

SECOND SUPPLEMENTAL BOARD BOOK OF SEPTEMBER 3, 2015

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National Church Residences
EXCELLENCE THAT TRANSFORMS LIVES

July 30, 2015

Mrs. Kathryn Saar
Tax Credit Program Manager
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701-2410

Re: Recommendations for Supportive Housing Developments

Dear Kathryn,

Thank you for the opportunity to present recommendations for Supportive Housing developments for the 2016 Qualified Allocation Plan (QAP) in advance of the draft being released. Included below are recommendations based off of the 2015 QAP and 2015 Underwriting Rules on behalf of National Church Residences. We look forward to the release of the 2016 Draft QAP.

1. Supportive Housing, PSH Program- Rent Levels of Tenants & Tenant Services (p. 15)

Currently, the QAP provides opportunity for Supportive Housing to receive additional points under Rent Levels of Tenants and Tenant Services ONLY if the development qualifies under the Nonprofit Set-Aside or is participating in the City of Houston PSH Program.

National Church Residences recommends that any development built and operated under the definition of Supportive Housing by a Non-Profit (meets §42(h)(5) of the Code) be able to receive additional points associated with these projects.

These developments provide an invaluable resource for their communities regardless of whether or not the development is Qualified under the Nonprofit Set-Aside (which requires board members within 90 miles of the development site). Applicants of Supportive Housing should NOT be required to meet the definition of Non-profit Set aside because:

- a. Communities that do not have a Qualified Nonprofit meeting the Non-Profit Set aside with the capacity or experience of Supportive Housing are being discriminated from receiving funding for this type of development; AND
- b. Creates a "lock-out" to a few very select developers to win awards based on board location and not merit of the project, location, population served, services provided compared to other Supportive Housing proposed by Organizations meeting only the Code definition of Non Profit §42(h)(5); AND
- c. In order for communities throughout the state to meet local housing goals specific to eradicating chronic homelessness and housing other vulnerable populations, it will require local, regional and national partnerships; AND
- d. It is in the best interest of local jurisdictions to be able to select the appropriate development partners with the capacity and experience of Supportive Housing, regardless of the location of their board members; AND

- e. Prohibits national and regional non-profits from bringing expertise and national best-practices to Texas.

Definition of Non-Profit: Meets §42(h)(5) of the Internal Revenue Code

2. Opportunity Index (p.16)

High opportunity areas are not an effective yardstick for vulnerable populations, including Supportive Housing for homeless, disabled and at-risk individuals.

It is imperative that Supportive Housing developments are within access to excellent public transit. In our experience, our 690 Supportive Housing units containing 100% Permanent Supportive Housing (Chronically Homeless and Disabled individuals), 90%+ residents do not have cars and rely on public transit. In order to score competitively in the 2014 and 2015 QAP, projects were required to be high income census tracts and highly rated schools. This pushed competitive sites into suburban areas where public transit and access to services were limited. These are not appropriate locations for Supportive Housing serving Chronically Homeless, At-risk and disabled individuals.

High opportunity areas exclude Supportive Housing developments for the following reasons:

- For Supportive Housing developments that target Chronically Homeless or At-Risk single adult individuals, high performing schools do not impact the quality of life for residents.
- Locating Supportive Housing in high density urban areas regardless of the income census quartile provides better employment and public transportation opportunities for low-skilled residents in these developments.
- Site selection near services and public transportation is imperative for the success of a Supportive Housing Community. These characteristics should be considered a priority in a site as opposed to high income areas.

As an alternative, National Church Residences proposes that High Opportunity for Supportive Housing be eligible for up to seven (7) points, developments must:

- (i) Be located within 1/3 mile of public transportation;
- (ii) Located within 1 mile of a minimum of 10 commercial, retail or medical establishments including but not limited to grocery, pharmacy, restaurant, bank, consumer good retail, hospital or health clinic. [Idea to be located near lots of services and low-skilled employment opportunities].

3. Educational Excellence (p.17)

National Church Residences understands the benefits of locating developments that target families near high performing schools. Due to the shortage of development sites located near high performing schools, we recommend these limited locations have scoring incentives for family properties that use these resources, thereby "saving" this land for family developments. By incentivizing Senior and Supportive Housing targeting individuals

(Chronically Homeless, At-risk of Homeless and Disabled) to locate developments at these sites, this valuable resource is not being used most effectively.

Education excellence is not a good yardstick for Supportive Housing targeting Chronically Homeless, At-Risk and Disabled individuals because educational excellence does not impact the quality of life of these adult residents. As an alternative, developments should be able to receive a scoring advantage for Supportive Housing developments if Comprehensive Services are provided on-site. Comprehensive shall mean three or more of the following eligible service programs provided on-site:

- Mental health or counseling services
- Behavioral health or counseling services
- Educational assistance programs
- Financial literacy, credit counseling or other education
- Health promotion, nutrition or wellness
- Job training, search and/or placement assistance, including employment services
- Life skills training
- Transportation

Applicants must evidence this requirement in a Supportive Services Plan, detailing the specific services to be provided and identifying partnerships with qualified service agencies. Applicants should also submit a letter of intent from the local service provider that specifies the services, intended methods of delivery, and terms of the partnership.

4. Tenant Populations with Special Housing Needs (p. 18)

- A. National Church Residences recommends awarding more than one additional point for Supportive Housing that dedicate a minimum of 25% of units as Permanent Supportive Housing (PSH) as defined by HUD. PSH projects are significantly harder to develop and require extensive social services and specialized management to be successful. These projects are immensely impactful at maximizing public resources as it is estimated that for every resident housed under PSH, there is a tax savings of \$15,000-\$17,000 (per National Alliance to End Homelessness) per year as these individuals are the most frequent users of ERs, Hospitals, Jails and mental hospitals which are immensely more costly than providing a housing unit.

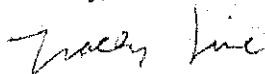
We recommend awarding projects that have a minimum of 25% Permanent Supportive Housing Units as defined by HUD a material point advantage over other developments providing the most basic services to fulfill the Tenant Support Services for both non-“Supportive Housing” and “Supportive Housing” per TDHCA. Applicants requesting additional points for PSH must also provide a minimum of (3) from the above listed Comprehensive Services on-site. (p. 11 of Underwriting Rules).

Note, HUD Definition of Permanent Supportive Housing: Long-term, community-based housing that has supportive services for homeless persons with disabilities. This type of

supportive housing enables special needs populations to live as independently as possible in a permanent setting. The supportive services may be provided by the organization managing the housing or coordinated by the applicant and provided by other public or private service agencies. Permanent housing can be provided in one structure or several structures at one site or in multiple structures at scattered sites. There is no definite length of stay.

We appreciate the opportunity to provide comments, and would be happy to provide any additional information.

Sincerely,



Tracey Fine

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July 30, 2015

Mrs. Kathryn Saar
Tax Credit Program Manager
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701-2410

Re: Recommendations for At-Risk Elderly Projects

Dear Kathryn,

Thank you for the opportunity to present recommendations for At-Risk Elderly Developments for the 2016 Qualified Allocation Plan (QAP) in advance of the draft being released. Please note we have submitted a separate letter of recommendation as it relates to Supportive Housing. Included below are recommendations based off of the 2015 QAP and 2015 Underwriting Rules on behalf of National Church Residences. We look forward to the release of the 2016 Draft QAP.

Underwriting Rules

1. Mandatory Development Amenities ((L) - p.7)

National Church Residences appreciates the change to allow for PTAC units in efficiency units for projects involving Rehabilitation. We further recommend that central air not be required for acquisition/rehabilitation properties for all one-bedroom and efficiency units with less than 600 SF that do not currently have this feature for the following reasons:

- A PTAC unit is sufficient to adequately and comfortably heat and cool a 600 SF unit and can be adapted successfully for both efficiency and one-bedroom units.
- The cost to replace a PTAC system with central air is cost prohibitive in an existing project. For example, on National Church Residences' Prairie Village in El Campo, Texas (a 38-unit acquisition/rehab), the cost to replace the existing PTACs with high efficiency PTACs would have been \$85,000 versus installing central air at \$290,000. The project could have **saved \$163,685 (\$4,307/unit)** by using high efficiency PTACs. These funds could have been spent more effectively and had greater impact elsewhere.
- The QAP's \$/SF point advantage that restricts the amount of hard costs makes it difficult to add this cost into the budget while remaining competitive. Adding this cost will require eliminating other critical scope to be able to remain competitive and capture the \$/SF limits (See item #4 below for detail).
- PTACs are much less expensive as it relates to long-term maintenance costs. A non-certified technician can maintain a PTAC, while split system maintenance requires a certified technician, further increasing the operating expenses of the project.

Proposed Language:

(L) All Units must have central heating and air-conditioning (Packaged Terminal Air Conditioners meet this requirement for SRO, Efficiency Units AND Rehabilitation developments consisting of efficiency and one bedroom units that currently have PTACs only);

Or

(L) All Units must have central heating and air-conditioning (Packaged Terminal Air Conditioners meet this requirement for SRO, Efficiency Units AND Rehabilitation developments of federally funded developments with a HUD rental subsidy that currently have PTACs only);

2. Tenant Supportive Services (p. 11-12)

In 2015, National Church Residences employed 351 service coordinators for Senior communities making us the largest service coordinator employer in the country. We equate one full time equivalent service coordinator per 80 units on average.

We recommend amending item (X) under Tenant Supportive Services to be aligned with the number of units verses development so that smaller developments can effectively implement this expensive, yet extremely important service.

We recommend TDHCA amend item (X) "a full-time resident services coordinator with a dedicated office space at the development" to:

- *(X) An on-site resident services coordinator at the development that works a minimum of 16 hours per week for developments of 79 units or less and a minimum of 32 hours for developments 80 units or more.*

2015 Qualified Allocation Plan

1. Maximum Credit Request Limit for At-Risk Set-Aside (p. 6)

Currently, the maximum credit limit for At-Risk Set Aside is \$2,000,000 compared to the general pool of \$1,500,000. In order to better accommodate the growing number of applications in the At-Risk set aside, we recommend lowering the maximum credit ask to be the same as the general pool of \$1,500,000. We would further support a lower number of \$750,000.

2. Opportunity Index (p.16)

High opportunity areas are not an effective yardstick for vulnerable populations such as existing elderly developments. High opportunity areas exclude existing elderly developments for the following reasons:

- High performing schools do not impact the quality of life of senior residents.
- Rehabilitations focus on enhancing and preserving existing community assets – they do not alter or increase the concentration of affordable housing in an area.
- Unless these existing assets are rehabbed in a timely manner, they will become a community liability, as opposed to a community asset.
- For Rehabilitations in Rural Areas, current tenants of existing affordable housing are part of the poverty rate, so setting a required poverty rate at or below 15% results in the most poor and vulnerable populations disqualifying their own communities

from accessing capital essential for preserving their affordable housing development.

- Finally, project sponsors do not have the ability to relocate an existing project to a higher performing school district/higher income area.

As an alternative, National Church Residences proposes that High Opportunity be redefined for elderly projects.

Proposed Higher Opportunity (for New Construction Elderly) language includes site characteristics such as:

- (i) Located within 5 miles of a an Emergency Room and Hospital with available ambulance service from the site;
- (ii) Located within 1 mile of a full service grocery store;
- (iii) Located within 1 mile of a Pharmacy that can fill drug prescriptions;
- (iv) Located within ½ mile of Public Transportation.
- (v) Located within 1 mile of a Bank;
- (vi) Located within 1 mile of a Park.

Another alternative for “High Opportunity” is to replace it entirely with point advantages for Elderly projects with tenant services and design features that enable residents to “age in place” for both Preservation and New Construction.

Design Features to promote “Aging in Place” include:

- On-site medical suite in scope of work
- Walk-in/roll in showers
- Emergency pull cords in units/monitored life safety systems
- Hand rails in hallways
- Library
- Fitness center

Tenant Services that promote “Aging in Place” include:

- On-site Service Coordinator
- On-site primary health, health promotion, nutrition and wellness programs
- Assistance with daily living needs
- Meal/meal delivery partnerships
- Partnerships with service providers coordinating provisions of Medicaid and Medicare funded services

3. Educational Excellence (p.17)

National Church Residences understands the benefits of locating developments that target families near high performing schools. Due to the shortage of development sites located near high performing schools, we recommend these limited locations have scoring incentives for family properties that use these resources, thereby “saving” this land for family developments. By incentivizing Senior and Supportive Housing targeting individuals

to locate developments at these sites, this valuable resource is not being used most effectively.

- A. Education excellence is not a good yardstick for existing elderly developments because educational excellence does not directly impact the quality of life of senior residents. As an alternative, developments should be able to receive three (3) points for elderly developments if an on-site Care Coordinator/Service Coordinator office is built into the operating budget OR is funded by a grant.

Note on Seniors raising Grandchildren: National Church Residences manages 27 Elderly affordable developments in Texas consisting of over 1,500 units. We are not aware of any residents living with school-age grandchildren.

Service Coordinators work to coordinate supportive services for the elderly and disabled residing in independent housing. Service Coordinators link residents to supportive services by providing information and community referrals to help maintain self-sufficiency. The Service Coordination improve access to better healthcare at a lower cost and facilitate residents' aging in place.

The role of the Service Coordinator is currently of the utmost importance because of the large and rapidly expanding population of low-income older adults. Older adults are currently facing the ongoing challenges of finding affordable housing and affordable healthcare. As older adults age, an increasing proportion experience multiple chronic illnesses and have deteriorating physical and cognitive functioning. This translates into higher costs to Medicare and Medicaid. Service Coordinators are able to be proactive and prevent avoidable and costly hospitalizations and healthcare expenses. As a result, residents live healthier and independently longer.

Proposed language includes:

An application proposing Qualified Elderly may qualify to receive up to three (3) points for a Development Site that:

- (i) *Under Tenant Supportive Services in the Underwriting Rules §10.101(b)(7), elects Amended (X) An on-site resident services coordinator at the development that works a minimum of 16 hours per week for developments of 79 units or less and a minimum of 32 hours for developments 80 units or more. AND*
- (ii) *Funding for a Service Coordinator must be included in the operating budget OR the applicant has evidence of a grant to pay for funding;*

- Since having on-site service coordinators is so important for the quality of life of Seniors and an imperative part of reducing health care costs across the State, we encourage TDHCA award additional points for Qualified Senior developments that include this tenant service.

4. Criteria promoting the efficient use of limited resources and applicant accountability (\$/SF) (p. 28)

National Church Residences recommends a 20% boost for existing one-bedroom units smaller than 600 square feet and existing efficiency units smaller than 500 square feet for the following reasons:

- A significant amount of Texas projects were originally financed under the HUD 202 or HUD 236 program or other HUD/RAD programs which built one-bedroom units at approximately 540 square feet vs. 650 for a typical LIHTC unit, resulting in higher costs per SF.
- For rehabilitated projects, cost does not significantly fluctuate per unit size as all developments, regardless of unit size, need the same renovations such as cabinets, energy efficient appliances, bathroom fixtures, major building systems (hot water, boiler, HVAC, etc). Spreading the same per unit cost over less square footage (540 SF versus 650) unfairly penalizes existing projects with smaller units.
- Acquisition price can be no greater than the outstanding debt (ex: seller notes are prohibited under TDHCA 9% projects). Therefore, the appraised value, unit sizes, and required scope do not affect acquisition price. As a result, acquisition costs for buildings with smaller units are not necessarily less than buildings with larger units.

Proposed language includes:

Applications proposing rehabilitation of developments with existing one-bedroom units smaller than 600 square feet and existing efficiency units smaller than 500 square feet will be eligible for points if the sum of the hard costs and acquisition costs included in Eligible Basis are less than \$156 per square foot.

See attached Exhibit A for an example.

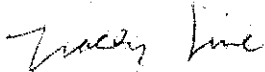
5. Guidance on Preservation

With so many developments competing in the At-Risk /Preservation Set-Aside, I wanted to offer some additional ideas to consider to help determine which projects should receive priority for funding. It's important to remember that these developments cannot be moved AND these developments do not add to additional concentration of affordable housing. Location specific scoring criteria such as high income census tracts and school ratings are inapplicable for preservation ESPECIALLY ELDERLY. Items to consider in identifying a preservation priority:

- a. Projects receiving ongoing federal assistance such as Project Based Rental Assistance – This is an incredible resource allowing Residents at the extremely low income levels (30% AMI and lower) to have a safe place to live. Without the opportunity to preserve these subsidized communities, we risk losing the rental assistance for the community being served.
- b. Projects receiving ongoing funding/grants from HUD for On-site Service coordinators – As noted above, Service Coordinators, particularly in Senior properties are imperative to the health and safety of Residents while creating a platform for Aging in Place. Projects unable to address critical repairs via preservation are at-risk of losing this HUD grant.
- c. Projects that have historically had high occupancies- Evidence that the development is well managed and in high need.

We appreciate the opportunity to provide comments, and would be happy to provide any additional information.

Sincerely,



Tracey Fine

Project Leader

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Exhibit A

Cost per Square Foot Example

50 units, 1 BR	202 Project	540 SF	Other Rehabs	650 SF	Difference
Total SF of 50 units		27,000 SF		32,500 SF	
Acquisition Cost	\$1,900,000	\$70.37	\$1,900,000	\$58.46	
Hard Costs	\$2,150,000	\$79.63	\$2,150,000	\$66.15	
Additional cost for larger unit*			\$150,000	\$4.62	
Unit \$/SF		\$150.00		\$129.23	16.1%
Unit \$/Unit		\$81,000		\$84,000	-3.6%
Under \$130/SF = 12 Points		NO		YES	

*Additional costs for larger units include increase for flooring, paint, ceiling, drywall, exterior walls, roof, etc., estimated at an additional \$3,000 per unit.

- 202 unit costs are 16.1% higher per square foot when spread over smaller units, excluding common area/community space.

In the example above, the 202 project at 540 SF cannot receive the points under the \$/SF criteria without reducing the scope of work to the property, yet it still needs the same level of renovation as the property with 650 SF.



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August 20, 2015

TDHCA Board Members
P.O. BOX 13941
Austin, TX 78711

Re: QAP and Supportive Housing

Dear TDHCA Board Members,

Thank you for the opportunity to present recommendations for Supportive Housing developments for the 2016 Qualified Allocation Plan (QAP).

Supportive Housing, Nonprofit Set-Aside: Currently, the QAP provides opportunity for Supportive Housing to receive additional points only if the development qualifies under the Nonprofit Set-Aside or is participating in the City of Houston PSH Program.

The Nonprofit Set-Aside requires the majority of board members to live within 90 miles of the development community (\$2306.6706). It is generally accepted that the intent of the Nonprofit Set-Aside was to support local nonprofits.

The below data suggests that the Nonprofit Set-Aside is heavily subscribed, awarded and sufficiently meets the intended purpose of Texas Code without further providing a point advantage for local non-profits doing Supportive Housing developments.

Year	Total Ceiling	10% Non-Profit Set-Aside	Non-profit Allocations	Supportive Housing Allocations	Non-profit less S.H. Allocations
2013	\$60,409,798	\$6,040,980	\$13,438,321	\$717,000	\$12,721,321
2014	\$61,797,310	\$6,179,731	\$16,974,840	\$2,230,500	\$14,744,340
2015	\$63,535,055	\$6,353,506	\$18,558,881	\$1,033,296	\$17,525,585

National Church Residences recommends that any development built and operated under the definition of Supportive Housing by a qualified non-profit be able to receive additional points associated with these projects. We would suggest that applicants of Supportive Housing should not be required to meet the definition of Non-profit Set aside (local non-profit) to gain additional points for the following reasons:

- a. Supportive Housing is a unique product type that is very dependent on the provider's experience. Texas communities that do not have a qualified local

nonprofit should be encouraged to bring in a more experienced state, regional or national nonprofit;

- b. Rewarding Supportive Housing projects points based solely on the location of their board may unintentionally discourage experienced and high quality state, regional or national nonprofits from pursuing Supportive Housing projects in Texas; and
- c. Rewarding Supportive Housing projects points based on location of their board member versus the merit of the project/merit of project participants may not best serve the project residents or TDHCA's mission.

Suggested Language

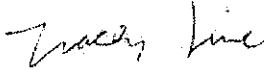
Tenant Service & Rent levels of Tenant: A 100% Supportive Housing Development proposed by a Development Owner that either (1) qualifies under (a) Texas Government Code, 2306.6706(a)(1)-(6); and Texas Government Code, 2306.6706(b), or (2) participates in the City of Houston Permanent Supportive Housing ("PSH") program.

Supportive Housing, Supportive Services: In order for Supportive Housing to most effectively stabilize at-risk populations, we further recommend that Supportive Housing developments be required to provide comprehensive services on-site. Comprehensive shall mean three or more of the following service programs provided on-site:

- Mental health or counseling services
- Behavioral health or counseling services
- Physical healthcare
- Educational assistance programs
- Substance abuse counseling
- Financial literacy, credit counseling or other education
- Health promotion, nutrition or wellness
- Job training, search and/or placement assistance, including employment services
- Life skills training

We appreciate the opportunity to provide comments, and would be happy to provide any additional information.

Sincerely,



Tracey Fine

Project Leader, Southwest Region

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August 24, 2015

Mr. Brent Stewart
TDHCA
221 East 11th Street
Austin, Texas 78701

Re: HUD Rental Assistance Demonstration (RAD) transaction underwriting

Dear Brent:

At the roundtable today, you and Tom Gouris requested comments on RAD transactions. Please accept this letter as comments from Coats Rose on behalf of housing authority clients.

As background, legacy public housing sites throughout Texas were constructed decades ago, often under strict cost containment rules that, for example, prohibited air conditioning as a "luxury" amenity. Because of this type of underwriting, many of these properties were obsolete from inception. Unfortunately, families with children have had to live in these housing conditions for far too long.

The signature public housing redevelopment policy of the federal government in the past few years has been the Rental Assistance Demonstration (RAD) program, which encourages housing authorities to convert from the very restrictive section 9 operating subsidy to the more flexible project-based section 8 program under either housing choice vouchers or project-based rental assistance (PBRA). On the development side, the primary sources of financing are housing tax credits, whether 4% or 9%, and often private activity bonds.

The feasibility of a RAD transaction, especially in a smaller market where Section 8 rents are relatively low, heavily depends on TDHCA underwriting rules. If there is not enough tax credit equity, many of these RAD transactions will not pencil out. As we discussed today, historically the Department has prohibited developer fee on identity-of-interest acquisitions because those transactions lacked the negotiation, approvals, and wrangling of an arm's length sale. Because RAD transactions require HUD to review and approve extensive evidentiary

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materials before a sale may occur, there is much more work involved in these transactions than in the usual unrelated acquisition/rehab transaction.


The Department has increased developer fee on small developments under 50 units to 20% of the Rehab/New Construction costs less Developer fee. We propose that the same rule apply to RAD transactions participating in the 4% tax credit program. The proposed rule change to 10.302(e)(7) is:

- (A) For Housing Tax Credit Developments, the Developer fees and Development Consultant fees included in Eligible Basis cannot exceed (a) 15 percent of the project's eligible costs, less Developer fees, for non-RAD Developments proposing 50 units or more, and (b) 20 percent of the project's eligible costs, less Developer fees, for either (i) Developments proposing forty-nine (49) units or less, or (ii) Developments financed with bonds approved by the Texas Bond Review Board and the HUD Rental Assistance Demonstration (RAD) program.

As we know you realize, the work involved in HUD approvals – program review under multiple HUD notices, civil rights approvals under site and neighborhood standards, financial feasibility, subsidy layering review, procurement requirements, etc. – make these transactions at least as worthy as small transactions for a slightly higher developer fee.

We appreciate your consideration of this request, and please contact us at (512) 684-3843 if you would like to discuss our comments.

Sincerely,



Scott A. Marks

cc: Mr. Barry Palmer
Mr. Gerry Cichon



August 27, 2015

Mrs. Kathryn Saar
Tax Credit Program Manager
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701-2410

Re: Recommendations for Supportive Housing Developments

Dear Kathryn,

Thank you for the opportunity to present recommendations for Supportive Housing developments for the 2016 Qualified Allocation Plan (QAP) in advance of the draft being released. Included below are recommendations based off of the 2015 QAP and 2015 Underwriting Rules. We look forward to the release of the 2016 Draft QAP.

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Currently, the QAP restricts additional points for Supportive Housing developments under Rent Levels of Tenants and Tenant Services to only those that qualify under the Nonprofit Set-Aside or those participating in the City of Houston PSH Program.

CSH recommends that any development built and operated under the definition of Supportive Housing by a Non-Profit (meets §42(h)(5) of the Code) be able to receive additional points associated with these projects.

These developments provide an invaluable resource for their communities regardless of whether or not the development is Qualified under the Nonprofit Set-Aside (which requires board members within 90 miles of the development site).

- a. Valued Texas communities that do not have a Qualified Nonprofit meeting the Non-Profit Set aside with the capacity or experience of Supportive Housing are not eligible to receive funding for Supportive Housing developments ; AND
- b. This rule results in some developers being awarded LIHTC's based on board location and not necessarily on the merit of the project, location, population served, services provided compared to other Supportive Housing proposed by Organizations meeting only the Code definition of Non Profit §42(h)(5); AND
- c. In order for communities throughout Texas to meet local housing goals specific to eradicating chronic homelessness and housing other vulnerable populations, it will require local, regional and national partnerships, as evidenced by the success of the City of Houston PSH Program; AND
- d. It is in the best interest of local jurisdictions to be able to select the appropriate development partners with the capacity and experience of Supportive Housing, regardless of the location of their board members; AND



e. There are countless examples of successful implementation of Supportive Housing developments across the United States. This regulation prohibits national and regional non-profits from bringing expertise and national best practices to Texas.

Definition of Non-Profit: Meets §42(h)(5) of the Internal Revenue Code

2. Educational Excellence (p.17)

CSH understands the benefits of locating developments that target families near high performing schools. However, due to the shortage of development sites located near high performing schools, we recommend these limited locations have scoring incentives for family properties that use these resources, thereby "saying" this land for family developments. By incentivizing Supportive Housing targeting individuals (Chronically Homeless, At-risk of Homelessness and Disabled) to locate developments at these sites, this valuable resource is not being used most effectively.

Education excellence is not a good yardstick for Supportive Housing targeting Chronically Homeless, At-Risk and Disabled individuals because educational excellence does not impact the quality of life of these adult residents. As an alternative, developments should be able to receive a scoring advantage for Supportive Housing developments if Comprehensive Services are provided on-site. Comprehensive could mean three or more of the following eligible service programs provided on-site:

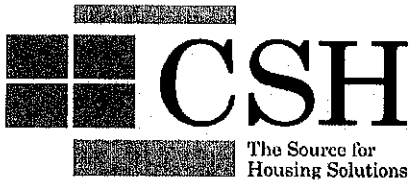
- Mental health or counseling services
- Behavioral health or counseling services
- Educational assistance programs
- Financial literacy, credit counseling or other education
- Health promotion, nutrition or wellness
- Job training, search and/or placement assistance, including employment services
- Life skills training
- Transportation

Applicants must evidence this requirement in a Supportive Services Plan, detailing the specific services to be provided and identifying partnerships with qualified service agencies. Applicants should also submit a letter of intent from the local service provider that specifies the services, intended methods of delivery, and terms of the partnership.

By encouraging site selection based on the true need of surrounding services, developments will utilize sites more effectively and have a clearer understanding on the impact of the surrounding amenities on the targeted tenant population.

3. Tenant Populations with Special Housing Needs (p. 18)

CSH recommends awarding more than one additional point for Supportive Housing that dedicate a minimum of 25% of units as Permanent Supportive Housing (PSH) as defined by HUD. PSH projects are



significantly harder to develop and require extensive social services and specialized management to be successful. These projects are immensely impactful at maximizing public resources as it is estimated that for every resident housed under PSH, there is a tax savings of \$15,000-\$17,000 (per National Alliance to End Homelessness) per year as these individuals are the most frequent users of ERs, Hospitals, Jails and mental hospitals which are immensely more costly than providing a housing unit.

We recommend awarding projects that have a minimum of 25% Permanent Supportive Housing Units as defined by HUD a material point advantage over other developments providing the most basic services to fulfill the Tenant Support Services for both non- "Supportive Housing" and "Supportive Housing" per TDHCA. Applicants requesting additional points for PSH must also provide a minimum of (3) from the above listed Comprehensive Services on-site. (p. 11 of Underwriting Rules).

Note, HUD Definition of Permanent Supportive Housing: Long-term, community-based housing that has supportive services for homeless persons with disabilities. This type of supportive housing enables special needs populations to live as independently as possible in a permanent setting. The supportive services may be provided by the organization managing the housing or coordinated by the application and provided by other public or private service agencies. Permanent housing can be provided in one structure or several structures at one site or in multiple structures at scattered sites. There is no definite length of stay.

Thank you for the opportunity to submit comments, and would be happy to expand upon any of the above.

Sincerely,

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