA
City: Dallas **County:** Dallas **Zip:** 75204

REQUEST

Amount	Interest Rate	Amortization	Term
\$13,587	N/A	N/A	N/A

Description: 4% tax credits in addition to 2000 determination of \$251,718 for a total allocation of \$265,305 annually
Proposed Use of Funds: New Construction **Property Type:** Multifamily

RECOMMENDATION

RECOMMEND APPROVAL OF AN INCREASED HOUSING TAX CREDIT ALLOCATION NOT TO EXCEED A TOTAL OF \$265,305 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

CONDITIONS

- § Board acceptance of the Development Owner's construction of an ineligible building type (duplex) based on the 2000 QAP §49.2(44).
- § The total number of tax credit units will remain at 71, or 100% of all development units.

ADDENDUM

In conjunction with submission of a cost certification packet for the development, 71Carroll Place, LP requested a tax credit allocation of \$23,159 annually in addition to the allocation of \$251,718 received in 2000 for a total allocation of \$274,877. However, review of the development architectural plans revealed the development residential buildings include a duplex. A duplex building was an ineligible building type under

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
CREDIT UNDERWRITING ADDENDUM

the 2000 QAP, §49.2(44). In addition, Bond Review Board rules require that 100% of the development is tax credit restricted in order to receive an allocation of bonds and the ineligibility of two units would put in question the developments original eligibility for the bonds. Under the 2004 QAP the restriction prohibiting duplex construction has been eliminated. Though technically this request for additional credits has been made in 2004, 4% credit/private activity bond developments requesting additional credits have historically been held to the QAP for the year of the original determination notice. A potential solution to this predicament suggested by TDHCA staff and accepted by the Applicant is to reduce the development's eligible basis by a prorata share of the eligible basis for the two units constructed in the ineligible building type. In addition the TDHCA Board would have to either waive the ineligible building type requirement under the 2000 QAP or accept this request under the 2004 QAP with a waiver of all requirements in conflict with the 2000 QAP except the ineligible building type. The Development Owner resubmitted their request with the additional credits reduced to \$13,587, or a total of \$265,305. The reduction is a direct result of excluding from eligible basis costs associated with the two units housed in the ineligible building. The exclusion of these costs from eligible basis should not affect the number of units restricted under the Housing Tax Credit program.

The Development Owner originally requested credits of \$251,528 annually based on the anticipated gap in need for permanent financing at application. The development's original eligible basis qualified it for \$261,202 or \$9,674 more in credit than the request. Moreover, the original underwriting supported the total development costs estimate provided by the Development Owner at application.

In response to a request for required additional information under the current QAP, the Development Owner submitted a packet with an explanation for the increase in total costs and eligible basis from estimates at application. DHA's past experience indicated the City of Dallas would allow a zoning variance for less parking spaces than typically required for multifamily properties. Due to strong neighborhood opposition, a request for such a zoning variance was denied and the Development Owner had to redesign the project at a total cost of \$231,375.59 in order to meet the minimum parking requirement. The fee negotiated for architect and engineering after submission of application is \$98,108 higher than anticipated. The Owner incurred 263A construction interest expense that was not included in the original budget. The interest expense is a cost of funds other than interest on the interim loan and bridge loan/syndication proceeds during the construction phase. This indirect cost is often understated or excluded at application.

The actual eligible basis of \$5,777,137, certified to by a public accountant, supports the requested increase in tax credits to a total of \$265,305. As discussed above, the eligible basis was revised to exclude costs associated with two units housed in an ineligible building type by reducing the development's applicable fraction, which was not entirely beyond the Applicant's control. However, in order for the Underwriter to recommend an increase in the tax credit allocation, the development's gap driven need for syndication proceeds must also support the requested additional tax credits. The gap analysis is difficult in this case due to the development's rent subsidy and unusual financing structure.

Tax-exempt private activity mortgage revenue bonds issued through the Dallas Housing Authority (DHA) were used to finance the construction of the development up to the point that the Development Owner was assured access to "4%" housing tax credits. Once the development qualified for the tax credits allocated in association with the bonds, grant-funded loans with deferred interest and principle payments were used to repay the bonds. This is an unconventional use of the private activity mortgage revenue bonds, but it does not conflict with IRS code and in fact several private letter rulings with similar fact sets have confirmed the IRS allowed repayment of bonds without an effect on associated housing tax credits.

The development is part of Phase II of the Dallas Housing Authority's Roseland Homes revitalization. As of April 2000, funds committed to this development include \$4,644,637 in HOPE VI grant funds, which will be provided in the form of a loan in the amount of \$3,627,159 through DHA's subsidiary, Housing Options, Inc. The loan will accrue interest at a rate of 0.5% with payment of outstanding principle plus accrued and unpaid interest due at the end of a 45 year term. It appears that Federal Home Loan Bank funds of \$489,403 will be provided to the Development Owner through a similar structure, but the note will accrue interest at 1.0%. Therefore, the development will not be responsible for paying an annual debt service, but will be responsible for repaying principal and accrued interest at maturity of the loans.

Due to the use of the grant funds to finance the development, all 71 units will be designated as public housing

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
CREDIT UNDERWRITING ADDENDUM**

units for a period of at least 40 years. The public housing units will be operated subject to conditions of the Applicable Public Housing Requirements and, in this case, the ground lease with DHA. The Dallas Housing Authority will utilize a HUD Annual Contributions Contract (ACC) to provide a monthly operating subsidy again through its subsidiary, Housing Options Inc., via a regulatory and operating agreement with the Development Owner. DHA will remain accountable to HUD and responsible for monitoring the Development Owner. The subsidy, funded by HUD's HOPE VI grant application program, will be the lesser of 90% of the operating funds approved by HUD for the fiscal year or an amount equal to the estimated property expenses for the fiscal year, as set forth in the approved operating budget, less the estimated property income for such period. At the end of the fiscal year, any excess subsidy provided based on the actual property expenses will be reimbursed to DHA or subsequent subsidy payments will be reduced. Therefore, with proper monitoring, the development will operate at break-even, with no net operating income available to service debt.

The Development Owner has the right to prepay the grant-financed loan at anytime without penalty and, in fact, the loan agreement indicates after all construction and development costs are paid, any remaining permanent funds must be applied towards repayment of the \$3,627,159 loan provided through DHA. Therefore, the requested additional tax credits and resulting syndication proceeds would not result in excess total sources of funds for the development.

In summary, the development cannot service additional debt based on the subsidy structure and any additional source of permanent funds would be used to repay a portion of an existing loan that will accrue interest until maturity. The development's eligible basis supports the additional tax credits requested and it is likely the funds repaid with the resulting syndication proceeds (estimated at \$126,346) will be used to release related party grant-funded financing on this property to finance additional DHA sponsored affordable housing. Therefore, the Underwriter recommends approval of an additional tax credit allocation of \$13,587 for a revised total housing tax credit allocation of \$265,305.

SUMMARY OF SALIENT RISKS AND ISSUES

- The Applicant's operating proforma is more than 5% outside of the Underwriter's verifiable range.
- The lender and lessor of the property have an identity of interest with the Development Owner.
- The development includes an ineligible building type under the 2000 QAP.

Underwriter: <i>Lisa Vecchiatti</i>	Date: June 2, 2004
Director of Real Estate Analysis: <i>Tom Gouris</i>	Date: June 2, 2004

MULTIFAMILY COMPARATIVE ANALYSIS

Carroll Townhomes, Dallas, HTC #00004T ADDENDUM

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Net Rent per Unit	Rent per Month	Rent per SF	Tnt Pd Util	Wtr, Swr, Trsh
<TC 60%	4	1	1	701	\$748	\$109	\$436	\$0.16	\$84.00	\$52.00
<TC 60%	3	1	1	707	748	109	327	0.15	84.00	52.00
<TC 60%	5	1	1	770	748	109	545	0.14	84.00	52.00
<TC 50%	2	2	1	950	748	131	262	0.14	106.00	58.00
<TC 50%	37	2	2	957	748	131	4,847	0.14	106.00	58.00
<TC 50%	5	2	2	978	748	131	655	0.13	106.00	58.00
<TC 50%	2	3	2	1,201	864	151	302	0.13	127.00	67.00
<TC 50%	9	3	2	1,211	864	151	1,359	0.12	127.00	67.00
<TC 50%	4	3	2	1,244	864	151	604	0.12	127.00	67.00
TOTAL:	71		AVERAGE:	975	\$773	\$132	\$9,337	\$0.13	\$106.72	\$58.89

INCOME				Total Net Rentable Sq Ft:	69,251	TDHCA 2000	TDHCA 2004	COST CERT	APPLICATION	Comptroller's Region	3		
POTENTIAL GROSS RENT						\$112,968	\$112,044	\$140,724	\$112,968	IREM Region	Dallas		
Secondary Income		Per Unit Per Month:	\$5.00			8,520	4,260	3,600	0	\$4.23	Per Unit Per Month		
Other Support Income: (describe)						121,488	148,500	225,000	112,968				
POTENTIAL GROSS INCOME						\$9,112	\$264,804	\$369,324	\$8,472				
Vacancy & Collection Loss		% of Potential Gross Income:	-7.50%				(19,860)	(27,699)	0	-7.50%	of Potential Gross Rent		
Employee or Other Non-Rental Units or Concessions						119,796	0	0	119,796				
EFFECTIVE GROSS INCOME						\$232,172	\$244,944	\$341,625	\$224,292				
EXPENSES				% OF EGI	PER UNIT	PER SQ FT				PER SQ FT	PER UNIT	% OF EGI	
General & Administrative		8.91%	\$308	0.32		\$21,162	\$21,836	\$18,570	\$10,050	\$0.27	\$262	5.44%	
Management		11.78%	406	0.42		26,176	28,861	26,838	28,000	0.39	378	7.86%	
Payroll & Payroll Tax		21.82%	753	0.77		47,129	53,444	51,587	57,000	0.74	727	15.10%	
Repairs & Maintenance		16.87%	582	0.60		37,489	41,317	23,436	33,000	0.34	330	6.86%	
Utilities		8.02%	277	0.28		8,770	19,655	55,716	22,250	0.80	785	16.31%	
Water, Sewer, & Trash		13.41%	463	0.47		22,277	32,851	25,432	29,000	0.37	358	7.44%	
Property Insurance		7.07%	244	0.25		13,640	17,313	5,100	17,250	0.07	72	1.49%	
Property Tax		0.00%	0	0.00		11,297	0	0	11,297	0.00	0	0.00%	
Reserve for Replacements		7.25%	250	0.26		14,200	17,750	17,750	14,200	0.26	250	5.20%	
Other Expenses:		6.40%	221	0.23		2,250	15,680	15,680	2,250	0.23	221	4.59%	
TOTAL EXPENSES				101.54%	\$3,503	\$3.59	\$204,391	\$248,706	\$240,109	\$224,297	\$3.47	\$3,382	70.28%
NET OPERATING INC				-1.54%	(\$53)	(\$0.05)	\$27,782	(\$3,762)	\$101,516	(\$5)	\$1.47	\$1,430	29.72%
DEBT SERVICE													
First Lien Mortgage		0.00%	\$0	\$0.00		\$0	\$0	\$0	\$0	\$0.00	\$0	0.00%	
Additional Financing		0.00%	\$0	\$0.00		0	0	0	0	\$0.00	\$0	0.00%	
Additional Financing		0.00%	\$0	\$0.00		0	0	0	0	\$0.00	\$0	0.00%	
NET CASH FLOW				-1.54%	(\$53)	(\$0.05)	\$27,782	(\$3,762)	\$101,516	(\$5)	\$1.47	\$1,430	29.72%
AGGREGATE DEBT COVERAGE RATIO						n/a	n/a	n/a	n/a				
RECOMMENDED DEBT COVERAGE RATIO						n/a	n/a						

CONSTRUCTION COST						TDHCA 2000	TDHCA 2004	COST CERT	APPLICATION	PER SQ FT	PER UNIT	% OF TOTAL	
Description	Factor	% of TOTAL	PER UNIT	PER SQ FT									
Acquisition Cost (site or bldg)		0.00%	\$0	\$0.00		\$0	\$0	\$0	\$0	\$0.00	\$0	0.00%	
Off-Sites		0.00%	0	0.00		0	0	0	0	0.00	0	0.00%	
Sitework		7.14%	5,990	6.14		832,145	425,306	425,306	903,145	6.14	5,990	7.00%	
Direct Construction		50.49%	42,384	43.45		2,871,339	3,009,297	3,164,888	2,803,532	45.70	44,576	52.12%	
Contingency	0.00%	0.00%	0	0.00		91,370	0	0	91,370	0.00	0	0.00%	
General Req'ts	5.60%	3.23%	2,710	2.78		215,782	192,400	192,400	215,782	2.78	2,710	3.17%	
Contractor's G & A	2.00%	1.15%	967	0.99		74,070	68,644	68,644	74,114	0.99	967	1.13%	
Contractor's Profit	6.00%	3.46%	2,900	2.97		208,657	205,931	205,931	208,657	2.97	2,900	3.39%	
Indirect Construction		11.21%	9,406	9.64		319,496	667,861	667,861	319,496	9.64	9,406	11.00%	
Ineligible Costs		4.90%	4,112	4.22		340,673	291,961	291,961	340,673	4.22	4,112	4.81%	
Developer's G & A	1.04%	0.86%	721	0.74		640,000	51,201	51,201	640,000	0.74	721	0.84%	
Developer's Profit	12.98%	10.74%	9,014	9.24		0	640,000	640,000	0	9.24	9,014	10.54%	
Interim Financing		6.06%	5,083	5.21		59,374	360,906	360,906	59,374	5.21	5,083	5.94%	
Reserves		0.78%	656	0.67		400,000	46,604	3,650	391,962	0.05	51	0.06%	
TOTAL COST				100.00%	\$83,945	\$86.07	\$6,052,906	\$5,960,111	\$6,072,748	\$6,048,105	\$87.69	\$85,532	100.00%
Recap-Hard Construction Costs				65.46%	\$54,952	\$56.34		\$3,901,578	\$4,057,169	\$58.59	\$57,143	66.81%	

SOURCES OF FUNDS						TDHCA 2000	TDHCA 2004	COST CERT	APPLICATION	RECOMMENDED	
First Lien Mortgage		60.86%	\$51,087	\$52.38		\$3,708,721	\$3,627,159	\$3,627,159	\$3,708,721	\$3,027,247	Developer Fee Available
Additional Financing		8.21%	\$6,893	\$7.07		2,339,384	489,403	0	2,339,384	489,403	\$691,201
HTC Syndication Proceeds		37.59%	\$31,552	\$32.35		0	2,240,208	2,240,208	0	2,467,090	% of Dev. Fee Deferred
Deferred Developer Fees		3.45%	\$2,893	\$2.97		4,801	205,381	205,381	0	0	0%
Additional (excess) Funds Required		-10.10%	(\$8,479)	(\$8.69)			(602,040)	0		89,009	15-Yr Cumulative Cash Flow
TOTAL SOURCES						\$6,052,906	\$5,960,111	\$6,072,748	\$6,048,105	\$6,072,748	(\$367,984.02)

MULTIFAMILY COMPARATIVE ANALYSIS (continued)
Carroll Townhomes, Dallas, HTC #00004T ADDENDUM

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook
 Average Quality Townhouse Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$50.01	\$3,462,914
Adjustments				
Exterior Wall Finish	2.52%		\$1.26	\$87,265
Elderly/9-Ft. Ceilings			0.00	0
Roofing			0.00	0
Subfloor			(1.00)	(68,905)
Floor Cover			2.53	175,205
Porches/Balconies	\$16.36	707	0.17	11,567
Plumbing	\$730	35	0.37	25,550
Built-In Appliances	\$2,175	71	2.23	154,425
Stairs/Fireplaces			0.00	0
Floor Insulation			0.00	0
Heating/Cooling			1.96	135,732
Garages/Carports			0.00	0
Comm &/or Aux Bldgs			0.00	0
Other:			0.00	0
SUBTOTAL			57.53	3,983,753
Current Cost Multiplier	1.03		1.73	119,513
Local Multiplier	0.90		(5.75)	(398,375)
TOTAL DIRECT CONSTRUCTION COSTS			\$53.50	\$3,704,890
Plans, specs, survy, bld prn	3.90%		(\$2.09)	(\$144,491)
Interim Construction Interest	3.38%		(1.81)	(125,040)
Contractor's OH & Profit	11.50%		(6.15)	(426,062)
NET DIRECT CONSTRUCTION COSTS			\$43.45	\$3,009,297

PAYMENT COMPUTATION

Primary	\$3,627,159	Term	
Int Rate	0.50%	DCR	#DIV/0!

Secondary	\$0	Term	
Int Rate		Subtotal DCR	#DIV/0!

Additional	\$2,240,208	Term	
Int Rate		Aggregate DCR	#DIV/0!

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	\$0
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	(\$3,762)

Primary	\$3,027,247	Term	0
Int Rate	0.50%	DCR	#DIV/0!

Secondary	\$489,403	Term	0
Int Rate	1.00%	Subtotal DCR	#DIV/0!

Additional	\$2,240,208	Term	0
Int Rate	0.00%	Aggregate DCR	#DIV/0!

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$112,044	\$115,405	\$118,867	\$122,434	\$126,107	\$146,192	\$169,477	\$196,470	\$264,039
Secondary Income	4,260	4,388	4,519	4,655	4,795	5,558	6,444	7,470	10,039
Other Support Income: (describe	148,500	152,955	157,544	162,270	167,138	193,759	224,620	260,396	349,950
POTENTIAL GROSS INCOME	264,804	272,748	280,931	289,358	298,039	345,509	400,540	464,335	624,028
Vacancy & Collection Loss	(19,860)	(20,456)	(21,070)	(21,702)	(22,353)	(25,913)	(30,040)	(34,825)	(46,802)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	\$244,944	\$252,292	\$259,861	\$267,657	\$275,686	\$319,596	\$370,499	\$429,510	\$577,226
EXPENSES at 4.00%									
General & Administrative	\$21,836	\$22,709	\$23,617	\$24,562	\$25,544	\$31,079	\$37,812	\$46,004	\$68,097
Management	28,861	29,726	30,618	31,537	32,483	37,657	43,654	50,607	68,012
Payroll & Payroll Tax	53,444	55,582	57,805	60,118	62,522	76,068	92,548	112,599	166,674
Repairs & Maintenance	41,317	42,969	44,688	46,476	48,335	58,806	71,547	87,048	128,852
Utilities	19,655	20,441	21,259	22,109	22,993	27,975	34,036	41,409	61,296
Water, Sewer & Trash	32,851	34,165	35,532	36,953	38,431	46,758	56,888	69,213	102,452
Insurance	17,313	18,005	18,725	19,474	20,253	24,641	29,980	36,475	53,992
Property Tax	0	0	0	0	0	0	0	0	0
Reserve for Replacements	17,750	18,460	19,198	19,966	20,765	25,264	30,737	37,397	55,356
Other	15,680	16,307	16,959	17,638	18,343	22,318	27,153	33,035	48,900
TOTAL EXPENSES	\$248,706	\$258,366	\$268,403	\$278,833	\$289,671	\$350,565	\$424,355	\$513,788	\$753,633
NET OPERATING INCOME	(\$3,762)	(\$6,074)	(\$8,542)	(\$11,176)	(\$13,984)	(\$30,969)	(\$53,856)	(\$84,278)	(\$176,407)
DEBT SERVICE									
First Lien Financing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Second Lien	0	0	0	0	0	0	0	0	0
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	(\$3,762)	(\$6,074)	(\$8,542)	(\$11,176)	(\$13,984)	(\$30,969)	(\$53,856)	(\$84,278)	(\$176,407)
DEBT COVERAGE RATIO	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!

LIHTC Allocation Calculation - Carroll Townhomes, Dallas, HTC #00004T ADDENDUM

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
(1) Acquisition Cost				
Purchase of land				
Purchase of buildings				
(2) Rehabilitation/New Construction Cost				
On-site work	\$425,306	\$425,306	\$425,306	\$425,306
Off-site improvements				
(3) Construction Hard Costs				
New structures/rehabilitation hard costs	\$3,164,888	\$3,009,297	\$3,164,888	\$3,009,297
(4) Contractor Fees & General Requirements				
Contractor overhead	\$68,644	\$68,644	\$68,644	\$68,644
Contractor profit	\$205,931	\$205,931	\$205,931	\$205,931
General requirements	\$192,400	\$192,400	\$192,400	\$192,400
(5) Contingencies				
(6) Eligible Indirect Fees				
	\$667,861	\$667,861	\$667,861	\$667,861
(7) Eligible Financing Fees				
	\$360,906	\$360,906	\$360,906	\$360,906
(8) All Ineligible Costs				
	\$291,961	\$291,961		
(9) Developer Fees				
Developer overhead	\$51,201	\$51,201	\$51,201	\$51,201
Developer fee	\$640,000	\$640,000	\$640,000	\$640,000
(10) Development Reserves				
	\$3,650	\$46,604		
TOTAL DEVELOPMENT COSTS	\$6,072,748	\$5,960,111	\$5,777,137	\$5,621,546

Deduct from Basis:			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
TOTAL ELIGIBLE BASIS		\$5,777,137	\$5,621,546
High Cost Area Adjustment		130%	130%
TOTAL ADJUSTED BASIS		\$7,510,278	\$7,308,010
Applicable Fraction		97%	97%
TOTAL QUALIFIED BASIS		\$7,249,781	\$7,054,529
Applicable Percentage		3.66%	3.66%
TOTAL AMOUNT OF TAX CREDITS		\$265,342	\$258,196

Syndication Proceeds	0.9299	\$2,467,434	\$2,400,980
Total Credits (Eligible Basis Method)		\$265,342	\$258,196
Syndication Proceeds		\$2,467,434	\$2,400,980
Requested Credits (May 2004)		\$265,305	
Syndication Proceeds		\$2,467,090	
Gap of Syndication Proceeds Needed		\$2,556,099	
Credit Amount		\$274,877	

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

DATE: 03/02/00

PROGRAM: LIHTC

FILE NUMBER: 00004T

DEVELOPMENT NAME

Carroll Townhomes

APPLICANT

Name: 71 Carroll Place, L.P. **Type:** For Profit Non-Profit Municipal Other
Address: 3939 N. Hampton Road **City:** Dallas **State:** TX
Zip: 75212 **Contact:** Mattye Gouldsby Jones **Phone:** (214) 951-8303 **Fax:** (214) 951-8800

PRINCIPALS of the APPLICANT

Name: Supreme Development Corporation (SDC) **(%):** 0.01 **Title:** Managing General Partner
Name: Mattye Gouldsby Jones **(%):** N/A **Title:** President of SDC
Name: Dallas Housing Authority (DHA) **(%):** 99.99 **Title:** Initial Limited Partner
Name: Lori H. Moon **(%):** N/A **Title:** President & CEO of DHA
Name: Barry Palmer **(%):** N/A **Title:** Project Consultant & Attorney

GENERAL PARTNER

Name: Supreme Development Corporation **Type:** For Profit Non-Profit Municipal Other
Address: 3939 N. Hampton Road **City:** Dallas **State:** TX
Zip: 75212 **Contact:** Mattye Gouldsby Jones **Phone:** (214) 951-8303 **Fax:** (214) 951-8800

PROPERTY LOCATION

Location: 1917 North Carroll Avenue QCT DDA
City: Dallas **County:** Dallas **Zip:** 75204

REQUEST

<u>Amount</u>	<u>Interest Rate</u>	<u>Amortization</u>	<u>Term</u>
\$251,528	N/A	N/A	N/A
Other Requested Terms:	Annual "4%" tax credit allocation		
Proposed Use of Funds:	New construction		

SITE DESCRIPTION

Size: 2.696 acres 117,438 square feet **Zoning/ Permitted Uses:** MF-2(A)
Flood Zone Designation: Zone C: areas of minimal flooding **Status of Off-Sites:** Fully Improved

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
CREDIT UNDERWRITING ANALYSIS**

DESCRIPTION of IMPROVEMENTS

Total Units: 71 **# Rental Buildings:** 13 **# Common Area Bldgs:** 0 **# of Floors:** 2 & 3 **Age:** N/A yrs **Vacant:** N/A

Number	Bedrooms	Other Rms	Bathrooms	Size in SF
12	1	N/A	1	700
44	2	N/A	1.5	950
15	3	N/A	1.5	1,200

Net Rentable SF: 68,200 **Av Un SF:** 961 **Common Area SF:** 0 **Gross Bldng SF:** 68,200

Property Type: Multifamily SFR Rental Elderly Mixed Income Special Use

CONSTRUCTION SPECIFICATIONS

STRUCTURAL MATERIALS

Wood frame on a post-tensioned slab on grade, masonry brick and hardboard exterior wall coverings with wood trim, painted drywall interior finish, and a composition shingle roof.

APPLIANCES AND INTERIOR FEATURES

Range & oven with hood & fan, garbage disposal, refrigerator, washer & dryer, individual water heaters, tile tub/shower, laminated counter tops, carpet & vinyl flooring, ceiling fans, and central air & heat utilizing a heat pump system.

ON-SITE AMENITIES

As the subject is a proposed addition to Roseland Homes (an existing 608-unit project located 1 mile southwest of the subject that will be demolished and newly constructed as a 152-unit project), the following amenities will be reconstructed and shared with the proposed Carroll Townhomes and Monarch Townhomes: community building with recreation room, daycare facility, commercial kitchen, and laundry room; equipped playground area, indoor basketball/volleyball court, and public telephone. Additionally, the proposed Carroll Townhomes will also have perimeter fencing.

Uncovered Parking: 110 spaces **Carports:** 0 spaces **Garages:** 0 spaces

OTHER SOURCES of FUNDS

INTERIM CONSTRUCTION or GAP FINANCING

Source: Chase Bank of Texas, N.A. **Contact:** Linda S. McMahon
Principal Amount: \$3,200,000 **Interest Rate:** To be set at closing; Equal to AAA-insured rate plus 45 basis points.
Additional Information: Tax-exempt mortgage revenue bonds
Amortization: N/A yrs **Term:** 3 yrs **Commitment:** None Firm Conditional

INTERIM CONSTRUCTION or GAP FINANCING

Source: Dallas Housing Authority; HOPE VI Funds **Contact:** Lori H. Moon
Principal Amount: \$1,335,825 **Interest Rate:** Long-term AFR
Additional Information: Monthly payments of interest only until the maturity date, at which time loan will convert to permanent combined with an additional \$2,373,644 of permanent debt funded to the project from Dallas Housing Authority at terms set forth below
Amortization: N/A yrs **Term:** 3 yrs **Commitment:** None Firm Conditional

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
CREDIT UNDERWRITING ANALYSIS**

LONG TERM/PERMANENT FINANCING	
Source: <u>Dallas Housing Authority; HOPE VI Funds</u>	Contact: <u>Lori H. Moon</u>
Principal Amount: <u>\$3,709,469</u>	Interest Rate: <u>0.5%</u>
Additional Information: <u>Comprised of the above-described interim loan plus an additional \$2,373,644 in HOPE VI funds; Interest will be accrued and be paid at the end of the full term. The Applicant provided this revised commitment on March 3, 2000.</u>	
Amortization: <u>N/A</u> yrs	Term: <u>55</u> yrs
Commitment: <input type="checkbox"/> None <input checked="" type="checkbox"/> Firm <input type="checkbox"/> Conditional	
Annual Payment: <u>N/A</u>	Lien Priority: <u>1st</u> Commitment Date 12/ 13/ 1999
LIHTC SYNDICATION	
Source: <u>Texas Housing Finance Corporation (THOF) / Enterprise Social Investment Corporation (ESIC)</u>	Contact: <u>Diana Helms Morreale</u>
Address: <u>1145 West 5th Street</u>	City: <u>Austin</u>
State: <u>TX</u> Zip: <u>78703</u> Phone: (512) <u>469-9059</u> Fax: (512) <u>469-9864</u>	
Net Proceeds: <u>\$2,339,384</u>	Net Syndication Rate (per \$1.00 of 10-yr LIHTC) <u>93¢</u>
Commitment <input type="checkbox"/> None <input type="checkbox"/> Firm <input checked="" type="checkbox"/> Conditional	Date: 12/ 20/ 1999
Additional Information: <u>THOF and ESIC will jointly acquire a 99.99% limited partnership interest in the Applicant</u>	

APPLICANT EQUITY	
Amount: <u>\$0</u>	Source: <u>N/A</u>

VALUATION INFORMATION	
APPRAISED VALUE	
Land Only: <u>\$575,000</u>	Date of Valuation: 11/ 30/ 1999
Appraiser: <u>CB Richard Ellis</u>	City: <u>Dallas</u> Phone: (972) <u>458-4888</u>
ASSESSED VALUE	
Land: <u>N/A as property is currently tax-exempt</u>	Assessment for the Year of: <u>N/A</u>

EVIDENCE of SITE or PROPERTY CONTROL	
Type of Site Control: <u>Ground Lease Contract</u>	
Contract Expiration Date: 12/ 31/ 2000	Anticipated Closing Date: 04/ 20/ 2000
Annual Rent: <u>\$100</u>	Other Terms/Conditions: <u>Applicant will lease subject property for a term of 55 years from current owner, the Dallas Housing Authority</u>

REVIEW of PREVIOUS UNDERWRITING REPORTS
No previous reports.

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION
Carroll Townhomes is the proposed second phase of a redevelopment plan by the Dallas Housing Authority in the greater Roseland neighborhood located in east Dallas. The proposed Monarch Townhomes comprises the other piece of the second phase of redevelopment and it is concurrently being reviewed by Underwriting staff as it too received a private activity cap tax-exempt bond allocation.

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The first phase consists of the demolition and new construction of Roseland Townhomes, originally 608 units, but when completed will house 152 units. Roseland Townhomes was awarded a low income housing tax credit allocation during the 1999 "9%" LIHTC allocation round. Carroll Townhomes as proposed will provide an additional 71 units of affordable housing and is comprised of 13 separate buildings configured as 6 different building types, all of which will contain split-level townhomes. The Applicant has indicated that the relocated tenants from Roseland Townhomes will be offered first option to rent at the proposed Carroll Townhomes.

The Dallas Housing Authority will provide optional support services at no additional charge to the residents. These services will include education services, family skills development, personal growth opportunities, neighborhood advancement activities, and "fun and freedom" social activities. The annual fee for these services will be \$100 as well as an hourly rate of \$40 for such additional services deemed acceptable as set forth in the submitted supportive services contract. However, the Applicant did not designate a line item in the submitted operating budget for support services. The proposed land lease agreement is also in the amount of \$100 per year and it is possible this number is inclusive of the support services. A property management company has not yet been selected.

The Applicant anticipates construction to begin in May of 2000, construction to be completed by July of 2001, and have substantial lease-up and stabilized occupancy achieved by December of 2001.

POPULATION SERVED

As this is a Tier I private activity, tax-exempt bond-financed project, all of the units proposed for Carroll Townhomes will be designated tax credit units and subject to the LIHTC 50% rent restriction. The Applicant has selected the 40% at 60% set aside which will require all units to be leased to households earning 60% or less of the AMGI. In addition, all of the units will be designated as public housing units and will be leased through the Dallas Housing Authority to persons on DHA's applicant waiting list.

MARKET HIGHLIGHTS

CDS Market Research prepared a market study report dated December 9, 1999. Highlights of the report include the following:

- € "The subject property is located within the Intown Submarket as defined by M/PF Research. Of noteworthy importance is that the subject property lies along the eastern side of the Central Expressway and borders the East Dallas Submarket. The area located west of the Central Expressway is in closer proximity to the CBD, and therefore is considered a superior location...The subject Submarket simultaneously commands the highest [multifamily] rent in the Metroplex and concurrently is initiating affordable housing for low-income families." (p.22)
- € "The existing base supply for the Intown Submarket is 6,871 multifamily units. The planned new multifamily construction by the end of the second quarter 2000 total 2,137 units. The Submarket absorption trend is similar to the Dallas market overall, indicating an increase in absorption from 570 units by 06/98 to 760 units by 06/99 (33% increase). The projected absorption by the second quarter of 2000 is 1,730 units. Gross occupancy, however, is projected to decrease to approximately 89.8%, as new construction is projected to outpace absorption levels." (p.26)
- € "There are approximately 501 low income (or assisted income) units in the Market Area located in 6 projects (627 units) representing 80% of the total (neighborhood survey). According to the CDS survey, the average 'gross' occupancy of the 'tax credit' apartment sample is approximately 95%."(p.23)
- € "Once the Roseland Development (including the Carroll Avenue and Monarch Ave. extensions) are constructed, it will add an estimated 280 subsidized units to the inventory, representing approximately 37% of the neighborhood total. Income qualified residents in the Market Area total 24,234 for the 71 unit Carroll Avenue addition to the Roseland Townhome development." (p.28)
- € "Tenant demand will be generated from three sources, former tenants of the Roseland Home project, normal neighborhood turnover, and new demand from the greater Dallas population. A minimum of between one eighth and one quarter of the resident tenants of the 608 unit Roseland Home project are expected to return or an estimated 115 tenants. Another 240 units, which compose a portion of the neighborhood "tax credit" properties, are expected to "turnover" annually as a result of normal

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CREDIT UNDERWRITING ANALYSIS

resident move-in and move-out. This is based on an industry standard of a turnover ratio of 50% and 501 subsidized units. An additional source of new tenants is the approximate 6 months to 2 years waiting list of 24,234 of the Dallas Housing Authority.” (p.28)

- € “Ms. Annie Nelson with the Housing Authority of the City of Dallas, Texas reported that as of the second quarter 1999 there were approximately 400 persons on the waiting list for disabled housing.” (p.16)
- € “...the subject submarket’s (Intown) ‘market’ occupancy ranged from 92.5% in 06/99 to 96.6% in 06/97. Rental rate in the submarket grew from \$1.11 in December of 1996 to \$1.22 psf/mo. by June of 1999, indicating an annual compound rate increase of 33.84%.”(p.22)
- € “The neighborhood survey includes 10 complexes comprising 1,232 units reported an overall ‘gross’ occupancy of approximately 95.97%. The Intown Submarket second quarter 1999 occupancy of 92.5% supports the neighborhood occupancy. Four of the ten properties surveyed (48% of the units) were constructed after 1990 and 25% have been recently renovated. The Linden Intown has recently been completed and is 97% occupied.” (p.23)
- € “The total average rental rate for the subject property is \$0.14 per square foot per month...The one-bedroom units are estimated to be 82% below market rent, the two-bedroom one and one-half bath unit floorplan rent is 82% below market rent and [the] three-bedroom units are 84% lower than market rent for this floorplan.” (p.25)
- € “The proposed 71-unit Carroll Avenue addition of the proposed Roseland Townhomes project is not likely to result in unreasonably high vacancy rates in the subject neighborhood. As of October 1999, the existing government-assisted projects have a waiting list of approximately 4,524 people. The waiting list for government-assisted rental units is 6 months to 2 years or more depending on individual family needs. Occupancy rates of assisted and unassisted Market Area apartments are typically in the mid 90s.” (p.5)
- € “A conservative absorption rate of new apartments units with 100% of the units at significantly below market rent (competitive pricing) should be in the order of 30 to 40 units per month, taking into consideration two months of preleasing activity. We have additionally taken into consideration that the original 608-unit Roseland Homes complex will be demolished and the existing tenants will have first option on occupancy in the new development.” (p.26)

The market analyst’s claim of an “industry standard” turnover ratio of 50% seems excessive in the Underwriter’s opinion. However, considering the inherently high demand in the overall Dallas market that presently exists and the displacement of existing Roseland tenants, the project should have no problem locating potential tenants.

SITE and NEIGHBORHOOD CHARACTERISTICS

The subject property is comprised of five contiguous pieces of land totaling approximately 2.9 acres located in the Roseland neighborhood in east Dallas in Dallas County. According to the U.S. Census Bureau, the estimated population of Dallas was 1,075,894 as of July 01, 1998.

The immediate area surrounding the subject property is a residential neighborhood and the surrounding area includes a mix of vacant land, multifamily and single family residences, retail and commercial uses. Access to the various sites will be gained from California Street, Lafayette Drive, Carroll Street, and Munger Street. The Central Expressway, located just ¾-mile southeast of the neighborhood, provides excellent linkage to all of the other major traffic arteries in Dallas. Dallas Area Rapid Transit (DART) provides public transportation throughout the city and there are numerous bus stops located in very close proximity to the sites. Dallas Memorial Hospital is located less than ¼-mile from any of the sites and the Baylor University Medical Center is located within a 1 ¼-mile radius. According to the market analyst, the Dallas Central Business District is located approximately 1 mile away and various other retail facilities are found in the immediate area (Target and Ross to name two). Additionally, J.W. Ray Elementary School is located within the neighborhood as is the Cesar Chavez Learning Center, Project Head Start Day Care Center, and numerous parks and playgrounds. Spence Junior High School and North Dallas High School are both within 1 mile of the sites.

A site inspection was performed by TDHCA underwriting and LIHTC program staff on November

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CREDIT UNDERWRITING ANALYSIS**

30, 1999 and the site was found to be an acceptable location for the proposed project with average overall linkages to the salient needs of the potential future tenants. The site appears to be level at grade and has no obvious sitework requirements.

HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)

Afram International Environmental Consultants prepared a Phase I Environmental Site Assessment report dated May 3, 1999 and an update on November 29, 1999. According to the report, the subject property does lie within Flood Zone C, defined as areas of minimal flooding. The market analyst's conclusion was that no environmental conditions exist that currently adversely affect the site and no additional investigation is recommended.

OPERATING PROFORMA ANALYSIS

The Dallas Housing Authority will utilize a HUD Annual Contributions Contract (ACC) to provide an operating subsidy via a regulatory and operating agreement between the Applicant and DHA. The annual subsidy is estimated to average \$140.67 per unit per month and will allow the applicant to reduce the rents to well below the LIHTC 50% limits. These subsidy funds are part of the HUD HOPE VI grant application program, which provides for the redevelopment of the existing Roseland Townhomes and the surrounding community. Without the subsidy, the significantly lower rents would not be possible because the project would not generate sufficient income to cover the estimated operating expenses. The HUD ACC operating subsidy will cover this operating loss and the proposed project's effective net operating income (NOI) will be \$0. Since the regulatory agreement calls for reconciliation at the end of each year with any excess subsidy being returned and any excess operating expense being paid, there is a guarantee that the project will always break even. The Underwriter's proforma indicates that the operating subsidy needed will grow over time based on increases in expenses outpacing increases in income. The break even operating scenario is made possible by the permanent HOPE VI debt which will accrue interest and carry a term of 55 years with the \$3.7M principal amount and \$1.2M in accrued interest due at the end of the term. Thus an annual debt service amount was not included on the Applicant's 15-year proforma for this first lien HOPE VI loan and a debt coverage ratio is not relevant to this analysis. Based on the related nature of the loan provider in this case, the risk of foreclosure is unlikely.

The Applicant utilized utility allowances that are \$8 to \$22 lower than the most recent utility allowance sheet available, but they provided documentation of the actual utility costs of an existing new project in the area. To the extent the allowances used by the Applicant are incorrect, the net rents charged may differ but they will be offset during the reconciliation of the operating subsidy budget. The Applicant's total operating expense budget appears to be overstated by \$16K or 8.4% compared to the TDHCA database-derived estimate for comparably sized projects with a property tax exemption. Significant differences exist in payroll and payroll tax, which is overstated by \$10K; utilities are overstated by \$12K and general and administrative is understated by \$10K. Again, these differences are not a significant concern, however, due to the regulatory agreement discussed above. The Applicant also budgeted and documented \$10,525 in annual payments to the various taxing entities in lieu of property taxes.

CONSTRUCTION COST ESTIMATE EVALUATION

The Applicant claimed \$12,872 per unit in sitework costs, which is substantially higher than the TDHCA-acceptable range of \$4,500 to \$6,000 for sitework. The Applicant provided an architect's scope of work performed by James, Harwick + Partners to justify the extremely high site work costs. The scope of work appears to be reasonable with the exception of one particular matter. The architect's budget included a line item for landscaping that totaled \$168,857, or \$2,378 per unit. The typical Underwriting guideline for landscaping costs is \$1K per unit inclusive of automatic irrigation, which would equate to approximately \$71K when this guideline is applied to the proposed project. When the \$1K per unit landscaping cost guideline is compared to the architect's estimate, a difference of \$97,857 exists, which seems excessive in the Underwriter's opinion. So for the purpose of estimating the project's total construction cost, the Underwriter reduced the landscaping costs to \$71K, or an average of \$1,000 per unit, resulting in total sitework costs of \$11,720 per unit.

The Applicant's direct construction cost estimate is within 0.5% of the Underwriter's Marshall & Swift *Residential Cost Handbook*-derived estimate for two- and one-story townhome units. The Applicant's

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
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total project cost estimate is 1% or \$52K lower than the Underwriter's (after the landscaping cost reduction as discussed above) and is acceptable as submitted.

FINANCING STRUCTURE ANALYSIS

The Applicant intends to finance this project with: t tax-exempt private activity cap mortgage revenue bonds issued through the Dallas Housing Authority; u syndication proceeds from the "4%" low income housing tax credits available with the issuance of tax-exempt private activity cap mortgage revenue bonds; and v an interim to permanent loan provided by the Dallas Housing Authority utilizing HOPE VI funds. The \$3.2M in tax-exempt bonds will carry a three-year term and will be placed and initially purchased by Chase Bank of Texas and used to fund the development's construction in conjunction with a \$1.34M interim loan from DHA with a term of 3 years and a \$397K portion of the syndication proceeds provided by the Texas Housing Finance Corporation (THOF) and the Enterprise Social Investment Corporation (ESIC). Upon occupancy of the project, DHA will assign a portion of its HUD ACC operating subsidy to the partnership to subsidize rents for all 65 of the units to well below the LIHTC 50% limits. At the end of the 3-year term, the \$1.34M interim HOPE VI loan will convert to permanent and the city of Dallas will fund an additional \$2.37M amount of permanent HOPE VI debt to the project. Utilizing this additional debt in conjunction with the balance of syndication proceeds not used to fund construction, the Applicant will pay off the tax-exempt bonds. This is a rather unconventional use of the private activity cap mortgage revenue bonds, and while it may be inefficient it does not appear to conflict with IRS code. In this case, the bonds themselves are not required for the project's permanent financing, but are being utilized as a tool to leverage construction funds and access "4%" tax credits in a non-competitive funding cycle.

As mentioned above in the operating proforma analysis section, the project will not produce any net operating income with which to service this debt as a result of the HUD ACC operating subsidy. Consequently, the Applicant is hedging on the belief that the project itself will be equal to or more than the value of this permanent debt at the end of the 55-year term. This appears to be a reasonable conclusion, and because of the related nature of the lender it would further be reasonable that the loan could be restructured at that future date if needed.

Based on an eligible basis of \$5,315,470, an increased applicable percentage rate of 3.78% (current 3.68% applicable percentage for March plus 10 basis points), a tax credit allocation of no more than \$261,202 per year is actually available. Due to the existing financing structure, however, the gap of funds needed to complete this project is \$2,338,636 resulting in a recommended credit amount of \$251,718. This recommended reduction in allocation will provide \$190 less in credits and \$748 less in syndication proceeds than originally anticipated by the Applicant. This marginal difference is due to the fact that the Applicant used \$3,708,721 as the amount of HOPE VI funds in the submitted sources and uses chart instead of \$3,709,469, as set forth in the commitment letter from the city of Dallas. For the purpose of determining the project's gap of need, the Underwriter utilized the slightly larger HOPE VI loan amount as pledged in the commitment letter.

The Underwriter also estimated the potential gap needed under a conventional loan/bond structure of 8% interest and a 30-year amortization and the maximum 50% LIHTC rents. This analysis reflects a potential debt of \$2.8M, which is less than the proposed DHA HOPE VI loan and therefore would result in a larger gap than the gap resulting from the subject structure. Thus the inefficient short-term use of the private activity tax-exempt bonds may be offset by the smaller tax credit amount needed due to the HOPE VI funding.

REVIEW of ARCHITECTURAL DESIGN

The submitted architectural drawings detail uncomplicated elevations with exteriors of brick veneer and hardboard siding along with a combination of hipped and gabled roofs.

There are three conventional floor plans offered by the Applicant. All are split-level townhomes of above average size and all provide adequate interior closet space. In the one-bedroom/one-bath layout (700 square feet), entrance is gained into the living room, which is located on the ground floor with the kitchen. The bedroom and one full bathroom are located on the second floor.

The two-bedroom/one-and-a-half-bath townhome (950 square feet) adds an additional bedroom to the second floor and separates the two bedrooms with a full-size bathroom. A half-bathroom is added to the ground floor. The three-bedroom/one-and-a-half-bath unit (1,200 square feet) simply adds a third bedroom

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
CREDIT UNDERWRITING ANALYSIS**

to the second floor.

There are three handicapped-accessible floorplans that are flats located on the ground floor. These units maintain the same square footage as the conventional split-level layouts. In addition, the smaller handicapped-accessible units contain only one full bathroom while the 1,200 square foot layout houses two full bathrooms. All are very efficiently designed, providing good separation of private spaces and common spaces. These flats are located in the ends and corners of the buildings and have two adjacent split level townhomes above them. Thus the townhomes above these units do not meet the Department's definition of a townhome, but as tax-exempt bond applications are not scored, this is not a factor taken into consideration for this project.

IDENTITIES of INTEREST

All three members of the Board of Directors of the managing general partner of the Applicant, Supreme Development Corporation, also serve as controlling officers of the Dallas Housing Authority, initial limited partner of the Applicant. The Dallas Housing Authority also performed the project cost estimates and is providing the operating subsidy and HOPE VI loans.

APPLICANT/PRINCIPALS FINANCIAL HIGHLIGHTS, BACKGROUND, and EXPERIENCE

The Applicant is a new entity formed solely for the purpose of developing Carroll Townhomes, and thus any financial information submitted at this time would not be material.

The managing general partner, Supreme Development Corporation, submitted an unaudited financial statement as of 12/15/99 reporting total assets of \$1,000 in cash and stated liabilities of \$1,000, resulting in net worth of \$0. The general partner is also a new entity as its certificate of incorporation is dated October 7, 1999. Supreme Development Corporation is a directly controlled subsidiary of the Dallas Housing Authority.

The Dallas Housing Authority submitted an audited 1998 FYE statement dated 01/31/99 reporting total assets of \$173M. DHA has extensive experience developing affordable housing in the city of Dallas.

RECOMMENDATION

L RECOMMEND APPROVAL SUBJECT TO THE FOLLOWING CONDITIONS:

- € A tax credit allocation not to exceed \$251,718 per year.

Underwriter:	_____ <i>Jason Bullmore</i>	Date: <u>March 09, 2000</u>
Director of Credit Underwriting:	_____ <i>Tom Gouris</i>	Date: <u>March 09, 2000</u>

MULTIFAMILY FINANCIAL ASSISTANCE REQUEST: Comparative Analysis

Carroll Townhomes, #000041

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Net Rent per Unit	Rent per Month	Rent per SF	Tnt Pd Util	Wtr, Swr, Trsh
<TC 50%	12	1	1	700	153	\$108	\$1,296	\$0.15	\$53.00	\$37.00
<TC 50%	44	2	1.5	950	183	132	5,808	0.14	69.00	44.00
<TC 50%	15	3	1.5	1,200	212	154	2,310	0.13	80.00	51.00
TOTAL:	71		AVERAGE:	961	\$184	\$133	\$9,414	\$0.14	\$68.62	\$44.30

INCOME & EXPENSE

POTENTIAL GROSS RENT

Secondary Income Per Unit Per Month: \$10.00

POTENTIAL GROSS INCOME

Vacancy & Collection Loss % of Potential Gross Income: 7.50%

Rental Concessions
HUD ACC Rental Subsidy

EFFECTIVE GROSS INCOME

EXPENSES

	% OF EGI	PER UNIT	PER SQ FT
General & Administrative	9.11%	\$298	\$0.31
Management	11.27%	369	0.38
Payroll & Payroll Tax	20.30%	664	0.69
Repairs & Maintenance	16.15%	528	0.55
Utilities	3.78%	124	0.13
Water, Sewer & Trash	9.59%	314	0.33
Insurance	5.87%	192	0.20
Payments in Lieu of Taxes	4.87%	159	0.17
Reserve for Replacements	6.12%	200	0.21
Security	0.97%	32	0.03

TOTAL EXPENSES

NET OPERATING INC

Tax-exempt Bonds
Hope VI Loan
Syndication Proceeds

NET CASH FLOW

AGGREGATE DEBT COVERAGE RATIO

ALTERNATIVE DEBT COVERAGE RATIO

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT
Acquisition Cost (site or bldng)		0.00%	\$0	\$0.00
Off-Sites		0.00%	0	0.00
Sitework		13.75%	11,720	12.20
Direct Construction		47.44%	40,441	42.10
Contingency	2.47%	1.51%	1,287	1.34
General Requireme	5.83%	3.56%	3,039	3.16
Contractor's G & A	2.00%	1.22%	1,043	1.09
Contractor's Profit	5.63%	3.45%	2,939	3.06
Indirect Construction		5.28%	4,500	4.68
Ineligible Expenses		5.63%	4,798	5.00
Developer's G & A	13.70%	10.57%	9,014	9.38
Developer's Profit	0.00%	0.00%	0	0.00
Interim Financing		0.98%	836	0.87
Reserves		6.61%	5,634	5.87
TOTAL COST		100.00%	\$85,252	\$88.75

SOURCES OF FUNDS

Tax-exempt Bonds	0.00%	\$0	\$0.00
Hope VI Loan	61.27%	\$52,236	\$54.38
Syndication Proceeds	38.65%	\$32,949	\$34.30
Deferred Developer's Fee	0.00%	\$0	\$0.00
Equity Shortfall (excess)	0.08%	\$68	\$0.07
TOTAL SOURCES			

	TDHCA	APPLICANT			
POTENTIAL GROSS RENT	\$112,968	\$112,968			
Secondary Income	8,520	0	\$0.00	Per Unit Per Month	
POTENTIAL GROSS INCOME	\$121,488	\$112,968			
Vacancy & Collection Loss	9,112	8,472	7.50%	of Potential Gross Rent	
Rental Concessions		0			
HUD ACC Rental Subsidy	119,796	119,796			
EFFECTIVE GROSS INCOME	\$232,172	\$224,292			
EXPENSES			PER SQ FT	PER UNIT	% OF EGI
General & Administrative	\$21,162	\$10,050	\$0.15	\$142	4.48%
Management	26,176	28,000	0.41	394	12.48%
Payroll & Payroll Tax	47,129	57,000	0.84	803	25.41%
Repairs & Maintenance	37,489	33,000	0.48	465	14.71%
Utilities	8,770	22,250	0.33	313	9.92%
Water, Sewer & Trash	22,277	29,000	0.43	408	12.93%
Insurance	13,640	17,250	0.25	243	7.69%
Payments in Lieu of Taxes	11,297	11,297	0.17	159	5.04%
Reserve for Replacements	14,200	14,200	0.21	200	6.33%
Security	2,250	2,250	0.03	32	1.00%
TOTAL EXPENSES	\$204,391	\$224,297	\$3.29	\$3,159	100.00%
NET OPERATING INC	\$27,782	(\$5)	(\$0.00)	(\$0)	0.00%
Tax-exempt Bonds	\$0	\$0	\$0.00	\$0	0.00%
Hope VI Loan	0	0	\$0.00	\$0	0.00%
Syndication Proceeds	0	0	\$0.00	\$0	0.00%
NET CASH FLOW	\$27,782	(\$5)	(\$0.00)	(\$0)	0.00%
AGGREGATE DEBT COVERAGE RATIO	N/A	N/A			
ALTERNATIVE DEBT COVERAGE RATIO	N/A				

	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldng)	\$0	\$0	\$0.00	\$0	0.00%
Off-Sites	0	0	0.00	0	0.00%
Sitework	832,145	903,145	13.24	12,720	14.93%
Direct Construction	2,871,339	2,803,532	41.11	39,486	46.35%
Contingency	91,370	91,370	1.34	1,287	1.51%
General Requireme	215,782	215,782	3.16	3,039	3.57%
Contractor's G & A	74,070	74,114	1.09	1,044	1.23%
Contractor's Profit	208,657	208,657	3.06	2,939	3.45%
Indirect Construction	319,496	319,496	4.68	4,500	5.28%
Ineligible Expenses	340,673	340,673	5.00	4,798	5.63%
Developer's G & A	640,000	640,000	9.38	9,014	10.58%
Developer's Profit	0	0	0.00	0	0.00%
Interim Financing	59,374	59,374	0.87	836	0.98%
Reserves	400,000	391,962	5.75	5,521	6.48%
TOTAL COST	\$6,052,906	\$6,048,105	\$88.68	\$85,185	100.00%

	TDHCA	APPLICANT	RECOMMENDED	Max. Cost Guideline
Tax-exempt Bonds	\$0	\$0	\$0	
Hope VI Loan	3,708,721	3,708,721	3,709,469	\$4,869,480
Syndication Proceeds	2,339,384	2,339,384	2,338,636	
Deferred Developer's Fee	0	0		
Equity Shortfall (excess)	4,801	0	0	
TOTAL SOURCES	\$6,052,906	\$6,048,105	\$6,048,105	

MULTIFAMILY FINANCIAL ASSISTANCE REQUEST(continued)

Carroll Townhomes, #00004T

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook
Average Quality Townhouse Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$43.15	\$2,942,490
Adjustments				
Frame	2.80%		\$1.21	\$82,390
Elderly			0.00	0
Roofing			0.00	0
Subfloor			(1.86)	(126,852)
Floor Cover			1.72	117,304
Plaster Interior			0.00	0
Plumbing	\$555	31	0.25	17,205
Built-In Appliances	\$1,475	71	1.54	104,725
Washer & Dryer	\$990	71	1.03	70,290
Floor Insulation			0.00	0
Heat Pump System			2.07	141,174
Garages/Carports			0.00	0
Comm &/or Aux bldgs			0.00	0
Other:			0.00	0
SUBTOTAL			49.10	3,348,725
Current Cost Multiplier	1.08		53.03	3,616,623
Local Multiplier	0.94		(2.95)	(200,924)
TOTAL DIRECT CONSTRUCTION COSTS			\$50.08	\$3,415,700
Plans, specs, survy, bld pri	3.50%		(\$1.51)	(\$102,987)
Interim Construction Intere	7.00%		(3.02)	(205,974)
Contractor's OH & Profit	8.00%		(3.45)	(235,399)
NET DIRECT CONSTRUCTION COSTS			\$42.10	\$2,871,339

PAYMENT COMPUTATION

Primary	\$0	Term	0
Int Rate	0.00%	DCR	
Secondary	\$3,708,721	Term	0
Int Rate	0.00%	Subtotal DCR	
Additional	\$2,339,384	Term	0
Int Rate	0.00%	Aggregate DCR	

ALTERNATIVE FINANCING STRUCTURE:

Primary Debt Service	\$0
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	\$27,782

Primary	\$0	Term	0
Int Rate	0.00%	DCR	
Secondary	\$3,708,721	Term	0
Int Rate	0.00%	Subtotal DCR	
Additional	\$2,339,384	Term	0
Int Rate	0.00%	Aggregate DCR	

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$112,968	\$116,357	\$119,848	\$123,443	\$127,146	\$147,398	\$170,874	\$198,090	\$266,216
Secondary Income	8,520	8,776	9,039	9,310	9,589	11,117	12,887	14,940	20,078
POTENTIAL GROSS INCOME	121,488	\$125,133	\$128,887	\$132,753	\$136,736	\$158,514	\$183,762	\$213,030	\$286,294
Vacancy & Collection Loss	9,112	9,385	9,666	9,956	10,255	11,889	13,782	15,977	21,472
Rental Concessions	0	0	0	0	0	0	0	0	0
Employee/Other Non-Rental U	119,796	123,390	127,092	130,904	134,831	156,307	181,202	210,063	282,307
EFFECTIVE GROSS INCOME	(\$7,420)	(\$7,642)	(\$7,871)	(\$8,108)	(\$8,351)	(\$9,681)	(\$11,223)	(\$13,010)	(\$17,485)
EXPENSES at 4.00%									
General & Administrative	\$21,162	\$22,009	\$22,889	\$23,805	\$24,757	\$30,121	\$36,646	\$44,586	\$65,998
Management	26,176	(862)	(887)	(914)	(942)	(1,091)	(1,265)	(1,467)	(1,971)
Payroll & Payroll Tax	47,129	49,015	50,975	53,014	55,135	67,080	81,613	99,295	146,980
Repairs & Maintenance	37,489	38,989	40,549	42,171	43,857	53,359	64,920	78,985	116,917
Utilities	8,770	9,120	9,485	9,865	10,259	12,482	15,186	18,476	27,349
Water, Sewer & Trash	22,277	23,168	24,094	25,058	26,060	31,707	38,576	46,933	69,473
Insurance	13,640	14,186	14,753	15,343	15,957	19,414	23,620	28,737	42,538
Property Tax	11,297	11,749	12,219	12,708	13,216	16,079	19,563	23,801	35,231
Reserve for Replacements	14,200	14,768	15,359	15,973	16,612	20,211	24,590	29,917	44,285
Other	2,250	2,340	2,434	2,531	2,632	3,202	3,896	4,740	7,017
TOTAL EXPENSES	\$204,391	\$184,482	\$191,869	\$199,553	\$207,544	\$252,563	\$307,345	\$374,004	\$553,818
NET OPERATING INCOME	\$27,782	(\$192,124)	(\$199,741)	(\$207,661)	(\$215,895)	(\$262,244)	(\$318,567)	(\$387,015)	(\$571,302)
DEBT SERVICE									
First Lien Financing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Second Lien	0	0	0	0	0	0	0	0	0
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	\$27,782	(\$192,124)	(\$199,741)	(\$207,661)	(\$215,895)	(\$262,244)	(\$318,567)	(\$387,015)	(\$571,302)
DEBT COVERAGE RATIO	N/A								

LIHTC Allocation Calculation - Carroll Townhomes, #00004T

CATEGORY	APPLICANT'S AMOUNT	TDHCA AMOUNT	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	REHAB/NEW CONSTRUCTION ELIGIBLE BASIS
(1) Purchase of Land & Buildings				
(2) Rehabilitation/New Construction Cost				
On-Site work	\$903,145	\$832,145	\$903,145	\$832,145
Off-Site improvements				
(3) Construction Hard Costs				
New structures	\$2,803,532	\$2,871,339	\$2,803,532	\$2,871,339
Rehabilitation hard costs				
(4) Contractor Fees & General Requirements				
Contractor overhead	\$74,114	\$74,070	\$74,114	\$74,070
Contractor profit	\$208,657	\$208,657	\$208,657	\$208,657
General requirements	\$215,782	\$215,782	\$215,782	\$215,782
(5) Contingencies				
	\$91,370	\$91,370	\$91,370	\$91,370
(6) Eligible Indirect Fees				
	\$319,496	\$319,496	\$319,496	\$319,496
(7) Eligible Financing Fees				
	\$59,374	\$59,374	\$59,374	\$59,374
(8) All Ineligible Costs				
	\$340,673	\$340,673		
(9) Developer Fees				
Developer overhead	\$640,000	\$640,000	\$640,000	\$640,000
Developer fee				
(10) Development Reserves				
	\$391,962	\$400,000		
TOTAL DEVELOPMENT COSTS	\$6,048,105	\$6,052,906	\$5,315,470	\$5,312,233

Deduct from Basis:				
All grant proceeds used to finance costs in eligible basis				
B.M.R. loans used to finance cost in eligible basis				
Non-qualified non-recourse financing				
Non-qualified portion of higher quality units [42(d)(3)]				
Historic Credits (on residential portion only)				
TOTAL ELIGIBLE BASIS			\$5,315,470	\$5,312,233
High Cost Area Adjustment			130%	130%
TOTAL ADJUSTED BASIS			\$6,910,111	\$6,905,903
Applicable Fraction			100%	100%
TOTAL QUALIFIED BASIS			\$6,910,111	\$6,905,903
Applicable Percentage			3.78%	3.78%
TOTAL AMOUNT OF TAX CREDITS			\$261,202	\$261,043

Syndication Proceeds 0.9291 \$2,426,748 \$2,425,270

Actual Gap of Need \$2,338,636
Maximum Recommended Tax Credit Allocation \$251,718

EXECUTIVE SESSION

If permitted by law, the Board may discuss any item listed on this agenda in Executive Session

OPEN SESSION

Action in Open Session on Items Discussed in Executive Session

REPORT ITEMS

Executive Directors Report

ADJOURN