BOARD MEETING OF SEPTEMBER 16, 2005

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

TEXAS
DEPARTMENT OF HOUSING
AND COMMUNITY AFFAIRS

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

September 16, 2005

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

BOARD MEETING
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
507 Sabine, 4th Floor Board Room, Austin, Texas 78701
Friday, September 16, 2005 11:15 AM
A G E N D A

CALL TO ORDER, ROLL CALL Elizabeth Anderson
CERTIFICATION OF QUORUM Chair of Board

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

Introduction of Kevin Hamby, General Counsel
Introduction of Susan Woods, Executive Assistant
Presentation of plaque to Suzanne Phillips

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

ACTION ITEMS
Item 1 Presentation, Discussion and Possible Approval of Minutes of the Board Meetings of July 27, 2005 and August 19, 2005

Item 2 Presentation, Discussion and Possible Approval of Housing Tax Credit Items: Elizabeth Anderson

a) Housing Tax Credit Amendments for:
04024 South Union Place Apartments, Houston County
01078 Rancho de Luna, Robstown, Nueces County

b) Housing Tax Credit Extensions for Construction Loan Closings for:
04036 Villa Del Sol, Brownsville, Cameron County
04191 Providence at Boca Chica, Brownsville, Cameron County
04193 Providence at Edinburg, Edinburg, Hidalgo County
04224 Commons of Grace, Houston, Harris County
04268 Lansbourough Apartments, Houston, Harris County
04290 L.U.L.A.C. Village Park Apartments, San Antonio, Bexar County

c) Discussion and Determination on 2005 Housing Tax Credit Appeals
05243 The Villas of Hubbard Apartments

And Consistent with 10 T.A.C. §49.17(b)(4)(B), Any Other Appeals Timely Filed

d) Issuance of Determination Notices on Tax-Exempt Bond Transactions with Other Issuers:
05424 River Bend Residential, Georgetown, Texas
Capital Area HFC is Issuer
(Requested Amount of $637,255)
05429 Northwest Residential, Georgetown, Texas
Capital Area HFC is Issuer
(Requested Amount of $549,040)
05425 The Villa at Bethel, Houston, Texas
Houston HFC is Issuer
(Requested Amount of $496,727)
05428 Midcrowne Senior Pavilion, San Antonio, Texas
San Antonio HFC is Issuer
(Requested Amount of $582,138)

e) Consideration and Possible Approval of Issuance of 2006 Housing Tax Credits as Forward Commitments to 2005 Housing Tax Credit Applications Elizabeth Anderson

f) Presentation, Discussion and Possible Approval of a Resolution to Authorize the Department to Issue an Offer Letter to the U.S. Department of Housing and Urban Development for the Purchase of Subordinate Debt secured by Webber Gardens in Fort Worth, Texas in reference to a proposed 2005 or 2006 Bond Issuance

Item 3 Presentation, Discussion and Possible Approval of Rules to be Published in the *Texas Register* for Public Comments*:* — Elizabeth Anderson

a) Approval of Final Rule for Adoption in the *Texas Register* for the Procedures for Handling Qualified Contracts Under the Housing Tax Credit Program (to be codified at 10 T.A.C. §1.9)

Item 4 Presentation, Discussion and Possible Approval of Private Activity Bond Programs: — Vidal Gonzalez

a) Proposed Issuance of Multi-Family Mortgage Revenue Bonds and Four Percent (4%) Housing Tax Credits with TDHCA as the Issuer For:

- Canal Place Apartments, Houston, Harris County, Texas, in an Amount Not to Exceed $16,100,000 and Issuance of a Determination Notice (Requested Amount of $769,179)
- Providence at Marine Creek Apartments, Ft Worth, Tarrant County, Texas, in an Amount Not to Exceed $15,000,000 and Issuance of a Determination Notice (Requested Amount of $992,460)
- Providence Place II Apartments, Denton, Denton County, Texas, in an Amount Not to Exceed $16,000,000 and Issuance of a Determination Notice (Requested Amount of $1,082,319)

b) Selection of Guaranteed Investment Brokers/Reinvestment Agents

c) Selection of Interest Rate Swap Advisor/Monitoring Consultant

d) Resolution Authorizing the Extension of the Certificate Purchase Period for Residential Mortgage Revenue Bonds, Series 2003A (Program 59A)

e) Resolution authorizing the Extension of the Certificate Purchase Period for Single Family Mortgage Revenue Bonds, Series 2004A and Series 2004B (Program 61)

f) Resolution authorizing the Extension of the Certificate Purchase Period for Single Family Mortgage Revenue Bonds, Series 2004C and Series 2004D (Program 62)

g) Preliminary Approval of Single Family Mortgage Revenue Refunding Bonds, 2005 Series B and Single Family Mortgage Revenue Bonds, 2005 Series C

h) Inducement Resolution Declaring Intent to Issue Multifamily Housing Mortgage Revenue Bonds for Developments Throughout the State of Texas and Authorizing the Filing of Related Applications for the Allocation of Private Activity Bonds with the Texas Bond Review Board for Program Year 2005

2005-046 Hallmark at Burleson, Fort Worth, Texas
2005-047 Harris Branch Apartments, Austin, Texas
2005-048 CityParc at Golden Triangle, Fort Worth, Texas
2005-049 Spring Branch on the Park, Houston, Texas

Item 5 Presentation, Discussion and Possible Approval of Programmatic Items: — C. Kent Conine

a) Draft of Regional Allocation Formula for HOME

b) Draft of Affordable Housing Needs Score for HOME

c) Draft of 2006 State of Texas Low Income Housing Plan and Annual Report

d) Draft of 2006 Consolidated Plan - One Year Action Plan

e) Presentation, discussion and possible approval of 2005 Single Family HOME Investment Partnerships Program Recommendations:

Application Number	Applicant	Region	Activity	Project Funds Rec'd	Admin. Funds Rec'd	Units Rec'd
2005-0064	City of Primera	11	OCC	$221,364	$8,855	21
2005-0201	City of Los Indios	11	OCC	$66,884	$2,675	2
				$288,248	**$11,530**	**23**

f) Discussion and Possible Action on Contract for Deed Conversions Recommendations:

Application Number	Applicant	Region	Activity	Project Funds Rec'd	Admin. Funds Rec'd	Units Rec'd
2005-0217	Border Fair Housing and Economic Justice Center (El Paso)	13	CFD	$495,000	$18,900	9
2005-0218	Adults and Youth United Development Association (El Paso County)	13	CFD	$500,000	$20,000	10
				$995,000	$38,900	19

g) Discussion and determination on 2005 HOME Appeals:

2005-0063 Bee Community Action Agency
2005-0090 City of Bay City
2005-0099 City of Montgomery
2005-0139 City of Bogata
2005-0138 City of Carthage
2005-0137 City of Center
2005-0134 City of Corsicana
2005-0132 City of Crockett
2005-0130 City of Gatesville
2005-0128 City of Gladewater
2005-0136 City of Jefferson
2005-0135 City of Lufkin
2005-0133 City of Palestine
2005-0131 City of Sundown
2005-0129 City of Tahoka
2005-0127 City of Winnsboro

Consistent with 10 T.A.C. §53.60(b)(7) and any other appeals timely filed

h) Discussion and Possible Action on Award of HOME CHDO Development funds:

- Luling Senior Housing, Luling, Texas

i) Reallocation of HOME Funds to be de-obligated from Texas Community Solutions to current Tenant Based Rental Assistance Olmstead Set Aside Awardees

Item 6 Presentation, Discussion, and Possible Approval of A Migrant Labor Housing Facility License Fee of $250

Item 7 Presentation, Discussion and possible Approval of matters regarding assistance efforts to victims of Hurricane Katrina

a) Report on TDHCA's participation in Governor's Emergency Disaster Management Response Team

b) Alternative emergency response applications for uncommitted funds in the Housing Trust Fund and Community Housing Development Organization Program
c) Authorization under Texas Government Code §2306.052 for the Executive Director to make awards from previously determined funds to assist with victims housing assistance during the declaration of disaster by the Governor of the State of Texas
d) Waiver of the Board Integrated Housing Policy to allow greater concentrations of the physically challenged in individual projects during the declaration of disaster by the Governor of the State of Texas

EXECUTIVE SESSION Elizabeth Anderson

a) The Board may go into executive session (close its meeting to the public) on any agenda item if appropriate and authorized by the Open Meetings Act, Texas Government Code, Chapter 551

b) The Board may go into executive session Pursuant to Texas Government Code §551.074 for the purposes of discussing personnel matters including to deliberate the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee.

c) Consultation with Attorney Pursuant to §551.071, Texas Government Code:
   1. With Respect to pending litigation styled *Hyperion, et al v. TDHCA*, filed in State Court

   2. With Respect to pending litigation styled *Rick .R. Sims v. TDHCA et al,* filed *pro se* in federal court

   3. With Respect to any other pending litigation filed since the last board meeting

   4. Discussion of charges of discrimination filed with the U.S. Equal Employment Opportunity Commission

   5. Legal developments related to the ongoing FBI investigations in Dallas

   6. With Respect to pending litigation styled *TP SENIORS II, LTD. v. TDHCA* filed in State Court

OPEN SESSION Elizabeth Anderson

Action in Open Session on Items Discussed in Executive Session

REPORT ITEMS
Executive Director's Report

1. Update on Agency Move Scheduled for December 2 and 3, 2005
2. Report on Single family market rate loan program
3. Executive Directors Community Affairs Conference in San Antonio in July and Special Recognition Award to Ruth Cedillo from the Community Affairs Division

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 Susan Woods, 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 Susan Woods, 512-475-3934 at least three days before the meeting so that appropriate arrangements can be made.

Personas que hablan español y requieren un intérprete, favor de llamar a Jorge Reyes al siguiente número (512) 475-4577 por lo menos tres días antes de la junta para hacer los preparativos apropiados.

EXECUTIVE OFFICE

BOARD ACTION REQUEST
September 13, 2005

Action Item

Board Minutes of July 27, 2005 and August 19, 2005

Required Action

Review of the minutes of the Board Meetings and make any necessary corrections.

Background

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

Recommendation

Approve the minutes with any requested corrections.

BOARD MEETING
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
State Capitol Extension Auditorium, 1100 Congress, Austin, Texas 78701
July 27, 2005 8:30 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 July 27, 2005 was called to order by the Chair of the Board Elizabeth Anderson at 9:03 a.m. It was held at the State Capitol Extension Auditorium, 1100 Congress, Austin, Texas. Roll call certified a quorum was present. Patrick Gordon was absent/

Members present:
Elizabeth Anderson – Chair
C. Kent Conine -- Vice Chair
Norberto Salinas – Member
Vidal Gonzalez – Member
Shad Bogany – Member

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 Abel Herrero, State Representative, Austin, Texas
Rep. Herrero asked the board to give favorable recommendations to two projects in Region 10 which are Figueroa Apartments in Robstown and Navigation Point in Corpus Christi. There is a great housing need that exists in this region and these two projects are needed.

The Honorable Armando Martinez, State Representative, Weslaco, Texas
Rep. Martinez stated he was in full support of San Juan Village Apartments and this project is much needed for the Rio Grande Valley.

Vaughn C. Zimmerman, Springfield, Mo.
Mr. Zimmerman did not give any comments and gave his time to Paul Holden.

Paul Holden, Wilhoit Properties, Austin, Texas
Mr. Holden stated he was in favor of Hampton Place Apartments in Palestine and this project has the needed local support and the housing needs are great in this city.

R. J. Collins, Tejas Housing, Austin, Texas
Mr. Collins spoke in favor of The Villages in Huntsville, Texas. He asked the Board for a forward commitment for The Villages.

The Honorable Royce West, State Senator, Austin, Texas
Senator West expressed opposition to Providence at Mockingbird and will have both seniors and families in this proposed project. He was in favor of it when it was to be for all seniors but was now against the mixed units. The Senator has met with the developer and has expressed his opposition to what the

developer is attempting to do.

Sylvia DeLeon, Brady Garden Neighborhood Association, San Antonio, Texas
Ms. DeLeon stated SAHA has not followed their own master plan in the San Juan Housing project and instead of thinning out the units more units have been added in Phase 1 and Phase 11. The higher density proposed will contribute to over crowding and higher crime rates. She asked the Board to help them protect their elderly and the children.

Robert D. Joy, Bakersfield, CA
Mr. Joy stated this year staff only took into consideration which subregions had the highest under-allocation which is opposite of what they had done in the past. This method has resulted in two subregions receiving allocations almost double their 2005 regional allocations. He spoke in favor of San Juan Apartments. He asked for a forward commitment for this project.

Robert C. Davidson, Springfield, Mo.
Mr. Davidson did not give any comments.

Demetrio Jimenez, El Paso, Texas
Mr. Jimenez stated Mission Palms is a rural tax credit project in San Elizario and that city has one of the worst concentrations of colonias in El Paso County. Up to this time there has not been any tax credit projects located in San Elizario which is a much needed market. He asked for a forward commitment for this project.

Bobby Bowling, El Paso, Texas
Mr. Bowling stated also that San Elizario has never received a tax credit development before and there is a tremendous need of new, safe and affordable housing. It is one of the largest concentrations of substandard housing in the state. These residents in colonias are flooded every time it rains and new housing is needed.

Bernadine Spears, Odessa, Texas
Ms. Spears asked the Board to consider Key West Senior Village for tax credits. This will be a Phase 11 and asked for a forward commitment for this project.

ACTION ITEMS

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

a) Housing Tax Credit Amendments for:

01111 Village at Meadowbend, Temple, Bell County
01005 Ewing Villas, Dallas, Dallas County
01078 Rancho de Luna, Robstown, Nueces County

Ms. Carrington stated there are three 2001 tax credit transactions that are requesting amendments that staff has determined are material changes to the applications.

The first is Village at Meadowbend Apartments in Temple and originally proposed to have 12 one-bedroom units and 80 two-bedroom units. What was built was eleven one-bedroom units and 81 two-bedroom units. There was no change in the three bedroom units. Staff is recommending approval of the amendment as this has no material impact on the development.

Motion made by C. Kent Conine and seconded by Shad Bogany to approve the tax credit amendment for Village at Meadowbend Apartments in Temple.
Passed Unanimously

Ewing Village Apartments in Dallas was originally approved for 32 three-bedroom/two-bath apartments and 48 four-bedroom/two-bath apartments. What was built instead of the 32 three-bedrooms was 35 three-bedrooms and instead of 48 four-bedrooms it went down to 45. The topography was more challenging than they had expected and this resulted in a change in the original building plans. Staff is recommending approval of the amendment.

Motion made by C. Kent Conine and seconded by Shad Bogany to approve the tax credit amendment for Ewing Village Apartments in Dallas, Texas.
Passed Unanimously

Rancho de Luna Apartments is in Robstown and the application was originally approved for 12 one-bedroom/one-bath units, 40 two-bedroom/two-bath units and 24 three-bedroom/two bedroom units. At cost certification time what was built was 12 one-bedroom/one-bath units, 40 two-bedroom/one bath units, zero two-bedroom/two bath units and 24 three-bedroom/two-bath units. The total number of units stayed the same but they did not build any two-bedroom/two bath units. The square footage on the two-bedrooms did stay the same and staff is recommending approval since this development is built and the material change be approved.

Motion made by Shad Bogany and seconded by Vidal Gonzalez to approve the tax credit amendment for Rancho de Luna Apartments, Robstown, Texas.

Tim Smith, Barron Rush and Barron Builders and Management, The Woodlands Texas
Mr. Smith stated at the time of the award a new employee was brought on with the developer to oversee all construction and development and was very experienced in architecture and formal construction but no experience in tax credits. The new employee used the same floor plans that had been done very successfully before.

After discussions on the project and request, a motion was made by C. Kent Conine and seconded by Norberto Salinas to table this project and discussion to a future board meeting.
Passed Unanimously

b) Housing Tax Credit Extensions for Construction Loan Closings for:
04082 Fenner Square, Goliad, Goliad County
04088 South Plains Apartments, Lubbock, Lubbock County
04222 Primrose Highland, Dallas, Dallas County
04260 Towne Park at Fredericksburg II, Fredericksburg, Gillespie County

Ms. Carrington stated there are four requests to close the construction loan and all are 2004 allocations of tax credits.

Ms. Carrington stated Fenner Square is in Goliad and staff is recommending approval with conditions.

Motion made by C. Kent Conine and seconded by Shad Bogany to approve the extension to close the construction for Fenner Square in Goliad.
Passed Unanimously

South Plains Association is in Lubbock and they are requesting to extend their construction loan until November 1, 2005. They are working with a HUD 221(d)(4) program and this is taking longer than anticipated.

Motion made by C. Kent Conine and seconded by Shad Bogany to approve the extension until November 1, 2005 to close the construction loan for South Plains Association in Lubbock, Texas.
Passed Unanimously

Primrose Highland Apartments is in Dallas and the request is due to delays in the construction lender's underwriting and final loan commitment. They have requested September 30, 2005 for the extension and staff is recommending this date.

Motion made by C. Kent Conine and seconded by Shad Bogany to approve Primrose Highland Apartments extension to September 30, 2005 for closing of the construction loan.
Passed Unanimously

Towne Park Fredericksburg 11 Apartments will be in Fredericksburg and they are requesting an extension as the syndicator is not allowing the applicant to close on the construction loan for Phase 11 until the permanent loan for Phase 22 has been closed. They are requesting until October 1, 2005 for the extension and staff is recommending that date.

Dick Kilday, Kilday Realty, Houston, Texas
Mr. Kilday stated they are about 95% leased up in Phase 1.

Motion made by Vidal Gonzalez and seconded by Norberto Salinas to approve the extension for Towne Park Fredericksburg 11 Apartments to October 1, 2005.
Passed Unanimously

Ms. Anderson welcomed Michael Gerber from the Governors Office, Scott Sims from the Speaker's Office, Christine Gibson from the Urban Affairs Chairman, and Don Jones from the office of State Rep. Jose Menendez.

c) Appeals for the 2005 Housing Tax Credit Program Application Cycle
05094 San Juan Village, Region 11, San Juan
05073 Villa San Benito, Region 11, San Benito
05069 Santa Rosa, Region 11, Santa Rosa
05198 Olive Grove, Region 6, Houston

Ms. Carrington stated there are four appeals listed on the agenda. Three have withdrawn their appeals and these are San Juan Village, Villa San Benito and Santa Rosa. The only one for consideration is Olive Grove in Region 6.

Ms. Jennifer Joyce stated the Board heard this appeal at the May 26th Board Meeting as well as an allegation that was presented at the July 14 Board Meeting. In the May 26th meeting the Board approved an appeal for this application to consider the letter for QCP eligible from the Pine Trails Neighborhood Association. The staff did award 24 points for the letter from this neighborhood association. At the July 14th meeting there was an allegation that this association did not properly annex its boundaries according to the bylaws and covenants.

Staff contacted the association and discovered that only the Board voted to annex the property but the full membership did not vote on the annexation. This is the way it was always done this in the past and the association Board thought it was legal. The association does have in it covenants that the members and not just the board had to approve the annexation. Staff now feels the letter from the Pine Trails Neighborhood Association is ineligible and they will reduce the score from 24 to 12. The applicant is appealing this score reduction.

Cynthia Bast, Attorney, Locke Liddell and Sapp, Austin, Texas
Ms. Bast stated that over the past month staff has confirmed at least three times in writing that the letter would be eligible for the points but on July 19th the staff reversed its position and rescinded the points. When the Board book was posted the competitor's application was recommended for an allocation and Olive Grove was not. The applicant for Olive Grove approached the Pine Trails Neighborhood Association to discuss the development and seek ways that the applicant could work with this association in a positive manner. The association was excited about this project for elderly individuals and volunteered to offer its support. The board of the association voted to include the project within the neighborhood association's boundaries.

Due to a complaint by a competitor the points were removed by staff. She stated this association was created in 1975 as a homeowners association and is for the betterment of the citizens of the Pine Trails Community. There are different restrictive covenant documents filed for each section of this neighborhood.

Richelle Henderson, Katy, Texas
Ms. Henderson gave her time to Ms. Bast.

J. McDonald, Houston, Texas
Mr. McDonald gave his time to Ms. Bast.

Barry Palmer, Attorney, Houston, Texas
Mr. Palmer stated he represented the applicant that is competing with this development and his client raised the issues about whether this was a proper annexation or not. He felt that the covenants are clear that a membership vote of the homeowners was required in order to bring additional property in.

Motion made by C. Kent Conine and seconded by Shad Bogany to grant the appeal for Olive Grove.
Passed with 5 ayes and 1 no (Norberto Salinas voted against the motion)

Consistent with §49.17(b)(4)(B) And Any Other Appeals Timely Filed
05077 Sphinx at Alsbury, Region 3, Burleson
Ms. Carrington stated this appeal has been withdrawn.

d) Discussion and Possible Action on Information Relating to Allegations on:
05027 Timber Village, Region 4, Marshall
05020 Hereford Central Place, Region 1, Hereford
05051 Longview Senior, Region 4, Longview
05198 Olive Grove, Region 6, Houston
05260 Saddle Creek Apartments, Region 7, Buda
Ms. Carrington stated at the July 14th meeting the Board was provided with an allegation log that reflected 15 allegations that were made against applicants. Of those original 15, staff has resolved all of them and provided a spreadsheet that indicated how they had been resolved. Since that meeting the Department has received 6 more allegations. The spreadsheet reflects the allegations that have been received into the Department after July 6, 2005.

Ms. Joyce stated on Longview Seniors the staff has received more allegations from Mr. Opiela relating to this item. In this allegation it was asserted that the neighborhood organization is ineligible as the boundaries are too big and the applicant may have been involved with the development of the neighborhood organization. Staff called the Longview policy department to substantiate these claims. The police department stated they did not have any evidence to be able to substantiate any of the claims.

Ms. Joyce stated on Timber Village, Mr. Opiela asserted that the neighborhood organization letter is ineligible and points to an affidavit from a Mr. Simpson. In that affidavit he asserted that he has no knowledge of the neighborhood organization's meeting taking place and questions the existence of the neighborhood organization. There was no hard evidence substantiating any of the claims so the letter stays eligible.

On Saddlecreek, Ms. Shelton is a resident of the area and now questions the eligibility of the letter because not everyone in the area knew of the neighborhood organization or any meetings. There was again no hard evidence to prove this allegation so the letter is eligible.

On Olive Grove, the Board heard this in an appeal earlier in the meeting.

On 05118 Mr. Marquez assets that this application should be terminated as Mr. Anderson was a part of the development and the formation of the neighborhood organization. Staff does agree that the letter is ineligible as Mr. Anderson was a part of the formation of the organization. Staff does not agree that it is material misrepresentation.

On Hereford Central Place there is an allegation by Rick Brown. Mr. Brown stated that on his application the staff said certain funding sources would not be counted for the 18 points under the QAP selection criteria. During the application cycle staff then changed their opinion and did accept that as an item for 18 points. Because the applicant did not request these 18 points in his self-score initially, staff cannot award them.

John Boyd, Austin, Texas
Mr. Boyd stated he was available for any questions the Board might have.

Rick Deyoe, Developer, Austin, Texas
Mr. Deyoe stated he was available for any questions the Board might have.

Eric Opiela, Attorney, Austin, Texas
Mr. Opiela stated he was present for Olive Grove and the Board has already handled that item so he would not give testimony.

David Marquez, Developer, San Antonio, Texas
Mr. Marquez stated he was representing Urban Progress. He stated he filed a complaint against Southwest Housing with Chris Wittmayer. He stated Urban Progress and Vista Verde Housing and Community Services are both in San Antonio. Within the 2005 housing tax credit application for Vista Verde, TDHCA certified on the development owners certification that the information within the application was true and complete and any misrepresentation and/or fraudulent information would result in automatic rejection of the application. He felt the Southwest Housing application should be terminated as others were terminated in the past for the same reason.

Rick Brown, Dallas, Texas
Mr. Brown stated they asked the Department's Counsel if they could use the Housing Finance Corporation as a source for the local community financial support in their area and they were told in writing that they could not. Later they find that their competitors had used the Housing Finance Corporation and he felt his application was not treated fairly.

Chris Rhodes, Murphy, Texas
Mr. Rhodes did not give any comments.

Motion made by Shad Bogany and seconded by C. Kent Conine to approve the application submitted by Mr. Brown and grant the points based on the evidence that was presented to the Board.
Passed Unanimously

EXECUTIVE SESSION

A. The Board may go into executive session (close its meeting to the public) on any agenda item if appropriate and authorized by the Open Meetings Act, Texas Government Code, Chapter 551

B. Consultation with Attorney Pursuant to §551.071, Texas Government Code: With Respect to pending or contemplated litigation styled *Hyperion, et al v. TDHCA,in the District Court of Travis County, Texas*

C. The Board may go into executive session Pursuant to Texas Government Code §551.074 for the purposes of discussing personnel matters including to deliberate the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee or to hear a complaint or charge against an officer or employee of TDHCA

Ms. Anderson stated at this time the Board was going to go into Executive Session.

On this date, July 27, 2005, at a regular meeting of the governing board of the Texas Department of Housing and Community Affairs held in Austin, Texas, the Board adjourned into a closed Executive Session. As evidenced by the following, the Board will begin its Executive Session today, July 27, 2005 at 10:45 a.m. The subject matter of this Executive Session deliberation is as follows: 1) Board may go into Executive Session, close this meeting to the public on any agenda item if appropriate and authorized by the Open Meetings Act, Texas Government Code, Chapter 551. 2) Consultation with Attorney Pursuant to 551.071, Texas Government Code with respect to pending or contemplated litigation styled Hyperion, et al v. TDHCA of the District Court of Travis County, Texas.

The Board may also go into Executive Session, pursuant to Texas Government Code 551.074 for the purposes of discussing personnel matters, including to deliberate the appointment, employee evaluation, reassignment duties, discipline or dismissal of a public officer or employee or to hear a complaint or charge against an officer of TDHCA. So we are in recess.

At 11:00 a.m., the meeting was recessed, to reconvene later this same day, Wednesday, July 27, 2005.

OPEN SESSION
Action in Open Session on Items Discussed in Executive Session

The Board returned to Open Session at 12:25 p.m. and Ms. Anderson stated:
The Board has completed its Executive Session of the Texas Department of Housing and Community Affairs on July 27, 2005. The Executive Session actually was completed at 11:45 a.m. Action taken: none. I hereby certify that this agenda of an Executive Session of the Governing Board of the Texas Department of Housing and Community Affairs was properly authorized, pursuant to Section 551.103 of the Texas Government Code. The agenda was posted at the State of Texas's office seven days prior to the meeting, pursuant to 551.044, the Texas Government Code, and all members of the Board were present with the exception of Pat Gordon. That this is a true record of the proceedings pursuant to the Texas Open Meetings Act, Chapter 551 in the Texas Government Code.

e) Discussion and Possible Approval of Recommendations by Department Staff for the Issuance of Commitments for Allocations of 2005 Housing Tax Credits from the 2005 Housing Credit Ceiling and Recommendations by Department Staff for the Creation of a Waiting List for the 2005 Application Round from the Following List of all Applications Submitted under the 2005 Application Cycle

To the extent Applications for HOME (CHDO or non-CHDO) or HTF Funds not awarded on July 14 due to lack of a Housing Tax Credit allocation recommendation are now being recommended for an award of Housing Tax Credits: Discussion and Possible Approval Simultaneous with the Housing Tax Credit Recommendation of HOME Awards to Community Housing Development Organizations (CHDOs), HOME Rental Production, and/or Housing Trust Fund

Project No.	Name	City	Reg.	Credit Amount Requested
05025	Poinsetta Apartments	Alamo	11	$571,979
05026	Mesa Vista Apartments	Donna	11	$453,995
05027	Timber Village Apartments	Marshall	4	$620,359
05028	Sevilla Apartments	Weslaco	11	$364,252
05029	Cimarron Springs Apartments	Cleburne	3	$1,185,000
05031	Saddlewood Springs Apartments	Granbury	3	$499,763
05032	Pineywoods Orange Development	Orange	5	$436,690
05033	Waterford Parkplace	Longview	4	$1,045,330

05034	The Gardens of Taylor, LP	Taylor	7	$280,388
05035	The Gardens of Acton	Granbury	3	$263,118
05036	Gardens of Burkburnett LP	Burkburnett	2	$278,608
05000	Snyder Housing Venture, Ltd.	Snyder	2	$30,658
05001	Mountainview Apartments	Alpine	13	$66,861
05002	Villa Apartments	Marfa	13	$32,432
05003	Oasis Apartments	Fort Stockton	12	$45,024
05004	Samuel's Place	Fort Worth	3	$274,014
05005	Cambridge Courts	Fort Worth	3	$1,093,473
05008	Mathis Apartments II	Mathis	10	$200,000
05009	Stardust Apartments	Uvalde	11	$200,000
05012	Landa Place	New Braunfels	9	$657,317
05015	Country Lane Seniors-Greenville Community	Greenville	3	$1,103,075
05016	Country Lane Seniors-Temple Community	Temple	8	$889,327
05020	Central Place	Hereford	1	$280,145
05021	Waterside Court	Houston	6	$1,054,000
05022	The Enclave	Houston	6	$524,209
05024	Figueroa Apartments	Robstown	10	$301,301
05037	Gardens of White Oak LP	White Oak	4	$277,794
05038	Gardens of Mabank LP	Mabank	3	$280,540
05039	The Gardens of Tye	Tye	2	$277,794
05040	Gardens of Gatesville LP	Gatesville	8	$278,454
05041	San Diego Creek Apartments	Alice	10	$570,000
05043	San Jose Apartments	San Antonio	9	$1,200,000
05044	Copperwood Apartments	The Woodlands	6	$1,058,943
05045	Evergreen at North Richland Hills Senior Apartment	North Richland Hills	3	$1,200,000
05046	Evergreen at Pecan Hollow Senior Apartment Communi	Murphy	3	$1,200,000
05047	Evergreen at Rockwall Senior Apartment Community	Rockwall	3	$800,000
05051	Longview Senior Apartment Community	Longview	4	$870,000
05053	Essex Gardens Apartments	Sealy	6	$489,443
05054	Residences at Eastland	Fort Worth	3	$1,200,000
05057	CityParc at Runyon Springs	Dallas	3	$992,971
05058	Green Briar Village Apartments	Wichita Falls	2	$604,349
05060	North Mountain Village	El Paso	13	$1,103,714
05069	Santa Rosa Village	Santa Rosa	11	$151,058
05070	Center Ridge	Duncanville	3	$766,539

05073	Villa San Benito	San Benito	11	$166,367
05074	Alamo Village	Alamo	11	$145,370
05076	Villa Main	Port Arthur	5	$451,323
05077	Sphinx at Alsbury Villas	Burleson	3	$1,112,442
05079	Rio Hondo Village	Rio Hondo	11	$137,580
05080	Cambridge Villas	Pflugerville	7	$1,200,000
05081	Rivercrest Apartments	Marble Falls	7	$111,136
05082	Sphinx at Luxar	Dallas	3	$887,230
05084	University Place Apartments	Wharton	6	$200,633
05085	Pelican Landing Townhomes	Rockport	10	$695,726
05088	Oak Timbers-Fort Worth South	Fort Worth	3	$1,200,000
05090	Oak Timbers-Granbury	Granbury	3	$494,886
05091	Los Milagros Apartments	Weslaco	11	$1,135,993
05092	Vida Que Canta Apartments	Mission	11	$953,820
05094	San Juan Village	San Juan	11	$225,937
05095	Sphinx At Reese Court	Dallas	3	$597,776
05097	Cathy's Pointe	Amarillo	1	$757,752
05098	Bella Vista Apartments	Gainesville	3	$701,332
05099	Madison Pointe	Cotulla	11	$619,762
05100	Tierra Blanca Apartments	Hereford	1	$615,000
05101	Creek Crossing Senior Village	Canyon	1	$394,000
05102	Villa del Arroyo Apartments	Midland	12	$445,000
05103	Elm Grove Senior Village	Lubbock	1	$740,000
05104	Landing at Moses Lake	Texas City	6	$608,000
05105	Zion Village	Houston	6	$570,200
05108	Kingswood Village	Edinburg	11	$349,985
05109	Country Village Apartments	San Angelo	12	$666,473
05113	St. Gerard Apartments	San Benito	11	$311,941
05114	Copperwood Seniors Apartments	Houston	6	$518,137
05116	Wahoo Frazier Townhomes	Dallas	3	$929,611
05117	Key West Village - Phase II	Odessa	12	$179,585
05118	Vista Verde I & II Apartments	San Antonio	9	$1,126,771
05119	Las Palmas Garden Apartments	San Antonio	9	$644,359
05122	Twelve Oaks Apartments	Vidor	5	$433,832
05124	TownParc at Amarillo	Amarillo	1	$931,177
05125	La Villita Apartments Phase II	Brownsville	11	$558,290
05127	Navigation Pointe	Corpus Christi	10	$800,000
05128	Rhias Oaks Apartments	Mesquite	3	$1,170,000
05129	First Street Townhomes	Sherman	3	$316,906

05130	Southpark Apartments	Austin	7	$955,000
05134	Birdsong Place Villas	Baytown	6	$740,099
05135	Villas at German Spring	New Braunfels	9	$741,420
05137	Los Ebanos Apartments	Zapata	11	$65,042
05140	El Paraiso Apartments	Edcouch	11	$71,959
05141	The Arbors at Rose Park	Abilene	2	$647,474
05142	Wesleyan Retirement Homes	Georgetown	7	$372,791
05146	Spring Garden V	Springtown	3	$292,831
05149	Courtland Square Apartments	Odessa	12	$945,020
05151	Deer Palms	El Paso	13	$872,495
05152	Linda Vista Apartments	El Paso	13	$305,000
05153	Mission Palms	San Elizario	13	$587,915
05155	Canyon's Landing	Poteet	9	$312,436
05158	The Villas at Costa Almadena	San Antonio	9	$985,401
05159	San Juan Square	San Antonio	9	$1,000,000
05160	The Alhambra	San Antonio	9	$1,000,000
05161	LoneStar Park	Sherman	3	$739,956
05162	Lodge at Silverdale Apartment Homes	Conroe	6	$878,261
05163	Timber Pointe Apartment Homes	Lufkin	5	$578,333
05164	Ridge Pointe Apartments	Killeen	8	$1,018,060
05165	Lincoln Park Apartments	Houston	6	$1,200,000
05166	Hampton Port Apartments	Corpus Christi	10	$438,949
05168	Lakeview Park	Denison	3	$463,334
05169	Estrella Del Mar	Houston	6	$1,020,000
05171	Fairway Crossing	Dallas	3	$1,200,000
05173	Arbor Bend Villas	Fort Worth	3	$800,000
05177	New Braunfels Gardens	San Antonio	9	$1,200,000
05178	Tuscany Court Townhomes	Hondo	9	$58,521
05179	The Villages at Huntsville	Huntsville	6	$589,000
05180	Crown Pointe	Waco	8	$794,082
05181	Stone Hearst II	Beaumont	5	$544,000
05184	Hampton Chase Apartments	Palestine	4	$577,500
05185	Market Place Apartments	Brownwood	2	$523,000
05186	Deer Creek Apartments	Levelland	1	$496,000
05187	Valley Creek Apartments	Fort Stockton	12	$382,500
05189	Windvale Park	Corsicana	3	$564,003
05191	Casa Edcouch	Edcouch	11	$613,113
05192	Pioneer at Walnut Creek	Austin	7	$1,038,677
05193	Park Place Apartments	Nacogdoches	5	$523,000
05194	Canyon View Apartments	Borger	1	$382,500
05195	San Gabriel Senior	Georgetown	7	$785,000

	Village			
05196	Greens Crossing Senior Village	Houston	6	$1,000,000
05198	Olive Grove Manor	Houston	6	$946,000
05199	Southwood Crossing Apartments	Port Arthur	5	$637,516
05200	Hawthorne Manor	Freeport	6	$831,875
05203	Aspen Meadows	Angleton	6	$493,218
05204	Ambassador North Apartments	Houston	6	$786,076
05205	Villa Bonita Apartments	San Antonio	9	$1,046,167
05206	Villa Vista Apartments	Grand Prairie	3	$1,128,452
05207	Parker Lane Seniors Apartments	Austin	7	$687,984
05209	Providence Place Apartments	Katy	6	$986,061
05211	Northwest Residential	Georgetown	7	$1,088,835
05212	Reed Road Senior Residential	Houston	6	$1,200,000
05217	Town Park Phase II	Houston	6	$980,000
05222	Kingwood Senior Village	Houston	6	$1,068,974
05224	Brookwood Retirement Apartments	Victoria	10	$688,922
05225	Normangee Apartments	Normangee	8	$131,703
05226	Lytle Apartments	Lytle	9	$143,173
05227	West Retirement	West	8	$166,349
05228	City Oaks Apartments	Johnson City	7	$165,166
05229	Centerville Plaza	Centerville	8	$158,059
05230	Coolidge Apartments	Coolidge	8	$97,372
05231	Kerrville Housing	Kerrville	9	$292,927
05232	Cibolo Apartments	Cibolo	9	$340,530
05233	Navasota Manor Apartments	Navasota	8	$111,973
05234	Park Place Apartments	Bellville	6	$123,580
05235	Country Square Apartments	Lone Star	4	$85,394
05236	Clifton Manor Apartments I and II	Clifton	8	$120,260
05237	Bel Aire Manor Apartments	Brady	12	$61,169
05238	Hamilton Manor Apartments	Hamilton	8	$58,476
05239	Bayshore Manor Apartments	Palacios	6	$169,575
05240	Linbergh Parc Senior Apartments	Fort Worth	3	$1,200,000
05241	San Juan Apartments	San Juan	11	$800,000
05242	Renaissance Plaza	Texarkana	4	$822,571
05243	Villas of Hubbard	Hubbard	8	$193,215
05244	Blue Ridge Senior Homes	Houston	6	$1,040,340
05245	Hillside Senior Apartments	Taylor	7	$262,036
05247	Hacienda Santa Barbara Apartments	Socorro	13	$120,529
05249	Floresville Square Apartments	Floresville	9	$126,505

05250	Churchill at Cedars	Dallas	3	$1,200,000
05251	Joaquin Apartments	Joaquin	5	$65,824
05252	Saddlecreek Apartments at Kyle II	Kyle	7	$457,402
05260	Saddlecreek Apartments at Buda	Buda	7	$862,795

Ms. Carrington stated the memo to the Board in the board book and on the website included the process and methodology for allocating tax credits for 2005. Staff is asking the Board to approve staffs recommendation of final commitments for the allocation of housing tax credits, a limited award fo HOME CHDO funds on recommended tax credit allocations and a waiting list for 2005. The Board is required by statute to issue final commitments of allocation of tax credits no later than July 31 of each year. The Board is also required by statute to establish a waiting list of applications.

Ms. Carrington stated there were 160 full applications submitted and those totaled over $100,000,000. A total of 144 applications are competing for credits as some withdrew their applications and others were terminated. Staff is recommending a total of 74 applications for tax credits and in addition to these 74 there are 4 rural rescue forward commitments that the Board has issued. This makes a total of 78 transactions for $42,081,963. This leaves a balance of $493,620 that staff is not recommending. Staff is asking that the Board consider the waiting list to be composed of all applications that have not been approved by the Board for a commitment of 2005 credits and have not been terminated by the Department or not withdrawn.

She stated there is a HOME CHDO award for Windvale, #05189 and staff is requesting an allocation amount of $1.500,000. They are eligible for $75,000 in CHDO operating funds. On Hacienda Santa Barbara and the amount of HOME CHDO funds recommended is $172,650.

Robert Kelly, Hunt Building Company, El Paso, Texas
Mr. Kelly stated he was in opposition to an allocation of credits for Cathys Pointe in Amarillo, Texas. The Hunt Building Company has a tax credit project that is located next to the proposed location of Cathys Pointe and their project is still not stabilized and he felt that if another project is approved at this location it would do harm to both projects.

Ronni Hodges, Tuscany Court Townhouses, Hondo, Texas
Mr. Hodges stated they have a small tax credit allocation of $58,000 to complete their project and asked the Board to award tax credits to this project.

Gary Robinson, St. Petersburg, Florida
Mr. Robinson did not give any comments.

Joseph Zimmerman, Springfield, Mo.
Mr. Zimmerman did not give any comments.

Brad McMurray, San Antonio Housing Authority, San Antonio, Texas
Mr. McMurray stated it was important for the City of San Antonio to get the tax credits for San Juan Square Apartments.

Debra Guerrero, San Antonio, Texas
Ms. Guerrero did not give any comments.

Ron Anderson, San Antonio, Texas
Mr. Anderson did not give any comments at this time.

Donald Pace, Merritt Island, Florida
Mr. Pace spoke in favor of Cathys Pointe as he is a 20% owner in this project. The market study for this area showed that the city needed housing and the amenities in the area were just exactly what was called

for in the QAP. Staff did recommend approval of this project and he asked that the Board approve their recommendation.

David Diaz, Director, Midland Community Dev. Corp., Midland, Texas
Mr. Diaz stated they are a performing CHDO and perform well and do justice to TDHCA's programs. They submitted a project known as Midland Villa del Arroyo. It is the highest scoring application in Region 12 yet it has not been recommended by staff for tax credits. The closest competitor scored 7 points less and it is being recommended.

He read a letter into the record from Speaker of the House Tom Craddock which stated: "A situation has come to my attention that significantly affects many residents in my legislative district. On April 1 you were provided with a letter of support from my office regarding the Midland Villa del Arroyo housing tax credits application. I am a strong supporter of the Midland Community Development Corporation and their efforts to improve Midland community. I was pleased to see that organization participate in the housing tax credits program." He has submitted two separate letters of support strongly supporting this application."

Kelly Hunt, Hunt Building Company, El Paso, Texas
Mr. Hunt stated he was speaking for Creek Crossing Senior Village and Terra Blanca Village and asked for tax credits for both these projects. He stated much housing is needed in all areas of Texas and in West Texas much of the current stock of rental housing is completely substandard.

Gary Gum, San Antonio, Texas
Mr. Gum gave his time to Granger MacDonald.

Granger MacDonald, Developer, Kerrville, Texas
Mr. MacDonald stated there are no tax credit projects in the area of New Braunfels and Comal County. He felt this area had fallen through the cracks in the Department's current policy of allocating tax credits. The City of New Braunfels continue to get shorted but this is not for a lack of trying as there have been several applications submitted but none have been awarded. He asked the Board to review this procedure.

Tammie Goldston, Canyon, Texas
Ms. Goldston stated both of their applications were recommended for credits but due to actions taken earlier regarding Hereford Central Place, they request that they get the same opportunity to increase their local political subdivision points as the Board did with Hereford Central Place.

Justin MacDonald, Developer, Canyon, Texas
Mr. MacDonald did not give any comments.

Ms. Brooke Boston, Director of Multi-Family Finance Production Division stated, based on the appeal heard in Region 6, Olive Grove would have 12 points added. This would move it back up on the chart to receive tax credits. This would drop off Towne Park Phase 11. In Region 1, based on the added points for Central Place and it would get $280,145 in tax credits. This would cause Terra Blanca to fall off and not be recommended. These two actions together between Region 6 and region 1, would give a new balance of credits of $862,000. The next project in Region 6, rural, the Villages at Huntsville for $589,000 in credits could be added in the recommended list.

Motion made by C. Kent Conine and seconded by Norberto Salinas to remove 05171 from the staff recommended list.
Passed Unanimously

Ms. Boston stated this now adds 05168 in Region 3, Lakeview Park for $463,334 in credits. In Region 4 Hampton Chase could be added for $575,000.

Motion made by Shad Bogany and seconded by Norberto Salinas to use some of the remaining credits for the Hondo project which is Tuscany Court for 458,521.
Passed Unanimously

Motion made by C. Kent Conine and seconded by Vidal Gonzalez to approve the amended recommended list to issue commitments for allocation of housing tax credits under the 2005 application cycle.
Passed Unanimously

Motion made by C. Kent Conine and seconded by Shad Bogany to approve the waiting list for the 2005 application cycle that would be the balance of those that were submitted as applications under this particular cycle.
Passed Unanimously

Motion made by C. Kent Conine to approve the HOME CHDO application for Windvale Park for $1,500,000 with 475,000 in CHDO operating funds and to increase the amount of CHDO funds for Hacienda Santa Barbara in the amount of $114,799 for a total of $172,650.
Passed Unanimously

Ms. Carrington stated staff would like to put this statement on the record that in situations where local financing and/or zoning is not substantiated by the required deadline, approval to grant commitment notices without first bringing the decision to the Board for approval, but conditioned upon ratification of that action by the Board at the next subsequent meeting. This will ensure that the subsequent awardee being allocated has time to proceed.

f) Discuss and Possible Approval of the Issuance of Forward Commitments for Allocations of 2006 Housing Tax Credits from the 2006 Housing Credit Ceiling from the Following List of all Applications Submitted under the 2005 Application Cycle (See Application List Under Item 1(e)

Annette Pegram, Bedford, Texas
Ms. Pegram read a letter into the record which stated: “Good afternoon, Madam Chair, other Board members. My name is Annette Pegram, and I'm here on behalf of Parkway Housing, application number 05128, Rhias Oaks Apartments. During the May 26 meeting I read into the record denoting the unfair treatment of our application number 05128. This allegation has gone unresolved without a formal response from the TDHCA staff. That letter reads as follows, and that's the letter that I presented again. It was addressed to Ms. Carrington. I would like to comment on a Department's decision that resulted in the unfair treatment of my application in the 2005 90 percent tax round. I am very concerned about the Department's treatment of applications regarding the scoring of quantifiable community participation from neighborhood organization.

The Agency has permitted an upward adjustment in applicant's score after the submission deadline. The QAP clearly states the requirements for applicants to receive the allotted points for each scoring criteria. On April 24 the Agency issued application 05029 a score of 13 points for quantifiable community participation with no noted deficiencies. Included in that letter was the attachment that showed that the applicant was awarded the 13 points. "On May 12 the Agency reissued the applicant 05029 a score of 24 points under this scoring criteria. 49.9(g)(2) of the QAP states that three reasons of support must be provided by the neighborhood organization by the submission deadline, in order for the applicants to receive the full 24 points. Neighborhood organizations receiving two reasons of support would yield 18 points to the applicant. And a neighborhood organization submitting only one reason would result in 13 points to the applicant. All indications are that the neighborhood organization supporting applicant 05029 only submitted one reason with his initial application, which warranted the 13 points initially received by the applicant and not the full 24 points that were reissued on May 12.

Unfair treatment of applications jeopardizes the integrity of the application process. My application 05128 is not receiving a priority review as a result of this unfair treatment. It is my belief that all applicants should be held to the same standard. If applicant 05029 felt he was deserving of a better score, it appears to me that he should have gone through the formal appeals process. But under no circumstances should he have been arbitrarily given the additional points. The treatment of applicant 05029 has resulted in my application not receiving consideration as a priority application and ultimately may impact its recommendation by the Board. It is our hope that going forward, the Board will restore our initial status and give our application every consideration for an allocation of tax credits. Thank you in advance for your help in resolving this issue. We look forward to any corrective steps that the Board may take to ensure the proper ranking of our application." It was signed by our general partner, Ron Pegram.

<u>Monica Ross, National Farmworkers Service Center, San Antonio, Texas</u>
Ms. Ross stated staff looked only at which regions were most under-allocated with funds in deciding which other developments to fund. She felt that staff should also look at over-allocations in regions. She asked that Casa Edcouch in Edcouch and San Juan Apartments in Region 11 be issued forward commitments.

<u>Rachel Beers, Rafino Contreras Affordable Housing, San Antonio, Texas</u>
Ms. Beers stated she was in support of Casa Edcouch as Edcouch, Texas is in great need of housing for families. Almost half of the community's families live below the poverty level. The median household income for their community is less than half of that as Texas as a whole. Since 1998 no family rental housing units have been added to the area with the exception of 64 units in 2000. This city really needs the housing so she asked the Board to consider a forward commitment for Edcouch, Texas.

<u>Ron Anderson, San Antonio, Texas</u>
Mr. Anderson stated Las Palmas Gardens application is for rehab of this at-risk, 100 unit, 35 year old property. The property serves extremely low, very low and low income families. He asked the score for Las Palmas may make it the highest-scoring, non-recommended, at-risk property in the state. Should there be funding available for at-risk projects he asked for a forward commitment for this project.

<u>Barry Palmer, Attorney, Houston, Texas</u>
Mr. Palmer stated Fairway Crossing in Dallas was on the recommended list but was taken off recently. This project has a very high score and a tremendous amount of support form the community and the city council. It is important to note that Southwest Housing has not been charged with any crime and have not been notified that they are a target of any investigation. The QAP deals with the issue of ineligibility of project developers but this developer is not convicted of anything wrong. He asked for a forward commitment for this project.

<u>Deepak Sulakhe, Southwest Housing, Dallas, Texas</u>
Mr. Sulakhe stated Fairway Crossing had scored the full points for the neighborhood support and for the elected official support. They have soft funds commitment from the City of Dallas which was approved by the Dallas City Council. This is a much needed project and will go a long way in revitalizing the neighborhood as presented. He asked for a forward commitment for this project.

<u>Robert Joy, San Juan Apartments, San Juan, Texas</u>
Mr. Joy stated prior to this year the City of San Juan has never received an allocation from TDHCA. This year an allocation for rehab of 86 units has been approved. This helps some but the need they have for affordable housing is tremendous. With the addition of these 86 units they will still have only one housing tax credit unit per 280 residents compared to one per 80 for Pharr, Weslaco, Edinburgh, Mission, Mercedes and Alamo. The City of San Juan has supported this project as evidenced by representatives from the City Council being present at the June meeting. Representative Martinez has supported this project and he requested a forward commitment for $800,000 for San Juan Apartments.

<u>Rick Brown, Dallas, Texas</u>
Mr. Brown stated the City of Hereford would like to see both tax credit projects in their town and asked for a forward commitment to the second project in Hereford.

Mr. Conine stated he felt forward commitments are used for exceptional or extenuating circumstances.

Motion made by C. Kent Conine and seconded by Shad Bogany to approve a forward commitment for the 2006 cycle under Section 49.10C of the QAP for #05171, Fairway Crossing, on the condition that the project, after the investigations surrounding the developer on this project in the City of Dallas are resolved, come back to this Board for approval prior to the 2006 carryover deadline. This unusual set of circumstances call for the Board to use discretion to look beyond the numbers and do what is best for the affordable housing community as a whole. The Board's interest is in making the process fair to applicants and protecting the public confidence in the award system. If this action is taken today he felt these interests will be balanced and both the developer and the public are protected. This balancing requires the Board to take the project off the award list but it also requires the Board to support it as a forward commitment going forward.
Passed Unanimously

Motion made by Mayor Salinas and seconded by Vidal Gonzalez for forward commitments for San Juan Apartments #05241 and Casa Edcouch #05191.
Motion failed with 2 ayes and 3 nos

Mr. Conine felt that the projects are worthy but he felt it sets a precedent and opens the door that concerns him relative to the process for 2006 and he was against the motion.

g) Issuance of Determination Notices on Tax-Exempt Bond Transactions with Other Issuers:
05419 Sundance Apartments, Texas City, Galveston County, Texas
Southeast Texas Housing Finance Corp. is Issuer
(Requested Amount of $384,948 and Recommended Amount $370,747
05421 North Oaks Apartments, Houston, Harris County, Texas
Houston Housing Finance Corp. is Issuer
(Requested Amount of $486,369 and Recommended Amount $469,074)

Ms. Carrington stated the first is Sundance Apartments in Texas City and this item has been postponed until the next Board Meeting.

The second one for consideration is North Oaks Apartments in Houston, Texas with Houston Housing Finance Corporation being the issuer on this bond issue. They are requesting an allocation of credits in an amount of $469,074. This transaction is an acquisition rehab built in 1976 and is approximately 84% occupied.

She also stated the Board needs to waive the section of the QAP that requires receiving all submission of documentation 60 days prior to the Board Meeting. This transaction has several other conditions listed in the Underwriting report.

Motion made by C. Kent Conine and seconded by Shad Bogany to approve the North Oaks Apartments in Houston for $469,074 in tax credits and to waive the requirement of submission of documentation 60 days prior to the Board Meeting.
Passed Unanimously

2) Presentation, Discussion and Possible Approval of Multifamily Bond Program:
a) Final Approval to Adopt New Title 10, Part 1, Chapter 33 – Multifamily Housing Revenue Bond Rules

Ms. Carrington stated the Board on May 26th approved the draft of the multifamily housing revenue bond rules. These rules were then published in the Texas Register. There was a public hearing held and one person attend this hearing. No one spoke at the hearing and no one provided any written comments on these rules. Staff is recommending approval of the final rules.

Motion made by Vidal Gonzalez and seconded by Shad Bogany to approve the multifamily housing revenue bond rules.
Passed Unanimously

b) Proposed Issuance of Multi-Family Mortgage Revenue Bonds and Four Percent (4%) Housing Tax Credits with TDHCA as the Issuer For:

1) Providence at Mockingbird, Dallas, Dallas County, Texas, in an Amount Not to Exceed $14,360,000 and Issuance of a Determination Notice (Requested Amount of $814,492 and Recommended Amount Not to Exceed $814,492

Ms. Carrington stated this is a combination elderly transaction and family. It is a combination of acquisition, rehab and the amount of the bond requested is $14,360,000. The credit recommended amount is $811,971. This is 155 units in an old hotel that would be one and two bedrooms. Those would be the senior units and the new construction would be 96 units that are family or general units. There was no one opposing that attended the public hearing.

Matt Harris, Provident Realty Advisors, Dallas, Texas

Mr. Harris stated Senator West did speak against this project but that was all the opposition they have had from anyone. They have had tremendous community and political support for this project and they held numerous neighborhood meetings. This project is about 60% seniors and 40% general. He stated the areas are fenced and the seniors have their own pool and the families have theirs. There are elevator accesses and interior corridor for the seniors.

Jeff Spicer, State Street Housing Advisors, Dallas, Texas

Mr. Spicer stated he has worked with the developer on this project and the inter-generational housing can be a benefit to both the seniors and the families.

Barry Palmer, Attorney, Houston, Texas

Mr. Palmer stated he felt the developer did a good job of explaining the project and the project is zoned multifamily and has gone through all the appropriate approvals at the local level. The Mayor supports this project.

Motion made by C. Kent Conine and seconded by Vidal Gonzalez to approve the issuance of multifamily bonds in the amount of $14,360,000 and the issuance of tax credits in the amount of $811,971 for Providence Mockingbird in Dallas, Texas with approval of Resolution No. 05061.
Passed with 4 ayes and 1 no (Mayor Salinas voted against the motion)

2) Plaza at Chase Oaks, Plano, Collin County, Texas, in an Amount Not to Exceed $14,250,000 and Issuance of a Determination Notice (Requested Amount of $655,284 and Recommended Amount Not to Exceed $655,284

Ms. Carrington stated the second item with TDHCA as the issuer is for Plaza at Chase Oaks in Plano in Collin County. It is a proposed elderly development with new construction and a total of 240 units. The tax exempt bonds would be an amount of $14,250,000 and the tax credits in an amount of $649,878. There was no comments on this transaction.

Motion made by C. Kent Conine and seconded by Shad Bogany to issue multifamily tax exempt bonds for Plaza at Chase Oaks in Plano with bonds in the amount of $14,250,000 and tax credits in the amount of $649,878 with Resolution No. 05060.
Passed Unanimously

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

a) Approval of New Contract Between TDHCA and the City of Kaufman

Ms. Carrington stated this item for tabled by the Board at the June 27th meeting. The original award was made in 1996 but the homeowner complained of foundation difficulties and they involved HUD. HUD has specifically requested that the Department assist the homeowner as expeditiously as possible. This is on the agenda as a new award as the Department does not currently have a contract with the City of Kaufman. There was an appraisal of the property and it came in about$35,000 and Kaufman County appraisal district has it listed as $37,270. The staff recommendation is for project funds in the amount of $25,032. Staff is not recommending any administrative funds. The funds will come from the deobligated HOME funds.

Motion made by Norberto Salinas and seconded by C. Kent Conine to approve the $25,032 from HOME deobligated funds for the City of Kaufman.
Passed Unanimously

4) Presentation, Discussion and Possible Approval of Market Rate Program

Ms. Carrington stated the Board discussed this program at the July 14th meeting and has previously approved the structure of the program. The Board asked staff to come back with a fee schedule that had been set and determined in this program. Staff has done that and there is an exhibit of fees provided.

Mr. Bogany asked if staff could work with a mortgage company participating in TDHCA's programs to set the tax rate and they collect the correct tax amount on this program.

Mr. Eric Pike, Director of Single Family Finance Production, stated staff is researching this and will review this with the Legal Counsel and report back on the ability to do this request.

REPORT ITEMS

Executive Directors Report

1. Updated Report on Colonia Model Subdivision Program
   There is a brief report on the Colonia Model Subdivision Program. The program design was presented in May and the Board approved this program. This is a legislative mandate that has been in the legislation. Staff has been working jointly with ORCA to try to tie in with their infrastructure program and use their infrastructure dollars and some of the Department's HOME dollars to accomplish this legislative mandate. This program is designed to promote the development of high new quality residential subdivision or in-field housing to individuals and families that have extremely low and very low income families.

2. Follow up with Outside Counsel on any IRS Opinions on other state agency Issues with Supportive Housing
   Ms. Carrington stated on item 2 staff is still in the information gathering mode which is the supported housing analysis of outside counsel and also what other states are doing.

   Ms. Carrington thanked the Multi Family Finance Production Division and Real Estate Analysis Division for all their hard work during this housing tax credit cycle.

ADJOURN

Since there was no other business to come before the Board, the meeting was adjourned at 2:30 pm.

Respectively submitted,

Delores Groneck
Board Secretary

t:execbdminjul2

BOARD MEETING
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
507 SABINE, 4TH FLOOR BOARD ROOM, AUSTIN, TEXAS 78701
FRIDAY, AUGUST 19, 2005

SUMMARY OF MINUTES

CALL TO ORDER, ROLL CALL
CERTIFICATION OF QUORUM

The Board Meeting of the Texas Department of Housing and Community Affairs of August 19, 2005 was called to order by the Chair of the Board Elizabeth Anderson at 9:45 a.m. It was held at 507 Sabine Street, Austin, Texas. Roll call certified a quorum was present.

Members present:
Elizabeth Anderson – Chair
C. Kent Conine -- Vice Chair
The Honorable Norberto Salinas – Member
Vidal Gonzalez – Member
Shad Bogany – Member
Patrick Gordon – Member

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

PUBLIC COMMENT

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 Representative Corbin Van Arsdale presented comment on the Willow Creek project.
Ms. Cynthia Bast, Locke, Liddell & Sapp, presented comment on TR Blanca Apartments in Hereford, HTC #05100.
Mr. Granger MacDonald presented comment on forward commitments and discussed New Braunfels.
Mr. J.J. Perez presented comment on behalf of Bee Community Action Agency, Beeville.
Ms. Diana McIver, property owner in Llano, presented comment concerning her letter of support of renewing TBRA vouchers for the Marble Falls Housing Authority.
Mr. Mark Mayfield, Director, Marble Falls Housing Authority, presented comment regarding TBRA vouchers for the Marble Falls Housing Authority.
Mr. Barry Kahn presented comment on the QAP: public money notices and letters from homeowners associations.
Mr. Robert Joy, Encinas Group of Texas, presented comment on community participation and the infusion of local funds.
Mr. Orvis Young, process server, served each board member with a subpoena for a civil process. Ms. Anne Reynolds received service.

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

ACTION ITEMS

Agenda Item 1
Elizabeth Anderson called for Discussion and Possible Approval of Minutes of the Board Meetings of June 27, 2005 and July 14, 2005.
Motion made by Mr. Conine for approval of minutes as presented; Mr. Gonzalez seconded the motion. Motion passed unanimously.

Agenda Item 2

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

a) **Housing Tax Credit Extensions for Construction Loan Closings** for:
4005 Palacio Del Sol, San Antonio, Bexar.
Motion made by Mr. Conine to approve, seconded by Mr. Gonzalez. Passed unanimously
4100 *O.W. Collins, Port Arthur, Jefferson.*
Motion made by Mr. Conine to approve, seconded by Mr. Bogany. Passed unanimously
4151 Renaissance Courts, Denton, Denton.
Motion made by Mr. Conine to approve, seconded by Mr. Gonzalez. Passed unanimously
4157 Samaritan House, Fort Worth, Tarrant.
Motion made by Mr. Conine to approve, seconded by Mr. Gonzalez. Passed unanimously

b) **Discussion and Determination on 2005 Housing Tax Credit Appeals Consistent with §49.17(b)(4)(B) And Any Other Appeals Timely Filed.**
No appeals timely filed.

c) **Discussion on Letter dated June 10, 2005 from Munsch Hardt Kopf & Harr PC to The Honorable Robert Talton, Chairman of Urban Affairs Committee; Edwina Carrington, Executive Director of TDHCA; and Robert C. Kline, Executive Director of the Texas Bond Review Board Concerning Proposed 2006 Low Income Housing Tax Credit Qualified Allocation Plan and Chapter 1372 of the Texas Government Code.**
Mr. John Henneberger presented comments concerning this letter, asking the board to take immediate steps in order to make an assessment of the independent factual assessment of these effects.
No Action taken.

d) **Issuance of Determination Notice on Tax-Exempt Bond Transaction with Other Issuer and Award of HOME CHDO Funds:**
5419 Sundance Apartments, Texas City, Galveston County, Texas, Southeast Texas HFC is Issuer (Requested Credit Amount of $384,894, Requested HOME CHDO Amount of $1,500,000).
Motion made by Mr. Salinas to approve, seconded by Mr. Bogany. Motion Passed Unanimously.

e) **Action on recommendations made following alternative dispute resolution (ADR) conference held on August 11, 2005 for:**
5058 Green Briar Village.
Ms. Carrington presented staffs recommendation.
Mr. David Clark, City of Wichita Falls, presented comment in favor of the project.
Due to ADR confidentiality issues and pursuant to Govt. Code §552.071, Acting General Counsel Anne Reynolds suggested that this be discussed during Executive Session. Mr. Conine moved to table until after executive session, seconded by Mr. Bogany.

The Chairman requested the right to rearrange the agenda to better use the time available and received unanimous consent.

Agenda Item 4

Presentation, Discussion and Possible Approval to Publish in the Texas Register to Receive Public Comments for:

a) *Regional Allocation Formula for Housing Tax Credits and Housing Trust Fund.* Motion made to approve by Mr. Conine, seconded by Mr. Bogany. Passed unanimously.

b) *Affordable Housing Needs Score for Housing Tax Credits and Housing Trust Fund.* Motion made to approve by Mr. Conine, seconded by Mr. Bogany. Passed unanimously.

Agenda Item 5

Presentation, Discussion and Possible Approval of Multifamily Bond Program:

a) *Proposed Issuance of Multi-Family Mortgage Revenue Bonds and Four Percent (4%) Housing Tax Credits with TDHCA as the Issuer for:*

1) Providence at Marine Creek, Fort Worth, Tarrant, Texas, in an Amount Not to Exceed $15,000,000 and Issuance of a Determination Notice (Requested Amount of $100,966). Withdrawn from agenda.

2) Waxahachie Senior Apartments, Waxahachie, Ellis, Texas, in an Amount Not to Exceed $10,100,000 and Issuance of a Determination Notice (Requested Amount of $442,401). Motion made to approve with resolution 04-067 by Mr. Conine, seconded by Mr. Gonzalez. Passed unanimously.

b) *Selection of Trustees for the Multi-family Bond Program.* Staff recommendations include Wells Fargo, JP Morgan Chase, Wachovia, and the Bank of New York, adding US Bank of Dallas. Motion to approved made by Mr. Gonzalez, seconded by Mr. Conine. Passed unanimously.

At 11:30 a.m. Ms. Anderson adjourned the meeting until 1:45 p.m., Friday, August 19, 2005.

EXECUTIVE SESSION

Ms. Anderson reconvened the meeting and made the statutorily required announcement that at 1:28 p.m. the Board was going into Executive Session. The Executive Session concluded at 2:00 p.m.

OPEN SESSION

Ms. Anderson resumed Open Session at 2:00 p.m. and announced that no action had been taken during the Executive Session and certified that the posted agenda was followed.

Chair continued Agenda Item 2.

e) **Action on recommendations made following alternative dispute resolution (ADR) conference held on August 11, 2005 for**:

5058 Green Briar Village.

Ms. Anderson returned to item 2-e, which was tabled before Executive Session.

Motion was made by Mr. Bogany to approve staff's recommendation, seconded by Mr. Conine. Motion carried with 5 ayes and Mr. Gonzalez voting nay.

Agenda Item 3

Presentation, Discussion and Possible Approval of Rules to be Published in the *Texas Register* for Public Comments:

a) *Housing Tax Credit Program Rules: Proposed Repeal of Title 10, Part 1, Chapter 50 – 2004 Housing Tax Credit Program Qualified Allocation Plan and Rules; and Proposed New Title 10, Part 1, Chapter 50 – 2006 Housing Tax Credit Program Qualified Allocation Plan and Rules.*

Ms. Diana McIver, Pres., Texas Affiliation of Affordable Housing Providers, provided testimony.

Mr. Kevin Hamby, Asst. Attorney General, provided testimony at the Board's request.

Mr. Robert Joy, Encinas Group of Texas, provided testimony.

Mr. Jeff Spicer, State Street Housing Advisors, provided testimony and written comments.

Motion was made by Mr. Gonzalez to approve the 2006 QAP and rules to be published for public comment, seconded by Mr. Bogany. Motion carried unanimously.

Motion to amend the HUB points in the development process made by Mr. Bogany, seconded by Ms. Anderson. Motion carried unanimously.

Motion to amend the 2006 draft QAP by adding the definitions on intergenerational housing, both proposed definition and amendment to the ineligible building type per language read into the record by Mr. Spicer earlier, made by Ms. Anderson, seconded by Mr. Bogany. Motion carried unanimously.

Motion made by Mr. Gordon to repeal Title 10, Part 1, Ch. 50 of the 2004 housing tax credit program qualified allocation plan and rules, seconded by Mr. Gonzalez. Motion carried unanimously.

b) *Home Investment Partnerships Program (HOME) Rules: Proposed Repeal of Title 10, Part 1, Chapter 53 – 2004 HOME Program Rules; Proposed New Title 10, Part 1 , Chapter 53 - 2005 HOME Program Rules*
Motion made by Mr. Bogany, seconded by Mr. Gonzalez. Motion carried unanimously.
Motion made by Mr. Gordon to repeal Title 10, Part 1, Ch. 53 of the 2004 HOME Program Rules, seconded by Mr. Gonzalez. Motion carried unanimously.

c) *Housing Trust Fund (HTF) Program Rules: Proposed Repeal of Title 10, Part 1, Chapter 51 – 2004 Housing Trust Fund Program Rules; Proposed New Title 10, Part 1, Chapter 51 - 2005 Housing Trust Fund Program Rules*
Motion made by Mr. Gonzalez to repeal of the existing rule and the adoption of the new draft rule, seconded by Mr. Bogany. Motion carried unanimously.

d) *Real Estate Analysis: Proposed Repeal to Title 10, Part 1, Chapter 1, Subchapter B, Tex. Admin. Code – Underwriting, Market Analysis, Appraisal, Environmental Site Assessment, Property Condition Assessment and Reserve for Replacement Rules and Guidelines and Proposed New § 1.37.*
Motion made by Mr. Bogany to repeal the existing rule and adoption of the proposed new rule, seconded by Mr. Gonzalez. Motion carried unanimously.

e) *Compliance Monitoring: Proposed Repeal of Title 10, Part 1, Chapter 60, Subchapter A, Tex. Admin. Code – Compliance Monitoring, Section 60.1 Compliance Monitoring Policies and Procedures and Proposed New Title 10, Part 1, Chapter 60, Subchapter A, Tex. Admin. Code, Compliance Monitoring, Section 60.1 Compliance Monitoring Policies and Procedures*
Motion made by Mr. Gonzalez to recommend the repeal of the existing rules and adoption of the new portfolio management and compliance rules, seconded by Mr. Bogany. Motion carried unanimously.

Agenda Item 5 Continued
Presentation, Discussion and Possible Approval of Multifamily Bond Program:

c) *Inducement Resolution Declaring Intent to Issue Multifamily Housing Mortgage Revenue Bonds for Developments Throughout the State of Texas and Authorizing the Filing of Related Applications for the Allocation of Private Activity Bonds with the Texas Bond Review Board for Program Year 2005.*
2005-043 Willow Creek Apartments, Tomball, Texas
2005-045 Skyline at City Park, Houston, Texas
Motion made by Mr. Bogany to approve both transactions for inducement to go on the waiting list at the bond review board for an allocation of 2005 private activity bonds, seconded by Mr. Salinas. Motion carried unanimously.

Mr. Bower in attendance as a resource witness.

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

a) *Discussion and Possible Action on Contract for Deed Conversions Recommendations:*
Board Resolution 05068

Application Number	Applicant	Region	Activity	Project Funds Requested	Admin. Funds Requested	Units Requested
2005-0208	The Latino Education Project, Incorporated (Corpus Christi)	10	CFD	$500,000	$20,000	8
2005-0212	Pecos County	12	CFD	$500,000	$20,000	10
2005-0214	El Paso Collaborative for Community and Economic Development	13	CFD	$500,000	$20,000	10
2005-0215	The Housing Authority of the City of Del Rio	11	CFD	$495,000	$19,800	9
2005-0216	Alianza Para El Desarrollo Comunitario, Inc. (El Paso)	13	CFD	$495,000	$19,800	9
				$2,490,000	**$99,600**	**46**

Motion made by Mr. Gonzalez to approve staff's recommendation of 2,490,000 in project funds and 99,600 in administrative funds for conversion of these five contract for deeds, seconded by Mr. Bogany. Motion carried unanimously.

b) *Discussion and Possible Action on Disaster Relief Program Recommendations:*

Application Number	Applicant	Region	Activity	Project Funds Requested	Admin. Funds Requested	Units Requested
DR2005-0001	Wharton County	6	OCC	$500,000	$20,000	9
DR2004-0207	Newton County	5	OCC	$479,000	$19,160	13
DR2004-0209	Hardin County	5	OCC	$303,500	$12,140	5
DR2004-0210	City of Wharton	6	OCC	$495,000	$19,800	9
DR2004-0211	City of El Campo	6	OCC	$500,000	$20,000	9
				$2,277,500	**$ 91,100**	**45**

Motion made by Mr. Bogany to approve, seconded by Mr. Gonzalez. Motion carried unanimously.

c) *Presentation, discussion and possible approval of 2005 Single Family HOME Investment Partnerships Program Recommendations:*

Application Number	Applicant	Region	U/E, Rural, or N/A	Activity	Project Funds Requested	Score	Project Funds Rec'd	Units Rec'd
2005-0034	City of Bonham	3	N/A	ADDI	100,000.00	70.00	$100,000.00	10
2005-0103	City of Commerce	3	N/A	ADDI	100,000.00	72.00	$100,000.00	10
2005-0105	City of Mineola	4	N/A	ADDI	100,000.00	67.00	$45,626.00	5
2005-0059	HA of the City of Beaumont	5	N/A	ADDI	50,000.00	68.67	$50,000.00	5
2005-0112	SE Texas Housing Finance Corp.	6	N/A	ADDI	500,000.00	70.13	$500,000.00	60
2005-0142	Travis County Hsing Fin. Corp.	7	N/A	ADDI	214,500.00	75.00	$214,500.00	30
2005-0054	City of Whitney	8	N/A	ADDI	200,000.00	70.00	$200,000.00	20

Application Number	Applicant	Region	U/E, Rural, or N/A	Activity	Project Funds Requested	Score	Project Funds Rec'd	Units Rec'd
2005-0062	Temple Housing Authority	8	N/A	ADDI	500,000.00	73.66	$500,000.00	48
2005-0168	City of Mexia	8	N/A	ADDI	500,000.00	76.00	$500,000.00	50
2005-0203	Kingsville Housing Authority	10	N/A	ADDI	100,000.00	79.00	$100,000.00	15
2005-0069	La Gloria Development Corp.	11	N/A	ADDI	120,000.00	67.00	$54,752.00	6
2005-0004	Coto De Casa, Inc.	11	N/A	ADDI	190,000.00	92.34	$190,000.00	19
2005-0002	FUTURO Communities, Inc.	11	N/A	ADDI	300,000.00	75.00	$300,000.00	30
2005-0082	City of San Benito	11	N/A	ADDI	300,000.00	86.00	$300,000.00	30
2005-0140	City of Los Fresnos	11	N/A	ADDI	450,000.00	68.00	$450,000.00	45
2005-0037	Comm. Council of SW Texas, Inc.	11	N/A	ADDI	500,000.00	74.50	$500,000.00	50
2005-0039	Edinburg Housing Authority	11	N/A	ADDI	500,000.00	71.00	$500,000.00	50
2005-0086	Midland Habitat for Humanity	12	N/A	ADDI	40,000.00	88.00	$40,000.00	4
2005-0120	El Desarrollo Comunitaro Inc.	13	N/A	ADDI	300,000.00	83.00	$300,000.00	30
2005-0182	El Paso Coll. for Comm. & Econ. Dev.	13	N/A	ADDI	450,000.00	92.00	$450,000.00	50
							$5,394,878.00	567

Application Number	Applicant	Region	U/E, Rural, or N/A	Activity	Project Funds Requested	Score	Project Funds Rec'd	Units Rec'd
2005-0165	City of Plains	1	Rural	OCC	495,000.00	96.00	$170,564.00	3
2005-0119	City of Denver City	1	Rural	OCC	500,000.00	96.00	$172,286.00	4
2005-0145	City of Amherst	1	Rural	OCC	495,000.00	97.00	$495,000.00	9
2005-0148	City of Turkey	1	Rural	OCC	495,000.00	97.00	$495,000.00	9
2005-0045	City of Stamford	2	Rural	OCC	165,000.00	88.00	$71,343.00	2
2005-0167	City of Miles	2	Rural	OCC	495,000.00	95.00	$495,000.00	9
2005-0174	City of Rising Star	2	Rural	OCC	495,000.00	97.00	$495,000.00	9
2005-0070	City of Dublin	3	Rural	OCC	300,000.00	91.00	$193,392.00	4
2005-0134	City of Corsicana	3	Rural	OCC	200,000.00	94.00	$200,000.00	4
2005-0143	City of West Tawakoni	3	Rural	OCC	495,000.00	91.00	$319,096.00	6
2005-0150	City of Lone Oak	3	Rural	OCC	495,000.00	97.00	$495,000.00	9
2005-0152	City of Kemp	3	Rural	OCC	495,000.00	97.00	$495,000.00	9
2005-0096	City of Venus	3	Rural	OCC	500,000.00	96.00	$500,000.00	9
2005-0155	City of Princeton	3	U/E	OCC	495,000.00	86.00	$495,000.00	9
2005-0159	Institute of Rural Development	3	U/E	OCC	495,000.00	68.00	$495,000.00	9

Application Number	Applicant	Region	U/E, Rural, or N/A	Activity	Project Funds Requested	Score	Project Funds Rec'd	Units Rec'd
2005-0041	City of McKinney	3	U/E	OCC	500,000.00	77.00	$500,000.00	10
2005-0139	City of Bogata	4	Rural	OCC	200,000.00	93.00	$120,915.00	3
2005-0021	City of Daingerfield	4	Rural	OCC	275,000.00	93.00	$166,257.00	3
2005-0161	City of Eustace	4	Rural	OCC	495,000.00	93.00	$299,262.00	6
2005-0127	City of Winnsboro	4	Rural	OCC	495,000.00	93.00	$299,262.00	6
2005-0151	City of Malakoff	4	Rural	OCC	495,000.00	96.00	$495,000.00	9
2005-0153	City of Berryville	4	Rural	OCC	495,000.00	97.00	$495,000.00	9
2005-0184	City of Van	4	Rural	OCC	495,000.00	94.00	$495,000.00	9
2005-0028	City of Nash	4	U/E	OCC	495,000.00	83.00	$492,463.00	9
2005-0135	City of Lufkin	5	Rural	OCC	250,000.00	91.00	$69,457.00	2
2005-0079	Shelby County	5	Rural	OCC	300,000.00	91.00	$83,349.00	2
2005-0154	City of Trinity	5	Rural	OCC	495,000.00	91.00	$137,526.00	3
2005-0016	City of Nacogdoches	5	Rural	OCC	500,000.00	91.00	$138,915.00	3
2005-0172	City of Garrison	5	Rural	OCC	495,000.00	97.00	$495,000.00	9
2005-0137	City of Center	5	Rural	OCC	300,000.00	92.00	$300,000.00	6
2005-0149	Wharton County	6	Rural	OCC	495,000.00	95.00	$392,433.00	7
2005-0097	City of Willis	6	Rural	OCC	500,000.00	95.00	$396,397.00	7
2005-0098	City of Splendora	6	Rural	OCC	500,000.00	97.00	$500,000.00	9
2005-0036	Ebenz Inc.	6	U/E	OCC	250,000.00	65.50	$250,000.00	5
2005-0162	City of Hitchcock	6	U/E	OCC	495,000.00	83.00	$495,000.00	9
2005-0178	City of Marble Falls	7	Rural	OCC	500,000.00	95.00	$424,616.00	8
2005-0083	City of San Marcos	7	U/E	OCC	500,000.00	72.00	$404,712.00	8
2005-0055	City of Whitney	8	Rural	OCC	500,000.00	93.00	$266,675.00	5
2005-0056	City of Groesbeck	8	Rural	OCC	500,000.00	94.00	$500,000.00	9
2005-0115	City of Bellmead	8	U/E	OCC	250,000.00	80.00	$245,304.00	5
2005-0170	Kendall County	9	Rural	OCC	495,000.00	91.00	$95,403.00	2
2005-0164	City of Bandera	9	Rural	OCC	495,000.00	95.00	$495,000.00	9
2005-0007	City of New Braunfels	9	U/E	OCC	500,000.00	73.00	$317,909.00	16
2005-0144	City of Taft	10	Rural	OCC	495,000.00	85.00	$84,039.00	2
2005-0063	Bee Community Action Agency	10	Rural	OCC	275,000.00	88.00	$275,000.00	5
2005-0173	City of Odem	10	Rural	OCC	495,000.00	86.00	$495,000.00	9
2005-0175	City of Yoakum	10	Rural	OCC	500,000.00	92.00	$500,000.00	9
2005-0169	City of Ingleside	10	U/E	OCC	275,000.00	82.00	$275,000.00	5
2005-0197	La Salle County	11	Rural	OCC	495,000.00	79.00	$232,991.00	5
2005-0198	City of Roma	11	Rural	OCC	495,000.00	79.00	$232,991.00	5
2005-0061	Webb County	11	Rural	OCC	500,000.00	79.00	$235,345.00	5
2005-0114	Laredo-Webb NHS, Inc.	11	Rural	OCC	495,000.00	81.00	$495,000.00	9
2005-0186	City of El Cenizo	11	Rural	OCC	495,000.00	82.00	$495,000.00	9
2005-0187	City of Asherton	11	Rural	OCC	495,000.00	96.00	$495,000.00	9
2005-0190	City of Carrizo Springs	11	Rural	OCC	495,000.00	90.00	$495,000.00	9
2005-0192	City of Encinal	11	Rural	OCC	495,000.00	87.00	$495,000.00	9

2005-0200	HA of the City of Crystal City	11	Rural	OCC	495,000.00	81.00	$495,000.00	9
2005-0081	City of San Benito	11	U/E	OCC	500,000.00	78.00	$500,000.00	16
2005-0044	City of McCamey	12	Rural	OCC	330,000.00	77.00	$143,485.00	3
2005-0156	City of Bronte	12	Rural	OCC	495,000.00	95.00	$495,000.00	9
2005-0189	City of Wickett	12	Rural	OCC	495,000.00	95.00	$495,000.00	9
2005-0071	City of Midland	12	U/E	OCC	150,000.00	67.00	$150,000.00	5
2005-0157	City of Dell City	13	Rural	OCC	495,000.00	96.00	$121,180.00	3
2005-0158	Hudspeth County	13	Rural	OCC	495,000.00	96.00	$121,180.00	3
2005-0019	City of Socorro	13	U/E	OCC	255,299.20	89.00	$132,811.00	3
							$22,416,558.00	442
2005-0141	Affordable Hsing of Parker County, Inc.	3	Rural	TBRA	494,232.00	78.00	$217,857.00	15
2005-0035	Housing Authority of Frisco	3	U/E	TBRA	250,000.00	73.00	$205,265.00	22
2005-0008	Christian Community Action	3	U/E	TBRA	500,000.00	76.00	$500,000.00	41
2005-0005	Burke Center	5	Rural	TBRA	491,375.00	66.66	$62,907.00	6
2005-0087	Buckner Children & Family Services	5	Rural	TBRA	200,000.00	88.50	$200,000.00	20
2005-0213	Alpha Concepts, Inc.	5	U/E	TBRA	45,216.00	83.00	$43,155.00	4
2005-0014	Tri-County MHMR Services	6	Rural	TBRA	250,000.00	91.00	$165,249.00	17
2005-0015	Tri-County MHMR Services	6	U/E	TBRA	500,000.00	90.66	$343,209.00	34
2005-0191	Bluebonnet Trails Comm. MHMR	7	Rural	TBRA	450,000.00	90.00	$106,154.00	11
2005-0194	Bluebonnet Trails Comm.MHMR	7	U/E	TBRA	450,000.00	90.00	$101,178.00	11
2005-0195	Bluebonnet Trails Comm. MHMR	9	Rural	TBRA	50,000.00	91.00	$50,000.00	5
2005-0199	Marble Falls Housing Authority	9	Rural	TBRA	500,000.00	77.00	$97,601.00	3
2005-0006	Ellis Townhomes, Inc.	9	U/E	TBRA	500,000.00	82.00	$29,477.00	3
2005-0196	Bluebonnet Trails Comm. MHMR	9	U/E	TBRA	50,000.00	91.00	$50,000.00	5
2005-0113	El Paso Comm. Action Program	13	U/E	TBRA	193,666.00	62.33	$93,793.00	10
							$2,265,845.00	207

Motion made by Mr. Bogany to approve, seconded by Mr. Gonzalez. Motion carried unanimously.

Agenda Item 7

Presentation, Discussion and Possible Approval of:

a) *FY 2006 Final Operating Budget*
Motion made by Mr. Bogany to approve, seconded by Mr. Gonzalez. Motion carried unanimously.

b) *FY 2006 Final Housing Finance Operating Budget*
Motion made by Mr. Bogany to approve, seconded by Mr. Gonzalez. Motion carried unanimously.

c) *3rd Quarter Investment Report*
Motion made by Mr. Bogany to approve, seconded by Mr. Gonzalez. Motion carried unanimously.

Agenda Item 8

Presentation, Discussion and Possible Approval of Report from Audit Committee

Presentation by Mr. David Gaines, Internal Audit.

a) *State Auditors Office – An Audit Report on the Housing Trust Fund and HOME Investment Partnerships Programs at TDHCA*
No Action Taken

b) *Internal Audit Report – Portfolio Management and Compliance Subrecipient Monitoring – Risk Assessment*
No Action Taken.

c) *Status of Prior Audit Issues*
No Action Taken.

d) *Status of Central Database*
No Action Taken.

e) Information Systems User Access Controls – Risk Assessment Results: Status of Action Plans Addressing Inadequately Controlled Risks
No Action Taken.
Status of Internal/External Audits
No Action Taken.

Agenda Item 9

Presentation, Discussion and Acceptance of Resignation of Board Secretary, Delores Groneck, and Possible Approval of new Board Secretary as of August 31, 2005

Motion made by Mr. Bogany to recommend Kevin Hamby as new board secretary, seconded by Mr. Salinas. Motion carried unanimously.

REPORT ITEMS

Executive Directors Report

1. *Department Outreach Activities – Meetings, Trainings, Conferences, Workshops for July 2005*
No Action Taken.
2. *Summary of DIR's Implementation Plans for Implementation of HB 1516*
Presentation by Mr. Curtis Howe. No Action Taken.
3. *Central Database Software License Agreement Between TDHCA and Kentucky Housing Corp.*
Presentation by Mr. Curtis Howe. No Action Taken.
4. *Special Recognition Award to Ruth Cedillo from the Community Affairs Division*
Removed from Agenda.

ADJOURN

Since there was no other business come before the Board, the meeting was adjourned at 4:20 p.m.

____

Mr. Kevin Hamby
Board Secretary

NOTE:
For a full transcript of this meeting, please see the TDHCA website at:
www.TDHCA.state.tx.us

AUDIT COMMITTEE MEETING
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
507 SABINE, ROOM 437, AUSTIN, TEXAS 78701
FRIDAY, AUGUST 19, 2005

SUMMARY OF MINUTES

CALL TO ORDER, ROLL CALL
CERTIFICATION OF QUORUM

The Audit Committee Meeting of the Texas Department of Housing and Community Affairs of August 19, 2005 was called to order by the Chair, Mr. Shadrick Bogany at 9:00 a.m. It was held at 507 Sabine Street, Room 437, Austin, Texas. Roll call certified a quorum present. No members were absent.

Members Present:
Shadrick Bogany, Chair
Patrick Gordon
Norberto Salinas

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

PUBLIC COMMENT

Mr. Bogany called for public comment. No one signed up for pubic comment.

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

ACTION ITEMS

Item 1
Mr. Bogany called for corrections or additions to the Minutes of the June 27, 2005 Audit Committee Meeting. Motion to approve minutes as presented was made by Mr. Gordon and seconded by Mr. Salinas. Motion carried.

REPORT ITEMS

Item 2
David Gaines presented a report of the State Auditor's Office - An Audit Report on the Housing Trust Fund and HOME Investment Partnerships Programs at TDHCA. No Action taken.

Item 3
David Gaines presented a report on the Internal Audit Report – Portfolio Management and Compliance Subrecipient Monitoring – Risk Assessment. No Action taken.

Item 4
David Gaines presented a report on the Status of Nine Prior Audit Issues. No Action taken.

Item 5

David Gaines presented a report on the Status of Central Database. No action taken.

Item 6

David Gaines presented a report on Information Systems User Access Controls – Risk Assessment Results: Status of Action Plans Addressing Inadequately Controlled Risks. No action taken.

Item 7

David Gaines presented a report on the Status of Internal/External Audits, reporting that Deloitte & Touche and KPMG have both completed their interim work and will be back in the fall to complete their opinion of audits on the department's financial statements and on the federal single audit. No action taken.

ADJOURN

Since there was no other business to come before the Audit Committee, the meeting was adjourned at 9:45 a.m.

Respectfully Submitted,

Mr. Kevin Hamby
Board Secretary

NOTE:
For a full transcript of this meeting, please see the TDHCA website at:
www.TDHCA.state.tx.us

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST
September 16, 2005

Action Item

Requests for amendments involving material changes to Housing Tax Credit (HTC) applications.

Requested Action

Approve or deny the requests for amendments.

Background and Recommendations

§2306.6712, Texas Government Code, classifies some changes as "material alterations" that must be approved by the Board. The requests presented below include material alterations. Pertinent facts about the developments requesting approval are summarized below. The recommendation of staff is included in the write-up.

The second amendment request (Rancho de Luna, HTC No. 01078) below was heard at the Board Meeting of July 27, 2005 and tabled.

South Union Place Apartments, HTC Development No. 04024

Summary of Request: Applicant requests approval to change the unit mix from 99 one bedroom units and 26 two bedroom units to 100 one bedroom units and 25 two bedroom units. The rentable areas of all units in the development would increase from the areas originally proposed. All changes are illustrated in the tables below:

At Application			
Unit Type	Size	Units	Total SF
1BR	729	99	72,171
2BR	900	26	23,400
Totals		125	95,571

As Currently Proposed			
Unit Type	Size	Units	Total SF
1BR	730	100	73,000
2BR	949	1	949
2BR	973	2	1,946
2BR	983	6	5,898
2BR	995	12	11,940
2BR	1,027	3	3,081
2BR	1,126	1	1,126
Totals		125	97,940

The changes now proposed originated during the final design of the units. Designers found that the space for dining areas in the two bedroom units would not properly accommodate a table and chairs. The development consists of one three-story building and increasing the space ultimately made it necessary to exchange a two bedroom unit for a one bedroom unit to fit the building's footprint.

Staff recommends approving the applicant's request. The request would increase the development's total rentable area by 2.5%. The space in 99 of the 125 units would remain the same. The space in 25 of the remaining 26 units would increase by at least 5%. The space in 24 of the units would increase significantly, with increases ranging from 8% to 25%. One unit would decrease in size by 19% as a result of being changed from a two bedroom to a one bedroom unit. The changes proposed would not have adversely affected the selection of the application in the application round. Because there would have been no affect on the award of credits and because 25 of the 26 units that would be affected by the change, would be improved, staff recommends approving the request.

Governing Law: §2306.6712, Texas Government Code. The code indicates that material alterations include a modification of the number of units or bedroom mix of units.

Applicant:	South Union Place Limited Partnership
General Partner:	Scott Street Group, LLC (managing GP with 51% interest in GP); Scott Street Properties, LLC (administrative GP with 48% interest in GP)
Developer:	RMI Developers, Ltd.
Principals/Interested Parties:	Pamela P. Barineau, 51% of managing GP; Willie J. Alexander, 49% of managing GP; Mark H. Barineau, 66% of administrative GP and 33% of developer; John N. Barineau, III, 20% of administrative GP and 33% of developer; John N. Barineau IV, 14% of administrative GP and 33% of developer
Syndicator:	MMA Financial Warehouse, LLC
Construction Lender:	Washington Mutual
Permanent Lender:	Washington Mutual
Other Funding:	NA
City/County:	Houston/Harris
Set-Aside:	NA
Type of Area:	Urban/Exurban
Type of Development:	New Construction
Population Served:	Elderly (originally proposed to have 25% elderly-transitional units)
Units:	100 HTC units and 25 market rate units
2004 Allocation:	$739,345
Allocation per HTC Unit:	$7,393
Prior Board Actions:	7/28/04 - Approved award of tax credits. 5/26/05 – Approved amendment to operate the development without reserving 25% of the HTC units as transitional housing.
Underwriting Reevaluation:	To be determined.

Staff Recommendation:	**Staff recommends that the current request be approved. The changes proposed would not have adversely affected the selection of the application in the application round. There would have been no affect on the award of credits and 25 of the 26 units that would be affected by the change would be improved.**

Rancho De Luna Apartments, HTC Development No. 01078

The development is nineteen one-story fourplexes. All four units in each fourplex are identical, being either one-bedroom, two-bedroom or three-bedroom. The application represented that the development would contain 40 two-bedroom/two-bathroom units (2/2s) instead of the 40 two-bedroom/one-bathroom units (2/1s) that were actually built.

An inspector under contract to the Department performed a review of the development's plans and inspected the development on August 5, 2002. The inspection was based on plans and a cover sheet that were supplied by the development owner, Barron Builders (Barron). The cover sheet indicated 2/2s and therefore agreed with the application. The actual drawings were for 2/1s and were therefore incorrect. The only elements of construction in place during the inspection were the plumbing stubs and the forms for the foundations of the first seven buildings started. Four of these seven buildings were scheduled to contain two-bedroom units.

The report on the plan review and inspection was delivered to the Department on October 11, 2002. The report incorrectly indicated that the development would contain 2/2s. Because of this erroneous report, the Department did not know that an error was being made in construction until September 16, 2003, when the owner reported the error and asked how to address it.

The owner had discovered the deficient construction in approximately June of 2003, during the development's lease-up phase. The discovery was made by the management company during a review of the application's rent schedule to assure compliance with the proposed rental structure. Upon being informed, the owner spent time researching the cause of the mistake and the implications under the tax credit rules. The owner then contacted a consultant for advice, and, ultimately, the Department. On September 16, 2003, when the error was reported to the Department, staff advised the owner that the issue would be resolved in conjunction with the review of the development's cost certification. The submission of the cost certification was due on November 29, 2003. The cost certification was not submitted until October 22, 2004. A final inspection to detect deficiencies in construction was performed by the Department's staff on May 18, 2005. The applicant formally requested this amendment on June 29, 2005.

In explaining the error, Barron provided the Department with a fully executed AIA contract showing that the architect was commissioned to build 2/2s. However, the architect customarily designed buildings by placing identical units back to back, stacking these two-unit modules to create multistory modules and placing modules side-by-side with others of various unit types. In this manner, the architect could, with minimum forethought, create buildings with various numbers of units and unit mixes. In the case at hand, the architect used unit plans from developments that were built immediately prior to the subject, failing to detect that the two-bedroom units were 2/1s instead of 2/2s.

Summary of Request: Applicant requests approval for two changes to the application. (1) The first change is that the development was constructed with 40 two bedroom/one bath units instead of 40 two bedroom/two bath units. (2) The second change is a reduction in the number of market rate units from 19 to 17. The second change would be accomplished by converting one two bedroom unit and one three bedroom unit from market rate to units restricted for use at the 60% of median income level. Both changes are illustrated in the table below:

	Application				As Amended			
Income Level	50%	60%	Mkt	Totals	50%	60%	Mkt	Totals
1BR/1Bath	4	6	2	12	4	6	2	12
2BR/1Bath					15	13	12	40
2BR/2Bath	15	12	13	40				
3BR/2Bath	10	10	4	24	10	11	3	24
Total	29	28	19	76	29	30	17	76

The reduction in the number of market rate units is requested in response to instructions from the Department's Real Estate Analysis Division at cost certification for the owner to review the development records to determine if more eligible basis can be found. At present, the owner has insufficient eligible basis to prevent the loss of $9,910 in tax credits.

Although the proposed second bathrooms were not included in the two bedroom units, all of the net rentable area that was originally proposed in the application was built and the change would not have affected the application's score. In contrast, the reduction in the number of market rate units would have resulted in a reduction of four points in the application score. The score would have decreased by three points because of an increase in the applicable fraction from 75% to 77%, and by one point because the percentage of units reserved for tenants having 50% of area median income would have decreased by one percentage point. The total score would have therefore decreased from 79 to 75. Despite the reduction in the score, it is probable that the application would still have been recommended for an award of tax credits. It should be noted that in 2001 there was no regional allocation formula. Consequently, staff cannot determine with certainty that the application would have received an award. However, tax credits were awarded to several applications in the rural set-aside with scores of 75 points or less. The foregoing fact indicates that the subject application would have received an award. Staff notes that all of the credits must either be used by the current applicant or the credits not used will be lost.

Governing Law:	§2306.6712, Texas Government Code. The code states that material alterations include (1) a significant modification of the architectural design of the development and (2) any modification considered significant by the Board.
Applicant:	Rancho de Luna, Ltd.
General Partner:	Midland Services, Inc. (Managing GP); G. Barron Rush, Jr. (Co-GP and Developer)
Developer:	G. Barron Rush, Jr
Principals/Interested Parties:	Janet K. Miller (Owner of MGP); G. Barron Rush, Jr. (Co-GP)
Syndicator:	MMA Corporate Tax Credit XIV Limited Partnership
Construction Lender:	Munimae Midland Construction Finance, LLC
Permanent Lender:	Midland Affordable Housing Group Trust
Other Funding:	NA
City/County:	Robstown/Nueces
Set-Aside:	General
Type of Area:	Rural
Type of Development:	New Construction
Population Served:	General Population
Units:	57 HTC units and 19 market rate units
2001 Allocation:	$375,560
Allocation per HTC Unit:	$6,589
Prior Board Actions:	7/29/01 - Approved award of tax credits.
Underwriting Reevaluation:	To be determined.
Staff Recommendation:	**Staff recommends approving the request because the requested modification is not likely to have adversely affected the selection of the application in the application round and, as noted above, the tax credits will be lost if not issued to the applicant because the credits cannot be recovered and reissued under the Internal Revenue Code (Income Tax Regulations 1.42-14(d)(2)(ii)).**

August 21, 2005

HTC No. 04024

Mr. Ben Sheppard
Texas Department of Housing and Community Affairs
507 Sabine
Suite 300
Austin, Texas 78701

Re: South Union Place Apartments # 04024
Request for Amendment to Alter Unit Mix

Mr. Sheppard:

Following my letter or August 16, 2005 and our subsequent phone conversations, this serve as our formal request for amendment to modify the unit mix from 99-1 BR units and 26-2 BR units included in our application (total 125) to 100-1 BR units and 25-2 BR units (same total 125). As you confirmed, this request is considered a "material" change that requires board approval. We have included the various attachments you anticipate TDHCA needing to form its support for our amendment so to expedite its review and ensure our request makes the September 16th board meeting agenda.

During the final design stages, our architect recommended that our two bedroom unit types be enlarge to allow for a more functional dining room space. In completing the "furniture floor plans", it was found there was inadequate space for a dinner table and chairs. Therefore, we decided to widen the two bedroom units. But, it was necessary in the end to swap a two bedroom unit for a one bedroom unit to make room in this project's three story single building footprint.

As a result of these adjustments the final unit mix and net rental square footage tabulation has changed from our application to the final design shown in the following tables:

Per Application

Unit Type	Size (sf)	# of Units	Total SF
1 BR	729	99	72,171
2 BR	900	26	23,400
		125	95,571

Current Proposed Designed

Unit Type	Size (sf)	# of Units	Total SF
1 BR	730	100	73,000
2 BR	949	1	949
2 BR	973	2	1,946
2 BR	983	6	5,898
2 BR	995	12	11,940
2 BR	1027	3	3,081
2 BR	1126	1	1,126
		125	97,940

Please note that the total rentable area has now increased 2,369 SF (2.5%) from that presented in our application. Since the now larger two bedroom units provides the dining space any resident would come to expect anyway in a new construction apartment unit, we do not expect to achieve any higher market rent on these units. Therefore, the rent schedule in our application would not be materially impacted. See rent schedule attached showing a reduction in monthly projected rent revenue potential of only $100. As you suggested, we have also attached the below items to confirm the final sources of funds (we have now closed on syndication equity and the construction permanent loans), latest projected development costs, projected 30-year cash flow and debt service coverage. <u>There is no anticipated operating expense change from that submitted at carryover.</u>

- Revised Exhibit 5 Part A (rent schedule)
- Revised Exhibit 4 Part B (sources and uses of funds)
- Updated 30 Year Pro Forma spreadsheet

HTC No. 04024

- Updated Exhibit 3 Part C (development costs)

Note, since the completion of the final architect design, negotiating and awarding the construction contract, and closing on all financings, projected development costs have further solidified and are now projected to be approximately $250,000 higher than that shown in our carryover submission. Construction costs have been the primary reason with higher site work costs (final civil engineering design called for increased lime stabilization and import fill not originally figured), higher material prices (lumber, drywall and concrete) and our election to improve site fencing and access gates. Financing costs also were significantly higher than projected due to more costly title insurance (actual $56,108 versus approximately $18,000 budgeted). Also, our Equity syndicator required more expensive general liability insurance than projected. Fortunately, higher syndication equity, a larger permanent mortgage, and deferred development fee are still able to bridge the gap.

Mr. Sheppard, with all the other issues surrounding our project's transitional units which involved several Austin trips to attend TDHCA Board meeting (as you well know), it simply slipped our mind to address this slight unit mix change taking place during the final design phase. Construction is well underway and we need to quickly get the necessary TDHCA/Board approval(s) to put this behind us.

Again, we would appreciate TDHCA's expedition review and hopeful support of our amendment request and in making every effort to ensure we get on the September 16th board meeting agenda. Please let me know if you have any questions. I can be reached at (713) 425-2960 or via email at mark@radneymanagement.com. Thank you for your help.

Sincerely,

MB

Mark H. Barineau
For South Union Place Limited Partnership
Vice President/Secretary
Scott Street Properties, LLC
Its Administrative General Partner

Attachments

HTC No. 01078

Rancho De Luna, Ltd.

1544 Sawdust Rd, Suite 210
The Woodlands, Texas 77380

RECEIVED
JUN 29 2005
LIHTC

June 16, 2005

Ben Sheppard
Multi-Family Finance and Production
Texas Department of Housing
And Community Affairs
507 Sabine Street, Suite 300
Austin, TX 78701

Re: Rancho De Luna, Robstown, Texas.

Dear Ben:

Please accept this formal request to amend the Application for Rancho De Luna, TDHCA # 01078 in regards to the following two items:

1. Change in LIHTC Unit Mix Allocation: Upon final review of our cost certification, we have been asked to review our files to determine if we can recover the $9,910.00 in credits that we are short to prevent them from being forfeited to the Federal Tax Credit Pool.

   We have reviewed our files and determined to change the LIHTC unit allocation by reducing the number of market rate units from 19 units to 17 units. This change would allow the property to obtain $379,508 in tax credits per year and could guarantee that no credits would be forfeited to the Federal Tax Credit Pool. In addition, we have already spoken with the property manager to verify that there are two market rate units that would qualify as LIHTC units. Our proposal is to convert unit #802 (three bedroom) and #1302 (two bedroom) from Market to LIHTC.

2. Change in Unit Plan: In the application it was stated that 40 two bedroom/**two** bathroom units would be constructed and at inspection, 40 two bedroom/**one** bathroom units were reported. During the pre-construction phase, the architect was given the pages from the application indicating that the development was to have two bedroom/two bathroom units. The owner, developer and lender without the detection of the change made by the architect approved the plans. The project was constructed per plans and specifications, which showed two bedroom/**one** bathroom units. The total unit square footage was not decreased therefore the construction cost were not affected.

   The two bedroom unit plan change did not adversely affect this project during initial lease-up. Since the project is 100% complete and fully leased, we do not see any way to correct the change that was made and therefore, are requesting that our initial application information be amended to reflect 40 two bedroom/one bathroom units.

HTC No. 01078

As required, we have attached the following documents for your review:

1. Development Cost Schedule showing completed costs – Exhibit 10C.
2. Rent Schedule with the revised unit mix – Exhibit 11A.
3. Utility Allowance from the Housing Authority of the City of Robstown – Exhibit 11B.
4. Statement of Annual Expenses after the unit mix change – Exhibit 11C.
5. Sources of Funds per the cost certification – Exhibit 13A.
6. 30 Year Operating Proforma after the unit mix change – Exhibit 11D.
7. Two Bedroom/One Bathroom Unit Plan constructed at the project.

Thank you for your assistance and should you need any additional information or assistance, please contact me or my assistant Janet Staggs at 281-363-8705.

Sincerely,

G. Barron Rush
Texas Community Development
Corporation, Developer

Attachments

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST
September 16, 2005

Action Items

Requests for approval of second extended deadlines to close construction loans and a request for an extension to commence substantial construction are summarized below.

Required Action

Approve or deny these requests for extensions related to 2004 Housing Tax Credit commitments.

Background

Pertinent facts of the requests for extensions are given below. Each request was accompanied by a mandatory $2,500 extension request fee.

Villa Del Sol, HTC No. 04036

Summary of Request: The Applicant's request for a second extension of the deadline to close the construction loan is due to the delay in approval from the U.S. Department of Housing and Urban Development (HUD) for the property disposition application, loan terms and partnership documents which are taking more time than expected. The first request was for the same reasons associated with delays with the approval from HUD. The Applicant is rehabilitating a development occupied by elderly residents. The Applicant has executed a contract with the general contractor; executed letters of intent with the syndicator and permanent lender; and has also closed a predevelopment loan.

Applicant:	VDS Housing, Ltd.
General Partner:	Brownsville Housing Authority (BHA)
Developer:	Brownsville Housing Authority; Tekoa Partners, Ltd.
Principals/Interested Parties:	Remberto Arteaga of BHA, William Skeen of Tekoa
Syndicator:	MMA Financial
Construction Lender:	PNC Multifamily Capital
Permanent Lender:	PNC Multifamily Capital
Other Funding:	NA
City/County:	Brownsville/Cameron
Set-Aside:	General
Type of Area:	Urban/Exurban
Type of Development:	Acquisition/Rehabilitation
Population Served:	Elderly
Units:	189 HTC and 10 market rate units (and 1 employee unit)
2004 Allocation:	$485,000
Allocation per HTC Unit:	$2,566
Extension Request Fee Paid:	$2,500
Type of Extension Request:	Construction Loan Closing
Note on Time of Request:	Request was submitted on time.
Current Deadline:	September 30, 2005
New Deadline Requested:	November 15, 2005
New Deadline Recommended:	**November 15, 2005**
Prior Extensions:	Construction loan closing extended from 6/1/05 to 9/30/05.
Staff Recommendation:	**Approve extension as requested.**

Commons of Grace Apartments, HTC Development No. 04224

Summary of Request: Applicant requests a second extension of the deadline to close the construction loan and a first extension of the deadline for commencement of substantial construction. The first extension for the construction loan closing was due to a change in the application that required an amendment (Board approved 6/27/05) and a delay in the final commitment from their primary lender. The development has now encountered further delays because the City of Houston required changes that prolonged the permitting process. The permits are now expected to be available by early November, as is a $700,000 HOME loan from the City of Houston. Distribution of HOME funds was suspended by HUD earlier in the year. The HOME loan is expected to be released in late September and to be closed in November.

Note: The applicant has informed the Department if the current extension request is granted, an amendment will be requested at the October Board Meeting to change the existing proposal for two-bedroom/one-bathroom units to two-bedroom/two-bathroom units. Barring an effect on the award of the tax credits, the applicant will also propose to increase the development's land area.

Applicant:	TX Commons of Grace, LP
General Partner:	TX Commons of Grace Development, LLC
Developer:	Pleasant Hill Community Development Corporation
Principals/Interested Parties:	GC Community Development Corporation (99% of GP); Leroy Bobby Leopold (1% of GP)
Syndicator:	Paramount Financial Group
Construction Lender:	GMAC Commercial Mortgage
Permanent Lender:	GMAC Commercial Mortgage
Other Funding:	City of Houston (HOME)
City/County:	Houston/Harris
Set-Aside:	General
Type of Area:	Urban/Exurban
Type of Development:	New Construction
Population Served:	Elderly
Units:	86 HTC and 22 market rate units
2004 Allocation:	$660,701
Allocation per HTC Unit:	$7,683
Extension Request Fee Paid:	$2,500
Type of Extension Request:	Construction Loan Closing and Commencement of Substantial Construction
Note on Time of Request:	Request was submitted on time.
Current Deadlines:	September 1, 2005 for Construction Loan Closing and December 1, 2005 for Commencement of Construction.
New Deadlines Requested:	December 1, 2005 for Construction Loan Closing and March 31, 2006 for Commencement of Construction
New Deadline Recommended:	**December 1, 2005 and March 1, 2006**
Prior Extensions:	Construction loan closing extended from 6/1/05 to 9/1/05.
Staff Recommendation:	**Approve extensions as requested. Staff believes that the developer can place the development in service by the December 31, 2006 deadline despite the relatively late start-up time.**

<u>Providence at Boca Chica Apartments, HTC Development No. 04191</u>

<u>Summary of Request</u>: Applicant requests a second extension of the deadline to close the construction loan. The first extension was due to a delay in approval from HUD for the "mixed financing proposal". The development consists of tenant relocation, demolition and new construction. Tenants have been relocated and demolition is under way and expected to be complete by early September. All permits have been issued and loan negotiations are complete. Construction will begin prior to closing a construction loan. The commitment and loan documents have been finalized but the principal of the owner, a public housing authority (PHA), cannot sign until authorized to do so by the U.S. Department of Housing and Urban Development (HUD). There are no known problems that would interfere with HUD authorizing the PHA to sign.

Applicant:	Longbranch, L.P.
General Partner:	Longbranch X, Inc.
Developer:	LJB Holdings, Inc. (developer); Brownsville Housing Finance Corporation (BHFC, co-developer & owner of GP)
Principals/Interested Parties:	Housing Authority of the City of Brownsville (owner of BHFC); Leon Backes (LJB), Saleem Jafar (LJB)
Syndicator:	SunAmerica
Construction Lender:	IBC Bank in Brownsville
Permanent Lender:	IBC Bank in Brownsville
Other Funding:	Brownsville Housing Authority
City/County:	Brownsville/Cameron
Set-Aside:	At-Risk, Nonprofit
Type of Area:	Urban/Exurban
Type of Development:	New Construction
Population Served:	General Population
Units:	150 HTC and 8 market rate units
2004 Allocation:	$1,010,465
Allocation per HTC Unit:	$6,736
Extension Request Fee Paid:	$2,500
Type of Extension Request:	Construction Loan Closing
Note on Time of Request:	Request was submitted on time.
Current Deadline:	September 1, 2005
New Deadline Requested:	December 15, 2005
New Deadline Recommended:	**December 15, 2005**
Prior Extensions:	Construction loan closing extended from 6/1/05 to 9/1/05.
Staff Recommendation:	**Approve extension as requested.**

<u>Providence at Edinburg Apartments, HTC Development No. 04193</u>

<u>Summary of Request</u>: Applicant requests a second extension of the deadline to close the construction loan. The first extension was due to a delay in approval from HUD for the "mixed financing proposal". The rehabilitation plan has been submitted for City approval and HUD is expected to approve the relocation of tenants by September 1. Tenants have begun to move and the deadline for all of the tenants to move is November 15, 2005. Construction will commence using equity funds prior to closing the construction loan. The commitment and loan documents have been finalized but the principal of the owner, a public housing authority, cannot sign until authorized to do so by HUD. There are no known problems that would interfere with HUD authorizing the PHA to sign.

Applicant:	Chicory Court XXX, L.P.
General Partner:	Chicory GP-XXX, LLC
Developer:	LJB Financial, LP (developer); Edinburg Housing Opportunity Corporation (EHOC, co-developer & managing member of GP)
Principals/Interested Parties:	Housing Authority of the City of Edinburg (owner of EHOC); Leon Backes (LJB), Saleem Jafar (LJB)
Syndicator:	SunAmerica
Construction Lender:	IBC Bank of Brownsville
Permanent Lender:	IBC Bank of Brownsville
Other Funding:	Edinburg Housing Authority
City/County:	Edinburg/Hidalgo
Set-Aside:	At-Risk, Nonprofit
Type of Area:	Urban/Exurban
Type of Development:	New Construction
Population Served:	Elderly Population
Units:	100 HTC units
2004 Allocation:	$357,369
Allocation per HTC Unit:	$3,574
Extension Request Fee Paid:	$2,500
Type of Extension Request:	Construction Loan Closing
Note on Time of Request:	Request was submitted on time.
Current Deadline:	September 1, 2005
New Deadline Requested:	December 15, 2005
New Deadline Recommended:	**December 15, 2005**
Prior Extensions:	Construction loan closing extended from 6/1/05 to 9/1/05.
Staff Recommendation:	**Approve extension as requested.**

Lansbourough Apartments, HTC Development No. 04268

Summary of Request: Applicant requests a second extension of the deadline to close the construction loan. The first extension was due to the permitting process with the city of Houston. The request is necessary because of the lengthy time necessary for the City of Houston to review and cite required changes in the original plans and then to review and cite any other changes necessary after the applicant's revisions. The applicant is now in the second round of the submission of plans for the City's approval.

Applicant:	Lansbourough Apartments, L.P.
General Partner:	M.L. Bingham, Inc.
Developers:	M.L. Bingham, Inc.
Principals/Interested Parties:	Margie L. Bingham
Syndicator:	Paramount Financial Group, Inc.
Construction Lender:	Bank One
Permanent Lender:	Bank One – Community Development Trust, Inc.
Other Funding:	City of Houston
City/County:	Houston/Harris
Set-Aside:	NA (general population)
Type of Area:	Urban/Exurban
Type of Development:	New Construction
Population Served:	Family
Units:	141 HTC units and 35 market rate units
2004 Allocation:	$1,003,544
Allocation per HTC Unit:	$7,117
Extension Request Fee Paid:	$2,500
Type of Extension Request:	Construction Loan Closing
Note on Time of Request:	Request was submitted on time.
Current Deadline:	September 1, 2005
New Deadline Requested:	November 1, 2005
New Deadline Recommended:	**November 1, 2005**
Prior Extensions:	Construction loan closing extended from 6/1/05 to 9/1/05.
Staff Recommendation:	**Approve extension as requested.**

L.U.L.A.C. Village Park Apartments, HTC Development No. 04290

Summary of Request: Applicant requests a second extension of the deadline to close the construction loan. The first extension was due to the delay in the approval from HUD of the relocation plan. Applicant plans to close a 221(d)(3) loan and renew an existing Housing Assistance Payments contract. Applicant has closed a $400,000 pre-development loan, obtained a demolition permit, submitted a relocation plan to HUD and Southwest Housing Compliance Corporation, paid all fees to the lender, chosen the syndicator and submitted a complete application to HUD for the loan guarantees. The City of Corpus Christi has committed to funding $370,000 in HOME funds. The applicant needs an extension to receive approval from HUD for the relocation plan and financing.

Applicant:	TX LULAC Village Housing, LP
General Partner:	LULAC Village Park Trust
Developer:	LULAC Village Development, LLC
Principals/Interested Parties:	Henry Gorham (president of LULAC Village Park Trust)
Syndicator:	Paramount Financial Group
Construction Lender:	Malone Mortgage Company
Permanent Lender:	Malone Mortgage Company
Other Funding:	Corpus Christi Community Improvement Corporation (HOME)
City/County:	Corpus Christi/Nueces
Set-Aside:	At-Risk, Nonprofit
Type of Area:	Urban/Exurban
Type of Development:	Acquisition & Rehabilitation
Population Served:	General Population
Units:	152 HTC units
2004 Allocation:	$846,083
Allocation per HTC Unit:	$5,566
Extension Request Fee Paid:	$2,500
Type of Extension Request:	Construction Loan Closing
Note on Time of Request:	Request was submitted on time.
Current Deadline:	August 30, 2005
New Deadline Requested:	October 1, 2005
New Deadline Recommended:	**October 1, 2005**
Prior Extensions:	Construction loan closing extended from 6/1/05 to 8/30/05.
Staff Recommendation:	**Approve extension as requested.**

HTC No. 04036

TDHCA

AUG 30 2005

HUMAN RESOURCES

Tekoa

August 30, 2005

Mr. Ben Sheppard
Texas Department of Housing
and Community Affairs
P.O. Box 13941
Austin, Texas 78711-3941

RE: Extension Request for Villa Del Sol (#04036)

Dear Mr. Sheppard:

I respectfully request the Board's approval for an extension for LIHTC Progress Report – Construction Loan Closing until November 15, 2005 for Villa Del Sol in Brownsville which received an allocation of 2004 housing tax credits. Enclosed is a check for $2,500.

Villa Del Sol is a 200-unit public housing high-rise in Brownsville occupied by very low income elderly and disabled people. We have executed a Letter of Intent with MMA for syndication of the tax credits and a Letter of Intent with PNC Multifamily Capital for permanent lending and closed on a predevelopment loan with PNC. We are in the due diligence process on both debt and equity. We also have signed a contract with Tellepsen Builders as the General Contractor. Additional time is needed to coordinate review and approvals with the U.S. Department of Housing and Urban Development (HUD) for a property disposition application, partnership documents, loan terms and conditions. In order to ensure compliance with TDHCA 2004 timeline, we respectfully request an extension to November 15, 2005.

We appreciate your consideration and apologize for the delay.

Sincerely,

William J. Lee
Manager, Tekoa Partners Ltd.
Project Developer

HTC No. 04224

COATS | ROSE

ANTOINETTE M. JACKSON
OF COUNSEL

tjackson@coatsrose.com
Direct Dial
(713) 653-7392
Direct Fax
(713) 890-3928

August 29, 2005

**VIA ELECTRONIC TRANSMISSION
AND FEDERAL EXPRESS**

RECEIVED
AUG 30 2005
LIHTC

Ms. Brooke Boston
Director, Multifamily Finance Production
Texas Department of Housing and
Community Affairs
507 Sabine Street, Suite 400
Austin, Texas 78701

RE: Commons of Grace (TDHCA #04224) – Request for Extension

Dear Ms. Boston:

This letter is written on behalf of TX Commons of Grace, LP ("Project Owner"). The Project Owner received a commitment for an annual allocation of 2004 Housing Tax Credits in the amount of $660,701 (the "Commitment") from the TDHCA for Commons of Grace Senior (the "Project"). The Project is a 108-unit elderly development in Houston, Texas. We are requesting an extension of the construction loan closing and an extension for the substantial commencement deadline.

In May 2005, the Project was granted an extension in an effort to resolve the mixed use issue of transitional housing. Upon resolution of this issue the development team began the permitting process with the City of Houston. However, the City required additional changes that have delayed the process and the issuance of permits. The permits are now expected to be issued in early November for this Project.

Additionally, this project received a $700,000 commitment from the City of Houston. Due to the suspension of the City's HOME funds, the City has been unable to move forward on its commitment. The City has indicated that HUD will be releasing its suspension by late September and the funds should be available for a closing in November.

HTC No. 04224

Therefore, we would like to request a 90-day extension for the construction closing until December 1, 2005. As a result of extending the construction closing, the Partnership would like to also request an extension deadline of March 31, 2006 to meet substantial commencement.

Enclosed please find two (2) checks in the amount of $2,500.00 each to cover the extension fees for each request. We have also enclosed two (2) 2005 Document and Payment Receipts for your use in acknowledging receipt and payment for these requests.

Thank you very much for your consideration of this request. If you have any questions, please do not hesitate to contact me.

Very truly yours,

Antoinette M. Jackson
Counsel for TX Commons of Grace, L.P.

Ben Sheppard

04191

HTC Nos. 04191 & 04193

From: Bill Fisher [bfisher@orhlp.com]
Sent: Tuesday, August 09, 2005 4:00
To: Ben Sheppard
Cc: Brooke Boston; Saleem Jafar
Subject: RE: Extension request

Ben,

Sorry I have been in the RGV and will get the fees out in the morning.

4191

Boca Chica: Regarding your comments, the issue with us is not project progress. The site is purchased in Brownsville with HUD approval, the tenant relocation is completed with HUD approval. The site is being demolished at this time, 86 units in about 21 buildings including the concrete pads are being removed. That work will be completed by the end of the month or early September. We have full permits for the construction along with all the loan documents from IBC fully negotiated. The PHA cannot sign the loan documents with a separate approval from HUD on the financing side of the deal. Due to the substantial equity in the deal, we will start construction without a construction loan. But your progress report is tied to closing of the loan not project progress.

04193

Edinburg: Similar situation. The rehab scope is final and in for City approval. HUD approved the sale of the property. HUD will approve the relocation of the residents this month. Residents are already moving out of the towers. The demo work will begin when the last resident leaves which has a deadline of November 15, 2005. The construction work is to commence with equity as soon as the resident's vacate. However we cannot close the loan until the HUD office approves the finance application. The project is progressing well, just out of step with the construction loan.

Thanks,

Bill

PLEASE NOTE NEW CONTACT INFO
James R. (Bill) Fisher
Odyssey Residential Holdings, LP
Two Lincoln Centre, Suite 1235
5420 LBJ Freeway
Dallas, TX 75240
972-701-5551
972-701-5562 FAX
214-755-2539 Cell
bfisher8@airmail.net
bfisher@orhlp.com

HTC Nos. 04191 & 04193

-----Original Message-----
From: Bill Fisher [mailto:bfisher@orhlp.com]
Sent: Saturday, August 06, 2005 1:45 PM
To: Ben Sheppard; Brooke Boston
Cc: Saleem Jafar
Subject: Extension request

Ben,

Boca Chica #04-191
Edinburg #04-193

We are asking for an extension, a second extension, on the closing of the construction loan. I have commitments and loan documents on both developments from IBC Bank Brownsville. The two PHA's cannot sign them and close until authorized to do so by HUD. That approval is has not yet been received. We are not aware of any problems with HUD granting the approvals at this time. However the first extension expires in September so we are asking for a second extension until December 15, 2005. We will send extension payments by fed x on Monday to the department.

Please consider this a formal request for this second extension for both developments.

Thank you,

Bill Fisher, VP of the GP
Longbranch LP for Boca
Chicory Court XXX, LP for Edinburg

PLEASE NOTE NEW CONTACT INFO
James R. (Bill) Fisher
Odyssey Residential Holdings, LP
Two Lincoln Centre, Suite 1235
5420 LBJ Freeway
Dallas, TX 75240
972-701-5551
972-701-5562 FAX
214-755-2539 Cell
bfisher8@airmail.net
bfisher@orhlp.com

HTC No. 04268

Lansbourough Apartments, L.P.
723 Main Street, Suite 924
Houston, TX 77002

Phone: (713) 224-5526 **Fax: (713) 224--6320**

August 11, 2005

RECEIVED
AUG 1 2 2005
LIHTC

Ms. Edwina Carrington
Executive Director
TDHCA
P.O.Box 13941
Austin, TX 78711-3941

Re: Lansbourough Apartments
TDHCA # 04268

I am writing to seek an extension of the September 1, 2005 deadline to the close the construction loan for Lansbourough Apartments.

The project has experienced delays in the permitting process which has made it impossible to meet the closing deadline. Accordingly, the partnership requests a 60-day extension until November 1, 2005, to close the construction loan. Enclosed is the $2,500 extension fee.

Please call me if you have any questions about this request.

Sincerely,

Margie Bingham

Margie L. Bingham
President, M.L. Bingham, Inc.

HTC No. 04290

L.U.L.A.C. *Village Park Apartments*

1417 HORNE ROAD • CORPUS CHRISTI, TEXAS 78416
(361) 853-2569 • Fax (361) 853-2560

EQUAL HOUSING OPPORTUNITY

August 5, 2005

Ms. Edwina Carrington, Executive Director
Thru: Mr. Ben Sheppard
Texas Department of Housing and Community Affairs
507 Sabine, Suite 400
Austin, Texas 78701

RE: 2nd Extension for L.U.L.A.C. Village Park Apartments, TDHCA #04290

Mr. Sheppard:

We respectfully request a 30 day extension to October 1, 2005 on the closing of the construction loan on TDHCA #04290, L.U.L.A.C. Village Park Apartments.

The closing will take place with a 221D3, FHA financing with the U.S. Department of Housing and Urban Development. Included is the negotiation and renewal of the Housing Assistance Payment Contract.

L.U.L.A.C. has made great strides in preparing for this project. To date:

- a $400,000 Pre-Development Loan is in place from Wells Fargo Bank
- full permits to the City of Corpus Christi
- a demolition permit has been issued
- the relocation plan has been submitted to HUD and Southwest Housing Compliance Corporation
- Galaxy Builders and Capstone Management company have been selected
- all fees to the Malone Mortgage company have been paid
- Hudson Housing is the Syndicator
- HUD has received the full application
- City of Corpus Christi is committed to funding $370,000 in HOME Funds to the project.

Enclosed is the $2,500 check for the extension. If you need any further information, please do not hesitate to contact me.

Sincerely,

Henry Gorham
President

attachment: HUD Memo

HTC No. 04290

U.S. Department of Housing and Urban Development
San Antonio Field Office, Region VI
Office of Housing, Multifamily Program Center
One Alamo Center
106 South St. Mary's Street, Suite 405
San Antonio, Texas 78205-3601
Phone (210) 475-6831 FAX (210) 472-6897
www.hud.gov www.espanol.hud.gov

AUG 26 2005

Mr. Bruce Minchey
Underwriter
KeyCorp Real Estate Capital Markets, Inc.
8115 Preston Road, Suite 500 Dallas, Texas
Dallas, TX 75225

Dear Mr. Minchey:

Subject: Firm Commitment for Section 221(d)4 Rehabilitation Loan
Project Number 115-35493 w/ LIHTC/HOME
LULAC Village Park Apartments

Enclosed is a Commitment for Insurance of Advances, HUD Form 92432, for the subject project that reflects a mortgage amount of $4,719,900. Also enclosed are the following HUD forms:

- HUD 92264, Project Income Analysis and Appraisal
- Form HUD-92264-A, Supplement to Project Income Analysis.
- HUD Form 2283 - Financial Requirements for Closing.
- HUD Form 2328 - Contractor, Mortgagors Cost Breakdown.
- HUD Form 92329, Property Insurance Schedule.

Please provide a revised criteria (11) amount based on deduction grants, loans, tax credits, and gifts for mortgageable items. We will need that before we go to closing and it may require an amended commitment should any sources and uses, or interest rates be changed.

Meanwhile, please proceed to schedule a date for Initial closing within the next thirty days. If you have any questions, please contact Deborah Roberts-Rhodes, Project Manager, at (210) 475-6800, extension 2250, or Gretchen Parra, Supervisory Project Manager, at extension 2368.

Sincerely,

Elva Castillo

Elva Castillo
Director,
Multifamily Program Center

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

September 16, 2005

Action Item

Deny the applicant's appeal of the rescission of 2005 Housing Tax Credits (HTC).

Requested Action

Issue a determination on the appeal.

Background and Recommendations

The Villas of Hubbard Apartments, #05243

The Applicant was sent a notice of the rescission of their commitment of 2005 Housing Tax Credits on August 30, 2005 because the Commitment Notice issued to the applicant required evidence that the applicant was unable to provide.

The Commitment Notice submitted to the applicant required the following to be submitted to the Department by August 15, 2005, "…evidence of a commitment of two (2) vouchers from the Hill County Section 8 Office, or an amount necessary to substantiate points awarded for this item pursuant to the 2005 Qualified Allocation Plan (QAP)…". The Department reviewed all of the materials submitted with the signed commitment notice and has confirmed with Gary T. Moore, Executive Director of the Waco Housing Authority, that the applicant was unable to secure the required development-based vouchers. Mr. Moore also confirmed that the Applicant was only able to secure tenant-based vouchers from the Waco Housing Authority. Tenant- based vouchers are not eligible for points under §49.9(g)(5)(B) of the 2005 QAP, which specifically requires development-based vouchers.

As further required of this section of the QAP: "If this funding commitment from the local political subdivision applied for under Section 49.9(f)(5)(B) of the 2005 QAP has not been received by the date the Department's Commitment Notice is required to be submitted, the Application will be evaluated to determine if the loss of these points would have resulted in the Department's not committing the tax credits. If the loss of points would have made the Application noncompetitive, the Commitment Notice will be rescinded and the credits reallocated. If the Application would still be competitive even with the loss of points and the loss would not have impacted the recommendation for an award, the Application will be re-evaluated for financial feasibility. If the Application is infeasible without the local political subdivision's funds, the Commitment Notice will be rescinded and the credits reallocated."

The Department has determined that with the loss of the points for this item this application is noncompetitive in the region. Therefore, the Department rescinded the tax credits for this application. The applicant is appealing this rescission.

Relevant documentation related to this appeal is provided behind the Board Action Request.

Applicant:	Villas of Hubbard, LP
Site Location:	N.W. Corner of Magnolia Avenue and S. 4th Street
City/County:	Hubbard/ Hill
Regional Allocation Category:	Rural
Set-Aside:	None
Population Served:	Elderly
Region:	8
Type of Development:	New Construction
Units:	36
Credits Awarded:	$193,215

Staff Recommendation: The Executive Director denied the original appeal. Staff is recommending that the Board also deny the appeal.

Applicant Appeal to Executive Director and TDHCA Board

HEARTHSIDE DEVELOPMENT CORPORATION
5757 W. Lovers Lane, Suite 360
Dallas, Texas 75209
Telephone: 214-350-8822
Facsimile: 214-350-8483

September 2, 2005

Ms. Edwina Carrington, Executive Director
Texas Dept. of Housing & Community Affairs
Housing Tax Credit Program
507 Sabine, Suite 400
Austin, Texas 78701

Via Fax & Overnight Delivery

Re: Villas of Hubbard, Hubbard, TX; #05243; Appeal of Rescission Notice

Dear Ms. Carrington:

I wish to appeal the staff's decision to rescind the tax credits previously awarded for the Villas of Hubbard, Project #05243. The letter received from the staff dated August 30, 2005 which has been attached hereto, indicates that the application is no longer competitive in the region with the loss of points under §49.9(g)(5)(B) of the 2005 QAP. The rescission is based on a loss of six points due to the determination by the Department that the letter received from the local housing authority does not meet the requirements of the referenced Section of the QAP. I believe that the letter provided by the Waco Housing Authority & Affiliates and the subsequent clarification letter does, in fact, meet the requirements.

The language in §49.9(g)(5)(B) of the 2005 QAP provides, in part: "*Evidence that the proposed Development will receive* ***development-based*** *(emphasis added) Housing Choice, rental assistance vouchers, or rental assistance subsidy approved by the Annual Contributions Contract (ACC) between a public housing authority and HUD, all being from a local political subdivision for a minimum of five years.*" It goes on to say, "*At the time the executed Commitment Notice is required to be submitted, the Applicant or Development Owner must provide evidence of a commitment for the vouchers to the Department.*" According to this language there are three types of Housing Authority assistance that will qualify for points: (1) development-based Housing Choice vouchers, (2) development-based rental assistance vouchers or (3) development-based rental assistance subsidy approved by the ACC between a public housing authority and HUD. The Development Owner secured a commitment from the Waco Housing Authority, which administers the Hill County Section 8 Program for at least 2 Section 8 Choice Housing Vouchers to be assigned specifically to the Villas of Hubbard. The letter of commitment dated August 2, 2005 from Mr. Gary Moore, Executive Director for the Waco Housing Authority, was submitted with the Commitment Notice and has been attached hereto. Subsequent to submitting the letter of commitment from Mr. Moore, the

Department asked for further clarification of the letter to contain information regarding the status of the competitive bid process. Mr. Moore then provided a clarification letter to the Department dated August 22, 2005, which has also been attached hereto, that explains that the type of commitment being made by the Housing Authority does not require HUD approval. This is the case because the Housing Authority is not committing Project Based Vouchers that require the competitive bid process and HUD approval; rather the commitment is being made for Section 8 vouchers that will be specifically committed to the Villas of Hubbard (i.e., the Section 8 vouchers have been specifically assigned as development-based vouchers to Villas of Hubbard, but do not fall under the Project-Based competitive bid procedures). The vouchers are actually being **guaranteed** by the housing authority as stated in Mr. Moore's letter. As you are aware, these types of vouchers are not normally committed to a specific project by a housing authority as they are portable; however, the Waco Housing Authority is willing to specifically commit the vouchers to the Villas of Hubbard even if by doing so they would exceed their allocation authority. As explained in Mr. Moore's letter of August 22, 2005, this practice is allowed by HUD as long as the housing authority is willing to pay for the overages out of their administrative fees or other resources, which the Waco Housing Authority is willing to do.

Based on the aforementioned facts, the commitment from the Waco Housing Authority appears to have met the requirement of the QAP as follows:

1. A commitment for at least two development-based Housing Choice vouchers has been received from the Waco Housing Authority by virtue of the fact that the vouchers are being specifically committed and guaranteed to the Villas of Hubbard.
2. The evidence of commitment was timely provided to the Department with the executed Commitment Notice.
3. The commitment for the Housing Choice vouchers made by the Waco Housing Authority is not subject to the competitive bid process or specific HUD approval, as the vouchers are being committed out of the Housing Authority's Section 8 Housing Choice Vouchers and the Housing Authority has committed to pay for any overages caused by the commitment of these vouchers out of their administrative or other resources as allowed by HUD. Therefore, the type of commitment being made does not require the language being requested by TDHCA concerning the bid process or HUD approval. In addition, and as a side note, the language being requested by TDHCA regarding the bid process and HUD approval was not contained in the QAP; rather it was subsequently added as a Condition of Commitment. Such Condition of Commitment does not apply to the voucher commitment that has been provided by the Housing Authority as demonstrated in their correspondence.

I realize that the Department is more accustomed to dealing with the standard Project-based voucher that is subject to competitive bid procedures and HUD approval; however, the development-based commitment that has been received from the Waco Housing Authority appears to comply fully with the requirements of §49.9(g)(5)(B) of the 2005

QAP. Therefore, I respectfully request that the Department reinstate the 6 points that were deducted and retract the letter of rescission. In the event that this appeal is denied, I would like to be placed on the Board agenda for the September 16, 2005 Board Meeting.

I very much appreciate the Department's commitment and hard work in administering the housing tax credit program and thank you for your consideration of this appeal.

Sincerely,

Deborah A. Griffin

Deborah A. Griffin
President

Attachments

cc: Mr. Gary Moore, Executive Director, Waco Housing Authority & Affiliates
Mr. William McDonald, City Manager, City of Hubbard

Waco Housing Authority & Affiliates

Housing Authority of the City of Waco
4400 Cobbs Drive
P.O. Box 978
Waco, Texas 76703-0978
Phone (254) 752-0324 Fax (254) 754-6483
Hearing Impaired (800) 545-1833 ext. 306

8/22/2005

Texas Department of Housing and Community Affairs
% Emily Price, Multifamily Housing Specialist
507 Sabine St., Suite 400
Austin, TX 78701

RE: Villas of Hubbard
TDHCA # 05243

To Whom It May Concern:

The Waco Housing Authority submitted a letter of support on behalf of the Villas of Hubbard application for tax credits. Our support letter indicated that we would commit two (2) Section 8 housing choice vouchers to the Villas of Hubbard.

This follow up response is to clarify our commitment.

All of our Section 8 authorization is comprised of "tenant" based vouchers and not project based vouchers which means they are tied to wherever the tenant chooses to live.

Therefore, all applicants to the Villas of Hubbard that would like to benefit from Section 8 assistance would have to complete an application and be placed on the Hill County or Waco Housing Authority waiting list. Our commitment to the Villas of Hubbard is that we will guarantee providing them at least two Section 8 vouchers, even to the extent that we would exceed our allocation authority.

This practice is allowable by HUD as long as the Authority is willing to pay for the overages out of our administrative fees or other resources.

I trust this clarifies our commitment to the Villas of Hubbard.

Sincerely,

Gary T. Moore

Gary T. Moore
Executive Director

Waco Housing Authority & Affiliates

Housing Authority of the City of Waco
4400 Cobbs Drive
P.O. Box 978
Waco, Texas 76703-0978
Phone (254) 752-0324 Fax (254) 754-6483
Hearing Impaired (800) 545-1833 ext. 306

8/2/2005

William McDonald
118 Magnolia
Hubbard, Texas 76648

Re: Section 8 Voucher Support

Dear Mr. McDonald:

The Waco Housing Authority Section 8 program has officially absorbed the Hill County Section 8 program. These programs have been merged into one program effective September 1, 2005. The funds from both programs have been 100% utilized for the past few months and the Waco Housing Authority waiting list has been closed for a year with over 2000 applicants awaiting assistance.

However, The Waco Housing Authority will commit two (2) Section 8 Choice Housing Vouchers to the Villas of Hubbard in the interest of assisting the feasibility of the project.

Sincerely,

Gary T. Moore

Gary T. Moore
Executive Director

HTC Rescission Letter

TEXAS
DEPARTMENT OF HOUSING
AND COMMUNITY AFFAIRS

WWW.TDHCA.STATE.TX.US

August 30, 2005

Deborah A. Griffin
Villas of Hubbard, LP
5757 W. Lovers Lane, Suite 360
Dallas, TX 75209
Telephone: (214) 350-8822
Telecopier: (214) 350-8483

Re: Villas of Hubbard Apartments, TDHCA # 05253

Dear Ms. Griffin:

The Department has completed a review of all of the materials submitted with your signed commitment notice received on August 12, 2005 and August 25, 2005. As you are aware, the Commitment Notice required the following, "Receipt, review, and acceptance of evidence of a commitment of two (2) vouchers from the Hill County Section 8 Office, or an amount necessary to substantiate points awarded for this item pursuant to the 2005 Qualified Allocation Plan (QAP). The PHA Voucher letter must either state that the applicant has gone through the competitive bid process and has obtained HUD approval or that the commitment is conditioned on through HUD's regulating process and obtaining HUD's approval."

Unfortunately, you were unable to submit this evidence to the Department. Rather, you submitted evidence that you would have *tenant* based vouchers, rather than project based vouchers from the Hill County Section 8 Office. As you are aware, tenant based vouchers are not eligible for points under §49.9(g)(5)(B) of the 2005 QAP.

As further required of this section, "If this funding commitment from the local political subdivision applied for under Section 49.9(f)(5)(B) of the 2005 QAP has not been received by the date the Department's Commitment Notice is required to be submitted, the Application will be evaluated to determine if the loss of these points would have resulted in the Department's not committing the tax credits. If the loss of points would have made the Application noncompetitive, the Commitment Notice will be rescinded and the credits reallocated. If the Application would still be competitive even with the loss of points and the loss would not have impacted the recommendation for an award, the Application will be re-evaluated for financial feasibility. If the Application is infeasible without the local political subdivision's funds, the Commitment Notice will be rescinded and the credits reallocated."

The Department has determined that with the loss of these points this application is not competitive in the region and the Department hereby rescinds the tax credits previously awarded.

Please be aware that an Appeals Policy exists for the Housing Tax Credit Program. If you wish to appeal this rescission, you must file your appeal with the Department no later than September 7, 2005. However, in the event that the Executive Director denies your appeal and you would like to be placed on the September 16, 2005 agenda, you must file your appeal no later than September 9, 2005, **although the Department very strongly encourages your appeal materials be submitted by Tuesday, September 6, 2005. It would also be very helpful if you could please confirm an intention to appeal by e-mail to Jennifer Joyce by tomorrow.** You must indicate in your appeal that you would like to be placed on the Board agenda in the event of Executive Director's denial. The restrictions and requirements relating to the filing of an appeal can be found in §49.17(b) of the 2005 QAP.

If you have any questions, please do not hesitate to contact Jennifer Joyce at 512.475.3995. You may also e-mail her at jennifer.joyce@tdhca.state.tx.us.

Sincerely,

for Brooke Boston

Brooke Boston
Multifamily Finance Production Division Director

Housing Tax Credit Program
Board Action Request
September 16, 2005

Action Item

Request review and board determination of four (4) four percent (4%) tax credit applications with other issuers for tax exempt bond transaction.

Recommendation

Staff is recommending that the board review and approve the issuance of four (4) four percent (4%) Tax Credit Determination Notices with **other issuers** for the tax exempt bond transactions 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
05424	River Bend Residential	Georgetown	Capital Area HFC	201	201	$20,399,396	$12,660,000	$637,255	$635,004
05429	Northwest Residential	Georgetown	Capital Area HFC	180	180	$17,739,062	$10,825,000	$549,040	$546,063
05425	The Villa at Bethel	Houston	Houston HFC	177	177	$15,650,654	$9,860,000	$496,727	$491,245
05428	Midcrowne Senior Pavillion	San Antonio	San Antonio HFC	196	196	$15,062,109	$9,815,100	$582,138	$582,138

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

September 16, 2005

Action Item

Presentation, Discussion and Possible Approval for the issuance of Housing Tax Credits for River Bend Residential.

Summary of the Transaction

The application was received on May 19, 2005. The Issuer for this transaction is Capital Area HFC. The development is to be located near the intersection of River Bend Drive and Westwood Lane in Georgetown. The development will consist of 201 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 of 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 River Bend Residential.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

MULTIFAMILY FINANCE PRODUCTION DIVISION

September 16, 2005

Development Information, Public Input and Board Summary

River Bend Residential Apartments, TDHCA Number 05424

BASIC DEVELOPMENT INFORMATION

Site Address:	Near River Bend Drive and Westwood Lane			Development #:	05424
City:	Georgetown	Region:	7	Population Served:	Elderly
County:	Williamson	Zip Code:	78628	Allocation:	
HTC Set Asides:	☐ At-Risk	☐ Nonprofit	☐ USDA	HTC Purpose/Activity:	NC
HOME Set Asides:	☐ CHDO	☐ Preservation	☐ General		
Bond Issuer:	Capital Area HFC				

HTC Purpose/Activity: NC=New Construction, ACQ=Acquisition, R=Rehabilitation, NC/ACQ=New Construction and Acquisition, NC/R=New Construction and Rehabilitation, ACQ/R=Acquisition and Rehabilitation

OWNER AND DEVELOPMENT TEAM

Owner:	River Bend Residential, LP
	Stuart Shaw - Phone: (512) 220-8000
Developer:	SSFP River Bend VI, LP
Housing General Contractor:	ICI Construction
Architect:	Chiles Architects, Inc.
Market Analyst:	O'Connor & Associates
Syndicator:	Paramount Financial Group, Inc.
Supportive Services:	To Be Determined
Consultant:	Not Utilized

UNIT/BUILDING INFORMATION

30%	40%	50%	60%	65%	80%
0	0	101	100	0	0

Eff	1 BR	2 BR	3 BR	4 BR
0	103	98	0	0

Type of Building: 5 units or more per bldng

Number of Residential Buildings: 36

Total Restricted Units:	201
Market Rate Units:	0
Owner/Employee Units:	0
Total Development Units:	201
Total Development Cost:	$20,399,396

Note: If Development Cost =$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis	Amort	Term	Rate
9% Housing Tax Credits-Credit Ceiling	$0	$0	0	0	0.00%
4% Housing Tax Credits with Bonds:	$637,255	$635,004	0	0	0.00%
Housing Trust Fund Loan Amount:	$0	$0	0	0	0.00%
HOME Fund Loan Amount:	$0	$0	0	0	0.00%
Bond Allocation Amount:	$0	$0	0	0	0.00%

TEXAS
DEPARTMENT OF HOUSING
AND COMMUNITY AFFAIRS

MULTIFAMILY FINANCE PRODUCTION DIVISION

September 16, 2005

Development Information, Public Input and Board Summary

River Bend Residential Apartments, TDHCA Number 05424

PUBLIC COMMENT SUMMARY

Guide: "O" = Oppose, "S" = Support, "N" = Neutral, "NC" or Blank = No comment

State/Federal Officials with Jurisdiction:

TX Senator: Ogden, District 5 NC Points: 0 US Representative: Carter, District 31, NC

TX Representative: Flynn, District 2 NC Points: 0 US Senator: NC

Local Officials and Other Public Officials:

Mayor/Judge: NC Resolution of Support from Local Government ☐

Bobby Ray, Chief Development Planner; The City of Georgetown does not have a Consolidated Plan, however the proposed development is consistent with the City's Comprehensive Plan.

Individuals/Businesses: In Support 0 In Opposition 0

Neighborhood Input:

General Summary of Comment:

The Department has received no letters of support and no letters of opposition.

CONDITIONS OF COMMITMENT

1. Per §49.12(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 floodplain mitigation plan for the site including documentation that all buildings will have finished foundation floors at least one foot above the base flood elevation and thatall drives, parking and outdoor amentities are not more than six inches below the base flood elevation.

3. Receipt, review, and acceptance of the cost and plan for funding the extension of River Bend Drive through the larger site controlled by the Developer.

4. Receipt, review, and acceptance of documentation confirming that the minor debris has been disposed of in accordance with local, state and federal regulations as recommended by the Phase I ESA.

5. 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 FINANCE PRODUCTION DIVISION

September 16, 2005

Development Information, Public Input and Board Summary

River Bend Residential Apartments, TDHCA Number 05424

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

9% HTC Competitive Cycle: ☐ Score: ☐ Meeting a Required Set-Aside Credit Amount: $0

Recommendation:

HOME Loan: Loan Amount: $0

Recommendation:

Housing Trust Fund Loan: ☐ Meeting a Required Set-Aside Loan Amount: $0

Recommendation:

4% Housing Tax Credits with Bond Issuance: Credit Amount: $635,004

Recommendation: Recommend approval of a housing tax credit allocation not to exceed $635,004 annually for ten years, subject to conditions.

Private Activity Bond Issuance with TDHCA: Bond Amount: $0

Recommendation:

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS

MULTIFAMILY UNDERWRITING ANALYSIS

DATE: September 6, 2005 **PROGRAM:** 4% HTC **FILE NUMBER:** 05424

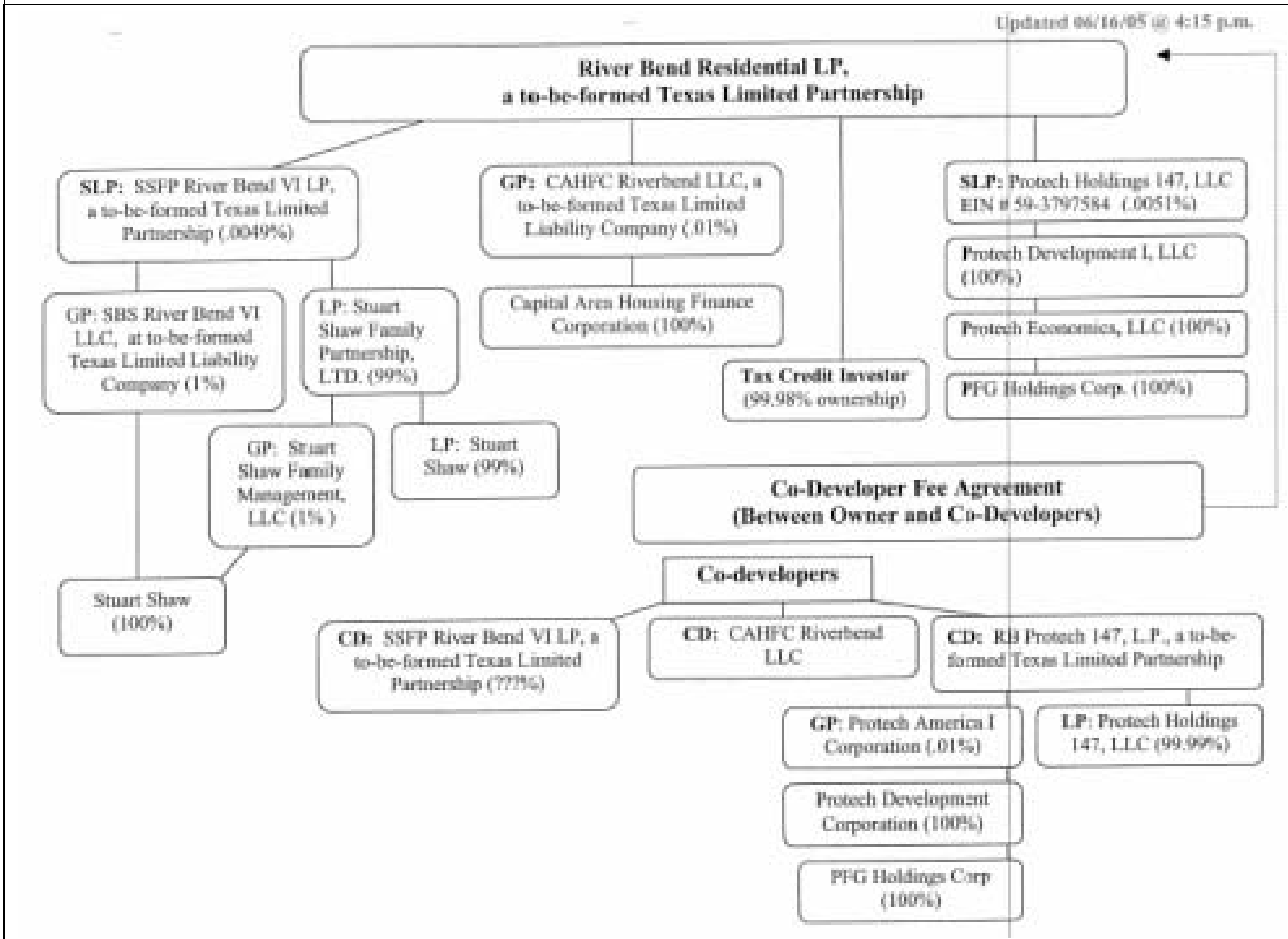
DEVELOPMENT NAME

River Bend Residential Apartments

APPLICANT

Name:	River Bend Residential LP		**Type:**	For-profit			
Address:	PO Box 2217		**City:**	Austin		**State:**	TX
Zip:	78768	**Contact:** Stuart Shaw	**Phone:**	(512) 220-8000		**Fax:**	(512) 329-9002

PRINCIPALS of the APPLICANT/ KEY PARTICIPANTS



PROPERTY LOCATION

Location:	Near intersection of River Bend Drive and Westwood Lane	☐ **QCT**	☐ **DDA**		
City:	Georgetown	**County:**	Williamson	**Zip:**	78628

REQUEST

Amount	Interest Rate	Amortization	Term
$637,255	N/A	N/A	N/A

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

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTIFAMILY UNDERWRITING ANALYSIS

Proposed Use of Funds:	New construction	**Property Type:**	Multifamily
Special Purpose (s):	Elderly, Urban/Exurban		

RECOMMENDATION

☒ RECOMMEND APPROVAL OF A HOUSING TAX CREDIT ALLOCATION NOT TO EXCEED $635,004 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

CONDITIONS

1. Review, receipt and acceptance of a flood plain mitigation plan for the site including documentation that all buildings will have finished foundation floors at least one foot above the base flood elevation and all drives, parking and outdoor amenities are not more than six inches below the base flood elevation.
2. Review, receipt and acceptance of the cost and plan for funding the extension of River Bend Drive through the larger site controlled by the Developer.
3. Review, receipt and acceptance of documentation confirming that the minor debris has been disposed of in accordance with local, state and federal regulations as recommended in the Phase I ESA.
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.

REVIEW of PREVIOUS UNDERWRITING REPORTS

No previous reports.

DEVELOPMENT SPECIFICATIONS

IMPROVEMENTS

Total Units:	201	**# Rental Buildings**	36	**# Non-Res. Buildings**	0	**# of Floors**	3	**Age:**	N/A yrs	**Vacant:**	N/A at / /

Net Rentable SF:	175,586	**Av Un SF:**	874	**Common Area SF:**	6,229	**Gross Bldg SF:**	181,815

STRUCTURAL MATERIALS

The structure will be wood frame on concrete slab on grade. According to the plans provided in the application the exterior will be comprised as follows: 5% masonry, 30% stucco, and 65% cement fiber siding, and wood trim. The interior wall surfaces will be drywall and the pitched roof will be finished with asphalt composite shingles.

APPLIANCES AND INTERIOR FEATURES

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

ONSITE AMENITIES

A 6,229-square foot community center attached to a residential building will include an activity room, parlor, management offices, salon, kitchen, restrooms, library/business center, television room, game room, and a central mailroom. The community center, pool, and horseshoe/shuffleboard court and putting green are located at the middle of the property. In addition, picnic areas and perimeter fencing are planned for the site.

Uncovered Parking: 200 spaces **Carports:** 40 spaces **Garages:** 20 spaces

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Description: The subject is immediately adjacent to the proposed 180-unit family development called Northwest Residential that will be owned and developed by the same principals of the subject, though operated as a separate facility. The subject is a 9.5-unit per acre new construction development of 201 units of affordable housing located in Georgetown. The development is comprised of 36 evenly distributed buildings; one large garden style, elevator-served building and 35 fourplex buildings:

- One Building Type One with 39 one-bedroom/one-bath units and 22 two-bedroom/two-bath units;
- Sixteen Building Type 2 with four one-bedroom/one-bath units; and
- Nineteen Building Type 3 with four two-bedroom/two-bath units.

Architectural Review: The building and unit plans are of good design, sufficient size and are comparable to other modern apartment developments. They appear to provide acceptable access and storage.

SITE ISSUES

SITE DESCRIPTION

Size: 21 acres 914,760 square feet **Flood Zone Designation:** Zone X (FEMA 48491C 0230 C)

Zoning: Multifamily

SITE and NEIGHBORHOOD CHARACTERISTICS

Location: Georgetown is approximately 28 miles north from Austin in Williamson County. The site is an irregularly-shaped parcel located in the northern area of the city, approximately three miles from the central business district. The site is situated on the northwest side of River Bend Lane. A larger 31 acres is being acquired and the remaining 10 acres will be used concurrently for the proposed family development, Northwest Residential (4% HTC #05429).

Adjacent Land Uses:

- **Northwest:** retail;
- **Southwest:** residential development;
- **East and Northeast:** future extension of River Bend Drive and commercial development beyond including Northwest Residential; and
- **Southeast:** vacant land, proposed family development.

Site Access: Access to the property is from the two entries, one from the north or south from Northwest Boulevard and one from the east or west from River Bend Drive. Access to Interstate Highway 35 is one mile east, which provides connections to all other major roads serving the Georgetown area.

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

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

Special Adverse Site Characteristics: The following issues have been identified as potentially bearing on the viability of the site for the proposed development:

- **Flood Plain:** According to the site plan, at least two buildings encroach into the 100-year flood plain which runs along the western property boundary. The site plan also reflects a large retention pond at the northwest side of the property. It is unclear if the retention pond is sufficient to mitigate the Department's flood plain requirements. Receipt, review and acceptance of a flood plain mitigation plan for the site including documentation that all buildings will have a finished foundation at least one foot above the base flood elevation and that all drive, parking and outdoor amenities are not more than six inches below the base flood elevation.
- **Road Extension:** The site plan calls for the extension of River Bend Drive, however the cost for this improvement does not appear in the construction costs of the subject. Receipt, review and acceptance of documentation of the cost of the River Bend Drive extension is a condition of this report.
- **Site Control/Title:** The title commitment submitted is for the 31.0964 acre tract of which the subject 21 acre site is a portion. According to the Applicant, the subject 21 acre site is in the process of being platted and therefore a legal description was not available to the title company.

Site Inspection Findings: TDHCA staff performed a site inspection on September 7, 2005 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 for a 31 acre site which contains the subject 21 acre site, dated March 24, 2005 was prepared by HBC Terracon and contained the following findings and recommendations:

Findings and Conclusions:

- "The site consists of approximately 31 acres of undeveloped land bound to the northeast by Northwest Boulevard, to the southeast by Westwood Drive, and to the southwest by River Bend Drive in Georgetown, Williamson County, Texas. The site is generally undeveloped and thickly covered with trees and grasses. An asphalt-paved drive enter the site from the south and bisects the site on the southwest corner. Minor dumping was noted throughout the site. Discarded materials included concrete debris, metal debris, household trash, tires, and some auto parts. These materials should be removed and disposed of in accordance with applicable local, state, and federal regulations.
- Based on the site reconnaissance, no evidence of surficial staining, distressed vegetation, underground/above ground storage tanks, elevators, hydraulic lifts, emergency generators, water wells, septic systems, grit traps, cisterns, landfilling, hazardous waste disposal, or hazardous waste storage was noted on the site
- The site has generally been undeveloped since at least 1972 except for an asphalt-paved driveway that appeared in the 1984 aerial photograph. The surrounding properties were undeveloped, rural lands from at least 1972. Residential development occurred on surrounding properties staring in the mid-1980's.
- Terracon reviewed a previous Phase I ESA performed for the site by Phase Engineering, Inc. (PEI) in April 2000. According to the PEI report, no evidence of recognized environmental conditions were identified in connection with the site, and no further assessment was recommended.
- Review of the regulatory databases did not identify regulated facilities on the site. The regulatory review identified three (3) TCEQ LPST facilities within the specified search radii. Based upon facility characteristics, environmental setting, and distance from the site, the identified facilities do not appear to present environmental concerns to the site as specified within the text of the report.
- A noise survey was not conducted at the site because it is not adjacent to or in close proximity to industrial zones, major highways, active rail lines, or civil and military airfields.

  Based on the information reviewed, the site is considered to have a low potential for elevated levels of radon gas. Note, however, testing would be required to confirm specific site concentrations of radon gas.

  No structures were noted on the site; therefore sampling and testing for asbestos were not performed.

  No structures were noted on the site; therefore sampling and testing for lead-based paint were not performed.
  The site is currently undeveloped; therefore testing for lead in drinking water was not performed" (p. 18-19).

Recommendations: "Based on the scope of services and limitations of this assessment, Terracon did not identify recognized environmental conditions in connection with this site, which in our opinion, require additional investigation at this time" (p. 19).

POPULATIONS TARGETED

Income Set-Aside: The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside. All of the units will be reserved for low-income/elderly tenants. One-hundred of the units (50%) will be reserved for households earning 50% or less of AMGI and 101 units (5%) will be reserved for households earning 60% or less of AMGI.

MAXIMUM ELIGIBLE INCOMES						
	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
60% of AMI	$29,880	$34,140	$38,400	$42,660	$46,080	$49,500

MARKET HIGHLIGHTS

A market feasibility study dated January 4, 2005 prepared by O'Conner and Associates ("Market Analyst") and highlighted the following findings:

Definition of Primary Market Area (PMA): "For the purposes of this report, we will define the primary market as the aggregated area of the following zip codes: 78628 (where the subject property is located), 78626, 76501, 76502, 76504, 76511, 76513, 76527, 76530, 76534, 76537, 76554, 76569, and 76571. This relatively large PMA, which encompasses both Georgetown and Temple, was chosen because quality seniors' properties draw from large market areas" (p. 32). This area encompasses approximately 1,096 square miles and is equivalent to a circle with a radius of 19 miles. While this is a rather large market area it is not necessarily inappropriate since this is a senior's development in a suburban location.

The Underwriter requested additional justification for the Market Analyst's anticipated demand for the property from the Temple and Belton areas yet lack of demand from closer population centers. The Underwriter noted that in two recent 9% HTC senior deals approved in Georgetown (#05195, San Gabriel Senior Village and #05142 Wesleyan Retirement Village), the primary market areas consist of Georgetown and the surrounding area, both primary market areas exclude Temple and Belton. The market analyst response includes the following: "We extend the market area farther north than in other directions due to transportation and amenities. The subject property is not likely to draw as much demand from the areas further west or east of Georgetown, as there is no Interstate that conveniently connects to the outlying areas; the area's only Interstate, Interstate 35, extends north/south. This is why we did not include, for instance, Killeen. Although Killeen is roughly the same distance from Georgetown as the crow flies, because of its distance from the interstate we believe it is less likely to serve as a major source of residents to the Georgetown seniors communities…Along Interstate 35 to the south of Georgetown lie the Austin-Round Rock areas. Austin and Round Rock have the necessary community amenities in place to serve their seniors' demand, and the more suburban feel of the Round Rock area- compared to the small-town charm of the Georgetown area- led us to exclude Round Rock from our PMA. Along Interstate 35 to the north of Georgetown is where the property will draw the bulk of its demand, as the northern areas, including Temple, currently do not offer enough quality senior housing, similar senior-friendly community amenities, and atmosphere." This statement does not seem to hold true given the Department's recent approval of 60 units targeting seniors at Chisholm Trail in Belton last year and 102 senior units at County Lane Seniors in Temple this year. Both of these transactions had inclusive capture rates above 25% for their respective primary market areas, which both exclude Georgetown.

"Evidence gathered from seniors projects similar to the subject property indicates that 30-50% of residents owned their own homes before moving into a seniors HTC apartment. Given the high number of senior homeowners in this market area, this is likely to be a fertile source of demand. Nonetheless, the current rules for calculating renter demand for a senior program do not adequately reflect demand from either outside of the immediate market area or from homeowners, as Tom Gouris and the underwriting staff have acknowledged on multiple occasions. Given the high level of services and amenities in the Georgetown area, the success of Sun City and surrounding seniors developments, and the overall shortage of quality affordable seniors housing in this area, the PMA we have selected is logical, reasonable, and conforms to all TDHCA guidelines for selecting a primary market area. **The calculated demand for seniors housing in this area- if anything- actually underestimates true demand for this type of housing**." Despite this reasonable hypothesis the Market Analyst did not provide an alternative by calculating a more representative demand for seniors from a primary market area that excludes Bell County and a reasonably defined broader secondary market area.

The Underwriter reviewed the two recent 9% HTC senior deals approved in Georgetown (#05195, San Gabriel Senior Village and #05142 Wesleyan Retirement Village), where the primary market areas consist of Georgetown and the surrounding areas. The market area for San Gabriel Senior Village is defined in the corresponding market study as Georgetown and surrounding rural areas and the baseline population of the primary market area is 46K. The primary market area of Wesleyan Retirement Village is defined as Georgetown and surrounding rural and urban areas, including parts of Round Rock and Pflugerville. The baseline population estimate for this primary market area is 157K. The latter primary market area would appear to be the most reasonable for all three developments. Refer to the Inclusive Capture Rate section below for the comparative capture rate analysis.

Population: The estimated 2005 population of the primary market area was 169,089 and is expected to increase by 7.73% to approximately 182,155 by 2010. Within the primary market area there were estimated to be 62,723 households in 2005.

Total Primary Market Demand for Rental Units: The Market Analyst calculated a total demand of 701 qualified households in the PMA, based on the current estimate of 62,723 households, the projected annual growth rate of 7.73%, income qualified renter households estimated at 6.12% of the population, senior households estimated at 33.91%, appropriately sized households estimated at 75.65% and an annual renter turnover rate of 60% (p. 83). The Market Analyst used an income band of $20,010 to $38,400.

ANNUAL INCOME-ELIGIBLE SUBMARKET DEMAND SUMMARY				
	Market Analyst		Underwriter	
Type of Demand	**Units of Demand**	**% of Total Demand**	**Units of Demand**	**% of Total Demand**
Household Growth	26	4%	15	2%
Resident Turnover	591	84%	600	94%
Other Sources	57	8%	0	N/A
Section 8	22	3%	22	3%
TOTAL ANNUAL DEMAND	**701**	**100%**	**637**	**100%**

Total Annual Demand by Market Analyst is higher due to rounding. Ref: p. 83

Inclusive Capture Rate: The Market Analyst calculated an inclusive capture rate of 64.64% based upon 701 units of demand and 453 unstabilized affordable housing in the PMA (including the subject) (p. 84). The Underwriter calculated an inclusive capture rate of 79.6% based upon a revised supply of unstabilized comparable affordable units of 507 divided by a revised demand of 637. The Underwriter identified one senior development in the primary market area not identified by the Market Analyst; Chisholm Trail Senior Village in Belton with 54 comparable units (60 total) received a 2004 tax credit allocation (#04052).

The Underwriter reviewed the capture rate analyses in the market studies of two recent 9% HTC senior deals approved in Georgetown (#05195, San Gabriel Senior Village and #05142 Wesleyan Retirement Village). According to the Underwriter's analysis, the impact of the subject development utilizing the data from the market study of the San Gabriel Senior Village is a capture rate of 202%, in excess of the 100% capture rate guideline for senior developments. The primary market area for San Gabriel Senior Village is more rural and has one-third of the population of the PMAs of either the subject or Wesleyan Retirement Village. The impact of the subject development on the Wesleyan Retirement Village market study is a capture rate of 92%, within the TDHCA guidelines. The primary market area for this development is the most appropriate for all three developments as it uses the interstate corridor concept described by the subject's Market Analyst but follows that corridor further south toward the population centers in the Austin MSA. Based on the Wesleyan Retirement Village study, the Underwriter believes the capture rate is truly within the 100% Department guidelines.

Local Housing Authority Waiting List Information: "The number of Section 8 vouchers available was determined by contacting the local housing authority with jurisdiction of the subject's location, which in this case was the Georgetown Housing Authority, as well as the Temple Housing Authority since Temple falls within the primary market area. The Georgetown Housing Authority reported a total of 84 Section 8 vouchers issued, and based off of numbers reported by the Georgetown and Round Rock Authorities, we estimate 80 Section 8 vouchers issued by the Temple Housing Authority, thus a total of 164 vouchers are estimated to be issued in the primary market area.

We estimate demand from Section 8 to be 20 units per year taking into account the market turnover rate and appropriate age range…Theoretical demand from Section 8: 164; times turnover rate: 60%; times appropriate age rate: 22.54%; Total Theoretical Demand from Section 8: 22"(p. 82).

Market Rent Comparables: The Market Analyst surveyed five comparable apartment projects totaling 168 units in the area (p. 54). "Four of the comparables are located in the subject neighborhood, within the primary market area (PMA). Due to the lack of comparable seniors projects within the PMA, the seniors comparable is located in Pflugerville, outside of the PMA, south of Georgetown/Round Rock area" (p. 53).

RENT ANALYSIS (net tenant-paid rents)					
Unit Type (% AMI/SF)	**Proposed**	**Program Max**	**Differential**	**Est. Market**	**Differential**
1-Bedroom (50%/720)	$615	$615	$0	$800	-$185
1-Bedroom (60%/720)	$675	$749	-$74	$800	-$125
1-Bedroom (50%/738)	$615	$615	$0	$800	-$185
1-Bedroom (60%/738)	$675	$749	-$74	$800	-$125
2-Bedroom (50%/1,014)	$742	$743	-$1	$992	-$250
2-Bedroom (60%/1,014)	$800	$903	-$103	$992	-$192
2-Bedroom (50%/1,018)	$742	$743	-$1	$992	-$250
2-Bedroom (60%/1,018)	$800	$903	-$103	$992	-$192
2-Bedroom (50%/1,030)	$742	$743	-$1	$992	-$250
2-Bedroom (60%/1,030)	$800	$903	-$103	$992	-$192
2-Bedroom (50%/1,297)	$742	$743	-$1	$992	-$250
2-Bedroom (60%/1,297)	$800	$903	-$103	$992	-$192

(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)

It should be noted that the Market Analyst indicated that the maximum achievable 60% rent restricted rents ($668 and $857 for one- and two-bedroom units respectively) are less than the maximum 60% rents and less than the market comparable rents. This inconsistency could suggest a saturation of supply at the 60% rent price level although demand, according to the Market Analyst, is sufficiently strong at the 60% income level.

Primary Market Occupancy Rates: "Average occupancy for the comparable properties is indicated to be 91.37%, with average rents of $0.875 per square foot. Four of the comparables have above- 0% occupancies, with the Heatherwilde Park seniors property reporting the highest occupancy level at 98%. Waters Edge reports the lowest occupancy, which has likely been affected by the addition of the second phase. Waters Edge also has the highest average rent per unit, which may also be contributing to the lower occupancy. Parkview Place reports the lowest rents per square foot" (p. 61). "Based on our research, there are 51 operating apartment projects in the primary market area, with an average occupancy of 94%. There is only one operating seniors multifamily projects in the area, and there are seven rent-restricted properties" (p. 13).

Absorption Projections: "Considering the strong leasing activity of comparable properties in the market area and the need for quality seniors rental units in this market, we project that the subject property will lease an average of 14 to 18 units per month until achieving stabilized occupancy. We expect the leasing rate to be higher during the initial lease-up period, up to 20 units per month. Thus, we anticipate that the subject property will achieve stabilized 92% occupancy within 10 to 13 months after pre-leasing starts" (p. 89).

Known Planned Development: "Based on our research, there are three other seniors projects in the primary market area. There are two 9% tax-credit projects to be located in Georgetown that have higher priorities than the subject property, San Gabriel Seniors Village and Wesleyan Retirement Homes. San Gabriel is proposed as a new-construction 100-unit seniors property, while Wesleyan is a proposed rehabilitation for seniors of an existing building. In Temple there is one proposed seniors property that has higher priority than the subject, the 102-unit Country Lane Apartments. There are two bond properties (Tuscany at Georgetown and Pioneer Senior Village) proposed to be built in Georgetown, however, these projects have lower priority than the subject. We are not aware of any other proposed, under-construction, or unstabilized new comparable projects in the primary market area" (p. 83). The Underwriter identified one senior development in the primary market area not identified by the Market Analyst; Chisholm Trail Senior Village in Belton with 54 HTC units received a 2004 tax credit allocation (#04052). In addition, since the Wesleyan Retirement Village is not currently stabilized (88% occupancy) and the tenants will likely turnover (they will be temporarily relocated during the reconstruction), they have been included in the capture rate calculation as well.

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. 87).

Market Study Analysis/Conclusions: The Underwriter found the market study provided sufficient information on which to base a funding recommendation.

OPERATING PROFORMA ANALYSIS

Income: The Applicant's rent projections are significantly lower than the maximum rents allowed under HTC guidelines, reflecting the Applicant's opinion of the state of the subject market. There is the potential for additional income (approximately $121K) if the Applicant chooses to increase rents to the maximum allowed, and the market study information suggests that the market could support rents at the rent limit maximums though they conclude rents for these units may be lower. The Applicant overstated secondary income and provided additional substantiation for their estimate. As a result of these differences the Applicant's effective gross income estimate is $101K less than the Underwriter's estimate.

Expenses: The Applicant's total expense estimate of $3,074 per unit is within 11% of the Underwriter's database-derived estimate of $3,446 per unit for comparably-sized developments. The Applicant's budget shows several line item estimates, however, that deviate significantly when compared to the database averages, particularly general and administrative ($22K lower), payroll ($69K higher), and repairs and maintenance ($30K lower). The Applicant indicates that the owner of the General Partner, Capital Area Housing Finance Corporation, is exempt from property taxes and submitted the relevant legislation documentation. A 100% exemption typically requires either the exempt entity to own, or have owned the property, and lease to the partnership; or the entity to secure an agreement for tax abatement from each of the local taxing authorities. The Applicant did not include a lease or other documentation of such an arrangement, therefore the underwriting analysis assumes a 50% property tax exemption. Should a 100% exemption be achieved, an additional $65K in NOI could be achieved.

Conclusion: The Applicant's estimated income and total operating expense is inconsistent with the Underwriter's expectations. Therefore, the Underwriter's NOI will 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 the TDHCA underwriting guidelines of 1.10 to 1.30. Even if the 100% exemption is achieved, the DCR would still be within these limits (1.23 DCR).

ACQUISITION VALUATION INFORMATION

APPRAISED VALUE

Land Only: 21 acres	$1,200,000	**Date of Valuation:**	6/ 16/ 2005
Existing Building(s): "as is"	$0	**Date of Valuation:**	/ /
Total Development: "as is"	$1,200,000	**Date of Valuation:**	6/ 16/ 2005
Appraiser: Butler Burgher, Inc.	**City:** Austin	**Phone:**	(512) 391-0850

APPRAISAL ANALYSIS/CONCLUSIONS

An appraisal, provided by the purchaser, was performed by Butler Burgher, Inc, MAI and dated June 20, 2005. The appraisal provides two values: "as-is", and "as entitled." The current "as-is" value is most important in the valuation and underwriting of this property because it should and does support the purchase price of the subject. For the "as-is" valuation, the primary approach used was the sales comparison approach.

ASSESSED VALUE

Land Only: 31.0964 acres	$948,192	**Assessment for the Year of:**	2004
One acre:	$30,492	**Valuation by:**	Williamson County Appraisal District
Prorated 21 acres:	$640,332	**Tax Rate:**	2.613477

EVIDENCE of SITE or PROPERTY CONTROL

Type of Site Control:	Purchase and Sale Agreement (21 acres)		
Contract Expiration Date:	12/ 31/ 2006	**Anticipated Closing Date:**	10/ 01/ 2005
Acquisition Cost:	$1,100,000	**Other Terms/Conditions:**	
Seller:	Bonner Carrington LP	**Related to Development Team Member:**	Yes

CONSTRUCTION COST ESTIMATE EVALUATION

Acquisition Value: The principal of the seller, Bonner Carrington LP, is also a principal of the co-developer, SSFP River Bend VI LP therefore the transaction represents an identity of interest. The Applicant submitted a Purchase and Sale Agreement between Bonner Carrington LP and Dedicated Investments, LLC for a 31.0964 acre tract containing the subject 21 acre site. According to the contract, the purchase price for the 31.0964 acre tract will be prorated, based on the number of days of the year, between $1,000,000 and $1,100,000 if closing occurs in 2005 and between $1,100,000 and $1,200,000 if closing occurs in 2006. The Applicant also submitted a Purchase and Sale Agreement between Bonner Carrington LP and River Bend Residential LP, the Applicant, reflecting a purchase price of $1,100,000 for the subject 21 acres. The application materials reflect $800,000 in site acquisition cost. The Underwriter calculated the land acquisition cost for the subject 21 acres by multiplying the December 31, 2005 price for the 31.0964 acres of $35,374 per acre times the subject 21 acres to achieve a prorated land value of $742,851.

Sitework Cost: The Applicant claimed sitework costs of over $15K per unit and provided sufficient third party certification through a detailed certified cost estimate by ICI Construction to justify these costs. In the original application, a portion of these costs, $578,096, were supported with an engineer's signed schedule of off-site costs, but it appears these costs have been incorporated in the total site work figures. In addition, these costs have been reviewed by the Applicant's CPA, Novogradac & Company, to preliminarily opine that all of the total $3,083,704 will be considered eligible. The CPA has indicated that this opinion of eligibility has taken into account the effect of the recent IRS Technical Advisory Memorandums on the eligibility of sitework costs. None of these costs appear to include the costs of extending River Bend Drive which would be ineligible.

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

Fees: The Applicant's contractor general requirements and contractor profit exceed the 6% maximums allowed by HTC guidelines by $11K based on their own construction costs. Consequently the Applicant's eligible fees in these areas have been reduced by the same amount with the overage effectively moved to ineligible costs. The Applicant's developer fees also exceed 15% of the Applicant's adjusted eligible basis by $2K and therefore the eligible portion of the Applicant's developer fee must be reduced by the same amount.

Conclusion: The Applicant's total development cost estimate is within 5% of the Underwriter's verifiable estimate and is therefore acceptable. After the Underwriter's adjustments for overstated fees, the eligible basis is estimated at $17,988,790. The underwriting applicable percentage rate of 3.53% and applicable fraction of 100% were used to calculate the eligible tax credits. The result is tax credits from eligible basis of $635,004 annually. This figure will be compared to Applicant's request and the tax credits calculated based on the development's gap in need for permanent funds to determine the recommended allocation (see conclusions to the Financing Structure Analysis section, below).

FINANCING STRUCTURE

INTERIM TO PERMANENT BOND FINANCING

Source: Newman & Associates **Contact:** Jerry Wright

Tax-Exempt Amount: $12,660,000 **Interest Rate:** 6.35%

Taxable Amount: N/A **Interest Rate:**

Additional Information:

Amortization: 40 yrs **Term:** 30 yrs **Commitment:** ☐ LOI ☐ Firm ☒ Conditional

Annual Payment: $895,786 **Lien Priority:** 1st **Date:** 9/ 01/ 2005

TAX CREDIT SYNDICATION

Source: Paramount Financial Group **Contact:** Dale Cook

Net Proceeds: $6,053,907 **Net Syndication Rate (per $1.00 of 10-yr HTC)** 95¢

Commitment: ☐ LOI ☐ Firm ☒ Conditional **Date:** 9/ 01/ 2005

Additional Information:

APPLICANT EQUITY

Amount: $1,560,488 **Source:** Deferred Developer Fee

FINANCING STRUCTURE ANALYSIS

Interim to Permanent Bond Financing: The tax-exempt bonds are to be issued by Capital Area HFC and purchased by Newman & Associates. The permanent financing commitment is consistent with the terms reflected in the sources and uses of funds listed in the application. However, the annual payment appears to include servicing or other annual fees as it is $22K higher than the Underwriter's calculated annual payment.

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

GIC Income: The Applicant included $125,000 in anticipated income from investment of the bond proceeds in a guaranteed investment contract (GIC) during the construction phase; the Underwriter has included this amount in deferred developer fee in the recommended financing structure.

Deferred Developer's Fees: The Applicant's proposed deferred developer's fees of $1,560,488 amount to 67% of the total fees.

Financing Conclusions: The total annual tax credits calculated from eligible basis using the Applicant's cost schedule is $635,004; this figure is less than the Applicant's request of $637,255 and the tax credits resulting from the development's gap in need. Therefore, the Underwriter recommends an annual tax credit allocation of $635,004 resulting in syndication proceeds of approximately $6,032,525. Based on the underwriting analysis, the Applicant's deferred developer fee will be increased to $1,706,871 (including GIC Income), which represents approximately 73% of the eligible fee and which should be repayable from cash flow within ten years of operation.

DEVELOPMENT TEAM

IDENTITIES of INTEREST

The Applicant and Developer are related entities. These are common relationships for HTC-funded developments. The issuer is also the General Partner and probably the land lessor. While less common, these relationships are not prohibited.

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 principal of the General Partner, Capital Area Housing Finance Corporation, submitted an audited

financial statement as of September 30, 2004 reporting total assets of $1.78M and consisting of $690K in cash, $315K in receivables, $358K in investments, and $405K in fixed assets. Liabilities totaled $203K, resulting in a net worth of $1.5M.

Background & Experience: Multifamily Production Finance Staff have verified that the Department's experience requirements have been met and Portfolio Management and Compliance staff will ensure that the proposed owners have an acceptable record of previous participation.

SUMMARY OF SALIENT RISKS AND ISSUES

- The Applicant's estimated income and operating expenses are more than 5% outside of the Underwriter's verifiable ranges.
- The Applicant's direct construction costs differ from the Underwriter's *Marshall and Swift*-based estimate by more than 5%.
- The development would need to capture a majority of the projected market area demand (i.e., capture rate exceeds 50%).
- The seller of the property has an identity of interest with the Applicant.
- The anticipated ad valorem property tax exemption may not be received or may be reduced, which could affect the financial feasibility of the development.

Underwriter:	*Brenda Hull*	**Date:**	September 6, 2005
Director of Real Estate Analysis:	*Tom Gouris*	**Date:**	September 6, 2005

MULTIFAMILY COMPARATIVE ANALYSIS

River Bend Residential Apartments, Georgetown, 4% HTC, #05424

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%	35	1	1	720	$666	$615	$21,534	$0.85	$50.75	$44.00
TC 60%	4	1	1	720	800	$749	2,997	1.04	50.75	44.00
TC 50%	24	1	1	738	666	$615	14,766	0.83	50.75	44.00
TC 60%	40	1	1	738	800	$749	29,970	1.02	50.75	44.00
TC 50%	18	2	2.5	1,014	800	$743	13,365	0.73	57.50	47.25
TC 50%	22	2	2.5	1,018	800	$743	16,335	0.73	57.50	47.25
TC 60%	54	2	2.5	1,018	960	$903	48,735	0.89	57.50	47.25
TC 50%	2	2	2.5	1,030	800	$743	1,485	0.72	57.50	47.25
TC 60%	2	2	2.5	1,297	960	$903	1,805	0.70	57.50	47.25
TOTAL:	201		AVERAGE:	874	$805	$751	$150,992	$0.86	$54.04	$45.58

INCOME			TDHCA	APPLICANT			
Total Net Rentable Sq Ft: 175,586						Comptroller's Region	7
POTENTIAL GROSS RENT			$1,811,901	$1,690,572		IREM Region	Austin
Secondary Income	Per Unit Per Month:	$15.00	36,180	38,508	$15.97	Per Unit Per Month	
Other Support Income: Carports, Garages			0	9,000	$3.73	Per Unit Per Month	
POTENTIAL GROSS INCOME			$1,848,081	$1,738,080			
Vacancy & Collection Loss	% of Potential Gross Income:	-7.50%	(138,606)	(130,356)	-7.50%	of Potential Gross Rent	
Employee or Other Non-Rental Units or Concessions			0				
EFFECTIVE GROSS INCOME			$1,709,475	$1,607,724			

EXPENSES		% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative		4.74%	$403	0.46	$81,094	$59,180	$0.34	$294	3.68%
Management		3.28%	279	0.32	56,014	56,880	0.32	283	3.54%
Payroll & Payroll Tax		11.60%	986	1.13	198,280	267,219	1.52	1,329	16.62%
Repairs & Maintenance		4.98%	424	0.48	85,157	55,013	0.31	274	3.42%
Utilities		1.91%	162	0.19	32,587	29,115	0.17	145	1.81%
Water, Sewer, & Trash		4.79%	407	0.47	81,799	65,172	0.37	324	4.05%
Property Insurance		2.57%	218	0.25	43,897	45,024	0.26	224	2.80%
Property Tax	2.613477	3.84%	327	0.37	65,664	0	0.00	0	0.00%
Reserve for Replacements		2.35%	200	0.23	40,200	40,200	0.23	200	2.50%
Other: compl fees		0.47%	40	0.05	8,040	0	0.00	0	0.00%
TOTAL EXPENSES		40.52%	$3,446	$3.95	$692,731	$617,803	$3.52	$3,074	38.43%
NET OPERATING INC		59.48%	$5,058	$5.79	$1,016,744	$989,921	$5.64	$4,925	61.57%
DEBT SERVICE									
Mortgage Revenue Bond		51.08%	$4,344	$4.97	$873,242	$895,786	$5.10	$4,457	55.72%
GIC Income		0.00%	$0	$0.00	0		$0.00	$0	0.00%
Additional Financing		0.00%	$0	$0.00	0		$0.00	$0	0.00%
NET CASH FLOW		8.39%	$714	$0.82	$143,502	$94,135	$0.54	$468	5.86%
AGGREGATE DEBT COVERAGE RATIO					1.16	1.11			
RECOMMENDED DEBT COVERAGE RATIO					1.16				

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		3.79%	$3,696	$4.23	$742,851	$800,000	$4.56	$3,980	3.92%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		15.72%	15,342	17.56	3,083,705	3,083,705	17.56	15,342	15.12%
Direct Construction		40.02%	39,047	44.70	7,848,435	8,483,349	48.31	42,206	41.59%
Contingency	2.12%	1.18%	1,151	1.32	231,341	231,341	1.32	1,151	1.13%
General Req'ts	6.00%	3.34%	3,263	3.74	655,928	699,345	3.98	3,479	3.43%
Contractor's G & A	2.00%	1.11%	1,088	1.25	218,643	231,341	1.32	1,151	1.13%
Contractor's Profit	6.00%	3.34%	3,263	3.74	655,928	699,345	3.98	3,479	3.43%
Indirect Construction		6.82%	6,652	7.61	1,337,010	1,337,010	7.61	6,652	6.55%
Ineligible Costs		6.86%	6,694	7.66	1,345,580	1,345,580	7.66	6,694	6.60%
Developer's G & A	2.00%	1.52%	1,484	1.70	298,372	0	0.00	0	0.00%
Developer's Profit	13.00%	9.89%	9,649	11.05	1,939,421	2,348,493	13.38	11,684	11.51%
Interim Financing		4.53%	4,416	5.06	887,634	887,634	5.06	4,416	4.35%
Reserves		1.86%	1,818	2.08	365,430	252,253	1.44	1,255	1.24%
TOTAL COST		100.00%	$97,564	$111.68	$19,610,280	$20,399,396	$116.18	$101,490	100.00%
Recap-Hard Construction Costs		*64.73%*	*$63,154*	*$72.29*	*$12,693,981*	*$13,428,426*	*$76.48*	*$66,808*	*65.83%*

SOURCES OF FUNDS

	%	PER UNIT	PER SQ FT	TDHCA	APPLICANT	RECOMMENDED	
Mortgage Revenue Bond	64.56%	$62,985	$72.10	$12,660,000	$12,660,000	$12,660,000	Developer Fee Available
GIC Income	0.64%	$622	$0.71	125,000	125,000	0	$2,346,364
HTC Syndication Proceeds	30.87%	$30,119	$34.48	6,053,907	6,053,907	6,032,525	% of Dev. Fee Deferred
Deferred Developer Fees	7.96%	$7,764	$8.89	1,560,488	1,560,488	1,706,871	73%
Additional (Excess) Funds Req'd	-4.02%	($3,926)	($4.49)	(789,116)	0	(0)	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$19,610,280	$20,399,396	$20,399,396	$4,773,216

MULTIFAMILY COMPARATIVE ANALYSIS (continued)

River Bend Residential Apartments, Georgetown, 4% HTC, #05424

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook

Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$44.96	$7,894,872
Adjustments				
Exterior Wall Finish	0.40%		$0.18	$31,579
Elderly	3.00%		1.35	236,846
Garages			0.00	0
Subfloor			(3.05)	(534,659)
Floor Cover			2.00	351,172
Porches/Balconies	$17.00	30,351	2.94	515,996
Plumbing	$605	294	1.01	177,870
Built-In Appliances	$1,650	201	1.89	331,650
Stairs	$1,450	4	0.03	5,800
Breezeways	$17.00	12,876	1.25	218,904
Heating/Cooling			1.53	268,647
Carports			0.00	0
Comm &/or Aux Bldgs	$58.70	6,299	2.11	369,751
Elevators	$46,500	2	0.53	93,000
SUBTOTAL			56.73	9,961,429
Current Cost Multiplier	1.12		6.81	1,195,371
Local Multiplier	0.85		(8.51)	(1,494,214)
TOTAL DIRECT CONSTRUCTION COSTS			$55.03	$9,662,586
Plans, specs, survy, bld prm	3.90%		($2.15)	($376,841)
Interim Construction Interes	3.38%		(1.86)	(326,112)
Contractor's OH & Profit	11.50%		(6.33)	(1,111,197)
NET DIRECT CONSTRUCTION COSTS			$44.70	$7,848,435

PAYMENT COMPUTATION

Primary	$12,660,000	Amort	480
Int Rate	6.35%	DCR	1.16

Secondary	$125,000	Amort	
Int Rate	0.00%	Subtotal DCR	1.16

Additional	$6,053,907	Amort	
Int Rate		Aggregate DCR	1.16

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	$873,242
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	$143,502

Primary	$12,660,000	Amort	480
Int Rate	6.35%	DCR	1.16

Secondary	$125,000	Amort	0
Int Rate	0.00%	Subtotal DCR	1.16

Additional	$6,053,907	Amort	0
Int Rate	0.00%	Aggregate DCR	1.16

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$1,811,901	$1,866,258	$1,922,246	$1,979,913	$2,039,311	$2,364,120	$2,740,663	$3,177,179	$4,269,863
Secondary Income	36,180	37,265	38,383	39,535	40,721	47,207	54,725	63,442	85,261
Other Support Income: Carport	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	1,848,081	1,903,523	1,960,629	2,019,448	2,080,031	2,411,327	2,795,388	3,240,621	4,355,124
Vacancy & Collection Loss	(138,606)	(142,764)	(147,047)	(151,459)	(156,002)	(180,849)	(209,654)	(243,047)	(326,634)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$1,709,475	$1,760,759	$1,813,582	$1,867,989	$1,924,029	$2,230,477	$2,585,734	$2,997,575	$4,028,490
EXPENSES at 4.00%									
General & Administrative	$81,094	$84,337	$87,711	$91,219	$94,868	$115,422	$140,428	$170,852	$252,903
Management	56,014	57,694	59,425	61,208	63,044	73,085	84,726	98,220	132,000
Payroll & Payroll Tax	198,280	206,211	214,460	223,038	231,959	282,214	343,357	417,746	618,366
Repairs & Maintenance	85,157	88,564	92,106	95,790	99,622	121,205	147,465	179,414	265,576
Utilities	32,587	33,890	35,246	36,656	38,122	46,381	56,430	68,655	101,627
Water, Sewer & Trash	81,799	85,071	88,474	92,013	95,694	116,426	141,650	172,339	255,104
Insurance	43,897	45,652	47,478	49,378	51,353	62,478	76,015	92,483	136,898
Property Tax	65,664	68,290	71,022	73,863	76,817	93,460	113,708	138,343	204,782
Reserve for Replacements	40,200	41,808	43,480	45,220	47,028	57,217	69,613	84,695	125,370
Other	8,040	8,362	8,696	9,044	9,406	11,443	13,923	16,939	25,074
TOTAL EXPENSES	$692,731	$719,880	$748,098	$777,428	$807,913	$979,332	$1,187,314	$1,439,688	$2,117,699
NET OPERATING INCOME	$1,016,744	$1,040,879	$1,065,484	$1,090,561	$1,116,116	$1,251,145	$1,398,420	$1,557,887	$1,910,791
DEBT SERVICE									
First Lien Financing	$873,242	$873,242	$873,242	$873,242	$873,242	$873,242	$873,242	$873,242	$873,242
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	$143,502	$167,637	$192,241	$217,319	$242,874	$377,903	$525,178	$684,645	$1,037,548
DEBT COVERAGE RATIO	1.16	1.19	1.22	1.25	1.28	1.43	1.60	1.78	2.19

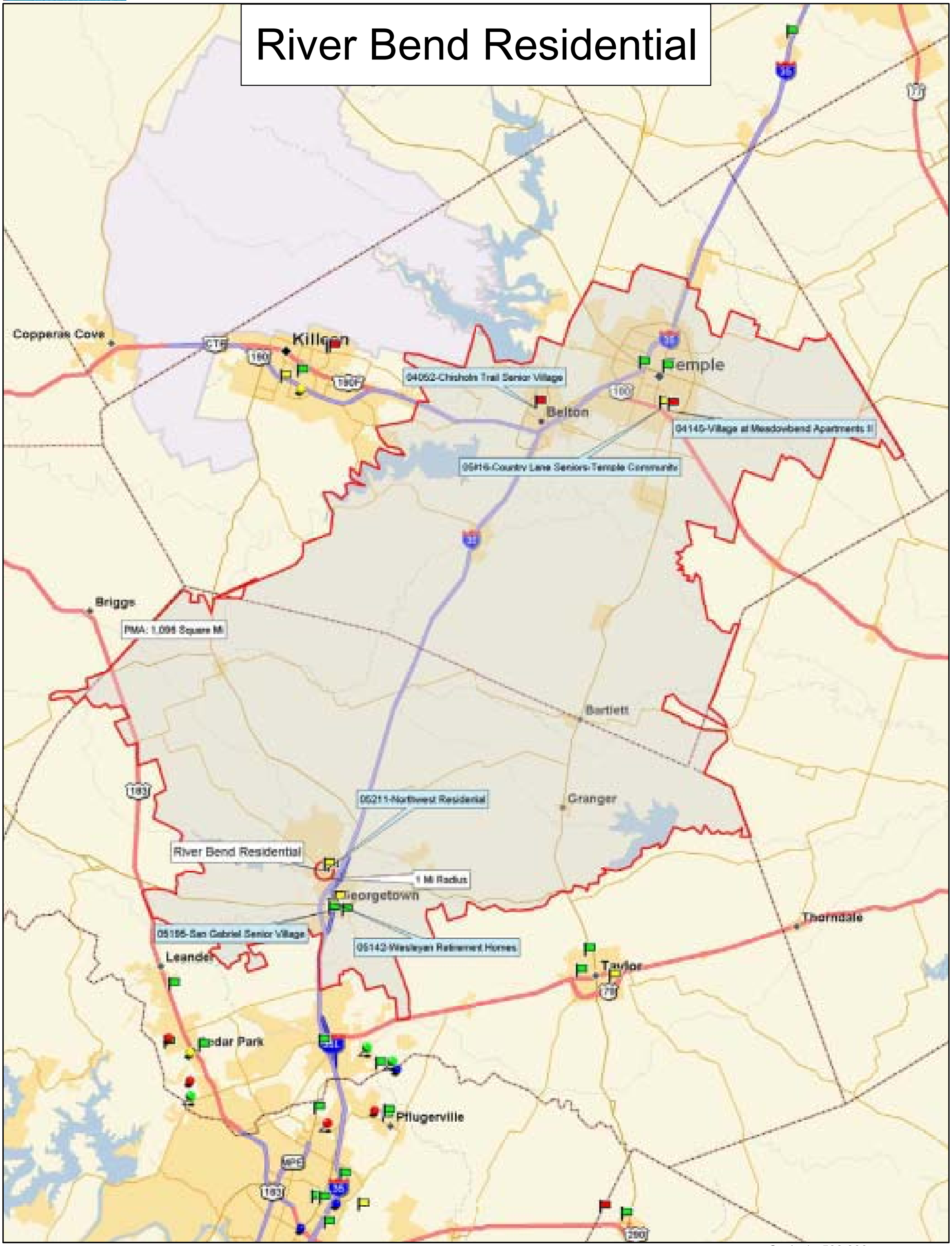
LIHTC Allocation Calculation - River Bend Residential Apartments, Georgetown, 4% HTC, #054

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	$800,000	$742,851		
Purchase of buildings				
(2) Rehabilitation/New Construction Cost				
On-site work	$3,083,705	$3,083,705	$3,083,705	$3,083,705
Off-site improvements				
(3) Construction Hard Costs				
New structures/rehabilitation hard costs	$8,483,349	$7,848,435	$8,483,349	$7,848,435
(4) Contractor Fees & General Requirements				
Contractor overhead	$231,341	$218,643	$231,341	$218,643
Contractor profit	$699,345	$655,928	$694,023	$655,928
General requirements	$699,345	$655,928	$694,023	$655,928
(5) Contingencies	$231,341	$231,341	$231,341	$231,341
(6) Eligible Indirect Fees	$1,337,010	$1,337,010	$1,337,010	$1,337,010
(7) Eligible Financing Fees	$887,634	$887,634	$887,634	$887,634
(8) All Ineligible Costs	$1,345,580	$1,345,580		
(9) Developer Fees			$2,346,364	
Developer overhead		$298,372		$298,372
Developer fee	$2,348,493	$1,939,421		$1,939,421
(10) Development Reserves	$252,253	$365,430		
TOTAL DEVELOPMENT COSTS	$20,399,396	$19,610,280	$17,988,790	$17,156,419

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		$17,988,790	$17,156,419
High Cost Area Adjustment		100%	100%
TOTAL ADJUSTED BASIS		$17,988,790	$17,156,419
Applicable Fraction		100%	100%
TOTAL QUALIFIED BASIS		$17,988,790	$17,156,419
Applicable Percentage		3.53%	3.53%
TOTAL AMOUNT OF TAX CREDITS		$635,004	$605,622
Syndication Proceeds	**0.9500**	**$6,032,525**	**$5,753,390**
Total Credits (Eligible Basis Method)		**$635,004**	**$605,622**
Syndication Proceeds		**$6,032,525**	**$5,753,390**
Requested Credits		**$637,255**	
Syndication Proceeds		**$6,053,907**	
Gap of Syndication Proceeds Needed		**$7,739,396**	
Credit Amount		**$814,675**	

DELORME

Street Atlas USA® 2004 Plus



TN

MN (5.2°E)

Scale 1 : 500,000

1" = 7.89 mi

Data Zoom 8-6

Applicant Evaluation

Project ID # **05424** Name: **River Bend Residential** 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

Total # of Projects monitored: 3

Projects in Material Noncompliance: **Yes** ☐ **No** ☑

in noncompliance: 0

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

monitored with a score less than thirty: 3

Projects not reported in application: Yes ☐ No ☑

not yet monitored or pending review: 4

of projects not reported 0

Portfolio Monitoring		Single Audit		Contract Administration	
Not applicable	☑	Not applicable	☑	Not applicable	☐
Review pending	☐	Review pending	☐	Review pending	☐
No unresolved issues	☐	No unresolved issues	☐	No unresolved issues	☐
Unresolved issues found	☐	Issues found regarding late cert	☐	Unresolved issues found	☐
Unresolved issues found that warrant disqualification (Comments attached)	☐	Issues found regarding late audit	☐	Unresolved issues found that warrant disqualification (Comments attached)	☐
		Unresolved issues found that warrant disqualification (Comments attached)	☐		

Reviewed by Patricia Murphy Date 8/9/2005

Multifamily Finance Production		Single Family Finance Production		Real Estate Analysis (Cost Certification and Workout)	
Not applicable	☐	Not applicable	☑	Not applicable	☐
Review pending	☐	Review pending	☐	Review pending	☐
No unresolved issues	☑	No unresolved issues	☐	No unresolved issues	☐
Unresolved issues found	☐	Unresolved issues found	☐	Unresolved issues found	☐
Unresolved issues found that warrant disqualification (Comments attached)	☐	Unresolved issues found that warrant disqualification (Comments attached)	☐	Unresolved issues found that warrant disqualification (Comments attached)	☐
Reviewer	S. Roth	Reviewer	Paige McGilloway	Reviewer	
Date	8 /8 /2005	Date	8 /4 /2005	Date	

Community Affairs		Office of Colonia Initiatives		Financial Administration	
No relationship	☐	Not applicable	☐	No delinquencies found	☑
Review pending	☐	Review pending	☐	Delinquencies found	☐
No unresolved issues	☐	No unresolved issues	☐		
Unresolved issues found	☐	Unresolved issues found	☐		
Unresolved issues found that warrant disqualification (Comments attached)	☐	Unresolved issues found that warrant disqualification (Comments attached)	☐		
Reviewer		Reviewer		Reviewer	Melissa M. Whitehead
Date		Date		Date	8 /9 /2005

Executive Director: Edwina Carrington **Executed:** nesday, August 10, 2005

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

September 16, 2005

Action Item

Presentation, Discussion and Possible Approval for the issuance of Housing Tax Credits for Northwest Residential.

Summary of the Transaction

The application was received on June 6, 2005. The Issuer for this transaction is Capital Area HFC. The development is to be located at near intersection of River Bend Drive and Westwood Lane in Georgetown. The development will consist of 180 total units targeting the general 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 Northwest Residential.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

MULTIFAMILY FINANCE PRODUCTION DIVISION

September 16, 2005

Development Information, Public Input and Board Summary

Northwest Residential, TDHCA Number 05429

BASIC DEVELOPMENT INFORMATION

Site Address:	Near intersection of River Bend Drive and Westwood Lane			Development #:	05429
City:	Georgetown	Region:	7	Population Served:	Family
County:	Williamson	Zip Code:	78768	Allocation:	

HTC Set Asides: ☐ At-Risk ☐ Nonprofit ☐ USDA — HTC Purpose/Activity: NC

HOME Set Asides: ☐ CHDO ☐ Preservation ☐ General

Bond Issuer: Capital Area HFC

HTC Purpose/Activity: NC=New Construction, ACQ=Acquisition, R=Rehabilitation, NC/ACQ=New Construction and Acquisition, NC/R=New Construction and Rehabilitation, ACQ/R=Acquisition and Rehabilitation

OWNER AND DEVELOPMENT TEAM

Owner:	Northwest Residential, LP
	Stuart Shaw - Phone: (512) 220-8000
Developer:	SSFP Northwest IV, LP
Housing General Contractor:	ICI Construction
Architect:	Chiles Architects, Inc.
Market Analyst:	O'Connor & Associates
Syndicator:	N/A
Supportive Services:	To Be Determined
Consultant:	Not Utilized

UNIT/BUILDING INFORMATION

30%	40%	50%	60%	65%	80%
0	0	90	90	0	0

Eff	1 BR	2 BR	3 BR	4 BR
0	36	80	64	0

Type of Building: 5 units or more per bldng

Number of Residential Buildings: 9

Total Restricted Units:	180
Market Rate Units:	0
Owner/Employee Units:	0
Total Development Units:	180
Total Development Cost:	$17,739,062

Note: If Development Cost =$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis	Amort	Term	Rate
9% Housing Tax Credits-Credit Ceiling:	$0	$0	0	0	0.00%
4% Housing Tax Credits with Bonds:	$549,040	$546,063	0	0	0.00%
Housing Trust Fund Loan Amount:	$0	$0	0	0	0.00%
HOME Fund Loan Amount:	$0	$0	0	0	0.00%
Bond Allocation Amount:	$0	$0	0	0	0.00%

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

MULTIFAMILY FINANCE PRODUCTION DIVISION

September 16, 2005

Development Information, Public Input and Board Summary

Northwest Residential, TDHCA Number 05429

PUBLIC COMMENT SUMMARY

Guide: "O" = Oppose, "S" = Support, "N" = Neutral, "NC" or Blank = No comment

State/Federal Officials with Jurisdiction:

TX Senator: Ogden, District 5 NC Points: 0 US Representative: Carter, District 31, NC

TX Representative: Gattis, District 20 NC Points: 0 US Senator: NC

Local Officials and Other Public Officials:

Mayor/Judge: NC

Resolution of Support from Local Government ☐

Bobby Ray, Chief Development Planner; The city of Georgetown does not have a Consolidated Plan, however the proposed development is consistent with the City's Comprehensive Plan.

Individuals/Businesses: In Support: **0** In Opposition: **0**

Neighborhood Input:

General Summary of Comment:

The Department has received no letters of support and no letters of opposition.

CONDITIONS OF COMMITMENT

1. Per §49.12(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 the cost and plan for funding the extension of River Bend Drive through the larger site controlled by the Developer.

3. Receipt, review, and acceptance of documentation confirming that the minor debris has been disposed of in accordance with local, state and federal regulations as recommended by the Phase I ESA.

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.

MULTIFAMILY FINANCE PRODUCTION DIVISION

September 16, 2005

Development Information, Public Input and Board Summary

Northwest Residential, TDHCA Number 05429

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

9% HTC Competitive Cycle: ☐ Score: ☐ Meeting a Required Set-Aside Credit Amount: $0

Recommendation:

HOME Loan: Loan Amount: $0

Recommendation:

Housing Trust Fund Loan: ☐ Meeting a Required Set-Aside Loan Amount: $0

Recommendation:

4% Housing Tax Credits with Bond Issuance: Credit Amount: $546,063

Recommendation: Recommend approval of a housing tax credit allocation not to exceed $546,063 annually for ten years, subject to conditions.

Private Activity Bond Issuance with TDHCA: Bond Amount: $0

Recommendation:

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS

MULTIFAMILY UNDERWRITING ANALYSIS

DATE: September 8, 2005 **PROGRAM:** 4% HTC **FILE NUMBER:** 05429

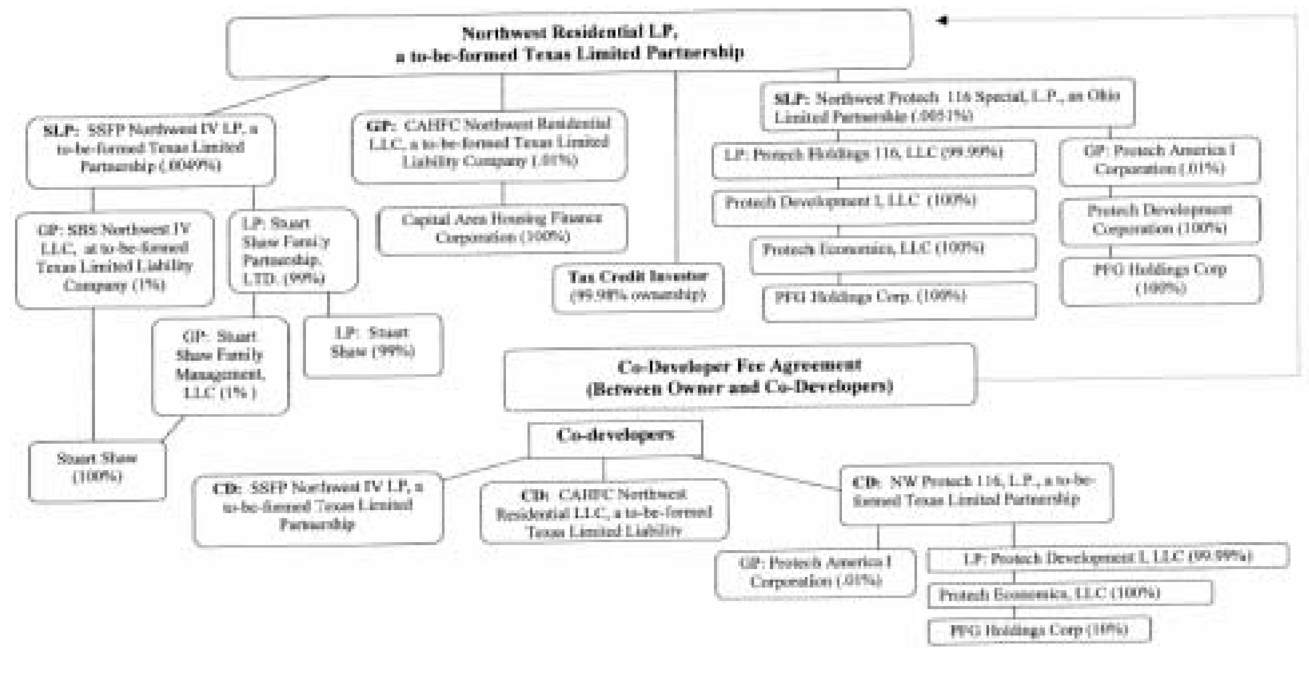
DEVELOPMENT NAME

Northwest Residential Apartments

APPLICANT

Name:	Northwest Residential LP	**Type:**	For-profit		
Address:	PO Box 2217	**City:**	Austin	**State:**	TX
Zip:	78768 **Contact:** Stuart Shaw	**Phone:**	(512) 220-8000	**Fax:**	(512) 329-9002

PRINCIPALS of the APPLICANT/ KEY PARTICIPANTS



PROPERTY LOCATION

Location:	River Bend Drive and Westwood Lane intersection	☐ **QCT**	☐ **DDA**		
City:	Georgetown	**County:**	Williamson	**Zip:**	78768

REQUEST

Amount	Interest Rate	Amortization	Term
$549,040	N/A	N/A	N/A

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

Proposed Use of Funds: New construction **Property Type:** Multifamily

Special Purpose (s): General Population, Urban/Exurban

RECOMMENDATION

☒ RECOMMEND APPROVAL OF A HOUSING TAX CREDIT ALLOCATION NOT TO EXCEED $546,063 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

CONDITIONS

1. Review, receipt and acceptance of the cost and plan for funding the extension of River Bend Drive through the larger site controlled by the Developer.
2. Review, receipt and acceptance of documentation confirming that the minor debris has been disposed of in accordance with local, state and federal regulations as recommended in the Phase I ESA.
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.

REVIEW of PREVIOUS UNDERWRITING REPORTS

No previous reports.

DEVELOPMENT SPECIFICATIONS

IMPROVEMENTS

Total Units:	180	**# Rental Buildings**	9	**# Non-Res. Buildings**	3	**# of Floors**	3	**Age:**	N/A yrs	**Vacant:**	N/A at / /
Net Rentable SF:	185,728	**Av Un SF:**	1,032	**Common Area SF:**	4,455	**Gross Bldg SF:**	189,449				

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: 5% stone veneer, 65% cement fiber siding, 30% stucco and wood trim. The interior wall surfaces will be drywall and the pitched roof will be finished with asphalt composite shingles.

APPLIANCES AND INTERIOR FEATURES

The interior flooring will be a combination of carpeting & vinyl. Each unit will include: range & oven, hood & fan, garbage disposal, dishwasher, refrigerator, fiberglass tub/shower, washer & dryer connections, ceiling fans, laminated counter tops, individual water heaters, and individual heating and air conditioning.

ONSITE AMENITIES

A 3,721-square foot community building will include management offices, fitness area, a kitchen, restrooms, and a business center. A 485-square foot maintenance building will also house the central mailroom. Laundry facilities are in a separate 249-square foot building. The community building, mail facility, and swimming pool are located at the entrance to the property. The laundry building is located near the center of the site.

Uncovered Parking: 273 spaces **Carports:** 100 spaces **Garages:** 20 spaces

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Description: The subject is immediately adjacent to the proposed 201-unit senior development called River Bend Residential that will be owned and developed by the same principals of the subject, though operated as a separate facility. The subject is an 18-unit per acre new construction development of 180 units of affordable housing located in Georgetown. The development is comprised of nine evenly/sporadically distributed medium garden style, walk-up, low-rise residential buildings as follows:

- Three Building Type I with 12 one-bedroom/one-bath units and eight three-bedroom/two-bath units;
- Five Building Type II with 12 two-bedroom/two-bath units and eight three-bedroom/two-bath units; and
- One Building Type III with 20 two-bedroom/two-bath units.

Architectural Review: The building and unit plans are of good design, sufficient size and are comparable to other modern apartment developments. They appear to provide acceptable access and storage. The elevations reflect attractive buildings with nice fenestration.

SITE ISSUES

SITE DESCRIPTION

Size: 10 acres 435,600 square feet **Flood Zone Designation:** Zone X (FEMA 48491C 0230 C)

Zoning: Multifamily

SITE and NEIGHBORHOOD CHARACTERISTICS

Location: Georgetown is approximately 28 miles north from Austin in Williamson County. The site is an irregularly-shaped parcel located in the northern area of the city, approximately three miles from the central business district. The site is situated on the southwest side of Northwest Boulevard. A larger 31 acres is being acquired and the remaining 21 acres will be used concurrently for the proposed family development, River Bend Residential (4% HTC #05424).

Adjacent Land Uses:

- **Northwest:** future extension of River Bend Drive and proposed senior development (River Bend Residential);
- **Southwest:** residential development;
- **East and Northeast:** commercial development; and
- **Southeast:** residential development.

Site Access: Access to the property is from one main entry from the east or west from River Bend Drive. Access to Interstate Highway 35 is one mile east, which provides connections to all other major roads serving the Georgetown area.

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

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

Special Site Characteristics: The following issues have been identified as potentially bearing on the viability of the site for the proposed development:

- **Road Extension:** The site plan calls for the extension of River Bend Drive, however the cost for this improvement does not appear in the construction costs of the subject. Receipt, review and acceptance of documentation of the cost of the River Bend Drive extension is a condition of this report.
- **Site Control/Title:** The title commitment submitted is for the 31.0964 acre tract containing the subject 10 acre site. According to the Applicant, the subject 10 acre site is in the process of being platted and therefore a legal description was not available to the title company.

Site Inspection Findings: TDHCA staff performed a site inspection on June 22, 2005 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 for a 31 acre site which contains the subject 10 acre site, dated March 24, 2005 was prepared by HBC Terracon and contained the following findings and recommendations:

Findings and Conclusions:

- "The site consists of approximately 31 acres of undeveloped land bound to the northeast by Northwest Boulevard, to the southeast by Westwood Drive, and to the southwest by River Bend Drive in Georgetown, Williamson County, Texas. The site is generally undeveloped and thickly covered with trees and grasses. An asphalt-paved drive enter the site from the south and bisects the site on the southwest corner. Minor dumping was noted throughout the site. Discarded materials included concrete debris, metal debris, household trash, tires, and some auto parts. These materials should be removed and disposed of in accordance with applicable local, state, and federal regulations.
- Based on the site reconnaissance, no evidence of surficial staining, distressed vegetation,

underground/above ground storage tanks, elevators, hydraulic lifts, emergency generators, water wells, septic systems, grit traps, cisterns, landfilling, hazardous waste disposal, or hazardous waste storage was noted on the site

- The site has generally been undeveloped since at least 1972 except for an asphalt-paved driveway that appeared in the 1984 aerial photograph. The surrounding properties were undeveloped, rural lands from at least 1972. Residential development occurred on surrounding properties staring in the mid-1980's.
- Terracon reviewed a previous Phase I ESA performed for the site by Phase Engineering, Inc. (PEI) in April 2000. According to the PEI report, no evidence of recognized environmental conditions were identified in connection with the site, and no further assessment was recommended.
- Review of the regulatory databases did not identify regulated facilities on the site. The regulatory review identified three (3) TCEQ LPST facilities within the specified search radii. Based upon facility characteristics, environmental setting, and distance from the site, the identified facilities do not appear to present environmental concerns to the site as specified within the text of the report.
- A noise survey was not conducted at the site because it is not adjacent to or in close proximity to industrial zones, major highways, active rail lines, or civil and military airfields.

Based on the information reviewed, the site is considered to have a low potential for elevated levels of radon gas. Note, however, testing would be required to confirm specific site concentrations of radon gas.

No structures were noted on the site; therefore sampling and testing for asbestos were not performed.

No structures were noted on the site; therefore sampling and testing for lead-based paint were not performed.

The site is currently undeveloped; therefore testing for lead in drinking water was not performed" (p. 18-19).

Recommendations: "Based on the scope of services and limitations of this assessment, Terracon did not identify recognized environmental conditions in connection with this site, which in our opinion, require additional investigation at this time" (p. 19).

POPULATIONS TARGETED

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

MAXIMUM ELIGIBLE INCOMES						
	1 Person	**2 Persons**	**3 Persons**	**4 Persons**	**5 Persons**	**6 Persons**
60% of AMI	$29,880	$34,140	$38,400	$42,660	$46,080	$49,500

MARKET HIGHLIGHTS

A market feasibility study dated January 5, 2005, updated on July 8, 2005, was prepared by O'Conner & Associates ("Market Analyst") and highlighted the following findings:

Definition of Primary Market Area (PMA): "For the purposes of this report, we will define the primary market as the aggregated area of the following zip codes: 78628 (where the subject site is located), 78626, and 78681" (p. 31). This area encompasses approximately 268 square miles and is equivalent to a circle with a radius of 9.2 miles. This is a large market area for a typical bond-funded transaction but is reasonable given the suburban location.

Population: The estimated 2004 population of the primary market area was 95,095 and is expected to increase by 22.8% to approximately 116,770 by 2009. Within the primary market area there were estimated to be 32,758 households in 2004.

Total Primary Market Demand for Rental Units: The Market Analyst calculated a total demand of 1,267 qualified households in the PMA, based on the current estimate of 32,758 households, the projected annual growth rate of 4.6% for a year and a half, income-eligible renter households estimated at 5.51% of the population, and an annual renter turnover rate of 55% (p. 82). The Market Analyst used an income band of $23,486 to $46,080.

ANNUAL INCOME-ELIGIBLE SUBMARKET DEMAND SUMMARY				
	Market Analyst		Underwriter	
Type of Demand	Units of Demand	% of Total Demand	Units of Demand	% of Total Demand
Household Growth	120	9%	106	8%
Resident Turnover	952	75%	1,070	85%
Other Sources	107	8%	0	N/A
Section 8	88	7%	88	7%
TOTAL ANNUAL DEMAND	**1,267**	**100%**	**1,264**	**100%**

Ref: p. 83

Inclusive Capture Rate: The Market Analyst calculated an inclusive capture rate of 14.21% based upon 1,267 units of demand and 180 unstabilized affordable housing in the PMA (including the subject) (p. 83). The Underwriter calculated an inclusive capture rate of 14.24% based upon a supply of unstabilized comparable affordable units of 180 divided by a revised demand of 1,264.

Local Housing Authority Waiting List Information: "The number of Section 8 vouchers available was determined by contacting the local housing authority with jurisdiction over the subject's location, which in this case was the Georgetown Housing Authority, as well as the Round Rock Housing Authority since Round Rock falls within the primary market area. The Georgetown Housing Authority reported a total of 84 Section 8 vouchers issued, and the Round Rock Housing Authority reported a total of 76 Section 8 vouchers, thus a total of 160 vouchers are issued in the primary market area. We estimate demand from section 8 to be 88 units per year taking into account the market turnover rate…"(p. 82).

Market Rent Comparables: The Market Analyst surveyed five comparable apartment projects totaling 928 units in the market area (p. 2, update).

RENT ANALYSIS (net tenant-paid rents)					
Unit Type (% AMI)	**Proposed**	**Program Max**	**Differential**	**Est. Market**	**Differential**
1-Bedroom (50%)	$531	$584	-$53	$638	-$107
1-Bedroom (60%)	$556	$718	-$162	$638	-$82
2-Bedroom (50%)	$663	$698	-$35	$793	-$130
2-Bedroom (60%)	$688	$858	-$170	$793	-$105
3-Bedroom (50%)	$747	$800	-$53	$870	-$123
3-Bedroom (60%)	$772	$985	-$213	$870	-$98

(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)

It should be noted that the Market Analyst indicated that the maximum achievable 60% rent restricted rents ($556, $688 and $772 for one-, two- and three-bedroom units respectively) are less than the maximum 60% rents and less than the market comparable rents. This inconsistency could suggest a saturation of supply at the 60% rent price level although demand, according to the Market Analyst, is sufficiently strong at the 60% income level.

Primary Market Occupancy Rates: "Average occupancy for the comparable properties is indicated to be 91.94%, with average rents of $0.785 per square foot. Four of the comparables have above-90% occupancies, with the Westwood Townhomes property reporting the highest occupancy level at 95%. Waters Edge reports the lowest occupancy, which has likely been negatively affected by the addition of the 150-unit second phase in 2001. Waters Edge also has the highest rents per square foot, which may also be contributing to the lower occupancy" (p. 59).

Absorption Projections: "Absorption has been negative in four of the past seven quarters, largely due to the fact that a total of 11,078 conventional apartment units were added to the market over the past three years. However, strong positive absorption during the summer months (reported in 3Q data) make annual absorption figures positive, with 4,377 units absorbed in 2003 and 3,237 units absorbed in 2004. Based on our research, most projects sign an average of 10 to 15 leases per month. The subject property is expected to lease to stabilized occupancy within 12 to 16 months" (p. 15). "Considering the strong absorption history of properties in the market area and the need for quality affordable units in this market, we project that the subject property will lease an average of 10 to 15 units per months until achieving stabilized occupancy. The leasing rate may be slower due to higher than market average rents. We anticipate that the subject property will achieve stabilized occupancy within 12 to 16 months after pre-leasing starts" (p. 87).

Known Planned Development: "Based on our research, there is one bond property (Tuscany at Georgetown) proposed to be built in the primary market area, however, this project has lower priority than the subject. We are not aware of any other proposed, under-construction, or unstabilized new comparable projects in the primary market area" (p. 83).

Effect on Existing Housing Stock: "Based on the stable occupancy levels of the existing properties in the market, we project that it 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. 15).

Market Study Analysis/Conclusions: The Underwriter found the market study provided sufficient information on which to base a funding recommendation.

OPERATING PROFORMA ANALYSIS

Income: The Applicant's rent projections are significantly lower than the maximum rents allowed under HTC guidelines, reflecting the Applicant's opinion of the state of the subject market. There is the potential for additional income (approximately $247K) if the Applicant chooses to increase rents to the maximum allowed, and the market study information suggests that the market could support rents at the rent limit maximums though they conclude rents for these units may be lower. The Applicant overstated secondary income and provided additional substantiation for their estimate. The Applicant utilized a higher vacancy and collection loss rate of 8%. As a result of these differences the Applicant's effective gross income estimate is $226K less than the Underwriter's estimate.

Expenses: The Applicant's total expense estimate of $3,051 per unit is within 14% of the Underwriter's database-derived estimate of $3,553 per unit for comparably-sized developments. The Applicant's budget shows several line item estimates, however, that deviate significantly when compared to the database averages, particularly general and administrative ($26K lower), payroll ($56K higher), and repairs and maintenance ($26K lower). The Applicant indicates that the owner of the General Partner, Capital Area Housing Finance Corporation, is exempt from property taxes and submitted the relevant legislation documentation. A 100% exemption typically requires either the exempt entity to own, or have owned the property, and lease to the partnership; or the entity to secure an agreement for tax abatement from each of the local taxing authorities. The Applicant did not include a lease or other documentation of such an arrangement, therefore the underwriting analysis assumes a 50% property tax exemption. Should a 100% exemption be achieved, an additional $59K in NOI could be achieved.

Conclusion: The Applicant's estimated income and total operating expense is inconsistent with the Underwriter's expectations. Therefore, the Underwriter's NOI will 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 the TDHCA underwriting guidelines of 1.10 to 1.30. If the 100% exemption is achieved, the DCR will be 1.36 and a reduction in deferred developer fee and/or reduction in credits may occur.

ACQUISITION VALUATION INFORMATION

APPRAISED VALUE

Land Only: 10.1 acres	$1,000,000	**Date of Valuation:**	3/ 15/ 2005
Existing Building(s): "as is"	$0	**Date of Valuation:**	/ /
Total Development: "as is"	$1,000,000	**Date of Valuation:**	3/ 15/ 2005

Appraiser: Butler Burgher, Inc. **City:** Austin **Phone:** (512) 391-0850

APPRAISAL ANALYSIS/CONCLUSIONS

An appraisal, provided by the purchaser, was performed by Butler Burgher, Inc, MAI and dated March 15, 2005. The appraisal provides two values: "as-is", and "as entitled." The current "as-is" value is most important in the valuation and underwriting of this property because it should and does support the purchase price of the subject. For the "as-is" valuation, the primary approach used was the sales comparison approach.

ASSESSED VALUE

Land Only: 31.0964 acres	$948,192	**Assessment for the Year of:**	2004
One acre:	$30,492	**Valuation by:**	Williamson County Appraisal District
Prorated 10.1 acres:	$307,969	**Tax Rate:**	2.613477

EVIDENCE of SITE or PROPERTY CONTROL

Type of Site Control: Purchase and Sale Agreement (10.1 acres)

Contract Expiration Date:	12/ 31/ 2006	**Anticipated Closing Date:**	10/ 1/ 2005
Acquisition Cost:	$1,090,000	**Other Terms/Conditions:**	
Seller:	Bonner Carrington LP	**Related to Development Team Member:**	Yes

CONSTRUCTION COST ESTIMATE EVALUATION

Acquisition Value: The principal of the seller, Bonner Carrington LP, is also a principal of the co-developer, SSFP Northwest IV LP, therefore the transaction represents an identity of interest. The Applicant submitted a Purchase and Sale Agreement between Bonner Carrington LP and Dedicated Investments, LLC for a 31.0964 acre tract containing the subject 10.1 acre site. According to the contract, the purchase price for the 31.0964 acre tract will be prorated, based on the number of days of the year, between $1,000,000 and $1,100,000 if closing occurs in 2005 and between $1,100,000 and $1,200,000 if closing occurs in 2006. The Applicant also submitted a Purchase and Sale Agreement between Bonner Carrington LP and Northwest Residential LP, the Applicant, reflecting a purchase price of $1,090,000 for the subject 10.1 acres. The application materials reflect $600,000 in site acquisition cost. The Underwriter calculated the land acquisition cost for the subject 10.1 acres by multiplying the December 31, 2005 price for the 31.0964 acres of $35,374 per acre times the subject 10.1 acres to achieve a prorated land value of $357,276.

Sitework Cost: The Applicant claimed sitework costs of over $11K per unit and provided sufficient third party certification through a detailed certified cost estimate by ICI Construction to justify these costs. In addition, these costs have been reviewed by the Applicant's CPA, Novogradac & Company, to preliminarily opine that all of the total $2,000,780 will be considered eligible. The CPA has indicated that this opinion of eligibility has taken into account the effect of the recent IRS Technical Advisory Memorandums on the eligibility of sitework costs. None of these costs appear to include the costs of extending River Bend Drive which would be ineligible.

Direct Construction Cost: The Applicant's direct construction cost estimate is $81K or 1% 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 general requirements, contractor general and administrative fees, and contractor profit exceed the 6%, 2%, and 6% maximums allowed by HTC guidelines by $26K based on their own construction costs. Consequently the Applicant's eligible fees in these areas have been reduced by the same amount with the overage effectively moved to ineligible costs. The Applicant's developer fees also exceed 15% of the Applicant's adjusted eligible basis by $5K and therefore the eligible portion of the Applicant's developer fee must be reduced by the same amount.

Conclusion: The Applicant's total development cost estimate is within 5% of the Underwriter's verifiable estimate and is therefore acceptable. After the Underwriter's adjustments for overstated fees, the eligible basis is estimated at $15,469,220. The underwriting applicable percentage rate of 3.53% and applicable fraction of 100% were used to calculate the eligible tax credits. The result is tax credits from eligible basis of $546,063 annually. This figure will be compared to Applicant's request and the tax credits calculated based on the development's gap in need for permanent funds to determine the recommended allocation (see conclusions to the Financing Structure Analysis section, below).

FINANCING STRUCTURE

INTERIM TO PERMANENT BOND FINANCING

Source: Newman & Associates **Contact:** Jerry Wright

Tax-Exempt Amount: $10,825,000 **Interest Rate:** 6.5%

Taxable Amount: $0 **Interest Rate:** N/A

Additional Information:

Amortization: 40 yrs **Term:** 30 yrs **Commitment:** ☐ LOI ☐ Firm ☒ Conditional

Annual Payment: $760,512 **Lien Priority:** 1st **Date:** 7/ 11/ 2005

TAX CREDIT SYNDICATION

Source: Paramount Financial Group **Contact:** Dale Cook

Net Proceeds: $5,215,357 **Net Syndication Rate (per $1.00 of 10-yr HTC)** 95¢

Commitment: ☐ LOI ☐ Firm ☒ Conditional **Date:** 9/ 07/ 2005

Additional Information:

APPLICANT EQUITY

Amount: $1,553,706 **Source:** Deferred Developer Fee

FINANCING STRUCTURE ANALYSIS

Interim to Permanent Bond Financing: The tax-exempt bonds are to be issued by Capital Area HFC and purchased by Newman & Associates. The permanent financing commitment is inconsistent with the terms reflected in the sources and uses of funds listed in the application. Specifically, the commitment amount is $10,825,000 and the amount listed in the sources and uses of funds is $10,800,000.

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

GIC Income: The Applicant included $175,000 in anticipated income from investment of the bond proceeds in a guaranteed investment contract (GIC) during the construction phase; the Underwriter has included this amount in deferred developer fee in the recommended financing structure.

Deferred Developer's Fees: The Applicant's proposed deferred developer's fees of $1,553,706 amount to 77% of the total fees.

Financing Conclusions: The total annual tax credits calculated from eligible basis using the Applicant's cost schedule is $546,063; this figure is less than the Applicant's request of $549,040 and the tax credits resulting from the development's gap in need. Therefore, the Underwriter recommends an annual tax credit allocation of $546,063 resulting in syndication proceeds of approximately $5,187,083. Based on the underwriting analysis, the Applicant's deferred developer fee will be increased to $1,726,979 (including GIC Income), which represents approximately 86% of the eligible fee and which should be repayable from cash flow within ten years of operation.

DEVELOPMENT TEAM

IDENTITIES of INTEREST

The Applicant and Developer are related entities. These are common relationships for HTC-funded developments. The issuer is also the General Partner and probably the land lessor. While less common, these relationships are not prohibited.

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 principal of the General Partner, Capital Area Housing Finance Corporation, submitted an unaudited financial statement as of May 31, 2005 reporting total assets of $1.76M and consisting of $24K in cash, $215K in receivables, $505K in investments, and $413K in fixed assets. Liabilities totaled $122K, resulting in a net worth of $1.6M.

Background & Experience: Multifamily Production Finance Staff have verified that the Department's experience requirements have been met and Portfolio Management and Compliance staff will ensure that the proposed owners have an acceptable record of previous participation.

SUMMARY OF SALIENT RISKS AND ISSUES

- The Applicant's estimated operating proforma is more than 5% outside of the Underwriter's verifiable range.
- The seller of the property has an identity of interest with the Applicant.
- The anticipated ad valorem property tax exemption may not be received or may be reduced, which could affect the financial feasibility of the development.

Underwriter:	*Brenda Hull*	**Date:**	September 8, 2005
Director of Real Estate Analysis:	*Tom Gouris*	**Date:**	September 8, 2005

MULTIFAMILY COMPARATIVE ANALYSIS

Northwest Residential, Georgetown, 4% HTC, #05429

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Net Rent per Unit	Rent per Month	Rent per SF	Tnt-Pd Util	Trash
TC 50%	18	1	1	708	$666	$584	$10,512	$0.82	$82.00	$13.00
TC 60%	18	1	1	708	800	$718	12,924	1.01	82.00	13.00
TC 50%	40	2	2	1,031	800	$698	27,920	0.68	102.00	13.00
TC 60%	40	2	2	1,031	960	$858	34,320	0.83	102.00	13.00
TC 50%	32	3	2	1,215	924	$800	25,600	0.66	124.00	13.00
TC 60%	32	3	2	1,215	1,109	$985	31,520	0.81	124.00	13.00
TOTAL:	180		AVERAGE:	1,032	$899	$793	$142,796	$0.77	$105.82	$13.00

INCOME	Total Net Rentable Sq Ft: 185,728		TDHCA	APPLICANT		Comptroller's Region	7
POTENTIAL GROSS RENT			$1,713,552	$1,466,568		IREM Region	Austin
Secondary Income	Per Unit Per Month:	$15.00	32,400	35,100	$16.25	Per Unit Per Month	
Other Support Income: Garages/Carports			0	8,100	$3.75	Per Unit Per Month	
POTENTIAL GROSS INCOME			$1,745,952	$1,509,768			
Vacancy & Collection Loss	% of Potential Gross Income:	-7.50%	(130,946)	(120,780)	-8.00%	of Potential Gross Rent	
Employee or Other Non-Rental Units or Concessions			0	0			
EFFECTIVE GROSS INCOME			$1,615,006	$1,388,988			

EXPENSES	% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative	4.90%	$439	0.43	$79,074	$52,895	$0.28	$294	3.81%
Management	3.05%	274	0.27	49,309	49,309	0.27	274	3.55%
Payroll & Payroll Tax	11.98%	1,075	1.04	193,550	249,912	1.35	1,388	17.99%
Repairs & Maintenance	5.14%	461	0.45	83,053	57,255	0.31	318	4.12%
Utilities	2.11%	189	0.18	34,032	27,180	0.15	151	1.96%
Water, Sewer, & Trash	3.17%	284	0.28	51,192	30,840	0.17	171	2.22%
Property Insurance	2.88%	258	0.25	46,432	37,620	0.20	209	2.71%
Property Tax 2.613477	3.64%	327	0.32	58,803	0	0.00	0	0.00%
Reserve for Replacements	2.23%	200	0.19	36,000	36,000	0.19	200	2.59%
Other: compl fees	0.50%	45	0.04	8,100	8,100	0.04	45	0.58%
TOTAL EXPENSES	39.60%	$3,553	$3.44	$639,545	$549,111	$2.96	$3,051	39.53%
NET OPERATING INC	60.40%	$5,419	$5.25	$975,461	$839,877	$4.52	$4,666	60.47%
DEBT SERVICE								
First Lien Mortgage	46.98%	$4,215	$4.09	$758,752	$760,512	$4.09	$4,225	54.75%
GIC Income	0.00%	$0	$0.00	0		$0.00	$0	0.00%
Additional Financing	0.00%	$0	$0.00	0		$0.00	$0	0.00%
NET CASH FLOW	13.42%	$1,204	$1.17	$216,709	$79,365	$0.43	$441	5.71%
AGGREGATE DEBT COVERAGE RATIO				1.29	1.10			
RECOMMENDED DEBT COVERAGE RATIO				1.28				

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		2.02%	$1,985	$1.92	$357,276	$600,000	$3.23	$3,333	3.38%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		11.33%	11,115	10.77	2,000,780	2,000,780	10.77	11,115	11.28%
Direct Construction		44.74%	43,907	42.55	7,903,265	7,821,972	42.12	43,455	44.09%
Contingency	5.00%	2.80%	2,751	2.67	495,202	500,378	2.69	2,780	2.82%
General Req'ts	6.00%	3.36%	3,301	3.20	594,243	600,453	3.23	3,336	3.38%
Contractor's G & A	2.00%	1.12%	1,100	1.07	198,081	200,151	1.08	1,112	1.13%
Contractor's Profit	6.00%	3.36%	3,301	3.20	594,243	600,453	3.23	3,336	3.38%
Indirect Construction		5.58%	5,477	5.31	985,921	985,921	5.31	5,477	5.56%
Ineligible Costs		7.98%	7,835	7.59	1,410,352	1,410,352	7.59	7,835	7.95%
Developer's G & A	14.93%	11.45%	11,239	10.89	2,022,991	2,022,991	10.89	11,239	11.40%
Developer's Profit	0.00%	0.00%	0	0.00	0	0	0.00	0	0.00%
Interim Financing		4.40%	4,314	4.18	776,500	776,500	4.18	4,314	4.38%
Reserves		1.85%	1,812	1.76	326,222	219,111	1.18	1,217	1.24%
TOTAL COST		100.00%	$98,139	$95.11	$17,665,075	$17,739,062	$95.51	$98,550	100.00%
Recap-Hard Construction Costs		*66.72%*	***$65,477***	***$63.46***	***$11,785,813***	***$11,724,187***	***$63.13***	***$65,134***	*66.09%*

SOURCES OF FUNDS				TDHCA	APPLICANT	RECOMMENDED	
First Lien Mortgage	61.14%	$60,000	$58.15	$10,800,000	$10,800,000	$10,825,000	Developer Fee Available
GIC Income	0.99%	$972	$0.94	175,000	175,000	0	$2,017,724
HTC Syndication Proceeds	29.52%	$28,974	$28.08	5,215,357	5,215,357	5,187,083	% of Dev. Fee Deferred
Deferred Developer Fees	8.80%	$8,632	$8.37	1,553,706	1,553,706	1,726,979	86%
Additional (Excess) Funds Req'd	-0.45%	($439)	($0.43)	(78,988)	(5,001)	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$17,665,075	$17,739,062	$17,739,062	$5,766,594

Northwest Residential, Georgetown, 4% HTC, #05429

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook

Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$43.31	$8,044,478
Adjustments				
Exterior Wall Finish	0.40%		$0.17	$32,178
9-Ft. Ceilings			0.00	0
Roofing			0.00	0
Subfloor			(0.81)	(150,811)
Floor Cover			2.00	371,456
Porches/Balconies	$18.87	17,503	1.78	330,328
Plumbing	$605	432	1.41	261,360
Built-In Appliances	$1,650	180	1.60	297,000
Stairs	$1,350	72	0.52	97,200
Enclosed Corridors	$18.87	10,296	1.05	194,313
Heating/Cooling			1.53	284,164
Garages/Carports		0	0.00	0
Comm &/or Aux Bldgs	$60.46	4,455	1.45	269,354
Other:			0.00	0
SUBTOTAL			54.01	10,031,019
Current Cost Multiplier	1.12		6.48	1,203,722
Local Multiplier	0.85		(8.10)	(1,504,653)
TOTAL DIRECT CONSTRUCTION COSTS			$52.39	$9,730,089
Plans, specs, survy, bld prm	3.90%		($2.04)	($379,473)
Interim Construction Interest	3.38%		(1.77)	(328,390)
Contractor's OH & Profit	11.50%		(6.02)	(1,118,960)
NET DIRECT CONSTRUCTION COSTS			$42.55	$7,903,265

PAYMENT COMPUTATION

Primary	$10,800,000	Amort	480
Int Rate	6.50%	DCR	1.29

Secondary	$175,000	Amort	
Int Rate	0.00%	Subtotal DCR	1.29

Additional	$5,215,357	Amort	
Int Rate		Aggregate DCR	1.29

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	$760,508
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	$214,953

Primary	$10,825,000	Amort	480
Int Rate	6.50%	DCR	1.28

Secondary	$175,000	Amort	0
Int Rate	0.00%	Subtotal DCR	1.28

Additional	$5,215,357	Amort	0
Int Rate	0.00%	Aggregate DCR	1.28

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	$1,713,552	$1,764,959	$1,817,907	$1,872,445	$1,928,618	$2,235,797	$2,591,901	$3,004,724	$4,038,098
Secondary Income	32,400	33,372	34,373	35,404	36,466	42,275	49,008	56,814	76,353
Other Support Income: Garages	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	1,745,952	1,798,331	1,852,280	1,907,849	1,965,084	2,278,071	2,640,909	3,061,537	4,114,450
Vacancy & Collection Loss	(130,946)	(134,875)	(138,921)	(143,089)	(147,381)	(170,855)	(198,068)	(229,615)	(308,584)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$1,615,006	$1,663,456	$1,713,359	$1,764,760	$1,817,703	$2,107,216	$2,442,841	$2,831,922	$3,805,866
EXPENSES at 4.00%									
General & Administrative	$79,074	$82,237	$85,526	$88,947	$92,505	$112,547	$136,930	$166,596	$246,603
Management	49,309	50,788	52,312	53,881	55,498	64,337	74,584	86,464	116,200
Payroll & Payroll Tax	193,550	201,292	209,344	217,718	226,426	275,482	335,166	407,781	603,615
Repairs & Maintenance	83,053	86,375	89,830	93,423	97,160	118,210	143,820	174,979	259,012
Utilities	34,032	35,393	36,809	38,281	39,813	48,438	58,932	71,700	106,134
Water, Sewer & Trash	51,192	53,240	55,369	57,584	59,887	72,862	88,648	107,854	159,650
Insurance	46,432	48,289	50,221	52,230	54,319	66,087	80,405	97,825	144,805
Property Tax	58,803	61,155	63,602	66,146	68,791	83,695	101,828	123,890	183,387
Reserve for Replacements	36,000	37,440	38,938	40,495	42,115	51,239	62,340	75,847	112,271
Other	8,100	8,424	8,761	9,111	9,476	11,529	14,027	17,065	25,261
TOTAL EXPENSES	$639,545	$664,633	$690,711	$717,816	$745,990	$904,426	$1,096,681	$1,330,001	$1,956,939
NET OPERATING INCOME	$975,461	$998,822	$1,022,649	$1,046,944	$1,071,713	$1,202,790	$1,346,160	$1,501,921	$1,848,928
DEBT SERVICE									
First Lien Financing	$760,508	$760,508	$760,508	$760,508	$760,508	$760,508	$760,508	$760,508	$760,508
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	$214,953	$238,314	$262,140	$286,436	$311,205	$442,281	$585,651	$741,413	$1,088,419
DEBT COVERAGE RATIO	1.28	1.31	1.34	1.38	1.41	1.58	1.77	1.97	2.43

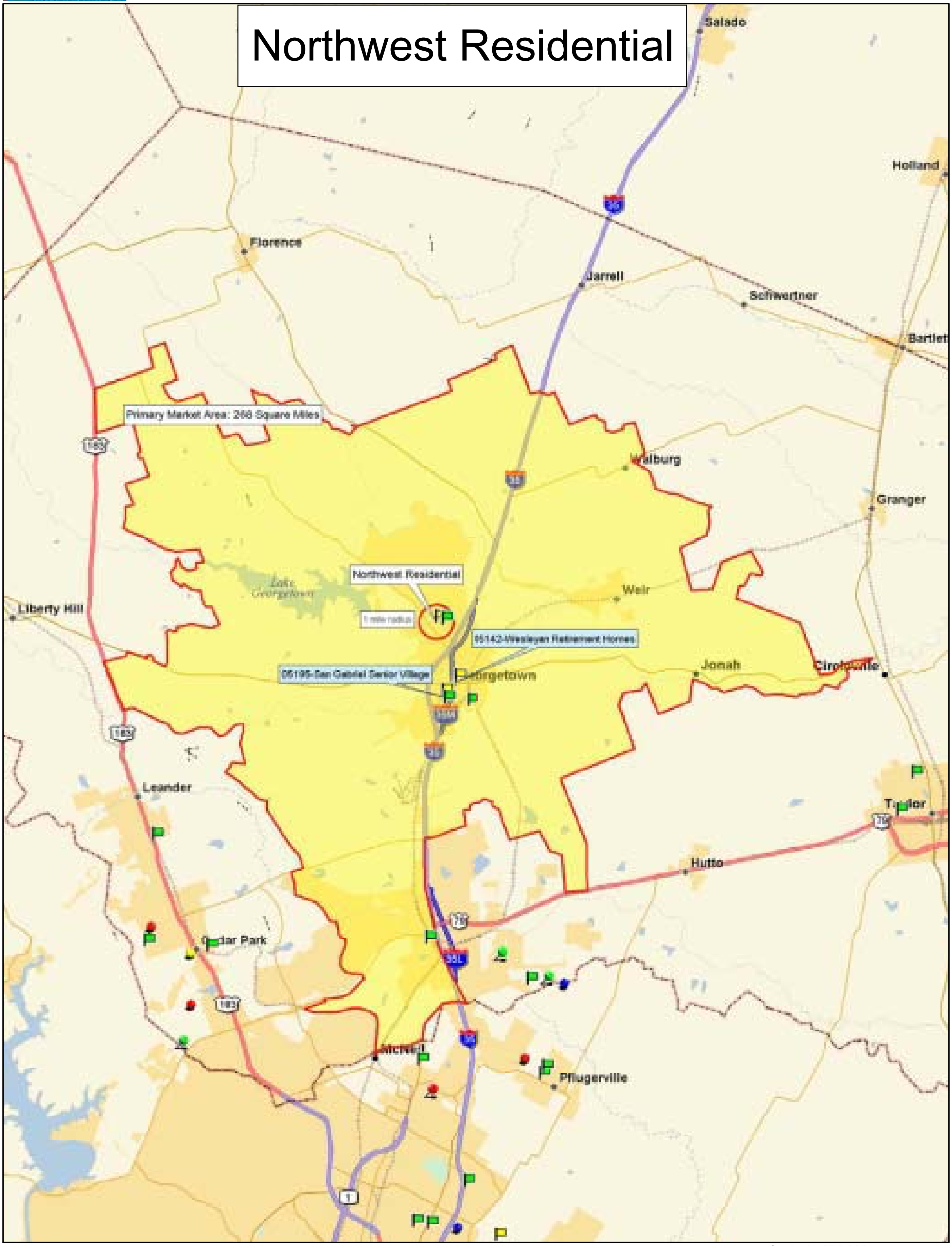
LIHTC Allocation Calculation - Northwest Residential, Georgetown, 4% HTC, #05429

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	$600,000	$357,276		
Purchase of buildings				
(2) Rehabilitation/New Construction Cost				
On-site work	$2,000,780	$2,000,780	$2,000,780	$2,000,780
Off-site improvements				
(3) Construction Hard Costs				
New structures/rehabilitation hard costs	$7,821,972	$7,903,265	$7,821,972	$7,903,265
(4) Contractor Fees & General Requirements				
Contractor overhead	$200,151	$198,081	$196,455	$198,081
Contractor profit	$600,453	$594,243	$589,365	$594,243
General requirements	$600,453	$594,243	$589,365	$594,243
(5) Contingencies	$500,378	$495,202	$491,138	$495,202
(6) Eligible Indirect Fees	$985,921	$985,921	$985,921	$985,921
(7) Eligible Financing Fees	$776,500	$776,500	$776,500	$776,500
(8) All Ineligible Costs	$1,410,352	$1,410,352		
(9) Developer Fees			$2,017,724	
Developer overhead	$2,022,991	$2,022,991		$2,022,991
Developer fee				
(10) Development Reserves	$219,111	$326,222		
TOTAL DEVELOPMENT COSTS	$17,739,062	$17,665,075	$15,469,220	$15,571,225

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		$15,469,220	$15,571,225
High Cost Area Adjustment		100%	100%
TOTAL ADJUSTED BASIS		$15,469,220	$15,571,225
Applicable Fraction		100%	100%
TOTAL QUALIFIED BASIS		$15,469,220	$15,571,225
Applicable Percentage		3.53%	3.53%
TOTAL AMOUNT OF TAX CREDITS		$546,063	$549,664
Syndication Proceeds	**0.9499**	**$5,187,083**	**$5,221,287**
Total Credits (Eligible Basis Method)		**$546,063**	**$549,664**
Syndication Proceeds		**$5,187,083**	**$5,221,287**
Requested Credits		**$549,040**	
Syndication Proceeds		**$5,215,357**	
Gap of Syndication Proceeds Needed		**$6,914,062**	
Credit Amount		**$727,869**	

DELORME

Street Atlas USA® 2004 Plus



TN

MN (5.2°E)

Scale 1 : 275,000

1" = 4.34 mi

Data Zoom 9-5

Applicant Evaluation

Project ID # **05429** Name: **Northwest Residential** City: **Georgetown**

LIHTC 9% [ ] LIHTC 4% [x] 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

Total # of Projects monitored: 3

Projects in Material Noncompliance: **Yes** [ ] **No** [x]

in noncompliance: 0

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

monitored with a score less than thirty: 3

not yet monitored or pending review: 5

Projects not reported in application: Yes [ ] No [x]

# of projects not reported 0

Portfolio Monitoring
- Not applicable [x]
- Review pending [ ]
- No unresolved issues [ ]
- Unresolved issues found [ ]
- Unresolved issues found that warrant disqualification (Comments attached) [ ]

Single Audit
- Not applicable [x]
- Review pending [ ]
- No unresolved issues [ ]
- Issues found regarding late cert [ ]
- Issues found regarding late audit [ ]
- Unresolved issues found that warrant disqualification (Comments attached) [ ]

Contract Administration
- Not applicable [ ]
- Review pending [ ]
- No unresolved issues [ ]
- Unresolved issues found [ ]
- Unresolved issues found that warrant disqualification (Comments attached) [ ]

Reviewed by Lucy Trevino Date 9/1/2005

Multifamily Finance Production
- Not applicable [ ]
- Review pending [ ]
- No unresolved issues [x]
- Unresolved issues found [ ]
- Unresolved issues found that warrant disqualification (Comments attached) [ ]

Reviewer S. Roth
Date 8 /30/2005

Single Family Finance Production
- Not applicable [x]
- Review pending [ ]
- No unresolved issues [ ]
- Unresolved issues found [ ]
- Unresolved issues found that warrant disqualification (Comments attached) [ ]

Reviewer Paige McGilloway
Date 8 /29/2005

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 [x]
- Review pending [ ]
- No unresolved issues [ ]
- Unresolved issues found [ ]
- Unresolved issues found that warrant disqualification (Comments attached) [ ]

Reviewer EEF
Date 8 /31/2005

Office of Colonia Initiatives
- Not applicable [ ]
- Review pending [ ]
- No unresolved issues [ ]
- Unresolved issues found [ ]
- Unresolved issues found that warrant disqualification (Comments attached) [ ]

Reviewer
Date

Financial Administration
- No delinquencies found [x]
- Delinquencies found [ ]

Reviewer Melissa Whitehead
Date 9 /1 /2005

Executive Director: Edwina Carrington **Executed:** day, September 07, 2005

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

September 16, 2005

Action Item

Presentation, Discussion and Possible Approval for the issuance of Housing Tax Credits for The Villa at Bethel.

Summary of the Transaction

The application was received on May 31, 2005. The Issuer for this transaction is the City of Houston HFC. The development is to be located at 4110 Airport Boulevard in Houston. The development will consist of 177 total units targeting the elderly population, with all affordable. The site is currently properly zoned for such a development. The Department has received eight letters of support. Letters of support were received from TX Representative Al Edwards, Council Member Ronald C. Green, Council Member Ada Edwards, Houston ISD South Superintendent Warner D. Ervin, Sunnyside Civic Club, Southeast Coalition of Civic Clubs as well as 2 members of the community. There were 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 Villa at Bethel.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

MULTIFAMILY FINANCE PRODUCTION DIVISION

September 16, 2005

Development Information, Public Input and Board Summary

The Villa at Bethel Apartments, TDHCA Number 05425

BASIC DEVELOPMENT INFORMATION

Site Address:	4110 Airport Boulevard			Development #:	05425
City:	Houston	Region:	6	Population Served:	Elderly
County:	Harris	Zip Code:	77047	Allocation:	
HTC Set Asides:	☐ At-Risk	☐ Nonprofit	☐ USDA	HTC Purpose/Activity:	NC
HOME Set Asides:	☐ CHDO	☐ Preservation	☐ General		
Bond Issuer:	Houston HFC				

HTC Purpose/Activity: NC=New Construction, ACQ=Acquisition, R=Rehabilitation, NC/ACQ=New Construction and Acquisition, NC/R=New Construction and Rehabilitation, ACQ/R=Acquisition and Rehabilitation

OWNER AND DEVELOPMENT TEAM

Owner:	The Villa at Bethel, LP
	Joseph Kemp - Phone: (972) 224-1096
Developer:	KRR Villa at Bethel Development, LP
Housing General Contractor:	Integrated Development & Construction, LP
Architect:	Architecttura
Market Analyst:	Ipser & Associates
Syndicator:	Red Capital Group
Supportive Services:	Hou-Dal Affordable Housing Corp.
Consultant:	Not Utilized

UNIT/BUILDING INFORMATION

30%	40%	50%	60%	65%	80%
0	0	0	177	0	0

Eff	1 BR	2 BR	3 BR	4 BR
0	95	82	0	0

Type of Building: 5 units or more per bldng

Number of Residential Buildings: 5

Total Restricted Units:	177
Market Rate Units:	0
Owner/Employee Units:	0
Total Development Units:	177
Total Development Cost:	$15,650,654

Note: If Development Cost =$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis	Amort	Term	Rate
9% Housing Tax Credits-Credit Ceiling	$0	$0	0	0	0.00%
4% Housing Tax Credits with Bonds:	$496,727	$491,245	0	0	0.00%
Housing Trust Fund Loan Amount:	$0	$0	0	0	0.00%
HOME Fund Loan Amount:	$0	$0	0	0	0.00%
Bond Allocation Amount:	$0	$0	0	0	0.00%

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PUBLIC COMMENT SUMMARY

Guide: "O" = Oppose, "S" = Support, "N" = Neutral, "NC" or Blank = No comment

State/Federal Officials with Jurisdiction:

TX Senator: Ellis, District 13 NC Points: 0 US Representative: Green, District 9, NC

TX Representative: Edwards, District 146 S Points: 0 US Senator: NC

Local Officials and Other Public Officials:

Mayor/Judge: NC

Resolution of Support from Local Government ☐

Ronald C. Green, Houston City Council Member - S

Ada Edwards, Houston City Council Member - S

Warner D. Ervin, Houston ISD South Superintendent - S

Milton Wilson, Jr., Director, Housing and Community Development Department; The proposed project for new construction of rental housing for the elderly is consistent with the City of Houston's Consolidated Plan.

Individuals/Businesses: In Support **2** In Opposition **0**

Neighborhood Input:

General Summary of Comment:

The Department has received eight letters of support and no letters of opposition.

CONDITIONS OF COMMITMENT

1. Per §49.12(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 accetance of the final City of Houston HOME funding commitment, to include all financing terms and conditions.
3. Receipt, review, and acceptance of a flood hazard mitigation plan to include, at a minimum, consideration and documentation of flood plain reclaimation sitework costs and building and tenant flood insurance costs, prior to the initial closing on the property.
4. Receipt, review, and acceptance of a commitment from the unrelated general contractor to defer fees as necessary to fill a potential gap in permanent financing.
5. 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.

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RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

9% HTC Competitive Cycle: ☐ Score: ☐ Meeting a Required Set-Aside Credit Amount: $0

Recommendation:

HOME Loan: Loan Amount: $0

Recommendation:

Housing Trust Fund Loan: ☐ Meeting a Required Set-Aside Loan Amount: $0

Recommendation:

4% Housing Tax Credits with Bond Issuance: Credit Amount: $491,245

Recommendation: Recommend approval of a housing tax credit allocation not to exceed $491,245 annually for ten years, subject to conditions.

Private Activity Bond Issuance with TDHCA: Bond Amount: $0

Recommendation:

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS

MULTIFAMILY UNDERWRITING ANALYSIS

DATE: September 8, 2005 **PROGRAM:** 4% HTC **FILE NUMBER:** 05425

DEVELOPMENT NAME

The Villa at Bethel Apartments

APPLICANT

Name:	The Villa at Bethel, LP			**Type:**	For-profit		
Address:	1015 N. Duncanville Road			**City:**	Duncanville	**State:**	TX
Zip:	75116	**Contact:**	Joseph Kemp	**Phone:**	(972) 224-1096	**Fax:**	(972) 224-6098

PRINCIPALS of the APPLICANT/ KEY PARTICIPANTS

Name:	KKR Villa at Bethel GP, LLC	**(%):**	1%	**Title:**	Managing General Partner
Name:	KKR Development, LP	**(%):**	N/A	**Title:**	75% owner of MGP
Name:	KKR Villa at Bethel Development, LP	**(%):**	N/A	**Title:**	Developer
Name:	ISSACHAR of America, Inc.	**(%):**	N/A	**Title:**	Nonprofit 25% owner of MGP
Name:	KKR Construction, Inc.	**(%):**	N/A	**Title:**	100% owner of KKR Development, LP
Name:	Joseph Kemp	**(%):**	N/A	**Title:**	President & 100% owner of KRR Construction, Inc. & Developer
Name:	Elbert R. Curvey	**(%):**	N/A	**Title:**	Chairman of ISSACHAR of America, Inc.
Name:	Anderson Capital, LLC (Terri Anderson)	**(%):**	N/A	**Title:**	Consultant

PROPERTY LOCATION

Location: 4110 Airport Boulevard ☐ **QCT** ☐ **DDA**

City: Houston **County:** Harris **Zip:** 77047

REQUEST

Amount	**Interest Rate**	**Amortization**	**Term**
$496,727	N/A	N/A	N/A

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

Proposed Use of Funds: New construction **Property Type:** Multifamily

Special Purpose (s): Elderly

RECOMMENDATION

☒ RECOMMEND APPROVAL OF A HOUSING TAX CREDIT ALLOCATION NOT TO EXCEED $491,245 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

CONDITIONS

1. Receipt, review, and acceptance of the final City of Houston HOME funding commitment, to include all financing terms and conditions;
2. Receipt, review, and acceptance of a flood hazard mitigation plan to include, at a minimum, consideration and documentation of flood plain reclamation sitework costs and building and tenant flood insurance costs, prior to the initial closing on the property;
3. Receipt, review, and acceptance of a commitment from the unrelated general contractor to defer fees as necessary to fill a potential gap in permanent financing;
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 allocation amount may be warranted.

REVIEW of PREVIOUS UNDERWRITING REPORTS

No previous reports.

DEVELOPMENT SPECIFICATIONS

IMPROVEMENTS

Total Units:	177	**# Rental Buildings**	5	**# Non-Res. Buildings**	1	**Max # of Floors**	3	**Age:**	0 yrs	**Vacant:**	N/A at / /

Net Rentable SF: 141,223 **Av Un SF:** 785 **Common Area SF:** 6,040 **Gross Bldg SF:** 147.263

STRUCTURAL MATERIALS

The structures will be wood-framed on post-tensioned concrete slabs on grade. According to the plans provided in the application the exteriors will be comprised of 76% brick veneer and 24% cement fiber siding. The interior wall surfaces will be drywall and the pitched roofs will be finished with composite shingles.

APPLIANCES AND INTERIOR FEATURES

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

ONSITE AMENITIES

A 6,040-square foot community building will include activity rooms, management offices, fitness and laundry facilities, a kitchen, dining room, restrooms, a computer/business center, a salon, media room, and a central mailroom. The community building and swimming pool are located at the entrance to/middle of the property. In addition, perimeter fencing with limited access gate is planned for the site.

Uncovered Parking: 177 spaces **Carports:** 0 spaces **Garages:** 0 spaces

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Description: The Villa at Bethel Apartments is a 17-unit per acre new construction development of 177 units of affordable elderly housing located in south Houston. The development will be comprised of five evenly distributed, large, garden style, elevator-served, low-rise residential buildings as follows:

- Three three-story Building Type I with 24 one-bedroom/one-bath units and 18 two-bedroom/one-bath units;
- One two-story Building Type II with 12 one-bedroom/one-bath units, 14 two-bedroom/one-bath units; and
- One two-story Building Type III with eleven one-bedroom/one-bath units, 14 two-bedroom/one-bath units;

Architectural Review: The building and unit plans are of good design, sufficient size, and are comparable to other modern apartment developments. They appear to provide acceptable access and storage. The elevations reflect attractive buildings with nice fenestration.

SITE ISSUES

SITE DESCRIPTION

Size: 10.42 acres 453,895 square feet **Flood Zone Designation:** Zone AE (100-year floodplain)

Zoning: No zoning in Houston

SITE and NEIGHBORHOOD CHARACTERISTICS

Location: The site is a trapezoidally-shaped parcel located in the southern area of Houston, approximately eight miles from the central business district. The site is situated on the south side of Airport Boulevard.

Adjacent Land Uses:

- **North:** Airport Boulevard is immediately adjacent, and Sims Bayou and a Harris County Flood Control drainage easement beyond;
- **South:** Single-family residences immediately adjacent and Holloway Drive beyond;
- **East:** A vacant tract of land is immediately adjacent and Cullen Boulevard beyond; and
- **West:** A gas service station is immediately adjacent and Leitrim Way, undeveloped land, and a drainage canal beyond.

Site Access: Access to the property is from the east or west along Airport Boulevard, from which the development is to have one main entry. Access to Interstate Highway 610 is 2.5 miles north, which provides connections to all other major roads serving the Houston area.

Public Transportation: Public transportation to the area is provided by the city bus system, with Routes 52 and 89 accessible along Airport Boulevard. The Villas at Bethel will also have a van on site for use by residents.

Shopping & Services: The site is within two miles of several major grocery stores and pharmacies. Schools, shopping centers, restaurants, parks, churches, and health care facilities are located within a short driving distance from the site.

Special Adverse Site Characteristics: The following issues have been identified as potentially bearing on the viability of the site for the proposed development:

- **Floodplain:** The environmental analyst has indicated that the site falls entirely within the 100-year floodplain and therefore the requirements outlined in Section 49.6.(a) of the 2005 QAP apply: "Any Development proposing new construction located within the 100-year floodplain as identified by the Federal Emergency Management Agency (FEMA) Flood Insurance Rate Maps must develop the site so that all finished ground floor elevations are at least one foot above the floodplain and parking and drive areas are no lower than six inches below the floodplain, subject to more stringent local requirements". Receipt, review, and acceptance of a flood hazard mitigation plan to include, at a minimum, consideration and documentation of floodplain reclamation sitework costs and building and tenant flood insurance costs, prior to the initial closing on the property, is a condition of this report.
- **Environmental Hazard:** Multiple buried petroleum pipelines traverse the property; this issue is addressed in detail in the following section.

Site Inspection Findings: TDHCA staff performed a site inspection on June 3, 2005 and found the location to be questionable for the proposed development due to the following observations: "I could feel the ground underneath me vibrate while standing on boulevard median while trucks traveled on the boulevard. The area is concentrated with four underground gas pipelines along with a City of Houston main sewer drainage system and an extended ditch. The main's opening, consisting of a concrete collar with metal lid that protrudes from the ground, appears to have shifted. These elements and conditions appear [to be] evidence of some unstable soils."

HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)

A Phase I Environmental Site Assessment report dated June 21, 2005, was prepared by ATC Associates Inc., and contained the following findings and recommendations:

Findings:

- **Floodplain:** "…the subject property is located in Zone AE. Zone AE is described as special flood hazard areas subject to inundation by the 100-year flood…" (p.13)
- **Petroleum Pipelines:** "The pipeline easement on the subject property trends northwest to southeast. According to interviews conducted, the corridor contains one 8-inch diameter and one 12-inch diameter Genesis crude oil pipelines installed in 1919, a 12-inch diameter Seminole crude oil pipeline installed in the 1950s, and an 8-inch ExxonMobil crude oil pipeline installed in the 1950s. The Genesis pipelines are reportedly idle and have been idle for approximately 24 months. The Seminole and ExxonMobil pipelines are currently active. According to representatives from the respective pipeline companies, no releases or leaks have been reported on or near the subject property. According to the property owner, he is not aware of releases or environmental concerns associated with the pipelines. No odors or evidence of environmental impact was noted along the pipeline easement during the site reconnaissance. No signs of stained soil or releases from the pipelines were noted during the site reconnaissance. Based on field reconnaissance observations and the lack of reported incidents associated with the pipeline easement, this pipeline corridor does not appear to represent evidence of a recognized environmental condition in connection with the subject property." (p. 22)
- **Solid Waste:** "Areas containing large piles of solid waste debris, including concrete, rusted metal containers, wooden boards, rubber tires, and household trash were observed scattered in various locations…The waste debris appears to be the result of illegal dumping. The waste containers were deteriorated, which impeded label identification of previous contents. However, all containers were found to be empty during the site reconnaissance…The trash and debris does not appear to represent evidence of a recognized environmental condition in connection with the subject property." (p. 22)

Recommendations:

- "This assessment has revealed no evidence of recognized environmental conditions in connection with the subject property." (p. 24)
- "No further assessment of recognized environmental conditions appears to be warranted at this time. The solid waste piles located on the subject property should be removed and appropriately disposed." (p. 3)

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 2 private activity bond lottery project 100% of the units must have rents restricted to be affordable to households at or below 60% of AMGI. As a condition of receiving the City of Houston HOME funding at least 20% (three) of the 12 HOME-assisted units must be rented at Low HOME rents, and at initial occupancy the remaining 80% (nine) of the HOME-assisted units must be rented at High HOME rents to households whose incomes do not exceed 60% of AMGI. The City's condition states that after initial occupancy 80% of the HOME-assisted units may be occupied by households with incomes up to 80% of AMGI; however, to qualify for HTC funding all 177 of the units will be reserved for elderly households earning 60% or less of AMGI.

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 June 21, 2005 was prepared by Ipser & Associates, Inc. ("Market Analyst") and highlighted the following findings:

Definition of Primary Market Area (PMA): "…[the] South Houston market area, which is roughly between South Loop 610, Interstate 45, the Harris County line, South Sam Houston Parkway, Hiram Clarke

Road, S. Post Oak, and Main Street (U.S. 90 Alternate)" (p. 2-17). This area encompasses approximately 78 square miles and is equivalent to a circle with a radius of five miles.

Population: The estimated 2005 total population of the PMA was 175,825, which exceeds the maximum TDHCA population guideline of 100,000 persons. As justification the Market Analyst stated that "This large market…is considered essentially a pocket between the major highways (Loop 610, Interstate Highway 45, the Sam Houston Parkway, the county line, and State Highway 90). The area contains generally common demographic and housing characteristics. (p. 2-13). The estimated 2005 *elderly* (age 55+) population of the PMA was 30,709 and is expected to increase by 1.1% to approximately 31,049 by 2006. Within the primary market area there were estimated to be 19,800 elderly households in 2005.

Total Primary Market Demand for Rental Units: The Market Analyst calculated a total demand of 186 qualified households in the PMA, based on the current estimate of 19,800 households, the projected annual growth rate of 1.1%, renter households estimated at 20% of the population, income-qualified households estimated at 11.8%, and an annual renter turnover rate of 35% (Ex. N-1). The Market Analyst used an income band of $20,580 to $29,300.

ANNUAL SENIORS INCOME-ELIGIBLE SUBMARKET DEMAND SUMMARY				
	Market Analyst		Underwriter	
Type of Demand	Units of Demand	% of Total Demand	Units of Demand	% of Total Demand
Household Growth	6	3%	4	1%
Resident Turnover	164	88%	164	99%
Other Sources:	17	9%	17	0%
TOTAL ANNUAL DEMAND	**187**	**100%**	**185**	**100%**

Ref: p. summary, 2.5-2.9

Inclusive Capture Rate: The Market Analyst calculated an inclusive capture rate of 95% based upon 187 units of demand and 177 units of unstabilized affordable housing in the PMA (the subject). The Underwriter calculated a similar inclusive capture rate of 96% based upon a very slightly lower demand estimate of 187 qualified households.

Local Housing Authority Waiting List Information: "The existing Section 8 program is administered by the Houston Housing Assistance Partnership (HHAP) but no current information was available…In March 2004, HHAP indicated that 3,549 of the 14,095 available Section 8 vouchers were issued (96.1% distribution rate), and 4,552 of all the distributed vouchers are elderly/disabled tenants (33.6%)…Two public housing projects, operated by HACH, are located in the subject's market area…The 308 total public housing units surveyed were 98.7% occupied and 99.4% leased." (p. 2-21)

Market Rent Comparables: "The comparable market data used in this report consists of [18 apartment properties with] 3,338 total apartment units, 76.1% of which were family-oriented apartments (2,539 units), while 23.9% were elderly-designated units (799 units)." (p. 2-19)

RENT ANALYSIS (net tenant-paid rents)					
Unit Type (% AMI)	Proposed	Program Max	Differential	Est. Market	Differential
1-Bedroom (60%)	$632	$632	$0	$640	-$8
2-Bedroom (60%)	$759	$759	$0	$750	***+$9***

(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: "Physical occupancy in 2,292 non-stabilized units was 88.5%, while the economic or leased occupancy was 89.7%. Also, the 1,624 conventional units were 87.1% occupied and 88.1% leased, while the 1,046 rental-assisted units were 96.5% occupied and 96.7% leased." (p. 3-2)

Absorption Projections: "Average absorption for the subject is estimated at 15 to 18 units per month, and it is expected that a 9- to 11-month lease up period will be required to achieve 92.5% occupancy of 177 units."

(p. 2-23)

Effect on Existing Housing Stock: "The construction of the proposed elderly project will have little impact on the existing apartments in the south Houston market area." (p. 2-11)

Market Study Analysis/Conclusions: The Underwriter found the market study provided sufficient information on which to base a funding recommendation.

OPERATING PROFORMA ANALYSIS

Income: The Applicant's rent schedule included only HTC program rents as the City of Houston HOME funding commitment was not finalized at the time of application submission in May 2005. On September 6 the Applicant identified the 12 HOME units as shown on the accompanying analysis but did not provide a revised rent schedule incorporating HOME rents. The Applicant's rent projections are the maximum rents allowed under HTC guidelines, although the two-bedroom unit rents are $9 in excess of the estimated achievable rents according to the Market Analyst. The Underwriter has therefore used the lower of the maximum HTC and HOME program rents or the estimated market rents for all units, resulting in the Underwriter's potential gross rental income estimate being $17,232 lower than the Applicant's. The Applicant's secondary income estimate is slightly in excess of the TDHCA maximum underwriting guideline of $15/unit/month and provided insufficient additional substantiation for their estimate. The Applicant also utilized a lower vacancy and collection loss rate of 7% which is not reflective of the existing market conditions. As a result of these differences the Applicant's effective gross income estimate is $24.5K greater than the Underwriter's estimate.

Expenses: The Applicant's total expense estimate of $3,568 per unit is 13% lower than the Underwriter's database-derived estimate of $4,084 per unit for comparably-sized developments. The Applicant's budget shows several line item estimates, however, that deviate significantly when compared to the database averages, particularly general and administrative ($15.5K lower), payroll ($29.3K lower), utilities ($11.7K lower), and water, sewer, and trash ($20.8K lower). The Underwriter discussed these differences with the Applicant but was not provided with additional substantiating information. The Applicant's operating budget does not reflect any property tax abatement resulting from the participation of the nonprofit ISSACHAR of America, Inc., and therefore the Underwriter has also used a full tax estimate.

Debt Service: The Applicant's debt service estimate of $636,013 reflects a 40-year amortization schedule; the Underwriter's estimate of $694,246 is based on the 30-year amortization specified in the permanent financing commitment.

Conclusion: Although the Applicant's estimated income is consistent with the Underwriter's expectations, total operating expenses are not within 5% of the Underwriter's adjusted database-derived estimate and the Applicant's net operating income (NOI) estimate is within 5% of the Underwriter's estimate. Therefore, the Underwriter's NOI should be used to evaluate debt service capacity. Due to the differences in both operating expense and dent service estimates, the Underwriter's estimated debt coverage ratio (DCR) of 0.93 is significantly less than the program TDHCA standard of 1.10. Therefore, the maximum debt service for this project should be limited to $586,518 by a reduction of the loan amount and/or a reduction in the interest rate and/or an extension of the term. 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 $8,330,000. Should either the 40-year amortization or a partial property tax exemption be achieved, the amount of bonds that will potentially need to be redeemed will be reduced.

ACQUISITION VALUATION INFORMATION

ASSESSED VALUE

Land Only (11.26 acres):	$417,867	**Assessment for the Year of:**	2004
Per acre:	$37,110	**Valuation by:**	Harris County Appraisal District
Prorated Assessed Land Value: 10.42 acres	$386,694	**Tax Rate:**	2.99

EVIDENCE of SITE or PROPERTY CONTROL			
Type of Site Control:	Commercial contract - unimproved property (10.26 acres)		
Contract Expiration Date:	12/ 10/ 2005	**Anticipated Closing Date:**	10/ 1/ 2005
Acquisition Cost:	$300,000	**Other Terms/Conditions:**	$10,000 earnest money
Seller:	AM Mini Mart No. 23, Inc.	**Related to Development Team Member:**	No

CONSTRUCTION COST ESTIMATE EVALUATION

Acquisition Value: The site cost of $300,000 ($0.67/SF, $29,240/acre, or $1,695/unit) is substantiated by the tax assessed value of $181,029. The acquisition price is assumed to be reasonable since the acquisition is an arm's-length transaction. The Applicant also included $30,000 of closing costs and legal fees in the total acquisition cost of the property.

Sitework Cost: The Applicant's claimed sitework costs of $7,250 per unit are within the Department's allowable guidelines for multifamily developments without requiring additional justifying documentation. These costs would not appear to reflect the extensive floodplain mitigation sitework required by TDHCA policy.

Direct Construction Cost: The Applicant's direct construction cost estimate is $289K or 3.96% lower than the Underwriter's Marshall & Swift *Residential Cost Handbook*-derived estimate, and is therefore regarded as reasonable as submitted.

Interim Financing Fees: The Underwriter reduced the Applicant's eligible interim financing fees by $156K 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. This results in an equivalent reduction to the Applicant's eligible basis estimate.

Fees: The Applicant's contractor general requirements, contractor general and administrative fees, and contractor profit exceed the 6%, 2%, and 6% maximums allowed by HTC guidelines by $35,002 based on their own construction costs. Consequently the Applicant's eligible fees in these areas have been reduced by the same amount with the overage effectively moved to ineligible costs. The Applicant's developer fees also exceed 15% of the Applicant's adjusted eligible basis by $30,482 and therefore the eligible portion of the Applicant's developer fee must be reduced by the same amount. Further, the Applicant's contingency allowance is overstated by $12,500.

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 estimate the HTC allocation. As a result, an eligible basis of $13,837,890 is used to determine a credit allocation of $491,245 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.

FINANCING STRUCTURE

INTERIM TO PERMANENT BOND FINANCING

Source: Red Capital Group **Contact:** David Martin

Tax-Exempt Amount: $9,860,000 **Interim Interest Rate:** 6.65%

Permanent Interest Rate: 5.8%

Amortization: 30 yrs **Term:** 18 yrs **Commitment:** ☒ LOI ☐ Firm ☐ Conditional

Annual Payment: $694,246 **Lien Priority:** 1 **Date:** 5/ 31/ 2005

LOCAL HOME FUNDING

Source: City of Houston **Contact:** Milton Wilson

Principal Amount: $1,000,000 **Commitment:** ☐ LOI ☐ Firm ☒ Conditional

Additional Information: Terms (grant/loan) pending underwriting **Commitment Date** 8/ 19/ 2005

TAX CREDIT SYNDICATION

Source: Red Capital Group **Contact:** David Martin

Net Proceeds: $4,519,764 **Net Syndication Rate (per $1.00 of 10-yr HTC)** 91¢

Commitment: ☐ LOI ☐ Firm ☒ Conditional **Date:** 5/ 31/ 2005

Additional Information:

APPLICANT EQUITY

Amount: $933,712 **Source:** Deferred developer fee

FINANCING STRUCTURE ANALYSIS

Interim to Permanent Bond Financing: The tax-exempt bonds are to be issued by Houston Housing Finance Corporation and purchased by Red Capital Group. The permanent financing commitment is consistent with the terms reflected in the sources and uses of funds listed in the application, although, as mentioned above, the Applicant used a 40-year amortization schedule in estimating debt service instead of the 30-year period specified in the commitment.

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

City of Houston HOME Funds: The Applicant's sources and uses of funds statement reflects $250,000 in City of Houston HOME funds, however, subsequently the Applicant provided a commitment from the city in the amount of $1,000,000. This commitment is conditioned on the HOME unit rent restrictions noted in the "Operating Proforma" section above and also states "No decision will be made as to whether the HOME funds will be a grant or a loan until Applicant's project cash flow has been analyzed and project is fully underwritten". Neither the Applicant nor the Underwriter has included any HOME funding debt service in this analysis. Without a property tax exemption or extended amortization on the bonds no fixed debt service for the HOME funds is likely.

Deferred Developer's Fees: The Applicant's proposed deferred developer's fees of $933,712 amount to 51% of the total fees.

GIC Income: The Applicant included $87,180 in anticipated income from investment of the bond proceeds in a guaranteed investment contract (GIC) during the construction period. The Underwriter has included this amount in deferred developer fee in the recommended financing structure.

Financing Conclusions: Based on the Applicant's adjusted estimate of eligible basis, the HTC allocation should not exceed $491,245 annually for ten years, resulting in syndication proceeds of approximately $4,469,884. Due to the difference in estimated net operating income, the Underwriter's debt coverage ratio

(DCR) of 0.93 is less than the TDHCA minimum standard of 1.10. Therefore, the Underwriter anticipates that permanent debt may be reduced to $8,330,000 by a mandatory redemption of bonds. To compensate for the reduction in loan and tax credit syndication funds, 100% ($1,804,942) of the Applicant's eligible developer fee and 4% ($45,828) of the unrelated general contractor's fees will require deferral, which should be repayable in less than 15 years. Therefore, receipt, review, and acceptance of a commitment from the unrelated general contractor to defer fees as necessary to fill a potential gap in permanent financing is a condition of this report. As discussed above, receipt by the Applicant of a partial or full property tax exemption would increase net operating income, which could be used to either increase the first lien debt amount and decrease the amount of fee deferral required, or which could alternatively be used to service the City of Houston HOME funds if awarded as a loan. The transaction does not appear to be viable as proposed without the City of Houston HOME funds. As the final terms of the Houston HOME funding are not known as of the date of this analysis, receipt, review, and acceptance of the final City of Houston HOME commitment, to include all financing terms and conditions, is a condition of this report.

DEVELOPMENT TEAM

IDENTITIES of INTEREST

The Applicant, Developer, and Property Manager firm 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.
- The 75% owner of the General Partner, KRR Construction Inc., submitted an unaudited financial statement as of December 31, 2004, reporting total assets of $11.2M and consisting of $85K in cash, $128K in receivables, $271K in real property, $63K in machinery, equipment, and fixtures, and $1.7M in partnership interests. Liabilities totaled $9.7M, resulting in a net worth of $1.5M.
- The 25% owner and member of the General Partner, ISSACHAR America, Inc., submitted an unaudited financial statement as of June 30, 2005, reporting total assets of $13K and consisting of $2K in cash, $0 in receivables, and $11K in fixed assets. Liabilities totaled $7K, resulting in a net worth of $6K.
- The principal of the General Partner and 100% owner of KRR Construction Inc., Joseph Kemp, submitted an unaudited financial statement as of June 30, 2005 and is anticipated to be guarantor of the development.

Background & Experience: Multifamily Production Finance Staff have verified that the Department's experience requirements have been met and Portfolio Management and Compliance staff will ensure that the proposed owners have an acceptable record of previous participation.

SUMMARY OF SALIENT RISKS AND ISSUES

- The Applicant's operating expenses and operating proforma are more than 5% outside of the Underwriter's verifiable ranges.
- Significant environmental/locational risks exist regarding the site's location within the 100-year floodplain and the buried petroleum pipelines traversing the site.
- The development would need to capture a majority of the projected market area demand (i.e., capture rate exceeds 50%).
- The terms of the City of Houston HOME financing are unknown and may potentially adversely affect the financial feasibility of the development.
- The recommended amount of deferred developer and contractor fees is not projected to be repayable within ten years, and any amount unpaid past ten years would be removed from eligible basis.
- The significant financing structure changes being proposed have not been reviewed/accepted by the Applicant, lenders, and syndicators, and alternative structures may exist.

Underwriter:	*Phillip Drake*	**Date:**	September 8, 2005
Underwriter:	*Jim Anderson*	**Date:**	September 8, 2005
Director of Real Estate Analysis:	*Tom Gouris*	**Date:**	September 8, 2005

MULTIFAMILY COMPARATIVE ANALYSIS

The Villa at Bethel Apartments, Houston, 4% HTC #05425

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
LH	2	1	1	730	$571	$517	$1,034	$0.71	$54.00	$32.31
HH	4	1	1	730	601	$547	2,188	0.75	54.00	32.31
TC 60%	89	1	1	730	686	$632	56,248	0.87	54.00	32.31
LH	1	2	1	850	686	$622	622	0.73	64.00	36.31
HH	5	2	1	850	733	$750	3,750	0.88	64.00	36.31
TC 60%	76	2	1	850	823	750	57,000	0.88	64.00	36.31
TOTAL:	177		AVERAGE:	786	$743	$683	$120,842	$0.87	$58.63	$34.16

INCOME	Total Net Rentable Sq Ft:	139,034		TDHCA	APPLICANT		Comptroller's Region	6
POTENTIAL GROSS RENT				$1,450,104	$1,467,336		IREM Region	Houston
Secondary Income	Per Unit Per Month:	$15.00		31,860	33,000	$15.54	Per Unit Per Month	
Other Support Income:				0				
POTENTIAL GROSS INCOME				$1,481,964	$1,500,336			
Vacancy & Collection Loss	% of Potential Gross Income:	-7.50%		(111,147)	(105,024)	-7.00%	of Potential Gross Rent	
Employee or Other Non-Rental Units or Concessions				0				
EFFECTIVE GROSS INCOME				$1,370,817	$1,395,312			

EXPENSES		% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative		5.00%	$387	0.49	$68,541	$53,074	$0.38	$300	3.80%
Management		4.00%	310	0.39	54,833	55,770	0.40	315	4.00%
Payroll & Payroll Tax		12.52%	969	1.23	171,590	142,287	1.02	804	10.20%
Repairs & Maintenance		5.31%	411	0.52	72,798	60,745	0.44	343	4.35%
Utilities		2.27%	176	0.22	31,134	19,470	0.14	110	1.40%
Water, Sewer, & Trash		4.32%	335	0.43	59,275	38,500	0.28	218	2.76%
Property Insurance		2.54%	196	0.25	34,759	32,745	0.24	185	2.35%
Property Tax	2.99125	12.36%	957	1.22	169,424	172,575	1.24	975	12.37%
Reserve for Replacements		2.58%	200	0.25	35,400	33,025	0.24	187	2.37%
Other: compl fees		1.84%	142	0.18	25,200	23,430	0.17	132	1.68%
TOTAL EXPENSES		52.74%	$4,084	$5.20	$722,954	$631,621	$4.54	$3,568	45.27%
NET OPERATING INC		47.26%	$3,660	$4.66	$647,862	$763,691	$5.49	$4,315	54.73%
DEBT SERVICE									
First Lien Mortgage (Red Capital)		50.64%	$3,922	$4.99	$694,246	$636,013	$4.57	$3,593	45.58%
Local HOME Funds		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		-3.38%	($262)	($0.33)	($46,384)	$127,678	$0.92	$721	9.15%
AGGREGATE DEBT COVERAGE RATIO					0.93	1.20			
RECOMMENDED DEBT COVERAGE RATIO					1.10				

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		2.06%	$1,864	$2.37	$330,000	$330,000	$2.37	$1,864	2.11%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		8.00%	7,250	9.23	1,283,250	1,283,250	9.23	7,250	8.20%
Direct Construction		46.16%	41,846	53.27	7,406,764	7,117,975	51.20	40,215	45.48%
Contingency	4.98%	2.70%	2,444	3.11	432,561	432,561	3.11	2,444	2.76%
General Req'ts	5.97%	3.24%	2,933	3.73	519,074	519,074	3.73	2,933	3.32%
Contractor's G & A	1.99%	1.08%	978	1.24	173,025	173,025	1.24	978	1.11%
Contractor's Profit	5.97%	3.24%	2,933	3.73	519,074	519,074	3.73	2,933	3.32%
Indirect Construction		6.24%	5,660	7.21	1,001,900	1,001,900	7.21	5,660	6.40%
Ineligible Costs		7.38%	6,693	8.52	1,184,724	1,184,724	8.52	6,693	7.57%
Developer's G & A	1.84%	1.42%	1,285	1.64	227,423	0	0.00	0	0.00%
Developer's Profit	13.00%	10.02%	9,085	11.57	1,608,001	1,835,424	13.20	10,370	11.73%
Interim Financing		6.44%	5,839	7.43	1,033,590	1,033,590	7.43	5,839	6.60%
Reserves		2.03%	1,839	2.34	325,442	220,057	1.58	1,243	1.41%
TOTAL COST		100.00%	$90,649	$115.40	$16,044,828	$15,650,654	$112.57	$88,422	100.00%
Recap-Hard Construction Costs		*64.41%*	***$58,383***	***$74.33***	***$10,333,748***	***$10,044,959***	***$72.25***	***$56,751***	*64.18%*

SOURCES OF FUNDS	%	PER UNIT	PER SQ FT	TDHCA	APPLICANT	RECOMMENDED	
First Lien Mortgage (Red Capital)	61.45%	$55,706	$70.92	$9,860,000	$9,860,000	$8,330,000	Developer Fee Available
Local HOME Funds	1.56%	$1,412	$1.80	250,000	250,000	1,000,000	$1,804,942
HTC Syndication Proceeds	28.17%	$25,535	$32.51	4,519,763	4,519,763	4,469,884	% of Dev. Fee Deferred
Deferred Developer Fees	6.36%	$5,768	$7.34	1,020,892	1,020,892	1,850,770	103%
Additional (Excess) Funds Req'd	2.46%	$2,227	$2.84	394,173	(1)	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$16,044,828	$15,650,654	$15,650,654	$2,233,570

MULTIFAMILY COMPARATIVE ANALYSIS (continued)

The Villa at Bethel Apartments, Houston, 4% HTC #05425

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook

Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$ 45.04	$6,262,771
Adjustments				
Exterior Wall Finish	6.08%		$2.74	$380,776
Elderly/9-Ft. Ceilings	6.00%		2.70	375,766
Roofing			0.00	0
Subfloor			(0.81)	(112,896)
Floor Cover			2.00	278,068
Porches/Balconies	$18.00	46,412	6.01	835,416
Plumbing	$605		0.00	0
Built-In Appliances	$1,650	177	2.10	292,050
Stairs/Fireplaces	$1,475	16	0.17	23,600
Enclosed Corridors	$35.12		0.00	0
Heating/Cooling			1.53	212,722
Garages/Carports		0	0.00	0
Comm &/or Aux Bldgs	$58.70	6,040	2.55	354,548
Elevators	$43,200	5	1.55	216,000
SUBTOTAL			65.59	9,118,822
Current Cost Multiplier	1.12		7.87	1,094,259
Local Multiplier	0.88		(7.87)	(1,094,259)
TOTAL DIRECT CONSTRUCTION COSTS			$65.59	$9,118,822
Plans, specs, survy, bld prm	3.90%		($2.56)	($355,634)
Interim Construction Interest	3.38%		(2.21)	(307,760)
Contractor's OH & Profit	11.50%		(7.54)	(1,048,665)
NET DIRECT CONSTRUCTION COSTS			$53.27	$7,406,764

PAYMENT COMPUTATION

Primary	$9,860,000	Amort	360
Int Rate	5.80%	DCR	0.93
Secondary	$250,000	Amort	
Int Rate	0.00%	Subtotal DCR	0.93
Additional	$4,519,763	Amort	
Int Rate		Aggregate DCR	0.93

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	$586,518
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	$61,344

Primary	$8,330,000	Amort	360
Int Rate	5.80%	DCR	1.10
Secondary	$250,000	Amort	0
Int Rate	0.00%	Subtotal DCR	1.10
Additional	$4,519,763	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	$1,450,104	$1,493,607	$1,538,415	$1,584,568	$1,632,105	$1,892,057	$2,193,412	$2,542,766	$3,417,265
Secondary Income	31,860	32,816	33,800	34,814	35,859	41,570	48,191	55,867	75,080
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	1,481,964	1,526,423	1,572,216	1,619,382	1,667,964	1,933,627	2,241,604	2,598,633	3,492,345
Vacancy & Collection Loss	(111,147)	(114,482)	(117,916)	(121,454)	(125,097)	(145,022)	(168,120)	(194,897)	(261,926)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$1,370,817	$1,411,941	$1,454,299	$1,497,928	$1,542,866	$1,788,605	$2,073,483	$2,403,735	$3,230,419
EXPENSES at 4.00%									
General & Administrative	$68,541	$71,282	$74,134	$77,099	$80,183	$97,555	$118,691	$144,405	$213,755
Management	54,833	56,478	58,172	59,917	61,715	71,544	82,939	96,149	129,217
Payroll & Payroll Tax	171,590	178,454	185,592	193,016	200,737	244,227	297,139	361,515	535,131
Repairs & Maintenance	72,798	75,710	78,739	81,888	85,164	103,615	126,063	153,375	227,033
Utilities	31,134	32,379	33,675	35,022	36,422	44,313	53,914	65,595	97,096
Water, Sewer & Trash	59,275	61,646	64,112	66,676	69,343	84,367	102,645	124,884	184,858
Insurance	34,759	36,149	37,595	39,099	40,663	49,472	60,190	73,231	108,400
Property Tax	169,424	176,201	183,249	190,579	198,203	241,144	293,388	356,952	528,376
Reserve for Replacements	35,400	36,816	38,289	39,820	41,413	50,385	61,301	74,582	110,400
Other	25,200	26,208	27,256	28,347	29,480	35,867	43,638	53,093	78,590
TOTAL EXPENSES	$722,954	$751,324	$780,812	$811,463	$843,322	$1,022,490	$1,239,910	$1,503,781	$2,212,855
NET OPERATING INCOME	$647,862	$660,617	$673,487	$686,465	$699,544	$766,115	$833,573	$899,954	$1,017,564
DEBT SERVICE									
First Lien Financing	$586,518	$586,518	$586,518	$586,518	$586,518	$586,518	$586,518	$586,518	$586,518
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	$61,344	$74,099	$86,969	$99,947	$113,025	$179,597	$247,055	$313,436	$431,046
DEBT COVERAGE RATIO	1.10	1.13	1.15	1.17	1.19	1.31	1.42	1.53	1.73

LIHTC Allocation Calculation - The Villa at Bethel Apartments, Houston, 4% HTC #05425

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	$330,000	$330,000		
Purchase of buildings				
(2) Rehabilitation/New Construction Cost				
On-site work	$1,283,250	$1,283,250	$1,283,250	$1,283,250
Off-site improvements				
(3) Construction Hard Costs				
New structures/rehabilitation hard costs	$7,117,975	$7,406,764	$7,117,975	$7,406,764
(4) Contractor Fees & General Requirements				
Contractor overhead	$173,025	$173,025	$168,025	$173,025
Contractor profit	$519,074	$519,074	$504,074	$519,074
General requirements	$519,074	$519,074	$504,074	$519,074
(5) Contingencies	$432,561	$432,561	$420,061	$432,561
(6) Eligible Indirect Fees	$1,001,900	$1,001,900	$1,001,900	$1,001,900
(7) Eligible Financing Fees	$1,033,590	$1,033,590	$1,033,590	$1,033,590
(8) All Ineligible Costs	$1,184,724	$1,184,724		
(9) Developer Fees			$1,804,942	
Developer overhead		$227,423		$227,423
Developer fee	$1,835,424	$1,608,001		$1,608,001
(10) Development Reserves	$220,057	$325,442		
TOTAL DEVELOPMENT COSTS	$15,650,654	$16,044,828	$13,837,890	$14,204,662

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		$13,837,890	$14,204,662
High Cost Area Adjustment		100%	100%
TOTAL ADJUSTED BASIS		$13,837,890	$14,204,662
Applicable Fraction		100%	100%
TOTAL QUALIFIED BASIS		$13,837,890	$14,204,662
Applicable Percentage		3.55%	3.55%
TOTAL AMOUNT OF TAX CREDITS		$491,245	$504,265
Syndication Proceeds	**0.9099**	**$4,469,884**	**$4,588,357**

Total Credits (Eligible Basis Method)	**$491,245**	**$504,265**
Syndication Proceeds	**$4,469,884**	**$4,588,357**
Requested Credits	**$496,727**	
Syndication Proceeds	**$4,519,764**	
Gap of Syndication Proceeds Needed	**$6,320,654**	
Credit Amount	**$694,647**	

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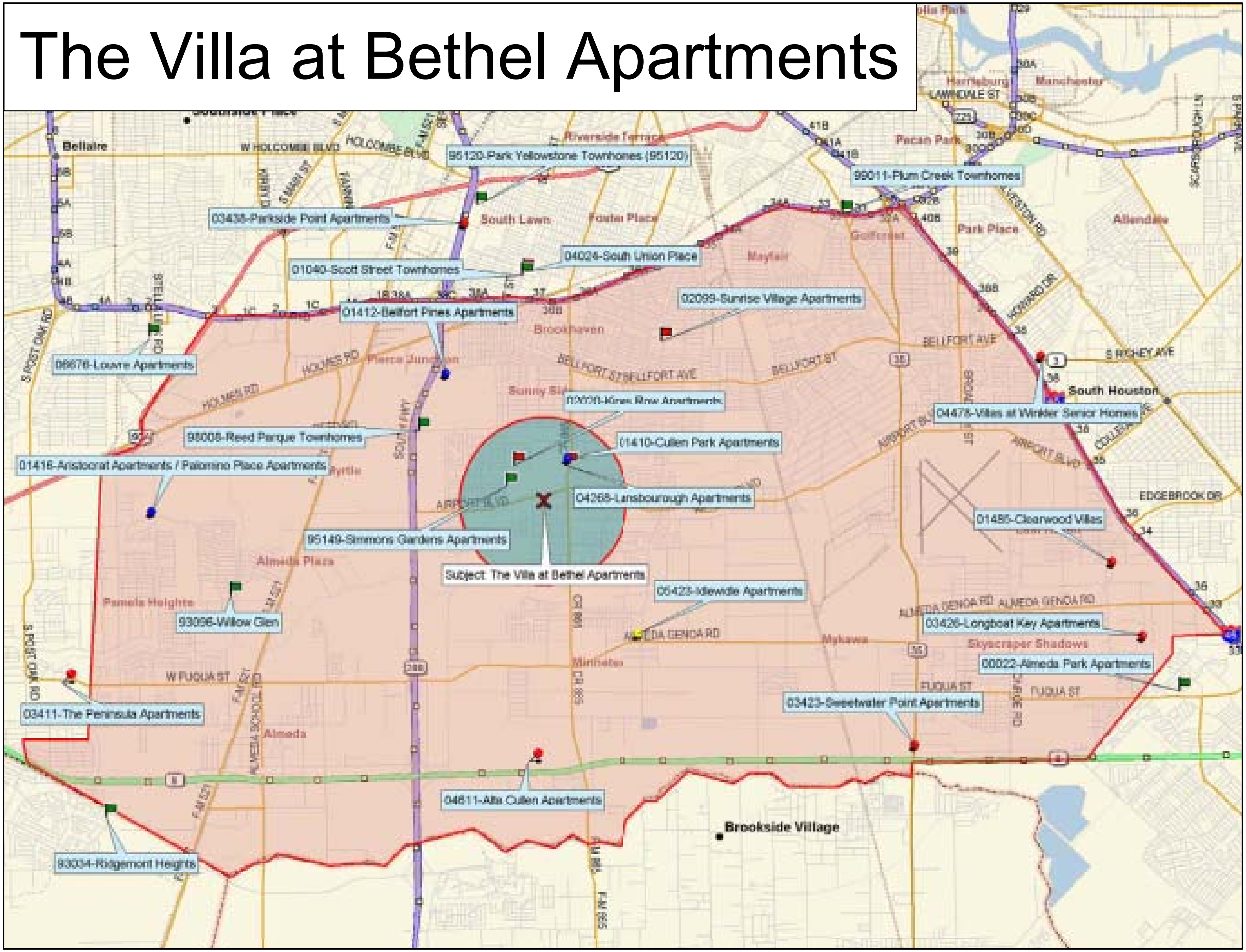
Street Atlas USA® 2004 Plus

The Villa at Bethel Apartments



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Scale 1 : 100,000

1" = 1.58 mi

Data Zoom 11-0

Applicant Evaluation

Project ID # **05425** Name: **The Villa At Bethel** City: **Houston**

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

Total # of Projects monitored: 11

Projects grouped by score
- zero to nine: 11
- ten to nineteen: 0
- twenty to twenty-nine: 0

Projects in Material Noncompliance: **Yes** ☐ **No** ☑

monitored with a score less than thirty: 11

not yet monitored or pending review: 0

in noncompliance: 0

Projects not reported in application: Yes ☐ No ☑

# of projects not reported 0

Portfolio Monitoring		**Single Audit**		**Contract Administration**	
Not applicable	☑	Not applicable	☑	Not applicable	☐
Review pending	☐	Review pending	☐	Review pending	☐
No unresolved issues	☐	No unresolved issues	☐	No unresolved issues	☐
Unresolved issues found	☐	Issues found regarding late cert	☐	Unresolved issues found	☐
Unresolved issues found that warrant disqualification (Comments attached)	☐	Issues found regarding late audit	☐	Unresolved issues found that warrant disqualification (Comments attached)	☐
		Unresolved issues found that warrant disqualification (Comments attached)	☐		

Reviewed by Lucy Trevino Date 9/1/2005

Multifamily Finance Production		**Single Family Finance Production**		**Real Estate Analysis (Cost Certification and Workout)**	
Not applicable	☐	Not applicable	☑	Not applicable	☐
Review pending	☐	Review pending	☐	Review pending	☐
No unresolved issues	☑	No unresolved issues	☐	No unresolved issues	☐
Unresolved issues found	☐	Unresolved issues found	☐	Unresolved issues found	☐
Unresolved issues found that warrant disqualification (Comments attached)	☐	Unresolved issues found that warrant disqualification (Comments attached)	☐	Unresolved issues found that warrant disqualification (Comments attached)	☐
Reviewer	S. Roth	Reviewer	Paige McGilloway	Reviewer	
Date	8 /30/2005	Date	8 /29/2005	Date	

Community Affairs		**Office of Colonia Initiatives**		**Financial Administration**	
No relationship	☑	Not applicable	☐	No delinquencies found	☑
Review pending	☐	Review pending	☐	Delinquencies found	☐
No unresolved issues	☐	No unresolved issues	☐		
Unresolved issues found	☐	Unresolved issues found	☐		
Unresolved issues found that warrant disqualification (Comments attached)	☐	Unresolved issues found that warrant disqualification (Comments attached)	☐		
Reviewer	EEF	Reviewer		Reviewer	Melissa Whitehead
Date	8 /31/2005	Date		Date	9 /1 /2005

Executive Director: Edwina Carrington **Executed:** day, September 07, 2005

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

September 16, 2005

Action Item

Presentation, Discussion and Possible Approval for the issuance of Housing Tax Credits for Midcrowne Senior Pavilion.

Summary of the Transaction

The application was received on June 6, 2005. The Issuer for this transaction is San Antonio HFC. The development is to be located at South of Eisenhauer between Midcrown and Ray Bon in San Antonio. The development will consist of 196 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 of 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 Midcrowne Senior Pavilion.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

MULTIFAMILY FINANCE PRODUCTION DIVISION

September 16, 2005

Development Information, Public Input and Board Summary

Midcrowne Senior Pavilion, TDHCA Number 05428

BASIC DEVELOPMENT INFORMATION

Site Address:	South of Eisenhauer between Midcrown and Ray Bon			Development #:	05428
City:	San Antonio	Region:	9	Population Served:	Elderly
County:	Bexar	Zip Code:	78218	Allocation:	
HTC Set Asides:	☐ At-Risk	☐ Nonprofit	☐ USDA	HTC Purpose/Activity:	NC
HOME Set Asides:	☐ CHDO	☐ Preservation	☐ General		
Bond Issuer:	San Antonio HFC				

HTC Purpose/Activity: NC=New Construction, ACQ=Acquisition, R=Rehabilitation, NC/ACQ=New Construction and Acquisition, NC/R=New Construction and Rehabilitation, ACQ/R=Acquisition and Rehabilitation

OWNER AND DEVELOPMENT TEAM

Owner:	Midcrowne Senior Pavilion, LP
	Gene Watkins - Phone: (512) 658-7287
Developer:	American Affordable Homes, LP
Housing General Contractor:	Campbell Hogue Construction
Architect:	Chiles Architects, Inc.
Market Analyst:	Butler Burgher, Inc.
Syndicator:	The Richman Group Affordable Housing Corp.
Supportive Services:	YMCA of San Antonio
Consultant:	Not Utilized

UNIT/BUILDING INFORMATION

30%	40%	50%	60%	65%	80%
0	0	0	196	0	0

Eff	1 BR	2 BR	3 BR	4 BR
0	100	96	0	0

Type of Building: 5 units or more per bldng

Number of Residential Buildings: 4

Total Restricted Units:	196
Market Rate Units:	0
Owner/Employee Units:	0
Total Development Units:	196
Total Development Cost:	$15,062,109

Note: If Development Cost =$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis	Amort	Term	Rate
9% Housing Tax Credits-Credit Ceiling	$0	$0	0	0	0.00%
4% Housing Tax Credits with Bonds:	$582,138	$582,138	0	0	0.00%
Housing Trust Fund Loan Amount:	$0	$0	0	0	0.00%
HOME Fund Loan Amount:	$0	$0	0	0	0.00%
Bond Allocation Amount:	$0	$0	0	0	0.00%

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

MULTIFAMILY FINANCE PRODUCTION DIVISION

September 16, 2005

Development Information, Public Input and Board Summary

Midcrowne Senior Pavilion, TDHCA Number 05428

PUBLIC COMMENT SUMMARY

Guide: "O" = Oppose, "S" = Support, "N" = Neutral, "NC" or Blank = No comment

State/Federal Officials with Jurisdiction:

TX Senator: Zaffirini, District 21 | NC | Points: 0 | US Representative: Cuellar, District 28, NC

TX Representative: McClendon, District 120 | NC | Points: 0 | US Senator: NC

Local Officials and Other Public Officials:

Mayor/Judge: NC

Resolution of Support from Local Government ☐

Andrew W. Cameron, Housing and Community Development Director; The proposed development is consistent with the Consolidated Plan of the City of San Antonio.

Individuals/Businesses: In Support **0** In Opposition **0**

Neighborhood Input:

General Summary of Comment:

The Department has received no letters of support and no letters of opposition.

CONDITIONS OF COMMITMENT

1. Per §49.12(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 bound, original copy of the Phase I Environmental Site Assessment.
3. Receipt, review, and acceptance of documentation indicating compliance with all Phase I ESA and subsequent environmental report recommendations, particularly with regard to flood plain and onsite drainage.
4. Receipt, review, and acceptance of an updated site control contract listing the General Partner as the buyer.
5. Receipt, review, and acceptance of a lease agreement between the General Partner as lessor and the Applicant as lessee.
6. Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the tax credit amount may be warranted.

MULTIFAMILY FINANCE PRODUCTION DIVISION

September 16, 2005

Development Information, Public Input and Board Summary

Midcrowne Senior Pavilion, TDHCA Number 05428

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

9% HTC Competitive Cycle: ☐ Score: ☐ Meeting a Required Set-Aside Credit Amount: $0

Recommendation:

HOME Loan: Loan Amount: $0

Recommendation:

Housing Trust Fund Loan: ☐ Meeting a Required Set-Aside Loan Amount: $0

Recommendation:

4% Housing Tax Credits with Bond Issuance: Credit Amount: $582,138

Recommendation: Recommend approval of a housing tax credit allocation not to exceed $582,138 annually for ten years, subject to conditions.

Private Activity Bond Issuance with TDHCA: Bond Amount: $0

Recommendation:

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS

MULTIFAMILY UNDERWRITING ANALYSIS

DATE: September 8, 2005 **PROGRAM:** 4% HTC **FILE NUMBER:** 05428

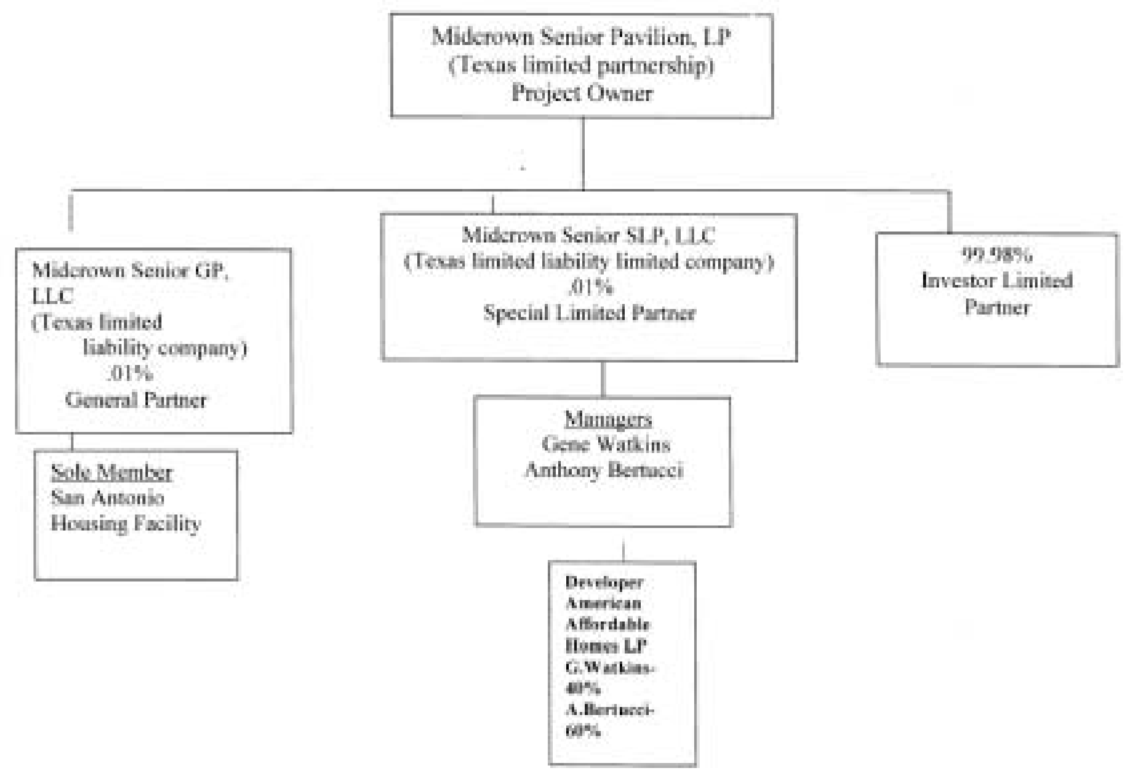
DEVELOPMENT NAME

Midcrown Senior Pavilion

APPLICANT

Name:	Midcrown Senior Pavilion, LP	**Type:**	For-profit		
Address:	6805 Falcata Cove	**City:**	Austin	**State:**	TX
Zip: 78750	**Contact:** Gene Watkins	**Phone:**	(512) 658-7287	**Fax:**	(512) 343-2514

PRINCIPALS of the APPLICANT/ KEY PARTICIPANTS



PROPERTY LOCATION

Location:	South of Eisenhauer between Midcrown and Ray Bon	☒ **QCT**		☐ **DDA**	
City:	San Antonio	**County:**	Bexar	**Zip:**	78218

REQUEST

Amount	Interest Rate	Amortization	Term
$582,138	N/A	N/A	N/A

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

Proposed Use of Funds: New construction **Property Type:** Multifamily

Special Purpose (s): Elderly, Urban/Exurban

RECOMMENDATION

☒ RECOMMEND APPROVAL OF A HOUSING TAX CREDIT ALLOCATION NOT TO EXCEED $582,138 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

CONDITIONS

1. Receipt, review and acceptance of a bound, original copy of the Phase I Environmental Site Assessment.
2. Receipt, review and acceptance of documentation indicating compliance with all Phase I ESA and subsequent environmental report recommendations particularly with regard to flood plain and onsite drainage.
3. Receipt, review and acceptance of an updated site contract listing the General Partner as the buyer.
4. Receipt, review and acceptance of a lease agreement between the General Partner as lessor and the Applicant as lessee.
5. Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the tax credit amount may be warranted.

REVIEW of PREVIOUS UNDERWRITING REPORTS

None.

DEVELOPMENT SPECIFICATIONS

IMPROVEMENTS

Total Units:	196	**# Rental Buildings**	4	**# Non-Res. Buildings**	0	**# of Floors**	3	**Age:**	N/A yrs	**Vacant:**	N/A at / /

Net Rentable SF:	167,208	**Av Un SF:**	853	**Common Area SF:**	7,937	**Gross Bldg SF:**	175,145

STRUCTURAL MATERIALS

The structures will be wood frame on a slab on grade. According to the plans provided in the application the exterior will be 5% stone veneer, 30% stucco and 65% cement composition siding. The interior wall surfaces will be drywall and the pitched roofs will be finished with composite shingles.

APPLIANCES AND INTERIOR FEATURES

The interior flooring will be a combination of carpet and vinyl. Threshold criteria for the 2005 QAP requires all development units to include: mini blinds or window coverings for all windows, a dishwasher, a disposal, a refrigerator, an oven/range, an exhaust/vent fax in bathrooms, and a ceiling fan in each living area and bedroom. New construction units must also include three networks: one for phone service, one for data service, and one for TV service. In addition, each unit will include: a microwave oven, tile tub/shower surrounds, central heating and air conditioning, individual water heaters, washer & dryer connections, and eight-foot ceilings.

ONSITE AMENITIES

The building includes the following common areas: offices, a beauty salon, a furnished community room, a kitchen, a furnished fitness center, a senior activity room, an equipped business center, public restrooms, a laundry, and a central mailroom. The development also includes three passenger-elevators and a covered public porch/balcony. Additional amenities include: a pool; barbecue grills and picnic tables; horseshoes, shuffleboard or putting green; an accessible walking path; a gazebo with sitting area; and perimeter fencing with limited access gates.

Uncovered Parking:	196 spaces		**Carports:**	75 spaces		**Garage:**	0 spaces

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Description: Midcrowne Senior Pavilion is a 15-unit per acre new construction development of affordable housing for elderly households. The development is comprised of four buildings functioning as one with connected walkways and three shared elevators.

Architectural Review: The building and unit plans appear to provide acceptable access and storage. The elevations reflect a typical exterior for a new construction development.

SITE ISSUES

SITE DESCRIPTION

Size: 12.8 acres 557,568 square feet **Flood Zone Designation:** Zone X/A*

Zoning: MF 25

* **Zones B, C, and X:** Areas identified in the community FIS as areas of moderate or minimal hazard from the principal source of flood in the area. However, buildings in these zones could be flooded by severe, concentrated rainfall coupled with inadequate local drainage systems. Local stormwater drainage systems are not normally considered in the community's FIS. The failure of a local drainage system creates areas of high flood risk within these rate zones. Flood insurance is available in participating communities but is not required by regulation in these zones. (Zone X is used on new and revised maps in place of Zones B and C.)

Zone A: Areas subject to inundation by the 1-percent-annual-chance flood event. Because detailed hydraulic analyses have not been performed, no base flood elevation or depths are shown. Mandatory flood insurance purchase requirements apply.

SITE and NEIGHBORHOOD CHARACTERISTICS

Location: The site is located between Midcrown Drive and Ray Bon Drive in northeast San Antonio.

Adjacent Land Uses:

- **North:** Villas of Costa Biscaya Apartments (under construction);
- **South:** Spring Hill Apartments (1974);
- **West:** Ray Bon Drive adjacent, single family beyond; and
- **East:** Midcrown Drive.

Site Access: An entrance to the development is planned along Midcrown Drive. Major thoroughfares in the market area include IH 35, Loop 410, IH 10 and Loop 1604.

Public Transportation: Public transportation to the area is provided by San Antonio's Metro system (VIA). Bus stops are located along Ray Bon Drive and Eisenhauer.

Shopping & Services: The City of San Antonio offers numerous retail centers and recreational facilities. South Texas Medical Center (STMC) houses a majority of San Antonio's health care facilities and can be accessed via Loops 410 and 1604.

Special Adverse Site Characteristics:

- **Floodplain:** A small portion of the site may be located in Zone A according to Flood Insurance Rate Map (FIRM) 48029C0457E. However, the site plan indicates no improvements will be located on this portion of the site.
- **Environmental:** The ESA recommends consultation with US Army Corp of Engineers (USACE) prior to any impacts to the on-site drainage features at the confluence with Rosillo Creek (see below).

Site Inspection Findings: TDHCA staff performed a site inspection on June 23, 2005 and found the location to be acceptable for the proposed development.

HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)

A Phase I Environmental Site Assessment report dated May 25, 2005 was prepared by Raba-Kistner Consultants, Inc. A photocopy of the Phase I with missing pages was provided. Receipt, review and acceptance of a bound, original copy of the Phase I Environmental Site Assessment is a condition of this report. The incomplete ESA contained the following findings and recommendations:

Findings: "Based on the information reviewed, there was no evidence that the SITE or adjacent properties have a history of environmental regulatory review or enforcement action. The SITE reconnaissance and interview sources revealed no evidence of *recognized environmental conditions* involving the SITE or the adjoining properties with the exception of the following:

In review of the Bexar County Inventory of Closed and Abandoned Landfills published by the AACOG in March 2002, an un-permitted landfill was located on or about the SITE reported to contain buried trash (e.g. construction demolition waste and/or household wastes).

On December 9, 2003, R-K performed a Limited Subsurface Study (Project No. ASF03-784-00) to determine if buried solid waste exists on the SITE. A total of six (6) exploratory soil borings (B-1 through B-6) were placed in the general area of the SITE depicted on the AACOG map. The results of this activity revealed that no buried waste was observed in borings B-1 through B-6. R-K also noted that the earthen mounds observed at the SITE appeared to have been generated during the excavation of the drainage ditches located on the north, east, and south sides of the SITE.

As no buried waste was observed in the six exploratory soil borings, no groundwater assessment was deemed necessary by R-K. R-K concluded that no further assessment activities appeared warranted at that time" (p. 14).

Recommendations: "Based on the information as presented herein, no further environmental assessment of the SITE is deemed warranted at this time. However, prior to any impacts to the on-site drainage features at the confluence with Rosillo Creek, consultation with USACE is recommended" (p. 15). Receipt, review and acceptance of documentation indicating compliance with all Phase I ESA and subsequent environmental report recommendations is a condition of this report.

POPULATIONS TARGETED

Income Set-Aside: The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside. As a Priority 2 private activity bond lottery development the Applicant must set-aside all units to be affordable to households with incomes at 60% of AMGI.

MAXIMUM ELIGIBLE INCOMES						
	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
60% of AMI	$21,660	$24,720	$27,840	$30,900	$33,360	$35,820

MARKET HIGHLIGHTS

A market feasibility study prepared by Butler Burgher, Inc. ("Market Analyst") on July 11, 2005 and updated on September 7, 2005 highlighted the following findings:

Definition of Primary Market Area (PMA): The original Market Analysis stated, "The subject's Primary Market Area has been designated as the area north of IH 10 and IH 35; east of IH 35, San Pedro, and SH 281; south of Loop 1604; and west of E. Loop 1604 and FM 1604" (p. 38). This area encompasses approximately 111 square miles and is equivalent to a circle with a radius of six miles.

Because the market area defined above includes a population in excess of 250,000 people, a revised PMA boundary definition was requested. The Market Analyst complied and provided a map with a PMA boundary as follows: Loop 410 (southwest); IH 35 (west and northwest); FM 1604 (northeast and east); and IH 10 (south). This area encompasses approximately 43 square miles and is equivalent to a circle with a radius of four miles.

Population: The estimated 2005 population of the revised primary market area was 104,176 in 2005 (20,187 55+) and is expected to increase to approximately 108,976 by 2010 (24,029 55+). Within the primary market area there were estimated to be 12,049 (55+) households in 2005.

Total Primary Market Demand for Rental Units: The Market Analyst calculated a total demand of 359 qualified households in the PMA, based on the current estimate of 20,187 senior households, renter households estimated at 28.9% of the population, income-qualified households estimated at 21.89%, and an annual renter turnover rate of 40% (Revised Packet and p. 58). The Market Analyst used an income band of $17,340 to $27,840 (p.56-57).

TARGETED INCOME-ELIGIBLE PMA DEMAND SUMMARY				
	Market Analyst		Underwriter	
Type of Demand	Units of Demand	% of Total Demand	Units of Demand	% of Total Demand
Household Growth	54 (2 yrs)	15%	27	8%
Resident Turnover	305	85%	305	92%
TOTAL ANNUAL DEMAND	**359**	**100%**	**332**	**100%**

Ref: Revised Packet

Inclusive Capture Rate: The Market Analyst calculated an inclusive capture rate of 54.56% based upon 359 units of demand and 196 unstabilized affordable housing in the PMA (including the subject) (p. 58). The Underwriter calculated an inclusive capture rate of 59% based upon a revised demand for 332 affordable units targeting seniors.

Market Rent Comparables: The Market Analyst surveyed six comparable apartment projects totaling 1,061 units, three of the six developments are within the primary market area (p. 62).

RENT ANALYSIS (net tenant-paid rents)					
Unit Type (% AMI)	**Proposed**	**Program Max**	**Differential**	**Est. Market**	**Differential**
1-Bedroom (60%)	$522	$519	+$3	$635	-$113
2-Bedroom (60%)	$627	$624	+$3	$765	-$138

(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: "Occupancy levels in the E2 submarket have fluctuated over the last several years from a low of 91.2% occurring in 1997 to a high of 96.1%, which occurred in 1999. The current overall occupancy rate (December 2004) is 91.7%" (p. 35)

Absorption Projections: "The newly constructed complexes in the San Antonio market have experienced absorption rates ranging from 11 units/month to 48 units/month…The suburban communities, which have easy access to employment centers and support development, are quickly being absorbed. The proposed subject will qualify senior tenants under the 60% median income program. Occupancy is expected to be stabilized in the mid 90% range completion. The subject community should achieve stabilization by November 2007…After that, the absorption will stabilize at 12 units per month" (p. 59-60).

Known Planned Development: The market analyst did not identify any unstabilized units or units under construction in the primary market area (p. 58).

Market Study Analysis/Conclusions: The Underwriter found the Market Analyst provided sufficient information on which to base a funding recommendation.

OPERATING PROFORMA ANALYSIS

Income: The Applicant's use of outdated utility allowances resulted in overstated tenant-paid rents. The Applicant secondary income projection includes rental income from 75 carports, each at $10 per month. Because the cost of constructing the carports was included in the Applicant's eligible basis estimate and to avoid characterization of the carports as commercial construction, the Underwriter did not include carport rental income in the Development's potential gross income estimate. While the Applicant's secondary income assumption exceeds the Department's maximum guideline of $15 per unit per month, their vacancy and collection loss is within TDHCA underwriting guidelines. The net effect is an effective gross income figure that is within 5% of the Underwriter's estimate.

Expenses: The Applicant's total annual operating expense of $2,943 per unit is within 5% of the Underwriter's estimate of $2,901. The Underwriter calculated individual line item expenses based on TDHCA regional database information for developments of similar size and the IREM database information for the San Antonio area. The Applicant's individual line item expenses, however, varied significantly when compared to the Underwriter's estimate, including: general and administrative ($35K lower); payroll ($38K lower); and utilities ($15K lower).

The underwriting analysis assumes the development will have a 100% property tax exemption as indicated in the Applicant's expense schedule. A letter signed by a representative of Fulbright & Jaworski LLP states, San Antonio Housing Facility (SAHFC), sole member of the General Partner, "is a public facility corporation created by the San Antonio Housing Authority and its property is exempt pursuant to Section 303.042…SAHFC will own fee simple interest in the real estate upon which the Project will be built. Under a long term lease, SAHFC will lease the Land to the Partnership who will construct residential rental units thereon…SAHFC [will] retain the equitable ownership of the Project to the extent permitted by the tax credit financing…At the end of the leasehold term, all of the Improvements will revert to SAHFC. We believe that equitable title to the Project will remain in SAHFC and the project should be exempt from property taxes."

Should the 100% exemption not be achieved, the Development would lose the ability to service between $1.3M and $2.6M in proposed debt, depending on a 50% or 0% exemption, respectively. In either case, the transactions would no longer be characterized as financially feasible as the available cash flow over 15 years would be insufficient to support the required deferred developer fee.

Conclusion: The Applicant's income, total expense projections, and net operating income are each within 5% of the Underwriter's estimates. Therefore, the Applicant's Year 1 proforma will be used to determine the development's debt service capacity and long term feasibility. The Applicant's estimates (including secondary income in excess of $15 per unit per month) indicate the proposed financing structure results in an initial debt coverage ratio (DCR) that is below the Department's minimum DCR guideline of 1.10. The effect of a potential decrease in outside financing on the recommended credit amount will be discussed in the conclusion (below).

ACQUISITION VALUATION INFORMATION

APPRAISED VALUE

Land Only: 12.8 acres	$1,040,000	**Date of Valuation:**	4/ 17/ 2005
Appraiser: Butler Burgher, Inc.	**City:** Dallas	**Phone:**	(214) 739-0700

APPRAISAL ANALYSIS/CONCLUSIONS

An appraisal, provided by the purchaser, was performed by Butler Burgher, Inc., MAI and dated July 7, 2005. The current "as-is" value is most important in the valuation and underwriting of this property because it should support the purchase price of the subject. For the "as-is" valuation, the primary approach used was the sales comparison approach. In this case the value is slightly less than the purchase price, but higher than the acquisition value used in the underwriting analysis.

ASSESSED VALUE

Land: 12.028 acres	$131,000	**Assessment for the Year of:**	2005
Improvements:	N/A	**Valuation by:**	Bexar County Appraisal District
Total:	$131,000	**Tax Rate:**	3.071074

EVIDENCE of SITE or PROPERTY CONTROL

Type of Site Control:	Commercial Contract – Unimproved Property (acres)		
Contract Expiration Date:	12/ 01/ 2005	**Anticipated Closing Date:**	11/ 04/ 2005
Acquisition Cost:	$1,100,000	**Other Terms/Conditions:**	
Seller:	American Affordable Home, LP	**Related to Development Team Member:**	Yes

CONSTRUCTION COST ESTIMATE EVALUATION

Acquisition Value: According to the submitted settlement statement, the related party seller purchased the site for $280,000 in January 2004. The site control document provided at application is an Unimproved Property Contract indicating sale of the site to the Applicant for $1,100,000. In response to a request to support the difference of $820K the Applicant provided a schedule of costs incurred since acquisition. No support documents were provided for the listed costs, and some costs appear to be duplicates of the line-item cost indicated in the total development cost schedule.

The application materials indicating site control are also inconsistent. The Unimproved Property Contract indicates the Applicant will be the owner of the site; however, a letter signed by a representative of Fulbright & Jaworski LLP in support of a property tax exemption indicates the General Partner will be the owner of the site and the Applicant will enter into a land lease. Receipt, review and acceptance of an updated site contract listing the General Partner as the buyer, and receipt, review and acceptance of a lease agreement between the General Partner as lessor and the Applicant as lessee are conditions of this report.

For purposes of this underwriting analysis, the acquisition cost has been limited to the original cost to the related seller of $280K. The difference of $820K has no effect on the recommended tax credit allocation.

Sitework Cost: The Applicant's claimed sitework costs of $6,549 per unit are within current Department guidelines. Therefore, further third party substantiation is not required.

Direct Construction Cost: The Applicant's direct construction cost estimate is $340K lower, but within 5% of the Underwriter's Marshall & Swift *Residential Cost Handbook*-derived estimate.

Fees: The Applicant's contractor overhead exceeds the 2% maximum allowed by HTC guidelines based on their own construction costs. Consequently the Applicant's eligible fees in these areas have been reduced by $11K with the overage effectively moved to ineligible costs.

Housing consultant fees of $50K, designated as an eligible cost by the Applicant, were added to developer fees with the total limited to 15% of the Applicant's adjusted eligible basis. There was no effect on the Applicant's eligible basis estimate.

Conclusion: The Applicant's total development cost is within 5% of the Underwriter's estimate; therefore, the Applicant's cost schedule, adjusted by the Underwriter for overstated contractor overhead, will be used to calculate eligible basis. An eligible basis of $12,984,068 supports annual tax credits of $595,839. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation.

FINANCING STRUCTURE

INTERIM TO PERMANENT BOND FINANCING

Source: Malone Mortgage Company **Contact:** Jeffrey L Rogers

Tax-Exempt Amount: $9,815,100 **Interest Rate:** 5.5%, fixed

Additional Information: HUD-insured 221(d)4; Issuer: San Antonio Housing Finance Corporation

Amortization: 40 yrs **Term:** 40 yrs **Commitment:** ☒ LOI ☐ Firm ☐ Conditional

Annual Payment: $656,556 **Lien Priority:** 1st **Date:** 06/ 06/ 2005

TAX CREDIT SYNDICATION

Source: The Richman Group Affordable Housing Corporation **Contact:** Michael J Ramires

Net Proceeds: $4,954,000 **Net Syndication Rate (per $1.00 of 10-yr HTC)** 93¢

Commitment: ☒ LOI ☐ Firm ☐ Conditional **Date:** 03/ 15/ 2005

Additional Information: $532,704 annual tax credit allocation

APPLICANT EQUITY

Amount: $1,113,009 **Source:** Deferred Developer Fee

FINANCING STRUCTURE ANALYSIS

Interim to Permanent Bond Financing: The tax-exempt bonds are to be issued by San Antonio Housing Finance Corporation and purchased by Malone Mortgage Company. The permanent financing commitment is consistent with the terms reflected in the sources and uses of funds. However, while the Applicant has indicated a total annual debt service of $656,556, the underwriting analysis assumes $705,498 based on the terms presented.

HTC Syndication: The tax credit syndication commitment is consistent with the submitted sources and uses; however, the Applicant is requesting an annual tax credit allocation that is higher than anticipated by the syndicator.

Deferred Developer's Fees: The Applicant anticipates deferred developer's fee of $1,113,009, which amount to 66% of the total fees.

Financing Conclusions: The Applicant's proforma and the terms of permanent financing result in a debt coverage ratio that falls below the Department's minimum guideline of 1.10. As a result, it is likely the bond amount will be reduced by a mandatory redemption. The current analysis indicates the permanent mortgage must be reduced to $9,140,000 possibly resulting in a need for additional syndication proceeds or deferred developer fee.

As stated above, the Applicant's cost schedule, as adjusted by the Underwriter, was used to calculate the development's eligible basis. The resulting annual tax credit is less than the tax credit resulting from the gap method, but higher than the Applicant's request. Therefore, the recommended annual tax credit allocation is $582,138, as requested.

The Applicant's costs schedule was also reduced by the difference in the related party contract price and the original acquisition cost. The adjusted total of $15,062,109 and the possible reduction in the permanent mortgage to $9,140,000 are offset by an increase in the anticipated syndication proceeds resulting in reduced need for deferred fees. Deferred fees of $508,928 appear to be repayable from cashflow within ten years of stabilized operation.

DEVELOPMENT TEAM

IDENTITIES of INTEREST

The Applicant and Developer are related entities. This is a common relationship for HTC-funded developments. The seller of the site is also the Developer. This issue is discussed in the Construction Cost Estimate Evaluation section of this report.

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

Financial Highlights:

- The Applicant and General Partner are single-purpose entities created for the purpose of receiving assistance from TDHCA and therefore have no material financial statements.
- San Antonio Housing Facility Corporation, a component unit of the San Antonio Housing Authority and sole member of the General Partner, submitted an audited financial statement for the year ended June 30, 2004 reporting total assets of $23.9M consisting of $3.3M in current assets, $2.7M in restricted assets, $3.3M in non-current assets, $2M in other assets, and $12.5M in net capital assets. Liabilities totaled $13.3M, resulting in net assets of $10.6M.

Background & Experience: Multifamily Production Finance Staff have verified that the Department's experience requirements have been met and Portfolio Management and Compliance staff will ensure that the proposed owners have an acceptable record of previous participation.

SUMMARY OF SALIENT RISKS AND ISSUES

- Significant environmental/locational risk(s) exist regarding potential flood plain and site drainage.
- The development would need to capture a majority of the projected market area demand (i.e., capture rate exceeds 50%).
- The seller of the property has an identity of interest with the Applicant.
- 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/accepted by the Applicant, lenders, and syndicators, and acceptable alternative structures may exist.

Underwriter:	*Lisa Vecchietti*	**Date:**	September 8, 2005
Director of Real Estate Analysis:	*Tom Gouris*	**Date:**	September 8, 2005

MULTIFAMILY COMPARATIVE ANALYSIS

Midcrown Senior Pavilion, San Antonio, 4% HTC #05428

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%	100	1	1	714	$579	$519	$51,945	$0.73	$59.55	$35.50
TC 60%	96	2	2	998	696	$624	59,896	0.63	72.08	42.12
TOTAL:	196		AVERAGE:	853	$636	$571	$111,841	$0.67	$65.69	$38.74

INCOME	Total Net Rentable Sq Ft: 167,208			TDHCA	APPLICANT	Comptroller's Region		9
POTENTIAL GROSS RENT				$1,342,096	$1,348,704		IREM Region	San Antonio
Secondary Income	Per Unit Per Month:		$15.00	35,280	38,412	$16.33	Per Unit Per Month	
Other Support Income: 75 carports at $10 per month				0	17,640	$7.50	Per Unit Per Month	
POTENTIAL GROSS INCOME				$1,377,376	$1,404,756			
Vacancy & Collection Loss	% of Potential Gross Income:		-7.50%	(103,303)	(105,360)	-7.50%	of Potential Gross Rent	
Employee or Other Non-Rental Units or Concessions				0	0			
EFFECTIVE GROSS INCOME				$1,274,073	$1,299,396			
EXPENSES	% OF EGI	PER UNIT	PER SQ FT			PER SQ FT	PER UNIT	% OF EGI
General & Administrative	6.30%	$409	0.48	$80,253	$45,261	$0.27	$231	3.48%
Management	4.22%	274	0.32	53,788	52,252	0.31	267	4.02%
Payroll & Payroll Tax	11.27%	733	0.86	143,612	181,630	1.09	927	13.98%
Repairs & Maintenance	6.79%	441	0.52	86,463	84,335	0.50	430	6.49%
Utilities	2.54%	165	0.19	32,401	17,000	0.10	87	1.31%
Water, Sewer, & Trash	4.48%	291	0.34	57,126	72,820	0.44	372	5.60%
Property Insurance	3.28%	213	0.25	41,802	51,352	0.31	262	3.95%
Property Tax	0.00%	0	0.00	0	0	0.00	0	0.00%
Reserve for Replacements	3.71%	241	0.28	47,236	47,280	0.28	241	3.64%
supp serv & compl fees	2.03%	132	0.15	25,840	24,950	0.15	127	1.92%
TOTAL EXPENSES	44.62%	$2,901	$3.40	$568,521	$576,880	$3.45	$2,943	44.40%
NET OPERATING INC	55.38%	$3,600	$4.22	$705,551	$722,516	$4.32	$3,686	55.60%
DEBT SERVICE								
First Lien Mortgage	55.37%	$3,599	$4.22	$705,498	$656,556	$3.93	$3,350	50.53%
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	0.00%	$0	$0.00	$53	$65,960	$0.39	$337	5.08%
AGGREGATE DEBT COVERAGE RATIO				1.00	1.10			
RECOMMENDED DEBT COVERAGE RATIO					1.10			

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		1.83%	$1,429	$1.67	$280,000	$1,100,000	$6.58	$5,612	6.93%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		8.37%	6,549	7.68	1,283,522	1,283,522	7.68	6,549	8.08%
Direct Construction		51.57%	40,364	47.31	7,911,354	7,571,478	45.28	38,630	47.67%
Contingency	0.00%	0.00%	0	0.00	0	0	0.00	0	0.00%
General Req'ts	5.78%	3.46%	2,711	3.18	531,300	531,300	3.18	2,711	3.35%
Contractor's G & A	2.00%	1.20%	938	1.10	183,898	187,726	1.12	958	1.18%
Contractor's Profit	4.08%	2.45%	1,916	2.25	375,452	375,452	2.25	1,916	2.36%
Indirect Construction		3.10%	2,426	2.84	475,488	475,488	2.84	2,426	2.99%
Ineligible Costs		7.54%	5,905	6.92	1,157,409	1,157,409	6.92	5,905	7.29%
Developer's G & A	5.43%	4.12%	3,224	3.78	631,999	631,999	3.78	3,224	3.98%
Developer's Profit	9.01%	6.84%	5,357	6.28	1,050,000	1,050,000	6.28	5,357	6.61%
Interim Financing		5.79%	4,529	5.31	887,729	887,729	5.31	4,529	5.59%
Reserves		3.74%	2,926	3.43	573,578	630,006	3.77	3,214	3.97%
TOTAL COST		100.00%	$78,274	$91.75	$15,341,728	$15,882,109	$94.98	$81,031	100.00%
Recap-Hard Construction Costs		*67.04%*	***$52,477***	***$61.51***	***$10,285,525***	***$9,949,478***	***$59.50***	***$50,763***	*62.65%*

SOURCES OF FUNDS

						RECOMMENDED	
First Lien Mortgage	63.98%	$50,077	$58.70	$9,815,100	$9,815,100	$9,140,000	Developer Fee Available
Additional Financing	0.00%	$0	$0.00	0	0	0	$1,681,999
HTC Syndication Proceeds	32.29%	$25,276	$29.63	4,954,000	4,954,000	5,413,181	% of Dev. Fee Deferred
Deferred Developer Fees	7.25%	$5,679	$6.66	1,113,009	1,113,009	508,928	30%
Additional (Excess) Funds Req'd	-3.52%	($2,757)	($3.23)	(540,381)	0	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$15,341,728	$15,882,109	$15,062,109	$2,747,486

MULTIFAMILY COMPARATIVE ANALYSIS(continued)

Midcrown Senior Pavilion, San Antonio, 4% HTC #05428

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook

Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$43.89	$7,339,071
Adjustments				
Exterior Wall Finish	0.40%		$0.18	$29,356
Elderly	3.00%		1.32	220,172
Roofs			0.00	0
Subfloor			(0.71)	(119,099)
Floor Cover			2.00	334,416
Porch/Balc/Breezeway	$16.10	57,588	5.54	927,111
Plumbing	$605	288	1.04	174,240
Built-In Appliances	$1,650	196	1.93	323,400
Stairs	$1,450	16	0.14	23,200
Elevator	$62,088	3	1.11	186,263
Heating/Cooling			1.53	255,828
Carports		75	0.00	0
Comm &/or Aux Bldgs	$56.94	7,937	2.70	451,925
Other:			0.00	0
SUBTOTAL			60.68	10,145,883
Current Cost Multiplier	1.12		7.28	1,217,506
Local Multiplier	0.84		(9.71)	(1,623,341)
TOTAL DIRECT CONSTRUCTION COSTS			$58.25	$9,740,047
Plans, specs, survy, bld prm	3.90%		($2.27)	($379,862)
Interim Construction Interes	3.38%		(1.97)	(328,727)
Contractor's OH & Profit	11.50%		(6.70)	(1,120,105)
NET DIRECT CONSTRUCTION COSTS			$47.31	$7,911,354

PAYMENT COMPUTATION

Primary	$9,815,100	Amort	480
Int Rate	6.69%	DCR	1.00

Secondary	$0	Amort	
Int Rate	0.00%	Subtotal DCR	1.00

Additional	$4,954,000	Amort	
Int Rate		Aggregate DCR	1.00

RECOMMENDED FINANCING STRUCTURE APPLICANT'S N

Primary Debt Service	$656,973
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	$65,544

Primary	$9,140,000	Amort	480
Int Rate	6.69%	DCR	1.10

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

Additional	$4,954,000	Amort	0
Int Rate	0.00%	Aggregate DCR	1.10

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

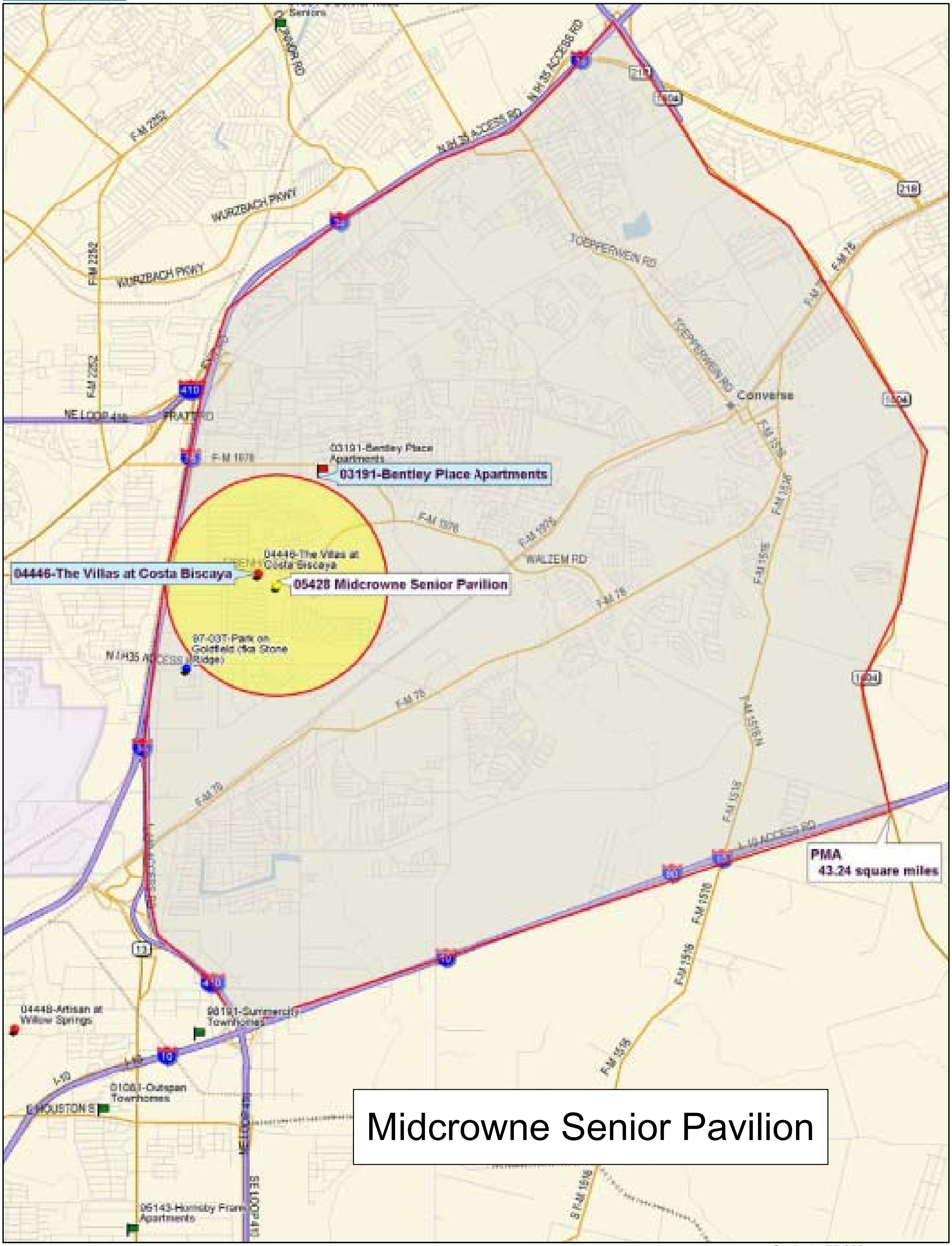
INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$1,348,704	$1,389,165	$1,430,840	$1,473,765	$1,517,978	$1,759,753	$2,040,036	$2,364,961	$3,178,309
Secondary Income	38,412	39,564	40,751	41,974	43,233	50,119	58,102	67,356	90,520
Contractor's Profit	17,640	18,169	18,714	19,276	19,854	23,016	26,682	30,932	41,570
POTENTIAL GROSS INCOME	1,404,756	1,446,899	1,490,306	1,535,015	1,581,065	1,832,888	2,124,819	2,463,248	3,310,400
Vacancy & Collection Loss	(105,360)	(108,517)	(111,773)	(115,126)	(118,580)	(137,467)	(159,361)	(184,744)	(248,280)
Developer's G & A	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$1,299,396	$1,338,381	$1,378,533	$1,419,889	$1,462,485	$1,695,421	$1,965,458	$2,278,505	$3,062,120
EXPENSES at 4.00%									
General & Administrative	$45,261	$47,071	$48,954	$50,912	$52,949	$64,420	$78,377	$95,357	$141,152
Management	52,252	53819.6967	55434.28758	57097.31621	58810.2357	68177.18155	79036.03903	91624.43098	123135.5735
Payroll & Payroll Tax	181,630	188,895	196,451	204,309	212,481	258,516	314,524	382,667	566,441
Repairs & Maintenance	84,335	87,708	91,217	94,865	98,660	120,035	146,041	177,681	263,011
Utilities	17,000	17,680	18,387	19,123	19,888	24,196	29,438	35,816	53,017
Water, Sewer & Trash	72,820	75,733	78,762	81,913	85,189	103,646	126,101	153,421	227,100
Insurance	51,352	53,406	55,542	57,764	60,075	73,090	88,925	108,191	160,149
Property Tax	0	0	0	0	0	0	0	0	0
Reserve for Replacements	47,280	49,171	51,138	53,184	55,311	67,294	81,874	99,612	147,450
Other	24,950	25,948	26,986	28,065	29,188	35,512	43,205	52,566	77,810
TOTAL EXPENSES	$576,880	$599,432	$622,871	$647,232	$672,550	$814,886	$987,521	$1,196,936	$1,759,266
NET OPERATING INCOME	$722,516	$738,949	$755,661	$772,657	$789,935	$880,536	$977,937	$1,081,569	$1,302,853
DEBT SERVICE									
First Lien Financing	$656,973	$656,973	$656,973	$656,973	$656,973	$656,973	$656,973	$656,973	$656,973
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	$65,544	$81,976	$98,689	$115,684	$132,962	$223,563	$320,964	$424,596	$645,881
DEBT COVERAGE RATIO	1.10	1.12	1.15	1.18	1.20	1.34	1.49	1.65	1.98

LIHTC Allocation Calculation - Midcrown Senior Pavilion, San Antonio, 4% HTC #05428

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	$1,100,000	$280,000		
Purchase of buildings				
(2) Rehabilitation/New Construction Cost				
On-site work	$1,283,522	$1,283,522	$1,283,522	$1,283,522
Off-site improvements				
(3) Construction Hard Costs				
New structures/rehabilitation hard costs	$7,571,478	$7,911,354	$7,571,478	$7,911,354
(4) Contractor Fees & General Requirements				
Contractor overhead	$187,726	$183,898	$177,100	$183,898
Contractor profit	$375,452	$375,452	$375,452	$375,452
General requirements	$531,300	$531,300	$531,300	$531,300
(5) Contingencies				
(6) Eligible Indirect Fees	$475,488	$475,488	$475,488	$475,488
(7) Eligible Financing Fees	$887,729	$887,729	$887,729	$887,729
(8) All Ineligible Costs	$1,157,409	$1,157,409		
(9) Developer Fees				
Developer overhead	$631,999	$631,999	$631,999	$631,999
Developer fee	$1,050,000	$1,050,000	$1,050,000	$1,050,000
(10) Development Reserves	$630,006	$573,578		
TOTAL DEVELOPMENT COSTS	$15,882,109	$15,341,728	$12,984,068	$13,330,741

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		$12,984,068	$13,330,741
High Cost Area Adjustment		130%	130%
TOTAL ADJUSTED BASIS		$16,879,288	$17,329,963
Applicable Fraction		100%	100%
TOTAL QUALIFIED BASIS		$16,879,288	$17,329,963
Applicable Percentage		3.53%	3.53%
TOTAL AMOUNT OF TAX CREDITS		$595,839	$611,748
Syndication Proceeds	**0.9299**	**$5,540,583**	**$5,688,516**

Total Credits (Eligible Basis Method)	**$595,839**	**$611,748**
Syndication Proceeds	**$5,540,583**	**$5,688,516**
Requested Credits	**$582,138**	
Syndication Proceeds	**$5,413,181**	
Gap of Syndication Proceeds Needed	**$6,742,109**	
Credit Amount	**$725,052**	



TN
MN (5.6°E)

Scale 1 : 75,000

1" = 1.18 mi   Data Zoom 11-4

Applicant Evaluation

Project ID # **05428** Name: **Midcrown Senior Pavilion** City: **San Antonio**

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

Total # of Projects monitored: 17

Projects in Material Noncompliance: **Yes** ☐ **No** ☑

in noncompliance: 0

Projects grouped by score:
- zero to nine: 16
- ten to nineteen: 1
- twenty to twenty-nine: 0

monitored with a score less than thirty: 17

not yet monitored or pending review: 1

Projects not reported in application: Yes ☐ No ☑

# of projects not reported 0

Portfolio Monitoring		**Single Audit**		**Contract Administration**	
Not applicable	☑	Not applicable	☑	Not applicable	☐
Review pending	☐	Review pending	☐	Review pending	☐
No unresolved issues	☐	No unresolved issues	☐	No unresolved issues	☐
Unresolved issues found	☐	Issues found regarding late cert	☐	Unresolved issues found	☐
Unresolved issues found that warrant disqualification (Comments attached)	☐	Issues found regarding late audit	☐	Unresolved issues found that warrant disqualification (Comments attached)	☐
		Unresolved issues found that warrant disqualification (Comments attached)	☐		

Reviewed by Lucy Trevino Date 9/1/2005

Multifamily Finance Production		**Single Family Finance Production**		**Real Estate Analysis (Cost Certification and Workout)**	
Not applicable	☐	Not applicable	☑	Not applicable	☐
Review pending	☐	Review pending	☐	Review pending	☐
No unresolved issues	☑	No unresolved issues	☐	No unresolved issues	☐
Unresolved issues found	☐	Unresolved issues found	☐	Unresolved issues found	☐
Unresolved issues found that warrant disqualification (Comments attached)	☐	Unresolved issues found that warrant disqualification (Comments attached)	☐	Unresolved issues found that warrant disqualification (Comments attached)	☐
Reviewer	S. Roth	Reviewer	Paige McGilloway	Reviewer	
Date	8 /30/2005	Date	8 /29/2005	Date	

Community Affairs		**Office of Colonia Initiatives**		**Financial Administration**	
No relationship	☑	Not applicable	☐	No delinquencies found	☑
Review pending	☐	Review pending	☐	Delinquencies found	☐
No unresolved issues	☐	No unresolved issues	☐		
Unresolved issues found	☐	Unresolved issues found	☐		
Unresolved issues found that warrant disqualification (Comments attached)	☐	Unresolved issues found that warrant disqualification (Comments attached)	☐		
Reviewer	EEF	Reviewer		Reviewer	Melissa Whitehead
Date	8 /31/2005	Date		Date	9 /1 /2005

Executive Director: Edwina Carrington **Executed:** day, September 07, 2005

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

September 16, 2005

Action Items

Discussion of issuance of Forward Commitments of 2005 Housing Tax Credits.

Required Action

Discuss, and possibly act on, the issuance of Forward Commitments of 2005 Housing Tax Credits.

Background and Recommendations

At the August 16, 2005 Board meeting, where tax credit allocations were approved, it was discussed that forward commitments might be considered at the September board meeting. Staff is presenting this item to prompt discussion and possible action if the Board chooses.

Staff is not making any recommendations for forward commitments at this time. It should be noted that because each region is divided into 26 rural and urban/exurban allocations, the award of one Forward Commitment in any particular area could potentially absorb a substantial portion of the following year's credits for that category.

If the Board does proceed with a recommendation of 2006 Forward Commitments, the Department has attached behind this write-up a Waiting List report showing all of the eligible developments by region, allocation type (Rural vs. Urban/Exurban) sorted in descending order by score. The first set of developments in each sub-region, denoted with an "A" are those that have already been awarded. The second set in each sub-region, denoted with a "W" are those that have not received an allocation but are on the Waiting List and therefore are available for consideration for forward commitments. This list is as of August 19, 2005 without consideration of possible Board action on appeals. If the Board decides to make a forward commitment to any development that has not been underwritten, staff recommends that the approval is contingent on successful underwriting, that the credit amount in the commitment notice be the amount recommended by underwriting, that all Department conditions be made a condition to the award, and that the applicant successfully undergo a review by the Portfolio Management and Compliance Division.

Under the 2005 QAP, the Board is authorized to use its discretion in determining the reasons for making forward commitments considering score and discretionary factors. On awarding tax credits, the Board is required to document the reasons for each application's selection, including any discretionary factors used in making its determination. The discretionary factors listed in the QAP are as follows:

"(A) the developer market study;

(B) the location;
(C) the compliance history of the Developer;
(D) the Applicant and/or Developer's efforts to engage the neighborhood;
(E) the financial feasibility;
(F) the appropriateness of the Development's size and configuration in relation to the housing needs of the community in which the Development is located;
(G) the housing needs of the community, area, region and state;
(H) the Development's proximity to other low income housing developments;
(I) the availability of adequate public facilities and services;
(J) the anticipated impact on local school districts;
(K) zoning and other land use considerations;
(L) laws relating to fair housing including affirmatively furthering fair housing;
(M) the efficient use of the tax credits;
(N) consistency with local needs, including consideration of revitalization or preservation needs;
(O) the allocation of credits among many different entities without diminishing the quality of the housing;
(P) meeting a compelling housing need;
(Q) providing integrated, affordable housing for individuals and families with different levels of income;
(R) the inclusive capture rate as described under §1.32(g)(2);
(S) any matter considered by the Board to be relevant to the approval decision and in furtherance of the Department's purposes and the policies of Chapter 2306, Texas Government Code; or
(T) other good cause as determined by the Board."

2005 9% Housing Tax Credit Recommendations - Waiting List as of the August 19, 2005 Board Meeting
Sorted by Region, Allocation, Recommendation Status and Final Score

State Ceiling to be Allocated: $42,575,583

Region: 1

Allocation Information for Region 1:	Total Credits Available for Region: $2,087,213	Rural Allocation:	$580,822	Urban/Exurban Allocation:	$1,506,391
		5% Required for USDA:	$104,360	15% Required for At-Risk:	$313,081

Applications Submitted in Region 1: Urban/Exurban

File #	Reg.[1]	A	Development Name	Address	City	Alloc.[2]	Set-Asides[3] USDA	NP	AR	Layering[4] HOME	HTF	Activity[5]	LI Units	Total Units	Pop[6]	Recommended Credit	Owner Contact	Final Score	1 Mile Conflict	Comment
05124	1	A	TownParc at Amarillo	Woodward Ave. & Kirkland Dr.	Amarillo	U/E						NC	144	144	F	$931,177	Christopher C. Finlay	160	N/A	Competitive in Region
05097	1	A	Cathy's Pointe	2701 North Grand St.	Amarillo	U/E						NC	120	120	F	$757,752	Donald Pace	147	N/A	Significant Regional Shortfall
												Subtotal:	**264**	**264**		**$1,688,929**				
05103	1	W	Elm Grove Senior Village	West of Upland Ave., South of 26th St., North of 34th St.	Lubbock	U/E						NC	96	100	E	* $740,000	Tammie Goldston	154	N/A	Not Financially Feasible
												Subtotal:	**96**	**100**		**$0**				
												Total:	**360**	**364**		**$1,688,929**				

Applications Submitted in Region 1: Rural

File #	Reg.	A	Development Name	Address	City	Alloc.	USDA	NP	AR	HOME	HTF	Activity	LI Units	Total Units	Pop	Recommended Credit	Owner Contact	Final Score	1 Mile Conflict	Comment
05020	1	A	Central Place	402 West 4th St.	Hereford	R						NC	32	32	F	$280,145	Richard L. Brown	169	N/A	Competitive in Region
05101	1	A	Creek Crossing Senior Village	West of Soncy Rd., North of US Highway 60	Canyon	R						NC	73	76	E	$393,547	Tammie Goldston	166	N/A	Significant Regional Shortfall
												Subtotal:	**105**	**108**		**$673,692**				
05100	1	W	Tierra Blanca Apartments	South Ave. K, North of Austin Rd., South of Victory Dr.	Hereford	R						NC	73	76	F	* $615,000	Tammie Goldston	166	N/A	Not Competitive in Region
05194	1	W	Canyon View Apartments	SE corner of 10th St. at Whittenburg St.	Borger	R						NC	47	48	F	* $382,500	Justin Zimmerman	164	N/A	Not Competitive in Region
05186	1	W	Deer Creek Apartments	MLK Street at West Ellis St.	Levelland	R						NC	63	63	F	* $496,000	Justin Zimmerman	158	N/A	Not Competitive in Region
												Subtotal:	**183**	**187**		**$615,000**				
												Total:	**288**	**295**		**$1,288,692**				
8 Applications in Region												**Region Total:**	**648**	**659**		**$2,977,621**				

Please refer to report footer for appropriate disclaimers.

File #	Reg.	A[1]	Development Name	Address	City	Alloc.[2]	Set-Asides[3] USDA	NP	AR	Layering[4] HOME	HTF	Activity[5]	LI Units	Total Units	Pop[6]		Recommended Credit	Owner Contact	Final Score	1 Mile Conflict	Comment
Region:	**2**																				

Allocation Information for Region 2: **Total Credits Available for Region: $1,180,463** **Rural Allocation: $535,297** **Urban/Exurban Allocation: $645,166**

5% Required for USDA: $59,023 **15% Required for At-Risk: $177,069**

Applications Submitted in Region 2: Urban/Exurban

File #	Reg.	A	Development Name	Address	City	Alloc.	USDA	NP	AR	HOME	HTF	Activity	LI Units	Total Units	Pop		Recommended Credit	Owner Contact	Final Score	1 Mile Conflict	Comment
05141	2	A	The Arbors at Rose Park	2702 South 7th St.	Abilene	U/E	☐	☐	☐	☐	☑	NC	77	80	E		$647,474	Diana McIver	184	N/A	Competitive in Region
												Subtotal:	**77**	**80**			**$647,474**				
05039	2	W	The Gardens of Tye	478 Scott St.	Tye	U/E	☐	☐	☐	☐	☐	NC	36	36	E	*	$277,794	George D. Hopper	174	N/A	Not Competitive in Region
												Subtotal:	**36**	**36**			**$0**				
												Total:	**113**	**116**			**$647,474**				

Applications Submitted in Region 2: Rural

File #	Reg.	A	Development Name	Address	City	Alloc.	USDA	NP	AR	HOME	HTF	Activity	LI Units	Total Units	Pop		Recommended Credit	Owner Contact	Final Score	1 Mile Conflict	Comment
05000	2	A	Snyder Housing Venture, Ltd.	100 East 37th ST.	Snyder	R	☑	☐	☑	☐	☐	NC/R	39	39	F		$30,463	James Brawner	200	N/A	Rural Rescue Award
05185	2	A	Market Place Apartments	Near the Intersection of McClain & Looney St.	Brownwood	R	☐	☐	☐	☐	☐	NC	59	59	E		$518,989	Justin Zimmerman	167	N/A	Significant Regional Shortfall
												Subtotal:	**98**	**98**			**$549,452**				
05036	2	W	Gardens of Burkburnett LP	107 W. Williams Dr.	Burkburnett	R	☐	☐	☐	☐	☐	NC	36	36	E	*	$278,608	George D. Hopper	165	N/A	Not Competitive in Region
												Subtotal:	**36**	**36**			**$0**				
												Total:	**134**	**134**			**$549,452**				

5 Applications in Region **Region Total: 247 250 $1,196,926**

Please refer to report footer for appropriate disclaimers.

File #	Reg.	A[1]	Development Name	Address	City	Alloc.[2]	Set-Asides[3] USDA	NP	AR	Layering[4] HOME	HTF	Activity[5]	LI Units	Total Units	Pop[6]	Recommended Credit	Owner Contact	Final Score	1 Mile Conflict	Comment

Region: 3

Allocation Information for Region 3: **Total Credits Available for Region: $7,788,775** **Rural Allocation: $664,197** **Urban/Exurban Allocation: $7,124,578**

5% Required for USDA: $389,439 **15% Required for At-Risk: $1,168,316**

Applications Submitted in Region 3: **Urban/Exurban**

File #	Reg.	A	Development Name	Address	City	Alloc.	USDA	NP	AR	HOME	HTF	Activity	LI Units	Total Units	Pop	Recommended Credit	Owner Contact	Final Score	1 Mile Conflict	Comment
05005	3	A	Cambridge Courts	8124 Calmont Ave.	Fort Worth	U/E	☐	☐	☐	☐	☐	ACQ/ R	330	330	F	$818,995	Barbara Holston	196	N/A	Competitive in Region
05004	3	A	Samuel's Place	Southeast Corner of Samuel's Ave. and Poindexter St.	Fort Worth	U/E	☐	☐	☐	☐	☐	NC	36	36	F	$254,842	Barbara Holston	193	N/A	Competitive in Region
05088	3	A	Oak Timbers-Fort Worth South	300 East Terrell Ave.	Fort Worth	U/E	☐	✔	☐	☐	☐	NC	160	168	E	$1,200,000	A.V. Mitchell	191	N/A	Competitive in Region
05116	3	A	Wahoo Frazier Townhomes	East side of Blocks 4700-4900 Hatcher St.	Dallas	U/E	☐	☐	☐	☐	☐	NC	95	118	F	$925,960	Lester Nevels	187	N/A	Competitive in Region
05082	3	A	Sphinx at Luxar	3110 Cockrell Hill Rd.	Dallas	U/E	☐	☐	☐	☐	☐	NC	96	100	F	$858,445	Jay O. Oji	186	N/A	Competitive in Region
05029	3	A	Cimarron Springs Apartments	Southeast corner of Kilpatrick and Donaho	Cleburne	U/E	☐	☐	☐	☐	☐	NC	149	156	F	$1,185,000	Ron Hance	180	N/A	Competitive in Region
05095	3	A	Sphinx At Reese Court	1201 Ewing Ave.	Dallas	U/E	☐	☐	☐	☐	☐	NC	80	80	F	$597,776	Jay O. Oji	180	N/A	Competitive in Region
05168	3	A	Lakeview Park	Highway 91, South of 1916 State Highway 91	Denison	U/E	☐	☐	☐	☐	☐	NC	76	76	F	$463,334	Steve Rumsey	178	N/A	Competitive in Region
												Subtotal:	**1,022**	**1,064**		**$6,304,352**				

Please refer to report footer for appropriate disclaimers.

File #	Reg.	A[1]	Development Name	Address	City	Alloc.[2]	Set-Asides[3] USDA	NP	AR	Layering[4] HOME	HTF	Activity[5]	LI Units	Total Units	Pop[6]	Recommended Credit	Owner Contact	Final Score	1 Mile Conflict	Comment
05128	3	W	Rhias Oaks Apartments	700 Gross Rd.	Mesquite	U/E						NC	200	208	F	*$1,170,000	Ron Pegram	176	N/A	Not Competitive in Region
05077	3	W	Sphinx at Alsbury Villas	755 NE Alsbury Blvd.	Burleson	U/E						NC	163	170	F	*$1,112,442	Jay O. Oji	175	N/A	Not Competitive in Region
05054	3	W	Residences at Eastland	5500 Eastland St.	Fort Worth	U/E						NC	151	158	F	*$1,200,000	Robert H. Voelker	173	N/A	Not Competitive in Region
05129	3	W	First Street Townhomes	1300-1500 South 1st St.	Sherman	U/E						NC	36	36	F	* $316,906	Steve Rumsey	172	N/A	Not Competitive in Region
05015	3	W	Country Lane Seniors-Greenville Community	North side of Industrial Dr., East of U.S. Highway 69	Greenville	U/E						NC	144	150	E	*$1,103,075	Kenneth H. Mitchell	170	N/A	Not Competitive in Region
05070	3	W	Center Ridge	700 West Center St.	Duncanville	U/E		✓				ACQ/R	224	224	F	* $766,539	Lee Felgar	165	N/A	Not Competitive in Region
05250	3	W	Churchill at Cedars	1800 Block of Beaumont	Dallas	U/E		✓				NC	150	150	F	*$1,200,000	Brad Forslund	165	N/A	Not Competitive in Region
05161	3	W	LoneStar Park	Southwest Corner of FM 1417 and Flanary Rd.	Sherman	U/E						NC	120	120	F	* $739,956	Steve Rumsey	156	N/A	Not Competitive in Region
05173	3	W	Arbor Bend Villas	6150 Oakmont Trail	Fort Worth	U/E						NC	145	152	F	* $800,000	Len Vilicic	156	N/A	Not Competitive in Region
05057	3	W	CityParc at Runyon Springs	Lancaster Rd. at E. Camp Wisdom Rd.	Dallas	U/E						NC	144	144	F	* $992,971	Christopher C. Finlay	147	N/A	Not Competitive in Region
												Subtotal:	**1,477**	**1,512**		**$0**				
												Total:	**2,499**	**2,576**		**$6,304,352**				

Applications Submitted in Region 3: Rural

File #	Reg.	A	Development Name	Address	City	Alloc.	USDA	NP	AR	HOME	HTF	Activity	LI Units	Total Units	Pop	Recommended Credit	Owner Contact	Final Score	1 Mile Conflict	Comment
05146	3	A	Spring Garden V	200 North Spring Branch Trail	Springtown	R		✓		✓		NC	40	40	F	$297,367	A. G. Swan	168	N/A	Competitive in Region
05189	3	A	Windvale Park	44th St. off West Park Row	Corsicana	R		✓		✓		NC	76	76	F	$564,003	Emanuel H. Glockzin, Jr.	165	N/A	Significant Regional Shortfall
												Subtotal:	**116**	**116**		**$861,370**				
05035	3	W	The Gardens of Acton	Main Street, Acton	Granbury	R						NC	36	36	E	* $263,118	George D. Hopper	164	N/A	Not Competitive in Region
05038	3	W	Gardens of Mabank LP	801 South 2nd St.	Mabank	R						NC	36	36	E	* $280,540	George D. Hopper	164	N/A	Not Competitive in Region
05090	3	W	Oak Timbers-Granbury	300 Davis Rd.	Granbury	R		✓				NC	76	76	E	* $494,886	A.V. Mitchell	161	N/A	Not Competitive in Region
05031	3	W	Saddlewood Springs Apartments	1300 N. Misty Meadows Dr.	Granbury	U/E						NC	76	76	F	* $499,763	Ron Hance	142	N/A	Not Competitive in Region
												Subtotal:	**224**	**224**		**$0**				
												Total:	**340**	**340**		**$861,370**				

Please refer to report footer for appropriate disclaimers.

File #	Reg.	A[1]	Development Name	Address	City	Alloc.[2]	Set-Asides[3] USDA	NP	AR	Layering[4] HOME	HTF	Activity[5]	LI Units	Total Units	Pop[6]	Recommended Credit	Owner Contact	Final Score	1 Mile Conflict	Comment

24 Applications in Region — Region Total: 2,839 | 2,916 | $7,165,722

Region: 4

Allocation Information for Region 4: Total Credits Available for Region: $2,101,387 | Rural Allocation: $968,281 | Urban/Exurban Allocation: $1,133,106

5% Required for USDA: $105,069 | 15% Required for At-Risk: $315,208

Applications Submitted in Region 4: Urban/Exurban

File #	Reg.	A	Development Name	Address	City	Alloc.	USDA	NP	AR	HOME	HTF	Activity	LI Units	Total Units	Pop	Recommended Credit	Owner Contact	Final Score	1 Mile Conflict	Comment
05051	4	A	Longview Senior Apartment Community	1600 Block of East Whaley	Longview	U/E	☐	☐	☐	☐	☐	NC	100	100	E	$870,000	Brad Forslund	185	N/A	Competitive in Region
												Subtotal:	100	100		$870,000				
05242	4	W	Renaissance Plaza	South of Victory Dr. between E. Midway Dr. and W. Midway Dr.	Texarkana	U/E	☐	☐	☐	☐	☐	NC	120	120	E	* $822,571	Richard Herrington	184	N/A	Not Competitive in Region
05037	4	W	Gardens of White Oak LP	207 W. Center Street	White Oak	U/E	☐	☐	☐	☐	☐	NC	36	36	E	* $277,794	George D. Hopper	172	N/A	Not Competitive in Region
05033	4	W	Waterford Parkplace	1400 North Eastman Rd.	Longview	U/E	☐	☑	☐	☐	☐	NC	150	156	F	*$1,045,330	Douglas R. Dowler	170	N/A	Not Competitive in Region
												Subtotal:	306	312		$0				
												Total:	406	412		$870,000				

Applications Submitted in Region 4: Rural

File #	Reg.	A	Development Name	Address	City	Alloc.	USDA	NP	AR	HOME	HTF	Activity	LI Units	Total Units	Pop	Recommended Credit	Owner Contact	Final Score	1 Mile Conflict	Comment
05027	4	A	Timber Village Apartments	2707 Norwood St. at Loop 390	Marshall	R	☐	☐	☐	☐	☐	NC	76	76	F	$620,359	John O. Boyd	183	N/A	Competitive in Region
05184	4	A	Hampton Chase Apartments	SH-155 Approx. 1-mile North of Loop 256	Palestine	R	☐	☐	☐	☐	☐	NC	75	75	F	$551,310	Justin Zimmerman	166	N/A	Significant Regional Shortfall
05235	4	A	Country Square Apartments	1001 Lakeview	Lone Star	R	☑	☐	☐	☑	☐	ACQ/R	24	24	F	$84,110	James W. Fieser	87	N/A	USDA Set-Aside
												Subtotal:	175	175		$1,255,779				
												Total:	175	175		$1,255,779				

7 Applications in Region — Region Total: 581 | 587 | $2,125,779

Please refer to report footer for appropriate disclaimers.

File #	Reg.	A[1]	Development Name	Address	City	Alloc.[2]	Set-Asides[3] USDA	NP	AR	Layering[4] HOME	HTF	Activity[5]	LI Units	Total Units	Pop[6]	Recommended Credit	Owner Contact	Final Score	1 Mile Conflict	Comment

Region: 5

Allocation Information for Region 5: **Total Credits Available for Region: $1,264,768** **Rural Allocation: $757,009** **Urban/Exurban Allocation: $507,759**

5% Required for USDA: $63,238 **15% Required for At-Risk: $189,715**

Applications Submitted in Region 5: Urban/Exurban

File #	Reg.	A	Development Name	Address	City	Alloc.	USDA	NP	AR	HOME	HTF	Activity	LI Units	Total Units	Pop	Recommended Credit	Owner Contact	Final Score	1 Mile Conflict	Comment
05199	5	A	Southwood Crossing Apartments	North side of 173 between 9th Ave and Hwy 347	Port Arthur	U/E						NC	120	120	F	$631,266	Ike Akbari	182	N/A	Competitive in Region
												Subtotal:	**120**	**120**		**$631,266**				
05181	5	W	Stone Hearst II	1650 East Lucas Dr.	Beaumont	U/E						NC	65	68	F	* $544,000	R. J. Collins	168	N/A	Not Competitive in Region
												Subtotal:	**65**	**68**		**$0**				
												Total:	**185**	**188**		**$631,266**				

Applications Submitted in Region 5: Rural

File #	Reg.	A	Development Name	Address	City	Alloc.	USDA	NP	AR	HOME	HTF	Activity	LI Units	Total Units	Pop	Recommended Credit	Owner Contact	Final Score	1 Mile Conflict	Comment
05163	5	A	Timber Pointe Apartment Homes	I-69 Highway at Loop 287	Lufkin	R						NC	74	76	E	$560,454	Marc Caldwell	169	N/A	Competitive in Region
05251	5	A	Joaquin Apartments	Route 1, Box 141, Highway 84	Joaquin	R	✓	✓				ACQ/R	31	32	F	$65,824	Murray A. Calhoun	121	N/A	USDA Set-Aside
												Subtotal:	**105**	**108**		**$626,278**				
05032	5	W	Pineywoods Orange Development	Scattered Sites in East town Section of Orange	Orange	R		✓				NC	35	36	F	* $436,690	Douglas R. Dowler	168	N/A	Not Competitive in Region
05122	5	W	Twelve Oaks Apartments	2405 Highway 12	Vidor	R						NC	70	70	F	* $433,832	Ike Akbari	168	N/A	Not Competitive in Region
05193	5	W	Park Place Apartments	SE Corner of Park Street and Tower Road	Nacogdoches	R						NC	59	60	E	* $523,000	Justin Zimmerman	154	N/A	Not Competitive in Region
												Subtotal:	**164**	**166**		**$0**				
												Total:	**269**	**274**		**$626,278**				

7 Applications in Region	**Region Total:**	**454**	**462**	**$1,257,544**

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File #	Reg. A[1]	Development Name	Address	City	Alloc.[2]	Set-Asides[3] USDA	NP	AR	Layering[4] HOME	HTF	Activity[5]	LI Units	Total Units	Pop[6]	Recommended Credit	Owner Contact	Final Score	1 Mile Conflict	Comment

Region: 6

Allocation Information for Region 6: **Total Credits Available for Region: $8,230,065** **Rural Allocation: $623,279** **Urban/Exurban Allocation: $7,606,786**

5% Required for USDA: $411,503 **15% Required for At-Risk: $1,234,510**

Applications Submitted in Region 6: **Urban/Exurban**

File #	Reg. A	Development Name	Address	City	Alloc.	USDA	NP	AR	HOME	HTF	Activity	LI Units	Total Units	Pop	Recommended Credit	Owner Contact	Final Score	1 Mile Conflict	Comment
05165	6 A	Lincoln Park Apartments	790 West Little York	Houston	U/E						NC	200	250	F	$1,200,000	Horace Allison	187	N/A	Competitive in Region
05204	6 A	Ambassador North Apartments	8210 Bauman Rd.	Houston	U/E						ACQ/R	100	100	F	$724,870	Amay Inamdar	186	N/A	Competitive in Region
05021	6 A	Waterside Court	South side of Approx. 500 Block of West Rd.	Houston	U/E						NC	112	118	F	$1,054,000	W. Barry Kahn	183	N/A	Competitive in Region
05222	6 A	Kingwood Senior Village	200 North Pines	Houston	U/E		✓			✓	NC	192	193	E	$1,067,817	Stephen Fairfield	183	N/A	Competitive in Region
05022	6 A	The Enclave	South side of 1200 and 2300 Blocks of West Tidwell	Houston	U/E						NC	40	40	F	$524,209	Isaac Matthews	178	N/A	Competitive in Region
05198	6 A	Olive Grove Manor	101 Normandy	Houston	U/E						NC	160	160	E	$946,000	H. Elizabeth Young	178	N/A	Competitive in Region
05209	6 A	Providence Place Apartments	20100 Saums Rd.	Katy	U/E						NC	166	174	E	$984,852	Chris Richardson	178	N/A	Competitive in Region
05044	6 A	Copperwood Apartments	4407 South Panther Creek Dr.	The Woodlands	U/E			✓			ACQ/R	300	300	E	$1,058,943	Paul Paterno	163	N/A	At-Risk Set-Aside
											Subtotal:	**1,270**	**1,335**		**$7,560,691**				

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File #	Reg.	A[1]	Development Name	Address	City	Alloc.[2]	Set-Asides[3] USDA	NP	AR	Layering[4] HOME	HTF	Activity[5]	LI Units	Total Units	Pop[6]	Recommended Credit	Owner Contact	Final Score	1 Mile Conflict	Comment
05196	6	W	Greens Crossing Senior Village	O Gears Rd.	Houston	U/E						NC	128	128	E	*$1,000,000	Colby W. Denison	174	N/A	Not Competitive in Region
05217	6	W	Town Park Phase II	NE Corner Beltway 8 and Town Park	Houston	U/E						NC	120	120	E	$980,000	Eleanore Gilbert	174	N/A	Not Competitive in Region
05244	6	W	Blue Ridge Senior Homes	10100 Block of Scott and Airport Blvd.	Houston	U/E						NC	120	120	E	*$1,040,340	Cherno M. Njie	174	05212	Not Competitive in Region
05162	6	W	Lodge at Silverdale Apartment Homes	FM 1314 and Silverdale Dr.	Conroe	U/E						NC	111	116	E	* $878,261	Michael Lankford	173	N/A	Not Competitive in Region
05212	6	W	Reed Road Senior Residential	Approx. 2800 Block of Reed Rd.	Houston	U/E						NC	172	180	E	*$1,200,000	Stuart Shaw	173	05244	Not Competitive in Region
05104	6	W	Landing at Moses Lake	Southwest Corner of Loop 197 and 34th St. North	Texas City	U/E						NC	96	100	F	* $608,000	Mike Lollis	171	N/A	Not Competitive in Region
05134	6	W	Birdsong Place Villas	Birdsong Dr. East of Garth	Baytown	U/E		✓				NC	96	96	E	* $740,099	Les Kilday	170	N/A	Not Competitive in Region
05114	6	W	Copperwood Seniors Apartments	NEC of Smithstone Drive and Somerall Drive	Houston	U/E						NC	72	72	E	* $518,137	Michael Robinson	154	N/A	Not Competitive in Region
05169	6	W	Estrella Del Mar	Southwest Corner of Fondern and Beltway 8	Houston	U/E						NC	172	172	E	*$1,020,000	Manish Verma	128	N/A	Not Competitive in Region
												Subtotal:	**1,087**	**1,104**		**$980,000**				
												Total:	**2,357**	**2,439**		**$8,540,691**				

Applications Submitted in Region 6: Rural

File #	Reg.	A	Development Name	Address	City	Alloc.	USDA	NP	AR	HOME	HTF	Activity	LI Units	Total Units	Pop	Recommended Credit	Owner Contact	Final Score	1 Mile Conflict	Comment
05084	6	A	University Place Apartments	310 University	Wharton	R				✓		ACQ/R	82	82	E	$186,356	James W. Fieser	167	N/A	Competitive in Region
05179	6	A	The Villages at Huntsville	FM 247 & Midway Rd.	Huntsville	R						NC	73	76	F	$589,000	R. J. Collins	165	N/A	Significant Regional Shortfall
05234	6	A	Park Place Apartments	20 S. Mechanic	Bellville	R	✓			✓		ACQ/R	40	40	F	$106,874	James W. Fieser	82	N/A	USDA Set-Aside
05239	6	A	Bayshore Manor Apartments	138 Sandpiper Circle	Palacios	R	✓		✓	✓		ACQ/R	56	56	F	$159,890	James W. Fieser	77	N/A	USDA/ At-Risk Set-Aside
												Subtotal:	**251**	**254**		**$1,042,120**				
05053	6	W	Essex Gardens Apartments	800 Columbus Rd.	Sealy	R						NC	76	76	F	* $489,443	Brian Cogburn	161	N/A	Not Competitive in Region
												Subtotal:	**76**	**76**		**$0**				
												Total:	**327**	**330**		**$1,042,120**				
			22 Applications in Region									**Region Total:**	**2,684**	**2,769**		**$9,582,811**				

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Region: 7

Allocation Information for Region 7:	Total Credits Available for Region: $2,977,716	Rural Allocation:	$223,278	Urban/Exurban Allocation:	$2,754,438
		5% Required for USDA:	$148,886	15% Required for At-Risk:	$446,657

Applications Submitted in Region 7: **Urban/Exurban**

File #	Reg.	A[1]	Development Name	Address	City	Alloc.[2]	Set-Asides[3] USDA	NP	AR	Layering[4] HOME	HTF	Activity[5]	LI Units	Total Units	Pop[6]	Recommended Credit	Owner Contact	Final Score	1 Mile Conflict	Comment
05142	7	A	Wesleyan Retirement Homes	1105 South Church St.	Georgetown	U/E	☐	☑	☐	☐	☑	ACQ/R	50	51	E	$368,190	Chris Spence	192	N/A	Competitive in Region
05207	7	A	Parker Lane Seniors Apartments	4000 Block of Parker Lane & 1900 block of Woodward	Austin	U/E	☐	☐	☐	☐	☐	NC	68	70	E	$669,940	Jim Shaw	182	N/A	Competitive in Region
05195	7	A	San Gabriel Senior Village	1900, 1906 & 1910 Leander St.	Georgetown	U/E	☐	☐	☐	☐	☐	NC	100	100	E	$712,154	Colby W. Denison	181	N/A	Competitive in Region
												Subtotal:	**218**	**221**		**$1,750,284**				
05080	7	W	Cambridge Villas	800 Dessau Road	Pflugerville	U/E	☐	☐	☐	☐	☐	NC	200	208	E	$1,160,295	Scott McGuire	175	N/A	Not Competitive in Region
05130	7	W	Southpark Apartments	9401 S. First Street	Austin	U/E	☐	☐	☐	☐	☐	NC	192	192	F	* $955,000	Manish Verma	171	N/A	Not Competitive in Region
05260	7	W	Saddlecreek Apartments at Buda	777 W. Goforth Road	Buda	U/E	☐	☐	☐	☐	☐	NC	144	144	F	$862,795	Mark Musemeche	161	N/A	Competitive in Region
05211	7	W	Northwest Residential	Intersection of River Bend Rd. and Westwood Lane	Georgetown	U/E	☐	☐	☐	☐	☐	NC	171	180	F	*$1,088,835	Stuart Shaw	156	N/A	Not Competitive in Region
05192	7	W	Pioneer at Walnut Creek	Sprinkle Cutoff, 100 yds North of Samsung Blvd. Intersection	Austin	U/E	☐	☐	☐	☐	☐	NC	200	200	F	*$1,038,677	Ty Cunningham	152	N/A	Not Competitive in Region
												Subtotal:	**907**	**924**		**$2,023,090**				
												Total:	**1,125**	**1,145**		**$3,773,374**				

Please refer to report footer for appropriate disclaimers.

File #	Reg.	A[1]	Development Name	Address	City	Alloc.[2]	Set-Asides[3] USDA	NP	AR	Layering[4] HOME	HTF	Activity[5]	LI Units	Total Units	Pop[6]		Recommended Credit	Owner Contact	Final Score	1 Mile Conflict	Comment
Applications Submitted in Region 7:				**Rural**																	
05034	7	A	The Gardens of Taylor, LP	317 Sloan St.	Taylor	R	☐	☐	☐	☐	☐	NC	36	36	E		$275,212	George D. Hopper	165	N/A	Significant Regional Shortfall
05228	7	A	City Oaks Apartments	301 N. Winters Furr	Johnson City	R	☑	☐	☐	☐	☐	ACQ/R	24	24	F		$135,403	Stephen M. Wasserman	135	N/A	USDA Set-Aside
												Subtotal:	**60**	**60**			**$410,615**				
05245	7	W	Hillside Senior Apartments	FM 112	Taylor	R	☐	☐	☐	☐	☐	NC	36	36	E	*	$262,036	Cari Garcia	163	N/A	Not Competitive in Region
05252	7	W	Saddlecreek Apartments at Kyle II	2139 IH35	Kyle	R	☐	☐	☐	☐	☐	NC	72	72	F	*	$457,402	Mark Musemeche	156	N/A	Not Competitive in Region
												Subtotal:	**108**	**108**			**$0**				
												Total:	**168**	**168**			**$410,615**				
12 Applications in Region												**Region Total:**	**1,293**	**1,313**			**$4,183,989**				

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File #	Reg.	A[1]	Development Name	Address	City	Alloc.[2]	Set-Asides[3] USDA	NP	AR	Layering[4] HOME	HTF	Activity[5]	LI Units	Total Units	Pop[6]	Recommended Credit	Owner Contact	Final Score	1 Mile Conflict	Comment
Region:	**8**																			
Allocation Information for Region 8:				**Total Credits Available for Region: $2,528,363**								**Rural Allocation:**		**$555,603**		**Urban/Exurban Allocation:**		**$1,972,760**		
												5% Required for USDA:		**$126,418**		**15% Required for At-Risk:**		**$379,255**		
Applications Submitted in Region 8:			**Urban/Exurban**																	
05016	8	A	Country Lane Seniors-Temple Community	North side of Southeast H.K. Dodgen Loop, West of MLK, Jr. Dr.	Temple	U/E	☐	☐	☐	☐	☐	NC	98	102	E	$889,327	Kenneth H. Mitchell	192	N/A	Competitive in Region
05164	8	A	Ridge Pointe Apartments	1600 Block Bacon Ranch Rd.	Killeen	U/E	☐	☐	☐	☐	☐	NC	164	172	F	$1,013,602	Michael Lankford	178	N/A	Competitive in Region
												Subtotal:	**262**	**274**		**$1,902,929**				
												Total:	**262**	**274**		**$1,902,929**				
Applications Submitted in Region 8:			**Rural**																	
05238	8	A	Hamilton Manor Apartments	702 S. College St.	Hamilton	R	☑	☐	☑	☑	☑	ACQ/R	18	18	F	$58,236	Bonita Williams	171	N/A	USDA/ At-Risk Set-Aside
05243	8	A	Villas of Hubbard	N.W. Corner of Magnolia Avenue and S. 4th Street	Hubbard	R	☐	☐	☐	☐	☐	NC	36	36	E	$193,215	Deborah A. Griffin	164	N/A	Competitive in Region
05236	8	A	Clifton Manor Apartments I and II	610 S. Avenue F, 115 S. Avenue P	Clifton	R	☑	☐	☑	☑	☑	ACQ/R	40	40	F	$120,124	Bonita Williams	156	N/A	USDA/ At-Risk Set-Aside
05225	8	A	Normangee Apartments	OSR & 3rd St	Normangee	R	☑	☐	☑	☐	☐	ACQ/R	20	20	F	$113,408	Stephen M. Wasserman	135	N/A	At-Risk Set-Aside
												Subtotal:	**114**	**114**		**$484,983**				
05040	8	W	Gardens of Gatesville LP	Adjacent to 328 State School Rd.	Gatesville	R	☐	☐	☐	☐	☐	NC	36	36	E	* $278,454	George D. Hopper	164	N/A	Not Competitive in Region
05227	8	W	West Retirement	701 W. Tokio Rd	West	R	☑	☐	☐	☐	☐	ACQ/R	24	24	E	* $166,349	Stephen M. Wasserman	138	N/A	Not Competitive in Region/ Set-Aside
05230	8	W	Coolidge Apartments	1306 Bell Street	Coolidge	R	☑	☐	☐	☐	☐	ACQ/R	16	16	F	* $97,372	Stephen M. Wasserman	136	N/A	Not Competitive in Region/ Set-Aside
05229	8	W	Centerville Plaza	130 Town Street	Centerville	R	☑	☐	☐	☐	☐	ACQ/R	24	24	F	* $158,059	Stephen M. Wasserman	135	N/A	Not Competitive in Region/ Set-Aside
												Subtotal:	**100**	**100**		**$0**				
												Total:	**214**	**214**		**$484,983**				
10 Applications in Region												**Region Total:**	**476**	**488**		**$2,387,912**				

Please refer to report footer for appropriate disclaimers.

File #	Reg.[1]	A	Development Name	Address	City	Alloc.[2]	Set-Asides[3] USDA	NP	AR	Layering[4] HOME	HTF	Activity[5]	LI Units	Total Units	Pop[6]	Recommended Credit	Owner Contact	Final Score	1 Mile Conflict	Comment

Region: 9

Allocation Information for Region 9: **Total Credits Available for Region: $3,419,338** **Rural Allocation: $354,869** **Urban/Exurban Allocation: $3,064,469**

5% Required for USDA: $170,967 **15% Required for At-Risk: $512,901**

Applications Submitted in Region 9: **Urban/Exurban**

File #	Reg.	A	Development Name	Address	City	Alloc.	USDA	NP	AR	HOME	HTF	Activity	LI Units	Total Units	Pop	Recommended Credit	Owner Contact	Final Score	1 Mile Conflict	Comment
05159	9	A	San Juan Square	Corner of South Zarzamora St. and Ceralvo St.	San Antonio	U/E		✓				NC	137	143	F	$999,398	Henry A. Alvarez III	198	N/A	Competitive in Region
05160	9	A	The Alhambra	7100 Block of New Laredo Highway	San Antonio	U/E		✓				NC	134	140	E	$946,988	Henry A. Alvarez III	191	N/A	Significant Regional Shortfall
05118	9	A	Vista Verde I & II Apartments	810 & 910 North Frio	San Antonio	U/E		✓	✓			ACQ/R	190	190	F	$1,126,771	Ronald C. Anderson	173	N/A	At-Risk Set-Aside
												Subtotal:	**461**	**473**		**$3,073,157**				
05158	9	W	The Villas at Costa Almadena	6000 Block of New Branfels Ave.	San Antonio	U/E		✓				NC	144	150	F	* $985,401	Susan R. Sheeran	183	05177	Not Competitive in Region
05012	9	W	Landa Place	800 Landa St.	New Braunfels	U/E						NC	100	100	E	* $657,317	Lucille Jones	175	N/A	Not Competitive in Region
05135	9	W	Villas at German Spring	600-700 Block of E. Torrey St.	New Braunfels	U/E				✓	✓	NC	96	96	E	* $741,420	Les Kilday	174	N/A	Not Competitive in Region
05205	9	W	Villa Bonita Apartments	10345 South Zarzamora	San Antonio	U/E		✓				NC	120	120	E	*$1,046,167	Amay Inamdar	171	N/A	Not Competitive in Region
05119	9	W	Las Palmas Garden Apartments	1014 South San Eduardo St.	San Antonio	U/E		✓	✓			ACQ/R	100	100	F	* $644,359	David Marquez	167	N/A	Not Competitive in Region/ Set-Aside
05043	9	W	San Jose Apartments	2914 Roosevelt Ave.	San Antonio	U/E			✓			ACQ/R	220	220	F	*$1,200,000	Paul Paterno	155	N/A	Not Competitive in Region/ Set-Aside
05177	9	W	New Braunfels Gardens	6000 Block of South New Braunfels Ave.	San Antonio	U/E						NC	191	200	E	*$1,200,000	Len Vilicic	151	05158	Not Competitive in Region
												Subtotal:	**971**	**986**		**$0**				
												Total:	**1,432**	**1,459**		**$3,073,157**				

Please refer to report footer for appropriate disclaimers.

File #	Reg.	A[1]	Development Name	Address	City	Alloc.[2]	Set-Asides[3] USDA	NP	AR	Layering[4] HOME	HTF	Activity[5]	LI Units	Total Units	Pop[6]		Recommended Credit	Owner Contact	Final Score	1 Mile Conflict	Comment
Applications Submitted in Region 9:			**Rural**																		
05178	9	A	Tuscany Court Townhomes	2208 14th Street	Hondo	R	☐	☐	☐	☐	☐	NC	72	76	F		$58,521	Ronni Hodges	154	N/A	Not Competitive in Region
05226	9	A	Lytle Apartments	14720 Main Street	Lytle	R	☑	☐	☐	☐	☐	ACQ/R	24	24	F		$128,008	Stephen M. Wasserman	135	N/A	USDA Set-Aside
05231	9	A	Kerrville Housing	515 Roy Street	Kerrville	R	☑	☐	☑	☐	☐	ACQ/R	48	48	E		$272,868	Stephen M. Wasserman	133	N/A	USDA Set-Aside
												Subtotal:	**144**	**148**			**$459,397**				
05155	9	W	Canyon's Landing	Northeast and Northwest Corner of Church Dr. and Ave. C	Poteet	R	☐	☐	☐	☐	☑	NC	32	32	F	*	$312,436	Gary M. Driggers	178	N/A	Not Competitive in Region
05232	9	W	Cibolo Apartments	100 Mohawk #150	Cibolo	R	☑	☐	☑	☐	☐	ACQ/R	48	48	E	*	$340,530	Stephen M. Wasserman	132	N/A	Not Competitive in Region/ Set-Aside
05249	9	W	Floresville Square Apartments	100 Betty Jean Drive		R	☑	☐	☐	☑	☐	ACQ/R	70	70	F	*	$126,505	Dennis Hoover	120	N/A	Not Competitive in Region/ Set-Aside
												Subtotal:	**150**	**150**			**$0**				
												Total:	**294**	**298**			**$459,397**				
16 Applications in Region												**Region Total:**	**1,726**	**1,757**			**$3,532,554**				

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File #	Reg. A[1]	Development Name	Address	City	Alloc.[2]	Set-Asides[3] USDA	NP	AR	Layering[4] HOME	HTF	Activity[5]	LI Units	Total Units	Pop[6]	Recommended Credit	Owner Contact	Final Score	1 Mile Conflict	Comment

Region: 10

Allocation Information for Region 10: **Total Credits Available for Region: $2,104,418** **Rural Allocation: $659,833** **Urban/Exurban Allocation: $1,444,584**

5% Required for USDA: $105,221 **15% Required for At-Risk: $315,663**

Applications Submitted in Region 10: **Urban/Exurban**

File #	Reg. A	Development Name	Address	City	Alloc.	USDA	NP	AR	HOME	HTF	Activity	LI Units	Total Units	Pop	Recommended Credit	Owner Contact	Final Score	1 Mile Conflict	Comment
05127	10 A	Navigation Pointe	909 S. Navigation Blvd.	Corpus Christi	U/E	☐	☐	☐	☐	☐	NC	124	124	F	$800,000	Manish Verma	164	N/A	Competitive in Region
05166	10 A	Hampton Port Apartments	6130 Wooldridge Rd.	Corpus Christi	U/E	☐	☑	☑	☐	☐	ACQ/R	110	110	F	$438,949	Richard J. Franco	163	N/A	At-Risk Set-Aside
											Subtotal:	**234**	**234**		**$1,238,949**				
05224	10 W	Brookwood Retirement Apartments	300 Block of East Larkspur Street	Victoria	U/E	☐	☐	☐	☑	☐	NC	114	114	E	* $688,922	David H. Saling	159	N/A	Not Competitive in Region
											Subtotal:	**114**	**114**		**$0**				
											Total:	**348**	**348**		**$1,238,949**				

Applications Submitted in Region 10: **Rural**

File #	Reg. A	Development Name	Address	City	Alloc.	USDA	NP	AR	HOME	HTF	Activity	LI Units	Total Units	Pop	Recommended Credit	Owner Contact	Final Score	1 Mile Conflict	Comment
05024	10 A	Figueroa Apartments	998 Ruben Chavez St.	Robstown	R	☐	☐	☐	☐	☐	ACQ/ R	44	44	F	$298,898	Rick J. Deyoe	191	N/A	Competitive in Region
05041	10 A	San Diego Creek Apartments	1499 Easterling Dr.	Alice	R	☐	☐	☐	☐	☐	NC	72	72	F	$570,000	Doak Brown	183	N/A	Significant Regional Shortfall
											Subtotal:	**116**	**116**		**$868,898**				
											Total:	**116**	**116**		**$868,898**				
5 Applications in Region											**Region Total:**	**464**	**464**		**$2,107,847**				

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Region: 11

Allocation Information for Region 11: **Total Credits Available for Region: $5,459,629** **Rural Allocation: $1,519,345** **Urban/Exurban Allocation: $3,940,284**

5% Required for USDA: $272,981 **15% Required for At-Risk: $818,944**

Applications Submitted in Region 11: **Urban/Exurban**

File #	Reg.	A[1]	Development Name	Address	City	Alloc.[2]	Set-Asides[3] USDA	NP	AR	Layering[4] HOME	HTF	Activity[5]	LI Units	Total Units	Pop[6]	Recommended Credit	Owner Contact	Final Score	1 Mile Conflict	Comment
05113	11	A	St. Gerard Apartments	100 Cornejo Dr.	San Benito	U/E						ACQ/R	65	65	F	$284,900	Elia C. Lopez	196	N/A	Competitive in Region
05025	11	A	Poinsetta Apartments	Between North 9th St. and North 10th St. at Duranta Ave.	Alamo	U/E						NC	100	100	F	$571,979	Rick J. Deyoe	194	N/A	Competitive in Region
05028	11	A	Sevilla Apartments	600 North Airport Dr.	Weslaco	U/E						ACQ/R	80	80	F	$359,068	Rick J. Deyoe	181	N/A	Competitive in Region
05092	11	A	Vida Que Canta Apartments	500 ft. North of South Mile Rd. on Inspiration Rd.	Mission	U/E						NC	160	160	F	$950,919	Ketinna Williams	169	N/A	Competitive in Region
05125	11	A	La Villita Apartments Phase II	2828 Rockwell Dr.	Brownsville	U/E						NC	80	80	F	$555,478	Mark Musemeche	169	N/A	Competitive in Region
05094	11	A	San Juan Village	400 North Iowa	San Juan	U/E			✔			ACQ/R	86	86	F	$187,117	Lee Felgar	144	N/A	At-Risk Set-Aside
05073	11	A	Villa San Benito	870 South McCullough	San Benito	U/E			✔			ACQ/R	60	60	F	$141,925	Lee Felgar	138	N/A	At-Risk Set-Aside
05074	11	A	Alamo Village	504 North 9th St.	Alamo	U/E			✔			ACQ/R	56	56	F	$127,257	Lee Felgar	132	N/A	At-Risk Set-Aside
05108	11	A	Kingswood Village	521 South 27th Ave.	Edinburg	U/E			✔			ACQ/R	80	80	F	$349,985	Doug Gurkin	132	N/A	At-Risk Set-Aside
												Subtotal:	**767**	**767**		**$3,528,628**				
05241	11	W	San Juan Apartments	400 Block of East Nolana Loop	San Juan	U/E						NC	127	128	F	$800,000	Robert Joy	163	N/A	Not Competitive in Region
05091	11	W	Los Milagros Apartments	3600 Block of East Mile 8 North Rd.	Weslaco	U/E						NC	128	128	F	*$1,135,993	Rowan Smith	158	N/A	Not Competitive in Region
												Subtotal:	**255**	**256**		**$800,000**				
												Total:	**1,022**	**1,023**		**$4,328,628**				

Please refer to report footer for appropriate disclaimers.

File #	Reg.[1]	A	Development Name	Address	City	Alloc.[2]	Set-Asides[3] USDA	NP	AR	Layering[4] HOME	HTF	Activity[5]	LI Units	Total Units	Pop[6]		Recommended Credit	Owner Contact	Final Score	1 Mile Conflict	Comment
Applications Submitted in Region 11:			**Rural**																		
05026	11	A	Mesa Vista Apartments	Salinas St. at Stites St.	Donna	R	☐	☐	☐	☐	☐	NC	76	76	F		$453,995	Rick J. Deyoe	184	N/A	Competitive in Region
05099	11	A	Madison Pointe	US 81 and Las Palmas Dr.	Cotulla	R	☐	☐	☐	☐	☐	NC	76	76	F		$619,762	Donald Pace	170	N/A	Competitive in Region
05069	11	A	Santa Rosa Village	FM 506 at Colorado	Santa Rosa	R	☐	☐	☑	☐	☐	ACQ/R	53	53	F		$132,202	Lee Felgar	133	N/A	At-Risk Set-Aside
05137	11	A	Los Ebanos Apartments	1103 Lincoln St.	Zapata	R	☑	☐	☐	☐	☐	NC	28	28	E		$65,042	Dennis Hoover	131	N/A	USDA Set-Aside
												Subtotal:	**233**	**233**			**$1,271,001**				
05191	11	W	Casa Edcouch	28 Acres, West and Adams Tracts	Edcouch	R	☐	☑	☐	☐	☐	NC	75	76	F	*	$613,113	Monica Poss	169	N/A	Not Competitive in Region
05009	11	W	Stardust Apartments	Hwy. 83 & Brazos St.	Uvalde	R	☐	☐	☐	☐	☐	NC	36	36	F	*	$200,000	Murray A. Calhoun	134	N/A	Not Competitive in Region
												Subtotal:	**111**	**112**			**$0**				
												Total:	**344**	**345**			**$1,271,001**				
17 Applications in Region												**Region Total:**	**1,366**	**1,368**			**$5,599,629**				

Please refer to report footer for appropriate disclaimers.

File #	Reg.	A[1]	Development Name	Address	City	Alloc.[2]	Set-Asides[3] USDA	NP	AR	Layering[4] HOME	HTF	Activity[5]	LI Units	Total Units	Pop[6]	Recommended Credit	Owner Contact	Final Score	1 Mile Conflict	Comment

Region: 12

Allocation Information for Region 12: **Total Credits Available for Region: $1,248,776** **Rural Allocation: $356,703** **Urban/Exurban Allocation: $892,073**

5% Required for USDA: $62,439 **15% Required for At-Risk: $187,316**

Applications Submitted in Region 12: Urban/Exurban

File #	Reg.	A	Development Name	Address	City	Alloc.	USDA	NP	AR	HOME	HTF	Activity	LI Units	Total Units	Pop	Recommended Credit	Owner Contact	Final Score	1 Mile Conflict	Comment
05109	12	A	Country Village Apartments	2401 North Lillie St.	San Angelo	U/E			✓			ACQ/R	160	160	F	$666,473	Doug Gurkin	132	N/A	At-Risk Set-Aside
												Subtotal:	**160**	**160**		**$666,473**				
05102	12	W	Villa del Arroyo Apartments	1200 Block of Elm St.	Midland	U/E						NC	50	52	F	$402,119	David Diaz	183	N/A	Not Competitive in Region
05149	12	W	Courtland Square Apartments	3500 Block of West 8th St.	Odessa	U/E						NC	128	128	F	* $945,020	Bert Magill	176	N/A	Not Competitive in Region
05117	12	W	Key West Village - Phase II	1600 Clements St.	Odessa	U/E		✓				NC	36	36	E	* $179,585	Bernadine Spears	171	N/A	Not Competitive in Region
												Subtotal:	**214**	**216**		**$402,119**				
												Total:	**374**	**376**		**$1,068,592**				

Applications Submitted in Region 12: Rural

File #	Reg.	A	Development Name	Address	City	Alloc.	USDA	NP	AR	HOME	HTF	Activity	LI Units	Total Units	Pop	Recommended Credit	Owner Contact	Final Score	1 Mile Conflict	Comment
05003	12	A	Oasis Apartments	1501 N. Marshall Road	Fort Stockton	R	✓		✓			ACQ/R	56	56	F	$55,422	James Brawner	200	N/A	Rural Rescue Award
05237	12	A	Bel Aire Manor Apartments	300 W. Otte	Brady	R	✓			✓	✓	ACQ/R	16	16	E	$60,567	Bonita Williams	155	N/A	USDA Set-Aside
05187	12	A	Valley Creek Apartments	FM 1053 and Twentieth Street	Fort Stockton	R						NC	47	47	F	$380,433	Justin Zimmerman	120	N/A	Significant Regional Shortfall
												Subtotal:	**119**	**119**		**$496,422**				
												Total:	**119**	**119**		**$496,422**				

7 Applications in Region **Region Total: 493 495 $1,565,014**

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File #	Reg.	A[1]	Development Name	Address	City	Alloc.[2]	Set-Asides[3] USDA	NP	AR	Layering[4] HOME	HTF	Activity[5]	LI Units	Total Units	Pop[6]	Recommended Credit	Owner Contact	Final Score	1 Mile Conflict	Comment

Region: 13

Allocation Information for Region 13: **Total Credits Available for Region: $2,184,673** **Rural Allocation: $280,238** **Urban/Exurban Allocation: $1,904,435**

5% Required for USDA: $109,234 **15% Required for At-Risk: $327,701**

Applications Submitted in Region 13: Urban/Exurban

File #	Reg.	A	Development Name	Address	City	Alloc.	USDA	NP	AR	HOME	HTF	Activity	LI Units	Total Units	Pop	Recommended Credit	Owner Contact	Final Score	1 Mile Conflict	Comment
05152	13	A	Linda Vista Apartments	4866 Hercules Ave.	El Paso	U/E	☐	☑	☐	☐	☐	NC	36	36	F	$296,225	Bill Schlesinger	175	N/A	Competitive in Region
05151	13	A	Deer Palms	Southwest Corner of Deer Ave. and Railroad Dr.	El Paso	U/E	☐	☐	☐	☐	☐	NC	152	152	F	$844,082	Bobby Bowling	173	N/A	Competitive in Region
05060	13	A	North Mountain Village	9435 Diana Dr.	El Paso	U/E	☐	☐	☐	☐	☐	NC	200	200	F	$1,102,540	Ike J. Monty	164	N/A	Significant Regional Shortfall
												Subtotal:	**388**	**388**		**$2,242,847**				
												Total:	**388**	**388**		**$2,242,847**				

Applications Submitted in Region 13: Rural

File #	Reg.	A	Development Name	Address	City	Alloc.	USDA	NP	AR	HOME	HTF	Activity	LI Units	Total Units	Pop	Recommended Credit	Owner Contact	Final Score	1 Mile Conflict	Comment
05001	13	A	Mountainview Apartments	801 North Orange Rd.	Alpine	R	☑	☐	☑	☐	☐	ACQ/R	56	56	F	$66,861	James Brawner	200	N/A	Rural Rescue Award
05002	13	A	Villa Apartments	Golf Course Southeast Rd.	Marfa	R	☑	☐	☑	☐	☐	ACQ/R	24	24	F	$32,432	James Brawner	200	N/A	Rural Rescue Award
05247	13	A	Hacienda Santa Barbara Apartments	525 Three Missions Drive	Socorro	R	☑	☑	☐	☑	☑	NC	40	40	F	$107,199	Eddie L. Gallegos	125	N/A	USDA Set-Aside
												Subtotal:	**120**	**120**		**$206,492**				
05153	13	W	Mission Palms	3 Miles South of Thompson Rd. off Socorro Rd.	San Elizario	R	☐	☐	☐	☐	☐	NC	76	76	F	* $587,915	Bobby Bowling	167	N/A	Not Competitive in Region
												Subtotal:	**76**	**76**		**$0**				
												Total:	**196**	**196**		**$206,492**				
												Region Total:	**584**	**584**		**$2,449,339**				

7 Applications in Region

Please refer to report footer for appropriate disclaimers.

File #	Reg. A[1]	Development Name	Address	City	Alloc.[2]	Set-Asides[3] USDA NP AR	Layering[4] HOME HTF	Activity[5]	LI Units	Total Units	Pop[6]	Recommended Credit	Owner Contact	Final Score	1 Mile Conflict	Comment
147	**Total Applications**							**Total:**	**13,855**	**4,112**		**$46,132,687**				

1. Award: A = Awarded Tax Credits on July 27, 2005, W = On the Waiting List as of July 27, 2005
2. Allocation: R = Rural Regional Allocation, U/E = Urban/ Exurban Regional Allocation
3. Set-Aside Abbreviations: USDA= TX-USDA-RHS, NP=Nonprofit, AR=At-Risk
4. "Layering" is additional TDHCA Programs Applied for by the Applicant.
5. Activity Coding is NC/R=Multifamily New Construction and Rehabilitation, NC/ACQ= New Construction and Acquisition, R=Rehabilitation, ACQ/R= Acquisition Rehabilitation, NC=New Construction, NC/ACQ/R= New Construction/ Aquisitio/n Rehabilitation and ACQ= Acquisition
6. Target Population: E = Elderly, F = Family, ET = Elderly Transitional

* = For applications awarded tax credits, the credit amount is the underwritten credit amount. For applications on the waiting list, the credit amount shown is the requested credit amount.

** = THIS LIST IS AS OF August 19, 2005 AND IS TENTATIVE PENDING BOARD ACTION ON APPEALS.

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

September 16, 2005

Action Item

Presentation, Discussion and Possible Approval of a Resolution to Authorize the Department to Issue an Offer to the U. S. Department of Housing and Urban Development ("HUD") for the Purchase of Subordinate Debt secured by the Webber Gardens Apartments in Fort Worth, Texas in reference to a proposed 2005 or 2006 Bond Issuance.

Background

Volunteers of America Texas, Inc. ("VOA"), the Texas affiliation of the national nonprofit organization, would like to submit applications through the Private Activity Bond Program, for the acquisition and rehabilitation of six mark to market properties in Texas, which will be pooled into one bond transaction. The properties were originally financed through the U. S. Department of Housing and Urban Development ("HUD") 221(d)(4) program and were financially restructured in 2001 under the Multifamily Assisted Housing Restructuring Act ("MAHRA") of 1999. MAHRA was amended in 2001 which allowed HUD to assign subordinate mortgage debt to qualified nonprofit corporations if the nonprofit was the purchaser of the subject property. Three of the properties debt restructuring qualify under the 2001 amendment, however one of the properties, Webber Gardens Apartments in Fort Worth, was restructured prior to the effective date of the provision and therefore is not eligible for assignment to VOA. The Webber Gardens property is currently encumbered by three mortgages: (1) a first mortgage of approximately $1.3 million (expected to be paid off from bond proceeds upon the sale to VOA), (2) subordinate second mortgage of $2.7 million, and (3) subordinate third mortgage of $2.5 million. A provision in the amendment provides authority for HUD to sell subordinate debt to qualified state and local governments. VOA has requested that, in connection with the bond financing, the Department purchase both the second and third mortgages on the Webber Gardens property from HUD. The Department's bond counsel and the Texas Attorney General's Office have determined that the Department has the authority to purchase the subordinate debt from HUD and transfer the debt to VOA concurrent with the completion of the bond transaction.

Summary

VOA's legal and financial advisors have estimated the market value of the subordinate debt to be between $75,000 and $95,000 and have set aside this amount to purchase said debt. VOA is requesting that the Department offer to purchase the subordinate debt from HUD with the intention of transferring the property and the debt to VOA at the closing of the Bond transaction. The funds for payment of the purchase price for the subordinate debt will be provided by, and on behalf of, VOA and the Department will not be asked to advance its own funds for the purpose. Staff is requesting authorization from the Board to submit an offer to HUD to purchase the subordinate debt, pursuant to Public Law 103-253, 108Stat343, 12USC 1701Z-11 and 12USC1701Z-12, Section 203(K)(3), in an amount not to exceed $100,000. If this transaction is successful, there could be future opportunities for TDHCA to be involved in the preservation and rehabilitation of other like properties throughout the State of Texas.

Recommendation

Staff recommends the Board provide its approval to allow staff to make an offer to purchase the subordinate debt of the Webber Gardens Apartments in an amount not to exceed $100,000 and contingent upon the completion of the Bond Financing with a minimum total debt service of 1.10 and purchase and refinancing of the property by VOA and the closing of the bond transaction.

RESOLUTION NO. 05-076

RESOLUTION AUTHORIZING AND APPROVING THE OFFER TO PURCHASE CERTAIN SUBORDINATE DEBT FROM THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

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 purchase and take assignments from the federal government of notes and other obligations, including contracts for deeds and mortgages, evidencing loans or interest in loans related to housing developments for individuals and families of low and very low income and families of moderate income and (b) to sell or otherwise dispose of property; and

WHEREAS, Webber Gardens ("Webber Gardens") is an existing Section 8 multifamily housing project located in Fort Worth Texas; and

WHEREAS, the U.S. Department of Housing and Urban Development ("HUD") currently holds a Restructuring Note and Contingent Repayment Note (the "Subordinate Notes") on Webber Gardens; and

WHEREAS, Volunteers of America – Texas ("VOATX") intends to submit an application to the Department requesting the Department to issue bonds and to loan the proceed of the bonds to VOATX for the purpose of financing the acquisition and rehabilitation of Webber Gardens and five additional properties (the "Bond Financing"); and

WHEREAS, due to HUD's limited authority to sell the Subordinate Notes to certain parties, VOATX has requested that the Department make an offer to HUD to purchase the Subordinate Notes (the "Note Purchase") pursuant to Public Law 103-253, 108Stat343, USC 1701Z-11 and 12USC1701Z-12, Section 203(K)(3); and

WHEREAS, it is contemplated that upon completion of the Note Purchase, the Department will sell the Subordinate Notes to VOATX in return for VOATX's agreement to repay both the principal and interest on any portion of the bond proceeds used by the Department for the Note Purchase; and

WHEREAS, in order to effectuate the Note Purchase, it is anticipated that the Department will execute and deliver to HUD a letter (the "Offer Letter") pursuant to which the Department will offer to purchase Subordinate Notes from HUD for $80,000 contingent upon and concurrently with the completion of the Bond Financing; and

WHEREAS, the proposed form of Offer Letter is attached hereto as Exhibit A and the Board has examined such proposed form of the Offer Letter and has determined to authorize the delivery of the Offer Letter to HUD 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-—Approval of Offer and Delivery of Offer Letter to HUD. That (i) the offer to purchase the Subordinate Notes from HUD for $80,000 contingent upon and concurrently with the completion of the Bond Financing and (ii) the delivery of the Offer Letter to HUD in substantially the form attached hereto as Exhibit A are hereby authorized.

Section 1.2--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 1.3--Authorized Representatives. That the following persons are each hereby named as authorized representatives of the Department for purposes of executing and delivering the Offer Letter: Chair and Vice Chairman of the Board, Executive Director of the Department, Director of Bond Finance of the Department, and Director of Multifamily Finance Production of the Department.

ARTICLE II

GENERAL PROVISIONS

Section 2.1--Effective Date. That this Resolution shall be in full force and effect from and upon its adoption.

Section 2.2--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.

[Remainder of page intentionally left blank.]

PASSED AND APPROVED this 16th day of September, 2005.

By: ________________________________
Elizabeth Anderson, Chair

Attest: ______________________________
Kevin Hamby, Secretary

[SEAL]

EXHIBIT A

FORM OF OFFER LETTER

Beverly J. Miller
Director
Office of Asset Management
U.S. Department of Housing and Urban Development
Washington, DC 20410-8000

Re: Webber Gardens
Ft. Worth Texas
FHA #113-35063

Dear Ms. Miller:

The purpose of this letter is to make an offer to HUD, pursuant to Public Law 103-253, 108Stat343, 12 USC 1701Z-11 and 12USC1701Z-12, Section 203(K) (3), to purchase the Restructuring Note and Contingent Repayment Note (the "Notes") for the above referenced property. These Notes were created as a result of the Mortgage Restructuring of the debt of the property in 2001. Copies of both notes are attached hereto.

TDHCA is the organization authorized by the State of Texas to issue tax exempt bonds, and allocate tax credits for properties that qualify under its programs. Earlier this year TDHCA received an application from Volunteers of America – Texas ("VOATX") requesting TDHCA to issue bonds and loan the proceeds of those bonds to VOATX for the purpose of financing the acquisition and rehabilitation of the Webber Gardens property by VOATX and to approve the coincident allocation of tax credits (the "Bond Financing"). The initial application was later withdrawn when it was discovered that the assumption contained in the application concerning assignment of the Notes to VOATX through the M2M program could not be accomplished. Since then VOATX has advised TDHCA of its willingness to resubmit an application for bond financing and tax credits for this property and has requested that TDHCA make this offer to acquire the Notes from HUD. TDHCA has determined to make this offer contingent upon the subsequent successful completion of the Bond Financing.

Currently VOATX has negotiated a purchase contract for Webber Gardens. In addition, VOATX has recently become the property manager for the property. The VOATX management contract was approved by the HUD Field Office this summer.

Due to the timing of the application of VOATX and the approval requirements for the Texas Bond Review Board, we are interested in securing an early approval from HUD of the sale of the Notes to TDHCA. We have been advised by VOATX that it is very difficult to determine a "market value" for the Notes as stipulated by the statutes governing this type of transaction. However, we are informed by VOATX that the ongoing feasibility of the purchase, rehabilitation and future operation of the property would not be seriously impaired if $80,000 were segregated from the proposed development budget for purchase of the Notes.

We, therefore, propose to purchase the Notes for $80,000 concurrent with the completion of the Bond Financing and the purchase, and refinancing of the property by VOATX. In connection with the Bond Financing TDHCA intends to transfer the Notes to VOATX.

It is our understanding that at the time of purchase the current owner will pay in full the outstanding first mortgage loan, as part of the sale transaction. It is our understanding that the outstanding balance of that loan is roughly $1,260,000.

We are interested in executing conditional purchase agreements for these Notes at the earliest possible date to facilitate VOATX proceeding with the work required to secure our financing and tax credit allocation.

Please contact __________________ at your earliest possible convenience so that we can initiate this process.

Very Truly Yours,

____

Texas Department of Housing and Community Affairs

MULTIFAMILY FINANCE PRODUCTION DIVISION
BOARD ACTION REQUEST
September 16, 2005

Action Items

Final Qualified Contract Policy (10 TAC §1.9).

Required Action

Adoption of Final Qualify Contract Policy, Title 10, Texas Administrative Code, Part 1, Chapter 1, Subchapter A, Section 1.9.

Background and Recommendations

At the May 26, 2005 Board Meeting, the Board approved the proposed Qualify Contract Policy. The proposal was published in the *Texas Register* on June 10, 2005 for the public to provide comment. In order to receive additional comment on the proposal, the Department held a public hearing in Austin on July 5, 2005. Three people attended the hearing, but none commented on the proposal.

The Department received one letter with comment from Jason Bullmore of Bullmore and Partners, LLC. The comments and responses are divided into the following two sections:

I. Substantive Comments and Department Response.

II. Administrative Clarifications and Corrections.

I. Substantive Comments and Department Response

§1.9(e)(1)(B)(i) and (iii) – Right of First Refusal
Comment requests clarification regarding the criteria used in approving a Community Housing Development Organization (CHDO), Qualified Nonprofit Organization and Tenant Organization as a purchaser with a right of first refusal.
Department Response:
Staff does not recommend change to the current language. To provide flexibility in the review process, staff believes it is not necessary to describe the approval process in this rule. Staff intends to generally refer to the Department's existing CHDO approval process when approving CHDOs. Staff also intends to use the standard described in the definition of "Qualified Purchaser" unless there is a compelling argument for a waiver (i.e. an individual tenant in a single family building).

There has also been internal discussion that a separate right of first refusal policy may be necessary to guide applicants through the process.

§1.9(f)(1)(O) – Processing Fee
Comment suggests that the Department charge a fixed fee instead of a fee calculated as a percentage of the total qualified contract price.
Department Response:
Prior to drafting the policy, staff researched the processing fees of other states. While some of the researched states charge a .25% fee, most charge a fixed fee. Initially, staff felt that an unfair barrier would be created for smaller developments if a fixed fee was established. However, staff concurs that the .25% fee may be excessive for larger developments. Therefore, staff suggests charging a non-refundable processing fee in an amount equal to the lesser of $3,000.00 or one fourth of one percent of the QC Price determined by the CPA. The proposed fixed fee is in line with the fixed fee charged by the researched states. The following change is recommended:

(O) Non-refundable processing fee <u>in an amount equal to the lesser</u> of <u>$3,000.00 or </u>one fourth of one percent of the QC Price determined by the CPA.

§1.9(f)(1) –Third Party Reports
Comment suggests that the Department consider requiring a monetary deposit for anticipated third party costs.
Department Response:
Staff does not recommend change to the current language. The Department is proposing that all third party reports be initiated by the owner. A qualified contract request will not be accepted until all third party reports are received. Additionally, it is clear that if the Department must engage a CPA to perform a qualified contract price calculation or a third party to market the property, the cost of such services will be paid for by the owner.

§1.9(f)(2) – Marketing of Property
Comment suggests that the most efficient means to expose the properties to potential purchasers is by contracting with brokerage firms that have experience and specialize in multifamily properties. The Department should require owners to list their property with such brokerage firms.
Department Response:
Staff does not recommend change to the current language. It is clear that an owner must contract with a broker who is approved by the Department. The Department anticipates administering an RFQ process, similar to that used to approve market analysts, to approve experienced brokerage firms to market and sell the property.

§1.9(h) – Appeal of Qualified Contract Price
Comment questions if the time the Department spends challenging the CPA's calculation of the Qualified Contract Price (QC Price) would count against the Owner's One Year Period (1YP).
Department Response:
Staff does not recommend change to the current language. Staff believes the current language is explicit that the 1YP will not begin until the Department and owner have agreed to the QC Price in writing.

III. Administrative Clarifications and Corrections

§1.9(c) - Eligibility

An administrative change was made to clarify that the extended use period may not be terminated for a tax credit development that was allocated credits on or after January 1, 2002 upon the presentment of a qualified contract as determined by the Department's counsel.

> (3) Owners who received an allocation of credits on or after January 1, 2002 are not eligible to request a qualified contract.

§1.9(e)(1)(D) – Right of First Refusal

An administrative change was made to clarify that an owner whose right of first refusal to a specific organization was previously approved by the Department would be exempt from this requirement.

> (D) At any time prior to the giving of the Notice of Intent, the owner may enter into an agreement with one or more specific Qualified Nonprofit Organizations and/or Tenant Organizations to provide a right of first refusal to purchase the Development for the Minimum Purchase Price, but any such agreement shall only permit purchase of the Development by such organization in accordance with and subject to the priorities set forth in subparagraph (B) of this paragraph unless prior approval was granted by the Department.

Other minor changes have been made to correct errors in grammar and Code references.

Housing Tax Credit (HTC) Program
Qualified Contract Policy
Title 10, Part 1, Chapter 1, Subchapter A, Section 1.9
Texas Administrative Code

(a) **Purpose.** Pursuant to §42(h)(6)~~(E)~~ of the Internal Revenue Code, after the end of the 14th year of the compliance period, the owner of a development utilizing housing tax credits can request that the allocating agency find a buyer at the qualified contract price. If a buyer can not be located within one year, the extended use commitment will expire. This rule provides the procedures for the submittal and review of the qualified contract requests.

(b) **Definitions.** Many of the terms used in this section are defined in the Department's Housing Tax Credit Program Qualified Allocation Plan and Rules, known as the "QAP". Those terms that are not defined in the QAP or which may have another meaning when used in this section shall have the meaning set forth in this subsection unless the context clearly indicates otherwise.

(1) **Code** – The Internal Revenue Code of 1986, as amended from time to time, together with any applicable regulations, rules, rulings, revenue procedures, information statements or other official pronouncements issued thereunder by the United States Department of Treasury or the Internal Revenue Service.

(2) **Compliance Period –** With respect to a building, the period of 15 taxable years, beginning with the first taxable year of the credit period pursuant to the Code, §42(i)(1).

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

(4) **Extended Use Period –** The period beginning with the first day of the Compliance Period and ending on the date which is 15 years after the end of the Initial Affordability Period.

(5) **Initial Affordability Period** - The Compliance Period or such longer period as shall have been elected by the owner as the minimum period for which units in the development shall be retained for low-income tenants and rent restricted, as set forth in the LURA.

(6) **Land Use Restriction Agreement (LURA) –** An agreement between the Department and the owner which is binding upon the owner's successors in interest, that maintains the affordability of a ~~encumbers the~~ development pursuant ~~with respect~~ to the requirements of Chapter 2306, Texas Government Code, and the requirements of the Code, §42.

(7) **One Year Period (1YP)** – Period commencing on the date on which the Department and the owner agree to the Qualified Contract price in writing and lasting twelve calendar months.

(8) **Qualified Contract (QC)** - A bona fide contract to acquire the non-low-income portion of the building for fair market value and the low-income portion of the building for an amount not less than the applicable fraction (specified in the LURA) of the calculation as defined within §42(h)(6)(F) of the Code.

(9) **Qualified Contract Price (QC Price)** – Calculated purchase price of the development as defined within §42(h)(6)(F) of the Code and as further delineated in subsection (g) hereof.

(10) **Qualified Contract Request (Request)** – A request containing all information and items required by the Department.

(11) **Qualified Purchaser** – Proposed purchaser of the development who meets all eligibility and qualification standards stated in the QAP of the year the request is received. The purchaser must also attend, or assign another individual to attend, the Department's Property Compliance Training.

(c) **Eligibility.** An owner may submit a Qualified Contract Request at any time after the end of the year preceding the last year of the Initial Affordability Period, following the Department's determination that the owner is eligible, as hereinafter provided in subsection (f). The Initial Affordability Period starts concurrently with the credit period; therefore, beginning at placement in service or deferred until the beginning of the next tax year, if there is an election. Unless the owner has elected an Initial Affordability Period longer than the Compliance Period, this can commence at any time after the end of the 14th year of the Compliance Period. References in this section to actions which can occur after the 14th year of the Compliance Period shall refer, as applicable, to the year preceding the last year of the Initial Affordability Period, if the owner shall have elected an Initial Affordability Period longer than the Compliance Period.

(1) If there are multiple buildings placed in service in different years, the end of the Initial Affordability Period will be based upon the date the last building placed in service. For example, if five buildings in the development began their credit periods in 1990 and one began in 1991, the 15th year would be 2005.

(2) If a development received an allocation in multiple years, the end of the Initial Affordability Period will be based upon the last year of a multiple allocation. For example, if a development received its first allocation in 1990 and a subsequent allocation and began the credit period in 1992, the 15th year would be 2006.

(3) Owners who received an allocation of credits on or after January 1, 2002 are not eligible to request a qualified contract.

(d) **Preliminary Qualified Contract Request.** An owner may file a preliminary Qualified Contract Request (Pre-request) any time after the end of the year preceding the last year of the Initial Affordability Period.

(1) In addition to determining the basic eligibility described in subsection (c), the Pre-request will be used to determine the following:

(A) the property does not have any outstanding instances of noncompliance, with the exception of the physical condition of the property;

(B) there is not a right of first refusal connected to the property;

(C) the Compliance Period has not been extended in the LURA; and

(D) the owner has all of the necessary documentation to submit a Request.

(2) In order to assess the validity of the pre-request, the Owner must submit:

(A) Preliminary Request Form;

(B) $250 nonrefundable processing fee;

(C) copy of recorded LURA;

(D) first year's 8609s for all buildings showing Part II completed;

(E) documentation from original application regarding right of first refusal, if applicable; and

(F) local code compliance report within the last 12 months or HUD--certified UPCS inspection.

(3) The Pre-request will not bind the owner to submit a Request and does not start the 1YP. A review of the pre-request will be conducted by the Department within 90 days of receipt of all documents described in paragraph (2). If the Department determines that this stage is satisfied, a letter will be sent to the owner stating that they are eligible to submit a Request.

(e) **Right of First Refusal.** If the owner elected at the time of application to provide a right of first refusal, all requests for right of first refusal submitted to Department, regardless of existing regulations, must adhere to this process.

(1) If at any time following the end of the Compliance Period or Initial Affordability Period, as applicable, the owner shall determine to sell the development and the owner has agreed to provide a right of first refusal to purchase the property for the minimum purchase price provided in, and in accordance with the requirements of, §42(i)(7)(B) of the Code (the "Minimum Purchase Price"), to a Qualified Nonprofit Organization, the Department, or either an individual tenant with respect to a single family building, or a tenant cooperative, a resident management corporation in the Development or other association of tenants in the Development with respect to multifamily developments (together, in all such cases, including the tenants of a single family building, a "Tenant Organization"), the right of first refusal shall be subject to the following terms.

(A) Upon the earlier to occur of:

(i) the owner's determination to sell the Development, or

(ii) the owner's request to the Department, pursuant to §42(h)(6)(E)(II) of the Code, to find a buyer who will purchase the Development pursuant to a "qualified contract" within the meaning of §42(h)(6)(F) of the Code, the owner shall provide a notice of intent to sell the Development ("Notice of Intent") to the Department and to such other parties as the Department may direct at that time. If the owner determines that it will sell the Development at the end of the Compliance Period or Initial Affordability Period, as applicable, the Notice of Intent shall be given no later than two years prior to expiration of the Compliance Period or Initial Affordability Period, as applicable. If the owner determines that it will sell the Development at some point later than the end of the Compliance Period, the Notice of Intent shall be given no later than two years prior to date upon which the owner intends to sell the Development. If the Development is already within two years of the expiration of the Compliance Period or Initial Affordability Period, as applicable, and the owner intends to sell the Development at the end of the Compliance Period or Initial Affordability Period, as applicable, the two year period referenced in subparagraph (B) will begin when the owner files a Notice of Intent.

(B) During the two years following the giving of Notice of Intent, the Sponsor may enter into an agreement to sell the Development only in accordance with a right of first refusal for sale at the Minimum Purchase Price with parties in the following order of priority:

(i) during the first six-month period after the Notice of Intent, only with a Qualified Nonprofit Organization that is also a community housing development organization, as defined for purposes of the federal HOME Investment Partnerships Program at 24 C.F.R. § 92.1 (a "CHDO") and is approved by the Department,

(ii) during the second six-month period after the Notice of Intent, only with a Qualified Nonprofit Organization or a Tenant Organization; and

(iii) during the second year after the Notice of Intent, only with the Department or with a Qualified Nonprofit Organization approved by the Department or a Tenant Organization approved by the Department.

(iv) If, during such two-year period, the owner shall receive an offer to purchase the Development at the Minimum Purchase Price from one of the organizations designated in clauses (i) through (iii) of this subparagraph (within the period(s) appropriate to such organization), the owner shall sell the Development at the Minimum Purchase Price to such organization. If, during such period, the owner shall receive more than one offer to purchase the Development at the Minimum Purchase Price from one or more of the organizations designated in clauses (i) through (iii) of this subparagraph (within the period(s) appropriate to such organizations), the owner shall sell the Development at the Minimum Purchase Price to whichever of such organizations it shall choose.

(C) After whichever occurs the later of:

(i) the end of the Compliance Period or Initial Affordability Period, as applicable, or~~,~~

(ii) two years from delivery of a Notice of Intent,

the owner may sell the Development without regard to any right of first refusal established by the LURA if no offer to purchase the Development at or above the Minimum Purchase Price has been made by a Qualified Nonprofit Organization, a Tenant Organization or the Department, or a period of 120 days has expired from the date of acceptance of all such offers as shall have been received without the sale having occurred, provided that the failure(s) to close within any such 120-day period shall not have been caused by the owner or matters related to the title for the Development.

(D) At any time prior to the giving of the Notice of Intent, the owner may enter into an agreement with one or more specific Qualified Nonprofit Organizations and/or Tenant Organizations to provide a right of first refusal to purchase the Development for the Minimum Purchase Price, but any such agreement shall only permit purchase of the Development by such organization in accordance with and subject to the priorities set forth in subparagraph (B) of this paragraph unless prior approval was granted by the Department.

(E) The Department shall, at the request of the owner, identify in the LURA a Qualified Nonprofit Organization or Tenant Organization which shall hold a limited priority in exercising a right of first refusal to purchase the Development at the Minimum Purchase Price, in accordance with and subject to the priorities set forth in subparagraph (B) of this paragraph.

(F) The Department shall have the right to enforce the owner's obligation to sell the Development as herein contemplated by obtaining a power-of-attorney from the owner to execute such a sale or by obtaining an order for specific performance of such obligation or by such other means or remedy as shall be, in the Department's discretion, appropriate.

(2) The owner must submit evidence of the calculation of the Minimum Purchase Price with the Notice of Intent.

(f) **Qualified Contract Request.** An owner may file a Qualified Contract Request (Request) anytime after approval that the owner is eligible to submit a Request has been received in writing from the Department.

(1) The following documentation that must be submitted with a Request~~ includes~~:

(A) A completed application and certification.

(B) The qualified contract price calculation worksheets completed by a third party certified public accountant (CPA). The CPA shall certify that they have reviewed annual partnership tax returns for all years of operation, loan documents for all secured debt, and partnership agreements. They shall also certify that they are not being compensated for the assignment based upon a predetermined outcome.

(C) A thorough description of the Development, including all amenities.

(D) A description of all income, rental and other restrictions, if any, applicable to the operation of the Development.

(E) A current title report.

(F) A current appraisal consistent with 10 TAC §1.34.

(G) A current Phase I Environmental Site Assessment (Phase II if necessary) consistent with 10 TAC §1.35.

(H) A current property condition assessment consistent with 10 TAC §1.36.

(I) A copy of the monthly operating statements for the Development for the most recent 12 consecutive months.

(J) The three most recent consecutive annual operating statements.

(K) A detailed set of photographs of the development, including interior and exterior of representative units and buildings, and the property's grounds (including digital photographs that may be easily displayed on the Department's website).

(L) A current and complete rent roll for the entire property.

(M) A certification that all tenants in the Development have been notified in writing of the request for a Qualified Contract. A copy of the letter used for the notification must also be included.

(N) If any portion of the land or improvements is ~~are~~ leased, copies of the leases.

(O) Non-refundable processing fee in an amount equal to the lesser of $3,000.00 or one fourth of one percent of the QC Price determined by the CPA.

(P) Additional information deemed necessary by the Department.

(2) Unless otherwise directed by the Department pursuant to subsection (i), the owner shall contract with a broker approved by the Department to market and sell the property. The fee for this service will be paid by the seller, not to exceed 6% of the QC Price.

(3) Within 90 days of the submission of a complete Request, the Department will notify the owner in writing of the acceptance or rejection of the owner's QC Price calculation. The Department will have one year from the date of the acceptance letter to find a Qualified Purchaser and present a Qualified Contract. The Department's rejection of the owner's QC Price calculation will be processed in accordance with subsection (h) and the 1YP will commence as provided therein.

(g) **Determination of Qualified Contract Price.** The CPA contracted by the owner will determine the QC Price in accordance with §42(h)(6)(F) of the Code and the following guidelines.

(1) Distributions to the owner include any and all cash flowing to the owner, including incentive management fees and reserve balance distributions or future anticipated distributions, but excluding payments of any eligible deferred developer fee. These distributions can only be confirmed by a review of all prior year tax returns for the development.

(2) All equity contributions will be adjusted based upon the lesser of the consumer price index or five percent (5%) for each year, from the end of the year of the contribution to the end of year 14 or the end of the year of the request for a Qualified Contract Price if requested at the end of the year or the year prior if the request is made earlier than the last year of the month.

(3) These guidelines are subject to change based upon future IRS Rulings and/or guidance on the determination of owner distributions, equity contributions and/or any other element of the QC Price.

(4) The QC Price calculation is not the same as the Minimum Purchase Price calculation for the right of first refusal.

(h) **Appeal of Qualified Contract Price.** The Department reserves the right, at any time, to request additional information to document the QC Price calculation or other information submitted. If the documentation does not support the price indicated by the CPA hired by the owner, the Department may engage its own CPA to perform a QC Price calculation. Cost of such service will be paid for by the owner. If an owner disagrees with the QC Price calculated by the Department, an owner may appeal in writing. A meeting will be arranged with representatives of the owner, the Department and the CPA contracted by the Department to attempt to resolve the discrepancy. The 1YP will not begin until the Department and owner have agreed to the QC Price in writing.

(i) **Marketing of Property.**

(1) By submitting a Request, the owner grants the Department the authority to market the development and provide development information to interested parties. Development information will consist of pictures of the development, location, amenities, number of units, age of building, etc. Owner contact information will also be provided to interested parties. The owner is responsible for providing staff to assist with site visits and inspections. Marketing of the development will continue until such time that a Qualified Contract is presented or the 1YP has expired.

(2) Notwithstanding subsection (f)(3), the Department reserves the right to contract directly with a third party in marketing ~~of~~ the development. Cost of such service, including a broker's fee not to exceed 6%, will be paid for by the existing owner.

(3) The Department must have continuous cooperation from the owner. Lack of cooperation will cause the process to cease and the owner will be required to comply with requirements of the LURA for the remainder of the Extended Use Period. Responsibilities of the owner include but are not limited to:

(A) allowing access to the property and tenant files;

(B) keeping the Department informed of potential purchasers; and

(C) notifying the Department of any offers to purchase.

(4) A prospective purchaser must complete all exhibits required for an ownership transfer request. The Department will then assess if the prospective purchaser is a Qualified Purchaser.

(j) **Presentation of a Qualified Contract.**

(1) If the Department finds a Qualified Purchaser willing to present an offer to purchase the property for an amount at the QC Price, the owner must agree to enter into a commercially reasonable form of earnest money agreement or other contract of sale for the property and provide a reasonable time for necessary due diligence and closing of the purchase.

(2) Although the owner is obligated to sell the development for the QC Price pursuant to a Qualified Contract, the consummation of such a sale is not required for the LURA to continue to bind the development for the remainder of the extended use period. Once the Department presents a Qualified Contract to the owner, the possibility of terminating the extended use period is removed forever and the property remains bound by the provisions of the LURA.

(3) The Department will attempt to procure a QC for the acquisition of the low income portion of any project only once during the extended use period.

(4) If the transaction closes under the contract, the new owner will be required to fulfill the requirements of the LURA for the remainder of the extended use period.

(5) If the Department fails to present a QC before the end of the 1YP, the Department will file a release of the LURA and the development will no longer be restricted to low-income requirements and compliance. However, in accordance with §42(h)(6)(E)(ii) of the Code, for a three-year period commencing on a the termination of the extended use period, the owner may not evict or displace tenants of low-income units for reasons other than good cause and will not be permitted to increase rents beyond the maximum tax credit rents. Additionally, the owner should submit evidence, in the form of a signed certification and a copy of the letter to be created by the Department, that the tenants in the Development have been notified in writing that the LURA has been terminated and have been informed of their protections during the three-year time frame.

(6) Prior to the Department filing a release of the LURA, the owner must correct all instances of noncompliance with the physical condition of the property.

(k) **Compliance Monitoring during Extended Use Period.** For developments that continue to be bound by the LURA and remain as affordable after the end of the Compliance Period, the Department will implement modified compliance monitoring policies and procedures. Refer to the Extended Use Period Compliance Policy for more information.

(l) **Waiver and Amendment of Rules.**

(1) The Board, in its discretion, may waive any one or more of these Rules if the Board finds that a waiver is appropriate to fulfill the purposes or policies of Chapter 2306, Texas Government Code, or for other good cause, as determined by the Board.

(2) The Department may amend this Rule to comply with IRS guidance, if and when issued.

Housing Tax Credit Program
Board Action Request
September 16, 2005

<u>Action Item</u>

Request, review, and board determination of three (3) four percent (4%) tax credit applications with TDHCA as the Issuer.

<u>Recommendation</u>

Staff is recommending that the board review and approve the issuance of three (3) four percent (4%) Tax Credit Determination Notices with **<u>TDHCA</u>** as the Issuer for tax exempt bond transactions 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
05617	Canal Place Apartments	Houston	TDHCA	200	150	$24,439,114	$16,100,000	$769,179	$764,846
05615	Providence at Marine Creek	Ft. Worth	TDHCA	252	252	$24,598,288	$15,000,000	$1,000,966	$992,460
05616	Providence Place II	Denton	TDHCA	252	252	$26,998,425	$16,000,000	$1,082,319	$1,071,070

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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MULTIFAMILY FINANCE PRODUCTION DIVISION

2005 Private Activity Multifamily Housing Revenue Bonds

Canal Place Apartments
2104 Canal Street
Houston, Texas

Wayside Luxury Housing Partners, L.P.
200 Units
Priority 3 – 60% AMFI Units and Market Units

$15,000,000 Tax Exempt – Series 2005A
$1,100,000 Taxable – Series 2005B

TABLE OF EXHIBITS

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

September 16, 2005

Action Item

Presentation, Discussion and Possible Approval for the issuance of Tax-exempt Multifamily Housing Revenue Bonds, Series 2005A, Taxable Bonds, Series 2005B and Housing Tax Credits for the Canal Place Apartments development.

Summary of the Canal Place Apartments Transaction

This application was originally submitted to the Department for a 2004 allocation as a Priority 2 transaction. The pre-application for the current application was received on April 4, 2005. The pre-application was reviewed for threshold then scored and ranked by staff. The application was induced at the May 27, 2005 Board meeting and submitted to the Texas Bond Review Board to be added to the 2005 Waiting List. The application received a Reservation of Allocation on June 10, 2005. This application was submitted under the Priority 3 category. There were two public hearings conducted for this application. The first was held on January 26, 2005. Eleven persons were there in support of the development stating the development would be the first new development for the area in many years and they welcomed the addition to their neighborhood. A second public hearing was held on August 1, 2005. There was only one attendee and he did not speak for the record. A copy of the both transcripts is included in this presentation. The proposed site is located in the Houston Independent School District.

Summary of the Financial Structure

The applicant is requesting the Department's approval and issuance of variable rate demand tax exempt bonds in an amount not to exceed $15,000,000 and taxable bonds in an amount not to exceed $1,100,000. Initially, the tax-exempt and taxable Bonds will be sold publicly, bear interest at variable rate, and will be credit enhanced by a Citibank Letter of Credit. The Bonds will carry a Aa3/VMIGI rating at the greater of the BMA Municipal Swap Index or 6.25% for the tax-exempt bonds and 8.0% for the taxable bonds. Approximately October 1, 2007, Newman Capital will execute an investor letter and purchase the bonds. The lender will underwrite the transaction with a minimum debt service coverage of 1.10 with a term of thirty years.

Recommendation

Staff recommends the Board approve the issuance of Multifamily Housing Mortgage Revenue Bonds, Series 2005 and Housing Tax Credits for the Canal Place 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 Citibank Texas, Newman Capital, Paramount Financial Group and the underwriting report by the Department's Real Estate Analysis division), the tenant and social services provided by the development, strong local support and the demand for affordable units as demonstrated by the market area.

MULTIFAMILY FINANCE PRODUCTION DIVISION
BOARD MEMORANDUM
September 16, 2005

DEVELOPMENT: Canal Place Apartments, Houston, Harris County, Texas

PROGRAM: Texas Department of Housing & Community Affairs
2005 Private-Activity Multifamily Housing Revenue Bonds
(Reservation received June 10, 2005)

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 1372, Texas Government Code, as amended, and under Chapter 2306, Texas Government Code, the Department's Enabling Statute (the "Statute"), which authorizes the Department to issue its revenue bonds for its public purposes as defined therein. (*The Statute provides that the Department's revenue bonds are solely obligations of the Department, and do not create an obligation, debt, or liability of the State of Texas or a pledge or loan of the faith, credit or taxing power of the State of Texas.)*

PURPOSE: The proceeds of the Bonds will be used to fund a mortgage loan (the "Mortgage Loan") to Wayside Luxury Housing Partners, LP, a Texas limited partnership (the "Borrower"), to finance the acquisition, construction, equipping and long-term financing of a proposed multifamily residential rental Development The first series of Bonds will be tax-exempt by virtue of the Development qualifying as a residential rental Development.

BOND AMOUNT: $15,000,000 Series 2005A Tax-Exempt Bonds (*)
$ 1,100,000 Series 2005B Taxable Bonds (*)
$16,100,000 Total 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 June 10, 2005, pursuant to the Texas Bond Review Board's 2005 Private Activity Bond Allocation Program. While the Department is required to deliver the Bonds on or before November 7, 2005, the anticipated closing date is September 23, 2005.

** Preliminary - Represents Maximum Amount*

BORROWER: Wayside Luxury Housing Partners, LP, a Texas Limited Partnership, of which the general partner is Foxford Company, LLC, of which Gerald Russell owns 45%, Richard Wilson owns 45% and David Russell owns 10%. Paramount Financial Group or an affiliate thereof will be providing the equity for the transaction by purchasing a 99.99% limited partnership interest in the Borrower.

COMPLIANCE HISTORY: The Compliance Status Summary completed on August 10, 2005 reveals that the principals of the general partner above have a total of four (4) properties being monitored by the Department. One (1) has received a compliance score within the guidelines of the compliance for the Department. The other three (3) properties have not been monitored at this time.

ISSUANCE TEAM:

Citibank Texas, N. A. (Initial Letter of Credit Provider)
Newman Capital (Forward Purchaser)
Paramount Financial Group. Inc. (Tax Credit Investor)
Newman and Associates (Underwriter)
Wachovia Bank, National Association (Trustee)
Vinson & Elkins L.L.P. (Bond Counsel)
Dain Rauscher, Inc. (Financial Advisor)
McCall, Parkhurst & Horton, L.L.P. (Issuer Disclosure Counsel)

BOND PURCHASER: The Bonds initially will be purchased by the Underwriter and will be publicly offered by the Underwriter. On approximately October 1, 2007, the Bonds will be subject to mandatory tender by the holders thereof at which time they will be purchased by the Forward Purchaser. The Forward Purchaser and any subsequent purchaser will be required to sign the Department's standard traveling investor letter.

DEVELOPMENT DESCRIPTION: The Development is a 200 unit mid-rise apartment community to be constructed on approximately 2.53 acres located at SW corner of Canal Street and Navigation Boulevard, Houston**,** Harris County, Texas. The Development will consist of one (1) four story building with a total of 191,119 net rentable square feet and an average unit size of approximately 956 square feet. The development will include a leasing office and community room, fitness center, business center, laundry room, swimming pool, learning center, and perimeter fencing with access gates. Unit amenities include nine foot ceilings, miniblinds, ceiling fans, washer/dryer connections; the energy star rated kitchen appliances, frost free refrigerator with ice-maker, dishwasher, microwave, garbage disposal, ceramic tile flooring and patios/balconies.

Units	Unit Type	Sq Ft	Proposed	AMFI
60	1-Bed/1-Bath	721	$632.00	60%
20	1-Bed/1-Bath	721	$950.00	Mkt
66	2-Bed/2-Baths	1062	$760.00	60%
22	2-Bed/2-Baths	1062	$1,350.00	Mkt
24	3-Bed/2-Baths	1226	$878.00	60%
8	3-Bed/2-Baths	1315	$1,750.00	Mkt
200	Total Units			

SET-ASIDE UNITS: For Bond covenant purposes, forty percent (40%) of the units in the Development will be restricted to occupancy by persons or families earning not more than sixty percent (60%) of the area median income. Five percent (5%) of the units in the Development will be set aside on a priority basis for persons with special needs.

RENT CAPS: For Bond covenant purposes, the rental rates on 75% 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 which is a Priority 3 category of the private activity bond program.

TENANT SERVICES: Tenant Services will be provided by the developer according to the requirements as outlined in the Department's Land Use Restriction Agreement.

DEPARTMENT ORIGINATION FEES:

$1,000 Pre-Application Fee (Paid)
$10,000 Application Fee (Paid)
$80,500 Issuance Fee (.50% of the bond amount paid at closing)

DEPARTMENT ANNUAL FEES:

$15,750 Bond Administration (0.10% of first year bond amount)
$3,750 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. These fees will be subordinated to the Mortgage Loan and paid outside of the cash flows contemplated by the Indenture)

ASSET OVERSIGHT FEE: $3,750 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 $764,846 per annum and represents equity for the transaction. To capitalize on the tax credit, the Borrower will sell a substantial portion of the limited partnership, typically 99.99%, to raise equity funds for the Development. Although a tax credit sale has not been finalized, the Borrower anticipates raising approximately $7,132,042 of equity for the transaction.

BOND STRUCTURE & SECURITY FOR THE BONDS:

The Bonds are proposed to be issued under two Trust Indentures (the "Trust Indentures") 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 first Trust Indenture will cover the period of approximately 24 months from date of issuance until October 1, 2007 (the "Mandatory Bond Purchase Date"). The Bonds will be issued in two series. The Series 2005A Bonds initially will be variable rate (weekly) tax exempt bonds. The Series 2005B Bonds initially will be variable rate (weekly) taxable bonds. Both series of Bonds will pay interest monthly on the fifteen of the month. Both series of Bonds will be secured by one Direct Pay Letter of Credit (the "Initial Letter of Credit") from the Initial Letter of Credit Provider. The Bonds initially will be publicly offered. At the time of the Mandatory Bond Purchase, the Trustee will draw upon the Initial Letter of Credit and use the proceeds to purchase the bonds from the holders pursuant to a mandatory tender. The Forward Purchaser will then purchase the Bonds from the Trustee on the Mandatory Bond Purchase and the Trustee will use the proceeds from the purchase by the Forward Purchaser to reimburse the Initial Letter of Credit Provider. In connection with this purchase, the original Indenture and Loan Agreement will cease to govern the financing and a new Indenture and Loan Agreement (attached as exhibits to the original Indenture and Loan Agreement) will automatically take effect. At the Mandatory Bond Purchase the Bonds will become a private placement with the Forward Purchaser. The Tax-Exempt Bonds will mature over a term of approximately 33 ½ years and the Taxable Bonds will mature over a term of approximately 15 ½ years. During the construction and lease-up period, the Bonds will pay as to interest only. After the Mandatory Bond Purchase, the Bonds will be secured by a first lien on the Development.

After the Mandatory Bond Purchase, the Bondholder Representative will have the option to (1) change the interest payment date from a monthly payment to a semi-annual payment, (2) deposit amounts into debt service reserve funds for the purpose of paying the debt service of the Bonds, (3) convert some of the Bonds to subordinate bonds or convert subordinate bonds to senior bonds and (4) create a Registered Coupon consisting only of a portion of the interest on the Bonds to be retained by the Bondholder Representative.

After the Mandatory Bond Purchase Date, the Initial Letter of Credit Provider will provide a Credit Facility to the benefit of the Trustee to secure payment of the Bonds. The Borrower's reimbursement obligations to the Initial Letter of Credit Provider will be secured by a first lien mortgage on the property and certain related obligations. Upon satisfaction of certain Conversion Requirements, the Mortgage Loan will convert from the Construction Phase to the Permanent Phase, at which time the credit facility will cease to be in effect.

The Bonds are mortgage revenue bonds and, as such, create no potential liability for the general revenue fund or any other state fund. The Act provides that the Department's revenue bonds are solely obligations of the Department, and do not create an obligation, debt, or liability of the State of Texas or a pledge or loan of the faith, credit or taxing power of the State of Texas. The only funds pledged by the Department to the payment of the Bonds are the revenues from the financing carried out through the issuance of the Bonds.

BOND INTEREST RATES: The Series 2005A Bonds Weekly Interest Rate through and including the Mandatory Bond Purchase Date will be the greater of the BMA Municipal Swap Index and 6.25% per annum thereafter the Series 2005B Bonds Weekly Interest Rate through and including the Mandatory Bond Purchase Date will be the greater of the BMA Municipal Swap Index and 8.00%.

CREDIT ENHANCEMENT: The Bonds will be rated and credit enhanced by Citibank Texas through and including the Mandatory Bond Purchase Date. After the Mandatory Bond Purchase Date the bonds will be privately placed and will be unrated and will not have credit enhancement.

FORM OF BONDS: The Bonds initially will be issued in book entry form and in denominations of $100,000 and any multiple of $1.00 in excess thereof. Upon the mandatory tender of the Bonds on the Mandatory Bond Purchase, the Bonds will be issued to the Forward Purchaser in certificated form and in denominations of $100,000 and any multiple of $1.00 in excess thereof.

TERMS OF THE MORTGAGE LOAN: The Mortgage Loan is a non-recourse obligation of the Owner, which means, subject to certain exceptions, that the Owner is not liable for the payment thereof beyond the amount realized from the pledged security. The Mortgage Loan provides for monthly payments of interest during the Construction Phase and level monthly payments of principal and interest following conversion to the Permanent Phase.

The Borrower will be required to make payments on the Mortgage Loan directly to the Trustee (to the extent that capitalized interest funds deposited at closing into the Mortgage Loan Fund are insufficient to make the semi-annual interest payments on the Bonds) along with all other bond and credit enhancement fees. Upon Conversion, the Borrower will be required to pay mortgage payments on the Mortgage Loan to the Servicer, who will remit the principal and interest components of the mortgage payments to the Trustee. The Borrower will continue to pay certain other fees, including the Department's fees, directly to the Trustee.

Effective on the Conversion Date, the Mortgage Loan will convert from the Construction Phase to the Permanent Phase upon satisfaction or waiver the conversion requirements set forth in the Construction Phase Financing Agreement. Among other things, these requirements include completion of the Development according to plans and specifications and achievement of certain occupancy thresholds.

MATURITY/SOURCES & METHODS OF REPAYMENT:

The Bonds will bear interest at the rates set forth above until maturity and will be payable monthly. During the Construction Phase, the Bonds will be payable as to interest only, from an initial deposit at closing to the Capitalized Interest Account, earnings derived from amounts held on deposit in an investment agreement, and other funds deposited to the Capitalized Interest Account. After conversion to the Permanent Phase, the Bonds will be paid from revenues earned from the Mortgage Loan.

REDEMPTION OF BONDS PRIOR TO MATURITY:

Prior to the Mandatory Bond Purchase Date the Bonds are subject to redemption under any of the following circumstances:

Optional Redemption:

The Bonds are subject to optional redemption in whole or in part upon optional prepayment of the Loan by the Borrower:

(1) in whole or in part any Interest Payment Date within a Weekly Variable Rate Period and on the first of any Term Interest Rate Period at a redemption price equal to 100 percent of the principle amount redeemed plus accrued interest to the Redemption Date.

(2) In whole or in part any date within a Term Interest Rate Period at the respective redemption prices set forth in the Indenture as expressed as a percentage of the principal

amount of the Bonds.

Mandatory Redemption:

(1) The Bonds shall be redeemed in whole or in part in the event and to the extent that proceeds of insurance from any casualty to, or proceeds of any award from any condemnation of, or any award as part of a settlement in lieu of condemnation of, the Mortgaged Property are applied in accordance with the Security Instrument to the prepayment of the Mortgage Loan.

(2) The Bonds shall be redeemed in whole following specified Events of Default under any Loan Document.

(3) The Bonds shall be redeemed in whole or in part as follows: on any Interest Payment Date in an amount equal to the amount which has been transferred from the Principal Reserve Fund on such Interest Payment Date to the Redemption Account.

(4) Date, if any, the Bonds shall be redeemed at the times and in the amounts set forth in the Sinking Fund Schedule.

FUNDS AND ACCOUNTS/FUNDS ADMINISTRATION:

Under the Trust Indenture, Wells Fargo Bank, National Association, (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.

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will initially be issued as fully registered securities and when issued will be registered in the name of Cede & Co., as nominee for DTC. One fully registered global bond in the aggregate principal amount of each stated maturity of the Bonds will be deposited with DTC.

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.

Prior to the Mandatory Bond Purchase Date the Trust Indenture will create funds and accounts with the following general purposes:

1. Project Fund – monies in the Project Account and Capitalized Interest Account will be used to pay project costs and interest due on the bonds during the construction phase, respectively.

2. Revenue Fund - General receipts and disbursement account for revenues to pay principal and interest on the Bonds. Sub-accounts created within the Revenue Fund for redemption provisions, credit facility purposes, the payment of interest and principal.

3. Costs of Issuance Fund – A temporary fund into which amounts for the payment of the costs of issuance are deposited and disbursed by the Trustee.

4. 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.

5. Administrative Expense Fund – Fund used to pay certain third party and ongoing fees.

6. Principal Reserve Fund – Fund to collect payments received from the Borrower pursuant to the reimbursement agreement and used to pay principal on the Bonds.

7. Replacement Reserve Fund – Fund used to collect payments made by the Borrower and used for the repairs and rehabilitation to the development.

8. Tax and Insurance Escrow Fund – Fund used to collects payments from the Borrower and used for payment of property taxes and insurance fees.

9. Unclaimed Monies Account – Account used to collect monies due to but claimed by the bond holders.

After the Mandatory Bond Purchase Date, monies will be transferred to corresponding funds established under the new Indenture or as directed by the Bondholder Representative. 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 issued by the Department in August 2003.

2. Bond Trustee – Wells Fargo Bank, N.A. was selected by the Borrower as bond trustee from the Department's list of approved multifamily trustees pursuant to a request for proposal process in April 2003.

3. Financial Advisor - 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. Underwriter – Newman and Associates Inc. was selected by the Borrower from the Department's list of approved senior managers for multifamily bond issues. The underwriter list was compiled and approved by the Department May 2004.

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. 05-073

RESOLUTION AUTHORIZING AND APPROVING THE ISSUANCE, SALE AND DELIVERY OF VARIABLE RATE DEMAND MULTIFAMILY HOUSING REVENUE BONDS (CANAL PLACE APARTMENTS) SERIES 2005A AND VARIABLE RATE DEMAND MULTIFAMILY HOUSING REVENUE BONDS (CANAL PLACE APARTMENTS) SERIES 2005B; 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; (c) to pledge all or any part of the revenues, receipts or resources of the Department, including the revenues and receipts to be received by the Department from such multi-family residential rental project loans, and to mortgage, pledge or grant security interests in such loans or other property of the Department in order to secure the payment of the principal or redemption price of and interest on such bonds; and (d) to issue its bonds for the purpose of refunding any bonds theretofore issued by the Department under the Act; and

WHEREAS, the Board has determined to authorize the issuance of the Texas Department of Housing and Community Affairs Variable Rate Demand Multifamily Housing Revenue Bonds (Canal Place Apartments) Series 2005 (the "Tax-Exempt Bonds") and the Texas Department of Housing and Community Affairs Variable Rate Demand Multifamily Housing Revenue Bonds (Canal Place Apartments) Series 2005B (the "Taxable Bonds" and, together with the Tax-Exempt Bonds, the "Bonds"), pursuant to and in accordance with the terms of an Indenture of Trust (the "Indenture") by and between the Department and Wells Fargo Bank, National 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 Wayside Luxury Housing LP, 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 <u>Exhibit A</u> attached hereto (the "Project") located within the State of Texas required by the Act to be occupied by individuals and families of low and very low income and families of moderate income, as determined by the Department; and

WHEREAS, the Board, by resolution adopted on May 26, 2005, declared its intent to issue its revenue bonds to provide financing for the Project; and

WHEREAS, it is anticipated that the Department, the Borrower and the Trustee will execute and deliver a Loan Agreement (the "Loan Agreement") pursuant to which (i) the Department will agree to make a mortgage loan funded with the proceeds of the Bonds (the "Mortgage Loan") to the Borrower to enable the Borrower to finance the cost of acquisition, construction and equipping of the Project and related costs, and (ii) the Borrower will execute and deliver to the Department two promissory notes (collectively, the "Note") in an original principal amount equal to the original aggregate principal amount of the Bonds, and providing for payment of interest on such principal amount equal to the interest on the Bonds and to pay other costs described in the Loan Agreement; and

WHEREAS, it is anticipated that credit enhancement for the Mortgage Loan will be provided for initially by a Letter of Credit issued by Citibank, N.A., a national banking association (the "Bank"); and

WHEREAS, it is anticipated that the Note will be secured by a first lien Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (Texas) (the "Mortgage") from the Borrower for the benefit of the Department and the Trustee; and

WHEREAS, the Department's interest in the Mortgage Loan (except for certain reserved rights), including the Note and the Mortgage, will be assigned to the Trustee, as its interests may appear pursuant to a Assignment of Deed of Trust and Related Loan Documents and Assignment of Promissory Notes (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 Harris County, Texas; and

WHEREAS, the Board has been presented with a draft of, has considered and desires to ratify, approve, confirm and authorize the use and distribution in the public offering of the Bonds of an Official Statement (the "Official Statement") and to authorize the authorized representatives of the Department to deem the Official Statement "final" for purposes of Rule 15c2-12 of the Securities and Exchange Commission and to approve the making of such changes in the Official Statement as may be required to provide a final Official Statement for use in the public offering and sale of the Bonds; and

WHEREAS, the Board has further determined that the Department will enter into a Purchase Contract (the "Purchase Contract") with the Borrower, Newman and Associates, A Division of GMAC Commercial Holding Capital Markets Corp. (the "Underwriter"), and any other parties to such Purchase Contract as authorized by the execution thereof by the Department, setting forth certain terms and conditions upon which the Underwriter or another party will purchase all or their respective portion of the Bonds from the Department and the Department will sell the Bonds to the Underwriter or another party to such Purchase Contract; and

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 the Indenture, the Loan Agreement, the Assignment, the Regulatory Agreement, the Asset Oversight Agreement, the Official Statement, and the Purchase Contract (collectively, the "Issuer Documents"), all of which are attached to and comprise a part of this Resolution; has found the form and substance of such documents to be satisfactory and proper and the recitals contained therein to be true, correct and complete; and has determined, subject to the conditions set forth in Section 1.15, to authorize the issuance of the Bonds, the execution and delivery of the Issuer Documents, the acceptance of the Mortgage 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 and the Refunding 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 the Refunding 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. (a) That the Chair or Vice Chairman of the Board or the Executive Director of the Department are hereby authorized and empowered, in accordance with Chapter 1371, Texas Government Code, to fix and determine the interest rate, principal amount and maturity of, the redemption provisions related to, and the price at which the Department will sell to the Underwriter or another party to the Purchase Contract, the Bonds, all of which determinations shall be conclusively evidenced by the execution and delivery by the Chair or Vice Chairman of the Board or the Executive Director of the Department of the Indenture and the Purchase Contract; provided, however, that (i) the Bonds shall bear interest at the rates determined from time to time by the Remarketing Agent (as such term is defined in the Indenture) in accordance with the provisions of the Indenture; provided 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; and provided further that (i) the initial interest rate on the Tax-Exempt Bonds shall not exceed 6.50%; (ii) the aggregate principal amount of the Tax-Exempt Bonds shall not exceed $15,000,000; (iii) the final maturity of the Tax-Exempt Bonds shall occur not later than July 1, 2039; (iv) the initial interest rate on the Taxable Bonds shall not exceed 8.00%; (v) the aggregate principal amount of the Taxable Bonds shall not exceed $1,100,000; (vi) the final maturity of the Taxable Bonds shall occur not later than January 1, 2021; and (vii) the price at which the Bonds are sold to the initial purchasers thereof under the Purchase Contract shall not exceed 103% of the principal amount thereof.

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 the Indenture and to deliver the Indenture to the Trustee.

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

Section 1.5--Approval, Execution and Delivery of the Regulatory Agreement. That the form and substance of the Regulatory Agreement are hereby approved, and that the authorized representatives of the Department named in this Resolution each are authorized hereby to execute, attest and affix the Department's seal to the Regulatory Agreement and deliver the Regulatory Agreement to the Borrower and the Trustee.

Section 1.6--Approval, Execution and Delivery of the Purchase Contract. That the sale of the Bonds to the Underwriter and any other party to the Purchase Contract is hereby approved, that the form and substance of the Purchase Contract are hereby approved, and that the authorized representatives of the Department named in this Resolution each are authorized hereby to execute the Purchase Contract and to deliver the Purchase Contract to the Borrower, the Underwriter and any other party to the Purchase Contract as appropriate.

Section 1.7--Acceptance of the Mortgage and Note. That the Mortgage and the Note are hereby accepted by the Department and that the authorized representatives of the Department named in this Resolution each are authorized to endorse and deliver the Note to the order of the Trustee without recourse.

Section 1.8--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 are each hereby authorized to execute, attest and affix the Department's seal to the Assignments and to deliver the Assignments to the Trustee.

Section 1.9--Approval, Execution, Use and Distribution of the Official Statement. That the form and substance of the Official Statement and its use and distribution by the Underwriter in accordance with the terms, conditions and limitations contained therein are hereby approved, ratified, confirmed and authorized; that the Chair and Vice Chairman of the Governing Board and the Executive Director of the Department are hereby severally authorized to deem the Official Statement "final" for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934; that the authorized representatives of the Department named in this Resolution each are authorized hereby to make or approve such changes in the Official Statement as may be required to provide a final Official Statement for the Bonds; that the authorized representatives of the Department named in this Resolution each are authorized hereby to accept the Official Statement, as required; and that the distribution and circulation of the Official Statement by the Underwriter hereby is authorized and approved, subject to the terms, conditions and limitations contained therein, and further subject to such amendments or additions thereto as may be required by the Purchase Contract and as may be approved by the Executive Director of the Department and the Department's counsel.

Section 1.10--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 1.11--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 1.12--Exhibits Incorporated Herein. That all of the terms and provisions of each of the documents listed below as an exhibit shall be and are hereby incorporated into and made a part of this Resolution for all purposes:

Exhibit B	-	Indenture
Exhibit C	-	Loan Agreement
Exhibit D	-	Regulatory Agreement
Exhibit E	-	Purchase Contract
Exhibit F	-	Mortgage
Exhibit G	-	Note
Exhibit H	-	Assignment
Exhibit I	-	Official Statement
Exhibit J	-	Asset Oversight Agreement

Section 1.13--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 1.14--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 1.15--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 and the Refunding 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--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 Purchase Contract and the requirements of Bond Counsel to the Department, provided such engagement is done in accordance with applicable law of the State of Texas.

Section 2.4--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, the Refunding Bonds and all other Department activities.

Section 2.5--Approval of Requests for Rating from Rating Agency. That the action of the Executive Director of the Department or any successor and the Department's consultants in seeking a rating from Moody's Investors Service, Inc. and/or Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies, Inc., is approved, ratified and confirmed hereby.

Section 2.6--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 2.7--Underwriter. That the underwriter with respect to the issuance of the Bonds shall Newman and Associates, A Division of GMAC Commercial Holding Capital Markets Corp.

Section 2.8--Approving Initial Rents. That the initial maximum rent charged by the Borrower for 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 Loan Agreement.

Section 2.9—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.

Section 2.10--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.

ARTICLE III

CERTAIN FINDINGS AND DETERMINATIONS

Section 3.1--Findings of the Board. That in accordance with Section 2306.223 of the Act and Section 1207.008, Texas Government Code, 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 Mortgage Loan 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 Loan Agreement and the Regulatory Agreement, which require, among other things, that the Project be occupied by individuals and families of low and very low income and families of moderate income, and

(ii) that the issuance of the Bonds and the Refunding Bonds to finance the Project is undertaken within the authority conferred by the Act and Chapter 1207, Texas Government Code, 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 extremely low, low and very low income, (2) persons with special needs, and (3) families of moderate income, with the income limits as set forth in the Loan Agreement and the Regulatory Agreement.

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

Section 3.4--No Gain Allowed. That, in accordance with Section 2306.498 of the Act, no member of the Board or employee of the Department may purchase any Bond or Refunding 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, respectively, including the revenues and funds of the Department pledged under the Indenture to secure payment of the Bonds, respectively, 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.

[EXECUTION PAGE FOLLOWS]

PASSED AND APPROVED this 16th day of September, 2005

[SEAL]

By:____________________________________
Elizabeth Anderson, Chair

Attest:________________________
Kevin Hamby, Secretary

EXHIBIT A

DESCRIPTION OF PROJECT

Owner: Wayside Luxury Housing LP, a Texas limited partnership

Project: The Project is a 200-unit multifamily facility to be known as Canal Place Apartments and to be located at 2104 Canal Street, Houston, Harris County, Texas. It will consist of 1 six-story residential apartment buildings with approximately 190,988 net rentable square feet and an average unit size of approximately 955 square feet. The unit mix will consist of:

80	one-bedroom/one-bath units
88	two-bedroom/two-bath units
32	three-bedroom/two-bath units
200	Total Units

Unit sizes will range from approximately 687 square feet to approximately 1338 square feet.

Common areas are expected to include a swimming pool, a picnic area, a play area with playground equipment, and a community center with a central kitchen, an exercise room, computer facilities and laundry facilities.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

MULTIFAMILY FINANCE PRODUCTION DIVISION

September 16, 2005

Development Information, Public Input and Board Summary

Canal Place Apartments, TDHCA Number 05617

BASIC DEVELOPMENT INFORMATION

Site Address:	2104 Canal Street			Development #:	05617
City:	Houston	Region:	6	Population Served:	Family
County:	Harris	Zip Code:	77002	Allocation:	
HTC Set Asides:	☐ At-Risk	☐ Nonprofit	☐ USDA	HTC Purpose/Activity:	NC
HOME Set Asides:	☐ CHDO	☐ Preservation	☐ General		
Bond Issuer:	TDHCA				

HTC Purpose/Activity: NC=New Construction, ACQ=Acquisition, R=Rehabilitation, NC/ACQ=New Construction and Acquisition, NC/R=New Construction and Rehabilitation, ACQ/R=Acquisition and Rehabilitation

OWNER AND DEVELOPMENT TEAM

Owner:	Wayside Luxury Housing Partners, LP
	Gerald W. Russell - Phone: (713) 977-1772
Developer:	Foxford Company, LLC
Housing General Contractor:	Construction Supervisor, Inc.
Architect:	Ted Trout Architects
Market Analyst:	O'Connor and Associates
Syndicator:	Paramount Financial Group
Supportive Services:	To Be Determined
Consultant:	Not Utilized

UNIT/BUILDING INFORMATION

30%	40%	50%	60%	65%	80%
0	0	0	150	0	0

Eff	1 BR	2 BR	3 BR	4 BR
0	80	88	32	0

Type of Building: 5 units or more per bldng

Number of Residential Buildings: 1

Total Restricted Units:	150
Market Rate Units:	50
Owner/Employee Units:	0
Total Development Units:	200
Total Development Cost:	$24,439,114

Note: If Development Cost =$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis	Amort	Term	Rate
9% Housing Tax Credits-Credit Ceiling:	$0	$0	0	0	0.00%
4% Housing Tax Credits with Bonds:	$769,179	$764,846	0	0	0.00%
Housing Trust Fund Loan Amount:	$0	$0	0	0	0.00%
HOME Fund Loan Amount:	$0	$0	0	0	0.00%
Bond Allocation Amount:	$16,100,000	$16,100,000	40	30	8.00%

MULTIFAMILY FINANCE PRODUCTION DIVISION

September 16, 2005

Development Information, Public Input and Board Summary

Canal Place Apartments, TDHCA Number 05617

PUBLIC COMMENT SUMMARY

Guide: "O" = Oppose, "S" = Support, "N" = Neutral, "NC" or Blank = No comment

State/Federal Officials with Jurisdiction:

TX Senator: Gallegos, District 6 NC Points: 0 US Representative: Jackson-Lee, District 18, NC

TX Representative: Farrar, District 148 NC Points: 0 US Senator: NC

Local Officials and Other Public Officials:

Mayor/Judge: NC Resolution of Support from Local Government ☐

Milton Wilson, Jr., Director, Housing and Community Development Department; The proposed activity for new construction of affordable multifamily rental housing is consistent with the City of Houston's Consolidated Plan.

Individuals/Businesses: In Support: 0 In Opposition: 0

Neighborhood Input:

General Summary of Comment:

Public Hearing:
Number that attended: 11
Number that spoke: 0
Number in Support: 11
Number in Opposition: 0
Number Neutral: 0

CONDITIONS OF COMMITMENT

1. Per §49.12(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. Acceptance by the Board of potential redemption of up to $1,425,000 in bonds at conversion to permanent.
3. Completion of a TDHCA site inspection report indicating the site is acceptable.
4. Receipt, review, and acceptance of a signed letter from the Market Analyst providing justification for a base year PMA population exceeding 100,000 people.
5. 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.

MULTIFAMILY FINANCE PRODUCTION DIVISION

September 16, 2005

Development Information, Public Input and Board Summary

Canal Place Apartments, TDHCA Number 05617

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

9% HTC Competitive Cycle: ☐ Score: ☐ Meeting a Required Set-Aside Credit Amount: $0

Recommendation:

HOME Loan: Loan Amount: $0

Recommendation:

Housing Trust Fund Loan: ☐ Meeting a Required Set-Aside Loan Amount: $0

Recommendation:

4% Housing Tax Credits with Bond Issuance: Credit Amount: $764,846

Recommendation:

Private Activity Bond Issuance with TDHCA: Bond Amount: $16,100,000

Recommendation: Recommend approval of issuance of $15,000,000 in tax-exempt mortgage revenue bonds with a fixed interest rate at 6.25% and repayment term of 30 years with a 40-year amortization period, and issuance of $1,100,000 in taxable mortgage revenue bonds with a fixed interest rate at 8.00% and priority repayment, subject to conditions. Recommend approval of a housing tax credit allocation not to exceed $764,846 annually for ten years, subject to conditions.

Canal Place Apartments

Estimated Sources & Uses of Funds

Sources of Funds	
Series 2005A Tax-Exempt Bond Proceeds	$ 15,000,000
Series 2005B Taxable Bond Proceeds	$ 1,100,000
Tax Credit Proceeds	7,133,424
Deferred Developer's Fee	1,168,285
Estimated Interest Earning	369,333
Lease Up Income from Operations	388,573
Total Sources	$ 25,159,615

Uses of Funds	
Acquisition and Site Work Costs	$ 2,548,930
Direct Hard Construction Costs	13,782,151
Other Construction Costs (General Require, Overhead, Profit)	2,566,243
Indirect Construction Costs	652,054
Developer Fees	2,837,762
Direct Bond Related	293,300
Bond Purchaser Costs	437,850
Other Transaction Costs	1,899,325
Real Estate Closing Costs	142,000
Total Uses	$ 25,159,615

Estimated Costs of Issuance of the Bonds

Direct Bond Related	
TDHCA Issuance Fee (.50% of Issuance)	$ 80,500
TDHCA Bond Compliance Fee ($25 per unit)	3,750
TDHCA Bond Administration Fee (2 years)	32,200
TDHCA Bond Counsel and Direct Expenses (Note 1)	80,000
TDHCA Financial Advisor and Direct Expenses	25,000
Disclosure Counsel ($5k Pub. Offered, $2.5k Priv. Placed. See Note 1)	7,500
Borrowers Counsel	35,000
Trustee Fee	10,000
Trustee's Counsel (Note 1)	5,000
Attorney General Transcript Fee (*)	10,600
Texas Bond Review Board Issuance Fee (.025% of Reservation)	3,750
Total Direct Bond Related	$ 293,300

Canal Place Apartments

Bond Purchase Costs		
Underwriters Counsel		25,000
Citibank Application and Origination Fees		96,600
Citibank Counsel		21,750
Bond Purchaser		241,500
Bond Purchaser Counsel		37,500
Rating Agency and Printing		15,500
Total Bond Purchase Costs	$	437,850

Other Transaction Costs		
Tax Credit Application and Determination Fees		48,000
Financing and Reserves		350,000
Construction Period Interest		1,501,325
Miscellaneous		
Total Other Transaction Costs	$	1,899,325

Real Estate Closing Costs		
Title & Recording (Const.& Perm.)		117,000
Property Taxes		25,000
Total Real Estate Costs	$	142,000
Estimated Total Costs of Issuance	$	2,772,475

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.

(*) Lesser of 1/10 of 1% of the total isuance per series or $9,500

<u>TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS</u>

MULTIFAMILY UNDERWRITING ANALYSIS

DATE:	September 7, 2005	**PROGRAM:**	4% HTC MRB	**FILE NUMBER:**	05617 2005-037

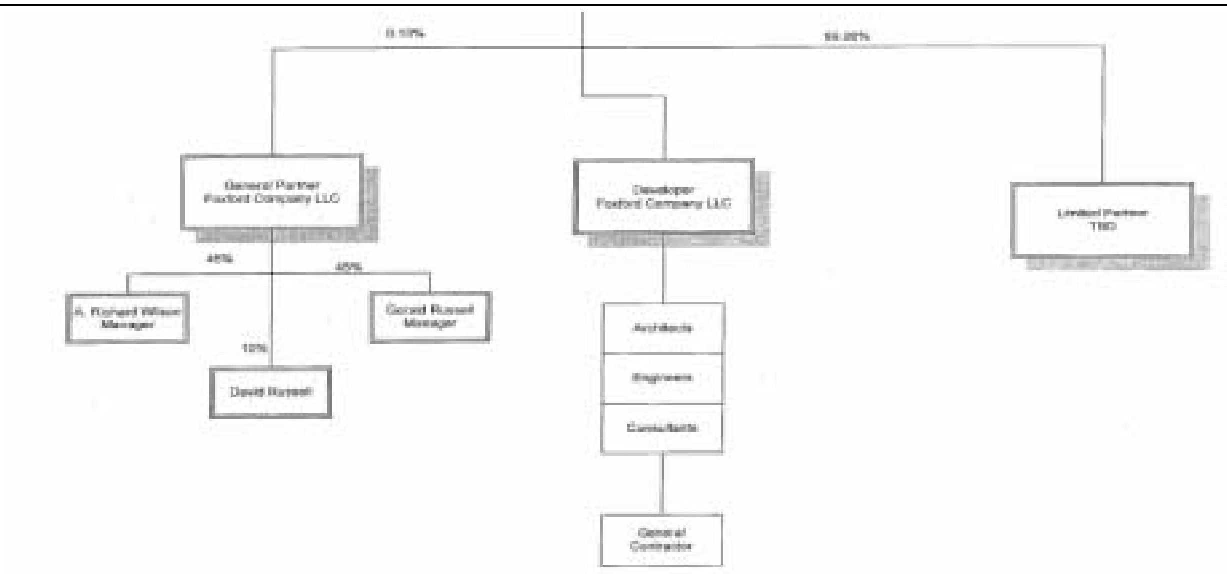
DEVELOPMENT NAME

Canal Place Apartments

APPLICANT

Name:	Wayside Luxury Housing Partners, LP			**Type:**	For-profit		
Address:	7887 San Felipe, Suite 122			**City:**	Houston	**State:**	TX
Zip:	77063	**Contact:**	Gerald W Russell	**Phone:**	(713) 977-1772	**Fax:**	(713) 784-3985

PRINCIPALS of the APPLICANT/ KEY PARTICIPANTS



PROPERTY LOCATION

Location:	2104 Canal Street		☒ **QCT**		☐ **DDA**
City:	Houston	**County:**	Harris	**Zip:**	77002

REQUEST

Amount	Interest Rate	Amortization	Term
1) $769,179	N/A	N/A	N/A
2) $15,000,000	6.25%	40 yrs	30 yrs
3) $1,100,000	8.0%		

Other Requested Terms:
1) Annual ten-year allocation of housing tax credits
2) Tax-exempt private activity mortgage revenue bonds
(Terms requested at application are inconsistent with terms indicated by permanent lender)
3) Taxable mortgage revenue bonds

Proposed Use of Funds: New construction **Property Type:** Multifamily

Special Purpose (s): General Population

RECOMMENDATION

☒ RECOMMEND APPROVAL OF ISSUANCE OF $15,000,000 IN TAX-EXEMPT MORTGAGE REVENUE BONDS WITH A FIXED INTEREST RATE AT 6.25% AND REPAYMENT TERM OF 30 YEARS WITH A 40-YEAR AMORTIZATION PERIOD, AND ISSUANCE OF $1,100,000 IN TAXABLE MORTGAGE REVENUE BONDS WITH A FIXED INTEREST RATE AT 8.00% AND PRIORITY REPAYMENT, SUBJECT TO CONDITIONS.

☒ RECOMMEND APPROVAL OF A HOUSING TAX CREDIT ALLOCATION NOT TO EXCEED $764,846 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

CONDITIONS

1. Acceptance by the Board of potential redemption of up to $1,425,000 in bonds at conversion to permanent;
2. Completion of a TDHCA site inspection report indicating the site is acceptable;
3. Receipt, review and acceptance of a signed letter from the Market Analyst providing justification for a base year PMA population exceeding 100,000 people;
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/allocation amount may be warranted.

REVIEW of PREVIOUS UNDERWRITING REPORTS

Canal Street was submitted for a 2004 mortgage revenue bond and associated 4% tax credit allocation. The underwriting analysis was not completed before the application was withdrawn.

DEVELOPMENT SPECIFICATIONS

IMPROVEMENTS

Total Units:	200	**# Rental Buildings**	1	**# Non-Res. Buildings**	0	**# of Floors**	6	**Age:**	N/A yrs	**Vacant:**	N/A	at / /

Net Rentable SF:	190,988	**Av Un SF:**	955	**Common Area SF:**	51,175*	**Gross Bldg SF:**	206,183

*Includes: 4,490 square feet in amenities such as community room, community laundry, fitness, media room, leasing, etc.; 39,000 square feet in air-conditioned corridors; and 7,685 square feet in air-conditioned storage rooms.

STRUCTURAL MATERIALS

The structures will be wood frame on post-tensioned slab. According to the plans provided in the application the exterior will be 50% brick veneer and 50% cement composition siding. The interior wall surfaces will be drywall and the pitched roofs will be finished with composite shingles.

APPLIANCES AND INTERIOR FEATURES

The interior flooring will be a combination of carpet and ceramic tile. Threshold criteria for the 2005 QAP requires all development units to include: mini blinds or window coverings for all windows, a dishwasher, a disposal, a refrigerator, an oven/range, an exhaust/vent fax in bathrooms, and a ceiling fan in each living area and bedroom. New construction units must also include three networks: one for phone service, one for data service, and one for TV service. In addition, each unit will include: covered entries, covered patio or balcony, a microwave oven, an ice maker (in the refrigerator), self-cleaning or continuous cleaning oven, Energy Star or equivalently rated kitchen appliances, tile tub/shower surrounds, an individual heating and air conditioning unit, individual water heaters, and nine-foot ceilings. The application materials indicate the entries to the residential building will be secure.

ONSITE AMENITIES

The building includes the following common areas: offices, a furnished community room, a furnished fitness center, an equipped business center, public restrooms, a laundry, maintenance, and leasing. The building also includes four passenger-elevators and a covered public porch/balcony. Additional amenities include: a public telephone, a pool, barbecue pits and picnic tables, an equipped play area, a gazebo with sitting area, and perimeter fencing with limited access gates. Storage closets will be available for lease.

Uncovered Parking: 8 spaces **Carports:** 0 spaces **Garage:** 332 spaces

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Description: Canal Place is an urban infill development proposed to house 79 units per acre in a midrise new construction building. The building will consist of a total of six floors with the first two levels dedicated to a parking garage and some common areas and the remaining four levels dedicated to mixed income apartments with one- to three-bedrooms and additional common areas. Little green space is planned as the building conforms to the general shape of the site. The triangular shape contributes to some unusual, yet functional unit floorplans. Outdoor common areas, including the pool, will be constructed in a central courtyard located on the roof of the garage.

Architectural Review: The building and unit plans appear to provide acceptable access and storage. The elevation reflects a simple and attractive exterior.

SITE ISSUES

SITE DESCRIPTION

Size: 2.53 acres 110,207 square feet **Flood Zone Designation:** Zone X

Zoning: No zoning (Houston)

SITE and NEIGHBORHOOD CHARACTERISTICS

Location: The subject site is located at the intersection of Canal Street and Navigation Boulevard in Houston, Harris County.

Adjacent Land Uses:

- **North:** Canal Street adjacent, vacant land and light industrial beyond;
- **South:** Navigation Boulevard adjacent, vacant land beyond;
- **East:** Navigation Boulevard adjacent, vacant land and Anson Jones School beyond; and
- **West:** railroad tracks adjacent, vacant land and light industrial beyond.

Site Access: East and west arteries in the area include IH-10, Navigation Boulevard, Harrisburg and Clinton Drive. North and south arteries include IH-45, Highway 90 and Lockwood.

Public Transportation: Public transportation to the area is provided by the Metropolitan Transit Authority of Harris County. The location of the nearest stop was not identified in the application materials.

Shopping & Services: The site is located in the Houston Independent School District. The site is located in the central business district and numerous single-tenant and small retail centers are located throughout. Medical services are located south of the subject PMA in the Medical Center area of Houston.

Special Adverse Site Characteristics:

Site Inspection Findings: TDHCA staff performed a site inspection in early 2005; however, the report is currently unavailable. Completion of a TDHCA site inspection report indicating the site is acceptable is a condition of this report.

HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)

A **Phase I Environmental Site Assessment** report dated November 2004 was prepared by TGE Resources, Inc and contained the following findings and recommendations:

Findings: "Concrete platforms were observed on the southern portion of the subject property…Asphalt paving was observed on the south central portion of the subject tract…A debris pile and electrical box were observed along the southeast portion of the subject property. Several light poles were observed on the southern portion of the tract. A brick lined 'hole' was observed on the northern portion of the subject tract. Per Site sources, this structure is an abandoned storm drain" (p. i).

"Nineteen LPST [Leaking Petroleum Storage Tank] facilities were identified within a one-half mile of the Site. The 'Warehouse Facility' is recorded with an 'inactive, cannot close, cannot locate responsible party' status. Given location of the 'Warehouse Facility' with respect to the subject property (adjacent property east-northeast)and absence of information regarding the release, environmental concern for the Site cannot be ruled out without further investigation, beyond the current scope of work. The remaining eighteen LPST facilities are positioned between 700 feet to one-half mile from the subject property. Given the linear distance of the remaining LPST facilities from the Site, an environmental concern with respect to the subject property is not indicated" (p. iii).

"…the historical use of the southern portion of the Site as a broom factory, the historical presence of a clothes cleaners on the north and east corners of the tract and an auto repair and paint shop on the east corner of the subject property with no information regarding operations and associated waste management/disposal practices of chemicals; and historical use of adjacent properties as various commercial/industrial entities for various periods of time from at least the late 1800s through the present with the potential to impact the Site" (p. iii).

"Although the presence of a railroad along the western perimeter of the subject tract has the potential of facilitating the migration of contaminants onto the subject property via spills from containers transported on the tracks, evidence of spills or releases (either current or historic) was not observed during the performance of the Site inspection or reported by regulatory agencies" (p. 14).

Recommendations: "Due to…recognized environmental conditions, and given adherence to current ASTM Phase protocol, TGE provides the following recommendations for client consideration: Characterization of Site soil and groundwater in an effort to determine the potential impact to the subject property from historical Site and/or off-Site activities" (p. iii).

A **Limited Phase II Environmental Site Assessment** report dated December 21, 2004 was prepared by TGE Resources, Inc and contained the following findings and recommendations:

Findings: "To evaluate soil and groundwater at the Site, TGE completed three temporary screened boreholes to obtain soil and groundwater samples at locations based on current or historical property use issues and findings provided in foregoing reports…analysis for volatile organic compounds (VOC)…were not found above Texas Commission on Environmental Quality (TCEQ) Texas Risk Reduction Program (TRRP) assessment levels and/or Texas-specific Background Concentrations. Of exception were the VOC methylene chloride and RCRA metals lead and mercury…" (p. i).

Methylene Chloride: "Methylene chloride levels…exceed the TRRP assessment level…Therefore, following Client approval, soil sample…was additionally analyzed for leachable methylene chloride…Analysis of the leachate did not exceed Tier 1 groundwater protective concentration level (PCL)…Thus…methylene chloride in soil is 'screened' from further consideration" (pp. i, ii).

Mercury: "The sample collected…reported a mercury concentration…which is above the TRRP assessment level… Therefore, following Client approval, this soil sample was additionally analyzed for leachable mercury…Analysis of the leachate for mercury did not exceed the groundwater PCL…therefore…mercury in soil is 'screened' from further consideration" (p. ii).

Lead: "All soil samples collected were associated with concentrations of lead…in excess of the TRRP Tier 1 PCL…However, only one sample…exceeded the Texas Specific Median Background level… Therefore, following Client approval, this sample was additionally analyzed for leachable lead…Analysis of the leachate did exceed the groundwater PCL…TGE [developed] a Site-specific level for lead in soil that is protective of groundwater. All reported lead concentrations were below [the Site-specific] PCL…[Therefore,] the RCRA metal lead may be 'screened' from further consideration" (p. ii).

Recommendations: "TGE suggests proper disposal of drummed investigation-derived waste…given Client's stated desire to redevelop the subject property, and possible concurrent removal of up to five feet of surface soil from the Site, additional analytical testing of surface soil…for RCRA metal lead may be advised prior to such activity for purposes of confirming the analytical character of shallow soil" (p. ii).

A **Limited Subsurface Investigation** report dated January 28, 2005 was prepared by DCH Environmental Consultants, LP and contained the following findings and recommendations:

Findings: "During the investigation no unusual staining, odors, or debris was found within the sampling interval. As proposed, the samples were analyzed for total lead and mercury…the maximum reported lead concentration is below the Texas Specific Background Concentration…Total mercury concentrations were reported as BRL (below reporting limit, non-detect) for all samples" (p. 3).

Recommendations: "Based on a review of the previous Phase II subsurface investigation and this investigation lead and mercury do not represent a threat to the subject site. DCH recommends no further action" (p. 4).

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 3 private activity bond lottery development the Applicant has elected 25% at market and 75% at 60% of AMGI. One-hundred and fifty units (75% of the total) will be reserved for low-income tenants. The affordable units (75%) will be reserved for households earning 60% or less of AMGI, and the remaining 50 units will be offered at market rents.

MAXIMUM ELIGIBLE INCOMES						
	1 Person	**2 Persons**	**3 Persons**	**4 Persons**	**5 Persons**	**6 Persons**
60% of AMI	$39,050	$43,900	$48,800	$52,700	$56,600	$60,500

MARKET HIGHLIGHTS

A market feasibility study dated May 31, 2005 was prepared by O'Connor & Associates ("Market Analyst") and highlighted the following findings:

Definition of Primary Market Area (PMA): "The subject's primary market area includes the following zip codes: 77002, 77003, 77010, 77011, 77020, and 77023" (p. 18). This area encompasses approximately 21.5 square miles and is equivalent to a circle with a radius of 2.6 miles.

Population: The estimated 2005 population of the PMA was 108,101 and is expected to increase to approximately 109,759 by 2010. "Claritas has estimated 29,078 households in the primary market area for 2005, and projected 29,875 for the year 2009" (p. 27).
It should be noted the base year population within PMA should not exceed 100,000 unless the Market Analyst provides additional justification. Receipt, review and acceptance of a signed letter from the Market Analyst providing justification for a base year PMA population exceeding 100,000 people is a condition of this report.

Total Primary Market Demand for Rental Units: "In 2005, the primary market area had 11,931 (41.03%) owner-occupied housing units and 17,147 (58.97%) rental units" (p. 28). "IREM's 2004 Income Expense Analysis Conventional Apartments reported the average turnover ratio for multifamily housing in Houston at 62.7% for 25+ unit buildings and 65.4% for garden buildings. We utilized a turnover ratio of 65%" (p. 64). Based on the income eligible percentage within each income bracket, it appears that 20.6% of the total population is income-eligible for the property (p. 67). The percentage of appropriate household size is 86.08% (p. 70). The Market Analyst used an income band of $23,897 to $39,540 (p. 66).

INCOME-ELIGIBLE PRIMARY MARKET DEMAND SUMMARY				
	Market Analyst		**Underwriter**	
Type of Demand	**Units of Demand**	**% of Total Demand**	**Units of Demand**	**% of Total Demand**
Household Growth	25 (1.5 yrs)	1%	10 (1 yr)	1%
Resident Turnover	1,973	73%	1,580	99%
Other Sources: Section 8 Voucher	488	18%	N/A	N/A
Other Sources: unspecified	200	8%	N/A	N/A
TOTAL ANNUAL DEMAND	**2,686**	**100%**	**1,590**	**100%**

Ref: p. 70

Section 8 Voucher Demand: "Theoretical demand from Section 8 vouchers in the PMA is calculated by multiplying the total number of vouchers by the ratio of income-qualified households in the PMA and in Houston…Theoretical demand = 17,013 X (12,167/275,710) = 17,013 X 0.0441297015 = 751 units." Using the turnover rate of 75%, the total theoretical demand from Section 8 is 488 units (p. 68, 69).

Inclusive Capture Rate: "…a total of 227 units (including the subject), of which 150 units (only the subject) will be rent-restricted Family units…there are approximately 2,686 potential households based on income eligibility, housing preference, and taking into consideration the typical turnover rate in the subject's primary market. Capture Rate for 150 Proposed Affordable Units - 5.58%" (p. 70). The Underwriter calculated an inclusive capture rate of 9.4% based upon a revised demand for 1,590 affordable units.

Market Rent Comparables: The Market Analyst surveyed five comparable apartment projects totaling 1,199 units in the market area (p. 46).

RENT ANALYSIS (net tenant-paid rents)					
Unit Type (% AMI)	**Proposed**	**Program Max**	**Differential**	**Est. Market**	**Differential**
1-Bedroom (60%)	$632	$632	$0	$950	-$318
1-Bedroom (MR)	$950	N/A		$950	$0
2-Bedroom (60%)	$760	$759	+$1	$1,350	-$590
2-Bedroom (MR)	$1,350	N/A		$1,350	$0
3-Bedroom (60%)	$878	$877	+$1	$1,750	-$872
3-Bedroom (MR)	$1,750	N/A		$1,750	$0

(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: "According to the 1st Quarter 2005 O'Connor and Associates Houston Area Apartment Database survey, there were 72 apartment projects in this market area, which contained a total of 7,390 units. The overall occupancy rate for apartment projects in this market area was 92.90%" (p. 18). "Occupancy rates for Class B projects was lower at 89.08%" (p. 35).

Absorption Projections: "Based on our research, most projects that are constructed in the Greater Houston area typically lease up within 12 months. Pre-leasing should commence prior to the completion of construction" (p. 37).

Known Planned Development: "We are aware of one market rate apartment development in the subject's primary market area proposed (812 Main, and no HTC projects under construction in the primary market area" (p. 32).

"Other recently-constructed HTC projects in Houston include Scott Street Townhomes, Bellfort Pines, Concord @ Palm Center, and Reed Parque Townhomes. Scott Street Townhomes, completed in August 2002, is reportedly ±95% occupied. As the Scott Street project contains 96 units, this translates into ±16 units per month. Bellfort Pines project contains 248 units, this translates into ±35 units per month. Reed Parque Townhomes is an HTC project which opened in 2000, and is currently 98% occupied (was 100% occupied). Reed Parque achieved stabilized occupancy within 12 months of opening" (p. 37).

Market Study Analysis/Conclusions: The Underwriter found the market study provided sufficient information on which to base a funding recommendation.

OPERATING PROFORMA ANALYSIS

Income: The Applicant secondary income projection includes $25.20 per housing unit per month from rental income for air-conditioned storage units in excess of the Department's maximum guideline of $15 per housing unit per month. Because the cost of constructing the storage units is likely embedded in the Applicant's eligible basis estimate and to avoid characterization of the storage units as commercial construction, the Underwriter did not include storage rental income in the Development's potential gross income estimate. While the Applicant's secondary income assumption exceeds the Department's maximum guideline, their vacancy and collection loss is within TDHCA underwriting guidelines and their tenant-paid rent estimates are comparable to the Underwriter's estiamtes. The net effect is an effective gross income figure that is within 5% of the Underwriter's estimate.

It should be noted that the proposed market rents, although supported by the Market Analysis, are $300 to $800 higher than the net tax credit rents. Should the development fail to achieve the proposed market rents, its financial feasibility would be in jeopardy due to an inability to support the proposed financing structure.

Expenses: The Applicant's total annual operating expense of $3,800 per unit is 9% less than the Underwriter's estimate of $4,159. The Underwriter calculated individual line item expenses based on TDHCA regional database information for developments of similar size, IREM database information for the Houston area. The Applicant's line item expenses also varied significantly when compared to the Underwriter's estimate, including: general and administrative ($11K lower); payroll ($46K lower); and water, sewer and trash ($23K lower).

Conclusion: The Applicant's gross income is within 5% of the Underwriter's estimate; however, their total expense and net operating income projections vary by more than 5% when compared to the Underwriter's estimates. Therefore, the Underwriter's Year 1 proforma will be used to determine the development's debt service capacity and long term feasibility. The Underwriter's estimates indicate the proposed financing structure results in an initial debt coverage ratio (DCR) that is below the Department's minimum DCR guideline of 1.10. The effect of a potential decrease in outside financing on the recommended credit amount will be discussed in the conclusion (below).

ACQUISITION VALUATION INFORMATION

APPRAISED VALUE

Land Only:	$1,700,000	**Date of Valuation:**	01/ 27/ 2005
Appraiser:	CB Richard Ellis	**City:** Houston	**Phone:** (713) 840-6647

APPRAISAL ANALYSIS/CONCLUSIONS

There is no indication that the acquisition is an identity of interest transaction and there is no existing building; therefore, an appraisal is not required for use in the underwriting analysis.

ASSESSED VALUE

Land:	**1.36 acres**	$118,520	**Assessment for the Year of:**	2005
	0.206 acres	$17,950	**Valuation by:**	Harris County Appraisal District
	0.127 acres	$11,040	**Tax Rate:**	3.14125
	0.349 acres	$30,420		
	0.181 acres	$7,900		
	0.505 acres	$27,500		
Total:	**2.728 acres**	$213,330		

EVIDENCE of SITE or PROPERTY CONTROL

Type of Site Control:	Commercial Contract – Unimproved Property (2.53 acres)		
Contract Expiration Date:	12/ 26/ 2005	**Anticipated Closing Date:**	09/ 01/ 2005
Acquisition Cost:	$1,658,430	**Other Terms/Conditions:**	$1K per 30-day extension
Seller:	Camile Cocke Patton, Fielding Lewis Cocke, Tamara Cocke Jenkins	**Related to Development Team Member:**	No

CONSTRUCTION COST ESTIMATE EVALUATION

It should be noted the permanent lender prepared a sources and uses of funds statement indicating total development costs of $25,155,265. The Applicant was given the opportunity to update their cost schedule to reflect this higher cost, but failed to submit a revised document within the time allotted. Therefore, this analysis is based on the cost schedule provided.

Acquisition Value: The site cost of $706K/acre or $8.3K/proposed unit is assumed to be reasonable since the acquisition is an arm's-length transaction. An appraisal supporting the contract price was also submitted.

Sitework Cost: The Applicant has estimated sitework cost at a total of $4,453 per unit, which is within the Department's guideline for sitework costs without third party verification.

Direct Construction Cost: The Applicant's direct construction cost estimate is $210K, or 2%, higher than the Underwriter's Marshall & Swift *Residential Cost Handbook*-derived estimate for the new residential building.

Fees: The Applicant's contractor's and developer's fees for general requirements, general and administrative expenses, and profit are all within the maximums allowed by TDHCA guidelines.

Conclusion: The Applicant's total development cost is within 5% of the Underwriter's estimate; therefore, the Applicant's cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of $22,222,580 supports annual tax credits of $764,846. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation.

FINANCING STRUCTURE

LETTER of CREDIT

Source:	Citibank	**Contact:**	Robert F Onion
Tax-Exempt Amount:	$15,000,000	**Interest Rate:**	Variable (Weekly re-marketed bond rate + 1.10% annual LC fee + 3rd party fees)
Taxable Amount:	$750,000	**Interest Rate:**	Same as above
Additional Information:	Letter of Credit fee = 1.00% per year payable monthly in advance		
Amortization:	N/A	**Term:**	2 yrs
Commitment:	☐ LOI ☐ Firm ☒ Conditional		
Annual Payment:	N/A	**Lien Priority:**	2nd
Date:	08/ 25/ 2005		

INTERIM TO PERMANENT BOND FINANCING

Source:	Newman Capital	**Contact:**	Paul Weissman
Tax-Exempt Amount:	$15,000,000	**Interest Rate:**	6.25%, fixed
Taxable Amount:	$1,100,000	**Interest Rate:**	8.00%, fixed
Additional Information:	Blended rate: 6.29%; 30-month interim period @ floating interest rate		
Amortization:	40 yrs	**Term:**	30 yrs
Commitment:	☒ LOI ☐ Firm ☐ Conditional		
Annual Payment:	$1,102,741	**Lien Priority:**	1st
Date:	08/ 26/ 2005		

TAX CREDIT SYNDICATION

Source:	Paramount Financial Group	**Contact:**	Dale E Cook
Net Proceeds:	$7,132,042	**Net Syndication Rate (per $1.00 of 10-yr HTC)**	96¢
Commitment:	☒ LOI ☐ Firm ☐ Conditional	**Date:**	07/ 08/ 2005
Additional Information:	$742,995 annual tax credit allocation		

APPLICANT EQUITY

Amount:	$388,573	**Source:**	GIC Income
Amount:	$1,163,935	**Source:**	Deferred Developer Fee

FINANCING STRUCTURE ANALYSIS

It should be noted the permanent lender prepared a sources and uses of funds statement indicating sources of funds totaling $25,155,265. Although the Applicant did not update their cost schedule, the underwriting analysis assumes the sources of funds indicated by the lender is the most accurate.

Interim to Permanent Bond Financing: A letter of credit will be issued by Citibank for use during the construction period.

The tax-exempt bonds are to be issued by TDHCA and purchased by Newman Capital. The permanent financing commitment is consistent with the terms reflected in the sources and uses of funds. However, while the Applicant has indicated a total annual debt service of $1,089,734, the underwriting analysis assumes $1,102,741 based on the terms presented.

HTC Syndication: The tax credit syndication commitment was updated and is inconsistent with the terms reflected in the sources and uses of funds listed in the application. The syndication rate was increased from $0.92 per tax credit dollar to $0.96 causing an increase in the projected syndication proceeds available to the development.

GIC Income: Income in the amount of $388,573 from investment of the bond proceeds in a guaranteed investment contract (GIC) during the construction phase is anticipated by the permanent lender; the Underwriter has included this amount in deferred developer fee in the recommended financing structure.

Deferred Developer's Fees: The deferred developer's fees anticipated in the lender's sources and uses of funds statement is $1,163,935 and amount to 45% of the total fees.

Financing Conclusions: The Applicant's proforma and the terms of permanent financing result in a debt coverage ratio that falls below the Department's minimum guideline of 1.10. As a result, it is likely the bond amount will be reduced by a mandatory redemption. The current analysis indicates the permanent mortgage must be reduced to $14,675,000 possibly resulting in a need for additional syndication proceeds or deferred developer fee.

As stated above, the Applicant's cost schedule was used to calculate the development's eligible basis. The resulting annual tax credit is less than both the Applicant's request and the tax credit resulting from the gap method; therefore, the recommended annual tax credit allocation is $764,846. The recommended amount is less than requested due to the Applicant's use of an applicable percentage rate of 3.55% rather than the underwriting rate of 3.53% for applications submitted in June 2005. The possible reduction in the permanent mortgage results in anticipated deferred fees of $2,422,327, or 93% of eligible developer fees. Deferred fees in this amount do not appear to be repayable from cashflow within ten years of stabilized operation, but appear to be repayable within 15 years.

DEVELOPMENT TEAM

IDENTITIES of INTEREST

The Applicant and Developer are related entities. This is a common relationship 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.
- The principals of the General Partner, Gerald Russell, David Russell and A. Richard Wilson, submitted unaudited financial statements as of June 9, 2005; Mr. G Russell and Mr. Wilson are anticipated to be guarantors.

Background & Experience: Multifamily Production Finance Staff have verified that the Department's experience requirements have been met and Portfolio Management and Compliance staff will ensure that the proposed owners have an acceptable record of previous participation.

SUMMARY OF SALIENT RISKS AND ISSUES

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

Underwriter:	*Lisa Vecchietti*	**Date:**	September 7, 2005
Director of Real Estate Analysis:	*Tom Gouris*	**Date:**	September 7, 2005

MULTIFAMILY COMPARATIVE ANALYSIS

Canal Place, Houston, 4% HTC #05617/MRB #2005-037

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%	10	1	1	687	$686	$632	$6,320	$0.92	$54.00	$32.31
MR	2	1	1	687		$950	1,900	1.38	54.00	32.31
TC 60%	24	1	1	697	686	$632	15,168	0.91	54.00	32.31
MR	8	1	1	697		$950	7,600	1.36	54.00	32.31
TC 60%	24	1	1	744	686	$632	15,168	0.85	54.00	32.31
MR	8	1	1	744		$950	7,600	1.28	54.00	32.31
TC 60%	2	1	1	795	686	$632	1,264	0.79	54.00	32.31
MR	2	1	1	795		$950	1,900	1.19	54.00	32.31
TC 60%	6	2	2	975	823	$759	4,554	0.78	64.00	36.31
MR	2	2	2	975		$1,350	2,700	1.38	64.00	36.31
TC 60%	21	2	2	1,015	823	$759	15,939	0.75	64.00	36.31
MR	7	2	2	1,015		$1,350	9,450	1.33	64.00	36.31
TC 60%	14	2	2	1,052	823	$759	10,626	0.72	64.00	36.31
MR	6	2	2	1,052		$1,350	8,100	1.28	64.00	36.31
TC 60%	3	2	2	1,062	823	$759	2,277	0.71	64.00	36.31
MR	1	2	2	1,062		$1,350	1,350	1.27	64.00	36.31
TC 60%	15	2	2	1,124	823	$759	11,385	0.68	64.00	36.31
MR	5	2	2	1,124		$1,350	6,750	1.20	64.00	36.31
TC 60%	3	2	2	1,141	823	$759	2,277	0.67	64.00	36.31
MR	1	2	2	1,141		$1,350	1,350	1.18	64.00	36.31
TC 60%	3	2	2	1,215	823	$759	2,277	0.62	64.00	36.31
MR	1	2	2	1,215		$1,350	1,350	1.11	64.00	36.31
TC 60%	8	3	2	1,163	951	$877	7,016	0.75	74.00	47.31
MR	2	3	2	1,163		$1,750	3,500	1.50	74.00	47.31
TC 60%	7	3	2	1,217	951	$877	6,139	0.72	74.00	47.31
MR	1	3	2	1,217		$1,750	1,750	1.44	74.00	47.31
TC 60%	1	3	2	1,231	951	$877	877	0.71	74.00	47.31
MR	1	3	2	1,231		$1,750	1,750	1.42	74.00	47.31
TC 60%	6	3	2	1,338	951	$877	5,262	0.66	74.00	47.31
MR	2	3	2	1,338		$1,750	3,500	1.31	74.00	47.31
TC 60%	3	3	2	1,377	951	$877	2,631	0.64	74.00	47.31
MR	1	3	2	1,377		$1,750	1,750	1.27	74.00	47.31
TOTAL:	200		**AVERAGE:**	955	$592	$857	$171,480	$0.90	$61.60	$36.47

MULTIFAMILY COMPARATIVE ANALYSIS (continued)

Canal Place, Houston, 4% HTC #05617/MRB #2005-037

INCOME	Total Net Rentable Sq Ft:	190,988			**TDHCA**	**APPLICANT**		Comptroller's Region	6
POTENTIAL GROSS RENT					$2,057,760	$2,037,612		IREM Region	Houston
Secondary Income			Per Unit Per Month:	$15.00	36,000	36,000	$15.00	Per Unit Per Month	
Other Support Income: 144 air-conditioned storage spaces					0	60,480	$25.20	Per Unit Per Month	
POTENTIAL GROSS INCOME					$2,093,760	$2,134,092			
Vacancy & Collection Loss			% of Potential Gross Income:	-7.50%	(157,032)	(160,056)	-7.50%	of Potential Gross Rent	
Employee or Other Non-Rental Units or Concessions					0	0			
EFFECTIVE GROSS INCOME					$1,936,728	$1,974,036			
EXPENSES		% OF EGI	PER UNIT	PER SQ FT			PER SQ FT	PER UNIT	% OF EGI
General & Administrative		3.59%	$347	0.36	$69,468	$58,072	$0.30	$290	2.94%
Management		3.72%	360	0.38	71,982	80,748	0.42	404	4.09%
Payroll & Payroll Tax		9.60%	930	0.97	186,000	139,593	0.73	698	7.07%
Repairs & Maintenance		4.67%	453	0.47	90,512	89,800	0.47	449	4.55%
Utilities		1.91%	185	0.19	36,960	36,800	0.19	184	1.86%
Water, Sewer, & Trash		3.81%	369	0.39	73,760	50,500	0.26	253	2.56%
Property Insurance		2.96%	286	0.30	57,296	63,064	0.33	315	3.19%
Property Tax	3.14125	8.11%	785	0.82	157,063	155,000	0.81	775	7.85%
Reserve for Replacements		2.07%	200	0.21	40,000	40,000	0.21	200	2.03%
Cable,SuppServ,Comp, Sec		2.52%	244	0.26	48,800	46,500	0.24	233	2.36%
TOTAL EXPENSES		42.95%	$4,159	$4.36	$831,841	$760,077	$3.98	$3,800	38.50%
NET OPERATING INC		57.05%	$5,524	$5.79	$1,104,887	$1,213,959	$6.36	$6,070	61.50%
DEBT SERVICE									
Tax-Exempt Financing		56.94%	$5,514	$5.77	$1,102,741	$1,089,734	$5.71	$5,449	55.20%
Taxable 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		0.11%	$11	$0.01	$2,147	$124,225	$0.65	$621	6.29%
AGGREGATE DEBT COVERAGE RATIO					1.00	1.11			
RECOMMENDED DEBT COVERAGE RATIO					1.10				

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		6.83%	$8,292	$8.68	$1,658,430	$1,658,430	$8.68	$8,292	6.79%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		3.67%	4,453	4.66	890,500	890,500	4.66	4,453	3.64%
Direct Construction		55.88%	67,859	71.06	13,571,785	13,782,151	72.16	68,911	56.39%
Contingency	5.00%	2.98%	3,616	3.79	723,114	733,637	3.84	3,668	3.00%
General Req'ts	6.00%	3.57%	4,339	4.54	867,737	878,896	4.60	4,394	3.60%
Contractor's G & A	2.00%	1.19%	1,446	1.51	289,246	293,293	1.54	1,466	1.20%
Contractor's Profit	6.00%	3.57%	4,339	4.54	867,737	878,897	4.60	4,394	3.60%
Indirect Construction		2.55%	3,095	3.24	618,954	618,954	3.24	3,095	2.53%
Ineligible Costs		0.86%	1,041	1.09	208,100	208,100	1.09	1,041	0.85%
Developer's G & A	2.01%	1.60%	1,948	2.04	389,618	389,618	2.04	1,948	1.59%
Developer's Profit	11.39%	9.09%	11,039	11.56	2,207,838	2,207,838	11.56	11,039	9.03%
Interim Financing		6.38%	7,744	8.11	1,548,800	1,548,800	8.11	7,744	6.34%
Reserves		1.83%	2,217	2.32	443,450	350,000	1.83	1,750	1.43%
TOTAL COST		100.00%	$121,427	$127.16	$24,285,309	$24,439,114	$127.96	$122,196	100.00%
Recap-Hard Construction Costs		*70.87%*	***$86,051***	***$90.11***	***$17,210,119***	***$17,457,374***	***$91.41***	***$87,287***	*71.43%*

SOURCES OF FUNDS

						RECOMMENDED	
Tax-Exempt Financing	61.77%	$75,000	$78.54	$15,000,000	$15,000,000	$14,675,000	Developer Fee Available
Taxable Financing	4.53%	$5,500	$5.76	1,100,000	1,100,000	0	$2,597,456
HTC Syndication Proceeds	29.37%	$35,667	$37.35	7,133,424	7,133,424	7,341,787	% of Dev. Fee Deferred
Deferred Developer Fees	6.39%	$7,763	$8.13	1,552,508	1,552,508	2,422,327	93%
Additional (Excess) Funds Req'd	-2.06%	($2,503)	($2.62)	(500,623)	(346,817)	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$24,285,309	$24,439,114	$24,439,114	$4,251,826

MULTIFAMILY COMPARATIVE ANALYSIS (continued)

Canal Place, Houston, 4% HTC #05617/MRB #2005-037

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook

Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$41.32	$7,890,951
Adjustments				
Exterior Wall Finish	4.00%		$1.65	$315,638
9-Ft. Ceilings	3.50%		1.45	276,183
Sprinklers			1.70	324,680
Subfloor			(0.34)	(64,618)
Floor Cover			2.00	381,976
Balconies	$27.13	15,356	2.18	416,608
Plumbing	$605	520	1.65	314,600
Built-In Appliances	$1,650	200	1.73	330,000
Stairs	$1,450	25	0.19	36,250
Interior Corridors/Storage	$33.63	46685	8.22	1,570,234
Heating/Cooling			1.53	292,212
Garage	$23.67	172,981	21.44	4,094,893
Comm Space	$60.46	4,490	1.42	271,470
Elevators	$64,450	4	1.35	257,800
SUBTOTAL			87.49	16,708,876
Current Cost Multiplier	1.12		10.50	2,005,065
Local Multiplier	0.88		(10.50)	(2,005,065)
TOTAL DIRECT CONSTRUCTION COSTS			$87.49	$16,708,876
Plans, specs, survy, bld prm	3.90%		($3.41)	($651,646)
Interim Construction Interes	3.38%		(2.95)	(563,925)
Contractor's OH & Profit	11.50%		(10.06)	(1,921,521)
NET DIRECT CONSTRUCTION COSTS			$71.06	$13,571,785

PAYMENT COMPUTATION

Primary	$16,100,000	Amort	480
Int Rate	6.29%	DCR	1.00

Secondary		Amort	
Int Rate	0.00%	Subtotal DCR	1.00

Additional	$7,133,424	Amort	
Int Rate		Aggregate DCR	1.00

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	$1,005,138
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	$99,750

Primary	$14,675,000	Amort	480
Int Rate	6.29%	DCR	1.10

Secondary		Amort	0
Int Rate	0.00%	Subtotal DCR	1.10

Additional	$7,133,424	Amort	0
Int Rate	0.00%	Aggregate DCR	1.10

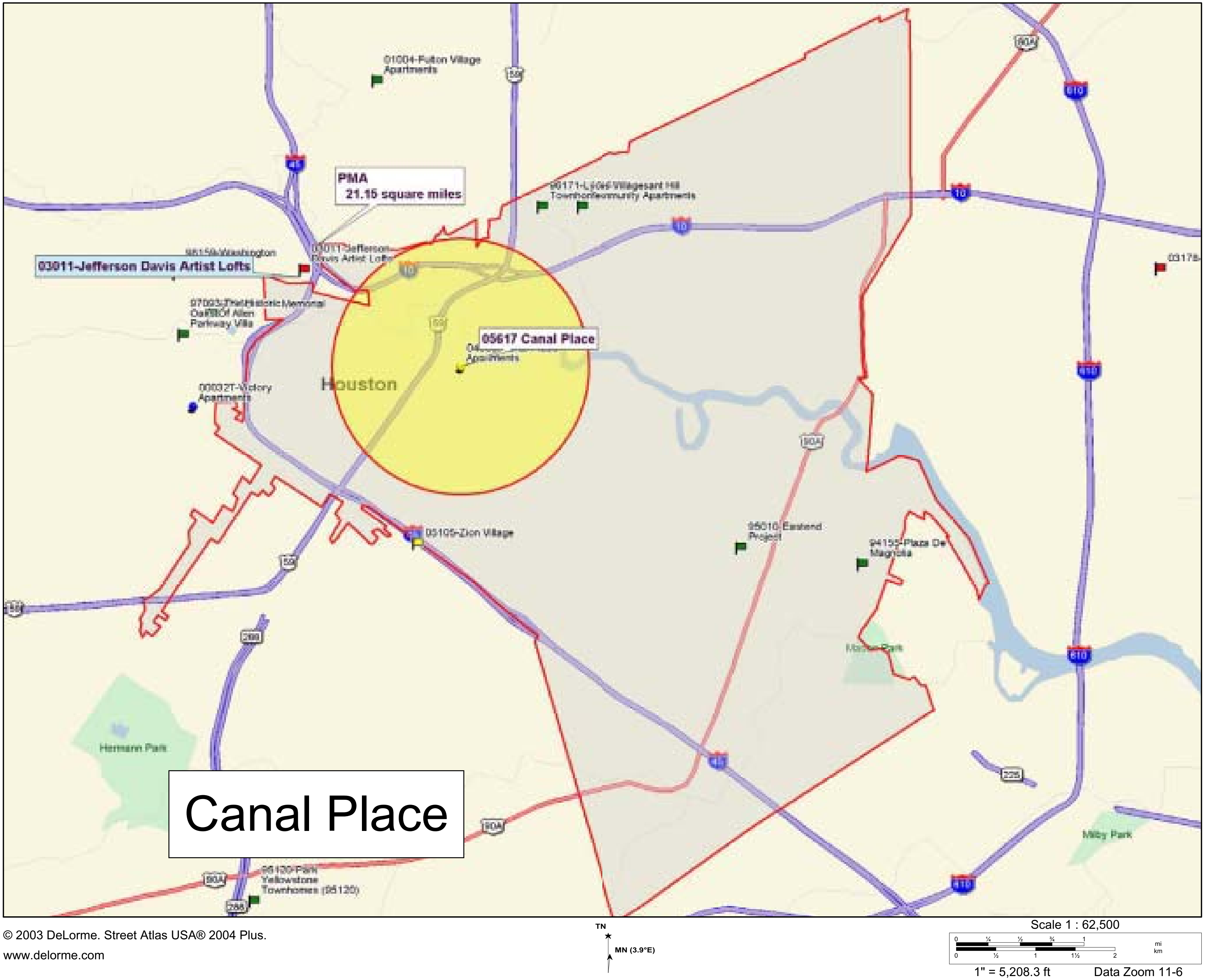
OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

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	$2,057,760	$2,119,493	$2,183,078	$2,248,570	$2,316,027	$2,684,910	$3,112,547	$3,608,295	$4,849,246
Secondary Income	36,000	37,080	38,192	39,338	40,518	46,972	54,453	63,126	84,836
Other Support Income: 144 air-	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	2,093,760	2,156,573	2,221,270	2,287,908	2,356,545	2,731,882	3,167,000	3,671,421	4,934,083
Vacancy & Collection Loss	(157,032)	(161,743)	(166,595)	(171,593)	(176,741)	(204,891)	(237,525)	(275,357)	(370,056)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$1,936,728	$1,994,830	$2,054,675	$2,116,315	$2,179,804	$2,526,991	$2,929,475	$3,396,064	$4,564,026
EXPENSES at 4.00%									
General & Administrative	$69,468	$72,246	$75,136	$78,142	$81,267	$98,874	$120,296	$146,358	$216,646
Management	71,982	74,142	76,366	78,657	81,017	93,920	108,880	126,221	169,631
Payroll & Payroll Tax	186,000	193,440	201,178	209,225	217,594	264,736	322,092	391,874	580,069
Repairs & Maintenance	90,512	94,132	97,898	101,814	105,886	128,827	156,737	190,695	282,275
Utilities	36,960	38,438	39,976	41,575	43,238	52,606	64,003	77,869	115,265
Water, Sewer & Trash	73,760	76,710	79,779	82,970	86,289	104,983	127,728	155,401	230,031
Insurance	57,296	59,588	61,972	64,451	67,029	81,551	99,219	120,715	178,688
Property Tax	157,063	163,345	169,879	176,674	183,741	223,549	271,981	330,907	489,823
Reserve for Replacements	40,000	41,600	43,264	44,995	46,794	56,932	69,267	84,274	124,746
Other	48,800	50,752	52,782	54,893	57,089	69,458	84,506	102,814	152,190
TOTAL EXPENSES	$831,841	$864,394	$898,229	$933,394	$969,943	$1,175,436	$1,424,708	$1,727,128	$2,539,364
NET OPERATING INCOME	$1,104,887	$1,130,435	$1,156,446	$1,182,921	$1,209,861	$1,351,555	$1,504,766	$1,668,936	$2,024,662
DEBT SERVICE									
First Lien Financing	$1,005,138	$1,005,138	$1,005,138	$1,005,138	$1,005,138	$1,005,138	$1,005,138	$1,005,138	$1,005,138
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	$99,750	$125,298	$151,308	$177,783	$204,723	$346,417	$499,629	$663,798	$1,019,524
DEBT COVERAGE RATIO	1.10	1.12	1.15	1.18	1.20	1.34	1.50	1.66	2.01

LIHTC Allocation Calculation - Canal Place, Houston, 4% HTC #05617/MRB #2005-037

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	$1,658,430	$1,658,430		
Purchase of buildings				
(2) Rehabilitation/New Construction Cost				
On-site work	$890,500	$890,500	$890,500	$890,500
Off-site improvements				
(3) Construction Hard Costs				
New structures/rehabilitation hard costs	$13,782,151	$13,571,785	$13,782,151	$13,571,785
(4) Contractor Fees & General Requirements				
Contractor overhead	$293,293	$289,246	$293,293	$289,246
Contractor profit	$878,897	$867,737	$878,897	$867,737
General requirements	$878,896	$867,737	$878,896	$867,737
(5) Contingencies	$733,637	$723,114	$733,633	$723,114
(6) Eligible Indirect Fees	$618,954	$618,954	$618,954	$618,954
(7) Eligible Financing Fees	$1,548,800	$1,548,800	$1,548,800	$1,548,800
(8) All Ineligible Costs	$208,100	$208,100		
(9) Developer Fees				
Developer overhead	$389,618	$389,618	$389,618	$389,618
Developer fee	$2,207,838	$2,207,838	$2,207,838	$2,207,838
(10) Development Reserves	$350,000	$443,450		
TOTAL DEVELOPMENT COSTS	$24,439,114	$24,285,309	$22,222,580	$21,975,329

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		$22,222,580	$21,975,329
High Cost Area Adjustment		130%	130%
TOTAL ADJUSTED BASIS		$28,889,353	$28,567,927
Applicable Fraction		75%	75%
TOTAL QUALIFIED BASIS		$21,667,015	$21,425,946
Applicable Percentage		3.53%	3.53%
TOTAL AMOUNT OF TAX CREDITS		$764,846	$756,336
Syndication Proceeds	**0.9599**	**$7,341,787**	**$7,260,102**
Total Credits (Eligible Basis Method)		**$764,846**	**$756,336**
Syndication Proceeds		**$7,341,787**	**$7,260,102**
Requested Credits		**$769,179**	
Syndication Proceeds		**$7,383,383**	
Gap of Syndication Proceeds Needed		**$9,764,114**	
Credit Amount		**$1,017,196**	


01004-Fulton Village Apartments
PMA
21.15 square miles
03011-Jefferson Davis Artist Lofts
05617 Canal Place
Houston
05105-Zion Village
95010 Eastend Project
94155-Plaza De Magnolia
Hermann Park
Milby Park
Canal Place
Scale 1 : 62,500
1" = 5,208.3 ft
Data Zoom 11-6

Applicant Evaluation

Project ID # **05617** Name: **Canal Street 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

Total # of Projects monitored: 1

Projects in Material Noncompliance: **Yes** ☐ **No** ☑

in noncompliance: 0

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

monitored with a score less than thirty: 1

not yet monitored or pending review: 3

Projects not reported in application: Yes ☐ No ☑

# of projects not reported 0

Portfolio Monitoring		**Single Audit**		**Contract Administration**	
Not applicable	☑	Not applicable	☑	Not applicable	☐
Review pending	☐	Review pending	☐	Review pending	☐
No unresolved issues	☐	No unresolved issues	☐	No unresolved issues	☐
Unresolved issues found	☐	Issues found regarding late cert	☐	Unresolved issues found	☐
Unresolved issues found that warrant disqualification (Comments attached)	☐	Issues found regarding late audit	☐	Unresolved issues found that warrant disqualification (Comments attached)	☐
		Unresolved issues found that warrant disqualification (Comments attached)	☐		

Reviewed by Patricia Murphy Date 8/9/2005

Multifamily Finance Production		**Single Family Finance Production**		**Real Estate Analysis (Cost Certification and Workout)**	
Not applicable	☐	Not applicable	☑	Not applicable	☐
Review pending	☐	Review pending	☐	Review pending	☐
No unresolved issues	☑	No unresolved issues	☐	No unresolved issues	☐
Unresolved issues found	☐	Unresolved issues found	☐	Unresolved issues found	☐
Unresolved issues found that warrant disqualification (Comments attached)	☐	Unresolved issues found that warrant disqualification (Comments attached)	☐	Unresolved issues found that warrant disqualification (Comments attached)	☐
Reviewer	S. Roth	Reviewer	Paige McGilloway	Reviewer	
Date	8 /8 /2005	Date	8 /4 /2005	Date	

Community Affairs		**Office of Colonia Initiatives**		**Financial Administration**	
No relationship	☐	Not applicable	☐	No delinquencies found	☑
Review pending	☐	Review pending	☐	Delinquencies found	☐
No unresolved issues	☐	No unresolved issues	☐		
Unresolved issues found	☐	Unresolved issues found	☐		
Unresolved issues found that warrant disqualification (Comments attached)	☐	Unresolved issues found that warrant disqualification (Comments attached)	☐		
Reviewer		Reviewer		Reviewer	Melissa M. Whitehead
Date		Date		Date	8 /9 /2005

Executive Director: Edwina Carrington **Executed:** nesday, August 10, 2005

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Multifamily Finance Production Division

Public Comment Summary

Canal Place Apartments

Public Hearing

Total Number Attended	11
Total Number Opposed	0
Total Number Supported	11
Total Number Neutral	0
Total Number that Spoke	3

Public Officials Letters Received

Opposition	0
Support	0

General Public Letters and Emails Received

Opposition	0
Support (Petition)	0

Summary of Public Comment

1 First new development in the area
2 Welcome the new addition to the neighborhood
3 Good design and development

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

MULTIFAMILY HOUSING REVENUE BONDS SERIES 2005
CANAL PLACE APARTMENTS

PUBLIC HEARING

Rusk Elementary School
2805 Garrow Street
Houston, Texas

January 26, 2005
6:00 p.m.

BEFORE:

ROBBYE G. MEYER, Multifamily Bond Administrator

I N D E X

P R O C E E D I N G S

MS. MEYER: I see that everybody's in support, so I'm going to ask you now if you want me to do my whole little dog and pony show for you or you want to get out of here early.

I'll leave it up to you. If you want to know all about the programs and that, I'll be glad to go through it if you want me to do that. It's up to you. It's your time. I'm paid to be here, so --

AUDIENCE: I do have a few questions.

MS. MEYER: Okay. Let me -- I'll explain the two programs and then we'll open it up for question and answers and if we need to go any further. Okay? We'll do that.

There are two programs that are involved here. One is the Housing Tax Credit Program and Tax-Exempt Bond Program and the developer has applied for both of those programs.

The Tax-Exempt Bond Program is not a property tax-exemption. The tax exemption is to the bond purchaser. That allows the lender that will be involved -- so that they can charge a lower interest rate to the developer in order to develop it in order to develop it -- so they can build a higher-market rate, better quality property than they would be if they went with conventional financing.

The Housing Tax Credit Program that they've also applied for is a tax credit to the investor who purchases the tax credits.

You have big corporations that buy tax credits for their tax liability on their income tax.

Both of the programs are -- these tax exemptions are much like the mortgage that you would place on your income tax return -- the mortgage deduction that you would take. It's pretty much the same net effect to the IRS with both of these, except you've got big corporations and private investors that are actually investing in both programs.

So that's the financing behind what we're going to do. The Tax-Exempt Bond Program is the reason why we're having a public hearing. It is required by IRS Code.

So I will stop there with that. If you have any questions, you can ask questions of me and of the developer.

AUDIENCE: Are you ready for questions?

MS. MEYER: Sure.

AUDIENCE: How close -- does the state follow closely to certain things --

MS. MEYER: That's correct.

AUDIENCE: How close do they follow the project as time goes by?

MS. MEYER: It -- well -- strictly adhered to. There are strict rules on the bond side and on the Housing Tax Credit side. And it is monitored.

I mean there are times that you'll get -- our monitors will get calls and they'll go out and actually, you know, do an audit right at that time if there's a finding.

They are on a two-year period, I do believe. Bonds is supposed to be every other year and it just depends.

AUDIENCE: Do they go out to the site?

MS. MEYER: They actually do a site inspection and during that site inspection, they look for the occupancy to make sure that the development is abiding by the restrictions that are there and also the income restrictions, the tenancy -- making sure that they are abiding by their management policies that they have put into place.

Also, they do a physical appearance and they also do a financial audit. So all that's done and they do desk reviews every year too. So that -- they don't actually physically go out every year, but they do a review.

And the developers are also required to send financial information and --

What all do you send in?

MR. RUSSELL: Compliance reports.

MS. MEYER: Compliance reports that they have to -- tenant occupancy and all that.

And they send that in at the first of every year and that triggers the desk reviews that are done throughout the year.

AUDIENCE: Thank you.

MS. MEYER: Sure.

AUDIENCE: Percentage of income remains the same for all the time for anyone who rents?

MS. MEYER: Yes. The question is the percentage of the income remains the same. This will be capped at 60 percent of the area median --

Yes. It's on there -- that will remain. Whatever -- but it may change depending on the area median income changes. Okay?

So if the area median income changes, then those rents will changes along with it. That's correct.

AUDIENCE: [inaudible].

MS. MEYER: Are the tenant services? Is that what you're asking? Down-payment assistance? It's on tenant services.

AUDIENCE: [inaudible].

MS. MEYER: Okay. That's on -- it depends on -- the type -- the question is the tenant services and the income. Are you reading off the affordable?

AUDIENCE: Yes. [inaudible].

MS. MEYER: That goes in -- it depends on the type tenant services that the developer actually sets out for his development.

And some of them have after-school tutoring for children. They have after-school care. They have health screenings, immunizations, and then on some of the developments, they also have what's called down payment assistance and it's a savings plan for the tenants to eventually buy a home of their own.

Now, not all of the developments do that. So that's just something --

AUDIENCE: [inaudible].

MS. MEYER: It's up to the developer and the community that's there. Once a development gets on the ground, they'll do a kind of a survey of the tenancy and see what kinds of programs that the tenants want and sometimes they'll set them out that way.

AUDIENCE: Says somewhere in here about targeting --

MS. MEYER: Well, there's different incomes. With the Bond Program, there are different priorities that set aside.

You can do -- like one of the priorities is have 50 percent of the units are rent-restricted to 50 percent of the area median income. And the remaining 50 will then be at 60 percent of the area median income.

Most of the income levels are capped at 60 or below. Some of the developers will actually go for what they call "deeper targeting" and they'll go for people with lower incomes at 30 percent and below and that's just to help lesser fortunate individuals be able to live.

AUDIENCE: You have the level here on the income level -- for this on your assessment did you say, well, this is a good location where people can afford this at this location? Or did you just move on over here --

MS. MEYER: Right. On the incomes, the developers actually chooses the sites but part of the information that is received -- they do a market study by a third-party analyst and that tells us in that market area what's there and what the need is for that particular area. And that's where that would be assessed -- in the market study. There any other questions?

MR. RUSSELL: Maybe we can just describe to them what we're doing here.

MS. MEYER: Okay. That's fine.

MR. RUSSELL: We're looking at building four-story apartments. [inaudible] Hallways --

Every unit will have [inaudible] to the microwave ovens -- -- have a lot of tile on the floors -- Very, very close to downtown. Within key walking distance of the law center there --

AUDIENCE: [inaudible]

MR. RUSSELL: We have three [inaudible] of the Houston areas under construction.

AUDIENCE: [inaudible]

MR. RUSSELL: There are washer and dryer connections and each unit will also have a super laundry facility building --

AUDIENCE: [inaudible] Humble.

MR. RUSSELL: [inaudible] A lot of security from the garage to all the way in --

AUDIENCE: [inaudible]

MR. RUSSELL: [inaudible] the river [inaudible] a lot of trees, a lot of --

(Off the record.)

MS. MEYER: Approving the transaction, so if you would like to make supporting comments, opposing comments, whichever one you want to make, you're welcome to do that. Ready?

My name is Robbye Meyer and I'm with the Texas Department of Housing and Community Affairs and I would like to proceed with the public hearing and let the record show that it is 6:33 on Wednesday, January 26, 2005, and we are at the Rusk Elementary School located at 2805 Garrow Street in Houston, Texas.

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

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

No decisions regarding the development will be made at this hearing. The Department's Board is scheduled to meet to consider this transaction on March 10, 2005.

In addition to providing your comments at this hearing, the public is also invited to provide comment directly to the Board at their meeting.

The Department staff will also accept written comments from the public up until five o'clock on February 25, 2005.

The bonds will be issued as tax-exempt multifamily revenue bonds in the aggregate principal amount not to exceed $11,650,000 and taxable bonds, if necessary, in an amount to be determined and issued in one or more series by the Texas Department of Housing and Community Affairs.

The proceeds of the bonds will be loaned to Wayside Luxury Housing Partners, L.P., or a related person or affiliate entity thereof, to finance a portion of the costs of acquiring, constructing, and equipping a multifamily rental housing community described as follows: a 200-unit multifamily residential rental development to be constructed on approximately 2.5 acres of land located at 2104 Canal Street in Houston, Texas.

The proposed multifamily rental housing community will be initially owned and operated by the borrower or a related person or affiliate entity thereof.

Is there anyone that would like to make comment for the record?

AUDIENCE: The only thing that I --

MS. MEYER: Can I get you to come up here to make your comment so she can get it on transcript? Actually, if you'll state your name for the record.

MR. MEZA: My name is Paul Meza. I'm president of the Sycamore Residents Organization.

First off I want to thank them for inviting the community to this meeting so they can have the opportunity to express their concerns.

We are here to do so and at this point, I think that this project is going to be very beneficial to the community and I hope that we continue with the plans to build these apartments here in the Second Ward.

MS. MEYER: Is there anybody else? Okay. If I can get you to state your name for the record?

MR. ATKINSON: My name is Alan Atkinson. I've lived and worked in this neighborhood for the past nine years.

I echo Paul. Paul's been here his entire life and has raised his children and grandchildren in this neighborhood.

And I would echo Paul's positive comments that this project is very carefully thought out by the developers. It has appeared that they have very carefully researched the area and this particular neighborhood.

They've also very carefully researched the need for housing of this type in this area. And this project will be a wonderful bridge between the Second Ward and the jobs downtown -- to provide opportunities for people in the Second Ward to have a different type of housing and a high-grade standard of housing that's affordable that they've never had before -- for the last 50 or 60 years.

I'm also very pleased that the architects, working with the developers, have worked out, at least a preliminary rendering that carefully considers the historic context of this neighborhood and is very respectful to that.

I believe this is going to be a wonderful project that will, again, provide a new enthusiasm for this neighborhood and hopefully also will provide additional jobs to this neighborhood. Thank you.

MS. MEYER: Is there anyone else? Seeing none, I will now conclude the hearing and it is now 6:36.

(Whereupon, at 6:36 p.m., the hearing was concluded.)

C E R T I F I C A T E

MEETING OF: TDHCA Public Hearing
Multifamily Housing Bonds Series 2005

LOCATION: Houston, Texas

DATE: January 26, 2005

I do hereby certify that the foregoing pages, numbers 1 through 13, inclusive, are the true, accurate, and complete transcript prepared from the verbal recording made by electronic recording by Sue J. Brindley before the Texas Department of Housing and Community Affairs.

2/02/2005
(Transcriber) (Date)

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MULTIFAMILY FINANCE PRODUCTION DIVISION

2005 Private Activity Multifamily Revenue Bonds

Providence at Marine Creek Apartments
Intersection of Old Decatur and IH820
Ft Worth, Texas

Cottonwood Hammer, L.P.
252 Units
Priority 2 – 100% of units at 60% AMFI

$15,000,000 Tax Exempt – Series 2005

TABLE OF EXHIBITS

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

September 16, 2005

Action Item

Presentation, Discussion and Possible Approval for the issuance of Multifamily Housing Mortgage Revenue Bonds, Series 2005 and Housing Tax Credits for the Providence at Marine Creek development.

Summary of the Providence at Marine Creek Transaction

The pre-application was received on March 7, 2005. The application was scored and ranked by staff. The application was induced at the April 2005 Board meeting and submitted to the Texas Bond Review Board for placement on the 2005 Waiting List. The application received a Reservation of Allocation on May 3, 2005. This application was submitted under the Priority 2 category. 100% of the units will serve seniors and families at 60% of the AMFI. A public hearing was held on July 7, 2005. There was no one in attendance at the public hearing. A copy of the transcript is behind Tab 9 of this presentation. The proposed site is located at the intersection of Old Decatur Hwy and IH 820 in Ft Worth, Tarrant County, Texas and is in the Lake Worth Independent School District. This will be another inter-generational development for the Department. The proposed development will be new construction and will serve elderly and general population tenants. There will be separate leasing offices and community facilities for the elderly and general population tenants. The applicant has engaged a fair housing attorney who has opined that the development is within the law; the opinion must be found to be acceptable by the Department.

Summary of the Financial Structure

The applicant is requesting the Department's approval and issuance of fixed rate tax exempt bonds in an amount of $15,000,000. The bonds will be unrated and privately placed with Charter MAC Equity Issuer Trust. The term of the bonds will be for 40 years. The construction and lease up period will be for 18 months with payment terms of interest only, followed by an amortization not to exceed a maturity date of September 1, 2045. The interest rate on the bonds will be 5.50% per annum.

Recommendation

Staff recommends the Board approve the issuance of Multifamily Housing Mortgage Revenue Bonds, Series 2005 and Housing Tax Credits for the Providence at Marine Creek development, conditioned upon the Department's acceptance that the development will comply with fair housing law, because of the demonstrated quality of construction of the proposed development, the feasibility of the development (as demonstrated by the commitments from Charter Mac and Related Capital, the underwriting report by the Departments Real Estate Analysis Division), the demand and the need for additional affordable units in the area.

MULTIFAMILY FINANCE DIVISION
BOARD MEMORANDUM
September 16, 2005

DEVELOPMENT:	Providence at Marine Creek Apartments, Ft Worth, Tarrant County, Texas
PROGRAM:	Texas Department of Housing and Community Affairs 2005 Multifamily Housing Mortgage Revenue Bond Program (Reservation received May 3, 2005)
ACTION REQUESTED:	Approve the issuance of multifamily revenue bonds (the "Bonds") by the Texas Department of Housing and Community Affairs (the "Department"). The Bonds will be issued under Chapter 1372 of the Texas Government Code and under Chapter 2306 of the Texas Government Code, the Department's enabling statute (the "statute"), which authorizes the Department to issue its revenue bonds for its public purposes as defined therein. (*The statute provides that the Department's revenue bonds are solely obligations of the Department, and do not create an obligation, debt, or liability of the State of Texas or a pledge or loan of the faith, credit or taxing power of the State of Texas.)*
PURPOSE:	The proceeds of the Bonds will be used to fund a mortgage loan (the "Mortgage Loan") to Cottonwood Hammer, LP, a Texas limited partnership (the "Borrower"), to finance the acquisition, rehabilitation, construction, equipping and long-term financing of a new, 252-unit multifamily residential rental Development to be located at the intersection of Old Decatur Hwy and IH 820, Ft Worth, Tarrant County, Texas (the "Development"). The Bonds will be tax-exempt by virtue of the Development's qualifying as a residential rental Development.
BOND AMOUNT:	$15,000,000 Series 2005 Tax Exempt bonds (*) $15,000,000 Total 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 May 3, 2005 pursuant to the Texas Bond Review Board's 2005 Private Activity Bond Allocation Program. The Department is required to deliver the Bonds on or before September 30, 2005, the anticipated closing date is September 28, 2005.
BORROWER:	Cottonwood Hammer, LP, a Texas limited partnership, the general partner of which is Cottonwood Hammer, LLC, a Texas limited liability company, with Leon Backes 100% Ownership.
COMPLIANCE HISTORY:	The Compliance Status Summary completed on August 9, 2005 reveals that the principals of the general partner above have a total of eight (8) properties being monitored by the Department. None of

** Preliminary - Represents Maximum Amount*

which have been monitored at this time.

ISSUANCE TEAM & ADVISORS:

Charter MAC Equity Issuer Trust ("Bond Purchaser")
Wells Fargo Bank, National Association ("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 Charter MAC Equity Issuer Trust. The purchaser and any subsequent purchaser will be required to sign the Department's standard traveling investor letter.

DEVELOPMENT DESCRIPTION:

Site: The proposed multifamily residential rental development will be constructed on approximately 20.01 acres of land located at 4400 block of Old Decatur Road, Ft. Worth, Tarrant County, Texas (the "Development"). The proposed density is 12.59 dwelling units per acre.

Buildings: The development consist of 252 total units and will include a total of two (2) two-story buildings and seven (7) three-story buildings, containing approximately 254,025 net rentable square feet and having an average unit size of 1,008 square feet. The subject units have a competitive amenity package including the following: cable/internet ready; full-size washer/dryer connections; the energy star rated kitchen appliances, frost free refrigerator with ice-maker, dishwasher, microwave, garbage disposal and storage rooms. Development amenities include: on-site leasing/management office, gated access/perimeter fencing, pool, laundry facilities, clubhouse with business center, fitness center and room for educational programs, senior activity room and a playground.

Units	Unit Type	Square Feet	Proposed Net Rent	
51	1-Bed/1-Bath	750 s.f.	$610.00	60%
113	2-Bed/2-Bath	975 s.f.	$730.00	60%
88	3-Bed/2-Bath	1,200 s.f.	$850.00	60%
252	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 sixty percent (60%) of the area median income which is Priority 2 of the Bond Review Board's Priority System.

TENANT SERVICES: Tenant Services will be performed by Launching A Dream, Inc. a Texas non-profit corporation .

DEPARTMENT ORIGINATION FEES:

$1,000 Pre-Application Fee (Paid).
$10,000 Application Fee (Paid).
$75,000 Issuance Fee (.50% of the bond amount paid at closing).

DEPARTMENT ANNUAL FEES:

$15,000 Bond Administration (0.10% of first year bond amount)
$6,300 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. These fees will be subordinated to the Mortgage Loan and paid outside of the cash flows contemplated by the Indenture)

ASSET OVERSIGHT FEE: $6,300 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 $992,460 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 $8,848,000 of equity for the transaction.

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

The Bonds will be privately placed with the Bond Purchaser, and will mature over a term of 40 years. During the construction and lease-up period, the Bonds will pay as to interest only. The loan will be secured by a first lien on the Development.

The Bonds are mortgage revenue bonds and, as such, create no potential liability for the general revenue fund or any other state fund. The Act provides that the Department's revenue bonds are solely obligations of the Department, and do not create an obligation, debt, or liability of the State of Texas or a pledge or loan of the faith, credit or taxing power of the State of Texas. The only funds pledged by the Department to the payment of the Bonds are the revenues from the Development financed through the issuance of the Bonds.

BOND INTEREST RATES: The interest rate on the Bonds will be 5.50% from the date of issuance until maturity or upon earlier redemption or acceleration.

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

FORM OF BONDS: The Bonds will be issued in book entry (typewritten or lithographical) form and in denominations of $100,000 and any amount in excess of $100,000.

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

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

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

Mandatory Redemption:

(a) (i) In whole or in part, to the extent excess funds remain on deposit in the Loan Account of the Construction Fund after the Development's Completion Date; and (ii) under certain circumstances, upon request by the Majority Owner to redeem Bonds from amounts on deposit in the Earnout Account of the Construction Fund; or

(b) in part, if the Development has not achieved Stabilization within twenty-four (24) months after the earlier of (A) the date the Development achieves Completion or (B) the Completion Date; or

(c) in whole or in part, if there is damage to or destruction or condemnation of the Development, to the extent that Insurance Proceeds or a Condemnation Award in connection with the Development are deposited in the Revenue Fund and are not to be used to repair or restore the Development; or

(d) upon the determination of Taxability if the owner of a Bond presents his Bond or Bonds for redemption on any date selected by such owner specified in a written notice delivered to the Borrower and the Issuer at least thirty (30) days prior to such date; or

(e) in whole on any interest payment date on or after August 1, 2022, if the Owners of all of the Bonds elect redemption and provide not less than 180 days' written notice to the Issuer, Trustee and Borrower; or

(f) In part, according to the dates and amounts indicated on the Mandatory Sinking Fund Schedule of Redemptions.

Optional Redemption:

The Bonds are subject to redemption, in whole, any time on or after September 1, 2022, from the proceeds of an optional prepayment of the Loan by the Borrower.

FUNDS AND ACCOUNTS/FUNDS ADMINISTRATION:

Under the Trust Indenture, the Trustee will serve as registrar and authenticating agent for the Bonds and as trustee of certain of the accounts created under the Trust Indenture (described below). The Trustee will also have responsibility for a number of loan administration and monitoring functions.

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

The Trust Indenture will create the following Funds and Accounts:

1. Construction Fund – On the closing date, the proceeds of the Bonds shall be deposited in the Construction Fund which may consist of six (6) accounts as follows:

   (a) Loan Account – represents a portion of the proceeds of the sale of the Bonds that will be used to pay for Development Costs;

   (b) Insurance and Condemnation Proceeds Account - represents Condemnation Award and Insurance Proceeds allocated to restore the Development pursuant to the Loan Documents;

   (c) Capitalized Interest Account – represents a portion of the proceeds of the Bonds and/or a portion of the initial equity contribution of the Borrower which may be transferred to the Revenue Fund from this account in order to pay interest on the Bonds until the Completion Date of the Development;

(d) Costs of Issuance Account – represents a portion of the proceeds of the Bonds and/or a portion of the initial equity contribution of the Borrower from which the costs of issuance are disbursed;

(e) Earnout Account – represents a portion of the initial equity contribution of the Borrower, the disbursements from which are to be requested in writing by the Developer and approved by the Majority Owner of the Outstanding Bonds; and

(f) Equity Account – represents the balance of the initial equity contribution of the Borrower.

2. Replacement Reserve Fund – Amounts which are held in reserve to cover replacement costs and ongoing maintenance to the Development.

3. Tax and Insurance Fund – The Borrower must deposit certain moneys in the Tax and Insurance Fund to be applied to the payment of real estate taxes and insurance premiums.

4. Revenue Fund – Revenues from the Development are deposited to the Revenue Fund and disbursed to sub-accounts for payment to the various funds according to the order designated under the Trust Indenture: (1) to the payment of interest on the Bonds; (2) to the payment of the principal or redemption price, including premium, if any, on the Bonds; (3) to the payment of any required deposit in the Tax and Insurance Fund; (4) to the payment of any required deposit in the Replacement Reserve Fund; (5) to the payment of the fees of the Trustee, the Servicer, the Issuer and the Asset Oversight Agent, if any, due and owing under the Loan Documents and the Indenture; (6) to the payment of any other amounts then due and owing under the Loan Documents; and (7) the remaining balance to the Borrower.

5. Rebate Fund – Fund into which certain investment earnings are transferred that are required to be rebated periodically to the federal government to preserve the tax-exempt status of the Bonds. Amounts in this fund are held apart from the trust estate and are not available to pay debt service on the Bonds.

The majority of the bond proceeds will be deposited into the Construction Fund and disbursed therefrom during the Construction Phase to finance the construction of the Development. Costs of issuance of up to two percent (2%) of the principal amount of the Bonds may be paid from Tax-Exempt Bond proceeds. It is currently anticipated that costs of issuance will be paid by Taxable Bond proceeds.

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.

2. Bond Trustee - Wells Fargo Bank, National Association was selected as bond trustee by the Borrower pursuant to the Department's Approved Multifamily Bond Trustee list which was approved in April 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 September 1991.

4. Disclosure Counsel – McCall, Parkhurst & Horton, L.L.P. was selected by the Department as Disclosure Counsel through a request for proposals process in 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. 05-071

RESOLUTION AUTHORIZING AND APPROVING THE ISSUANCE, SALE AND DELIVERY OF MULTIFAMILY HOUSING MORTGAGE REVENUE BONDS (PROVIDENCE AT MARINE CREEK APARTMENTS) SERIES 2005; APPROVING THE FORM AND SUBSTANCE AND AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS AND INSTRUMENTS PERTAINING THERETO; AUTHORIZING AND RATIFYING OTHER ACTIONS AND DOCUMENTS; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

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

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

WHEREAS, the Board has determined to authorize the issuance of the Texas Department of Housing and Community Affairs Multifamily Housing Mortgage Revenue Bonds (Providence at Marine Creek Apartments) Series 2005 (the "Bonds"), pursuant to and in accordance with the terms of a Trust Indenture (the "Indenture") by and between the Department and Wells Fargo Bank, National Association, as trustee (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 Cottonwood Hammer, LP, a Texas limited partnership (the "Borrower"), in order to finance the costs (including the reimbursement of costs) of the 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 April 7, 2005, declared its intent to issue its revenue bonds to provide financing for the Project; and

WHEREAS, it is anticipated that the Department, the Borrower and the Trustee will execute and deliver a Loan Agreement (the "Loan Agreement") pursuant to which (i) the Department will agree to make a mortgage loan funded with the proceeds of the Bonds (the "Loan") to the Borrower to enable the Borrower to finance the costs (including the reimbursement of costs) of acquisition, construction and equipping of the Project and related costs, and (ii) the Borrower will execute and deliver to the Department a promissory note (the "Note") in an original principal amount equal to the original aggregate principal amount of the Bonds, and providing for payment of interest on such principal amount equal to the interest on the Bonds and to pay other costs described in the Loan Agreement; and

WHEREAS, it is anticipated that the Note will be secured by a Deed of Trust and Security Agreement (with Power of Sale) (the "Deed of Trust") from the Borrower for the benefit of the Department and the Trustee; and

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

WHEREAS, the Department, the Borrower and CharterMac, a Delaware statutory trust (the "Purchaser"), will execute a Bond Purchase Agreement (the "Purchase Agreement"), with respect to the sale of the Bonds; and

WHEREAS, 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 Tarrant County, Texas; and

WHEREAS, 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 Loan Agreement, the Assignments, the Regulatory Agreement, the Purchase 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 1.13, to authorize the issuance of the Bonds, the execution and delivery of such documents and the taking of such other actions as may be necessary or convenient in connection therewith; NOW, THEREFORE,

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

ARTICLE I

ISSUANCE OF BONDS; APPROVAL OF DOCUMENTS

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

Section 1.2--Interest Rate, Principal Amount, Maturity and Price. That: (i) the interest rate on the Bonds shall be 5.5% per annum from the date of issuance thereof until the maturity date or earlier redemption or acceleration thereof (subject to adjustment as provided in the Indenture; provided, however, that the default interest rate on the Bonds shall not exceed the maximum rate permitted by applicable law); (ii) the aggregate principal amount of the Bonds shall be $15,000,000; and (iii) the final maturity of the Bonds shall occur on September 1, 2045.

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

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

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

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

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

Section 1.8--Approval, Execution and Delivery of the 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 1.9--Taking of Any Action; Execution and Delivery of Other Documents. That the authorized representatives of the Department named in this Resolution each are authorized hereby to take any actions and to execute, attest and affix the Department's seal to, and to deliver to the appropriate parties, all such other agreements, commitments, assignments, bonds, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, notices of acceptance, written requests and other papers, whether or not mentioned herein, as they or any of them consider to be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 1.10--Exhibits Incorporated Herein. That all of the terms and provisions of each of the documents listed below as an exhibit shall be and are hereby incorporated into and made a part of this Resolution for all purposes:

Exhibit B -Indenture
Exhibit C - Loan Agreement
Exhibit D – Regulatory Agreement
Exhibit E – Deed of Trust
Exhibit F – Note
Exhibit G - Assignments
Exhibit H - Purchase Agreement
Exhibit I - Asset Oversight Agreement

Section 1.11--Power to Revise Form of Documents. That notwithstanding any other provision of this Resolution, the authorized representatives of the Department named in this Resolution each are authorized hereby to make or approve such revisions in the form of the documents attached hereto as exhibits as, in the judgment of such authorized representative or authorized representatives, and in the opinion of Vinson & Elkins L.L.P., Bond Counsel to the Department, may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution, such approval to be evidenced by the execution of such documents by the authorized representatives of the Department named in this Resolution.

Section 1.12--Authorized Representatives. That the following persons are each hereby named as authorized representatives of the Department for purposes of executing, attesting, affixing the Department's seal to, and delivering the documents and instruments and taking the other actions referred to in this Article I: 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 of the Board.

Section 1.13--Conditions Precedent. That the issuance of the Bonds shall be further subject to, among other things: (a) the Project's meeting all underwriting criteria of the Department, to the satisfaction of the Executive Director or the Acting Executive Director; and

(b) the execution by the Borrower and the Department of contractual arrangements satisfactory to the Department staff requiring that tenant service programs will be provided at the Project.

ARTICLE II

APPROVAL AND RATIFICATION OF CERTAIN ACTIONS

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

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

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

Section 2.4--Authority to Invest Proceeds. That the Department is authorized to invest and reinvest the proceeds of the Bonds and the fees and revenues to be received in connection with the financing of the Project in accordance with the Indenture and to enter into or direct the Trustee 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 Agreements and shall be annually redetermined by the Issuer as stated in the Regulatory Agreements.

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

ARTICLE III

CERTAIN FINDINGS AND DETERMINATIONS

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

(a) Need for Housing Development.

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

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

(iii) that the Borrower is financially responsible,

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

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

(b) Findings with Respect to the Borrower.

(i) that the Borrower, by operating the Project in accordance with the requirements of the Regulatory Agreements, 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 Loan Agreement and the Regulatory Agreements, 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 Loan Agreement and the Regulatory Agreements.

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

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

Section 3.5--Waiver of Rules. That the Board hereby waives the rules contained in Sections 33 and 35, 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.

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PASSED AND APPROVED this 16th day of September, 2005.

By: ________________________________
Elizabeth Anderson, Chair

Attest: ______________________________
Kevin Hamby, Secretary

[SEAL]

EXHIBIT A

DESCRIPTION OF PROJECT

Owner: Cottonwood Hammer, LP, a Texas limited partnership

Project: The Project is a 252-unit multifamily facility to be known as Providence at Marine Creek Apartments and to be located at approximately 2200 NW Loop 820 at Old Decatur Road (also approximately 4400 Old Decatur Road), Fort Worth, Tarrant County, Texas 76106. The Project will include a total of 2 two-story residential apartment buildings and 7 three-story residential apartment buildings with a total of approximately 254,025 net rentable square feet and an average unit size of approximately 1,008 square feet. The approximate unit mix will consist of:

51	one-bedroom/one-bath units
28	two-bedroom/one-bath units
85	two-bedroom/two-bath units
88	three-bedroom/two-bath units
252	Total Units

Unit sizes will range from approximately 750 square feet to approximately 1,200 square feet.

Project Facilities are expected to include two leasing offices, two swimming pools, two community buildings with kitchen facilities and television. There will also be one children's playground.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

MULTIFAMILY FINANCE PRODUCTION DIVISION

September 16, 2005

Development Information, Public Input and Board Summary

Providence at Marine Creek, TDHCA Number 05615

BASIC DEVELOPMENT INFORMATION

Site Address:	4400 Block of Old Decatur Road			Development #:	05615
City:	Fort Worth	Region:	3	Population Served:	General/Elderly
County:	Tarrant	Zip Code:	76106	Allocation:	
HTC Set Asides:	☐ At-Risk	☐ Nonprofit	☐ USDA	HTC Purpose/Activity:	NC
HOME Set Asides:	☐ CHDO	☐ Preservation	☐ General		
Bond Issuer:	TDHCA				

HTC Purpose/Activity: NC=New Construction, ACQ=Acquisition, R=Rehabilitation, NC/ACQ=New Construction and Acquisition, NC/R=New Construction and Rehabilitation, ACQ/R=Acquisition and Rehabilitation

OWNER AND DEVELOPMENT TEAM

Owner:	Cottonwood Hammer, L.P.
	Matt Harris - Phone: (972) 239-8500
Developer:	Provident Realty Development, LP
Housing General Contractor:	PRA Construction, LP
Architect:	GTF Design
Market Analyst:	Butler Burgher, Inc.
Syndicator:	Related Capital Company
Supportive Services:	To Be Determined
Consultant:	Not Utilized

UNIT/BUILDING INFORMATION

30%	40%	50%	60%	65%	80%
0	0	0	252	0	0

Eff	1 BR	2 BR	3 BR	4 BR
0	51	113	88	0

Type of Building: 5 units or more per bldng

Number of Residential Buildings: 9

Total Restricted Units:	252
Market Rate Units:	0
Owner/Employee Units:	0
Total Development Units:	252
Total Development Cost:	$24,598,288

Note: If Development Cost =$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis	Amort	Term	Rate
9% Housing Tax Credits-Credit Ceiling:	$0	$0	0	0	0.00%
4% Housing Tax Credits with Bonds:	$1,000,966	$992,460	0	0	0.00%
Housing Trust Fund Loan Amount:	$0	$0	0	0	0.00%
HOME Fund Loan Amount:	$0	$0	0	0	0.00%
Bond Allocation Amount:	$15,000,000	$15,000,000	40	40	5.50%

MULTIFAMILY FINANCE PRODUCTION DIVISION

September 16, 2005

Development Information, Public Input and Board Summary

Providence at Marine Creek, TDHCA Number 05615

PUBLIC COMMENT SUMMARY

Guide: "O" = Oppose, "S" = Support, "N" = Neutral, "NC" or Blank = No comment

State/Federal Officials with Jurisdiction:

TX Senator: Brimer, District 10 NC Points: 0 US Representative: Granger, District 12, NC

TX Representative: Burnam, District 90 NC Points: 0 US Senator: NC

Local Officials and Other Public Officials:

Mayor/Judge: NC Resolution of Support from Local Government ☐

Dale Fisseler, Assistant City Manager; The development is consistent with the Consolidated Plan for the City of Fort Worth.

Individuals/Businesses: In Support: **0** In Opposition: **0**

Neighborhood Input:

General Summary of Comment:

Public Hearing:
Number that attended: 0
Number that spoke: 0
Number in support: 0
Number in oppostion: 0
Number Neutral: 0

CONDITIONS OF COMMITMENT

Per §49.12(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”).”

Receipt, review, and acceptance of documentation, as necessary in the future, ensuring thr proposed development will not violate Fair Housing laws.

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.

MULTIFAMILY FINANCE PRODUCTION DIVISION

September 16, 2005

Development Information, Public Input and Board Summary

Providence at Marine Creek, TDHCA Number 05615

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

9% HTC Competitive Cycle: ☐ Score: ☐ Meeting a Required Set-Aside Credit Amount: $0

Recommendation:

HOME Loan: Loan Amount: $0

Recommendation:

Housing Trust Fund Loan: ☐ Meeting a Required Set-Aside Loan Amount: $0

Recommendation:

4% Housing Tax Credits with Bond Issuance: Credit Amount: $992,460

Recommendation: Recommended approval of a housing tax credit allocation not to exceed $992,460 annually for ten years,subject to conditions.

Private Activity Bond Issuance with TDHCA: Bond Amount: $15,000,000

Recommendation: Recommend approval of issuance of $15,000,000 in tax-exempt mortgage revenue bonds with a fixed interest rate underwritten at 5.5% and repayment term of 40 years with a 40-year amortization period, subject to conditions.

Providence at Marine Creek Apartments

Estimated Sources & Uses of Funds

Sources of Funds	
Series 2005 Tax-Exempt Bond Proceeds	$ 15,000,000
Tax Credit Proceeds	8,848,000
Deferred Developer's Fee	168,822
Estimated Interest Earning	291,959
Total Sources	$ 24,308,781

Uses of Funds	
Acquisition and Site Work Costs	$ 3,138,740
Direct Hard Construction Costs	11,640,925
Other Construction Costs (General Require, Overhead, Profit)	2,705,933
Indirect Construction Costs	1,572,100
Developer Fees	2,813,630
Direct Bond Related (feeds in from below)	265,550
Bond Purchaser Costs (feeds in from below)	1,739,200
Other Transaction Costs (feeds in from below)	187,703
Real Estate Closing Costs (feeds in from below)	245,000
Total Uses	$ 24,308,781

Estimated Costs of Issuance of the Bonds

Direct Bond Related	
TDHCA Issuance Fee (.50% of Issuance)	$ 75,000
TDHCA Application Fee	11,000
TDHCA Bond Compliance Fee ($25 per unit)	6,300
TDHCA Bond Administration Fee (2 years)	30,000
TDHCA Bond Counsel and Direct Expenses (Note 1)	81,500
TDHCA Financial Advisor and Direct Expenses	25,000
Disclosure Counsel ($5k Pub. Offered, $2.5k Priv. Placed. See Note 1)	2,500
Trustee Fee	8,500
Trustee's Counsel (Note 1)	5,000
Attorney General Transcript Fee (*)	9,500
Texas Bond Review Board Application Fee	5,000
Texas Bond Review Board Issuance Fee (.025% of Reservation)	3,750
TEFRA Hearing Publication Expenses	2,500
Total Direct Bond Related	$ 265,550

Providence at Marine Creek Apartments

Bond Purchase Costs	
CharterMac Origination	125,000
CharterMac Servicing and Guarantee	150,000
CharterMac Legal	37,500
Construction Interest	1,306,250
Miscellaneous Legal	120,450
Total Bond Purchase Costs	$ 1,739,200
Other Transaction Costs	
Tax Credit Application and Determination Fees	62,703
Marketing and Lease-up Reserves	125,000
Total Other Transaction Costs	$ 187,703
Real Estate Closing Costs	
Title & Recording (Const.& Perm.)	120,000
Property Taxes and Insurance	125,000
Total Real Estate Costs	$ 245,000
Estimated Total Costs of Issuance	$ 2,437,453

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.

(*) Lesser of 1/10 of 1% of the total isuance per series or $9,500

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS

MULTIFAMILY UNDERWRITING ANALYSIS

DATE:	September 8, 2005	PROGRAM:	4% HTC MFB	FILE NUMBER:	05615 2005-035

DEVELOPMENT NAME

Providence at Marine Creek Apartments

APPLICANT

Name:	Cottonwood Hammer, LP	**Type:**	For-profit		
Address:	975 One Lincoln Centre, 5400 LBJ Freeway	**City:**	Dallas	**State:**	TX
Zip:	75240 **Contact:** Matt Harris	**Phone:**	(972) 239-8500	**Fax:**	(972) 239-8373

PRINCIPALS of the APPLICANT/ KEY PARTICIPANTS

Name:	Cottonwood Hammer GP, LLC	**(%):**	.01	**Title:**	Managing General Partner
Name:	Provident Realty Development, LP	**(%):**	N/A	**Title:**	Developer
Name:	Leon Backes	**(%):**	N/A	**Title:**	100% shareholder of MGP

PROPERTY LOCATION

Location:	4400 Block of Old Decatur Road	☒ **QCT**		☐ **DDA**	
City:	Fort Worth	**County:**	Tarrant	**Zip:**	76106

REQUEST

Amount	Interest Rate	Amortization	Term
1) $1,000,966	N/A	N/A	N/A
2) $15,000,000	5.5%	40 yrs	40 yrs

Other Requested Terms:
1) Annual ten-year allocation of housing tax credits
2) Tax-Exempt Private Activity Mortgage Revenue Bonds

Proposed Use of Funds: New construction **Property Type:** Multifamily

Special Purpose (s): Mixed population: General, Elderly

RECOMMENDATION

☒ RECOMMEND APPROVAL OF ISSUANCE OF $15,000,000 IN TAX-EXEMPT MORTGAGE REVENUE BONDS WITH A FIXED INTEREST RATE UNDERWRITTEN AT 5.5% AND REPAYMENT TERM OF 40 YEARS WITH A 40-YEAR AMORTIZATION PERIOD, SUBJECT TO CONDITIONS.

☒ RECOMMEND APPROVAL OF A HOUSING TAX CREDIT ALLOCATION NOT TO EXCEED $992,460 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

CONDITIONS

1. Receipt, review and acceptance of documentation, as necessary in the future, ensuring the proposed development will not violate Fair Housing laws.
2. Should the terms and rates of the proposed debt or syndication change, the transaction should be re-

evaluated and an adjustment to the tax credit amount may be warranted.

REVIEW of PREVIOUS UNDERWRITING REPORTS

No previous reports.

DEVELOPMENT SPECIFICATIONS

IMPROVEMENTS

Total Units:	252	**# Rental Buildings**	9	**# Non-Res. Buildings**	2	**# of Floors**	3	**Age:**	N/A yrs	**Vacant:**	N/A	at / /

Net Rentable SF:	254,025	**Av Un SF:**	1,008	**Common Area SF:**	8,332	**Gross Bldg SF:**	262,357

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: 10% stone veneer, 90% stucco, and wood trim. The interior wall surfaces will be drywall and the pitched roof will be finished with composite shingles.

APPLIANCES AND INTERIOR FEATURES

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

ONSITE AMENITIES

Two community buildings are planned for the site. The first is on the nearer the seniors units, and the second is nearer the family units. The first building will be approximately 4,680 square feet to include a multipurpose room, beauty shop, activity room, fitness center, library/ tech center, office, workroom, a kitchen, and bathrooms. The second will be approximately 3,652 square feet and will include a "grand salon", manager's office, maintenance and storage room, a multipurpose room, fitness center, business center, mail center, a kitchen, and restrooms. The community buildings will be located on either side of the entrance to the property with a pool near each building. A sport court is planned for the family unit side of the development and perimeter fencing with limited access gates are planned for the entire development.

Uncovered Parking:	505	spaces	**Carports:**	0	spaces	**Garages:**	0	spaces

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Description: Providence at Marine Creek Apartments is a 12.59-unit per acre new construction intergenerational housing development of 252 units of affordable housing located in northwest Fort Worth. The development will be comprised of one large elevator served 3-story seniors building and eight 3-story family buildings as follows:

- One Building with 43 one-bedroom/one-bath units, and 57 two-bedroom/two-bath units; and eight evenly-distributed medium garden style residential buildings as follows:
- Two Building Type A with four one-bedroom/one-bath units, ten two-bedroom/two-bath units, and two three-bedroom/two-bath units;
- Three Building Type B with 12 two-bedroom/two-bath units, and eight three-bedroom/two-bath units;
- Three Building Type C with twenty three-bedroom/two-bath units.

The split targeting of senior households and family households raises questions regarding Fair Housing. A development cannot be restricted in part to serving the seniors population unless 80% or more of the units are set-aside for senior households. The Applicant proposes to develop two separate facilities with separate names, entrances, amenity facilities, security fencing and leasing offices. Providence Mockingbird (#05613) is structured similarly and was approved for funding by the Board in July 2005 and Providence Place Phase II in Denton is another similarly structured development currently being proposed. The Department recently adopted draft rules to regulate intergenerational properties in the proposed 2006 QAP. While these rules have not been approved in final form and this application is not technically required to follow these new rules; the Applicant has agreed to follow them and any other restrictions required to comply with Fair Housing laws. Since intergenerational housing is a relatively new and untested concept in housing, no conclusive documentation exists guaranteeing this proposal will avoid violation of Fair Housing laws. Receipt, review and acceptance of documentation, as necessary in the future, ensuring the proposed development will not violate Fair Housing laws is a condition of this report.

Architectural Review: The building and unit plans are of good design, sufficient size and are comparable to other modern apartment developments. They appear to provide acceptable access and storage. The elevations reflect attractive buildings with nice fenestration.

SITE ISSUES

SITE DESCRIPTION

Size: 19.614 acres 854,386 square feet **Flood Zone Designation:** Zone X

Zoning: Zone "C"

SITE and NEIGHBORHOOD CHARACTERISTICS

Location: The site is a rectangularly-shaped parcel located in the northwest area of Fort Worth, approximately 6.5 miles from the central business district. The site is situated on the west side of Old Decatur Road.

Adjacent Land Uses:

- **North:** Undeveloped land immediately adjacent and Loop 820 beyond;
- **South:** Undeveloped land immediately adjacent and Angle Avenue beyond;
- **East:** Old Decatur Road immediately adjacent and undeveloped land beyond; and
- **West:** Electrical transmission towers and a residential area immediately adjacent and Marine Creek Parkway beyond.

Site Access: Access to the property is north or south from Old Decatur Road. The development is to have one main entrance, from the east on Old Decatur Road. Access to Interstate Highway 820 is one-half of a mile west, which provides connections to all other major roads serving the Fort Worth area.

Public Transportation: Public transportation to the area is provided by the Fort Worth Transit Authority (TEA). TEA currently provides the operation of a bus system within cities and High Occupancy Vehicle (HOV) lanes. The location of the nearest stop is the corner of Long Drive and Angle Road.

Shopping & Services: The site is within two miles of a major grocery store, a hospital, and a major employment center. A variety of other retail establishments, restaurants, schools, and churches are located within a short driving distance from the site.

Site Inspection Findings: TDHCA staff performed a site inspection on July 7th, 2005, and found the location to be acceptable for the proposed development due to the following conditions: The inspector noted that, "The access road to the site is a somewhat busily traveled two lane road, but according to the developer will be widened to four lanes. The proposed development is located off of Interstate 820. The Meridian Apartments (a TDHCA property) is located approximately two miles from the proposed site. Meacham Airport is located within three miles of the site and there is a rock quarry located across the street from the site."

HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)

A Phase I Environmental Site Assessment report dated June 16, 2005, was prepared by Butler Burgher Environmental, LLC and contained the following findings and recommendations:

Findings: none

Recommendations: "This assessment identified no evidence of Recognized Environmental Conditions (REC's) 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 2 private activity bond lottery project 100% of the units must have rents

restricted to be affordable to households at or below 60% of AMGI.
252 of the units (100% of the total) will be reserved for low-income tenants, of which 100 (40% of the total) will be seniors units and 152 (60% of the total) will be family units. 252 of the units (100%) will be reserved for households earning 60% or less of AMGI, and the remaining 252 units will be offered at market rents.

MAXIMUM ELIGIBLE INCOMES						
	1 Person	**2 Persons**	**3 Persons**	**4 Persons**	**5 Persons**	**6 Persons**
60% of AMI	$26,340	$30,120	$33,840	$37,620	$40,620	$43,620

MARKET HIGHLIGHTS

A market feasibility study dated June 16, 2005, was prepared by Butler Burgher, Inc. ("Market Analyst") and highlighted the following findings:

Definition of Primary Market Area (PMA): "The subject's primary market area is bounded by Loop 820 to the north and west; IH 30 to the south; and BNSF Railroad and FW&W Railroad to the east." (p. 2) This area encompasses approximately 40 square miles and is equivalent to a circle with a radius of four miles. The same market area was used for both the family and senior portions of the development.

Population: The estimated 2005 seniors population of the PMA was 19,279 and is expected to increase by 15% to approximately 22,165 by 2010. The estimated 2005 family population of the PMA was 103,634 and is expected to increase by 6% to approximately 110,286 by 2010. Within the primary market area there were estimated to be 12,037 seniors households in 2005. Within the primary market area there were estimated to be 37,041 family households in 2005.

Total Primary Market Demand for Rental Units: The Market Analyst calculated a total demand of 277 qualified senior households in the PMA, based on the current estimate of 12,037 households, the projected annual growth rate of 1.7%, renter households estimated at 30% of the population, income-qualified households estimated at 18.9%, and an annual renter turnover rate of 35%. (p. 6). The Market Analyst used a senior income band of $21,150 to $33,840. The Market Analyst calculated a total demand of 2,955 qualified family households in the PMA, based on the current estimate of 37,041 households, the projected annual growth rate of 1.0%, renter households estimated at 45% of the population, income-qualified households estimated at 23.9%, and an annual renter turnover rate of 71.7%. (p. 10). The Market Analyst used an income band of $24,171 to $40,620 for families.

ANNUAL INCOME-ELIGIBLE SUBMARKET SENIOR DEMAND SUMMARY				
	Market Analyst		**Underwriter**	
Type of Demand	**Units of Demand**	**% of Total Demand**	**Units of Demand**	**% of Total Demand**
Household Growth	239	86%	240	86%
Resident Turnover	38	14%	38	14%
TOTAL ANNUAL DEMAND	**277**	**100%**	**278**	**100%**

Ref: p. 6

ANNUAL INCOME-ELIGIBLE SUBMARKET FAMILY DEMAND SUMMARY				
	Market Analyst		**Underwriter**	
Type of Demand	**Units of Demand**	**% of Total Demand**	**Units of Demand**	**% of Total Demand**
Household Growth	102	3%	102	3%
Resident Turnover	2,853	97%	2,853	97%
TOTAL ANNUAL DEMAND	**2,955**	**100%**	**2,955**	**100%**

Ref: p. 10

Inclusive Capture Rate Senior: The Market Analyst calculated a seniors inclusive capture rate of 36.1% based upon 277 units of demand and 100 unstabilized affordable housing in the PMA (including only the of unstabilized comparable affordable units of 200 (including 100 units from the previously approved 9% HTC transaction Oak Timbers White Settlement II #04026) divided by a demand of 278. The inclusive capture rate for units targeting seniors can be as high as 100% under current Department guidelines.

Inclusive Capture Rate Family: The Market Analyst calculated a family inclusive capture rate of 20.65% based upon 2,954 units of demand and 618 unstabilized affordable housing in the PMA (including the subject) (p. 95). The Market Analyst included 280 units at Wildwood Branch #01428 and 186 units at Terraces at Marine Creek (fka Blue Lake at Marine Creek) #03464 but only 39 units out of 280 from The Meridian #01427. The Wildwood Branch and Meridian Properties along with a third 2002 bond financed property just north of the PMA now known as Ironwood Crossing (fka Mark IV Apartments) are former Brisben Development properties. Typically bond developments allocated in 2001 and 2002 would have been stabilized by this point in their operating life. These properties have been underperforming and have not stabilized (90% occupancy for 12 consecutive months) due to the changes in ownership that occurred and the resultant delays completing construction and actively marketing the properties. The Wildwood Branch development opened 2 buildings with 40 units in 2003 and they quickly reached 90% occupancy in these buildings, but construction came to a halt and the other buildings were not completed until late in 2004. Thus while the property is now 92% occupied its average occupancy over the last 12 months is only 54%. While the Department's inclusive capture rate includes all units in a development that has not been stabilized, it may be reasonable to exclude the 40 units in this development due to these extraordinary circumstances. Similarly the Ironwood Crossing development (three miles north of the PMA) approved in 2002, had no buildings completed until earlier this year and is still in lease-up but is now leasing up well. The Meridian completed construction in late 2003 and reached 90% occupancy for four consecutive months in 2004 but has hovered in the mid 80% range since then. Currently, The Meridian is 88% physically occupied and 95% leased. The Market Analyst included only the 14% vacant units in their inclusive capture rate calculation. Including all 280 from The Meridian would result in an inclusive capture rate of 30.4% or more than the 25% Department guideline for family developments.

The Underwriter calculated an inclusive capture rate of 24.1% based upon a revised supply of unstabilized comparable affordable units of 712 divided by a revised demand of 2,955. The Underwriter included all of the units in both Wildwood Branch and The Meridian but excluded the 186 units in Terraces at Marine Creek since it is technically outside of the primary market area being approximately a quarter mile north of the IH820 PMA boundary described by the Market Analyst. The Terraces also is 60% leased overall with 111 of the 142 completed units occupied which is reflective of the strong demand for units in this area. While it was appropriate for the Market Analyst to include the Terraces at Marine Creek, the exceptional circumstances regarding the former Brisben Development properties, the natural firming up of this soft market and the added demand shock resulting from the influx of evacuees from the Gulf Coast provide significant justification for not emphasizing these units just outside of the defined primary market area and mitigate market saturation concerns.

Market Rent Comparables: The Market Analyst surveyed nine comparable apartment projects totaling 2,117 units in the market area. (p. 98).

RENT ANALYSIS (net tenant-paid rents)					
Unit Type (% AMI)	**Proposed**	**Program Max**	**Differential**	**Est. Market**	**Differential**
1-Bedroom (60%)	$610	$650	-$40	$675	-$65
2-Bedroom (60%)	$730	$777	-$47	$755	-$25
2-Bedroom (60%)	$730	$777	-$47	$755	-$25
3-Bedroom (60%)	$850	$897	-$47	$915	-$65

(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: "Year ending 2004 occupancy registered at 89.1% for the D/FW region, an improvement of 0.1 point over 4th Quarter 2003." (p. 27).

"The D/FW apartment market appears to have moved past the bottom of its occupancy cycle,

Improvement is expected in the near term, although it should be slow." (p. 49)

Absorption Projections: "An absorption rate of 10 to 12 units/ month is reasonable for the subject, as encumbered by HTC, considering the location on a primary roadway in northwestern Forth Worth." (p. 97).

Known Planned Development: "The Northwest Tarrant County submarket had no new construction in the year-ending March 2005. M/PF YiedStar indicates two developments are in the pipeline for delivery from April 2005 to March 2006 and one more property has an August 2006 completion as seen in the following two charts." (p. 59)

Existing Housing Stock: "Existing multi-family housing within the PMA is insufficient to meet the demand for affordable housing for seniors and families. This PMA has an estimated 2005 population (age 55 and over) of 19,279 while the family population is estimated at 103,634, which meets the population criteria and reflects growth when compared to the 2010 projected population. This defined primary market area has a limited supply of senior restricted, multi-family rental units (322 units in three complexes) and 1,190 units for families in the HTC program." (p. 2).

Market Study Analysis/Conclusions: The Underwriter found the market study provided sufficient information on which to base a funding recommendation. The Analyst used a combination of family, senior-specific, and mixed comparables as the subject will be a senior-family mixed property.

OPERATING PROFORMA ANALYSIS

Income: While the Applicant has indicated that for Fair Housing purposes they will operate two separate leasing offices and identify the two portions of the development with two separate names, they have indicated combined financing and have not indicated that they will keep two sets of operating books. Thus, a single, combined operating proforma was considered.

The Applicant's rent projections are lower than the maximum rents allowed under program guidelines. The underwriting analysis includes rental income at the maximum program net rent for the one- and three-bedroom units, but the lower market rent for the two-bedroom units. As a result, the Applicant's potential gross rent is $108K less than the Underwriter's estimate.

The Applicant's secondary income at $18.89 per unit per month exceeds the underwriting guideline of $15 per unit per month and offsets the difference in rental income. The Applicant's vacancy and collection loss is in line with Department expectations. Overall, the Applicant's effective gross income estimate is within 5% of the Underwriter's estimate.

Expenses: The Applicant's total annual operating expense is also within 5% of the Underwriter's database-derived estimate. Several of the Applicant's line item expenses, however, vary significantly when compared to the Underwriter's estimates, including: payroll ($32K lower) and repair and maintenance ($21K lower). In addition, the Applicant has understated TDHCA compliance fees.

Conclusion: The Applicant's gross income, total expense, and net operating income projections are each within 5% of the Underwriter's estimates. Therefore, the Applicant's Year 1 proforma will be used to determine the development's debt service capacity and long term feasibility. Both the Applicant's and the Underwriter's estimates indicate the proposed financing structure results in an initial debt coverage ratio (DCR) that is within the Department's (DCR) guideline of 1.10 to 1.30.

ACQUISITION VALUATION INFORMATION

APPRAISED VALUE

Land Only: 19.614 acres	$1,260,000	**Date of Valuation:**	7/ 12/ 2005
Existing Building(s): "as is"	$0	**Date of Valuation:**	7/ 12/ 2005
Total Development: "as is"	$1,260,000	**Date of Valuation:**	7/ 12/ 2005

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

APPRAISAL ANALYSIS/CONCLUSIONS

There is no indication that the acquisition is an identity of interest transaction; therefore, an appraisal is not required for use in the underwriting analysis.

ASSESSED VALUE

Land: 1.64 acres $16,400 **Assessment for the Year of:** 2004

	17.974 of 86.3578 acres	$90,099	**Valuation by:**	Tarrant County Appraisal District
Total:	**19.614 acres prorated**	$106,499	**Tax Rate:**	3.2841

EVIDENCE of SITE or PROPERTY CONTROL

Type of Site Control: Earnest Money Contract, and Amendment ("approximately 20 acres")

Contract Expiration Date: 8/ 1/ 2005 **Anticipated Closing Date:** 8/ 1/ 2005

Acquisition Cost: $1,250,000 **Other:** Mineral exploration easement on adjacent 2.48 acres

Seller: Marine Creek of Texas Joint Venture **Related to Development Team Member:** No

CONSTRUCTION COST ESTIMATE EVALUATION

Acquisition Value: The site cost of $1,250,000 ($1.43/SF, $62,500/acre, or $4,960/unit) is substantiated by the appraised value of $1,260,000, and the acquisition price is assumed to be reasonable since the acquisition is an arm's-length transaction.

Sitework Cost: The Applicant's claimed sitework costs of $7,495 per unit are within the Department's allowable guidelines for multifamily developments without requiring additional justifying documentation.

Direct Construction Cost: The Applicant's direct construction cost estimate is $274K or 2% lower than the Underwriter's Marshall & Swift *Residential Cost Handbook*-derived estimate, and is therefore regarded as reasonable as submitted.

Interim Financing Fees: The Underwriter reduced the Applicant's eligible interim financing fees by $16K 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. This results in an equivalent reduction to the Applicant's eligible basis estimate.

Fees: The Applicant's contractor general requirements, contractor general and administrative fees, and contractor profit exceed the 6%, 2%, and 6% maximums allowed by HTC guidelines by $7,000 based on their own construction costs. Consequently the Applicant's eligible fees in these areas have been reduced by the same amount with the overage effectively moved to ineligible costs. The Applicant's developer fees also exceed 15% of the Applicant's adjusted eligible basis by $21,719 and therefore the eligible portion of the Applicant's developer fee must be reduced by the same amount. Eligible contingency is also overstated by the Applicant in the amount of $137,797.

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 $21,565,834 results in tax credits of $992,460 annually. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation.

FINANCING STRUCTURE

INTERIM TO PERMANENT BOND FINANCING

Source: Charter Mac **Contact:** Jim Spound

Tax-Exempt Amount: $15,000,000 **Interest Rate:** 5.5%

Additional Information:

Amortization: 40 yrs **Term:** 40 yrs **Commitment:** ☒ LOI ☐ Firm ☐ Conditional

Annual Payment: $928,387 **Lien Priority:** 1 **Date:** 6/ 23/ 2005

TAX CREDIT SYNDICATION

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

Net Proceeds: $8,848,000 **Net Syndication Rate (per $1.00 of 10-yr HTC)** 92¢

Commitment: ☒ LOI ☐ Firm ☐ Conditional **Date:** 6/ 23/ 2005

Additional Information: Based on credits of approximately $961,740

APPLICANT EQUITY

Amount: $750,290 **Source:** Deferred Developer Fee

FINANCING STRUCTURE ANALYSIS

Interim to Permanent Bond Financing: The tax-exempt bonds are to be issued by TDHCA and will be purchased by Charter Mac. The permanent financing commitment is consistent with the terms reflected in the sources and uses of funds listed in the application.

HTC Syndication: The tax credit syndication commitment is based on a lower anticipated credit amount but is otherwise 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 $750,290 amount to 27% of the total fees.

Financing Conclusions: As stated above, the Applicant's cost schedule, as adjusted by the Underwriter for overstated eligible costs, was used to calculate the development's eligible basis. The resulting annual tax credit is less than both the Applicant's request and the tax credit resulting from the gap method; therefore, the recommended annual tax credit allocation is $992,460. Deferred fees of $467,659 appear to be repayable from cashflow within three years of stabilized operation.

DEVELOPMENT TEAM

IDENTITIES of INTEREST

The Applicant, Developer, and General Contractor firm are all related entities. These are common relationships for HTC-funded developments.

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

Financial Highlights:

- The Applicant, Operating Partnership, and General Partner are single-purpose entities created for the purpose of receiving assistance from TDHCA and therefore have no material financial statements.
- The principal of the General Partner, Leon Backes, submitted an unaudited financial statement as of March 3, 2005, and is anticipated to be guarantor of the development.

Background & Experience: Multifamily Production Finance Staff have verified that the Department's experience requirements have been met and Portfolio Management and Compliance staff will ensure that the proposed owners have an acceptable record of previous participation.

SUMMARY OF SALIENT RISKS AND ISSUES

- A Fair Housing concern exists regarding the dual populations targeted.
- The development would need to capture a majority of the projected market area demand (i.e., capture rate exceeds 50%).

Underwriter: ______ **Date:** September 8, 2005
Phillip Drake

Director of Real Estate Analysis: ______ **Date:** September 8, 2005
Tom Gouris

MULTIFAMILY COMPARATIVE ANALYSIS

Providence at Marine Creek, Fort Worth, 4% HTC & #05615

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%	51	1	1	750	$705	$650	$33,150	$0.87	$55.00	$20.00
TC 60%	85	2	2	975	846	$755	64,175	0.77	69.00	22.00
TC 60%	28	2	1	975	846	$755	21,140	0.77	69.00	22.00
TC 60%	88	3	2	1,200	978	$897	78,936	0.75	81.00	25.00
TOTAL:	252		AVERAGE:	1,008	$864	$783	$197,401	$0.78	$70.36	$22.64

					TDHCA	APPLICANT			
INCOME	Total Net Rentable Sq Ft:	254,025					Comptroller's Region		3
POTENTIAL GROSS RENT					$2,368,812	$2,260,800		IREM Region	Fort Worth
Fees, laundry, cable, garages, carports		Per Unit Per Month:	$15.00		45,360	57,120	$18.89	Per Unit Per Month	
Other Support Income:					0				
POTENTIAL GROSS INCOME					$2,414,172	$2,317,920			
Vacancy & Collection Loss		% of Potential Gross Income:	-7.50%		(181,063)	(173,844)	-7.50%	of Potential Gross Rent	
Employee or Other Non-Rental Units or Concessions					0				
EFFECTIVE GROSS INCOME					$2,233,109	$2,144,076			
EXPENSES		% OF EGI	PER UNIT	PER SQ FT			PER SQ FT	PER UNIT	% OF EGI
General & Administrative		4.70%	$416	0.41	$104,861	$96,604	$0.38	$383	4.51%
Management		5.00%	443	0.44	111,655	107,204	0.42	425	5.00%
Payroll & Payroll Tax		11.31%	1,002	0.99	252,504	220,218	0.87	874	10.27%
Repairs & Maintenance		5.61%	497	0.49	125,296	104,296	0.41	414	4.86%
Utilities		2.38%	211	0.21	53,190	49,140	0.19	195	2.29%
Water, Sewer, & Trash		3.07%	272	0.27	68,472	81,600	0.32	324	3.81%
Property Insurance		2.84%	252	0.25	63,506	56,700	0.22	225	2.64%
Property Tax	3.2841	9.16%	812	0.81	204,577	220,500	0.87	875	10.28%
Reserve for Replacements		2.26%	200	0.20	50,400	50,400	0.20	200	2.35%
Other: compl fees		1.30%	115	0.11	28,980	25,200	0.10	100	1.18%
TOTAL EXPENSES		47.62%	$4,220	$4.19	$1,063,442	$1,011,862	$3.98	$4,015	47.19%
NET OPERATING INC		52.38%	$4,642	$4.60	$1,169,667	$1,132,214	$4.46	$4,493	52.81%
DEBT SERVICE									
First Lien Mortgage		41.57%	$3,684	$3.65	$928,387	$928,387	$3.65	$3,684	43.30%
Trustee Fee		0.16%	$14	$0.01	3,500		#DIV/0!	$0	0.00%
TDHCA Admin. Fees		0.67%	$60	$0.06	15,000		#DIV/0!	$0	0.00%
Asset Oversight Fees		$0.00	$25	$0	6,300		#DIV/0!	$0	0.00%
NET CASH FLOW		10.37%	$919	$0.91	$231,481	$203,827	$0.80	$809	9.51%
AGGREGATE DEBT COVERAGE RATIO					1.25	1.22			
RECOMMENDED DEBT COVERAGE RATIO						1.19			

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		5.01%	$4,960	$4.92	$1,250,000	$1,250,000	$4.92	$4,960	5.08%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		7.57%	7,495	7.44	1,888,739	1,888,739	7.44	7,495	7.68%
Direct Construction		47.53%	47,085	46.71	11,865,340	11,590,924	45.63	45,996	47.12%
Contingency	5.00%	2.75%	2,729	2.71	687,704	811,780	3.20	3,221	3.30%
General Req'ts	5.90%	3.25%	3,221	3.20	811,780	811,780	3.20	3,221	3.30%
Contractor's G & A	1.97%	1.08%	1,074	1.07	270,593	270,593	1.07	1,074	1.10%
Contractor's Profit	5.90%	3.25%	3,221	3.20	811,780	811,780	3.20	3,221	3.30%
Indirect Construction		6.49%	6,425	6.37	1,619,100	1,619,100	6.37	6,425	6.58%
Ineligible Costs		5.59%	5,533	5.49	1,394,409	1,394,409	5.49	5,533	5.67%
Developer's G & A	1.91%	1.45%	1,440	1.43	362,872	0	0.00	0	0.00%
Developer's Profit	13.00%	9.91%	9,818	9.74	2,474,173	2,837,045	11.17	11,258	11.53%
Interim Financing		4.31%	4,274	4.24	1,077,062	1,093,000	4.30	4,337	4.44%
Reserves		1.81%	1,796	1.78	452,648	219,138	0.86	870	0.89%
TOTAL COST		100.00%	$99,072	$98.28	$24,966,200	$24,598,288	$96.83	$97,612	100.00%
Recap-Hard Construction Costs		*65.43%*	***$64,825***	***$64.31***	***$16,335,936***	***$16,185,596***	***$63.72***	***$64,229***	*65.80%*

SOURCES OF FUNDS

	%	Per Unit	Per SF	TDHCA	APPLICANT	RECOMMENDED	
First Lien Mortgage	60.08%	$59,524	$59.05	$15,000,000	$15,000,000	$15,000,000	Developer Fee Available
Additional Financing	0.00%	$0	$0.00	0	0	0	$2,812,935
HTC Syndication Proceeds	35.44%	$35,111	$34.83	8,848,000	8,848,000	9,130,629	% of Dev. Fee Deferred
Deferred Developer Fees	3.01%	$2,977	$2.95	750,290	750,290	467,659	17%
Additional (Excess) Funds Req'd	1.47%	$1,460	$1.45	367,910	(2)	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$24,966,200	$24,598,288	$24,598,288	$5,337,976

MULTIFAMILY COMPARATIVE ANALYSIS (continued)

Providence at Marine Creek, Fort Worth, 4% HTC & #05615

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook

Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$ 43.00	$10,923,466
Adjustments				
Exterior Wall Finish	0.80%		$0.34	$87,388
Elderly/9-Ft. Ceilings	6.00%		2.58	655,408
Roofing			0.00	0
Subfloor			(0.73)	(184,168)
Floor Cover			2.00	508,050
Porches/Balconies	$18.00	46703	3.31	840,654
Plumbing	$605	522	1.24	315,810
Built-In Appliances	$1,650	252	1.64	415,800
Stairs/Fireplaces	$1,475	64	0.37	94,400
Enclosed Corridors			0.00	0
Heating/Cooling			1.53	388,658
Garages/Carports		0	0.00	0
Comm &/or Aux Bldgs	$56.35	8,332	1.85	469,525
Other: elevators	$46,500	2	0.37	93,000
SUBTOTAL			57.51	14,607,990
Current Cost Multiplier	1.12		6.90	1,752,959
Local Multiplier	0.88		(6.90)	(1,752,959)
TOTAL DIRECT CONSTRUCTION COSTS			$57.51	$14,607,990
Plans, specs, survy, bld prm	3.90%		($2.24)	($569,712)
Interim Construction Interes	3.38%		(1.94)	(493,020)
Contractor's OH & Profit	11.50%		(6.61)	(1,679,919)
NET DIRECT CONSTRUCTION COSTS			$46.71	$11,865,340

PAYMENT COMPUTATION

Primary	$15,000,000	Amort	480
Int Rate	5.50%	DCR	1.26

Secondary	$0	Amort	
Int Rate	0.00%	Subtotal DCR	1.26

Additional		Amort	
Int Rate		Aggregate DCR	1.25

RECOMMENDED FINANCING STRUCTURE APPLICANT'S N

Primary Debt Service	$928,387
Secondary Debt Service	24,800
Additional Debt Service	0
NET CASH FLOW	$179,028

Primary	$15,000,000	Amort	480
Int Rate	5.50%	DCR	1.22

Secondary	$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.19

Additional	$0	Amort	0
Int Rate	0.00%	Aggregate DCR	1.19

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	$2,260,800	$2,328,624	$2,398,483	$2,470,437	$2,544,550	$2,949,831	$3,419,663	$3,964,326	$5,327,723
Secondary Income	57,120	58,834	60,599	62,417	64,289	74,529	86,399	100,160	134,607
Contractor's Profit	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	2,317,920	2,387,458	2,459,081	2,532,854	2,608,839	3,024,360	3,506,062	4,064,487	5,462,330
Vacancy & Collection Loss	(173,844)	(179,059)	(184,431)	(189,964)	(195,663)	(226,827)	(262,955)	(304,837)	(409,675)
Developer's G & A	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$2,144,076	$2,208,398	$2,274,650	$2,342,890	$2,413,176	$2,797,533	$3,243,107	$3,759,650	$5,052,656
EXPENSES at 4.00%									
General & Administrative	$96,604	$100,468	$104,487	$108,666	$113,013	$137,498	$167,287	$203,530	$301,274
Management	107,204	110419.852	113732.4478	117144.4212	120658.7538	139876.5652	162155.2756	187982.407	252632.6358
Payroll & Payroll Tax	220,218	229,027	238,188	247,715	257,624	313,439	381,346	463,966	686,783
Repairs & Maintenance	104,296	108,468	112,807	117,319	122,012	148,446	180,607	219,736	325,263
Utilities	49,140	51,106	53,150	55,276	57,487	69,942	85,095	103,531	153,251
Water, Sewer & Trash	81,600	84,864	88,259	91,789	95,460	116,142	141,305	171,919	254,482
Insurance	56,700	58,968	61,327	63,780	66,331	80,702	98,186	119,458	176,828
Property Tax	220,500	229,320	238,493	248,033	257,954	313,840	381,835	464,560	687,663
Reserve for Replacements	50,400	52,416	54,513	56,693	58,961	71,735	87,276	106,185	157,180
Other	25,200	26,208	27,256	28,347	29,480	35,867	43,638	53,093	78,590
TOTAL EXPENSES	$1,011,862	$1,051,264	$1,092,211	$1,134,762	$1,178,981	$1,427,487	$1,728,730	$2,093,960	$3,073,946
NET OPERATING INCOME	$1,132,214	$1,157,134	$1,182,440	$1,208,128	$1,234,196	$1,370,046	$1,514,377	$1,665,690	$1,978,710
DEBT SERVICE									
First Lien Financing	$928,387	$928,387	$928,387	$928,387	$928,387	$928,387	$928,387	$928,387	$928,387
Second Lien	24,800	24,800	24,800	24,800	24,800	24,800	24,800	24,800	24,800
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	$179,028	$203,948	$229,253	$254,942	$281,009	$416,859	$561,191	$712,503	$1,025,523
DEBT COVERAGE RATIO	1.19	1.21	1.24	1.27	1.29	1.44	1.59	1.75	2.08

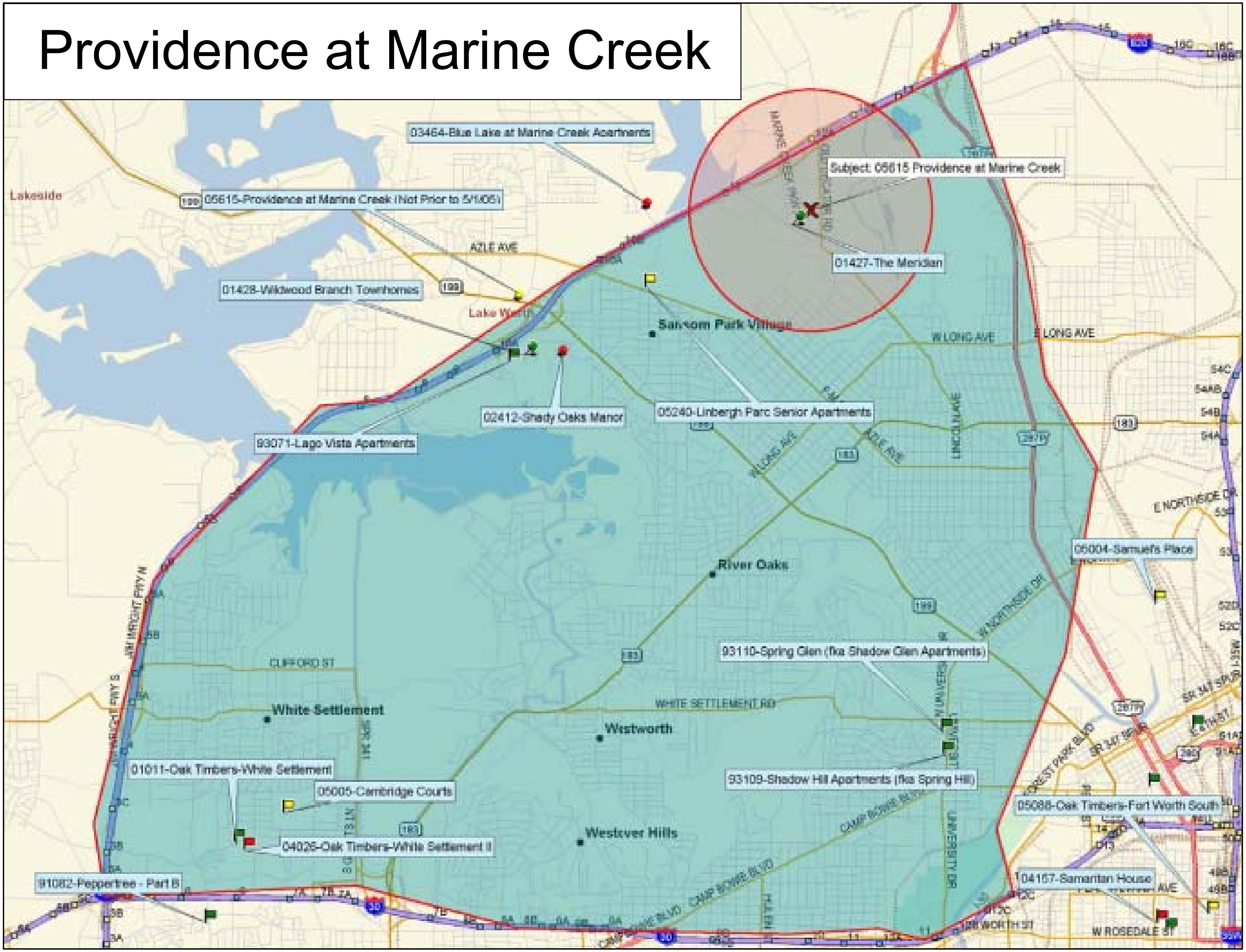
LIHTC Allocation Calculation - Providence at Marine Creek, Fort Worth, 4% HTC & #05615

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	$1,250,000	$1,250,000		
Purchase of buildings				
(2) Rehabilitation/New Construction Cost				
On-site work	$1,888,739	$1,888,739	$1,888,739	$1,888,739
Off-site improvements				
(3) Construction Hard Costs				
New structures/rehabilitation hard costs	$11,590,924	$11,865,340	$11,590,924	$11,865,340
(4) Contractor Fees & General Requirements				
Contractor overhead	$270,593	$270,593	$269,593	$270,593
Contractor profit	$811,780	$811,780	$808,780	$811,780
General requirements	$811,780	$811,780	$808,780	$811,780
(5) Contingencies	$811,780	$687,704	$673,983	$687,704
(6) Eligible Indirect Fees	$1,619,100	$1,619,100	$1,619,100	$1,619,100
(7) Eligible Financing Fees	$1,093,000	$1,077,062	$1,093,000	$1,077,062
(8) All Ineligible Costs	$1,394,409	$1,394,409		
(9) Developer Fees			$2,812,935	
Developer overhead		$362,872		$362,872
Developer fee	$2,837,045	$2,474,173		$2,474,173
(10) Development Reserves	$219,138	$452,648		
TOTAL DEVELOPMENT COSTS	$24,598,288	$24,966,200	$21,565,834	$21,869,143

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		$21,565,834	$21,869,143
High Cost Area Adjustment		130%	130%
TOTAL ADJUSTED BASIS		$28,035,584	$28,429,886
Applicable Fraction		100%	100%
TOTAL QUALIFIED BASIS		$28,035,584	$28,429,886
Applicable Percentage		3.54%	3.54%
TOTAL AMOUNT OF TAX CREDITS		$992,460	$1,006,418
Syndication Proceeds	**0.9200**	**$9,130,629**	**$9,259,045**

Total Credits (Eligible Basis Method)	**$992,460**	**$1,006,418**
Syndication Proceeds	**$9,130,629**	**$9,259,045**
Requested Credits	**$1,000,966**	
Syndication Proceeds	**$9,208,887**	
Gap of Syndication Proceeds Needed	**$9,598,288**	
Credit Amount	**$1,043,292**	

Providence at Marine Creek



Scale 1 : 68,750

1" = 1.09 mi Data Zoom 11-5

Applicant Evaluation

Project ID # **05615** Name: **Providence at Marine Creek** City: **Fort Worth**

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

Total # of Projects monitored: 2

Projects in Material Noncompliance: **Yes** ☐ **No** ☑

in noncompliance: 0

Projects grouped by score:
- zero to nine: 2
- ten to nineteen: 0
- twenty to twenty-nine: 0

monitored with a score less than thirty: 2

not yet monitored or pending review: 6

Projects not reported in application: Yes ☐ No ☑

# of projects not reported 0

Portfolio Monitoring		**Single Audit**		**Contract Administration**	
Not applicable	☑	Not applicable	☑	Not applicable	☐
Review pending	☐	Review pending	☐	Review pending	☐
No unresolved issues	☐	No unresolved issues	☐	No unresolved issues	☐
Unresolved issues found	☐	Issues found regarding late cert	☐	Unresolved issues found	☐
Unresolved issues found that warrant disqualification (Comments attached)	☐	Issues found regarding late audit	☐	Unresolved issues found that warrant disqualification (Comments attached)	☐
		Unresolved issues found that warrant disqualification (Comments attached)	☐		

Reviewed by Patricia Murphy Date 8/9/2005

Multifamily Finance Production		**Single Family Finance Production**		**Real Estate Analysis (Cost Certification and Workout)**	
Not applicable	☐	Not applicable	☑	Not applicable	☐
Review pending	☐	Review pending	☐	Review pending	☐
No unresolved issues	☑	No unresolved issues	☐	No unresolved issues	☐
Unresolved issues found	☐	Unresolved issues found	☐	Unresolved issues found	☐
Unresolved issues found that warrant disqualification (Comments attached)	☐	Unresolved issues found that warrant disqualification (Comments attached)	☐	Unresolved issues found that warrant disqualification (Comments attached)	☐
Reviewer	S. Roth	Reviewer	Paige McGilloway	Reviewer	
Date	8 /8 /2005	Date	8 /4 /2005	Date	

Community Affairs		**Office of Colonia Initiatives**		**Financial Administration**	
No relationship	☐	Not applicable	☐	No delinquencies found	☑
Review pending	☐	Review pending	☐	Delinquencies found	☐
No unresolved issues	☐	No unresolved issues	☐		
Unresolved issues found	☐	Unresolved issues found	☐		
Unresolved issues found that warrant disqualification (Comments attached)	☐	Unresolved issues found that warrant disqualification (Comments attached)	☐		
Reviewer		Reviewer		Reviewer	Melissa M. Whitehead
Date		Date		Date	8 /9 /2005

Executive Director: Edwina Carrington **Executed:** nesday, August 10, 2005

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Multifamily Finance Production Division

Public Comment Summary

Providence at Marine Creek Apartments

Public Hearing

Total Number Attended	0
Total Number Opposed	0
Total Number Supported	0
Total Number Neutral	0
Total Number that Spoke	0

Public Officials Letters Received

Opposition	0
Support	0

General Public Letters and Emails Received

Opposition	0
Support (Petition)	0

Summary of Public Comment

1

2

3

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

MULTIFAMILY HOUSING REVENUE BONDS
PROVIDENCE AT MARINE CREEK APARTMENTS

PUBLIC HEARING

Marine Creek Elementary School
4801 Huffines Boulevard
Fort Worth, Texas

July 7, 2005
6:14 p.m.

BEFORE:

TERESA MORALES, Housing Specialist

P R O C E E D I N G S

MS. MORALES: Good evening. My name is Teresa Morales. I would like to proceed with the public hearing. Let the record show that it is 6:14 p.m., Thursday, July 7, 2005, and we are at the Marine Creek Elementary School, located at 4801 Huffines Boulevard, Fort Worth, Texas.

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

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

No decisions regarding the development will be made at this hearing. The Department's Board is scheduled to meet to consider this transaction on August 19, 2005. In addition to providing your comments at this hearing, the public is also invited to provide comments directly to the Board at any of their meetings. The Department's staff will also accept written comments from the public up to 5:00 p.m. on July 29, 2005.

The bonds will be issued as tax exempt

multifamily revenue bonds in the aggregate principal amount not to exceed 15 million, and taxable bonds, if necessary, in an amount to be determined and issued in one or more series by the Texas Department of Housing and Community Affairs.

The proceeds of the bonds will be loaned to Cottonwood Hammer, L.P., or a related person or affiliate entity thereof, to finance a portion of the costs of acquiring, constructing and equipping a multifamily rental housing community described as follows:

A 252-unit multifamily residential rental development, of which a portion will be for seniors, to be constructed on approximately 20 acres of land located at approximately the 4400 block of Old Decatur Road near Northwest Loop 820, Tarrant County, Texas.

The proposed multifamily rental housing community will be initially owned and operated by the borrower, or a related person or affiliate thereof.

Let the record show that there are no attendees; therefore, the meeting is now adjourned. The time is 6:15 p.m.

(Whereupon, at 6:15 p.m., the hearing was concluded.)

C E R T I F I C A T E

IN RE: Providence at Marine Creek Apartments

LOCATION: Fort Worth, Texas

DATE: July 7, 2005

I do hereby certify that the foregoing pages, numbers 1 through 4, inclusive, are the true, accurate, and complete transcript prepared from the verbal recording made by electronic recording by Barbara Wall before the Texas Department of Housing and Community Affairs.

07/11/2005
(Transcriber) (Date)

On the Record Reporting, Inc.
3307 Northland, Suite 315
Austin, Texas 78731

TEXAS
DEPARTMENT OF HOUSING
AND COMMUNITY AFFAIRS
WWW.TDHCA.STATE.TX.US

MULTIFAMILY FINANCE PRODUCTION DIVISION

2005 Private Activity Multifamily Revenue Bonds

Providence Place II Apartments
Approximately 3700 Quail Creek Road
Denton, Texas

Quail Creek South, L.P.
252 Units
Priority 2 – 100% of units at 60% AMFI

$15,000,000 Tax Exempt – Series 2005A
$1,000,000 Taxable – Series 2005B

TABLE OF EXHIBITS

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

September 16, 2005

Action Item

Presentation, Discussion and Possible Approval for the issuance of Multifamily Housing Mortgage Revenue Bonds, Series 2005 and Housing Tax Credits for the Providence Place II Apartments development.

Summary of the Providence Place II Transaction

The pre-application was received on March 7, 2005. The application was scored and ranked by staff. The application was induced at the April 2005 Board meeting and submitted to the Texas Bond Review Board for placement on the 2005 Waiting List. The application received a Reservation of Allocation on June 10, 2005. This application was submitted under the Priority 2 category. 100% of the units will serve seniors and families at 60% of the AMFI. A public hearing was held on August 2, 2005. There were fifteen persons in attendance at the public hearing. Ten persons were in support of the development, four were opposed and one neutral. Summary of public comment in opposition was over stressing the Denton school district with economically disadvantaged children, Denton is a city with twice the state average of affordable housing, an adjacent neighbor was negatively affect with the Phase I of the development, over built with rental housing and increase in taxes. Summary of public comment in support was a positive testimony from a resident in the Phase I, advocates for affordable housing, and a good social services program from the developer. A copy of the transcript is behind Tab 9 of this presentation. This will be another inter-generational development for the Department. The proposed development will be new construction and will serve elderly and general population tenants. There will be separate leasing offices and community facilities for the elderly and general population tenants. The applicant has engaged a fair housing attorney who has opined that the development is within the law; the opinion must be found to be acceptable by the Department.

Summary of the Financial Structure

The applicant is requesting the Department's approval and issuance of fixed rate tax exempt bonds in an amount of $15,000,000 and fixed rate taxable bonds in an amount of $1,000,000. The bonds will be unrated and privately placed with Charter MAC Equity Issuer Trust. The term of the tax-exempt bonds will be 40 years and the term of the taxable bonds will be 8 years. The construction and lease up period will be for 18 months with payment terms of interest only, followed by an amortization not to exceed a maturity date of October 1, 2045. The interest rate on the tax-exempt bonds will be 5.50% per annum and 8.0% per annum on the taxable bonds.

Recommendation

Staff recommends the Board approve the issuance of Multifamily Housing Mortgage Revenue Bonds, Series 2005 and Housing Tax Credits for the Providence Place II Apartments development, conditioned upon the Department's acceptance that the development will comply with fair housing law, because of the demonstrated quality of construction of the proposed development, the feasibility of the development (as demonstrated by the commitments from Charter Mac and Related Capital, the underwriting report by the Departments Real Estate Analysis Division), the demand and the need for additional affordable units in the area as shown in the market analysis and the prime location in the center of many large retail chain facilities, hospital/medical facilities and a major shopping mall.

MULTIFAMILY FINANCE DIVISION
BOARD MEMORANDUM
September 16, 2005

DEVELOPMENT:	Providence Place II Apartments, Denton, Denton County, Texas
PROGRAM:	Texas Department of Housing and Community Affairs 2005 Multifamily Housing Mortgage Revenue Bond Program (Reservation received June 10, 2005)
ACTION REQUESTED:	Approve the issuance of multifamily revenue bonds (the "Bonds") by the Texas Department of Housing and Community Affairs (the "Department"). The Bonds will be issued under Chapter 1372 of the Texas Government Code and under Chapter 2306 of the Texas Government Code, the Department's enabling statute (the "statute"), which authorizes the Department to issue its revenue bonds for its public purposes as defined therein. (*The statute provides that the Department's revenue bonds are solely obligations of the Department, and do not create an obligation, debt, or liability of the State of Texas or a pledge or loan of the faith, credit or taxing power of the State of Texas.)*
PURPOSE:	The proceeds of the Bonds will be used to fund a mortgage loan (the "Mortgage Loan") to Quail Creek South, LP, a Texas limited partnership (the "Borrower"), to finance the acquisition, construction, equipping and long-term financing of a new, 252-unit multifamily residential rental Development to be located at approximately 3700 Quail Creek Road, Denton, Denton County, Texas (the "Development").
BOND AMOUNT:	$15,000,000 Series 2005A Tax Exempt bonds $ 1,000,000 Series 2005B Taxable bonds $16,000,000 Total 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 June 10, 2005 pursuant to the Texas Bond Review Board's 2005 Private Activity Bond Allocation Program. The Department is required to deliver the Bonds on or before November 7, 2005, the anticipated closing date is October 18, 2005.
BORROWER:	Quail Creek South, LP, a Texas limited partnership, the general partner of which is Cottonwood Hammer, LLC, a Texas limited liability company, with Leon Backes 100% Ownership.
COMPLIANCE HISTORY:	The Compliance Status Summary completed on August 9, 2005 reveals that the principals of the general partner above have a total of eight (8) properties being monitored by the Department. None of which have been monitored at this time.

** Preliminary - Represents Maximum Amount*

ISSUANCE TEAM & ADVISORS:

Charter MAC Equity Issuer Trust ("Bond Purchaser")
Wells Fargo Bank, National Association ("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 Charter MAC Equity Issuer Trust. The purchaser and any subsequent purchaser will be required to sign the Department's standard traveling investor letter.

DEVELOPMENT DESCRIPTION:

Site: The proposed multifamily residential rental development will be constructed on approximately 16.4 acres of land located at approximately the 3700 block Quail Creek Road, Denton, Denton County, Texas (the "Development"). The proposed density is 15.4 dwelling units per acre.

Buildings: The development consist of 252 total units and will include a total of one (1) three-story building containing 100 units for elderly tenants and eight (8) two and three-story buildings containing 152 family units. The development will have approximately 254,025 net rentable square feet and having an average unit size of 1,008 square feet. The subject units have a competitive amenity package including the following: cable/internet ready; full-size washer/dryer connections; the energy star rated kitchen appliances, frost free refrigerator with ice-maker, dishwasher, microwave, garbage disposal and storage rooms. Development amenities include: on-site leasing/management office, gated access/perimeter fencing, pool, laundry facilities, clubhouse with business center, fitness center and room for educational programs, senior activity room, accessible walking path and two playgrounds with equipment.

Units	Unit Type	Square Feet	Proposed Net Rent	
51	1-Bed/1-Bath	750 s.f.	$610.00	60%
28	2-Bed/1-Bath	975 s.f.	$730.00	60%
85	2-Bed/2-Bath	975 s.f.	$730.00	60%
88	3-Bed/2-Bath	1,200 s.f.	$850.00	60%
252	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 sixty percent (60%) of the area median income which is Priority 2 of the Bond Review Board's Priority System.

TENANT SERVICES: Tenant Services will be performed by Launching A Dream, Inc. a Texas non-profit corporation .

DEPARTMENT ORIGINATION FEES:
$1,000 Pre-Application Fee (Paid).
$10,000 Application Fee (Paid).
$80,000 Issuance Fee (.50% of the bond amount paid at closing).

DEPARTMENT ANNUAL FEES:
$16,000 Bond Administration (0.10% of first year bond amount)
$6,300 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. These fees will be subordinated to the Mortgage Loan and paid outside of the cash flows contemplated by the Indenture)

ASSET OVERSIGHT FEE: $6,300 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 $1,071,070 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 $9,181,000 of equity for the transaction.

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

The Bonds will be privately placed with the Bond Purchaser. During the construction and lease-up period, the Bonds will pay as to interest only. The loan will be secured by a first lien on the Development.

The Bonds are mortgage revenue bonds and, as such, create no potential liability for the general revenue fund or any other state fund. The Act provides that the Department's revenue bonds are solely obligations of the Department, and do not create an obligation, debt, or liability of the State of Texas or a pledge or loan of the faith, credit or taxing power of the State of Texas. The only funds pledged by the Department to the payment of the Bonds are the revenues from the Development financed through the issuance of the Bonds.

BOND INTEREST RATES: The interest rate on the Tax-Exempt Bonds will be 5.50% and 8.0% for the Taxable Bonds from the date of issuance until maturity or upon earlier redemption or acceleration.

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

FORM OF BONDS: The Bonds will be issued in book entry (typewritten or lithographical) form and in denominations of $100,000 and any amount in excess of $100,000.

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

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

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

Mandatory Redemption:

(a) (i) with respect to the Tax-Exempt Bonds, in whole or in part, to the extent excess funds remain on deposit in the Tax-Exempt Bond Proceeds Subaccount of the Loan Account of the Construction Fund after the Development's Completion Date; (ii) with respect to the Taxable Bonds, in whole or in part, to the extent excess funds remain on deposit in the Taxable Bond Proceeds Subaccount ot the Loan Account of the Construction Fund after the Development's Completion Date; and (iii) under certain circumstances, upon request by the Majority Owner to redeem Bonds from amounts on deposit in the Earnout Account of the Construction Fund; or

(b) in part, if the Development has not achieved Stabilization within twenty-four (24) months after the earlier of (A) the date the Development achieves Completion or (B) the Completion Date; or

(c) in whole or in part, if there is damage to or destruction or condemnation of the Development, to the extent that Insurance

Proceeds or a Condemnation Award in connection with the Development are deposited in the Revenue Fund and are not to be used to repair or restore the Development; or

(d) upon the determination of Taxability if the owner of a Bond presents his Bond or Bonds for redemption on any date selected by such owner specified in a written notice delivered to the Borrower and the Issuer at least thirty (30) days prior to such date; or

(e) with respect to the Tax-Exempt Bonds, in whole on any interest payment date on or after October 1, 2022, if the Owners of all of the Bonds elect redemption and provide not less than 180 days' written notice to the Issuer, Trustee and Borrower; or

(f) In part, according to the dates and amounts indicated on the Mandatory Sinking Fund Schedule of Redemptions.

Optional Redemption:

The Tax-Exempt Bonds are subject to redemption, in whole, any time on or after October 1, 2022, from the proceeds of an optional prepayment of the Loan by the Borrower.

FUNDS AND ACCOUNTS/FUNDS ADMINISTRATION:

Under the Trust Indenture, the Trustee will serve as registrar and authenticating agent for the Bonds and as trustee of certain of the accounts created under the Trust Indenture (described below). The Trustee will also have responsibility for a number of loan administration and monitoring functions.

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

The Trust Indenture will create the following Funds and Accounts:

1. Construction Fund – On the closing date, the proceeds of the Bonds shall be deposited in the Construction Fund which may consist of six (6) accounts as follows:

   (a) Loan Account – represents a portion of the proceeds of the sale of the Bonds that will be used to pay for Development Costs;

   (b) Insurance and Condemnation Proceeds Account - represents Condemnation Award and Insurance Proceeds allocated to restore the Development pursuant to the Loan Documents;

   (c) Capitalized Interest Account – represents a portion of the proceeds of the Bonds and/or a portion of the initial equity contribution of the Borrower which may be transferred to the Revenue Fund from this account in order to pay interest on the Bonds until the Completion Date of the Development;

(d) Costs of Issuance Account – represents a portion of the proceeds of the Bonds and/or a portion of the initial equity contribution of the Borrower from which the costs of issuance are disbursed;

(e) Earnout Account – represents a portion of the initial equity contribution of the Borrower, the disbursements from which are to be requested in writing by the Developer and approved by the Majority Owner of the Outstanding Bonds; and

(f) Equity Account – represents the balance of the initial equity contribution of the Borrower.

2. Replacement Reserve Fund – Amounts which are held in reserve to cover replacement costs and ongoing maintenance to the Development.

3. Tax and Insurance Fund – The Borrower must deposit certain moneys in the Tax and Insurance Fund to be applied to the payment of real estate taxes and insurance premiums.

4. Revenue Fund – Revenues from the Development are deposited to the Revenue Fund and disbursed to sub-accounts for payment to the various funds according to the order designated under the Trust Indenture: (1) to the payment of interest on the Bonds; (2) to the payment of the principal or redemption price, including premium, if any, on the Bonds; (3) to the payment of any required deposit in the Tax and Insurance Fund; (4) to the payment of any required deposit in the Replacement Reserve Fund; (5) to the payment of the fees of the Trustee, the Servicer, the Issuer and the Asset Oversight Agent, if any, due and owing under the Loan Documents and the Indenture; (6) to the payment of any other amounts then due and owing under the Loan Documents; and (7) the remaining balance to the Borrower.

5. Rebate Fund – Fund into which certain investment earnings are transferred that are required to be rebated periodically to the federal government to preserve the tax-exempt status of the Bonds. Amounts in this fund are held apart from the trust estate and are not available to pay debt service on the Bonds.

The majority of the bond proceeds will be deposited into the Construction Fund and disbursed therefrom during the Construction Phase to finance the construction of the Development. Costs of issuance of up to two percent (2%) of the principal amount of the

Bonds may be paid from Tax-Exempt Bond proceeds. It is currently anticipated that costs of issuance will be paid by Taxable Bond proceeds.

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.

2. Bond Trustee - Wells Fargo Bank, National Association was selected as bond trustee by the Borrower pursuant to the Department's Approved Multifamily Bond Trustee list which was approved in April 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 September 1991.

4. Disclosure Counsel – McCall, Parkhurst & Horton, L.L.P. was selected by the Department as Disclosure Counsel through a request for proposals process in 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. 05-072

RESOLUTION AUTHORIZING AND APPROVING THE ISSUANCE, SALE AND DELIVERY OF MULTIFAMILY HOUSING MORTGAGE REVENUE BONDS (PROVIDENCE PLACE II APARTMENTS) SERIES 2005A AND TAXABLE MULTIFAMILY HOUSING MORTGAGE REVENUE BONDS (PROVIDENCE PLACE II APARTMENTS) 2005B; APPROVING THE FORM AND SUBSTANCE AND AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS AND INSTRUMENTS PERTAINING THERETO; AUTHORIZING AND RATIFYING OTHER ACTIONS AND DOCUMENTS; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

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

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

WHEREAS, the Board has determined to authorize the issuance of the Texas Department of Housing and Community Affairs Multifamily Housing Mortgage Revenue Bonds (Providence Place II Apartments) Series 2005A (the "Tax-Exempt Bonds") and the Texas Department of Housing and Community Affairs Taxable Multifamily Housing Mortgage Revenue Bonds (Providence Place II Apartments) 2005B (the "Taxable Bonds" and, together with the Tax-Exempt Bonds, the "Bonds"), pursuant to and in accordance with the terms of a Trust Indenture (the "Indenture") by and between the Department and Wells Fargo Bank, National Association, as trustee (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 Quail Creek South, LP, a Texas limited partnership (the "Borrower"), in order to finance the costs (including the reimbursement of costs) of the 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 May 26, 2005, declared its intent to issue its revenue bonds to provide financing for the Project; and

WHEREAS, it is anticipated that the Department, the Borrower and the Trustee will execute and deliver a Loan Agreement (the "Loan Agreement") pursuant to which (i) the Department will agree to make a mortgage loan funded with the proceeds of the Bonds (the "Loan") to the Borrower to enable the Borrower to finance the costs (including the reimbursement of costs) of acquisition, construction and equipping of the Project and related costs, and (ii) the Borrower will execute and deliver to the Department a promissory note (the "Note") in an original principal amount equal to the original aggregate principal amount of the Bonds, and providing for payment of interest on such principal amount equal to the interest on the Bonds and to pay other costs described in the Loan Agreement; and

WHEREAS, it is anticipated that the Note will be secured by a Deed of Trust and Security Agreement (with Power of Sale) (the "Deed of Trust") from the Borrower for the benefit of the Department and the Trustee; and

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

WHEREAS, the Department, the Borrower and CharterMac, a Delaware statutory trust (the "Purchaser"), will execute a Bond Purchase Agreement (the "Purchase Agreement"), with respect to the sale of the Bonds; and

WHEREAS, 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 Denton County, Texas; and

WHEREAS, 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 Loan Agreement, the Assignments, the Regulatory Agreement, the Purchase 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 1.13, to authorize the issuance of the Bonds, the execution and delivery of such documents and the taking of such other actions as may be necessary or convenient in connection therewith; NOW, THEREFORE,

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

ARTICLE I

ISSUANCE OF BONDS; APPROVAL OF DOCUMENTS

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

Section 1.2--Interest Rate, Principal Amount, Maturity and Price. That: (i) the interest rate on the Tax-Exempt Bonds shall be 5.5% per annum from the date of issuance thereof until the maturity date or earlier redemption or acceleration thereof and the interest rate on the Taxable Bonds shall be 8.0% per annum from the date of issuance thereof until paid on the maturity date or earlier redemption or acceleration thereof (subject to adjustment as provided in the Indenture; provided, however, that the default interest rate on the Bonds shall not exceed the maximum rate permitted by applicable law); (ii) the aggregate principal amount of the Tax-Exempt Bonds shall be $15,000,000 and the aggregate principal amount of the Taxable Bonds shall be $1,000,000; and (iii) the final maturity of the Tax-Exempt Bonds shall occur on October 1, 2045 and the final maturity of the Taxable Bonds shall occur on December 1, 2016.

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

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

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

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

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

Section 1.8--Approval, Execution and Delivery of the 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 1.9--Taking of Any Action; Execution and Delivery of Other Documents. That the authorized representatives of the Department named in this Resolution each are authorized hereby to take any actions and to execute, attest and affix the Department's seal to, and to deliver to the appropriate parties, all such other agreements, commitments, assignments, bonds, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, notices of acceptance, written requests and other papers, whether or not mentioned herein, as they or any of them consider to be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 1.10--Exhibits Incorporated Herein. That all of the terms and provisions of each of the documents listed below as an exhibit shall be and are hereby incorporated into and made a part of this Resolution for all purposes:

Exhibit B – Indenture
Exhibit C – Loan Agreement
Exhibit D – Regulatory Agreement
Exhibit E – Deed of Trust
Exhibit F – Note
Exhibit G – Assignments
Exhibit H – Purchase Agreement
Exhibit I – Asset Oversight Agreement

Section 1.11--Power to Revise Form of Documents. That notwithstanding any other provision of this Resolution, the authorized representatives of the Department named in this Resolution each are authorized hereby to make or approve such revisions in the form of the documents attached hereto as exhibits as, in the judgment of such authorized representative or authorized representatives, and in the opinion of Vinson & Elkins L.L.P., Bond Counsel to the Department, may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution, such approval to be evidenced by the execution of such documents by the authorized representatives of the Department named in this Resolution.

Section 1.12--Authorized Representatives. That the following persons are each hereby named as authorized representatives of the Department for purposes of executing, attesting, affixing the Department's seal to, and delivering the documents and instruments and taking the other actions referred to in this Article I: 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 of the Board.

Section 1.13--Conditions Precedent. That the issuance of the Bonds shall be further subject to, among other things: (a) the Project's meeting all underwriting criteria of the Department, to the satisfaction of the Executive Director or the Acting Executive Director; and (b) the execution by the Borrower and the Department of contractual arrangements satisfactory to the Department staff requiring that tenant service programs will be provided at the Project.

ARTICLE II

APPROVAL AND RATIFICATION OF CERTAIN ACTIONS

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

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

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

Section 2.4--Authority to Invest Proceeds. That the Department is authorized to invest and reinvest the proceeds of the Bonds and the fees and revenues to be received in connection with the financing of the Project in accordance with the Indenture and to enter into or direct the Trustee 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 Issuer as stated in the Regulatory Agreement.

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

ARTICLE III

CERTAIN FINDINGS AND DETERMINATIONS

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

(a) Need for Housing Development.

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

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

(iii) that the Borrower is financially responsible,

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

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

(b) Findings with Respect to the Borrower.

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

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

(iii) that the Borrower is not 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 Loan Agreement and the Regulatory Agreement, which require, among other things, that the Project be occupied by individuals and families of low and very low income and families of moderate income, and

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

Section 3.2--Determination of Eligible Tenants. That the Board has determined, to the extent permitted by law and after consideration of such evidence and factors as 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 Loan Agreement and the Regulatory Agreement.

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

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

Section 3.5--Waiver of Rules. That the Board hereby waives the rules contained in Sections 33 and 35, 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.

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PASSED AND APPROVED this 16th day of September, 2005.

By: ________________________________
Elizabeth Anderson, Chair

Attest: ______________________________
Kevin Hamby, Secretary

[SEAL]

EXHIBIT A

DESCRIPTION OF PROJECT

Owner: Quail Creek South, LP, a Texas limited partnership

Project: The Project is a 252-unit multifamily facility to be known as Providence Place II Apartments and to be located at approximately the 3700 block of Quailcreek Road, Denton, Denton County, Texas 76208. The Project will include a total of 8 three-story residential apartment buildings with a total of approximately 254,025 net rentable square feet and an average unit size of approximately 1,008 square feet. The approximate unit mix will consist of:

51	one-bedroom/one-bath units
28	two-bedroom/one-bath units
85	two-bedroom/two-bath units
88	three-bedroom/two-bath units
252	Total Units

Unit sizes will range from approximately 750 square feet to approximately 1,200 square feet.

Project Facilities are expected to include two leasing offices, two swimming pools, and two community buildings with kitchen facilities and television. There will also be one children's playground.

MULTIFAMILY FINANCE PRODUCTION DIVISION

September 16, 2005

Development Information, Public Input and Board Summary

Providence Place II, TDHCA Number 05616

BASIC DEVELOPMENT INFORMATION

Site Address:	3700 block of Quailcreek Road			Development #:	05616
City:	Denton	Region:	3	Population Served:	General/Elderly
County:	Denton	Zip Code:	76208	Allocation:	

HTC Set Asides: ☐ At-Risk ☐ Nonprofit ☐ USDA — HTC Purpose/Activity: NC

HOME Set Asides: ☐ CHDO ☐ Preservation ☐ General

Bond Issuer: TDHCA

HTC Purpose/Activity: NC=New Construction, ACQ=Acquisition, R=Rehabilitation, NC/ACQ=New Construction and Acquisition, NC/R=New Construction and Rehabilitation, ACQ/R=Acquisition and Rehabilitation

OWNER AND DEVELOPMENT TEAM

Owner:	Quail Creek South, LP
	Matt Harris - Phone: (972) 239-8500
Developer:	Provident Realty Development, LP
Housing General Contractor:	PRA Construction, LP
Architect:	GTF Design
Market Analyst:	Butler Burgher, Inc.
Syndicator:	Related Capital Company
Supportive Services:	Launching a Dream
Consultant:	Not Utilized

UNIT/BUILDING INFORMATION

30%	40%	50%	60%	65%	80%
0	0	0	252	0	0

Eff	1 BR	2 BR	3 BR	4 BR
0	51	113	88	0

Type of Building: 5 units or more per bldng

Number of Residential Buildings: 9

Total Restricted Units:	252
Market Rate Units:	0
Owner/Employee Units:	0
Total Development Units:	252
Total Development Cost:	$26,998,425

Note: If Development Cost =$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis	Amort	Term	Rate
9% Housing Tax Credits-Credit Ceiling:	$0	$0	0	0	0.00%
4% Housing Tax Credits with Bonds:	$1,082,319	$1,071,070	0	0	0.00%
Housing Trust Fund Loan Amount:	$0	$0	0	0	0.00%
HOME Fund Loan Amount:	$0	$0	0	0	0.00%
Bond Allocation Amount:	$16,000,000	$16,000,000	40	40	8.00%

TEXAS
DEPARTMENT OF HOUSING
AND COMMUNITY AFFAIRS

MULTIFAMILY FINANCE PRODUCTION DIVISION

September 16, 2005

Development Information, Public Input and Board Summary

Providence Place II, TDHCA Number 05616

PUBLIC COMMENT SUMMARY

Guide: "O" = Oppose, "S" = Support, "N" = Neutral, "NC" or Blank = No comment

State/Federal Officials with Jurisdiction:

TX Senator: Estes, District 30 NC Points: 0 US Representative: Burgess, District 26, NC

TX Representative: Crownover, District 64 NC Points: 0 US Senator: NC

Local Officials and Other Public Officials:

Mayor/Judge: Euline Brock, City of Denton Mayor - O

Resolution of Support from Local Government ✔

Pete Kamp, Denton City Council - O

Barbara Ross, Community Development Administrator; The development is consistent with the City of Denton's Consolidated Plan.

Curtis Paul Ramsey, DISD Board of Trustees President - O

Individuals/Businesses: In Support: **0** In Opposition: **0**

Neighborhood Input:

General Summary of Comment:

Public Hearing:
Number that attended: 15
Number in support: 10
Number in Opposition: 4
Number neutral: 1
umber that spoke: 13

CONDITIONS OF COMMITMENT

Per §49.12(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”).”

Receipt, review, and acceptance of documentation, as necessary in the future, ensuring thr proposed development will not violate Fair Housing laws.

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.

MULTIFAMILY FINANCE PRODUCTION DIVISION

September 16, 2005

Development Information, Public Input and Board Summary

Providence Place II, TDHCA Number 05616

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

9% HTC Competitive Cycle: ☐ Score: ☐ Meeting a Required Set-Aside Credit Amount: $0

Recommendation:

HOME Loan: Loan Amount: $0

Recommendation:

Housing Trust Fund Loan: ☐ Meeting a Required Set-Aside Loan Amount: $0

Recommendation:

4% Housing Tax Credits with Bond Issuance: Credit Amount: $1,071,070

Recommendation: Recommend approval of a housing tax credit allocation not to exceed $1,071,070 annually for ten years

Private Activity Bond Issuance with TDHCA: Bond Amount: $16,000,000

Recommendation: Recommend approval of issuance of $15,000,000 in tax-exempt mortgage revenue bonds with a fixed interest rate of 5.50% and a repayment term of 40 years with a 40-year amortization period and $1,000,000 in taxable mortgage revenue bonds with a fixed interest rate of 8% and priority repayment term of 40 years with a 40-year amortization period, subject to conditions.

Providence Place II Apartments

Estimated Sources & Uses of Funds

Sources of Funds	
Series 2005A Tax-Exempt Bond Proceeds	$ 15,000,000
Series 2005B Taxable Bond Proceeds	$ 1,000,000
Tax Credit Proceeds	9,181,000
Deferred Developer's Fee	1,283,035
Estimated Interest Earning	260,618
Total Sources	$ 26,724,653

Uses of Funds	
Acquisition and Site Work Costs	$ 3,425,940
Direct Hard Construction Costs	12,684,475
Other Construction Costs (General Require, Overhead, Profit)	2,914,643
Indirect Construction Costs	1,728,100
Developer Fees	2,919,483
Direct Bond Related (feeds in from below)	268,550
Bond Purchaser Costs (feeds in from below)	2,293,450
Other Transaction Costs (feeds in from below)	189,512
Real Estate Closing Costs (feeds in from below)	300,500
Total Uses	$ 26,724,653

Estimated Costs of Issuance of the Bonds

Direct Bond Related	
TDHCA Issuance Fee (.50% of Issuance)	$ 80,000
TDHCA Application Fee	11,000
TDHCA Bond Compliance Fee ($25 per unit)	6,300
TDHCA Bond Administration Fee (2 years)	32,000
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
Trustee Fee	10,000
Trustee's Counsel (Note 1)	5,000
Attorney General Transcript Fee (*)	10,500
Texas Bond Review Board Application Fee	5,000
Texas Bond Review Board Issuance Fee (.025% of Reservation)	3,750
TEFRA Hearing Publication Expenses	2,500
Total Direct Bond Related	$ 268,550

Providence Place II Apartments

Bond Purchase Costs	
CharterMac Origination	132,500
CharterMac Servicing and Guarantee	160,000
CharterMac Legal	47,500
Construction Interest	1,810,000
Miscellaneous Legal	143,450
Total Bond Purchase Costs	$ 2,293,450

Other Transaction Costs	
Tax Credit Application and Determination Fees	64,512
Marketing and Lease-up Reserves	125,000
Total Other Transaction Costs	$ 189,512

Real Estate Closing Costs	
Title & Recording (Const.& Perm.)	140,500
Property Taxes and Insurance	160,000
Total Real Estate Costs	$ 300,500
Estimated Total Costs of Issuance	$ 3,052,012

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.

(*) Lesser of 1/10 of 1% of the total isuance per series or $9,500

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS

MULTIFAMILY UNDERWRITING ANALYSIS

DATE:	September 8, 2005	**PROGRAM:**	4% HTC MFB	**FILE NUMBER:**	05616

DEVELOPMENT NAME

Providence Place II Apartments

APPLICANT

Name:	Quail Creek South, LP	**Type:**	For-profit		
Address:	975 One Lincoln Center, 5400 LBJ Freeway	**City:**	Dallas	**State:**	TX
Zip:	75240 **Contact:** Doug Backes	**Phone:**	(972) 239-8500	**Fax:**	(972) 239-8373

PRINCIPALS of the APPLICANT/ KEY PARTICIPANTS

Name:	Quail Creek South GP, LLC	**(%):**	.01%	**Title:**	Managing General Partner
Name:	Leon Backes	**(%):**	N/A	**Title:**	79% owner of GP
Name:	Provident Realty Development, LP	**(%):**	N/A	**Title:**	Developer
Name:	Matt Harris	**(%):**	N/A	**Title:**	21% owner of GP

PROPERTY LOCATION

Location:	3700 block of Quailcreek Road	☐ **QCT**	☐ **DDA**		
City:	Denton	**County:**	Denton	**Zip:**	76208

REQUEST

Amount	Interest Rate	Amortization	Term
1) $1,082,319	N/A	N/A	N/A
2) $15,000,000	5.5%	40 yrs	40 yrs
2) $1,000,000	8%	40 yrs	40 yrs

Other Requested Terms:
1) Annual ten-year allocation of housing tax credits
2) Tax-exempt Private Activity Mortgage Revenue Bonds
3) Taxable Bonds (repaid with priority)

Proposed Use of Funds: New construction **Property Type:** Multifamily

Special Purpose (s): Mixed Population: General Population, Elderly

RECOMMENDATION

☒ RECOMMEND APPROVAL OF ISSUANCE OF $15,000,000 IN TAX-EXEMPT MORTGAGE REVENUE BONDS WITH A FIXED INTEREST RATE OF 5.5% AND REPAYMENT TERM OF 40 YEARS WITH A 40-YEAR AMORTIZATION PERIOD AND $1,000,000 IN TAXABLE MORTGAGE REVENUE BONDS WITH A FIXED INTEREST RATE OF 8% AND PRIORITY REPAYMENT TERM OF 40 YEARS WITH A 40-YEAR AMORTIZATION PERIOD

☒ RECOMMEND APPROVAL OF A HOUSING TAX CREDIT ALLOCATION NOT TO EXCEED $1,071,070 ANNUALLY FOR TEN YEARS.

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTIFAMILY UNDERWRITING ANALYSIS

CONDITIONS

1. Receipt, review and acceptance of documentation, as necessary in the future, ensuring the proposed development will not violate Fair Housing laws.
2. 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.

DEVELOPMENT SPECIFICATIONS

IMPROVEMENTS

Total Units: 252 **# Rental Buildings** 9 **# Non-Res. Buildings** 2 **# of Floors** 3 **Age:** N/A yrs **Vacant:** N/A at / /

Net Rentable SF: 254,025 **Av Un SF:** 1,008 **Common Area SF:** 4,616 **Gross Bldg SF:** 258,641

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: 10% stone veneer, 80% stucco, and 10% cement fiber siding. The interior wall surfaces will be drywall and the pitched roof will be finished with composite shingles.

APPLIANCES AND INTERIOR FEATURES

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

ONSITE AMENITIES

Two community buildings will be provided for this development to serve each community separately. The family community building will be 1,850 square foot and will include an activity room, management offices, fitness, maintenance, & laundry facilities, a kitchen, restrooms, a business center, & a central mailroom. Another 2,766 community building will be provided for seniors and will include a multi-purpose room, fitness center, a kitchen, management and leasing office, a beauty shop, library and technology center, a beauty shop, a coffee shop, restrooms, and a workroom. The community buildings featuring their own swimming pool and gazebo are located on opposite sides of the property to service their corresponding residents.

Uncovered Parking: 267 spaces **Carports:** 0 spaces **Garages:** 0 spaces

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

<u>Description</u>: Providence Place II Apartments is a 15-unit per acre new construction development of 252 units of affordable intergenerational housing located in southeast Denton. The development will be comprised of one large elevator served 3-story seniors building and eight 3-story family buildings as follows:

- Two Building Type A with four one-bedroom/one-bath units, ten two-bedroom/two-bath units, and two three-bedroom/two-bath units;
- Three Building Type B with 12 two-bedroom/two-bath units, and eight three-bedroom/two-bath units;
- Three Building Type C with 20 three-bedroom/two-bath units; and
- One Seniors Building with 43 one-bedroom/one-bath units, 27 two-bedroom/one-bath units, and 30 two-bedroom/two-bath units.

The split targeting of senior households and family households raises questions regarding Fair Housing. A development cannot be restricted in part to serving the seniors population unless 80% or more of the units are set-aside for senior households. The Applicant proposes to develop two separate facilities with separate names, entrances, amenity facilities, security fencing and leasing offices. Providence Mockingbird (#05613) is structured similarly and was approved for funding by the Board in July 2005 and Providence Marine Creek in Fort Worth is another similarly structured development currently being proposed. The Department recently adopted draft rules to regulate intergenerational properties in the proposed 2006 QAP. While these rules have not been approved in final form and this application is not technically required to follow these new rules; the Applicant has agreed to follow them and any other restrictions required to comply with Fair Housing laws. Since intergenerational housing is a relatively new and untested concept in housing, no conclusive documentation exists guaranteeing this proposal will avoid violation of Fair Housing laws. Receipt, review and acceptance of documentation, as necessary in the future, ensuring the proposed development will not violate Fair Housing laws is a condition of this report.

Architectural Review: The building and unit plans are of good design, sufficient size and are comparable to other modern apartment developments. They appear to provide acceptable access and storage. The elevations reflect attractive buildings with nice fenestration.

SITE ISSUES

SITE DESCRIPTION

Size: 16.364 acres 712,816 square feet **Flood Zone Designation:** Zone X

Zoning: RCR-1 (Regional Center Residential 1)

SITE and NEIGHBORHOOD CHARACTERISTICS

Location: Denton is located in the northern region of the state, approximately 34 miles north from Dallas in Dallas County. The site is an irregularly-shaped parcel located in the southeastern area of Denton, approximately three miles from the central business district. The site is divided in half by Quail Creek Road.

Adjacent Land Uses:

- **North:** Hudsonwood Drive immediately adjacent and Phase I of Providence Place Apartments beyond;
- **South:** A hiking trail immediately adjacent and undeveloped land beyond;
- **East:** A ranch immediately adjacent and Mayhill Road beyond; and
- **West:** An abandoned railroad track immediately adjacent and undeveloped land beyond.

Site Access: Access to the property is from the east or west along Hudson Drive or the north or south from Mayhill Road by way of Stockridge Road. The development is to have two main entries, one from the north from Hudson Drive and one from the east from Quail Creek Road. Access to Interstate Highway 35 is one-half mile southwest, which provides connections to all other major roads serving the Denton area.

Public Transportation: Public transportation to the area is provided by the Denton County Transportation Authority (DCTA). The Denton Link provides bus service in the City of Denton with stops along Loop 288. The nearest public transportation stop is ½ mile from the site.

Shopping & Services: The site is within ½ mile of shopping facilities and a variety of other retail establishments and restaurants. Schools, churches, and hospitals and health care facilities are located within a short driving distance from the site.

Special Adverse Site Characteristics: There are no issues that have been identified as potentially bearing on the viability of the site for the proposed development.

Site Inspection Findings: TDHCA staff performed a site inspection on August 2, 2005, and found the location to be acceptable for the proposed development. The inspector noted the site "is surrounded by a regional medical facility that is undergoing expansion, major retail facilities, and a regional shopping mall. There is an operational train track adjacent to the site however it is not in use at this time.

HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)

A Phase I Environmental Site Assessment report dated July 6, 2005, was prepared by Butler Burgher Environmental, LLC and contained the following findings and recommendations:

Findings and Conclusions: "This assessment identified no evidence of Recognized Environmental Conditions (RECs) in connection with the property." (pp. i, 11)

Recommendations: none

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 2 private activity bond lottery project 100% of the units must have rents restricted to be affordable to households at or below 60% of AMGI. 100 of the units (40% of the total) will be reserved for elderly tenants, and 152 of the units (60% of the total) will be reserved for family tenants. All 252 of the units (100%) will be reserved for households earning 60% or less of AMGI.

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 July 11, 2005 was prepared by Butler Burgher, Inc. ("Market Analyst") and highlighted the following findings:

Definition of Primary Market Area (PMA): "The Primary Market Area is defined as the City of Denton as this area approximates the draw area for the subject Senior and Family units." (p. 57). This area encompasses approximately 80 square miles and is equivalent to a circle with a radius of five miles.

Population: The estimated 2005 senior population of the PMA was 14,192 and is expected to increase by 38% to approximately 19,516 by 2010. Within the primary market area there were estimated to be 8,265 senior households in 2005. The estimated 2005 family population of the PMA was 97,487 and is expected to increase by 19% to approximately 116,027 by 2010. Within the primary market area there were estimated to be 37,811 family households in 2005.

Total Primary Market Demand for Rental Units: The Market Analyst calculated a total senior demand of 174 qualified households in the PMA, based on the current estimate of 8,265 senior households, the projected annual growth rate of 7.1%, renter households estimated at 25.9% of the population, income-qualified households estimated at 16.4%, and an annual renter turnover rate of 35%. (p. 6). The Market Analyst used an income band for seniors of $22,440 to $35,940. The Market Analyst calculated a total demand of 3,174 qualified family households in the PMA, based on the current estimate of 37,811 households, the projected annual growth rate of 4.1%, renter households estimated at 57.3% of the population, income-qualified households estimated at 19.9%, and an annual renter turnover rate of 65.6%. (p. 9). The Market Analyst used an income band of $25,646 to $43,080 for family households.

ANNUAL INCOME-ELIGIBLE SENIOR SUBMARKET DEMAND SUMMARY				
	Market Analyst		Underwriter	
Type of Demand	Units of Demand	% of Total Demand	Units of Demand	% of Total Demand
Household Growth	51	29%	26	13%
Resident Turnover	123	71%	172	87%
TOTAL ANNUAL DEMAND	**174**	**100%**	**198**	**100%**

Ref: p. 6

ANNUAL INCOME-ELIGIBLE FAMILY SUBMARKET DEMAND SUMMARY				
	Market Analyst		Underwriter	
Type of Demand	Units of Demand	% of Total Demand	Units of Demand	% of Total Demand
Household Growth	354	11%	339	11%
Resident Turnover	2,820	89%	2,781	89%
TOTAL ANNUAL DEMAND	**3,174**	**100%**	**3,120**	**100%**

Ref: p. 9

Inclusive Capture Rate Senior: The Market Analyst calculated an elderly inclusive capture rate of 57.5% based upon 174 units of demand and 100 unstabilized affordable housing in the PMA (including the subject).

comparable affordable units of 100 divided by a revised demand of 198. The inclusive capture rate for units targeting seniors can be as high as 100% under current Department guidelines.

Inclusive Capture Rate Family: The Market Analyst calculated a family inclusive capture rate of 16.9% based upon 3,174 units of demand and 536 units of unstabilized affordable housing in the PMA (including the subject and 120 of 150 units at 04151 Renaissance Courts; 224 units at 04602 Tower Ridge Apartments; and, 40 of 264 units at 02474 Providence Place I, fka Quail Creek North. The Market Analyst included only the units at Providence Place I that are currently vacant rather than considering all of the units unstabilized as required by the Department's guidelines for the inclusive capture rate calculation. The Underwriter calculated an inclusive capture rate of 24.4% based upon a revised supply of unstabilized comparable affordable units of 760 divided by a revised demand of 3,120. The Underwriter included all 264 units at Providence Place I in the supply of unstabilized units.

Local Housing Authority Waiting List Information: "The subject's primary market area is served by the Denton Housing Authority. The DHA reports an extended waiting list for Housing Choice Vouchers and public housing units." (p. 87).

Market Rent Comparables: The Market Analyst surveyed 13 comparable apartment projects totaling 3,150 units in the market area. (p. 100).

RENT ANALYSIS (net tenant-paid rents)					
Unit Type (% AMI)	**Proposed**	**Program Max**	**Differential**	**Est. Market**	**Differential**
1-Bedroom (60%)	$690	$690	-$0	$715	-$25
2-Bedroom (60%)	$808	$810	-$2	$885	-$77
3-Bedroom (60%)	$920	$920	-$0	$1,175	-$255

(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: "This defined primary market area has a limited supply of senior-restricted, multi-family rental units (274 units in two complexes) and 1,066 units for families in the HTC program. Pecan Place (96% occupied) and Primrose at Sequoia Park (99% occupied) are both HTC, senior communities. The family communities are reporting occupancy figures from 79% to 94% with faltering occupancy at some of the affordable properties that have inferior locations. However, the adjacent Providence Place is 96% occupied with a waiting list for two bedroom units and no concessions after a strong lease-up period" (p. 3). "The quality and location of the subject will enable the property to charge the maximum allowable rents while maintaining occupancy levels in the mid 90% range" (p. 5). "Year ending 1st Quarter 2005 occupancy registered at 89.6% for the D/FW region, which was a decrease of 0.2 points over March 2004 figure. The Dallas metropolitan area's 1st Quarter occupancy registered at 89.9%, while the Fort Worth metropolitan area registered a bit less at 88.6%. The occupancy performance in Dallas was helped by properties removed from the rent pool by demolition or condo conversions, estimated at about 1,500 units over the past year, holding inventory growth below the volume indicated by actual completions" (p. 39).

Absorption Projections: "The net absorption of 590 units during the 1st Quarter 2005 placed the Denton submarket as the number five ranked apartment demand leader in the metroplex. Forecast absorption for the 1st Quarter 2006 is 310 units for the coming year, slightly slowing the pace of new construction. The new supply scheduled to come on line over the next year is expected to be essentially absorbed with a slight increase in occupancy expected by the 1st Quarter 2005 according to M/PF" (p. 3). "Submarket absorption has been positive over the past two years and is expected to continue in this trend over the next month and to exceed new completions in the next 12 months" (p. 84). " The surveyed senior product shows strong demand and positive absorption while the family units have experienced slightly slower absorption and lower occupancy rates due to a greater variety of options" (p. 87). "An absorption rate of 18 to 22 units/month is reasonable for the subject, as encumbered by HTC, considering the location on a primary roadway in southeast Denton. The development will serve the existing residential base in the PMA as the residents age and some in-migration will occur as seniors and families move into the PMA to reside in new affordable units. The absorption rate will result in a 7-month absorption period from date of completion to obtain stabilized physical occupancy" (p. 99).

Known Planned Development: "No additional senior affordable units are proposed in the PMA" (p. 93).

The Market Analyst identified 264 unstabilized family units at Providence Place I. In addition, "Renaissance Courts is a redevelopment of a public housing community [120 comparable restricted units] which may be considered as replacement units; however, these were included in order to be conservative as to the number of new HTC units entering the supply" (p. 98)

Effect on Existing Housing Stock: "The addition of the subject units is not expected to significantly 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 percent range" (p. 110).

Market Study Analysis/Conclusions: The Underwriter found the market study provided sufficient information on which to base 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. The Applicant included secondary income of $18.89 per unit but provided insufficient additional substantiation for their estimate. The Applicant utilized an acceptable vacancy and collection loss rate of 7.5%. As a result of the secondary income difference, the Applicant's effective gross income estimate is $11K greater than the Underwriter's estimate.

Expenses: The Applicant's total expense estimate of $4,165 per unit is 8% lower than the Underwriter's database-derived estimate of $4,517 per unit for comparably-sized developments. The Applicant's budget shows two line item estimates, that deviate significantly when compared to the database averages, particularly repairs and maintenance ($29K lower), and property tax ($22K higher).

Conclusion: The Applicant's estimated income is within Department guidelines, but total estimated operating expense is inconsistent with the Underwriter's expectations and the Applicant's net operating income (NOI) estimate is not within 5% of the Underwriter's estimate. Therefore, the Underwriter's NOI will 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 the TDHCA underwriting guidelines of 1.10 to 1.30.

ACQUISITION VALUATION INFORMATION

ASSESSED VALUE

Land: 16.83 acres	$1,129,716	**Assessment for the Year of:**	2005
Land per acre:	$67,125	**Valuation by:**	Denton County Appraisal District
Total prorated assessed value for 16.364 acres:	$1,098,436	**Tax Rate:**	2.72

EVIDENCE of SITE or PROPERTY CONTROL

Type of Site Control:	Commercial Contract of Sale (17.31 acres)		
Contract Expiration Date:	9/ 18/ 2005	**Anticipated Closing Date:**	10/ 1/ 2005
Acquisition Cost:	$1,574,532	**Other Terms/Conditions:**	
Seller:	Que & Brenda Brittian, The Jeske Living Trust	**Related to Development Team Member:**	No

CONSTRUCTION COST ESTIMATE EVALUATION

Acquisition Value: The site cost of $1,574,532 ($2.09/SF, $90,961/acre, or $6,248/unit) is substantiated by the tax assessed value of $1,098,436. The acquisition price is assumed to be reasonable since the acquisition is an arm's-length transaction.

Sitework Cost: The Applicant's claimed sitework costs of $7,495 per unit are within the Department's allowable guidelines for multifamily developments without requiring additional justifying documentation.

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

Fees: The Applicant's contractor general requirements, contractor general and administrative fees, and contractor profit all exceed the 6%, 2%, and 6% maximums allowed by HTC guidelines by $7,000 based on their own construction costs. Consequently the Applicant's eligible fees in these areas have been reduced by the same amount with the overage effectively moved to ineligible costs. The Applicant's developer fees also exceed 15% of the Applicant's adjusted eligible basis by $23,285 and therefore the eligible portion of the Applicant's developer fee must be reduced by the same amount. Eligible contingency is also overstated by the Applicant in the amount of $148,232.

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 $23,339,938 results in tax credits of $1,071,070 annually. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation.

FINANCING STRUCTURE

INTERIM TO PERMANENT BOND FINANCING

Source: Charter Mac **Contact:** Jim Spound

Tax-Exempt Amount: $15,000,000 **Interest Rate:** 5.5%

Taxable Amount: $1,000,000 **Interest Rate:** 8.0%

Additional Information: Blended rate: 5.55%;

Amortization: 40 yrs **Term:** 40 yrs **Commitment:** ☒ LOI ☐ Firm ☐ Conditional

Annual Payment: $1,083,922 **Lien Priority:** 1 **Date:** 7/ 14/ 2005

TAX CREDIT SYNDICATION

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

Net Proceeds: $9,181,000 **Net Syndication Rate (per $1.00 of 10-yr HTC)** 92¢

Commitment: ☒ LOI ☐ Firm ☒ Conditional **Date:** 7/ 18/ 2005

Additional Information: This level of net proceeds is consistent with the syndication commitment provided, however more eligible basis is available and as such more credits are recommended since the commitment allows for an increase in credits at 92 cents per dollar.

APPLICANT EQUITY

Amount: $1,206,430 **Source:** Deferred Developer Fee

FINANCING STRUCTURE ANALYSIS

Interim to Permanent Bond Financing: The tax-exempt bonds are to be issued by TDHCA and purchased by Charter Mac. The permanent financing commitment is inconsistent with the terms reflected in the sources and uses of funds listed in the application, but is the latest version supplied by the applicant.

HTC Syndication: The tax credit syndication commitment is also inconsistent with the terms reflected in the sources and uses of funds listed in the application. In particular, the syndication proceeds are $9,181,000 in the latest syndication commitment, and $9,431,745 in the application's sources and uses.

Deferred Developer's Fees: The Applicant's proposed deferred developer's fees of $1,206,430 amount to 40% of the total fees.

Financing Conclusions: Based on the Applicant's estimate of eligible basis, the HTC allocation should not exceed $1,071,070 annually for ten years, resulting in syndication proceeds of approximately $9,853,842. Based on the underwriting analysis, the Applicant's deferred developer fee will be increased to $1,144,583, which represents approximately 38% of the eligible fee and which should be repayable from cash flow within five 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 Management firm are all related entities. These are common relationships for HTC-funded developments.

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

Financial Highlights:

- The Applicant, Operating Partnership, and General Partner are single-purpose entities created for the purpose of receiving assistance from TDHCA and therefore have no material financial statements.
- The principals of the General Partner, Leon Backes and Matt Harris, submitted unaudited financial statements as of March 3, 2005 and February 9, 2005 respectively, and are anticipated to be guarantors of the development.

Background & Experience: Multifamily Production Finance Staff have verified that the Department's experience requirements have been met and Portfolio Management and Compliance staff will ensure that the proposed owners have an acceptable record of previous participation.

SUMMARY OF SALIENT RISKS AND ISSUES

- A Fair Housing concern exists regarding the dual populations targeted.
- The Applicant's operating expenses and operating proforma are more than 5% outside of the Underwriter's verifiable ranges.
- The Applicant's direct construction costs differ from the Underwriter's *Marshall and Swift*-based estimate by more than 5%.
- The development would need to capture a majority of the projected market area for the senior portion of demand (i.e., capture rate exceeds 50%).

Underwriter:	*Phillip Drake*	**Date:**	September 8, 2005
Director of Real Estate Analysis:	*Tom Gouris*	**Date:**	September 8, 2005

MULTIFAMILY COMPARATIVE ANALYSIS

(Providence Place II Apartments, Denton, 4% HTC, & #05616)

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%	43	1	1	750	$748	$690	$29,670	$0.92	$57.64	$47.06
TC 60%	8	1	1	750	748	$690	5,520	0.92	57.64	47.06
TC 60%	28	2	1	975	898	$808	22,624	0.83	88.29	65.28
TC 60%	57	2	2	975	898	808	46,056	0.83	88.29	65.28
TC 60%	28	2	2	975	898	808	22,624	0.83	88.29	65.28
TC 60%	88	3	2	1,200	1,037	920	80,960	0.77	116.95	73.64
TOTAL:	252		AVERAGE:	1,008	$916	$823	$207,454	$0.82	$92.10	$64.51

					TDHCA	APPLICANT			
INCOME		Total Net Rentable Sq Ft:	254,025					Comptroller's Region	3
POTENTIAL GROSS RENT					$2,489,448	$2,489,448		IREM Region	Dallas
Secondary Income			Per Unit Per Month:	$15.00	45,360	57,120	$18.89	Per Unit Per Month	
Other Support Income:					0				
POTENTIAL GROSS INCOME					$2,534,808	$2,546,568			
Vacancy & Collection Loss		% of Potential Gross Income:		-7.50%	(190,111)	(190,992)	-7.50%	of Potential Gross Rent	
Employee or Other Non-Rental Units or Concessions					0				
EFFECTIVE GROSS INCOME					$2,344,697	$2,355,576			
EXPENSES		% OF EGI	PER UNIT	PER SQ FT			PER SQ FT	PER UNIT	% OF EGI
General & Administrative		4.51%	$420	0.42	$105,835	$96,604	$0.38	$383	4.10%
Management		5.00%	465	0.46	117,235	117,779	0.46	467	5.00%
Payroll & Payroll Tax		11.18%	1,040	1.03	262,152	237,148	0.93	941	10.07%
Repairs & Maintenance		5.34%	497	0.49	125,296	96,160	0.38	382	4.08%
Utilities		2.97%	276	0.27	69,624	49,140	0.19	195	2.09%
Water, Sewer, & Trash		4.72%	439	0.44	110,620	93,600	0.37	371	3.97%
Property Insurance		2.71%	252	0.25	63,506	56,700	0.22	225	2.41%
Property Tax	2.72	8.73%	812	0.81	204,577	226,800	0.89	900	9.63%
Reserve for Replacements		2.15%	200	0.20	50,400	50,400	0.20	200	2.14%
Other: compl fees		1.24%	115	0.11	28,980	25,200	0.10	100	1.07%
TOTAL EXPENSES		48.54%	$4,517	$4.48	$1,138,226	$1,049,531	$4.13	$4,165	44.56%
NET OPERATING INC		51.46%	$4,788	$4.75	$1,206,471	$1,306,045	$5.14	$5,183	55.44%
DEBT SERVICE									
First Lien Mortgage		39.60%	$3,684	$3.65	$928,387	$1,083,922	$4.27	$4,301	46.02%
Additional Financing		3.56%	$331	$0.33	83,437		$0.00	$0	0.00%
Trustee Fee		0.15%	$14	$0.01	3,500		$0.00	$0	0.00%
TDHCA Admin. Fees		0.64%	$60	$0.06	15,000		$0.00	$0	0.00%
Asset Oversight Fees		0.27%	$25	$0.02	6,300		$0.00	$0	0.00%
NET CASH FLOW		8.03%	$747	$0.74	$188,347	$222,123	$0.87	$881	9.43%
AGGREGATE DEBT COVERAGE RATIO					1.18	1.20			
RECOMMENDED DEBT COVERAGE RATIO					1.18				

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		6.09%	$6,248	$6.20	$1,574,532	$1,574,532	$6.20	$6,248	5.83%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		7.31%	7,495	7.44	1,888,739	1,888,739	7.44	7,495	7.00%
Direct Construction		46.13%	47,318	46.94	11,924,196	12,634,474	49.74	50,137	46.80%
Contingency	5.00%	2.67%	2,741	2.72	690,647	874,393	3.44	3,470	3.24%
General Req'ts	6.00%	3.21%	3,289	3.26	828,776	874,393	3.44	3,470	3.24%
Contractor's G & A	2.00%	1.07%	1,096	1.09	276,259	291,464	1.15	1,157	1.08%
Contractor's Profit	6.00%	3.21%	3,289	3.26	828,776	874,393	3.44	3,470	3.24%
Indirect Construction		7.01%	7,193	7.14	1,812,600	1,812,600	7.14	7,193	6.71%
Ineligible Costs		5.35%	5,486	5.44	1,382,351	1,382,351	5.44	5,486	5.12%
Developer's G & A	2.00%	1.50%	1,544	1.53	389,007		0.00	0	0.00%
Developer's Profit	13.00%	9.78%	10,034	9.95	2,528,548	3,067,625	12.08	12,173	11.36%
Interim Financing		4.64%	4,763	4.73	1,200,375	1,200,375	4.73	4,763	4.45%
Reserves		2.02%	2,076	2.06	523,086	523,086	2.06	2,076	1.94%
TOTAL COST		100.00%	$102,571	$101.75	$25,847,892	$26,998,425	$106.28	$107,137	100.00%
Recap-Hard Construction Costs		*63.59%*	***$65,228***	***$64.71***	***$16,437,393***	***$17,437,856***	***$68.65***	***$69,198***	*64.59%*

SOURCES OF FUNDS

						RECOMMENDED		
First Lien Mortgage	58.03%	$59,524	$59.05	$15,000,000	$15,000,000	$16,000,000	Developer Fee Available	
Additional Financing	3.87%	$3,968	$3.94	1,000,000	1,000,000	0	$3,044,340	
HTC Syndication Proceeds	35.52%	$36,433	$36.14	9,181,000	9,181,000	9,853,842	% of Dev. Fee Deferred	
Deferred Developer Fees	4.67%	$4,787	$4.75	1,206,430	1,206,430	1,144,583	38%	
Additional (Excess) Funds Req'd	-2.09%	($2,141)	($2.12)	(539,538)	610,995	0	15-Yr Cumulative Cash Flow	
TOTAL SOURCES				$25,847,892	$26,998,425	$26,998,425	$5,529,709	

MULTIFAMILY COMPARATIVE ANALYSIS (continued)

(Providence Place II Apartments, Denton, 4% HTC, & #05616)

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook

Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$ 43.00	$10,923,466
Adjustments				
Exterior Wall Finish	0.80%		$0.34	$87,388
Elderly/9-Ft. Ceilings	6.00%		2.58	655,408
Roofing			0.00	0
Subfloor			(0.73)	(185,493)
Floor Cover			2.00	508,050
Porches/Balconies	$18.33	59,474	4.29	1,090,357
Plumbing	$605	546	1.30	330,330
Built-In Appliances	$1,650	252	1.64	415,800
Stairs/Fireplaces	$1,475	64	0.37	94,400
Enclosed Corridors	$33.08		0.00	0
Heating/Cooling			1.53	388,658
Garages/Carports		0	0.00	0
Comm &/or Aux Bldgs	$60.46	4,616	1.10	279,088
Other: elevators	$46,500.00	2	0.37	93,000
SUBTOTAL			57.79	14,680,451
Current Cost Multiplier	1.12		6.93	1,761,654
Local Multiplier	0.88		(6.93)	(1,761,654)
TOTAL DIRECT CONSTRUCTION COSTS			$57.79	$14,680,451
Plans, specs, survy, bld prm	3.90%		($2.25)	($572,538)
Interim Construction Interes	3.38%		(1.95)	(495,465)
Contractor's OH & Profit	11.50%		(6.65)	(1,688,252)
NET DIRECT CONSTRUCTION COSTS			$46.94	$11,924,196

PAYMENT COMPUTATION

Primary	$15,000,000	Amort	480
Int Rate	5.50%	DCR	1.30

Secondary	$1,000,000	Amort	480
Int Rate	8.00%	Subtotal DCR	1.19

Additional	$9,181,000	Amort	
Int Rate		Aggregate DCR	1.18

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	$996,297
Secondary Debt Service	24,800
Additional Debt Service	0
NET CASH FLOW	$185,374

Primary	$16,000,000	Amort	480
Int Rate	5.55%	DCR	1.21

Secondary		Amort	480
Int Rate		Subtotal DCR	1.18

Additional	$9,181,000	Amort	0
Int Rate	0.00%	Aggregate DCR	1.18

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

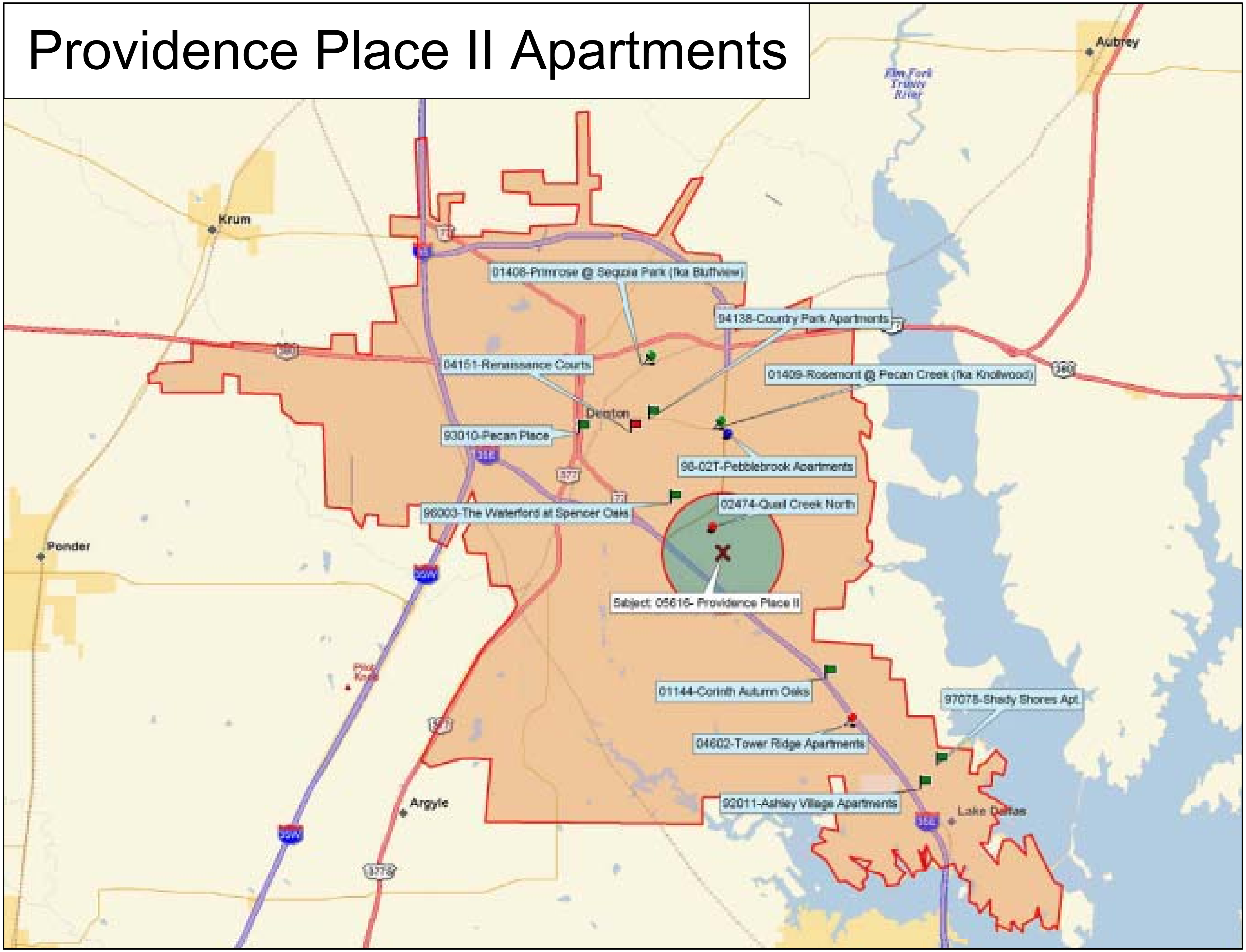
INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$2,489,448	$2,564,131	$2,641,055	$2,720,287	$2,801,896	$3,248,165	$3,765,513	$4,365,262	$5,866,547
Secondary Income	45,360	46,721	48,122	49,566	51,053	59,185	68,611	79,539	106,894
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	2,534,808	2,610,852	2,689,178	2,769,853	2,852,949	3,307,350	3,834,125	4,444,801	5,973,441
Vacancy & Collection Loss	(190,111)	(195,814)	(201,688)	(207,739)	(213,971)	(248,051)	(287,559)	(333,360)	(448,008)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$2,344,697	$2,415,038	$2,487,489	$2,562,114	$2,638,978	$3,059,298	$3,546,565	$4,111,441	$5,525,433
EXPENSES at 4.00%									
General & Administrative	$105,835	$110,069	$114,472	$119,050	$123,812	$150,637	$183,273	$222,979	$330,064
Management	117,235	120,752	124,374	128,106	131,949	152,965	177,328	205,572	276,272
Payroll & Payroll Tax	262,152	272,639	283,544	294,886	306,681	373,125	453,963	552,316	817,562
Repairs & Maintenance	125,296	130,307	135,520	140,940	146,578	178,335	216,971	263,979	390,753
Utilities	69,624	72,409	75,305	78,318	81,450	99,097	120,566	146,687	217,133
Water, Sewer & Trash	110,620	115,045	119,647	124,433	129,410	157,447	191,558	233,060	344,986
Insurance	63,506	66,047	68,688	71,436	74,293	90,389	109,972	133,798	198,054
Property Tax	204,577	212,761	221,271	230,122	239,327	291,178	354,262	431,014	638,006
Reserve for Replacements	50,400	52,416	54,513	56,693	58,961	71,735	87,276	106,185	157,180
Other	28,980	30,139	31,345	32,599	33,903	41,248	50,184	61,056	90,379
TOTAL EXPENSES	$1,138,226	$1,182,583	$1,228,679	$1,276,582	$1,326,364	$1,606,154	$1,945,355	$2,356,647	$3,460,388
NET OPERATING INCOME	$1,206,471	$1,232,455	$1,258,811	$1,285,532	$1,312,613	$1,453,144	$1,601,210	$1,754,794	$2,065,045
DEBT SERVICE									
First Lien Financing	$996,297	$996,297	$996,297	$996,297	$996,297	$996,297	$996,297	$996,297	$996,297
Second Lien	24,800	24,800	24,800	24,800	24,800	24,800	24,800	24,800	24,800
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	$185,374	$211,358	$237,714	$264,435	$291,516	$432,047	$580,113	$733,697	$1,043,948
DEBT COVERAGE RATIO	1.18	1.21	1.23	1.26	1.29	1.42	1.57	1.72	2.02

LIHTC Allocation Calculation - (Providence Place II Apartments, Denton, 4% HTC, & #05616)

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	$1,574,532	$1,574,532		
Purchase of buildings				
(2) Rehabilitation/New Construction Cost				
On-site work	$1,888,739	$1,888,739	$1,888,739	$1,888,739
Off-site improvements				
(3) Construction Hard Costs				
New structures/rehabilitation hard costs	$12,634,474	$11,924,196	$12,634,474	$11,924,196
(4) Contractor Fees & General Requirements				
Contractor overhead	$291,464	$276,259	$290,464	$276,259
Contractor profit	$874,393	$828,776	$871,393	$828,776
General requirements	$874,393	$828,776	$871,393	$828,776
(5) Contingencies	$874,393	$690,647	$726,161	$690,647
(6) Eligible Indirect Fees	$1,812,600	$1,812,600	$1,812,600	$1,812,600
(7) Eligible Financing Fees	$1,200,375	$1,200,375	$1,200,375	$1,200,375
(8) All Ineligible Costs	$1,382,351	$1,382,351		
(9) Developer Fees			$3,044,340	
Developer overhead		$389,007		$389,007
Developer fee	$3,067,625	$2,528,548		$2,528,548
(10) Development Reserves	$523,086	$523,086		
TOTAL DEVELOPMENT COSTS	$26,998,425	$25,847,892	$23,339,938	$22,367,923

Deduct from Basis:			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
TOTAL ELIGIBLE BASIS		$23,339,938	$22,367,923
High Cost Area Adjustment		130%	130%
TOTAL ADJUSTED BASIS		$30,341,920	$29,078,300
Applicable Fraction		100%	100%
TOTAL QUALIFIED BASIS		$30,341,920	$29,078,300
Applicable Percentage		3.53%	3.53%
TOTAL AMOUNT OF TAX CREDITS		$1,071,070	$1,026,464
Syndication Proceeds	**0.9200**	**$9,853,842**	**$9,443,469**
Total Credits (Eligible Basis Method)		**$1,071,070**	**$1,026,464**
Syndication Proceeds		**$9,853,842**	**$9,443,469**
Requested Credits		**$1,082,319**	
Syndication Proceeds		**$9,957,335**	
Gap of Syndication Proceeds Needed		**$10,998,425**	
Credit Amount		**$1,195,481**	

Providence Place II Apartments



TN
MN (4.9°E)

Scale 1 : 137,500

1" = 2.17 mi Data Zoom 10-5

Applicant Evaluation

Project ID # **05616** Name: **Providence Place Phase II** City: **Denton**

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

Total # of Projects monitored: 2

Projects in Material Noncompliance: **Yes** ☐ **No** ☑

in noncompliance: 0

Projects grouped by score:
- zero to nine: 2
- ten to nineteen: 0
- twenty to twenty-nine: 0

monitored with a score less than thirty: 2

not yet monitored or pending review: 6

Projects not reported in application: Yes ☐ No ☑

# of projects not reported 0

Portfolio Monitoring
- Not applicable ☑
- Review pending ☐
- No unresolved issues ☐
- Unresolved issues found ☐
- Unresolved issues found that warrant disqualification (Comments attached) ☐

Single Audit
- 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) ☐

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

Reviewed by Lucy Trevino Date 9/1/2005

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 8 /30/2005

Single Family Finance Production
- Not applicable ☑
- Review pending ☐
- No unresolved issues ☐
- Unresolved issues found ☐
- Unresolved issues found that warrant disqualification (Comments attached) ☐

Reviewer Paige McGilloway
Date 8 /29/2005

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 EEF
Date 8 /31/2005

Office of Colonia Initiatives
- Not applicable ☐
- Review pending ☐
- No unresolved issues ☐
- Unresolved issues found ☐
- Unresolved issues found that warrant disqualification (Comments attached) ☐

Reviewer
Date

Financial Administration
- No delinquencies found ☑
- Delinquencies found ☐

Reviewer Melissa Whitehead
Date 9 /1 /2005

Executive Director: Edwina Carrington **Executed:** day, September 07, 2005

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Multifamily Finance Production Division

Public Comment Summary

Providence Place II Apartments

Public Hearing

Total Number Attended	15
Total Number Opposed	4
Total Number Supported	10
Total Number Neutral	1
Total Number that Spoke	13

Public Officials Letters Received

Opposition	3
Mayor Brock	
Councilmember Kamp	
DISD Board of Trustees President	
Support	1
City Resolution Approving the Development	

General Public Letters and Emails Received

Opposition	0
Support (Petition)	0

Summary of Public Comment

1. Over concentration of tax credit units in Denton and Denton ISD
2. Stressing the ISD with economically disadvantaged children
3. Property taxes paid will not cover the cost of the children generated
4. It will be a beautiful property
5. Good after-school tutoring and activities
6. City over built with rental and affordable housing
7. Vacancies increasing and rental rates decreasing
8. Economically disadvantaged are stressing the social services in general
9. Current problems in neighborhood with Phase I development
10. Affordable housing has good social programs for residents
11. Do not concentrate the number of affordable units in our community
12. City Council approved a Resolution for the two times per capita ratio
13. Tax credits are not economically viable investments
14. Do not ask one community to bear the burden for the whole state

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

PROVIDENCE PLACE II APARTMENTS

PUBLIC HEARING

Fred Moore High School
815 Cross Timbers
Denton, Texas

August 2, 2005
6:00 p.m.

BEFORE:

ROBBYE MEYER, Manager of Multifamily Finance

I N D E X

P R O C E E D I N G S

MS. MEYER: My name is Robbye Meyer. I'm the manager of Multifamily Finance with the Texas Department of Housing and Community Affairs. I'd like to explain the programs that are involved tonight and what we're actually trying to do.

Then I'm going to do a little brief presentation. The developer is here. He'll also do a brief presentation. Since there's not a lot of people -- I normally do a question and answer session. I'll do it at the beginning.

So if you have any questions that you would like to have answered prior to actually making public comment, I'll take questions before we actually start the comment. I'll do a short little speech that I need to read into the record.

Then I'll start public comment. Hopefully we won't be here all night long, and you can get home and be with your families. This hearing is required by the Internal Revenue Service. However, the Department takes an extra step in notifying the communities and having more public input into the process than normal.

We also not only take comments on the bond issuance, which is required by the IRS code, but we also take comments on the development itself and the concerns of the neighborhood for a particular development going into a specific area.

There are two federal programs that are going to be used with this proposed development. One is the tax-exempt bonds -- private activity bonds -- and also the housing tax credits. The private activity bonds -- both of these programs are programs for investors.

They're incentives for investors to invest in housing for the federal government. It kind of gets HUD out of the picture as much than they used to be. Because of federal cutbacks that's the reason why they have these incentives.

The private activity bonds, the actual incentive or credit to there, is the bond purchaser. They don't have to pay income tax on their investment and the profit that they make on their investment. The housing tax credits are an injection equity into the property.

It is usually your big industrial corporations that buy the tax credits, so they have a credit on their income tax. It reduces their net income for their income tax liabilities. That's the two programs that are in effect.

On the bonds -- a lot of the developers use that program because it has a lower interest rate, and it can actually build a higher quality product. Because of the lower interest rate, it can have a higher bond amount. So therefore they can build a better quality product.

The tax credits allow for the restricted rents that will be placed on the property, so they can charge lower rents to help the lesser fortunate individuals and families within the State of Texas, which is what the Texas Department of Housing's mission is.

By doing that we make a better quality of life for the tenants that will be living in these different properties that we have. Along with the bond and the tax credit program, there's a 30-year compliance period that each development undergoes, that is a financial audit that's done.

They go in and make sure that the income restrictions are being adhered to. They also make sure that the rent restrictions are being adhered to. And they make sure that the physical appearance is up to par, they way it's supposed to be.

On most of the developments that we have, they also have what we call tenant services or social services for their developments. A lot of these have to do with after-school programs. For seniors they have activities for senior citizens that live on the different properties.

This particular property is going to have a component of both of those. You're going to have a senior facility component of the development, and you're also going to have a family part of the development. So we have what's called an intergenerational development with two components.

Therefore you have a respect between younger kids that have an elderly influence. You also have -- the elderly -- they also have children that they can be around -- kind of keep them young and activated. Affordable housing for the Department -- it's not just lower rents.

It's not just a roof over somebody's head. It's a total package deal. It allows them not only the lower rents, but it also affords them a nice, decent place to live. And it also affords them different social services and tenant services that they can take advantage of at no cost to them.

A lot of this has to do with educational programs to better their lives and therefore, hopefully, in the future be a contributing factor to society in itself. Just kind of let you know this isn't a HUD project-based housing.

It's not your Section 8 project-based housing that a lot of people are used to -- the old projects that were built back in the '70s. That's not the type of housing that this is. It's privately owned; it's privately managed. There will be a mortgage on the property.

It's not funds that we're giving to developers to build. The actual incentives are to the investors that actually allow their incomes to be used to build affordable housing. For this particular development, it's Providence Place II Apartments. This is actually a phase II to the first part that's already there.

It will be located at approximately the 3700 block of Quail Creek Road. It will consist of nine residential buildings and one non-residential building. It has 252 units. It has 51 one-bedroom/one-bath units with an average square footage of 750.

It has 28 two-bedroom/one-bath units with an average square footage of 975, 85 two-bedroom/two-bath units with an average square footage of 975, 88 three-bedroom/two-bath units with an average square footage of 1,200.

It's what's called a priority 2 designation. It serve families -- 100 percent of the units will serve families and individuals at 60 percent of the area median income. For the Dallas MSA and this county $65,100 is the median income.

Just to kind of give you an idea -- if you have a family of two -- if you have two elderly people -- their combined income could not be more than $31,920 in order to qualify to live here. A one-bedroom rent will approximately $748.

Two-bedroom rent will be approximately $897, and a three-bedroom rent will be approximately $1,037. 152 of the units will be set aside for the family or general population, and 100 units will be set aside for seniors and elderly.

There is a packet -- this information that I just read off is up here on the table, if you'd like to get a copy of that. Just to let you know that the public comment section, not only for this particular hearing -- if you go home and decide you have additional comments that you would like to make, the comment deadline is 5:00 p.m. on September 2.

We can take your written comments by fax and email. Our information is on the very last page of this form up here. Right now it's tentatively scheduled for our September 16 board meeting for both the housing tax credits and the bond proposal to be in front of the TDHCA board for a decision. I'll repeat those at the end of the process.

Right now I'd like to turn it over to Matt Harris, the developer for this particular development and let him tell you a few more specifics.

MR. HARRIS: Thank you, Robbye. My name is Matt Harris with Provident Realty Advisors, the developer for the Providence Phase II development. I'll start out with a brief overview of the location of it. We're located just north of Colorado Boulevard and just east of Brinker Road, right north of the area -- it's hard to see it from that area, but you all can come up and look at it later.

You've got Denton Regional Medical Center which is going on to an expansion right now. You've got Sally Beauty's Supply headquarters right across Brinker Road. So it's just across the street from the project location, as well as the future site of Home Depot and Super Target, right along Brinker Road.

Then we're about a half-mile from the Wal-Mart and the retail power center up here, anchored by Super Program, Best Buy and Ashman's, then real near by to the Golden Triangle Mall as well. So I just wanted to point out, we're really in the path of the explosion of a lot of retail growth, medical/office expansion, medical development, commercial and all that.

So the critical need for this kind of housing really fits this area very well. Then Robbye did a good job of explaining kind of the overview of the project. I'll just swing over here to the site plan. Phase I is up here at the top. This is the site for Phase II.

We've got on the eastern site here, as Robbye pointed out, is 100 units that will be restricted to seniors that are the age 55 and up. Then you've got 152 units over here on the eastern portion of the property that is two and three-bedroom, and it's not age-restricted -- so of the 252 units, 100 units for the seniors and 152 units for the families.

The seniors have their own set of amenities. We have a club house, a leasing office, a management office up here. We're going to have a seniors activity room, a multipurpose room. There'll be a business center with computers for the programs that we'll have.

We'll have a fitness center in there fully equipped and a lap pool out here. We've got a lot of green space back here for the seniors. Coming over here to the other family section, we'll have a club house for them as well with another amenity area, a playground.

We have a lot of linkages here to the hike and bike trail. We want to take advantage of this. So we've got a lot of focal points and linkages to the hike and bike trail, which will have water fountains and bike racks and kind of unique things that kind of make all that really pedestrian-friendly with connections to that.

So that's kind of an overview of the site plan. By the way this is like 15.2 units to the acre density. Currently we're zoned for 30 units to the acre density. So you could build over 400 units, but we're only building 252 units. I don't know if I mentioned, but it's a 16.4-a acre site.

So that kind of covers -- I'll also mention that the seniors is a three-story building. The family is a combination of two and three-story. There'll be elevators in the senior building. Then as far as amenities -- all the units will be equipped with ceiling fans in the living rooms and bedrooms.

We'll have microwaves. You'll have patios with exterior storage and full washer/dryer connections. Really large-size floor plans here with 1,200 square foot for the three-bedroom, 975 square foot for the two-bedroom and 750 square foot for the one-bedroom.

I think I touched on most of all the other project amenities we're going to have. I mentioned the social service program. I think currently right now in our Phase I development, we have about 30 to 40 kids who are enrolled in our after-school program in Phase I.

I've got some pictures here you can see of the project we did at Phase I which we're pretty proud of. We really wanted to raise the bar on this development and show a lot of high quality -- the exterior stone finishes that we did, the public parking on the streets, and the streets throughout the development. We're going to continue that theme throughout Phase II.

Another thing is this project went before the Denton City Council on June 7. They voted and passed a resolution to approve us to more forward with this project in the development of the phase II. I think that pretty much wraps up the explanation, other than we'd be glad to take any questions you might have.

MS. MEYER: Does anybody have any questions? Yes, sir.

VOICE: You mentioned lots of openings in the tracks and trails. That's been designated as the new rail system for the PCTA. So you're going to have trains running up and down that relatively soon. Have you all planned for that?

MR. HARRIS: We've heard that there is plans for that to open up at a rail system. Our understanding is they're going to keep the hike and bike trail on the north side of the trail.

VOICE: But what I was getting at you mentioned with all the kids after school -- with that many kids and a train running up and down there -- have you all got plans yet for what you're going to keep them in your property?

MR. HARRIS: The question was, are we going to allow for the future development of that rail line as an operational train system. Yes, we would definitely -- as that comes on line and develops, we would put up whatever measures we need to as far as enclosure, fencing off or making that as safe as possible.

We would like to connect to the trail as long as it stays existing.

MS. MEYER: Yes, sir.

VOICE: Would you repeat for me how many students you current have in Phase I and what you anticipate coming from Phase II?

MR. HARRIS: Yes. The question is how many kids we currently have at Phase I and how many we expect to come on line at Phase II. I don't know the exact number of kids we have living at Phase I. I do know in our after-school program -- our launching a dream does an after-school program.

We have like -- I'm told -- 30 to 40 kids that enroll in that and participate in that program. I don't know the exact number we have in Phase I. But I would expect in Phase II we'll have a lot less, being that about 40 percent is for seniors age 55 and above.

MS. MEYER: Any other questions? Yes, sir.

VOICE: This might not be -- mortgage foreclosures in Texas is at all-time high. What happens if they default? Does the state take it over and it may become Section 9 or --

MS. MEYER: No. The state won't take it over. Actually with the bonds and the tax credits, there is no liability to the State of Texas usually in these two programs. What would happen is, with the tax credit piece, you have what's called a syndicator.

For this particular transaction, it'll be Charter Mac is actually the bond purchaser and related capital and the syndicated partners. It's their risk. They would actually step in and either foreclose or find another general partner to hop in there.

That has happened on a couple -- where a developer has gone under. But your syndicator has a lot of responsibility and a lot of risk because of the tax credit situation. So therefore they don't want that piece going anywhere.

A syndicator will normally step in and take over the property, until they either find another owner or --

VOICE: But is it required they remain with Phase II or -- with the 60 -- you said HUD was kind of out of this project --

MS. MEYER: It's not a HUD project.

VOICE: But if they foreclose they have the option if, say in ten years, five years, whatever, if the property's deteriorated and they don't think they can do it, do they have the option to make it Section 8 or HUD-type property?

MS. MEYER: Okay. The question is would a new owner have the opportunity to turn it. If you had an owner that actually did Section 8 and purchased the property, yes, that could happen. But normally when you've got private industry, private industry's going to stay with it.

You're normally not going to have a public entity step in. I can't say that that wouldn't happen. But normally -- yes. That could with any property. If you had a market rate property that sold -- that's not to say that a tenancy that has restricted rents -- and not necessarily be a Section 8, but a lot of times those do come cheap, and housing authorities purchase them out.

VOICE: You mentioned a 30-year --

MS. MEYER: Compliance period.

VOICE: Compliance period. If they had to hold it for 30 years, that's only if they can. So if the mortgage were foreclosed on, that would break that 30-year of Phase II. So there is a possibility that it could change if something happened to the project.

MS. MEYER: That would be true, but I'll let you field your respiratory in that.

MR. HARRIS: Please repeat that.

VOICE: At first I took it as a guarantee that for 30 years this would remain as is. Basically there are no guarantees that it wouldn't be foreclosed. I would be curious if under foreclosure who had to come in and would in effect maintain what they had started.

MR. HARRIS: The ownership entity has to stay in place for a minimum of 15 years. Then there's another 15-year extension where the compliance goes all the way to

30 years. So we would have to own it. The ownership would have to stay in place for 15 years.

We're long-term. We plan to be here and own it for 15 years. I don't think -- the syndicator in order to preserve the tax credit delivery wouldn't allow the project to foreclosure. That would be an extreme last measure in this situation.

MS. MEYER: To kind of go one more step further -- with this particular development, as long as the bonds stay outstanding -- which in most cases they do -- this particular transaction, those bonds will stay outstanding for 40 years.

So that compliance period actually extends as long as the bonds are outstanding. So that makes and additional -- not only do you have the mandated IRS code for 15 years, state-mandated for 30 years -- but as long as those bonds are outstanding it's an additional ten years.

So for this particular development it would be 40 years as long as those bond as outstanding, a minimum of 30 if the bonds were paid off. Yes, sir.

VOICE: Is the company going to own these in their own title, or will they form a syndicate and sell it out to individual investors for the tax credits?

MS. MEYER: The tax credits are sold. The syndicator will remain in the deal for the 15-year period. Usually there's an option at that point.

VOICE: But in fact at the end of 15 years they can pay off the bonds to the federal government if they can get more favorable financing or whatever in the syndicate and then turn this into whatever they choose to do.

MS. MEYER: Normally in the borrower agreement this syndication will end after 15 years. The bonds normally stay outstanding, because especially with today's rate, you normally won't get a lower rate. But they would do a refunding on the bonds at that point.

VOICE: But if you do a refunding on the bond and don't go back to --

MS. MEYER: If we do that and the afford ability doesn’t change, we actually extend it back out to whatever it is at that point. So if we do a refunding in 15 years and state law stays at 30, we would extend that afford ability out for another --

VOICE: But the tax credits come from the IRS. So in fact the state law doesn’t have as much to play on the tax credit portion I think his question was addressing, as the federal laws do on this particular arena. I'm in the investment business, so I understand these tax credits.

But in fact a lot of these end at 15 years in the industry, or they get sold to a corporation who changes the nature of them or whatever. Has that been your experience?

MS. MEYER: On the tax credit side, that would be true. But you also have to remember there's a bond piece to it, not just the tax credit. Yes, ma'am.

VOICE: You might have mentioned this, but do you have a certain ratio of low income that you have to maintain within those --

MS. MEYER: The question is, do we have a certain ratio that we have to maintain.

VOICE: Because of the tax credits.

MS. MEYER: For this particular development, it is rent-restricted. 100 percent of the units will be rent-restricted at 60 percent of the area median income for the duration. It will remain rent-restricted.

VOICE: Does that include the elderly?

MS. MEYER: Yes. It does include the elderly. It goes by both components. It's one development with two components. So yes, both sides will be rent-restricted. Yes, sir.

VOICE: You mentioned that the income is based on the area median income. I noticed in your paper that you used Dallas as the median income as opposed to the Denton area or Fort Worth.

MS. MEYER: The question is, we use Dallas MSA or Fort Worth instead of Denton. Under the actual incomes within the state -- and actually those come from HUD themselves, the income restrictions -- but Denton doesn’t have a set-aside by itself.

It's actually in the Dallas/Forth Worth Metroplex area. So therefore we would use the MSA for Dallas. That's the reason why. We do the same thing with Plano, some of the outlying area within Dallas. It falls within that metro.

VOICE: How often is that adjusted?

MS. MEYER: The incomes are adjusted yearly by HUD. Now a lot of times they don't change. From last year the incomes actually went up a little bit. But the rents themselves stayed the same.

VOICE: How often are they adjusted? You're working on 60 percent ratio and the incomes adjust, that means you're going to add people or lose people. So if the median income drops from 65 to 50, now you're getting down to 25,000, I think, so they can't afford the rents they would be getting I guess now.

So do you adjust the rents accordingly? Or is that state-mandated or --

MS. MEYER: The rents are adjusted on an annuals basis. It really depends on the development. It depends on the area. Sometimes with HUD those rents go up and down. In the Austin area it dropped drastically over the last few years.

Dallas kind of remained steady there for a little bit. Now it's gone up a little bit. It really depends on -- sometimes the actual rent bands don't change, like they didn't this year, but maybe a couple of rents changed at all. Most of them remained the same from last year.

The incomes changed a little bit, but the rents themselves stayed the same. Anybody else? I'm going to read a brief speech, then I'm going to open up for public comment. We have about eight or nine that want to speak.

My name is Robbye Meyer, and I'd like to proceed with the public hearing. Let the record show that it is 6:35 p.m. on Tuesday, August 2. We're at the Fred Moore High School located at 815 Cross Timers in Denton, Texas.

I'm here to conduct a public hearing on behalf of the Texas Department of Housing and Community Affairs with respect to the issuance of tax-exempt multifamily revenue bonds for a residential rental community. This hearing is required by the Internal Revenue Code.

The sole purpose of this hearing is to provide a reasonable opportunity for interested individuals to express their views regarding the development and the proposed bond issuance. No decisions regarding the development will be made at this hearing.

The Department's board is scheduled to meet to consider this transaction on September 16. In addition to providing your comments at this hearing the public is also invited to provide comment directly to the board at their meeting, and the Department staff will also accept written comment up until five o'clock on September 2.

The Bonds will be issued as tax-exempt multifamily revenue bonds in the aggregate principal amount not to exceed $15,000,000 and taxable bonds, if necessary, in an amount to be determined and issued by one or more series, by the Texas Department of Housing and Community Affairs.

The proceeds of the Bonds will be loaned to Quail Creek south, L.P., or a limited person or affiliate entity thereof, to finance a portion of the cost of acquiring, constructing and equipping a multifamily rental housing community described as follows: 252-unit multifamily residential development to be constructed on approximately 16 acres of land, of which a portion will be used for seniors and a portion for families.

The proposed multifamily rental housing community will be initially owned and operated by the borrow or related person or affiliate thereof. I will open the floor up. The first person I have is Rick Woolfolk.

MR. WOOLFOLK: I'd like to wait until the last, please.

MS. MEYER: Okay. Mr. Ray Braswell.

MR. BRASWELL: Thank you for giving me the opportunity to speak. I am Ray Braswell, the superintendent of schools in the Denton Independent School District. I'm speaking on behalf of the members of our board of trustees and staff regarding the projected development.

We are here in opposition to the development. We bring to you some data that reflects the total number of aggregate units within the Denton Independent School District. This is information we would like to have provided for the record.

While this unit in itself is a nice development, our concern is more with the aggregate number of total tax credit units within not only the Denton Independent School District, but within the City of Denton as well.

I can tell you exactly how many students are coming out of Phase I. There are exactly 136 students coming out of Phase I, of which three out of four -- 75 percent -- are indeed economically disadvantaged per the state definition of low-income students.

These students provide a tremendous challenge for us in terms of education. The taxes generated off of this property would nowhere come close to paying the cost of education services that we require to be successful for these students.

As a matter of fact it places us in a regressive state. It continues to diminish our ability to serve the students that we have. Therefore we have great concern with continuing to add on. We're not opposed to affordable housing, but we are opposed to an inequity within one community.

As data collected last year off the Texas Education Agency site in which we look at the percent of economically students in our immediate area, per school year '03-'04 data, the Denton Independent School District had 36.6 percent of its students were low income.

These types of developments are providing a far greater yield than that number. Providence Phase I produces 75 percent. Rosemont produces 79 percent. Pebblebrook produced 83 percent. So you can see the yield of lower income students is far greater.

This year our district has 38 percent low-income students. So we're seeing an add-on. If this project were actually a rehabilitation of an existing unit, a replacement, I think we might be able to feel differently about it. But it's an add-on.

Within our district 38 percent of the students total are low income. That compares to surrounding areas of 9 percent for Frisco, 21 percent for McKinney, 12 percent for Lewisville -- and these are school districts -- 1 percent for South Lake, 11.5 percent for Keller and 19 percent for the northwest area.

So at 38 percent you can see that our community is much, much more impacted than other local communities. Our district will go on record in opposition to the development. We would like to see these types of developments placed throughout the county and throughout the state in a much more proportionate venue.

We want to serve every student that we get, and we want to be successful serving every student that we get. Further diminishing the resources that are available is not the answer for that. So that's the information that I would provide to you. I appreciate it.

MS. MEYER: Brenda Brittain.

MS. BRITTAIN: Hello. My name is Brenda Brittain. I support Phase II. I think Phase I is a lovely development. I think it's a good place for young families to grow and prosper. And I think Phase II would be an equally beautiful facility. I totally support it. Thank you.

MS. MEYER: Linda Harlan.

MS. HARLAN: I'm not too good at this. But I work at Providence Place Apartments as an assistant manager. Our property, as you can see, is beautiful. Our families prosper. And we do provide the housing that they need for the lower income people, so that they can have housing just like everybody else and doesn’t have to feel like they have to go somewhere and rent a dump.

As far as inundating the schools, we might be doing that. But I don't think we're inundating them any more than any other property here in town, nor the housing additions that are going in or anything else. So as you can see our after-school programs are wonderful.

They provide a summer program that we have. They do all kinds of stuff for them. They do field trips. They hire buses. They take them to Dallas Zoo -- just a couple of things that they've done lately. The after-school programs during school is helping tutoring them.

So they're kind of extending the school's job as well. They really, you know, do a good job. The kids really flourish with this program as well. So I'm all for it. Thank you.

MS. MEYER: Brenda Knoll.

MS. KNOLL: I'm a resident at Providence Place. For the record I just want to say that I support the new phase that's coming up. Last September I stumbled on Providence Place. I came out of an abusive relationship. I was working two jobs, seven days a week, going to college.

If it hadn't been for this apartment complex, I would have still be in an abusive relationship. This place allows me to live with dignity and be proud of where I live. Because of this apartment complex I now work one job. I'm still going to college and holding a 4.0 -- might I add. I'm very proud of that.

The concept of having the affordable housing and to be able to live with dignity is amazing. It's awesome. I see single moms moving in, trying to start all over. I totally support it.

MS. MEYER: I'm not going to mess with this gentlemen's last name. Jerry. So if you would just state it for the record.

MR. MOHELNITZKY: Thank you. My name is Jerry Mohelnitzky. I go by Jerry Mo. I don't think I need to explain why. But I am a resident and a business owner here in the community. I want to state number one, I think you've got a beautiful project that you did build.

I'm not against affordable housing over all and in general. I think it's a very good thing. It does help a lot of families, and I think it's needed throughout our state. My concern comes -- even within a family you need to have balance, and within a community you have to have balance.

Our community right now is out of balance on the rental properties and the affordable housing properties. When we look at Denton we're overbuilt with those rental properties. Local developers are no longer increasing the number of units. The supply and demand is down.

Vacancies are increasing in those apartments.

Rents are declining. And there's more homes than ever in this community that are up for rent than we've ever had. The percent of owner-occupied housing units has declined from 60 percent to 40 percent, versus the state of 62 percent.

To accommodate university students we kept saying we need more apartments. When we sit down and actually look at the people going to college that live in this community that do not live in resident dorms, that live here in Denton, it would take 3,500 to 6,000 units max to provide for them.

We currently have over 17,000 units in this community. As Dr. Braswell stated 36 percent of the DIS students are economically disadvantaged, compared to our surrounding neighbors. This is stressing the social services. It's stressing the budgets of all of the city, the county and the school district.

It's affecting the school rating and how we educate our children in the allocation of the dollars there. Those ratings impact new industry that we bring in here and that we can attract. It also impacts the major retailers that look at this community.

As they come in here and they start doing a review of the salaries, they don't look just at the Dallas figure of $60,000. They look at the figures of the salaries here. And that has a great impact. So I just feel that we are out of balance.

We need to get our community back in balance, or we're going to find ourselves in a very, very stressful manner with taxes and the services that we can provide. Thank you.

MS. MEYER: Robert Donnelly.

MR. DONNELLY: My name is Robert Donnelly, and I will be the neighbor of the apartment complex. I live on Quail Creek Drive. I have pretty much a lot of the same problems as the rest of them as said. Denton, as I understand it, has two and a half times the housing for low-income.

But I have kind of a personal issue with it. I've had a few minor problems with Phase I. I have some continuing problems with Phase I. From what I've seen in the very preliminary stuff with Phase II, these problems are not going away. They're just moving from one side of my property to another.

I think as once citizen that's going to have be there, it has not been a pleasant experience, and I'm opposed to them, because I think we've already got enough. Thank you.

MS. MEYER: Jo Rosbrock.

MS. ROSBROCK: I'm Jo Rosbrock, and I am for Phase II. I'm the manager at Providence Place. I'm amazed at figures about inundating the school system, et cetera, because almost everybody that has moved in at Providence Place already lived in Denton somewhere anyway.

I don't think we've brought anybody from out of state or even out of town. But it's a beautiful property. It's a good product. It's a great place for young people that are starting out to move in. Hopefully as they graduate from college, they'll stay in Denton and prosper and move up.

The people I do lose I lose to homes sometimes in some of the new construction that's in the area. They graduate, or they get a better job or whatever. I remember my first apartment when I moved away from home. It was a dump. It was in a little, bitty area in an old, old, old town.

These kids get to start off in a nice, beautiful home, like Brenda said, with dignity. It's a wonderful service. I really don't see any problems with it. I've managed apartments for 20 years. This program makes me very, very proud.

The affordable housing program is a wonderful program for young people. Again I don't think we're pulling people in from out of state or out of town. I think they're already here. This gives the ones here a nice place to live.

MS. MEYER: Allen Bussell.

MR. BUSSELL: My name is Allen Bussell. Little bit about my past. I grew up in a single-parent family. My dad went to prison, and my mom joined the army. We grew up in apartments. They didn't have a program like they have today.

So we lived in apartments that were not this nice. I thank God for this program for people like me, and I take it personally. It is incredibly important that we provide housing that gives a stable place for people to grow up in, for people to excel, for families to thrive.

It's fine that we have a bunch of apartments in town and a bunch of houses that are for rent. The problems is, is that a lot of those houses and apartments are dilapidated, are old. The utility bills are huge. They are not the place in a lot of circumstances where you want your family to grow up.

I laid out Phase I, sketched it out for the engineers, and they designed it. Working with the development code for many years with the chamber -- too long it seems like. This group not only met the particulars of the development code, but they met the vision of the development code in creating a place for people to congregate, for people to know each other, for community to happen.

It's important to reward good design. We will be dead, and this will still be here. These designs will still be here -- the buildings, the streets. This will last beyond us. Design's important, and these guys know how to do it. Thank you.

MS. MEYER: Pete Kamp.

MS. KAMP: My name is Pete Kamp. I'm a member of the Denton City Council. I am not here representing council, but I am here representing the mayor. She would be here herself, but she is presiding over a council meeting that I am missing.

So congratulations to you, ma'am. That's an incredible story. It really is. First let me say that these guys do it right. We know that. They're a wonderful company. They build a quality product. We're not against the low-income housing.

The reason we are here is because of the two and a half times the state average. By law they have to come in front of the city council, and they have to have the public hearings. I gave a copy of Mayor Brock's letter, but I do want to read part of it into the record, if I could.

The reason that this came about -- a council member who was elected after the policy was established insisted we give Provident Realty Company a hearing. This is from the mayor. "I assumed he was asking for a hearing only, didn't realize he was advocating for project. Because of councilor's earlier discussions I had no qualms about rescheduling the matter for a council meeting while I was out of town."

She was out of the country at the time. What's happened since that time is what Dr. Braswell was saying and Jerry Mohelnitzky and others. We did not realize. We truly did not realize the impact on the school district. Again what Euline Brock is saying is she's "writing to express grave concern and strong opposition to the development."

The numbers that were already quoted -- as far as the 38 percent economically disadvantaged in our school system -- that compares with Lewisville is at 12 percent. Also we very much are advocating -- and I know some of the other community leaders that are here -- is home ownership.

We're trying to have more of a balance. We've been a university town. I was born here. I grew up here. I went to North Texas. And believe me, my first apartment was a closet. I understand that. But even the state mandated 42,000 students at University of North Texas -- even when we have TWU and North Texas completely populated, we're estimating a very generous that we think we'll probably need 6,000 units for those students.

As of January -- we actually have more on the ground now -- as of January Denton has 17,235 multifamily units. Denton's very generous. This is a wonderful project. We have other projects. All we're trying to say is that there are other places in the county, there are other cities.

We're opposed to putting any more in the City of Denton at this time. The last sentence from the mayor, "We beg of you not to compound these conditions by enlarging the inventory of low-income housing in Denton. We know the developers compete strongly for these tax credits because such developments are enormously profitable.

"But we are working very hard at economical development, upgrading our housing and improving our schools. And this development would undermine those efforts. Let these properties in other communities that are not already overburdened with low-income housing and high ratios of rental properties, rather than concentrating disappropriate numbers in a few communities."

That's all we're trying to do. Like I said, this is a quality development. I'm really glad for all you guys. It is. It's a beautiful, beautiful property. All we're saying is that it is over two and a half times the state average. We're already being generous. The City of Denton would like to see it somewhere else. Thank you.

MS. MEYER: Rick Woolfolk.

MR. WOOLFOLK: I asked to be late, because I was a little tardy getting here because I was over getting sworn in to my position at the airport board with the city council. I wanted to hear the rest of the discussion. I am a financial advisor. I understand tax credits.

Our firm quit offering tax credits to individual investors seven years ago, because in fact they're not an economically viable situation for somebody to put their money into and expect a reasonable return on the money and of their money.

If it weren't for the fact that there are huge tax credits to offset against ordinary income and provide a wash there to protect other income from taxation, these things would die on the vine. This is a wonderful project.

If that were the only problem in Denton, Texas -- low-income housing -- I think our argument would be weaker. But in fact when you consider that not only do we have a high percentage of low socioeconomic students, 31 percent of the property in the Denton Independent School District is tax-exempt.

Two universities, a FEMA center, a state mental health/mental retardation school and a number of federal and state highways that pay absolutely no tax put us in a unique position with the state, which there's only two other communities we can find -- being Austin and Commerce -- that has that kind of ratio.

Most communities experience a 10 percent tax-exempt property. So the taxpayers in Denton, Texas are already supporting a number of tax-exempt entities that are state institutions.

And now were being asked through the Texas Housing Authority to be able to provide tax-exempt bonds to finance a project, which one more time impacts the ability for our district and the city, too, to be able to deliver services to those most precious among us, which is our kids.

You absolutely understand how precious that kid is, having come out of a very tough situation. Again if that were the only other problem, maybe it still could be worked out. But being the home of one of the few remaining mental health/mental retardation facilities, we have a very high population of special needs children.

We actually have six children in the district that are classified, do not resuscitate, if they start choking or have a problem. The burden that those students place on our system is huge, in comparison to a lot of other districts.

So when we're up here saying this is just one more nail in the coffin, we really mean this is one more nail in the coffin in the community. Now if there were some way that this group could go out and take two low-income housing properties off the market for every unit they're building -- a tradeoff of some kind -- I might be more inclined to support it.

But with the number of really tough financial situations that are going on in this community I think we have a legitimate reason to say other communities need to bear the burden that really is a burden in this state. I do not deny that. It is a huge problem, and we've got to find a way to address it.

But I don't think we have to ask one community to bear the burden for the rest of the state. Thank you very much. I am opposed.

MS. MEYER: Is there anybody else that would like to speak?

MR. MILLER: I'm Mark Miller with Provident Realty. I thank everybody for coming here this evening. I've never understood why the opposition and the support can't all sit together. I am in support of this project. A lot of the things that I would like to focus on, because I was very much involved in the luxury housing business, until I got into this business with Matt several years ago.

The reason you all talked earlier about -- the dilapidated housing and the housing that we already have available -- and the reason it has stayed that way is because no one has come into the community and raised the bar in terms of housing.

I was born and raised in Dallas, Texas in a community called Lake Highlands. I have four kids that have all fed through those kids that have more than fair share of market-rate housing that is older now and dilapidated. And no one has chose to come in and revitalize that community or raise the bar.

So as a result nothing good happens. So from nothing happening we're not able to get projects like this. I think it's very interesting -- and we understand the two and a half times ratio -- in order for us to get council resolution, we had to get council approval, which we did get on June 7, 2005, to go forward with our project.

This is much more. This is an apartment community. Coming from the luxury end of the business and now seeing what it actually means to these people that live at our properties that have a connection -- and we talk about kids -- to have kids have a little more kind of giddy-up in their step, because they've been given a little more pride through these after-school programs that we provide, whereas in the other community that I refer to earlier, Lake Highlands, these kids -- they don't have an after-school program.

There's no telling what they do after school. So we have reconnected families through those after-school programs and children as well. If you look at -- and I understand what you all have focused on with the students -- what we have found, Dr. Braswell, as you so eloquently said, those people already live in the community.

We don't feel like we're adding to that burden. In fact I think at some point we may be kind of helping you all through these after-school programs, when those children normally wouldn't receive that attention or that care.

So we're very proud of what we do. We're the best in the business. We set out to be that. We've achieved that. And the City of Denton actually agreed with us. Because what would happen when I had competitors of mine that would come to the City of Denton, they'd say, well, we want to build a multifamily apartment complex.

And they'd say, we'll make it easy. You've got to go look at this one. If you do it like this one, we'll let you do it. So I think we can rest on that. We do appreciate all of you all's comments and thoughts and concerns. Thank you for your time, and thank you as well.

MS. MEYER: Anybody else? I want to give everybody the opportunity to speak.

MS. FUHR: My name is Taffinay Fuhr. I just recently got hired on with Greg Edwards Engineering. Eight months ago I went and looked at the property. I'm a single mom with four children, recently divorced. If it wasn't for the fact that it was a little bit further away from work, I would have moved into the property gladly, four-bedroom. My children loved it.

The only reason I'm up here -- normally I wouldn't do this, because I don't like speaking in front of people -- is she made a comment about comparing Denton to Lewisville. I lived in Lewisville. The school that my children were attending is called Central Elementary in Lewisville.

Seventy-eight percent of those children failed the TASS test. I was sent home three letters with my children, stating that the next year -- it was my choice -- to transfer them to another school in that district. We moved to Denton two months later.

My children are thriving. All three of my girls are straight-A students. I still have friends that live in Lewisville. Their children are struggling, because they watered down the education so much in so many cities. It's not just Denton. It's a lot of cities.

If you don't want these children living here, where are they going to go. Teachers, they take their job seriously. Why? To educate. They don't want just the children that are smart. What's the fund in that? What's the fun in being a teacher and you're educating the ones that already know it? Where's the pride?

My children absolutely love the City of Denton. They loved the City of Lewisville. They're thriving here because the teachers love what they do. God bless you. Abused as well. I am for it. Besides it's an awesome type plan, because I know who designed it.

You just can't compare city to city for the education, because each city is completely different. There are poor kids in every community. If you shut them out of this community, where do they go? So they can go to Lewisville? So Lewisville numbers can drop drastically?

It just doesn’t matter what city. I would think we would want them in our city in order to educate them to say, we did it. Look what we achieved. Look at what we did. So I'm for it. That's all.

MS. MEYER: Anybody else? A couple of dates, just to remind you again. The public comment period for this particular transaction will remain open until September 2, five o'clock. We will take faxed copies. You can mail it.

If you'll pick up this packet of information on the very end of the table, it has all the information on the very back sheet of where to send it or fax it or email it, however you want to get it to us. We'll be glad to include it to the board in the board presentation.

Seeing that there are no more comments, let the record show that it is now 7:10. We will stand adjourned.

(Whereupon the hearing was adjourned at 7:10 p.m.)

C E R T I F I C A T E

MEETING OF: TDHCA Public Hearing

Providence Place II Apartments

LOCATION: Denton, Texas

DATE: August 2, 2005

I do hereby certify that the foregoing pages, numbers 1 through 45, inclusive, are the true, accurate, and complete transcript prepared from the verbal recording made by electronic recording by Barbara Wall before the Texas Department of Housing and Community Affairs.

08/05/05

(Transcriber) (Date)

On the Record Reporting, Inc.
3307 Northland, Suite 315
Austin, Texas 78731

BOND FINANCE DIVISION

BOARD ACTION REQUEST
September 16, 2005

Action Item

Firms Recommended to Serve TDHCA as Guaranteed Investment Contract ("GIC") Brokers

Required Action

Approve Engaging the Recommended Firms to Provide GIC Brokerage Services

Background

In May 2005, the Board approved issuing a Request for Qualifications ("RFQ") from firms interested in providing reinvestment services from time to time for one or more of its single family mortgage revenue bond issues, single family commercial paper issues and/or multifamily mortgage revenue bond issues. Bond Finance recommended creating a pool of approved GIC Brokers from which to select in conjunction with the sale of single family and multifamily municipal bond issues and/or other financing opportunities. The current pool consists of five firms that were selected by the Board in 1999.

TDHCA received seven RFQ responses. These responses are outlined in the attached summaries. Bond Finance recommends the following firms based on a review of the responses received:

Firm Name	Total Score (100 pts max)
PackerKiss Securities, Inc.	86
CDR Financial Products, Inc.	72
Grant Street Group, Inc.	70

The GIC Brokers will be responsible for obtaining and reviewing bids from qualified investment institutions pursuant to specifications established by TDHCA. The GIC Brokers will also advise TDHCA as to the quality and acceptability of bids. The GIC Brokers will be responsible for preparing bid forms and may assist in the investment agreement drafting and development process. The GIC Brokers may perform additional services including, but not limited to, special projects upon the request of TDHCA.

TDHCA will assign firms to single family mortgage revenue bond transactions on a rotational basis. Multifamily developers will select Agents from TDHCA's approved list of agents.

Recommendation

Approve Engaging the Recommended Firms to Provide GIC Brokerage Services

Texas Department of Housing and Community Affairs
Request for Qualifications for Reinvestment Services
Qualifications Summary

RFQ Section	Data Requested	A CDR Financial Rank	A CDR Financial Points	B Columbia Capital Rank	B Columbia Capital Points	C Grant Street Rank	C Grant Street Points	D Investment Management Rank	D Investment Management Points	E Newman Rank	E Newman Points	F PackerKiss Securities Rank	F PackerKiss Securities Points	G Winters Rank	G Winters Points
1	Name of organization and firm's address (2 Points) Parent company, partnership, corporation, or sole proprietorship		2		2		2		2		2		2		2
2	Professionals assigned to TDHCA: name, office location, resume (2 Points) Level of responsibility & availability, professional background, state housing finance experience Percentage of work responsible per team member		2		2		2		2		2		2		2
3	List of state housing agencies served as agent for single-family mortgage revenue bond 2003 2002 Average: 2002 - 2004 (20 Points)	4	8	5	4	3	12	2	16	6	0	1	20	6	0
4	List of state housing agencies served as agent for multifamily mortgage revenue bond issues, 2004 2003 2002 Average: 2002 - 2004 (20 Points)	3	12	7	0	4	8	2	16	5	5	1	20	6	0
5	List of state housing agencies currently serves as agent for single-family and multifamily mortgage revenue bond issues (20 Points) References: names, addresses, telephone numbers	3	12	4	8	1	20	4	8	6	0	2	16	6	0
6	Statement of agent compensation policy (20 Points)		20		20		20		20		20		20		20
7	Experience preparing documents conforming to Texas Treasury Safekeeping Trust Company policies and requirements (10 Points)		10		0		0		0		0		0		0
8	Licensed securities broker/dealer or registered as an investment advisor (2 Points)		2		2		2		0		2		2		2
9	Description of liability, error and omissions insurance policies & dollar limits (2 Points)		2		2		2		0		2		2		0
10	Litigation, arbitration, or other current, pending, or past against firm from involvement in municipal or public purpose debt (2 Points)		2		2		2		2		2		2		2
	Total Score	2	72	5	42	3	70	4	66	6	35	1	86	7	28

Texas Department of Housing and Community Affairs
Request for Qualifications for Reinvestment Services
Qualifications Summary

RFQ Section	Data Requested	A CDR Financial	B Columbia Capital	C Grant Street	D Investment Management
1	Name of organization and firm's address Parent company, partnership, corporation, or sole proprietorship	CDR Financial Products, Inc. Privately held S-corporation	Columbia Capital Mgmt., L.L.C. L.L.C.	Grant Street Group, Inc. Privately held C-corporation	Investment Management Advisory Group, Inc. S-Corporation
2	Professionals assigned to TDHCA: name, office location, resume Level of responsibility & availability, professional background, state housing finance experience	David Ruben: Beverly Hills, CA Matt Rothman: Beverly Hills, CA Tom Ball: Beverly Hills, CA	Dennis W. Lloyd: Kansas City, KS Randy S. McPhail: Kansas City, KS Jeff White: Kanasas City, KS Keven B. Wickliffe Kelsi M. Powell	John McCarthy: Pittsburgh, PA Diane O'Toole: Pittsburgh, PA Chris Solomond: Pittsburgh, PA John Carver: Pittsburgh, PA	David Eckhart: Pottstown, PA Peter Loughead: Pottstown, PA Chris Monaghan: Pottstown, PA
	Percentage of work responsible per team member	David Rubin: 10% Matt Rothman: 60% Tom Ball: 30%	Randy McPhail: 50% Dennis Lloyd: 20% Jeff, Kelsi, Kevin: 30%	John & Diane: 90% Chris Solomond: 5% John Carver: 5%	David Eckhart: 25% Peter Loughead: 70% Chris Mônoghan: 5%
3	List of state housing agencies served as agent for single-family mortgage revenue bond issues, 2004 2003 2002 Average: 2002 - 2004	$513,800,000 $382,700,000 $378,900,000 $425,133,333	$222,280,000 $264,022,000 $198,557,000 $228,286,333	$696,851,555 $394,555,000 $263,984,000 $451,796,852	$42,800,000 $592,865,000 $877,363,000 $504,342,667
4	List of state housing agencies served as agent for multifamily mortgage revenue bond issues 2004 2003 2002 Average: 2002 - 2004	$243,300,000 $248,300,000 $250,700,000 $247,433,333	$0 $0 $0 $0	$0 $441,188,575 $236,898,344 $226,028,973	$78,680,000 $818,795,000 $309,685,000 $402,386,667
5	List of state housing agencies currently serves as agent for single-family and multifamily mortgage revenue bond issues References: names, addresses, telephone numbers	3 Provided	1 Provided	10 Provided	1 Provided
6	Statement of agent compensation policy	Provided	Provided	Provided	Provided
7	Experience preparing documents conforming to Texas Treasury Safekeeping Trust Company policies and requirements	Yes	No	No	No
8	Licensed securities broker/dealer or registered as an investment advisor	Registered investment advisor	Registered investment advisor	NASD-registered broker dealer	None
9	Description of liability, error and omissions insurance policies & dollar limits	Occurrence: $1M Damage to rented premises: $300K Medical/person: $10K $1M Personal & adv injury: $1M General aggregate: $2M Products-com/op agg: $2M	Errors and omissions: $5M Financial institutional bond: $2M	AIG netAdvantage Complete: $1M Occurrence: $1M Aggregate: $1M Media Liability: $1M Professional Services Liability: $1M Security Liability: $1M Cyber Extortion Coverage: $1M Info Asset Coverage: $1M Business Interuption: $1M Criminal Reward Fund: $50K Crisis Expense: $50K Retention: $50K	None
10	Litigation, arbitration, or other current, pending, or past against firm from involvement in municipal or public purpose debt	None	None	None	None

Texas Department of Housing and Community Affairs
Request for Qualifications for Reinvestment Services
Qualifications Summary

RFQ Section	Data Requested	E Newman	F PackerKiss Securities	G Winters
1	Name of organization and firm's address Parent company, partnership, corporation, or sole proprietorship	Newman & Associates Division of GMAC Commercial Holding Capital Markets Corp.	PackerKiss Securities, Inc. Corporation	Winters & Co. Advisors, L.L.C. L.L.C.
2	Professionals assigned to TDHCA: name, office location, resume Level of responsibility & availability, professional background, state housing finance experience	Jimmy Parsley: Denver, CO Jerry Wright: Houston, TX Steve Mickelson: Denver, CO	Mary Packer: Delray Beach, FL Jeffrey Kiss: Winter Park, FL Penny Palmer: San Rafael, CA	Steve Calmer Chris Winters: Los Angeles, CA Phillip Murphy: Charlotte, NC
	Percentage of work responsible per team member	Jimmy Parsley: 30% Jerry Wright: 50% Steve Mickelson: 20%	Mary Packer: 75% Jeffrey, Penny: 25%	Steve Calmer: 30% Chris Winters: 30% Phillip Murphy: 30%
3	List of state housing agencies served as agent for single-family mortgage revenue bond issues, 2004 2003 2002 Average: 2002 - 2004	$0 $0 $0 $0	$459,335,000 $527,340,000 $553,355,000 $513,343,333	$0 $0 $0 $0
4	List of state housing agencies served as agent for multifamily mortgage revenue bond issues 2004 2003 2002 Average: 2002 - 2004	$67,340,000 $19,850,000 $58,905,000 $48,698,333	$343,610,000 $634,380,000 $633,305,000 $537,098,333	$33,295,000 $16,895,000 $16,895,000 $22,361,667
5	List of state housing agencies currently serves as agent for single-family and multifamily mortgage revenue bond issues References: names, addresses, telephone numbers	0 N/A	9 Provided	0 N/A
6	Statement of agent compensation policy	Provided	Provided	Provided
7	Experience preparing documents conforming to Texas Treasury Safekeeping Trust Company policies and requirements	No	No	No
8	Licensed securities broker/dealer or registered as an investment advisor	Licensed securites broker/dealer	Registered securities broker/dealer	Registered Investment Advisor
9	Description of liability, error and omissions insurance policies & dollar limits	$2M	$1M - will increase upon request	None
10	Litigation, arbitration, or other current, pending, or past against firm from involvement in municipal or public purpose debt	Provided	None	None

BOND FINANCE DIVISION

BOARD ACTION REQUEST
September 16, 2005

Action Item

Interest Rate Swap Advisor/Consultant for TDHCA

Required Action

Approve Engaging the Recommended Firm to Provide Interest Rate Swap Advisory Services

Background

At its May 16, 2005 Board meeting, TDHCA's Board approved issuing a Request for Qualifications ("RFQ") for an Interest Rate Swap Advisor primarily for monitoring interest rate swaps used to hedge TDHCA's single family variable rate mortgage revenue bond issues. The Bond Finance Division recommended engaging an external consultant to provide Interest Rate Swap Advisory services from time to time for one or more of TDHCA's single family mortgage revenue bond issues, single family commercial paper issues and/or multifamily mortgage revenue bond issues. TDHCA desires to select an Interest Rate Swap Advisor ("Swap Advisor") primarily for monitoring interest rate swaps used to hedge TDHCA's single family variable rate mortgage revenue bond issues. Recent single family bond transactions have ranged from approximately $40 million to $180 million. TDHCA is currently counterparty to three interest rate swaps totaling $188 million with three different interest rate swap providers.

TDHCA received three RFQ responses. These responses are outlined in the attached summaries. Based on the responses received and a review of those responses, Bond Finance recommends engaging Swap Financial Group, LLC for this assignment.

Firm Name	Total Score (200 pts max)
Swap Financial Group, LLC	198
First Southwest Company	171
Investment Management Advisory Group, Inc.	153

This will be the first time TDHCA hires a consultant for monitoring its swap positions. The Swap Advisor will primarily be responsible for duties and services necessary or advisable for monitoring and managing risks associated with TDHCA's interest rate swaps, including but not limited to:

1. Providing portfolio monitoring and mark-to-market services; providing day-to-day advice and recommendations on various swap-related matters to TDHCA staff members,

including, but not limited to, tracking rates, monitoring termination value, verifying swap payments or receipts, counterparty credit, and contract compliance.

2. Providing training to TDHCA Staff and Board of Directors on swaps, including the mechanics of a swap transaction, role of swaps in overall debt management, techniques to evaluate risks and benefits, methods to procure swaps, and financial reporting and disclosure requirements.

3. Assisting in the maintenance of TDHCA’s swap policy.

4. Performing additional services related to the Swap Advisor position including, but not limited to, special projects upon the request of TDHCA.

The Swap Advisor may also be consulted for duties and services necessary or advisable for facilitating TDHCA’s execution of interest rate swaps.

Recommendation

Approve Engaging the Recommended Firm to Provide Interest Rate Swap Advisory Services

Texas Department of Housing and Community Affairs
Interest Rate Swap Advisor Qualifications Review

RFQ Section	Data Requested	First Southwest *Points*	IMAGE *Points*	Swap Financial *Points*
1	Statement understanding RBC Dain Rauscher as TDHCA financial advisor (1 point)	1	1	1
2	Name of organization and firm's address (1 point) Parent company, partnership, corporation, or sole proprietorship	1	1	1
3	Branch offices or other firms to perform or assist in work (10 points)	10	10	10
4	Professionals assigned to TDHCA: name, office location, resume (1 point) Level of responsibility & availability, professional background, state housing finance experience Percentage of work responsible per team member	1	1	1
5	Table listing tax-exempt single family mortgage revenue bonds (10 points) 2004 2003 2002 Average: 2002 - 2004	8	0	10
6	Single family interest rate swaps provided as interest rate swap advisor (5 points) 2004 2003 2002 Average: 2002 - 2004	0	0	5
7	List of state housing agencies served as swap advisor for single-family mortgage revenue bond issues (10 points) References: names, addresses, telephone numbers	8	0	10
8	Fee Quotes (25 points)	15	20	25
9	Examples of analytical criteria & assumptions to evaluate swaps (25 points) Software, model structure, procedures	20	15	25
10	Method(s) for determining and calculating volatility measures used in swap pricing (10 points)	10	10	10
11	Basis risk and methods (10 points)	10	10	10
12	Optional call methods (10 points)	10	10	10
13	Mark-to-market valuation for swap (10 points)	10	10	10
14	Monthly swap evaluation report for Question 13 (10 points)	5	5	10
15	Approach to provide training (5 points)	5	5	5
16	Swaps used in TDHCA portfolio, usage, methodolgies, pricing differentials (5 points)	5	5	5

Texas Department of Housing and Community Affairs
Interest Rate Swap Advisor Qualifications Review

RFQ Section	Data Requested	First Southwest *Points*	IMAGE *Points*	Swap Financial *Points*
17	Method for competitive or negotiated swap appropriateness & product characteristics (1 point)	1	1	1
18	TDHCA competitive bid recommendations (1 point)	1	1	1
19	TDHCA criteria for selection of credit enhancement or liquidity providers (1 point)	1	1	1
20	Strategies for rating agency discussions regarding swaps (5 points)	5	5	5
21	Merits of S&P Derivatives Product Score and applicability to TDHCA (5 points) Disadvantages of S&P Derivatives Product Score and applicability to TDHCA	5	5	5
22	Pricing procedures negotiating swap for TDHCA (1 point) Resources available to monitor market conditions	1	1	1
23	Benefits permitting TDHCA to optionally terminate a swap (10 points) Costs permitting TDHCA to optionally terminate a swap Assistance to evaluate swap termination at market value	10	10	10
24	Benefits permitting TDHCA to transfer rights & obligations (10 points) Costs permitting TDHCA to transfer rights & obligations	10	10	10
25	Minimum rating criteria TDHCA should impose (10 points)	10	10	10
26	Collateralization requirements (1 point)	1	1	1
27	Special practice groups dedicated to swaps (1 point) Advantages of utilizing multi-faceted financial advisory firm Disadvantages of utilizing multi-faceted financial advisory firm	1	1	1
28	Assistance in negotiating fees with counterparties (1 point)	1	1	1
29	Procedures and products to monitor swaps on ongoing basis (1 point) Notification of new opportunities for TDHCA	1	1	1
30	Experience preparing documents conforming to Texas Treasury Safekeeping Trust Company policies and requirements (1 point)	1	0	0
31	Licensed securities broker / Investment advisor (1 point)	1	0	0
32	Description of liability, error and omissions insurance policies and dollar limits (1 point)	1	1	1
33	Litigation, arbitration, or other current, pending, or past against firm from involvement in municipal or public purpose debt (1 point)	1	1	1
	Total Score	**171**	**153**	**198**

Texas Department of Housing and Community Affairs
Request for Qualifications for Interest Rate Swap Advisor
Qualifications Summary

RFQ Section	Data Requested	First Southwest Company	Investment Management Advisory Group	PFM Asset Management	Swap Financial Group
				Disqualified Response Received After Deadline	
1	**Statement understanding RBC Dain Rauscher as TDHCA financial advisor**	Provided	Provided	Provided	Provided
2	**Name of organization and firm's address**	First Southwest Company	Investment Management Advisory Group, Inc.	PFM Asset Management LLC	Swap Financial Group, LLC
	Parent company, partnership, corporation, or sole proprietorship	Corporation Incorporated	S-Corporation, Limited Liability Corporation		Independent swap advisor
3	**Branch offices or other firms to perform or assist in work**	None	IMAGE partial owner of DerivActiv	None	None
4	**Professionals assigned to TDHCA: name, office location, resume**	Michael Marz: Dallas, TX David Brayshaw: Dallas, TX Angela Rodell: New York, NY Robin Miller: Dallas, TX Steve Johnson: Dallas, TX	Collin Brinkham: Pottstown, PA Robert Kitner: Pottstown, PA Farah Lotia: Pottstown, PA Merc Morse: Pottstown, PA Lori Collier: Pottstown, PA	Jeff Pearsall: Philadelphia, PA Andy McKendrick: Philadelphia, PA Alfred Muku nya: Philadelphia, PA Bill Newman: Austin, TX Michael Harris: Harrisburg, PA	Peter Shapiro: S. Orange, NJ John Keenan: S. Orange, NJ James Murphy: S. Orange, NJ Lillian Chern: S. Orange, NJ
	Level of responsibility & availability, professional background, state housing finance experience	Provided	Provided	Provided	Provided
	Percentage of work responsible per team member	Mike Marz: 30% David Brayshaw: 20% Angela Rodell: 20% Robin Miller: 15% Steve Johnson: 15%	Collin Brinkham: 10% Robert Kitner: 10% Farah Lotia: 40% Merc Morse: 20% Lori Collier: 20%	Jeff Pearsall: 25% Andrew McKendrick: 25% Alfred Mukunya: 40% Bill Newman: 5% Michael Harris: 5%	Peter Shapiro: 40% John Keenan: 30% James Murphy: 15% Lillian Chern: 15%
5	**Table listing tax-exempt single family mortgage revenue bonds**				
	2004	$0	$0	$14,950,000	$1,919,000,000
	2003	$0	$0	$0	$1,392,000,000
	2002	$200,000,000	$0	$0	$1,963,000,000
	Average: 2002 - 2004	$66,666,667	$0	$4,983,333	$1,758,000,000
6	**Single family interest rate swaps provided as interest rate swap advisor**				
	2004	$0	$0	$0	$0
	2003	$0	$0	$0	$0
	2002	$0	$0	$0	$0
	Average: 2002 - 2004	$0	$0	$0	$0
7	**List of state housing agencies served as swap advisor for single-family mortgage revenue bond issues**	4	0	1	9
	References: names, addresses, telephone numbers	Provided	N/A	Provided	Provided
8	**Fee Quotes**	$10,000 (max)	$2,500 (average)	**Provided late**	$1,200
9	**Examples of analytical criteria & assumptions to evaluate swaps**	Provided	Provided	**Provided late**	Provided
	Software, model structure, procedures	DBC housing, MUNEX, Monte Carlo methods	DerivActiv in-house proprietary software	**Provided late**	Lombard, Tannenbaum, Bloomberg, Principia
10	**Method(s) for determining and calculating volatility measures used in swap pricing**	Cap/Floor volatilities	Bloomberg and DerivActiv	Models Wall Street dealers	BMA and LIBOR volatilities
11	**Basis risk and methods**	Provided	Provided	Provided	Provided
12	**Optional call methods**	Provided	Provided	Provided	Provided

Texas Department of Housing and Community Affairs
Request for Qualifications for Interest Rate Swap Advisor
Qualifications Summary

RFQ Section	Data Requested	First Southwest Company	Investment Management Advisory Group	PFM Asset Management	Swap Financial Group
13	Mark-to-market valuation for swap	$387,093.40	$734,924.18	$483,449.54	$962,035.00
14	Monthly swap evaluation report for Question 13	Provided	Provided	Provided	Provided
15	Approach to provide training	Provided	Provided	Provided	Provided
16	Swaps used in TDHCA portfolio, usage, methodolgies, pricing differentials	Provided	Provided	Provided	Provided
17	Method for competitive or negotiated swap appropriateness & product characteristics	Provided	Provided	Provided	Provided
18	TDHCA competitive bid recommendations	No fewer than 3 firms	Most competitive firms	"Reasonable number"	5-10 firms
19	TDHCA criteria for selection of credit enhancement or liquidity providers	Provided	Provided	Provided	Provided
20	Strategies for rating agency discussions regarding swaps	Provided	Provided	Provided	Provided
21	Merits of S&P Derivatives Product Score and applicability to TDHCA Disadvantages of S&P Derivatives Product Score and applicability to TDHCA	Provided Provided	Provided Provided	Provided Provided	Provided Provided
22	Pricing procedures negotiating swap for TDHCA Resources available to monitor market conditions	Provided Provided	Provided Provided	Provided Provided	Provided Provided
23	Benefits permitting TDHCA to optionally terminate a swap Costs permitting TDHCA to optionally terminate a swap Assistance to evaluate swap termination at market value	Provided Provided Provided	Provided Provided Provided	Provided Provided Provided	Provided Provided Provided
24	Benefits permitting TDHCA to transfer rights & obligations Costs permitting TDHCA to transfer rights & obligations	Enhances liquidity None	If not receiving proper pricing None if properly negotiated	Enhances liquidity Difficulty assigning swap contract	Can conduct competitive bid Best termination price
25	Minimum rating criteria TDHCA should impose	Aa3/A-1	Highest two categories	AA or better	AA or better
26	Collateralization requirements	Provided	Provided	Provided	Provided
27	Special practice groups dedicated to swaps Advantages of utilizing multi-faceted financial advisory firm Disadvantages of utilizing multi-faceted financial advisory firm	Yes Provided None	Yes Provided None	Yes Provided None	Yes Provided None
28	Assistance in negotiating fees with counterparties	Provided	Provided	Provided	Provided
29	Procedures and products to monitor swaps on ongoing basis Notification of new opportunities for TDHCA	Provided	Provided	Provided Provided	Provided Provided
30	Experience preparing documents conforming to Texas Treasury Safekeeping Trust Company policies and requirements	Yes	No	None	No
31	Licensed securities broker Investment advisor	Yes No	No No	No Yes	No No
32	Description of liability, error and omissions insurance policies and dollar limits	Professional: $1M General Liability: $1M	Wrongful act: $1M Internet media: $1M Internet pro services: $1M Security liability: $1M	E&O: $10M Excess: $5M	Professional: $250K General Liability: $1M Automobile: $1M Workers Comp: $500K
33	Litigation, arbitration, or other current, pending, or past against firm from involvement in municipal or public purpose debt	Provided	None	Provided	No

BOND FINANCE DIVISION

BOARD ACTION REQUEST
September 16, 2005

Action Items

Resolution authorizing the extension of the certificate purchase period for Residential Mortgage Revenue Bonds, Series 2003A (Program 59A).

Required Action

Approve the attached resolution authorizing the extension of the certificate purchase period for Residential Mortgage Revenue Bonds, Series 2003A (Program 59A).

Background

The mortgage loan origination period related to TDHCA's Residential Mortgage Revenue Bonds, Series 2003A (Program 59A) will terminate on December 1, 2005. Unspent proceeds bond redemptions must be made if the origination period is not extended. Staff recommends extending the certificate purchase date for Program 59A to May 1, 2006. The table below reflects Program 59A's balances, per the master servicer's records, as of August 31, 2005.

Total Lendable Bond Proceeds	$71.1 million
Assisted Funds Unreserved Balance	$ 0.0 million
+ Unassisted Funds Unreserved Balance	$ 0.1 million
+ Loans in Mortgage Pipeline	$10.2 million
= Total Unspent Proceeds Balance	$10.3 million
Mortgages Closed and Funded	$60.8 million

Extending the origination period will provide additional time needed for closing all mortgage reservations in the pipeline.

Recommendation

Approve the attached resolution authorizing the extension of the certificate purchase period for Residential Mortgage Revenue Bonds, Series 2003A (Program 59A).

Resolution No. 05-075

RESOLUTION AUTHORIZING THE EXTENSION OF THE CERTIFICATE PURCHASE PERIOD FOR RESIDENTIAL MORTGAGE REVENUE REFUNDING BONDS, SERIES 2003A; AUTHORIZING ARRANGEMENTS RELATING TO AN INVESTMENT AGREEMENT; AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS AND INSTRUMENTS RELATING THERETO; MAKING CERTAIN FINDINGS AND DETERMINATIONS IN CONNECTION THEREWITH; 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 and acquire and finance, and to enter into advance commitments to make and acquire and finance, mortgage loans and participating interests therein, secured by mortgages on residential housing in the State of Texas (the "State"); (b) to issue its bonds, for the purpose, among others, of obtaining funds to acquire, finance or acquire participating interests in such mortgage loans, to establish necessary reserve funds and to pay administrative and other costs incurred in connection with the issuance of such bonds; and (c) to pledge all or any part of the revenues, receipts or resources of the Department, including the revenues and receipts to be received by the Department from such single family mortgage loans or participating interests, and to mortgage, pledge or grant security interests in such mortgages or participating interests, mortgage loans or other property of the Department, to secure the payment of the principal or redemption price of and interest on such bonds; and

WHEREAS, in order to implement its Bond Program No. 59A, the Department issued its Residential Mortgage Revenue Refunding Bonds, Series 2003A in the aggregate principal amount of $73,630,000 (the "Series 2003A Bonds"), pursuant to the Residential Mortgage Revenue Bond Trust Indenture dated as of November 1, 1987 between the Department, as successor to the Texas Housing Agency, and J.P. Morgan Trust Company, National Association, as successor trustee (the "Trustee"), as supplemented and amended (collectively, the "Residential Mortgage Indenture"), and the Twenty-Seventh Supplemental Residential Mortgage Revenue Bond Trust Indenture dated as of August 1, 2003 (the "Twenty-Seventh Supplement") with respect to the Series 2003A Bonds, between the Department and the Trustee, for the purpose, among others, of refunding certain prior bonds of the Department, thereby providing funds to make and acquire qualified mortgage loans (including participating interests therein) during the Certificate Purchase Period (as defined in the Twenty-Seventh Supplement); and

WHEREAS, pursuant to Resolution No. 04-071 adopted on September 9, 2004, the Department extended the Certificate Purchase Period with respect to the Series 2003A Bonds to December 1, 2005, or the first business day thereafter; and

WHEREAS, the investment agreement pursuant to which certain proceeds of the Series 2003A Bonds are invested during the Certificate Purchase Period expires with respect to such proceeds on January 31, 2006; and

WHEREAS, the Department desires to approve and authorize (i) the extension of the Certificate Purchase Period to May 1, 2006 in accordance with the terms of the Twenty-Seventh Supplement, (ii) arrangements to obtain a new investment agreement to provide for the investment of proceeds of the Series 2003A Bonds during the Certificate Purchase Period, as so extended, (iii) all actions to be taken with respect thereto, and (iv) the execution and delivery of all documents and instruments in connection therewith;

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

ARTICLE I

EXTENSION OF CERTIFICATE PURCHASE PERIOD; APPROVAL OF DOCUMENTS

Section 1.1--Approval of Extension of the Certificate Purchase Period. The extension of the Certificate Purchase Period to May 1, 2006, or the first business day thereafter, is hereby authorized, subject to advice of any financial advisor, bond counsel or other advisor to the Department, such extension to be effectuated under and in accordance with the Residential Mortgage Indenture and the Twenty-Seventh Supplement, and the authorized representatives of the Department named in this Resolution each are authorized hereby to execute and deliver all documents and instruments in connection therewith and to request and deliver all certificates as may be required by the terms of the Twenty-Seventh Supplement in connection therewith.

Section 1.2--Investment Agreement and Investment Agreement Broker. The investment of funds held under the Twenty-Seventh Supplement is hereby approved and the Executive Director and the Director of Bond Finance each are authorized hereby to complete arrangements for investment in an investment agreement, including, without limitation, selection of the investment agreement broker, if any.

Section 1.3--Authorization of Investment Agreement. The execution and delivery of an investment agreement is hereby authorized and approved and the authorized representatives of the Department named in this Resolution each are authorized hereby to execute and deliver such investment agreement and all documents and instruments in connection therewith.

Section 1.4--Execution and Delivery of Other Documents. The authorized representatives of the Department named in this Resolution each are authorized hereby to execute and deliver all agreements, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, notices, written requests and other papers, whether or not mentioned herein, as may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 1.5--Authorized Representatives. The following persons are each hereby named as authorized representatives of the Department for purposes of executing and delivering the documents and instruments referred to in this Article I: the Chair of the Board; the Vice Chairman of the Board; the Secretary of the Board; the Executive Director of the Department; and the Director of Bond Finance of the Department.

ARTICLE II

GENERAL PROVISIONS

Section 2.1--Purpose of Resolution. The Board has expressly determined and hereby confirms that the acquisition of mortgage loans or the purchase of Mortgage Certificates resulting from the extension of the Certificate Purchase Period will accomplish a valid public purpose of the Department by providing for the housing needs of persons and families of low, very low and extremely low income and families of moderate income in the State.

Section 2.2--Effective Date. That this Resolution shall be in full force and effect from and upon its adoption.

Section 2.3--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.

(Execution Page Follows)

PASSED AND APPROVED this 16th day of September, 2005.

Elizabeth Anderson, Chair

ATTEST:

Kevin Hamby, Secretary

(SEAL)

BOND FINANCE DIVISION

BOARD ACTION REQUEST
September 16, 2005

Action Items

Resolution authorizing the extension of the certificate purchase period for Single Family Mortgage Revenue Bonds, 2004 Series A and 2004 Series B Variable Rate Bonds (Program 61)

Required Action

Approve the attached resolution authorizing the extension of the certificate purchase period for Single Family Mortgage Revenue Bonds, 2004 Series A and 2004 Series B Variable Rate Bonds (Program 61)

Background

The mortgage loan origination period related to TDHCA's Single Family Mortgage Revenue Bonds, 2004 Series A and 2004 Series B Variable Rate Bonds (Program 61) will terminate on November 1, 2005. Unspent proceeds bond redemptions must be made if the origination period is not extended. Staff recommends extending the certificate purchase date for Program 61 to January 1, 2007. The table below reflects Program 61's balances, per the master servicer's records, as of August 31, 2005.

Total Lendable Bond Proceeds	$175.9 million
Assisted Funds Unreserved Balance	$ 73.8 million
+ Unassisted Funds Unreserved Balance	$ .3 million
+ Loans in Mortgage Pipeline	$ 10.8 million
= Total Unspent Proceeds Balance	$ 84.9 million
Mortgages Closed and Funded	$ 91.0 million

Assisted funds comprise over 93% of the total unspent proceeds balance. The assisted mortgage rate equals 5.50%. A downpayment assistance grant of up to 4% of the mortgage amount is available for all assisted loans. TDHCA reserved the assisted funds for one year in order to make the funds available for very low income borrowers and for borrowers purchasing homes in targeted areas.

TDHCA has adopted numerous revisions to the terms associated with Program 61's assisted program, including changing the assistance from a second lien to a grant, offering a zero point loan option and increasing the maximum AMFI for assisted loans from 80% to 115%. Nonetheless, demand for Program 61's assisted funds have remained lackluster.

During the same time period that Program 61's assisted funds have been outstanding, $222,875,830 in unassisted 4.99% loans have been reserved and $121,244,117 in unassisted

4.99% loans have been closed. Of the 4.99% loans funded, over 73% of the borrowers had AMFIs equal to 80% or less. These statistics include originations from several programs.

Bond Finance has been reviewing several options and may recommend restructuring Program 61's remaining funds in October or November, contingent upon market conditions and Program 61's performance over the next two months.

Due to the steepness of the yield curve at the time of selling Program 61's bonds, TDHCA incurs negative cost of carry, i.e., negative arbitrage, for Program 61. The following table illustrates TDHCA's cost of carry associated with Program 61's unreserved balance of $73.8 million in assisted funds.

Estimated Program 61 Cost of Carry (Negative Arbitrage)		
Daily	Monthly	Annually
$5,806	$176,605	$2.1 million

More recently, the yield curve has flattened, i.e., short-term interest rates have risen while long-term interest rates have not increased. Accordingly, upon the maturity of Program 61's guaranteed investment contract in November 2005, Bond Finance will rebid the guaranteed investment contract.

Recommendation

Approve the attached resolution authorizing the extension of the certificate purchase period for Single Family Mortgage Revenue Bonds, 2004 Series A and 2004 Series B Variable Rate Bonds (Program 61)

Resolution No. 05-076

RESOLUTION AUTHORIZING THE EXTENSION OF THE CERTIFICATE PURCHASE PERIOD FOR SINGLE FAMILY MORTGAGE REVENUE REFUNDING BONDS, 2004 SERIES A AND SINGLE FAMILY VARIABLE RATE MORTGAGE REVENUE REFUNDING BONDS, 2004 SERIES B; AUTHORIZING ARRANGEMENTS RELATING TO AN INVESTMENT AGREEMENT; AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS AND INSTRUMENTS RELATING THERETO; MAKING CERTAIN FINDINGS AND DETERMINATIONS IN CONNECTION THEREWITH; 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 and acquire and finance, and to enter into advance commitments to make and acquire and finance, mortgage loans and participating interests therein, secured by mortgages on residential housing in the State of Texas (the "State"); (b) to issue its bonds, for the purpose, among others, of obtaining funds to acquire, finance or acquire participating interests in such mortgage loans, to establish necessary reserve funds and to pay administrative and other costs incurred in connection with the issuance of such bonds; and (c) to pledge all or any part of the revenues, receipts or resources of the Department, including the revenues and receipts to be received by the Department from such single family mortgage loans or participating interests, and to mortgage, pledge or grant security interests in such mortgages or participating interests, mortgage loans or other property of the Department, to secure the payment of the principal or redemption price of and interest on such bonds; and

WHEREAS, in order to implement its Bond Program No. 61 (the "Program"), the Department issued its Single Family Mortgage Revenue Refunding Bonds, 2004 Series A in the aggregate principal amount of $123,610,000 (the "2004 Series A Bonds") and its Single Family Variable Rate Mortgage Revenue Refunding Bonds, 2004 Series B in the aggregate principal amount of $53,000,000 (the "2004 Series B Bonds" and together with the 2004 Series A Bonds, collectively, the "2004 Series A/B Bonds") pursuant to a Single Family Mortgage Revenue Bond Trust Indenture dated as of October 1, 1980 between the Department, as successor to the Texas Housing Agency, and J.P. Morgan Trust Company, National Association, as successor trustee (the "Trustee"), as supplemented and amended (collectively, the "Single Family Indenture"), and the Thirty-Sixth Supplemental Single Family Mortgage Revenue Bond Trust Indenture dated as of April 1, 2004 (the "Thirty-Sixth Supplement") with respect to the 2004 Series A Bonds, and the Thirty-Seventh Supplemental Single Family Mortgage Revenue Bond Trust Indenture dated as of April 1, 2004 (the "Thirty-Seventh Supplement") with respect to the 2004 Series B Bonds, each between the Department and the Trustee, for the purpose, among others, of refunding certain prior bonds of the Department, thereby providing funds to make and acquire qualified mortgage loans (including participating interests therein) during the Certificate Purchase Period (as described in the Thirty-Sixth Supplement); and

WHEREAS, concurrently with the issuance of the 2004 Series A/B Bonds, the Department issued its Taxable Junior Lien Single Family Variable Rate Mortgage Revenue Bonds, Series 2004A in the aggregate principal amount of $4,140,000 (the "Series 2004A Junior Lien Bonds") pursuant to the Fourth Supplemental Junior Lien Trust Indenture (Series Supplement 2004A) dated as of April 1, 2004 (the "Fourth Supplement") with respect to the Series 2004A Junior Lien Bonds, between the Department and the Trustee, for the purpose, among others, of financing down payment and closing cost assistance under the Program; and

WHEREAS, the Certificate Purchase Period with respect to the 2004 Series A/B Bonds ends on November 1, 2005, unless extended; and

WHEREAS, the investment agreement pursuant to which certain proceeds of the 2004 Series A/B Bonds and the Series 2004A Junior Lien Bonds are invested during the initial Certificate Purchase Period expires with respect to such proceeds on November 1, 2005; and

WHEREAS, the Department desires to approve and authorize (i) the extension of the Certificate Purchase Period for the 2004 Series A/B Bonds to January 1, 2007 in accordance with the terms of the Thirty-Sixth Supplement, (ii) arrangements to obtain a new investment agreement to provide for the investment of proceeds of the 2004 Series A/B Bonds and Series 2004A Junior Lien Bonds during the Certificate Purchase Period, as so extended, (iii) all actions to be taken with respect thereto, and (iv) the execution and delivery of all documents and instruments in connection therewith;

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

ARTICLE I

EXTENSION OF CERTIFICATE PURCHASE PERIOD; APPROVAL OF DOCUMENTS

Section 1.1--Approval of Extension of the Certificate Purchase Period. The extension of the Certificate Purchase Period to January 1, 2007, or the first business day thereafter, is hereby authorized, subject to advice of any financial advisor, bond counsel or other advisor to the Department, such extension to be effectuated under and in accordance with the Single Family Indenture and the Thirty-Sixth Supplement, and the authorized representatives of the Department named in this Resolution each are authorized hereby to execute and deliver all documents and instruments in connection therewith and to request and deliver all certificates as may be required by the terms of the Thirty-Sixth Supplement in connection therewith.

Section 1.2--Investment Agreement and Investment Agreement Broker. The investment of funds held under the Thirty-Sixth Supplement, the Thirty-Seventh Supplement and the Fourth Supplement is hereby approved and the Executive Director and the Director of Bond Finance each are authorized hereby to complete arrangements for investment in an investment agreement, including, without limitation, selection of the investment agreement broker, if any.

Section 1.3--Authorization of Investment Agreement. The execution and delivery of an investment agreement is hereby authorized and approved and the authorized representatives of the Department named in this Resolution each are authorized hereby to execute and deliver such investment agreement and all documents and instruments in connection therewith.

Section 1.4--Execution and Delivery of Other Documents. The authorized representatives of the Department named in this Resolution each are authorized hereby to execute and deliver all agreements, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, notices, written requests and other papers, whether or not mentioned herein, as may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 1.5--Authorized Representatives. The following persons are each hereby named as authorized representatives of the Department for purposes of executing and delivering the documents and instruments referred to in this Article I: the Chair of the Board; the Vice Chairman of the Board; the Secretary of the Board; the Executive Director of the Department; and the Director of Bond Finance of the Department.

ARTICLE II

GENERAL PROVISIONS

Section 2.1--Purpose of Resolution. The Board has expressly determined and hereby confirms that the acquisition of mortgage loans or the purchase of Mortgage Certificates resulting from the extension of the Certificate Purchase Period will accomplish a valid public purpose of the Department by providing for the housing needs of persons and families of low, very low and extremely low income and families of moderate income in the State.

Section 2.2--Effective Date. That this Resolution shall be in full force and effect from and upon its adoption.

Section 2.3--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.

(Execution Page Follows)

PASSED AND APPROVED this 16th day of September, 2005.

Elizabeth Anderson, Chair

ATTEST:

Kevin Hamby, Secretary

(SEAL)

BOND FINANCE DIVISION

BOARD ACTION REQUEST
September 16, 2005

Action Items

Resolution authorizing the extension of the certificate purchase period for Single Family Mortgage Revenue Bonds, 2004 Series C and 2004 Series D (Program 62)

Required Action

Approve the attached resolution authorizing the extension of the certificate purchase period for Single Family Mortgage Revenue Bonds, 2004 Series C and 2004 Series D (Program 62)

Background

The mortgage loan origination period related to TDHCA's Single Family Mortgage Revenue Bonds, 2004 Series C and 2004 Series D (Program 62) will terminate on January 1, 2006. Unspent proceeds bond redemptions must be made if the origination period is not extended. Staff recommends extending the certificate purchase date for Program 62 to January 1, 2007. The table below reflects Program 62's balances, per the master servicer's records, as of August 31, 2005.

Total Lendable Bond Proceeds	$71.6 million
Assisted Funds Unreserved Balance (1)	$ 0.0 million
+ Unassisted Funds Unreserved Balance (2)	$21.9 million
+ Loans in Mortgage Pipeline	$14.3 million
= Total Unspent Proceeds Balance	$36.2 million
Mortgages Closed and Funded	$35.4 million

(1) Program 62 did not include any assisted funds.

(2) Targeted Area Unreserved Balance equals $13.4 million or 61% of the Unassisted Funds Unreserved Balance.

Remaining funds set-aside for targeted areas per the tax code equal $14.7 million (unreserved and pipeline amounts) and comprise over 41% of the total unspent proceeds balance. The one-year targeted area set-aside expires in November 2005. Thereafter, these monies will be available on a non-targeted, statewide basis. The unassisted mortgage rate equals 4.99%.

Staff believes that with an extended origination period, all funds will be converted into mortgage loans.

Recommendation

Approve the attached resolution authorizing the extension of the certificate purchase period for Single Family Mortgage Revenue Bonds, 2004 Series C and 2004 Series D (Program 62)

Resolution No. 05-077

RESOLUTION AUTHORIZING THE EXTENSION OF THE CERTIFICATE PURCHASE PERIOD FOR SINGLE FAMILY MORTGAGE REVENUE BONDS, 2004 SERIES C AND SINGLE FAMILY VARIABLE RATE MORTGAGE REVENUE BONDS, 2004 SERIES D; AUTHORIZING ARRANGEMENTS RELATING TO AN INVESTMENT AGREEMENT; AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS AND INSTRUMENTS RELATING THERETO; MAKING CERTAIN FINDINGS AND DETERMINATIONS IN CONNECTION THEREWITH; 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 and acquire and finance, and to enter into advance commitments to make and acquire and finance, mortgage loans and participating interests therein, secured by mortgages on residential housing in the State of Texas (the "State"); (b) to issue its bonds, for the purpose, among others, of obtaining funds to acquire, finance or acquire participating interests in such mortgage loans, to establish necessary reserve funds and to pay administrative and other costs incurred in connection with the issuance of such bonds; and (c) to pledge all or any part of the revenues, receipts or resources of the Department, including the revenues and receipts to be received by the Department from such single family mortgage loans or participating interests, and to mortgage, pledge or grant security interests in such mortgages or participating interests, mortgage loans or other property of the Department, to secure the payment of the principal or redemption price of and interest on such bonds; and

WHEREAS, in order to implement its Bond Program No. 62, the Department issued its Single Family Mortgage Revenue Bonds, 2004 Series C in the aggregate principal amount of $41,245,000 (the "2004 Series C Bonds") and its Single Family Variable Rate Mortgage Revenue Bonds, 2004 Series D in the aggregate principal amount of $35,000,000 (the "2004 Series D Bonds" and together with the 2004 Series C Bonds, collectively, the "2004 Series C/D Bonds") pursuant to a Single Family Mortgage Revenue Bond Trust Indenture dated as of October 1, 1980 between the Department, as successor to the Texas Housing Agency, and J.P. Morgan Trust Company, National Association, as successor trustee (the "Trustee"), as supplemented and amended (collectively, the "Single Family Indenture"), and the Thirty-Eighth Supplemental Single Family Mortgage Revenue Bond Trust Indenture dated as of October 1, 2004 (the "Thirty-Eighth Supplement") with respect to the 2004 Series C Bonds, and the Thirty-Ninth Supplemental Single Family Mortgage Revenue Bond Trust Indenture dated as of October 1, 2004 (the "Thirty-Ninth Supplement") with respect to the 2004 Series D Bonds, each between the Department and the Trustee, for the purpose, among others, of providing funds to make and acquire qualified mortgage loans (including participating interests therein) during the Certificate Purchase Period (as described in the Thirty-Eighth Supplement); and

WHEREAS, concurrently with the issuance of the 2004 Series C/D Bonds, the Department issued its Single Family Mortgage Revenue Refunding Bonds, 2004 Series E in the aggregate principal amount of $10,825,000 (the "2004 Series E Bonds") pursuant to the Single Family Indenture and the Fortieth Supplemental Single Family Mortgage Revenue Bond Trust Indenture dated as of October 1, 2004 (the "Fortieth Supplement") with respect to the 2004 Series E Bonds, between the Department and the Trustee, for the purpose, among others, of refunding certain prior bonds of the Department; and

WHEREAS, the Certificate Purchase Period with respect to the 2004 Series C/D Bonds ends on January 1, 2006, unless extended; and

WHEREAS, the investment agreement pursuant to which certain proceeds of the 2004 Series C/D Bonds and the 2004 Series E Bonds, if any, are invested during the initial Certificate Purchase Period expires with respect to such proceeds on July 1, 2006; and

WHEREAS, the Department desires to approve and authorize (i) the extension of the Certificate Purchase Period for the 2004 Series C/D Bonds to January 1, 2007 in accordance with the terms of the Thirty-Eighth Supplement, (ii) arrangements to obtain a new investment agreement to provide for the investment of proceeds of the 2004 Series C/D Bonds and the 2004 Series E Bonds, if any, during the Certificate Purchase Period, as so extended, (iii) all actions to be taken with respect thereto, and (iv) the execution and delivery of all documents and instruments in connection therewith;

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

ARTICLE I

EXTENSION OF CERTIFICATE PURCHASE PERIOD; APPROVAL OF DOCUMENTS

Section 1.1--Approval of Extension of the Certificate Purchase Period. The extension of the Certificate Purchase Period to January 1, 2007, or the first business day thereafter, is hereby authorized, subject to advice of any financial advisor, bond counsel or other advisor to the Department, such extension to be effectuated under and in accordance with the Single Family Indenture and the Thirty-Eighth Supplement, and the authorized representatives of the Department named in this Resolution each are authorized hereby to execute and deliver all documents and instruments in connection therewith and to request and deliver all certificates as may be required by the terms of the Thirty-Eighth Supplement in connection therewith.

Section 1.2--Investment Agreement and Investment Agreement Broker. The investment of funds held under the Thirty-Eighth Supplement, the Thirty-Ninth Supplement and the Fortieth Supplement is hereby approved and the Executive Director and the Director of Bond Finance each are authorized hereby to complete arrangements for investment in an investment agreement, including, without limitation, selection of the investment agreement broker, if any.

Section 1.3--Authorization of Investment Agreement. The execution and delivery of an investment agreement is hereby authorized and approved and the authorized representatives of the Department named in this Resolution each are authorized hereby to execute and deliver such investment agreement and all documents and instruments in connection therewith.

Section 1.4--Execution and Delivery of Other Documents. The authorized representatives of the Department named in this Resolution each are authorized hereby to execute and deliver all agreements, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, notices, written requests and other papers, whether or not mentioned herein, as may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 1.5--Authorized Representatives. The following persons are each hereby named as authorized representatives of the Department for purposes of executing and delivering the documents and instruments referred to in this Article I: the Chair of the Board; the Vice Chairman of the Board; the Secretary of the Board; the Executive Director of the Department; and the Director of Bond Finance of the Department.

ARTICLE II

GENERAL PROVISIONS

Section 2.1--Purpose of Resolution. The Board has expressly determined and hereby confirms that the acquisition of mortgage loans or the purchase of Mortgage Certificates resulting from the extension of the Certificate Purchase Period will accomplish a valid public purpose of the Department by providing for the housing needs of persons and families of low, very low and extremely low income and families of moderate income in the State.

Section 2.2--Effective Date. That this Resolution shall be in full force and effect from and upon its adoption.

Section 2.3--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.

(Execution Page Follows)

PASSED AND APPROVED this 16th day of September, 2005.

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Elizabeth Anderson, Chair

ATTEST:

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Kevin Hamby, Secretary

(SEAL)

BOND FINANCE DIVISION

BOARD ACTION REQUEST
September 16, 2005

Action Items

Single Family Mortgage Revenue Bonds, 2005 Series B, 2005 Series C, 2004 Series D, and 2004 Series E (COBs) for Program 65.

Required Action

Preliminary approval of Single Family Mortgage Revenue Bonds, 2005 Series B, 2005 Series C, 2004 Series D, and 2004 Series E (COBs) for Program 65.

Background

TDHCA's volume cap allocation in 2005 for single family bonds equals $167,925,498. To date, TDHCA has allocated $120 million of its 2005 state volume cap for the issuance of mortgage credit certificates. TDHCA has depleted its current balance of unassisted mortgage funds available for very low, low and moderate income Texans seeking to purchase their first home. However, Bond Finance does not presently recommend issuing single family bonds to provide funds for unassisted mortgages due to Program 61's remaining unreserved balance of approximately $80 million. Instead, Bond Finance recommends that TDHCA use most of its 2005 state volume cap balance of $47,925,498 to issue single family Convertible Option Bonds (COBs) later in 2005, which can be refunded in 2006 to create additional mortgages.

Bond Finance recommends refunding all or a portion of TDHCA's outstanding Single Family Mortgage Revenue Bonds, 1995 Series A/B/C issue. This refunding will produce economic savings for the Single Family Mortgage Revenue Bond indenture but will not generate any surplus cash. Nominal amounts of the remaining 2005 volume cap will be used to optimize economic and tax benefits derived from the economic refunding and COBs.

The following table illustrates the various components of the proposed transaction.

Program	Series	Amount *	Purpose	Bond Description
65	2005 B	$ 4,000,000	Tax-Exempt New Money (0% Mortgages)	Fixed Rate Bonds
65	2005 C	53,000,000	Tax-Exempt Refunding of SFMRB 1995 Series A/B/C	Fixed Rate Bonds
65	2005 D	10,000,000	Tax-Exempt Refunding of Commercial Paper	Fixed Rate Bonds
65	2005 E	44,000,000	Tax-Exempt New Money (2006 Mortgages)	Convertible Option Bonds
Total		$111,000,000		

* Preliminary, subject to change based on market conditions

Continuing with the senior manager rotation plan, Bond Finance recommends Citigroup Global Markets, Inc. for this transaction and the subsequent refunding of the 2005 Series E Convertible Option Bonds next spring.

The following table provides certain details related to this plan of finance.

Program Designation	Program 65
Bond Review Board Planning Session	October 11, 2005
TDHCA Approval Date	October 13, 2005
Bond Review Board Approval Date	October 20, 2005
Pricing Window	October 21, 2005 – November 4, 2005
Pre-Closing/Closing Dates	December 6 / December 7, 2005

Recommendation

Preliminary approval of Single Family Mortgage Revenue Bonds, 2005 Series B, 2005 Series C, 2004 Series D, and 2004 Series E (COBs) for Program 65.

<u>Supplemental Information</u>

Current lendable proceeds available in existing programs as of August 31, 2005:

Program Number	Original Allocation	Rate	Committed/ (In Pipeline)	Loans Purchased	Uncommitted Allocation	Targeted Area Balances
56	$126,415,000	6.25%	$1,063,449	$125,127,898	$223,653	
57A	$111,770,485	4.99%	$2,654,261	$108,658,181	$458,043	
59	$44,891,390	5.30% 5.99%	$5,217,284	$39,502,271	$171,835	
59A	$71,056,914	4.99% 5.99%	$10,209,823	$60,657,883	$189,208	
61	$175,865,983	4.99% 5.50%	$10,763,211	$89,728,971	$75,373,801	
62	$71,600,000	4.99%	$14,255,363	$35,460,416	$21,884,221	$13,386,760
62A	$101,764,092	4.99%	$80,909,003	$5,101,750	$15,753,339	$17,498,654
TOTAL:	$703,363,864		$125,072,394	$464,237,370	$114,054,100	

TEXAS
DEPARTMENT OF HOUSING
AND COMMUNITY AFFAIRS

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REQUEST FOR BOARD ACTION
Multifamily Finance Production

2005 Private Activity Bond Program – Waiting List

1 Priority 1A Application
1 Priority 1C Application
2 Priority 2 Applications
4 Total Applications Received

TABLE OF EXHIBITS

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

September 16, 2005

Action Item

Inducement resolution for Multifamily Revenue Bonds and Authorization for Filing Applications for the Year 2005 Private Activity Bond Authority for four (4) applications – Waiting List.

Requested Action

Approve the Inducement Resolution to proceed with application submission to the Texas Bond Review Board for possible receipt of State Volume Cap issuance authority from the 2005 Private Activity Bond Program for four (4) applications.

Background

Each year, the State of Texas is notified of the cap on the amount of private activity tax-exempt revenue bonds that may be issued within the state. Approximately $800 million was pooled and still available for the 2005 program year as of August 15, 2005. The Department will be accepting applications for the 2005 Waiting List through October of 2005.

This Inducement Resolution includes four (4) applications that were received by August 1, 2005. These applications will be added to the 2005 Waiting List. Each application is reviewed, scored and ranked according to the Department's published scoring criteria. Upon Board approval to proceed, the applications will be submitted to the Texas Bond Review Board for placement on the 2005 Waiting List. The Department currently has fifteen (15) applications previously approved for the 2005 Waiting List, fourteen of which have received reservations.

Hallmark at Burleson Apartments – The proposed development will be located at 12975 S. Freeway Road in Fort Worth. Demographics for the census tract (1112.01) include AMFI of $68,019; the total tract population is 5,714; the percent of population that is minority is 10.55%; the total number of housing units is 2,169; the number of owner occupied units is 1,728; the number of renter units is 350 and the number of vacant units is 91.(*)

Harris Branch Apartments – The proposed development will be located at approximately 12317 Dessau Road, Austin, Texas. Demographics for the census tract (0018.42) include AMFI of $63,112; the total tract population is 4,064; the percent of the population that is minority is 30.24%; the total number of housing units is 1,422; the number of owner occupied units is 1,243; the number renter occupied units is 134 and the number of vacant units is 45. (*)

CityParc at Golden Triangle Apartments – This application was previously submitted with a local issuer and was denied bond issuance, with a unanimous vote, by the Tarrant County Housing Finance Corporation. The Department received strong opposition on the previous 4% HTC application and has received numerous letters on the current pre-application from neighborhood individuals. The proposed development will be located SE of the intersection of Golden Triangle Blvd and N. Beach Drive, Fort Worth, Texas. Demographics for the census tract (1139.14) include AMFI of $95,294; the total tract population is 12,828; the percent of the population that is minority is 17.25%; the total number of housing units is 4,305; the number of owner occupied units is 3,712; the number renter occupied units is 357 and the number of vacant units is 236. (*) The current pre-application with TDHCA proposes to join with a nonprofit organization and request a property tax abatement under the current Texas Tax Code.

Spring Branch on the Park – The proposed development will be located at approximately 9501 W. Wingfoot, Houston, Texas. Demographics for the census tract (5216.00) include AMFI of $41,265; the total tract population is 2,398; the percent of the population that is minority is 77.02%; the number of owner occupied units is 775; the number renter occupied units is 196 and the number of vacant units is 57. (*)

Recommendation

Approve the Inducement Resolution as presented by staff. This will allow the applicants the opportunity to substantiate the need for affordable housing in the area and present their product to the community and the Board. Staff will present all appropriate information to the Board for a final determination for the issuance of the bonds and housing tax credits during the full application process of each individual application.

(*) Census Information from FFIEC Geocoding for 2005

Texas Department of Housing and Community Affairs

2005 Multifamily Private Activity Bond Program - Waiting List

Application #	Development Information	Units	Bond Amount	Developer Information	Comments
2005-046	Hallmark at Burleson	252	$ 15,000,000	TX Hallmark at Burleson Housing, LP	Recommend
	12975 S. Freeway Road			Paul Widman	
Priority 1C	City: Fort Worth	General		1301 Zorn Avenue, Suite 1400	
	County: Tarrant		Score= 40	Louisville, KY 40207	
	New Construction			(502) 253-3100	
2005-047	Harris Branch Apartments	248	$ 15,000,000	Loyola Properties, LP	Recommend
	12317 Dessau Road			Chris Dischinger	
Priority 2	City: Austin	General		9109 Balcones Drive	
	County: Travis		Score= 48	Austin, Texas 78750	
	New Construction			(512) 219-9500	
2005-048	CityParc at Golden Triangle	240	$ 15,000,000	Finlay Interest 30, Ltd	Recommend
	SE of Golden Triangle and N Beach			Chris Finlay	Property Tax Exemption
Priority 2	City: Fort Worth	General		4300 Marsh Landing Blvd.	
	County: Tarrant		Score= 47	Jacksonville Beach, FL 32250	
	New Construction			(904) 694-1110	
2005-049	Spring Branch on the Park	250	$ 11,000,000	Spring Branch on the Park, Ltd	Recommend
	9501 West Wingfoot			H. Elizabeth Young	
Priority 1A	City: Fort Worth	Elderly		5325 Katy Freeway, Suite One	
	County: Tarrant		Score= 55	Houston, Texas 77007	
	New Construction			(713) 626-1400	
Totals for Recommended Applications		**990**	**$ 56,000,000**		

RESOLUTION NO. 05-074

RESOLUTION DECLARING INTENT TO ISSUE MULTIFAMILY REVENUE BONDS WITH RESPECT TO RESIDENTIAL RENTAL PROJECTS; AUTHORIZING THE FILING OF APPLICATIONS FOR ALLOCATIONS OF PRIVATE ACTIVITY BONDS WITH THE TEXAS BOND REVIEW BOARD; AND AUTHORIZING OTHER ACTION RELATED THERETO

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 persons and families of low and very low income (as defined in the Act) and families of moderate income (as described in the Act and determined by the Governing Board of the Department (the "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 persons 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, it is proposed that the Department issue its revenue bonds for the purpose of providing financing for multi-family residential rental developments (each a "Project" and collectively, the "Projects") as more fully described in Exhibit "A" attached hereto. The ownership of each Project as more fully described in Exhibit "A" will consist of the ownership entity and its principals or a related person (each an "Owner" and collectively, the "Owners") within the meaning of the Internal Revenue Code of 1986, as amended (the "Code"); and

WHEREAS, each Owner has made not more than 60 days prior to the date hereof, payments with respect to its respective Project and expects to make additional payments in the future and desires that it be reimbursed for such payments and other costs associated with each respective Project from the proceeds of tax-exempt and taxable obligations to be issued by the Department subsequent to the date hereof; and

WHEREAS, each Owner has indicated its willingness to enter into contractual arrangements with the Department providing assurance satisfactory to the Department that 100 percent of the units of its Project will be occupied at all times by eligible tenants, as determined by the Board of the Department pursuant to the Act ("Eligible Tenants"), that the other requirements of the Act and the Department will be satisfied and that its Project will satisfy State law, Section 142(d) and other applicable Sections of the Code and Treasury Regulations; and

WHEREAS, the Department desires to reimburse each Owner for the costs associated with its Project listed on Exhibit "A" attached hereto, but solely from and to the extent, if any, of the proceeds of tax-exempt and taxable obligations to be issued in one or more series to be issued subsequent to the date hereof; and

WHEREAS, at the request of each Owner, the Department reasonably expects to incur debt in the form of tax-exempt and taxable obligations for purposes of paying the costs of each respective Project described on Exhibit "A" attached hereto; and

WHEREAS, in connection with the proposed issuance of the Bonds (defined below), the Department, as issuer of the Bonds, is required to submit for each Project an Application for Allocation of Private Activity Bonds (the "Application") with the Texas Bond Review Board (the "Bond Review Board") with respect to the tax-exempt Bonds to qualify for the Bond Review Board's Allocation Program in connection with the Bond Review Board's authority to administer the allocation of the authority of the state to issue private activity bonds; and

WHEREAS, the Board intends that the issuance of Bonds for any particular Project is not dependent or related to the issuance of Bonds (as defined below) for any other Project and that a separate Application shall be filed with respect to each Project; and

WHEREAS, the Board has determined to declare its intent to issue its multifamily revenue bonds for the purpose of providing funds to each Owner to finance its Project on the terms and conditions hereinafter set forth; NOW, THEREFORE,

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

Section 1--Certain Findings. The Board finds that:

(a) each Project is necessary to provide decent, safe and sanitary housing at rentals that eligible tenants can afford;

(b) each Owner will supply, in its Project, well-planned and well-designed housing for eligible tenants;

(c) the financing of each Project pursuant to the provisions of the Act will constitute a public purpose and will provide a public benefit;

(d) each owner is financially responsible; and

(e) each Project will be undertaken within the authority conferred by the Act upon the Department and each Owner.

Section 2--Authorization of Issue. The Department declares its intent to issue its Multifamily Housing Revenue Bonds (the "Bonds") in amounts estimated to be sufficient to (a) fund a loan or loans to each Owner to provide financing for its Project in an aggregate principal amount not to exceed those amounts, corresponding to each respective Project, set forth in Exhibit "A"; (b) fund a reserve fund with respect to the Bonds if needed; and (c) pay certain costs incurred in connection with the issuance of the Bonds. Such Bonds will be issued as qualified residential rental project bonds. Final approval of the Department to issue the Bonds shall be subject to: (i) the review by the Department's credit underwriters for financial feasibility; (ii) review by the Department's staff and legal counsel of compliance with federal income tax regulations and state law requirements regarding tenancy in each Project; (iii) approval by the Bond Review Board, if required; (iv) approval by the Texas Attorney General; (v) satisfaction of the Board that each Project meets the Department's public policy criteria; and (vi) the ability of the Department to issue such Bonds in compliance with all federal and state laws applicable to the issuance of such Bonds.

Section 3--Terms of Bonds. The proposed Bonds shall be issuable only as fully registered bonds in authorized denominations to be determined by the Department; shall bear interest at a rate or rates to be determined by the Department; shall mature at a time to be determined by the Department but in no event later than 40 years after the date of issuance; and shall be subject to prior redemption upon such terms and conditions as may be determined by the Department.

Section 4--Reimbursement. The Department reasonably expects to reimburse each Owner for all costs that have been or will be paid subsequent to the date that is 60 days prior to the date hereof in connection with the acquisition of real property and construction of its Project and listed on Exhibit "A" attached hereto ("Costs of each respective Project") from the proceeds of the Bonds, in an amount which is reasonably estimated to be sufficient: (a) to fund a loan to provide financing for the acquisition and construction of its Project, including reimbursing each Owner for all costs that have been or will be paid subsequent to the date that is 60 days prior to the date hereof in connection with the acquisition and construction of its Project; (b) to fund any reserves that may be required for the benefit of the holders of the Bonds; and (c) to pay certain costs incurred in connection with the issuance of the Bonds.

Section 5--Principal Amount. Based on representations of each Owner, the Department reasonably expects that the maximum principal amount of debt issued to reimburse each Owner for the costs of its respective Project will not exceed the amount set forth in Exhibit "A" which corresponds to its Project.

Section 6--Limited Obligations. The Owner may commence with the acquisition and construction of its Project, which Project will be in furtherance of the public purposes of the Department as aforesaid. On or prior to the issuance of the Bonds, each Owner will enter into a loan agreement on an installment payment basis with the Department under which the Department will make a loan to the Owner for the purpose of reimbursing each Owner for the costs of its Project and each Owner will make installment payments sufficient to pay the principal of and any premium and interest on the applicable Bonds. The proposed Bonds shall be special, limited obligations of the Department payable solely by the Department from or in connection with its loan or loans to each Owner to provide financing for the Owner's Project, and from such other revenues, receipts and resources of the Department as may be expressly pledged by the Department to secure the payment of the Bonds.

Section 7--The Project. Substantially all of the proceeds of the Bonds shall be used to finance the Projects, each of which is to be occupied entirely by Eligible Tenants, as determined by the Department, and each of which is to be occupied partially by persons and families of low income such that the requirements of Section 142(d) of the Code are met for the period required by the Code.

Section 8--Payment of Bonds. The payment of the principal of and any premium and interest on the Bonds shall be made solely from moneys realized from the loan of the proceeds of the Bonds to reimburse each Owner for costs of its Project.

Section 9--Costs of Project. The Costs of each respective Project may include any cost of acquiring, constructing, reconstructing, improving, installing and expanding the Project. Without limiting the generality of the foregoing, the Costs of each respective Project shall specifically include the cost of the acquisition of all land, rights-of-way, property rights, easements and interests, the cost of all machinery and equipment, financing charges, inventory, raw materials and other supplies, research and development costs, interest prior to and during construction and for one year after completion of construction whether or not capitalized, necessary reserve funds, the cost of estimates and of engineering and legal services, plans, specifications, surveys, estimates of cost and of revenue, other expenses necessary or incident to determining the feasibility and practicability of acquiring, constructing, reconstructing, improving and expanding the Project, administrative expenses and such other expenses as may be necessary or incident to the acquisition, construction, reconstruction, improvement and expansion of the Project, the placing of the Project in operation and that satisfy the Code and the Act. Each Owner shall be responsible for and pay any costs of its Project incurred by it prior to issuance of the Bonds and will pay all costs of its Project which are not or cannot be paid or reimbursed from the proceeds of the Bonds.

Section 10--No Commitment to Issue Bonds. Neither the Owners nor any other party is entitled to rely on this Resolution as a commitment to issue the Bonds and to loan funds, and the Department reserves the right not to issue the Bonds either with or without cause and with or without notice, and in such event the Department shall not be subject to any liability or damages of any nature. Neither the Owners nor any one claiming by, through or under each Owner shall have any claim against the Department whatsoever as a result of any decision by the Department not to issue the Bonds.

Section 11--No Indebtedness of Certain Entities. The Board hereby finds, determines, recites and declares that the Bonds shall not constitute an indebtedness, liability, general, special or moral obligation or pledge or loan of the faith or credit or taxing power of the State of Texas, the Department or any other political subdivision or municipal or political corporation or governmental unit, nor shall the Bonds ever be deemed to be an obligation or agreement of any officer, director, agent or employee of the Department in his or her individual capacity, and none of such persons shall be subject to any personal liability by reason of the issuance of the Bonds.

Section 12--Conditions Precedent. The issuance of the Bonds following final approval by the Board shall be further subject to, among other things: (a) the execution by each Owner and the Department of contractual arrangements providing assurance satisfactory to the Department that 100 percent of the units for each Project will be occupied at all times by Eligible Tenants, that all other requirements of the Act will be satisfied and that each Project will satisfy the requirements of Section 142(d) of the Code (except for portions to be financed with taxable bonds); (b) the receipt of an opinion from Vinson & Elkins L.L.P. or other nationally recognized bond counsel acceptable to the Department, substantially to the effect that the interest on the tax-exempt Bonds is excludable from gross income for federal income tax purposes under existing law; and (c) receipt of the approval of the Texas Bond Review Board, if required, and the Attorney General of the State of Texas.

Section 13--Certain Findings. The Board hereby finds, determines, recites and declares that the issuance of the Bonds to provide financing for each Project will promote the public purposes set forth in the Act, including, without limitation, assisting persons and families of low and very low income and families of moderate income to obtain decent, safe and sanitary housing at rentals they can afford.

Section 14--Authorization to Proceed. The Board hereby authorizes staff, Bond Counsel and other consultants to proceed with preparation of each Project's necessary review and legal documentation for the filing of an Application for the 2005 program year and the issuance of the Bonds, subject to satisfaction of the conditions specified in Section 2(i) and (ii) hereof.

Section 15--Related Persons. The Department acknowledges that financing of all or any part of each Project may be undertaken by any company or partnership that is a "related person" to the respective Owner within the meaning of the Code and applicable regulations promulgated pursuant thereto, including any entity controlled by or affiliated with the respective Owner.

Section 16--Declaration of Official Intent. This Resolution constitutes the Department's official intent for expenditures on Costs of each respective Project which will be reimbursed out of the issuance of the Bonds within the meaning of Sections 1.142-4(b) and 1.150-2, Title 26, Code of Federal Regulations, as amended, and applicable rulings of the Internal Revenue Service thereunder, to the end that the Bonds issued to reimburse Costs of each respective Project may qualify for the exemption provisions of Section 142 of the Code, and that the interest on the Bonds (except for any taxable Bonds) will therefore be excludable from the gross incomes of the holders thereof under the provisions of Section 103(a)(1) of the Code.

Section 17--Authorization of Certain Actions. The Department hereby authorizes the filing of and directs the filing of each Application in such form presented to the Board with the Bond Review Board and each director of the Board are hereby severally authorized and directed to execute each Application on behalf of the Department and to cause the same to be filed with the Bond Review Board.

Section 18--Effective Date. This Resolution shall be in full force and effect from and upon its adoption.

Section 19--Books and Records. The Board hereby directs this Resolution to be made a part of the Department's books and records that are available for inspection by the general public.

Section 20--Notice of Meeting. Written notice of the date, hour and place of the meeting of the Board at which this Resolution was considered and of the subject of this Resolution was furnished to the Secretary of State and posted on the Internet for at least seven (7) days preceding the convening of such meeting; that during regular office hours a computer terminal located in a place convenient to the public in the office of the Secretary of State was provided such that the general public could view such posting; that such meeting was open to the public as required by law at all times during which this Resolution and the subject matter hereof was discussed, considered and formally acted upon, all as required by the Open Meetings Act, Chapter 551, Texas Government Code, as amended; and that written notice of the date, hour and place of the meeting of the Board and of the subject of this Resolution was published in the Texas Register at least seven (7) days preceding the convening of such meeting, as required by the Administrative Procedure and Texas Register Act, Chapters 2001 and 2002, Texas Government Code, as amended. Additionally, all of the materials in the possession of the Department relevant to the subject of this Resolution were sent to interested persons and organizations, posted on the Department's website, made available in hard-copy at the Department, and filed with the Secretary of State for publication by reference in the Texas Register not later than seven (7) days before the meeting of the Board as required by Section 2306.032, Texas Government Code, as amended.

PASSED AND APPROVED this 16th day of September, 2005.

[SEAL]

By:___________________________________
Elizabeth Anderson, Chair

Attest:__________________________
Kevin Hamby, Secretary

EXHIBIT "A"

Description of each Owner and its Project

<table>
<tr><th>Project Name</th><th>Owner</th><th>Principals</th><th>Amount Not to Exceed</th></tr>
<tr><td>CityParc at Golden Triangle Apartments</td><td>Finlay Interest 30, Ltd.</td><td>Finlay Interests GP 30, LLC, the General Partner, to be formed, or other entity, the Sole Member of which will be Finlay GP Holdings, Ltd., to be formed, or other entity, the General Partner of which will be Finlay Holdings, Inc., or other entity</td><td>$15,000,000</td></tr>
<tr><td colspan="4">Costs: (i) acquisition of real property located approximately 810 feet southeast of the intersection of Golden Triangle Boulevard and North Beach Street, Fort Worth, Tarrant County, Texas; and (ii) the construction thereon of an approximately 240-unit multifamily residential rental housing project, in the amount not to exceed $15,000,000.</td></tr>
<tr><th>Project Name</th><th>Owner</th><th>Principals</th><th>Amount Not to Exceed</th></tr>
<tr><td>Hallmark at Burleson Apartments</td><td>TX Hallmark at Burleson Housing, L.P.</td><td>Hallmark at Burleson GP, LLC, the General Partner, to be formed, or other entity, the Members of which will include Aslan Ventures TX, LLC and/or Aslan Ventures, LLC and/or Gregory G. Evans and/or Paul Widman, or other entity</td><td>$15,000,000</td></tr>
<tr><td colspan="4">Costs: (i) acquisition of real property located approximately at 12975 S. Freeway, Burleson, Tarrant County, Texas; and (ii) the construction thereon of an approximately 252-unit multifamily residential rental housing project, in the amount not to exceed $15,000,000.</td></tr>
<tr><th>Project Name</th><th>Owner</th><th>Principals</th><th>Amount Not to Exceed</th></tr>
<tr><td>Harris Branch Apartments</td><td>Loyola Properties, LP</td><td>Harris Branch 16, LLC, the General Partner, or other entity, the Members of which will include Crabshack, LLC and/or JN Holdings, LLC, or other entity</td><td>$15,000,000</td></tr>
<tr><td colspan="4">Costs: (i) acquisition of real property located approximately 12317 Dessau Road, Austin, Travis County, Texas; and (ii) the construction thereon of an approximately 248-unit multifamily residential rental housing project, in the amount not to exceed $15,000,000.</td></tr>
</table>

Project Name	Owner	Principals	Amount Not to Exceed
Spring Branch on the Park Apartments	Spring Branch on the Park, Ltd.	Spring Branch on the Park Management, LLC, the General Partner, or other entity, a Member of which will include Artisan/American Corp. and/or Inland General Construction Co., or other entity	$11,000,000
Costs: (i) acquisition of real property located at approximately the southeast corner of West Wingfoot and Campbell and approximately 9501 West Wingfoot, Houston, Harris County, Texas; and (ii) the construction thereon of an approximately 250-unit multifamily residential rental housing project, in the amount not to exceed $11,000,000.			

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
MULTIFAMILY FINANCE DIVISION
PREQUALIFICATION ANALYSIS

Hallmark at Burleson, Fort Worth (#2005-046) Priority 1C

Unit Mix and Rent Schedule

Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
60% AMI	1BD/1BA	52	$ 650	775	0.84
60% AMI	2BD/2.5BA	112	$ 777	975	0.80
60% AMI	3BD/2.5BA	88	$ 897	1,150	0.78
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		252	$ 2,397,120	250,700	$ 0.80
Averages			$ 793	995	

Uses of Funds/Project Costs

	Costs	Per Unit	Per S.F.	Percent
Acquisition	$ 1,950,000	$ 7,738	$ 7.78	0.09
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	$ 1,950,000	$ 7,738	$ 7.78	0.09
Sitework	1,888,740	7,495	7.53	0.08
Hard Construction Costs	10,975,400	43,553	43.78	0.48
General Requirements (6%)	771,848	3,063	3.08	0.03
Contractor's Overhead (2%)	257,283	1,021	1.03	0.01
Contractor's Profit (6%)	771,848	3,063	3.08	0.03
Construction Contingency	643,207	2,552	2.57	0.03
Subtotal Construction	$ 15,308,327	$ 60,747	$ 61.06	0.67
Indirect Construction	949,900	3,769	3.79	0.04
Developer's Fee	2,554,721	10,138	10.19	0.11
Financing	2,133,028	8,464	8.51	0.09
Reserves		0	0.00	0.00
Subtotal Other Costs	$ 5,637,649	$ 22,372	$ 22	$ 0
Total Uses	$ 22,895,976	$ 90,857	$ 91.33	1.00

Applicant - Sources of Funds

Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	$ 6,238,914	$0.80	3.55%	
Source II	**Proceeds**	**Rate**	**Amort**	**Annual D/S**
Bond Proceeds	$ 15,000,000	6.75%	40	$1,086,042
Source III	**Proceeds**	**% Deferred**	**Remaining**	
Deferred Developer Fee	$ 1,537,061	60.2%	$1,017,660	
Source IV	**Proceeds**	**Description**		**Annual D/S**
Other	$ 120,000			$ -
Total Sources	$ 22,895,975			$1,086,042

TDHCA - Sources of Funds

Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	$ 6,238,914	$0.80	3.55%	
Source II	**Proceeds**	**Rate**	**Amort**	**Annual D/S**
Bond Proceeds	$ 15,000,000	6.75%	40	$ 1,086,042
Source III	**Proceeds**	**% Deferred**	**Remaining**	
Deferred Developer Fee	$ 1,537,062	60.2%	$ 1,017,659	
Source IV	**Proceeds**	**Description**		**Annual D/S**
Other	$ 120,000			$ -
Total Sources	$ 22,895,976			$ 1,086,042

Applicant - Operating Proforma/Debt Coverage

			Per S.F.	Per Unit
Potential Gross Income		$2,397,120	$9.56	
Other Income & Loss		45,360	0.18	180
Vacancy & Collection	-7.59%	(185,352)	-0.74	-736
Effective Gross Income		$2,257,128	9.00	8,957
Total Operating Expenses		$1,014,079	$4.04	$4,024
Net Operating Income		$1,243,049	$4.96	$4,933
Debt Service		1,086,042	4.33	4,310
Net Cash Flow		$157,007	$0.63	$623
Debt Coverage Ratio		1.14		
TDHCA/TSAHC Fees		$0	$0.00	$0
Net Cash Flow		$157,007	$0.63	$623
DCR after TDHCA Fees		1.14		
Break-even Rents/S.F.		0.70		
Break-even Occupancy		87.61%		

TDHCA - Operating Proforma/Debt Coverage

			Per S.F.	Per Unit
Potential Gross Income		$2,397,120	$9.56	
Other Income & Loss		45,360	0.18	180
Vacancy & Collection	7.50%	(183,186)	-0.73	-727
Effective Gross Income		2,259,294	9.01	8,965
Total Operating Expenses	44.9%	$1,014,079	$4.04	$4,024
Net Operating Income		$1,245,215	$4.97	$4,941
Debt Service		1,086,042	4.33	4,310
Net Cash Flow		$159,173	$0.63	$632
Debt Coverage Ratio		1.15		
TDHCA/TSAHC Fees			$0.00	$0
Net Cash Flow		$159,173	$0.63	$632
DCR after TDHCA Fees		1.15		
Break-even Rents/S.F.		0.70		
Break-even Occupancy		87.61%		

Applicant - Annual Operating Expenses

		Per S.F.	Per Unit
General & Administrative Expenses	$75,384	0.30	299
Management Fees	114,301	0.46	454
Payroll, Payroll Tax & Employee Exp.	213,074	0.85	846
Maintenance/Repairs	100,660	0.40	399
Utilities	138,960	0.55	551
Property Insurance	56,700	0.23	225
Property Taxes	220,500	0.88	875
Replacement Reserves	50,400	0.20	200
Other Expenses	44,100	0.18	175
Total Expenses	$1,014,079	$4.04	$4,024

Staff Notes/Comments

Other expenses include: $37,800 Supportive Services Contract fees
$6,300 Compliance Fees

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
MULTIFAMILY FINANCE DIVISION
PREQUALIFICATION ANALYSIS

Harris Branch Apartments, Austin (#2005-047) Priority 2

Unit Mix and Rent Schedule

Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
60% AMI	1BD/1BA	52	$ 735	690	1.07
60% AMI	2BD/2BA	110	$ 872	995	0.88
60% AMI	3BD/2BA	86	$ 999	1,115	0.90
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		248	$ 2,640,648	241,220	$ 0.91
Averages			$ 887	973	

Uses of Funds/Project Costs

	Costs	Per Unit	Per S.F.	Percent
Acquisition	$ 1,400,000	$ 5,645	$ 5.80	0.06
Off-sites	396,800	1,600	1.64	0.02
Subtotal Site Costs	$ 1,796,800	$ 7,245	$ 7.45	0.07
Sitework	1,500,000	6,048	6.22	0.06
Hard Construction Costs	12,995,200	52,400	53.87	0.54
General Requirements (6%)	869,712	3,507	3.61	0.04
Contractor's Overhead (2%)	289,904	1,169	1.20	0.01
Contractor's Profit (6%)	869,712	3,507	3.61	0.04
Construction Contingency	669,600	2,700	2.78	0.03
Subtotal Construction	$ 17,194,128	$ 69,331	$ 71.28	0.72
Indirect Construction	610,500	2,462	2.53	0.03
Developer's Fee	2,892,852	11,665	11.99	0.12
Financing	1,248,751	5,035	5.18	0.05
Reserves	272,856	1,100	1.13	0.01
Subtotal Other Costs	$ 5,024,959	$ 20,262	$ 21	$ 0
Total Uses	$ 24,015,887	$ 96,838	$ 99.56	1.00

Applicant - Sources of Funds

Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	$ 7,619,630	$0.80	3.55%	
Source II	**Proceeds**	**Rate**	**Amort**	**Annual D/S**
Bond Proceeds	$ 15,000,000	6.00%	30	$1,079,191
Source III	**Proceeds**	**% Deferred**	**Remaining**	
Deferred Developer Fee	$ 1,499,929	51.8%	$1,392,923	
Source IV	**Proceeds**	**Description**		**Annual D/S**
Other				$ -
Total Sources	$ 24,119,559			$1,079,191

TDHCA - Sources of Funds

Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	$ 7,619,630	$0.80	3.55%	
Source II	**Proceeds**	**Rate**	**Amort**	**Annual D/S**
Bond Proceeds	$ 15,000,000	6.00%	30	$ 1,079,191
Source III	**Proceeds**	**% Deferred**	**Remaining**	
Deferred Developer Fee	$ 1,396,257	48.3%	$ 1,496,595	
Source IV	**Proceeds**	**Description**		**Annual D/S**
Other	$ -			$ -
Total Sources	$ 24,015,887			$ 1,079,191

Applicant - Operating Proforma/Debt Coverage

			Per S.F.	Per Unit
Potential Gross Income		$2,640,648	$10.95	
Other Income & Loss		44,640	0.19	180
Vacancy & Collection	-7.50%	(201,396)	-0.83	-812
Effective Gross Income		$2,483,892	10.30	10,016
Total Operating Expenses		$1,114,026	$4.62	$4,492
Net Operating Income		$1,369,866	$5.68	$5,524
Debt Service		1,079,191	4.47	4,352
Net Cash Flow		$290,675	$1.21	$1,172
Debt Coverage Ratio		1.27		
TDHCA/TSAHC Fees		$0	$0.00	$0
Net Cash Flow		$290,675	$1.21	$1,172
DCR after TDHCA Fees		1.27		
Break-even Rents/S.F.		0.76		
Break-even Occupancy		83.06%		

TDHCA - Operating Proforma/Debt Coverage

			Per S.F.	Per Unit
Potential Gross Income		$2,640,648	$10.95	
Other Income & Loss		44,640	0.19	180
Vacancy & Collection	7.50%	(201,397)	-0.83	-812
Effective Gross Income		2,483,891	10.30	10,016
Total Operating Expenses	44.9%	$1,114,026	$4.62	$4,492
Net Operating Income		$1,369,865	$5.68	$5,524
Debt Service		1,079,191	4.47	4,352
Net Cash Flow		$290,674	$1.21	$1,172
Debt Coverage Ratio		1.27		
TDHCA/TSAHC Fees			$0.00	$0
Net Cash Flow		$290,674	$1.21	$1,172
DCR after TDHCA Fees		1.27		
Break-even Rents/S.F.		0.76		
Break-even Occupancy		83.06%		

Applicant - Annual Operating Expenses

		Per S.F.	Per Unit
General & Administrative Expenses	$64,163	0.27	259
Management Fees	99,731	0.41	402
Payroll, Payroll Tax & Employee Exp.	339,264	1.41	1368
Maintenance/Repairs	49,600	0.21	200
Utilities	193,440	0.80	780
Property Insurance	74,400	0.31	300
Property Taxes	219,480	0.91	885
Replacement Reserves	58,528	0.24	236
Other Expenses	15,420	0.06	62
Total Expenses	$1,114,026	$4.62	$4,492

Staff Notes/Comments

Other expenses include: $6,000 supportive services fees,
$3,720 Compliance fee,
$5,700 Audit fee
totaling $15,420.

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
MULTIFAMILY FINANCE DIVISION
PREQUALIFICATION ANALYSIS

CityParc at Golden Triangle, Fort Worth (#2005-048) Priority 2

Unit Mix and Rent Schedule

Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
60% AMI	1BD/1BA	48	$ 639	725	0.88
60% AMI	2BD/2BA	108	$ 769	1,017	0.76
60% AMI	3BD/2BA	84	$ 889	1,210	0.73
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		240	$ 2,260,800	246,276	$ 0.76
Averages			$ 785	1,026	

Uses of Funds/Project Costs

	Costs	Per Unit	Per S.F.	Percent
Acquisition	$ 1,515,796	$ 6,316	$ 6.15	0.06
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	$ 1,515,796	$ 6,316	$ 6.15	0.06
Sitework	1,800,000	7,500	7.31	0.08
Hard Construction Costs	11,428,320	47,618	46.40	0.48
General Requirements (6%)	793,699	3,307	3.22	0.03
Contractor's Overhead (2%)	264,566	1,102	1.07	0.01
Contractor's Profit (6%)	793,699	3,307	3.22	0.03
Construction Contingency	661,416	2,756	2.69	0.03
Subtotal Construction	$ 15,741,701	$ 65,590	$ 63.92	0.66
Indirect Construction	1,125,842	4,691	4.57	0.05
Developer's Fee	2,702,271	11,259	10.97	0.11
Financing	2,303,529	9,598	9.35	0.10
Reserves	543,600	2,265	2.21	0.02
Subtotal Other Costs	$ 6,675,242	$ 27,814	$ 27	$ 0
Total Uses	$ 23,932,739	$ 99,720	$ 97.18	1.00

Applicant - Sources of Funds

Source I	**Net Proceeds**	**Sale Price**	**Applicable Percentage**	
Tax Credits	$ 6,907,529	$0.80	3.55%	
Source II	**Proceeds**	**Rate**	**Amort**	**Annual D/S**
Bond Proceeds	$ 15,000,000	6.00%	30	$1,079,191
Source III	**Proceeds**	**% Deferred**	**Remaining**	
Deferred Developer Fee	$ 2,025,209	74.9%	$677,062	
Source IV	**Proceeds**	**Description**		**Annual D/S**
Other				$ -
Total Sources	$ 23,932,738			$1,079,191

TDHCA - Sources of Funds

Source I	**Net Proceeds**	**Sale Price**	**Applicable Percentage**	
Tax Credits	$ 6,907,529	$0.80	3.55%	
Source II	**Proceeds**	**Rate**	**Amort**	**Annual D/S**
Bond Proceeds	$ 15,000,000	6.00%	30	$ 1,079,191
Source III	**Proceeds**	**% Deferred**	**Remaining**	
Deferred Developer Fee	$ 2,025,210	74.9%	$ 677,061	
Source IV	**Proceeds**	**Description**		**Annual D/S**
Other	$ -			$ -
Total Sources	$ 23,932,739			$ 1,079,191

Applicant - Operating Proforma/Debt Coverage

			Per S.F.	Per Unit
Potential Gross Income		$2,260,800	$9.18	
Other Income & Loss		43,200	0.18	180
Vacancy & Collection	-7.50%	(172,800)	-0.70	-720
Effective Gross Income		$2,131,200	8.65	8,880
Total Operating Expenses		$868,838	$3.53	$3,620
Net Operating Income		$1,262,362	$5.13	$5,260
Debt Service		1,079,191	4.38	4,497
Net Cash Flow		$183,171	$0.74	$763
Debt Coverage Ratio		1.17		
TDHCA/TSAHC Fees		$0	$0.00	$0
Net Cash Flow		$183,171	$0.74	$763
DCR after TDHCA Fees		1.17		
Break-even Rents/S.F.		0.66		
Break-even Occupancy		86.17%		

TDHCA - Operating Proforma/Debt Coverage

			Per S.F.	Per Unit
Potential Gross Income		$2,260,800	$9.18	
Other Income & Loss		43,200	0.18	180
Vacancy & Collection	7.50%	(172,800)	-0.70	-720
Effective Gross Income		2,131,200	8.65	8,880
Total Operating Expenses	42.8%	$912,000	$3.70	$3,800
Net Operating Income		$1,219,200	$4.95	$5,080
Debt Service		1,079,191	4.38	4,497
Net Cash Flow		$140,009	$0.57	$583
Debt Coverage Ratio		1.13		
TDHCA/TSAHC Fees			$0.00	$0
Net Cash Flow		$140,009	$0.57	$583
DCR after TDHCA Fees		1.13		
Break-even Rents/S.F.		0.67		
Break-even Occupancy		88.07%		

Applicant - Annual Operating Expenses

		Per S.F.	Per Unit
General & Administrative Expenses	$54,950	0.22	229
Management Fees	85,248	0.35	355
Payroll, Payroll Tax & Employee Exp.	223,200	0.91	930
Maintenance/Repairs	115,200	0.47	480
Utilities	124,800	0.51	520
Property Insurance	63,600	0.26	265
Property Taxes	127,440	0.52	531
Replacement Reserves	48,000	0.19	200
Other Expenses	26,400	0.11	110
Total Expenses	$868,838	$3.53	$3,620

Staff Notes/Comments

Other Expenses include: Supportive Service Fees of $16,800 and Compliance Fees of $9,600=$26,400

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
MULTIFAMILY FINANCE DIVISION
PREQUALIFICATION ANALYSIS

Spring Branch on the Park, Houston (#2005-049) Priority 1A

Unit Mix and Rent Schedule

Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
50% AMI	1BD/1BA	60	$ 531	697	0.76
60% AMI	1BD/1BA	56	$ 646	697	0.93
60% AMI	1BD/1BA	3	$ 646	816	0.79
50% AMI	2BD/2BA	65	$ 638	931	0.69
60% AMI	2BD/2BA	61	$ 775	931	0.83
60% AMI	2BD/2BA	2	$ 775	987	0.79
60% AMI	2BD/2BA	3	$ 775	1,019	0.76
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		250	$ 1,951,128	205,637	$ 0.79
Averages			$ 650	823	

Uses of Funds/Project Costs

	Costs	Per Unit	Per S.F.	Percent
Acquisition	$ 719,330	$ 2,877	$ 3.50	0.04
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	$ 719,330	$ 2,877	$ 3.50	0.04
Sitework	900,000	3,600	4.38	0.05
Hard Construction Costs	8,627,063	34,508	41.95	0.50
General Requirements (6%)	571,624	2,286	2.78	0.03
Contractor's Overhead (2%)	190,541	762	0.93	0.01
Contractor's Profit (6%)	571,624	2,286	2.78	0.03
Construction Contingency	550,000	2,200	2.67	0.03
Subtotal Construction	$ 11,410,852	$ 45,643	$ 55.49	0.66
Indirect Construction	821,900	3,288	4.00	0.05
Developer's Fee	1,900,000	7,600	9.24	0.11
Financing	1,915,391	7,662	9.31	0.11
Reserves	406,000	1,624	1.97	0.02
Subtotal Other Costs	$ 5,043,291	$ 20,173	$ 25	$ 0
Total Uses	$ 17,173,473	$ 68,694	$ 83.51	1.00

Applicant - Sources of Funds

Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	$ 6,363,927	$0.80	3.55%	
Source II	**Proceeds**	**Rate**	**Amort**	**Annual D/S**
Bond Proceeds	$ 10,200,000	6.00%	30	$ 733,850
Source III	**Proceeds**	**% Deferred**	**Remaining**	
Deferred Developer Fee	$ 620,394	32.7%	$1,279,606	
Source IV	**Proceeds**	**Description**		**Annual D/S**
Other				$ -
Total Sources	$ 17,184,321			$ 733,850

TDHCA - Sources of Funds

Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	$ 6,363,927	$0.80	3.55%	
Source II	**Proceeds**	**Rate**	**Amort**	**Annual D/S**
Bond Proceeds	$ 10,200,000	6.00%	30	$ 733,850
Source III	**Proceeds**	**% Deferred**	**Remaining**	
Deferred Developer Fee	$ 609,546	32.1%	$ 1,290,454	
Source IV	**Proceeds**	**Description**		**Annual D/S**
Other	$ -			$ -
Total Sources	$ 17,173,473			$ 733,850

Applicant - Operating Proforma/Debt Coverage

			Per S.F.	Per Unit
Potential Gross Income		$1,951,128	$9.49	
Other Income & Loss		42,000	0.20	168
Vacancy & Collection	-7.50%	(149,484)	-0.73	-598
Effective Gross Income		$1,843,644	8.97	7,375
Total Operating Expenses		$1,008,713	$4.91	$4,035
Net Operating Income		$834,931	$4.06	$3,340
Debt Service		733,850	3.57	2,935
Net Cash Flow		$101,081	$0.49	$404
Debt Coverage Ratio		1.14		
TDHCA/TSAHC Fees		$0	$0.00	$0
Net Cash Flow		$101,081	$0.49	$404
DCR after TDHCA Fees		1.14		
Break-even Rents/S.F.		0.71		
Break-even Occupancy		89.31%		

TDHCA - Operating Proforma/Debt Coverage

			Per S.F.	Per Unit
Potential Gross Income		$1,951,128	$9.49	
Other Income & Loss		45,000	0.22	180
Vacancy & Collection	7.50%	(149,710)	-0.73	-599
Effective Gross Income		1,846,418	8.98	7,386
Total Operating Expenses	54.6%	$1,008,713	$4.91	$4,035
Net Operating Income		$837,705	$4.07	$3,351
Debt Service		733,850	3.57	2,935
Net Cash Flow		$103,856	$0.51	$415
Debt Coverage Ratio		1.14		
TDHCA/TSAHC Fees			$0.00	$0
Net Cash Flow		$103,856	$0.51	$415
DCR after TDHCA Fees		1.14		
Break-even Rents/S.F.		0.71		
Break-even Occupancy		89.31%		

Applicant - Annual Operating Expenses

		Per S.F.	Per Unit
General & Administrative Expenses	$80,000	0.39	320
Management Fees	82,964	0.40	332
Payroll, Payroll Tax & Employee Exp.	185,000	0.90	740
Maintenance/Repairs	128,000	0.62	512
Utilities	101,000	0.49	404
Property Insurance	65,000	0.32	260
Property Taxes	268,649	1.31	1075
Replacement Reserves	50,000	0.24	200
Other Expenses	48,100	0.23	192
Total Expenses	$1,008,713	$4.91	$4,035

Staff Notes/Comments

Other expenses include: $10,000 Supportive Services Contract fees
$10,000 Compliance Fees
$28,100 Trustee/Issuer Fees

Division of Policy and Public Affairs

BOARD ACTION REQUEST
September 16, 2005

Action Item

Presentation of the Proposed Methodology for the 2006 HOME Regional Allocation Formula (RAF).

Required Action

Review and comment on the proposed 2006 HOME RAF methodology.

This formula is part of the *State Low Income Housing Plan and Annual Report* (SLIHP), which will be released for public comment. Because of the complexities of the formula and the significant impact on the HOME, HTC, and HTF programs' annual activities, this item is discussed separately from the SLIHP.

- See "Attachment A" for a summary of changes from the final 2005 HOME RAF and the resulting *Proposed Methodology for the 2006 HOME RAF*.
- See "Attachment B" for the resulting *Proposed 2006 HOME RAF Funding Distribution*.
- See "Attachment C" for a summary of *Allocation Differences between the 2005 HOME RAF and the Proposed 2006 HOME RAF*.

Background

Section 2306.111(d) of the Government Code requires that TDHCA use a formula to regionally allocate its HOME, HTC, and HTF program funding. Slightly modified versions of the RAF are used for the HOME and HTF/HTC programs because the programs have different eligible activities, households, and geographical areas. The resulting RAF objectively measures the affordable housing need and available resources in the 13 State Service Regions used for planning purposes. Additionally, the RAF allocates funding to rural and urban/exurban areas within each region.

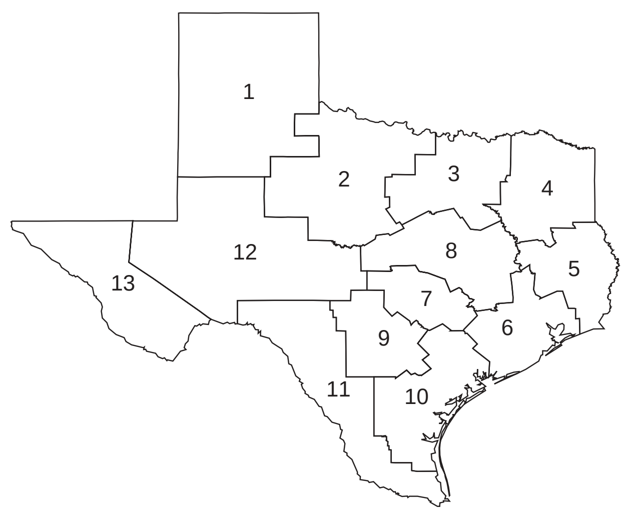

Figure 1. State Service Regions

As a dynamic measure of need, the formula is updated annually to reflect the most current demographic and available resource information; respond to public comment on the formula; and include other factors as required to better assess regional affordable housing needs.

The RAF, which is published in the SLIHP, is annually submitted for public comment.

Attachment A

Proposed Methodology for the 2006 HOME RAF

Summary of Proposed Changes from the 2005 HOME RAF Formula

Unlike previous years, significant changes are not proposed to the RAF methodology. It is hoped that consistency will help applicants better predict each region's available funding amount. It is also thought that it may be easier for interested parties to comment on the RAF because it is essentially the same formula used in the previous funding cycle.

Consideration of Available Housing Resources

The only proposed change to the RAF is in the type and valuation of available resources considered by the formula.

ü **Removal of Emergency Shelter Grant (ESG) Funds from the RAF.** It is suggested that ESG funding be removed from the RAF as this resource is not typically used for activities similar to those of the HOME program.

ü **Valuation of Multifamily Bond Funding (MFB).** In past public comment periods, the valuation of multifamily bond funds in the RAF has been debated. In the 2005 RAF, the estimated long-term benefit from the differential of the tax-exempt bond interest rate versus the taxable bond interest rate was used. This approach valued the bonds at 20 percent of their dollar value. Upon further review, this valuation did not seem to be high enough given the comparative value in the RAF of a 9% HTC transaction and a MFB transaction.

Because MFB/4% HTC and 9% HTC financed developments provide a similar level of benefit to communities in which they are located, the proposed RAF uses a MFB valuation approach that is tied to the value of 9% HTCs. The percentage of development cost typically financed by 9% HTCs estimates how much "affordable capital" is required to make a corresponding MFB development affordable.

1. On average, HTCs financed 64 percent of the total development cost of 2005 9% HTC awards.
2. The theoretical "affordable capital" amount of each 2005 MFB development was calculated by multiplying its total development cost by 64 percent.
3. The syndicated 4% HTC value of each 2005 MFB development was calculated based on the average syndication rate of Board approved MFB awards over the last three months.
4. The syndicated 4% HTC value was subtracted from the "affordable capital" amount for each 2005 MFB award to determine the portion of "affordable capital" gap the MFBs financed.
5. On average, the affordability gap was 52 percent of the MFB amount.

For example, if a development received $7.1 million in MFBs and $314,202 in 4% credits its total value is:

Estimated value of the bonds ($7.1 M. bond amount x .52 adjustment factor) =	$3.7 M.
Estimated value of the 4% Credits ($314,202 x .90 average syndication rate x 10 years) =	$2.8 M.
Total value of the transaction in the RAF =	$6.5 M.

RAF Methodology for 2006

Consideration of Affordable Housing Need

The first part of the RAF provides a funding allocation based solely on objective measures of each region's share of the State's affordable housing need. The RAF uses the following 2000 U.S. Census need measures to calculate this regional need distribution.

ü Poverty: Number of persons in the region who live in poverty.

ü Cost Burden: Number of renter or owner households with a monthly gross rent or mortgage payment to monthly household income ratio that exceeds 30 percent.

ü Overcrowded Units: Number of occupied renter or owner units with more than one person per room.

ü Units with Incomplete Kitchen or Plumbing: Number of occupied renter or owner units that do not have all of the following: sink with piped water; range or cook top and oven; refrigerator, hot and cold piped water, flush toilet, and bathtub or shower.

With the exception of poverty, the need data is for households at or below 80% of the Area Median Family Income (AMFI). Under §2306.111(c) of the Government Code, at least 95 percent of HOME funding must be set aside for non-participating jurisdictions. Therefore, only need data for non-participating jurisdictions (PJ) is used in the HOME RAF.

Each need measure is weighted to reflect its perceived relevance in assessing affordable housing need. Because of the significant number of persons in poverty and its perceived value as an overall measure of need, half the formula weight is associated with this measure. The other half of the measure weight is proportionately allocated based on the relative size of the three remaining measure populations. The resulting **measure weights** are: poverty = 50 percent, cost burden = 36 percent, overcrowding = 12 percent, and substandard housing = 2 percent.

Table 1. Relative Size of the Measure Populations

Poverty	Renter Cost Burden	Renter Overcrowding	Incomplete Kitchen or Plumbing
3,117,609	1,263,817	435,309	58,065

The total RAF funding amount is multiplied by each **need measure weight** to determine the amount of funding distributed by that measure. Each measure's amount of funding is then regionally distributed based on the distribution of persons or households in need. The regional measure distributions are then combined to calculate each region's **need-based funding amount**. This amount will be adjusted to consider available housing resources, as required by statute.

Considering Available Housing Resources

Section 2306.111(d) of the Government Code requires the RAF to consider regionally available housing resources. In theory, the regional distribution of available housing resources should reflect the calculated distribution of housing need. Therefore, a **resource funding adjustment** is used to increase or decrease each region's **need-based funding amount** to address regional resource and need mismatches.

The following resources in non-PJ areas are used in the HOME RAF.

∉ Housing Tax Credits (9% and 4%)[1]

∉ Housing Trust Fund Rental Development Funding

∉ HUD HOME Funds (TDHCA Only)

∉ HUD Housing for Persons with AIDS Funding

∉ HUD PHA Capital Funding

∉ HUD Section 8 Tenant-Based Rental Assistance (TDHCA & Public Housing Authorities)

[1] The value of the HTCs is an estimate of the capital raised through the sale of the credits.

- Multifamily Tax-Exempt Bond Financing[2]
- Single Family Bond Financing (TDHCA and Housing Finance Corporations)
- United States Department of Agriculture (USDA) Multifamily Development Funding
- USDA 502 and 504 Loans and Grants
- USDA Rental Assistance

Considering Rural and Exurban/Urban Need

Section 2306.111(d) of the Government Code requires the RAF to consider "rural and urban/exurban[3]" areas in its funding distribution. The RAF uses the following rural and urban/exurban definitions.

Rural
1. A place that is outside the boundaries of a metropolitan statistical area (MSA);
2. or within the boundaries of a MSA, if the place has a population of 20,000 or less and does not share a boundary with a place that has a population greater than 20,000.[4]

Urban/Exurban
1. Any place that does not satisfy the Rural definition.

To equitably allocate funding to these areas, the rural and urban/exurban distribution of need and resources is compared at the regional level. As was done to determine the regional funding amount, resource funding adjustments are made to address observed rural and urban/exurban resource and need distribution differences.

[2] The value of the bonds is considered at 52 percent of the total bond amount. This is the estimated value of the bonds required to make a transaction affordable after the capital raised through the syndication of the 4% HTCs has been subtracted from the total development cost.
[3] TDHCA has determined that "urban/exurban" is a single category.
[4] The definition of "population" in state law (Sec. 311.005(3), Government Code) is "the population shown by the most recent federal decennial census." Because of this requirement, the decennial census place population is used to make the area type determination.

Attachment B

Proposed 2006 HOME RAF Funding Distribution

The table below shows the allocation of funds to the 13 State Service Regions and the corresponding rural and urban/exurban distribution within each region.

The final HOME funding amounts and available resource data can not be obtained until the end of the third quarter of 2005; therefore the RAF funding distributions shown below are estimates which are subject to change.

Table 1. HOME Regional, Rural, and Urban/Exurban Funding Amounts

Region	Place for Geographical Reference	Regional Funding Amount	Regional Funding %	Rural Funding Amount	Rural Funding %	Urban/ Exurban Funding Amount	Urban/ Exurban Funding %
1	Lubbock	$1,618,797	6.2%	$1,618,516	100.0%	$281	0.0%
2	Abilene	$1,232,890	4.8%	$1,201,937	97.5%	$30,953	2.5%
3	Dallas/Fort Worth	$3,378,123	13.0%	$1,410,666	41.8%	$1,967,458	58.2%
4	Tyler	$3,478,247	13.4%	$2,773,276	79.7%	$704,971	20.3%
5	Beaumont	$1,731,515	6.7%	$1,473,036	85.1%	$258,480	14.9%
6	Houston	$2,236,159	8.6%	$860,463	38.5%	$1,375,696	61.5%
7	Austin/Round Rock	$892,496	3.4%	$470,266	52.7%	$422,230	47.3%
8	Waco	$1,181,761	4.6%	$733,456	62.1%	$448,305	37.9%
9	San Antonio	$1,602,340	6.2%	$1,042,805	65.1%	$559,535	34.9%
10	Corpus Christi	$2,100,548	8.1%	$1,435,715	68.3%	$664,833	31.7%
11	Brownsville/Harlingen	$4,583,251	17.7%	$3,046,915	66.5%	$1,536,336	33.5%
12	San Angelo	$1,492,952	5.8%	$563,251	37.7%	$929,701	62.3%
13	El Paso	$398,419	1.5%	$253,151	63.5%	$145,268	36.5%
	Total	$25,927,500	100.0%	$16,883,453	65.1%	$9,044,047	34.9%

Attachment C

Allocation Differences between the 2005 RAF and the Proposed 2006 RAF

Table 1. HOME RAF Allocation Differences

Region	Place for Geographical Reference	2006 Proposed RAF Amount	2005 Final RAF Amount	Difference in Funds 06-05	% Difference in Funds 06-05
1	Lubbock	$1,618,797	$1,403,135	$215,662	15%
2	Abilene	$1,232,890	$1,111,915	$120,975	11%
3	Dallas/Fort Worth	$3,378,123	$4,862,039	$(1,483,916)	-31%
4	Tyler	$3,478,247	$3,021,376	$456,871	15%
5	Beaumont	$1,731,515	$1,620,998	$110,517	7%
6	Houston	$2,236,159	$2,687,490	$(451,331)	-17%
7	Austin/Round Rock	$892,496	$1,084,004	$(191,508)	-18%
8	Waco	$1,181,761	$1,073,074	$108,687	10%
9	San Antonio	$1,602,340	$1,198,520	$403,820	34%
10	Corpus Christi	$2,100,548	$1,712,010	$388,538	23%
11	Brownsville/Harlingen	$4,583,251	$4,383,924	$199,327	5%
12	San Angelo	$1,492,952	$1,357,016	$135,936	10%
13	El Paso	$398,419	$484,502	$(86,083)	-18%
	Total	$25,927,500	$26,000,000	$(72,500)	0%

As shown by Table 2, a significant cause of the funding decreases in Region 3 and Region 6 between the final 2005 RAF and the proposed 2006 RAF relate to annual differences in the way the multifamily bond and the associated 4% HTC funding was regionally distributed.

Table 2. Multifamily Bond Funding 2005 and 2006

Region	Place for Geographical Reference	06 MF Bond & 4% HTC	05 MF Bond & 4% HTC	Difference 06-05
1	Lubbock	$-	$2,740,681	$(2,740,681)
2	Abilene	$-	$-	$-
3	Dallas/Fort Worth	**$51,355,469**	**$6,333,343**	**$45,022,127**
4	Tyler	$-	$-	$-
5	Beaumont	$-	$-	$-
6	Houston	**$40,688,182**	**$-**	**$40,688,182**
7	Austin/Round Rock	$9,780,712	$9,609,927	$170,785
8	Waco	$-	$-	$-
9	San Antonio	$-	$-	$-
10	Corpus Christi	$-	$-	$-
11	Brownsville/Harlingen	$-	$-	$-
12	San Angelo	$-	$-	$-
13	El Paso	$-	$-	$-
	Total	$101,824,363	$18,683,951	$83,140,413

As shown by Table 3, a significant cause of the funding decreases in Region 3 and Region 7 between the final 2005 RAF and the proposed 2006 RAF relate to annual differences in the way the multifamily bond and associated 4% HTC funding was regionally distributed.

Table 3. Single Family Bond Funding 2005 and 2006

Region	Place for Geographical Reference	06 Single Family Bond	05 Single Family Bond	Difference 06-05
1	Lubbock	$83,686	$-	$83,686
2	Abilene	$2,336,856	$2,301,275	$35,581
3	Dallas/Fort Worth	**$23,380,653**	**$7,860,990**	**$15,519,663**
4	Tyler	$265,307	$295,307	$(30,000)
5	Beaumont	$2,243,821	$2,302,033	$(58,212)
6	Houston	$12,191,182	$12,234,589	$(43,407)
7	Austin/Round Rock	**$92,636,445**	**$57,107,729**	**$35,528,716**
8	Waco	$4,640,719	$2,392,413	$2,248,306
9	San Antonio	$728,806	$315,297	$413,509
10	Corpus Christi	$359,455	$1,558,242	$(1,198,787)
11	Brownsville/Harlingen	$2,149,023	$2,657,250	$(508,227)
12	San Angelo	$147,655	$159,375	$(11,720)
13	El Paso	$3,627,991	$6,271,616	$(2,643,625)
	Total	$144,791,599	$95,456,116	$49,335,483

Division of Policy and Public Affairs

BOARD ACTION REQUEST
September 16, 2005

Action Item

Presentation of the proposed methodology for the 2006 TDHCA HOME Affordable Housing Need Score (AHNS)

Required Action

Review and comment on the proposed methodology for the 2006 AHNS. This scoring component is part of the *State Low Income Housing Plan and Annual Report* (SLIHP) which will be released for public comment. Because the score impacts the HOME, Housing Tax Credit (HTC), and Housing Trust Fund (HTF) programs' funding dispersion, this item is discussed separately from the SLIHP.

ü See "Attachment A" for the *Proposed Methodology for the 2006 HOME AHNS* and a summary of changes from the final 2005 HOME AHNS.
ü See "Attachment B" for the resulting *Proposed 2006 HOME AHNS*.

Background

The AHNS is a scoring criterion used to evaluate HOME, HTC, and HTF applications. The formula is submitted annually for public comment and the final version is published in the SLIHP.

While not specifically legislated by the state, the AHNS helps address other need based funding allocation requirements by responding to:

∉ an IRS Section 42 requirement that the selection criteria used to award the HTC funding must include "housing needs characteristics."

∉ State Auditor's Office (SAO) and Sunset findings that called for the use of objective, need based criteria to award TDHCA's funding.

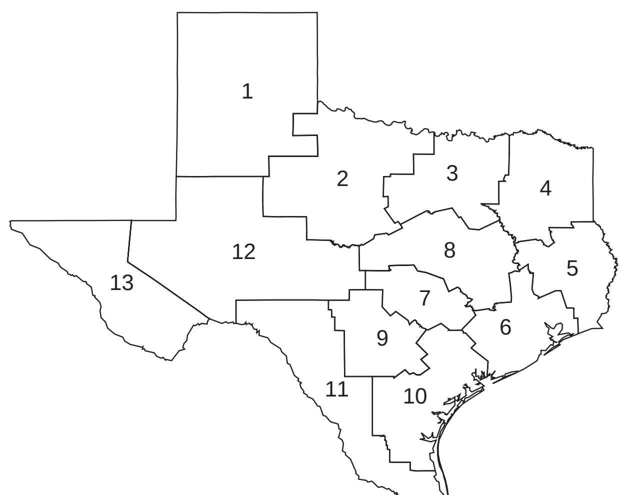

Figure 1. State Service Regions

The AHNS is an extension of the TDHCA Regional Allocation Formula (RAF) concept in that it provides a comparative assessment of each place's[1] level of need relative to the other places within its State Service Region (see Figure 1). Through the AHNS, applicants are encouraged to request funding to serve communities that have a high level of need. Slightly modified versions of the AHNS are used for the HOME and HTF/HTC programs because the programs have different eligible activities, households, and geographical areas. Under §2306.111(c) of the Government Code, at least 95 percent of HOME funding must be set aside for non-participating jurisdictions. Therefore, only need data for non-participating jurisdictions is used in the HOME AHNS.

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[1] County scores are not generated for rental development activities. Development sites located outside the boundaries of a place (as designated by the US Census) will utilize the score of the place whose boundary is closest to the development site.

Attachment A

Proposed Methodology for the 2006 HOME AHNS

Summary of Proposed Changes from the 2005 AHNS

When the AHNS was discussed during a 2005 SAO audit of HOME and HTF funding awards, it was noted that the score does not consider the impact of TDHCA awards on the Census data's measure of need. While this issue was not an official SAO finding, it seemed logical to address this issue. The resulting methodology allows the AHNS to consider changes in place level need since the 2000 Census was conducted. These changes include place level:

- need reductions tied to households assisted with TDHCA funding; and
- increases or decreases in need tied to population change over the decade.

While the change in AHNS need measurement methodology is fairly significant, the AHNS value (7 points) and the way these points are assigned remains unchanged.

Proposed Methodology for the 2006 HTC and HTF AHNS

1) The Census number of households at or below 80% AMFI with cost burden establishes baseline for a place's number of households in need of housing assistance. The type of household considered for this baseline varies by activity.
   a) Renter data is used for the rental development (RD), tenant based rental assistance (TBRA), and down payment assistance (DPA) scores.
   b) Owner data is used for the owner occupied rehabilitation (OCC) score.
2) For each activity, the number of households with cost burden is adjusted based on the difference between the place's population in the 2000 Census and the 2004 State Data Center population estimate.
3) The number of households assisted using TDHCA HTC, HOME, and HTF funding since the Census was taken (April 1, 2000) is subtracted from the **adjusted number of households with cost burden**. The resulting number shows the place's **estimated remaining need**. For this adjustment, the number of households assisted with TDHCA:
   a) TBRA[2] and RD funding is used for the TBRA and RD scores;
   b) First Time Homebuyer and HOME DPA funding is used for the DPA scores; and
   c) HOME OCC funding is used for the OCC scores.
4) The **estimated remaining need** measure quantifies place level of need in two ways.
   a) The ratio of the county's level of need to the region's level of need is calculated for each scoring activity. This ratio shows the **distribution of need** across the region.
   b) The ratio of the place's households in need to the place's total households is calculated for each scoring activity. This ratio shows the **concentration of need** within a place.
5) Points are assigned to each place based on the **distribution of need** (maximum of 3.5 points) and **concentration of need** (maximum of 3.5 points) ratios using a sliding scale that compares each place's level of need to the region's other places. The combined **distribution of need** and **concentration of need** points provide the area's AHNS.

[2] Because TBRA vouchers have a limited duration, a conversion factor is required to equate the value of a voucher to the provision of a long term affordable unit. This factor is equal to the duration of the voucher period divided by the number of years since the Census. For 2006 this was 2 years/6 years, which meant each voucher would reduce the number of households in need by .33 of a household).

Consideration of Urban and Rural Need

To assist with the rural and urban/exurban distribution of funds required under the RAF, each area and corresponding AHNS is classified using the following geographic area definitions.

Rural

1. A place that is outside the boundaries of a metropolitan statistical area (MSA);
2. or within the boundaries of a MSA, if the place has a population of 20,000 or less and does not share a boundary with a place that has a population greater than 20,000.

Urban/Exurban

1. Any place that does not satisfy the Rural place definition.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Draft 2006 HOME Affordable Housing Need Scores (AHNS)
Place Level

(Sorted by Region then Place.)

Instructions:
Use this table to determine the AHNS of an application that will serve a **single** place.
Special Circumstances
(1) Rental Development activities that are not located within a place's jurisdiction will utilize the score of closest place.
(2) Participating Jurisdictions (PJ) recieve a score of zero and are not included in the table.
All questions relating to scoring an application under the AHN Scoring Component should be submitted in writing to Paige McGilloway via facsimile at (512) 475-4798 or by email at paige.mcgilloway@tdhca.state.tx.us.

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
1	Abernathy	Hale	2,839	Rural	6	6	6
1	Adrian	Oldham	159	Rural	5	5	5
1	Amherst	Lamb	791	Rural	5	5	7
1	Anton	Hockley	1,200	Rural	5	5	7
1	Bishop Hills	Potter	210	Rural	2	2	5
1	Booker	Lipscomb	1,315	Rural	4	4	2
1	Borger	Hutchinson	14,302	Rural	6	6	5
1	Bovina	Parmer	1,874	Rural	4	4	4
1	Brownfield	Terry	9,488	Rural	7	6	5
1	Buffalo Springs	Lubbock	493	Rural	5	6	6
1	Cactus	Moore	2,538	Rural	5	5	6
1	Canadian	Hemphill	2,233	Rural	4	4	4
1	Canyon	Randall	12,875	Rural	7	7	4
1	Channing	Hartley	356	Rural	5	5	4
1	Childress	Childress	6,778	Rural	5	6	4
1	Clarendon	Donley	1,974	Rural	5	5	2
1	Claude	Armstrong	1,313	Rural	5	5	4
1	Crosbyton	Crosby	1,874	Rural	5	5	4
1	Dalhart	Dallam	7,237	Rural	6	6	5
1	Darrouzett	Lipscomb	303	Rural	5	5	5
1	Denver City	Yoakum	3,985	Rural	4	4	6
1	Dickens	Dickens	332	Rural	5	5	5
1	Dimmitt	Castro	4,375	Rural	5	5	5
1	Dodson	Collingsworth	115	Rural	5	5	5
1	Dumas	Moore	13,747	Rural	6	6	5
1	Earth	Lamb	1,109	Rural	5	5	6
1	Edmonson	Hale	123	Rural	5	5	6
1	Estelline	Hall	168	Rural	5	5	5
1	Farwell	Parmer	1,364	Rural	6	6	5
1	Floydada	Floyd	3,676	Rural	6	6	2
1	Follett	Lipscomb	412	Rural	2	2	5
1	Friona	Parmer	3,854	Rural	6	5	4
1	Fritch	Hutchinson	2,235	Rural	6	6	6
1	Groom	Carson	587	Rural	5	5	6
1	Gruver	Hansford	1,162	Rural	4	5	5
1	Hale Center	Hale	2,263	Rural	6	6	6
1	Happy	Swisher	647	Rural	4	5	6
1	Hart	Castro	1,198	Rural	4	5	5

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
1	Hartley	Hartley	441	Rural	4	4	4
1	Hedley	Donley	379	Rural	5	5	5
1	Hereford	Deaf Smith	14,597	Rural	4	6	5
1	Higgins	Lipscomb	425	Rural	2	2	5
1	Howardwick	Donley	437	Rural	5	5	4
1	Idalou	Lubbock	2,157	Rural	5	5	5
1	Kress	Swisher	826	Rural	5	5	5
1	Lake Tanglewood	Randall	825	Rural	7	7	4
1	Lakeview	Hall	152	Rural	5	5	2
1	Lefors	Gray	559	Rural	5	5	6
1	Levelland	Hockley	12,866	Rural	7	7	6
1	Lipscomb	Lipscomb	44	Rural	2	2	2
1	Littlefield	Lamb	6,507	Rural	6	6	6
1	Lockney	Floyd	2,056	Rural	4	4	4
1	Lorenzo	Crosby	1,372	Rural	4	5	6
1	Matador	Motley	740	Rural	2	4	2
1	McLean	Gray	830	Rural	7	7	7
1	Meadow	Terry	658	Rural	5	4	5
1	Memphis	Hall	2,479	Rural	4	4	2
1	Miami	Roberts	588	Rural	5	5	4
1	Mobeetie	Wheeler	107	Rural	2	2	2
1	Morse	Hansford	172	Rural	4	4	6
1	Morton	Cochran	2,249	Rural	2	2	2
1	Muleshoe	Bailey	4,530	Rural	2	2	5
1	Nazareth	Castro	356	Rural	4	5	5
1	New Deal	Lubbock	708	Rural	7	7	5
1	New Home	Lynn	320	Rural	4	4	4
1	O'Donnell	Lynn	1,011	Rural	2	2	4
1	Olton	Lamb	2,288	Rural	4	4	6
1	Opdyke West	Hockley	188	Rural	6	6	7
1	Palisades	Randall	352	Rural	7	7	5
1	Pampa	Gray	17,887	Rural	7	7	6
1	Panhandle	Carson	2,589	Rural	4	4	4
1	Perryton	Ochiltree	7,774	Rural	2	4	4
1	Petersburg	Hale	1,262	Rural	5	5	5
1	Plains	Yoakum	1,450	Rural	4	4	4
1	Plainview	Hale	22,336	Rural	6	7	6
1	Post	Garza	3,708	Rural	6	6	6
1	Quail	Collingsworth	33	Rural	2	2	2
1	Quitaque	Briscoe	432	Rural	5	5	4
1	Ralls	Crosby	2,252	Rural	5	5	6
1	Ransom Canyon	Lubbock	1,011	Rural	6	6	5
1	Reese Center	Lubbock	42	Urb/Exurb.	5	5	7
1	Roaring Springs	Motley	265	Rural	2	2	2
1	Ropesville	Hockley	517	Rural	5	5	5
1	Samnorwood	Collingsworth	39	Rural	2	2	2
1	Sanford	Hutchinson	203	Rural	7	7	6
1	Seth Ward	Hale	1,926	Rural	7	7	7
1	Shallowater	Lubbock	2,086	Rural	7	7	6
1	Shamrock	Wheeler	2,029	Rural	5	5	5
1	Silverton	Briscoe	771	Rural	5	5	2

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
1	Skellytown	Carson	610	Rural	2	2	6
1	Slaton	Lubbock	6,109	Rural	6	6	7
1	Smyer	Hockley	480	Rural	6	6	7
1	Spade	Lamb	100	Rural	5	6	5
1	Spearman	Hansford	3,021	Rural	2	2	5
1	Springlake	Lamb	135	Rural	6	6	5
1	Spur	Dickens	1,088	Rural	2	2	4
1	Stinnett	Hutchinson	1,936	Rural	6	6	6
1	Stratford	Sherman	1,991	Rural	2	2	2
1	Sudan	Lamb	1,039	Rural	5	5	5
1	Sundown	Hockley	1,505	Rural	6	6	6
1	Sunray	Moore	1,950	Rural	6	6	5
1	Tahoka	Lynn	2,910	Rural	2	2	6
1	Texhoma	Sherman	371	Rural	5	5	5
1	Texline	Dallam	511	Rural	5	5	5
1	Timbercreek Canyon	Randall	406	Rural	5	5	4
1	Tulia	Swisher	5,117	Rural	5	5	5
1	Turkey	Hall	494	Rural	2	2	5
1	Vega	Oldham	936	Rural	5	5	5
1	Wellington	Collingsworth	2,275	Rural	4	4	4
1	Wellman	Terry	203	Rural	6	4	6
1	Wheeler	Wheeler	1,378	Rural	4	4	2
1	White Deer	Carson	1,060	Rural	5	5	4
1	Whiteface	Cochran	465	Rural	2	2	5
1	Wilson	Lynn	532	Rural	2	2	5
1	Wolfforth	Lubbock	2,554	Rural	7	7	7
2	Albany	Shackelford	1,921	Rural	5	4	2
2	Anson	Jones	2,556	Rural	4	4	7
2	Archer City	Archer	1,848	Rural	2	2	4
2	Aspermont	Stonewall	1,021	Rural	2	2	5
2	Baird	Callahan	1,623	Rural	4	6	5
2	Ballinger	Runnels	4,243	Rural	6	6	6
2	Bangs	Brown	1,620	Rural	6	6	7
2	Bellevue	Clay	386	Rural	5	5	6
2	Benjamin	Knox	264	Rural	2	2	6
2	Blackwell	Nolan	360	Rural	6	6	5
2	Blanket	Brown	402	Rural	7	7	6
2	Bowie	Montague	5,219	Rural	7	7	7
2	Breckenridge	Stephens	5,868	Rural	5	5	4
2	Brownwood	Brown	18,813	Rural	6	7	6
2	Bryson	Jack	528	Rural	6	6	6
2	Buffalo Gap	Taylor	463	Rural	5	5	4
2	Burkburnett	Wichita	10,927	Rural	6	6	5
2	Byers	Clay	517	Rural	6	6	5
2	Carbon	Eastland	224	Rural	5	5	5
2	Chillicothe	Hardeman	798	Rural	6	6	2
2	Cisco	Eastland	3,851	Rural	7	7	6
2	Clyde	Callahan	3,345	Rural	5	5	5
2	Coleman	Coleman	5,127	Rural	6	5	6
2	Colorado City	Mitchell	4,281	Rural	6	6	6
2	Comanche	Comanche	4,482	Rural	6	6	5

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
2	Cross Plains	Callahan	1,068	Rural	6	6	6
2	Crowell	Foard	1,141	Rural	4	4	4
2	De Leon	Comanche	2,433	Rural	5	5	6
2	Dean	Clay	341	Rural	6	6	5
2	Early	Brown	2,588	Rural	6	6	6
2	Eastland	Eastland	3,769	Rural	5	7	7
2	Elbert	Throckmorton	56	Rural	5	5	2
2	Electra	Wichita	3,168	Rural	7	6	7
2	Girard	Kent	62	Rural	2	2	5
2	Goree	Knox	321	Rural	2	2	6
2	Gorman	Eastland	1,236	Rural	5	5	5
2	Graham	Young	8,716	Rural	6	6	6
2	Gustine	Comanche	457	Rural	6	6	6
2	Hamlin	Jones	2,248	Rural	5	5	7
2	Haskell	Haskell	3,106	Rural	5	5	6
2	Hawley	Jones	646	Rural	6	6	6
2	Henrietta	Clay	3,264	Rural	5	5	5
2	Hermleigh	Scurry	393	Rural	6	5	7
2	Holliday	Archer	1,632	Rural	2	2	6
2	Impact	Taylor	39	Urb/Exurb.	4	4	4
2	Iowa Park	Wichita	6,431	Rural	6	6	5
2	Jacksboro	Jack	4,533	Rural	5	5	6
2	Jayton	Kent	513	Rural	2	2	2
2	Jolly	Clay	188	Rural	6	6	6
2	Knox City	Knox	1,219	Rural	4	4	6
2	Lake Brownwood	Brown	1,694	Rural	7	7	7
2	Lakeside City	Archer	984	Urb/Exurb.	4	4	4
2	Lawn	Taylor	353	Rural	4	4	5
2	Loraine	Mitchell	656	Rural	5	5	4
2	Lueders	Jones	300	Rural	5	5	7
2	Megargel	Archer	248	Rural	2	2	4
2	Merkel	Taylor	2,637	Rural	6	6	4
2	Miles	Runnels	850	Rural	5	5	6
2	Moran	Shackelford	233	Rural	4	2	5
2	Munday	Knox	1,527	Rural	2	2	4
2	Newcastle	Young	575	Rural	7	7	6
2	Nocona	Montague	3,198	Rural	5	5	5
2	Novice	Coleman	142	Rural	4	4	4
2	O'Brien	Haskell	132	Rural	4	4	6
2	Olney	Young	3,396	Rural	6	5	6
2	Paducah	Cottle	1,498	Rural	2	2	2
2	Petrolia	Clay	782	Rural	6	6	4
2	Pleasant Valley	Wichita	408	Urb/Exurb.	7	7	6
2	Potosi	Taylor	1,664	Urb/Exurb.	6	6	4
2	Putnam	Callahan	88	Rural	6	6	5
2	Quanah	Hardeman	3,022	Rural	6	6	2
2	Ranger	Eastland	2,584	Rural	5	5	7
2	Rising Star	Eastland	835	Rural	6	6	7
2	Roby	Fisher	673	Rural	4	4	2
2	Rochester	Haskell	378	Rural	5	5	5
2	Roscoe	Nolan	1,378	Rural	5	5	6

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
2	Rotan	Fisher	1,611	Rural	4	4	2
2	Rule	Haskell	698	Rural	5	5	6
2	Santa Anna	Coleman	1,081	Rural	4	5	5
2	Scotland	Archer	438	Rural	2	2	5
2	Seymour	Baylor	2,908	Rural	4	2	2
2	Snyder	Scurry	10,783	Rural	4	5	6
2	St. Jo	Montague	977	Rural	5	5	7
2	Stamford	Jones	3,636	Rural	5	4	6
2	Sunset	Montague	339	Rural	5	5	7
2	Sweetwater	Nolan	11,415	Rural	7	7	6
2	Throckmorton	Throckmorton	905	Rural	2	2	2
2	Trent	Taylor	318	Rural	6	5	4
2	Tuscola	Taylor	714	Rural	4	4	4
2	Tye	Taylor	1,158	Urb/Exurb.	6	6	5
2	Vernon	Wilbarger	11,660	Rural	5	6	6
2	Weinert	Haskell	177	Rural	6	6	5
2	Westbrook	Mitchell	203	Rural	6	5	5
2	Windthorst	Archer	440	Rural	2	2	6
2	Winters	Runnels	2,880	Rural	4	4	5
2	Woodson	Throckmorton	296	Rural	4	2	4
3	Addison	Dallas	14,166	Urb/Exurb.	6	6	5
3	Aledo	Parker	1,726	Rural	5	5	6
3	Allen	Collin	43,554	Urb/Exurb.	6	7	5
3	Alma	Ellis	302	Rural	6	7	7
3	Alvarado	Johnson	3,288	Rural	4	5	7
3	Alvord	Wise	1,007	Rural	5	5	4
3	Angus	Navarro	334	Rural	5	5	5
3	Anna	Collin	1,225	Rural	7	7	5
3	Annetta	Parker	1,108	Rural	6	6	4
3	Annetta North	Parker	467	Rural	6	6	4
3	Annetta South	Parker	555	Rural	6	6	4
3	Argyle	Denton	2,365	Urb/Exurb.	6	5	5
3	Aubrey	Denton	1,500	Rural	7	7	7
3	Aurora	Wise	853	Rural	5	5	6
3	Bailey	Fannin	213	Rural	5	5	2
3	Bardwell	Ellis	583	Rural	4	5	7
3	Barry	Navarro	209	Rural	6	6	5
3	Bartonville	Denton	1,093	Rural	5	5	5
3	Bells	Grayson	1,190	Rural	7	7	7
3	Blooming Grove	Navarro	833	Rural	5	4	6
3	Blue Ridge	Collin	672	Rural	7	7	7
3	Bonham	Fannin	9,990	Rural	5	5	4
3	Boyd	Wise	1,099	Rural	4	4	5
3	Briar	Tarrant	5,350	Rural	5	5	6
3	Briaroaks	Johnson	493	Rural	4	5	6
3	Bridgeport	Wise	4,309	Rural	4	4	6
3	Burleson	Johnson	20,976	Urb/Exurb.	5	6	5
3	Caddo Mills	Hunt	1,149	Rural	7	7	6
3	Callisburg	Cooke	365	Rural	5	5	5
3	Campbell	Hunt	734	Rural	6	6	6
3	Carrollton	Denton	109,576	Urb/Exurb.	6	6	5

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
3	Celeste	Hunt	817	Rural	5	5	6
3	Celina	Collin	1,861	Urb/Exurb.	5	5	6
3	Chico	Wise	947	Rural	5	5	6
3	Cleburne	Johnson	26,005	Urb/Exurb.	5	7	7
3	Colleyville	Tarrant	19,636	Urb/Exurb.	6	5	5
3	Collinsville	Grayson	1,235	Rural	5	5	6
3	Combine	Kaufman	1,788	Rural	5	5	5
3	Commerce	Hunt	7,669	Rural	7	7	4
3	Cool	Parker	162	Rural	6	6	6
3	Coppell	Dallas	35,958	Urb/Exurb.	5	5	5
3	Copper Canyon	Denton	1,216	Urb/Exurb.	7	7	5
3	Corinth	Denton	11,325	Urb/Exurb.	5	6	5
3	Corral City	Denton	89	Rural	5	5	7
3	Corsicana	Navarro	24,485	Rural	5	6	6
3	Cottonwood	Kaufman	181	Rural	4	4	5
3	Crandall	Kaufman	2,774	Rural	5	4	5
3	Cross Roads	Denton	603	Rural	5	5	7
3	Cross Timber	Johnson	277	Rural	6	7	6
3	Dawson	Navarro	852	Rural	4	4	5
3	Decatur	Wise	5,201	Rural	4	4	5
3	Denison	Grayson	22,773	Urb/Exurb.	6	6	7
3	DeSoto	Dallas	37,646	Urb/Exurb.	5	7	6
3	Dodd City	Fannin	419	Rural	5	5	4
3	Dorchester	Grayson	109	Urb/Exurb.	5	5	7
3	Double Oak	Denton	2,179	Urb/Exurb.	7	7	5
3	Dublin	Erath	3,754	Rural	5	4	5
3	Eagle Mountain	Tarrant	6,599	Urb/Exurb.	6	6	6
3	Ector	Fannin	600	Rural	5	4	2
3	Edgecliff Village	Tarrant	2,550	Urb/Exurb.	7	7	6
3	Emhouse	Navarro	159	Rural	4	4	4
3	Ennis	Ellis	16,045	Rural	4	6	7
3	Eureka	Navarro	340	Rural	4	4	6
3	Fairview	Collin	2,644	Urb/Exurb.	7	7	5
3	Farmersville	Collin	3,118	Rural	5	5	5
3	Fate	Rockwall	497	Rural	6	5	5
3	Ferris	Ellis	2,175	Rural	5	6	5
3	Flower Mound	Denton	50,702	Urb/Exurb.	6	6	5
3	Forney	Kaufman	5,588	Rural	5	6	5
3	Frisco	Collin	33,714	Urb/Exurb.	6	6	5
3	Frost	Navarro	648	Rural	6	5	6
3	Gainesville	Cooke	15,538	Rural	5	5	4
3	Garrett	Ellis	448	Rural	6	7	7
3	Glen Rose	Somervell	2,122	Rural	4	4	4
3	Godley	Johnson	879	Rural	6	7	6
3	Goodlow	Navarro	264	Rural	4	4	6
3	Gordon	Palo Pinto	451	Rural	5	5	2
3	Graford	Palo Pinto	578	Rural	4	4	4
3	Granbury	Hood	5,718	Rural	5	5	4
3	Grandview	Johnson	1,358	Rural	5	6	7
3	Grays Prairie	Kaufman	296	Rural	6	6	4
3	Greenville	Hunt	23,960	Urb/Exurb.	6	7	5

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
3	Gunter	Grayson	1,230	Rural	6	6	5
3	Hackberry	Denton	544	Urb/Exurb.	7	7	7
3	Hawk Cove	Hunt	457	Rural	5	5	5
3	Heath	Rockwall	4,149	Urb/Exurb.	4	2	4
3	Hebron	Denton	874	Urb/Exurb.	5	5	5
3	Hickory Creek	Denton	2,078	Urb/Exurb.	5	5	6
3	Highland Park	Dallas	8,842	Urb/Exurb.	5	5	5
3	Highland Village	Denton	12,173	Urb/Exurb.	7	6	5
3	Honey Grove	Fannin	1,746	Rural	2	4	4
3	Howe	Grayson	2,478	Urb/Exurb.	6	6	7
3	Hudson Oaks	Parker	1,637	Rural	6	6	4
3	Italy	Ellis	1,993	Rural	5	5	6
3	Josephine	Collin	594	Rural	7	7	6
3	Joshua	Johnson	4,528	Urb/Exurb.	5	5	6
3	Justin	Denton	1,891	Rural	6	6	6
3	Kaufman	Kaufman	6,490	Rural	4	5	6
3	Keene	Johnson	5,003	Rural	6	6	7
3	Kemp	Kaufman	1,133	Rural	6	6	6
3	Kerens	Navarro	1,681	Rural	5	5	6
3	Knollwood	Grayson	375	Urb/Exurb.	7	7	7
3	Krugerville	Denton	903	Rural	7	7	6
3	Krum	Denton	1,979	Rural	5	5	6
3	Ladonia	Fannin	667	Rural	2	2	5
3	Lake Bridgeport	Wise	372	Rural	2	2	5
3	Lake Dallas	Denton	6,166	Rural	6	6	6
3	Lake Kiowa	Cooke	1,883	Rural	4	4	2
3	Lakewood Village	Denton	342	Rural	7	7	7
3	Lavon	Collin	387	Rural	5	5	6
3	Leonard	Fannin	1,846	Rural	5	4	4
3	Lewisville	Denton	77,737	Urb/Exurb.	6	6	5
3	Lincoln Park	Denton	517	Rural	5	5	7
3	Lindsay (Cooke)	Cooke	788	Rural	5	4	2
3	Lipan	Hood	425	Rural	2	2	5
3	Little Elm	Denton	3,646	Urb/Exurb.	5	6	7
3	Lone Oak	Hunt	521	Rural	5	5	6
3	Lowry Crossing	Collin	1,229	Urb/Exurb.	7	7	5
3	Lucas	Collin	2,890	Urb/Exurb.	7	7	5
3	Mabank	Kaufman	2,151	Rural	6	6	5
3	Marshall Creek	Denton	431	Rural	7	7	7
3	Maypearl	Ellis	746	Rural	5	6	7
3	McKinney	Collin	54,369	Urb/Exurb.	6	7	5
3	McLendon-Chisholm	Rockwall	914	Rural	6	5	4
3	Melissa	Collin	1,350	Urb/Exurb.	6	6	6
3	Mesquite	Dallas	124,523	Urb/Exurb.	6	6	6
3	Midlothian	Ellis	7,480	Urb/Exurb.	5	5	6
3	Mildred	Navarro	405	Rural	6	6	5
3	Milford	Ellis	685	Rural	4	5	7
3	Millsap	Parker	353	Rural	4	4	5
3	Mineral Wells	Palo Pinto	16,946	Rural	4	4	4
3	Mingus	Palo Pinto	246	Rural	5	5	2
3	Mobile City	Rockwall	196	Rural	4	2	6

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
3	Muenster	Cooke	1,556	Rural	6	5	4
3	Murphy	Collin	3,099	Urb/Exurb.	7	7	5
3	Mustang	Navarro	47	Rural	4	4	6
3	Navarro	Navarro	191	Rural	4	4	4
3	Nevada	Collin	563	Rural	5	5	5
3	New Fairview	Wise	877	Rural	4	4	6
3	New Hope	Collin	662	Rural	5	5	5
3	Newark	Wise	887	Rural	5	5	5
3	Neylandville	Hunt	56	Rural	5	5	6
3	North Richland Hills	Tarrant	55,635	Urb/Exurb.	6	6	5
3	Northlake	Denton	921	Urb/Exurb.	6	6	7
3	Oak Grove	Kaufman	710	Rural	6	6	4
3	Oak Leaf	Ellis	1,209	Rural	6	7	5
3	Oak Point	Denton	1,747	Rural	7	6	6
3	Oak Ridge (Cooke)	Cooke	224	Rural	6	6	5
3	Oak Ridge (Kaufman)	Kaufman	400	Rural	6	6	6
3	Oak Trail Shores	Hood	2,475	Rural	2	2	5
3	Oak Valley	Navarro	401	Rural	5	5	6
3	Ovilla	Ellis	3,405	Urb/Exurb.	6	7	6
3	Palmer	Ellis	1,774	Rural	4	5	7
3	Paradise	Wise	459	Rural	5	5	6
3	Parker	Collin	1,379	Urb/Exurb.	5	5	5
3	Pecan Acres	Wise	2,289	Rural	5	5	5
3	Pecan Hill	Ellis	672	Rural	5	6	6
3	Pecan Plantation	Hood	3,544	Rural	4	4	2
3	Pelican Bay	Tarrant	1,505	Rural	6	6	7
3	Pilot Point	Denton	3,538	Rural	6	5	6
3	Ponder	Denton	507	Rural	6	6	6
3	Post Oak Bend City	Kaufman	404	Rural	5	4	5
3	Pottsboro	Grayson	1,579	Rural	6	6	5
3	Powell	Navarro	105	Rural	4	4	6
3	Princeton	Collin	3,477	Urb/Exurb.	6	6	7
3	Prosper	Collin	2,097	Urb/Exurb.	6	6	6
3	Quinlan	Hunt	1,370	Rural	7	7	5
3	Ravenna	Fannin	215	Rural	2	2	5
3	Red Oak	Ellis	4,301	Urb/Exurb.	6	7	6
3	Rendon	Tarrant	9,022	Urb/Exurb.	5	5	7
3	Reno (Parker)	Parker	2,441	Rural	6	6	6
3	Retreat	Navarro	339	Rural	5	5	6
3	Rhome	Wise	551	Rural	4	4	6
3	Rice	Navarro	798	Rural	5	5	5
3	Richardson	Dallas	91,802	Urb/Exurb.	6	6	5
3	Richland	Navarro	291	Rural	6	6	6
3	Rio Vista	Johnson	656	Rural	4	5	7
3	Roanoke	Denton	2,810	Urb/Exurb.	6	6	7
3	Rockwall	Rockwall	17,976	Urb/Exurb.	5	4	5
3	Rosser	Kaufman	379	Rural	6	6	4
3	Royse City	Rockwall	2,957	Rural	5	4	6
3	Runaway Bay	Wise	1,104	Rural	5	5	6
3	Sadler	Grayson	404	Rural	7	7	7
3	Sanctuary	Parker	256	Rural	6	6	5

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
3	Sanger	Denton	4,534	Rural	5	6	6
3	Savoy	Fannin	850	Rural	5	5	2
3	Shady Shores	Denton	1,461	Urb/Exurb.	5	5	6
3	Sherman	Grayson	35,082	Urb/Exurb.	6	7	6
3	Southmayd	Grayson	992	Rural	6	6	6
3	Springtown	Parker	2,062	Rural	4	5	6
3	St. Paul (Collin)	Collin	630	Rural	5	5	5
3	Stephenville	Erath	14,921	Rural	6	6	4
3	Strawn	Palo Pinto	739	Rural	4	4	5
3	Sunnyvale	Dallas	2,693	Urb/Exurb.	5	5	6
3	Talty	Kaufman	1,028	Rural	4	4	4
3	Terrell	Kaufman	13,606	Rural	5	6	6
3	The Colony	Denton	26,531	Urb/Exurb.	6	5	5
3	Tioga	Grayson	754	Rural	5	5	6
3	Tolar	Hood	504	Rural	2	2	2
3	Tom Bean	Grayson	941	Rural	5	5	7
3	Trenton	Fannin	662	Rural	4	2	2
3	Trophy Club	Denton	6,350	Urb/Exurb.	6	6	5
3	Valley View	Cooke	737	Rural	5	4	2
3	Van Alstyne	Grayson	2,502	Rural	5	5	5
3	Venus	Johnson	910	Rural	4	5	6
3	Waxahachie	Ellis	21,426	Urb/Exurb.	5	6	6
3	Weatherford	Parker	19,000	Rural	5	6	5
3	West Tawakoni	Hunt	1,462	Rural	7	7	6
3	Westminster	Collin	390	Rural	5	5	7
3	Weston	Collin	635	Urb/Exurb.	6	6	5
3	Westover Hills	Tarrant	658	Urb/Exurb.	5	5	5
3	Whitesboro	Grayson	3,760	Rural	7	7	6
3	Whitewright	Grayson	1,740	Rural	7	7	7
3	Willow Park	Parker	2,849	Rural	4	4	4
3	Windom	Fannin	245	Rural	2	2	4
3	Wolfe City	Hunt	1,566	Rural	7	6	5
3	Wylie	Collin	15,132	Rural	5	6	6
4	Alba	Wood	430	Rural	6	6	6
4	Alto	Cherokee	1,190	Rural	6	5	6
4	Annona	Red River	282	Rural	6	6	6
4	Arp	Smith	901	Rural	4	4	5
4	Athens	Henderson	11,297	Rural	6	7	6
4	Atlanta	Cass	5,745	Rural	5	4	5
4	Avery	Red River	462	Rural	5	5	4
4	Avinger	Cass	464	Rural	6	6	5
4	Beckville	Panola	752	Rural	6	6	4
4	Berryville	Henderson	891	Rural	6	6	7
4	Big Sandy	Upshur	1,288	Rural	4	4	6
4	Bloomburg	Cass	375	Rural	4	4	6
4	Blossom	Lamar	1,439	Rural	5	5	5
4	Bogata	Red River	1,396	Rural	4	4	5
4	Brownsboro	Henderson	796	Rural	7	7	6
4	Bullard	Smith	1,150	Rural	6	5	4
4	Caney City	Henderson	236	Rural	7	7	7
4	Canton	Van Zandt	3,292	Rural	5	4	5

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
4	Carthage	Panola	6,664	Rural	5	6	5
4	Chandler	Henderson	2,099	Rural	6	6	5
4	Clarksville	Red River	3,883	Rural	5	5	4
4	Clarksville City	Gregg	806	Rural	6	5	6
4	Coffee City	Henderson	193	Rural	5	5	7
4	Como	Hopkins	621	Rural	6	6	6
4	Cooper	Delta	2,150	Rural	5	5	5
4	Cumby	Hopkins	616	Rural	7	7	5
4	Cuney	Cherokee	145	Rural	6	6	7
4	Daingerfield	Morris	2,517	Rural	6	6	4
4	De Kalb	Bowie	1,769	Rural	7	6	6
4	Deport	Lamar	718	Rural	5	5	5
4	Detroit	Red River	776	Rural	5	5	5
4	Domino	Cass	52	Rural	4	4	4
4	Douglassville	Cass	175	Rural	4	4	4
4	East Mountain	Upshur	580	Rural	5	5	5
4	East Tawakoni	Rains	775	Rural	5	5	2
4	Easton	Gregg	524	Rural	5	5	6
4	Edgewood	Van Zandt	1,348	Rural	6	5	5
4	Edom	Van Zandt	322	Rural	6	6	6
4	Elkhart	Anderson	1,215	Rural	7	7	6
4	Emory	Rains	1,021	Rural	5	5	4
4	Enchanted Oaks	Henderson	357	Rural	7	7	5
4	Eustace	Henderson	798	Rural	5	5	5
4	Frankston	Anderson	1,209	Rural	5	5	6
4	Fruitvale	Van Zandt	418	Rural	4	4	4
4	Gallatin	Cherokee	378	Rural	6	6	6
4	Gary City	Panola	303	Rural	4	4	4
4	Gilmer	Upshur	4,799	Rural	6	6	4
4	Gladewater	Gregg	6,078	Rural	7	7	6
4	Grand Saline	Van Zandt	3,028	Rural	4	4	5
4	Gun Barrel City	Henderson	5,145	Rural	6	6	7
4	Hallsville	Harrison	2,772	Rural	5	5	5
4	Hawkins	Wood	1,331	Rural	6	6	5
4	Henderson	Rusk	11,273	Rural	4	4	4
4	Hooks	Bowie	2,973	Rural	6	6	5
4	Hughes Springs	Cass	1,856	Rural	5	4	4
4	Jacksonville	Cherokee	13,868	Rural	6	6	6
4	Jefferson	Marion	2,024	Rural	5	5	5
4	Kilgore	Gregg	11,301	Rural	5	6	6
4	Lakeport	Gregg	861	Rural	6	6	7
4	Leary	Bowie	555	Rural	5	5	7
4	Liberty City	Gregg	1,935	Rural	5	5	5
4	Lindale	Smith	2,954	Rural	5	5	5
4	Linden	Cass	2,256	Rural	5	5	4
4	Log Cabin	Henderson	733	Rural	7	7	5
4	Lone Star	Morris	1,631	Rural	5	6	4
4	Malakoff	Henderson	2,257	Rural	6	6	6
4	Marietta	Cass	112	Rural	4	4	6
4	Marshall	Harrison	23,935	Rural	5	6	6
4	Maud	Bowie	1,028	Rural	7	7	5

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4	Miller's Cove	Titus	120	Rural	6	6	6
4	Mineola	Wood	4,550	Rural	5	5	4
4	Moore Station	Henderson	184	Rural	7	7	7
4	Mount Enterprise	Rusk	525	Rural	4	4	5
4	Mount Pleasant	Titus	13,935	Rural	5	5	5
4	Mount Vernon	Franklin	2,286	Rural	2	5	4
4	Murchison	Henderson	592	Rural	5	5	6
4	Naples	Morris	1,410	Rural	6	6	6
4	Nash	Bowie	2,169	Urb/Exurb.	7	5	7
4	Nesbitt	Harrison	302	Rural	5	5	7
4	New Boston	Bowie	4,808	Rural	7	7	5
4	New Chapel Hill	Smith	553	Rural	4	4	6
4	New London	Rusk	987	Rural	5	5	5
4	New Summerfield	Cherokee	998	Rural	5	5	5
4	Noonday	Smith	515	Rural	5	5	4
4	Omaha	Morris	999	Rural	6	6	4
4	Ore City	Upshur	1,106	Rural	6	6	6
4	Overton	Rusk	2,350	Rural	6	6	5
4	Palestine	Anderson	17,598	Rural	6	7	6
4	Paris	Lamar	25,898	Rural	6	7	6
4	Payne Springs	Henderson	683	Rural	5	5	5
4	Pecan Gap	Delta	214	Rural	5	4	5
4	Pittsburg	Camp	4,347	Rural	2	4	4
4	Point	Rains	792	Rural	5	5	5
4	Poynor	Henderson	314	Rural	7	7	6
4	Queen City	Cass	1,613	Rural	6	6	4
4	Quitman	Wood	2,030	Rural	5	5	5
4	Red Lick	Bowie	853	Rural	7	7	5
4	Redwater	Bowie	872	Rural	6	6	7
4	Reklaw	Cherokee	327	Rural	5	5	7
4	Reno (Lamar)	Lamar	2,767	Rural	5	5	5
4	Rocky Mound	Camp	93	Rural	2	2	5
4	Roxton	Lamar	694	Rural	6	6	7
4	Rusk	Cherokee	5,085	Rural	7	6	5
4	Scottsville	Harrison	263	Rural	6	6	7
4	Seven Points	Henderson	1,145	Rural	5	7	7
4	Star Harbor	Henderson	416	Rural	5	5	5
4	Sulphur Springs	Hopkins	14,551	Rural	7	6	5
4	Sun Valley	Lamar	51	Rural	5	5	7
4	Talco	Titus	570	Rural	6	6	6
4	Tatum	Rusk	1,175	Rural	5	5	5
4	Texarkana	Bowie	34,782	Urb/Exurb.	6	7	5
4	Tira	Hopkins	248	Rural	5	5	6
4	Toco	Lamar	89	Rural	7	7	7
4	Tool	Henderson	2,275	Rural	5	5	6
4	Trinidad	Henderson	1,091	Rural	7	6	5
4	Troup	Smith	1,949	Rural	5	5	6
4	Uncertain	Harrison	150	Rural	7	7	7
4	Union Grove	Upshur	346	Rural	4	4	6
4	Van	Van Zandt	2,362	Rural	6	6	4
4	Wake Village	Bowie	5,129	Urb/Exurb.	6	6	5

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
4	Warren City	Gregg	343	Rural	7	7	7
4	Waskom	Harrison	2,068	Rural	5	5	6
4	Wells	Cherokee	769	Rural	7	6	7
4	White Oak	Gregg	5,624	Urb/Exurb.	6	6	6
4	Whitehouse	Smith	5,346	Rural	4	5	4
4	Wills Point	Van Zandt	3,496	Rural	5	4	6
4	Winfield	Titus	499	Rural	5	4	6
4	Winnsboro	Wood	3,584	Rural	5	5	4
4	Winona	Smith	582	Rural	4	4	4
4	Yantis	Wood	321	Rural	4	4	6
5	Appleby	Nacogdoches	444	Rural	7	6	6
5	Bevil Oaks	Jefferson	1,346	Rural	5	5	5
5	Broaddus	San Augustine	189	Rural	5	5	5
5	Browndell	Jasper	219	Rural	5	5	7
5	Buna	Jasper	2,269	Rural	5	5	6
5	Burke	Angelina	315	Rural	7	7	6
5	Center	Shelby	5,678	Rural	5	5	5
5	Central Gardens	Jefferson	4,106	Rural	5	5	5
5	Chester	Tyler	265	Rural	4	4	6
5	Chireno	Nacogdoches	405	Rural	6	6	5
5	Coldspring	San Jacinto	691	Rural	4	4	5
5	Colmesneil	Tyler	638	Rural	5	5	6
5	Corrigan	Polk	1,721	Rural	7	7	6
5	Crockett	Houston	7,141	Rural	5	5	6
5	Cushing	Nacogdoches	637	Rural	6	6	5
5	Deweyville	Newton	1,190	Rural	4	4	4
5	Diboll	Angelina	5,470	Rural	5	5	6
5	Evadale	Jasper	1,430	Rural	5	5	6
5	Garrison	Nacogdoches	844	Rural	5	5	5
5	Goodrich	Polk	243	Rural	5	5	7
5	Grapeland	Houston	1,451	Rural	6	6	6
5	Groves	Jefferson	15,733	Urb/Exurb.	6	5	5
5	Groveton	Trinity	1,107	Rural	6	6	6
5	Hemphill	Sabine	1,106	Rural	2	4	5
5	Hudson	Angelina	3,792	Rural	6	6	6
5	Huntington	Angelina	2,068	Rural	7	6	6
5	Huxley	Shelby	298	Rural	4	4	4
5	Jasper	Jasper	8,247	Rural	6	6	7
5	Joaquin	Shelby	925	Rural	4	5	6
5	Kennard	Houston	317	Rural	6	6	6
5	Kirbyville	Jasper	2,085	Rural	7	6	6
5	Latexo	Houston	272	Rural	4	4	6
5	Livingston	Polk	5,433	Rural	7	7	6
5	Lovelady	Houston	608	Rural	6	6	4
5	Lufkin	Angelina	32,709	Rural	6	7	6
5	Lumberton	Hardin	8,731	Rural	4	2	4
5	Mauriceville	Orange	2,743	Rural	4	4	4
5	Milam	Sabine	1,329	Rural	2	2	4
5	Nacogdoches	Nacogdoches	29,914	Rural	7	7	6
5	Nederland	Jefferson	17,422	Urb/Exurb.	6	6	5
5	Newton	Newton	2,459	Rural	5	5	5

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
5	Nome	Jefferson	515	Rural	7	6	7
5	Oakhurst	San Jacinto	230	Rural	4	2	5
5	Onalaska	Polk	1,174	Rural	7	7	7
5	Pine Forest	Orange	632	Rural	5	5	4
5	Pineland	Sabine	980	Rural	5	5	5
5	Pinewood Estates	Hardin	1,633	Rural	4	2	4
5	Point Blank	San Jacinto	559	Rural	4	2	6
5	Port Neches	Jefferson	13,601	Urb/Exurb.	5	5	5
5	Rose City	Orange	519	Rural	5	5	6
5	Rose Hill Acres	Hardin	480	Urb/Exurb.	6	5	4
5	San Augustine	San Augustine	2,475	Rural	4	4	2
5	Seven Oaks	Polk	131	Rural	5	5	5
5	Shepherd	San Jacinto	2,029	Rural	2	2	5
5	South Toledo Bend	Newton	576	Rural	2	2	4
5	Tenaha	Shelby	1,046	Rural	5	5	6
5	Timpson	Shelby	1,094	Rural	6	6	6
5	Trinity	Trinity	2,721	Rural	5	5	6
5	West Livingston	Polk	6,612	Rural	6	6	7
5	Woodville	Tyler	2,415	Rural	6	6	5
5	Zavalla	Angelina	647	Rural	7	7	5
6	Aldine	Harris	13,979	Urb/Exurb.	5	5	7
6	Ames	Liberty	1,079	Rural	5	4	6
6	Anahuac	Chambers	2,210	Rural	5	4	6
6	Angleton	Brazoria	18,130	Rural	5	5	5
6	Atascocita	Harris	35,757	Urb/Exurb.	6	6	5
6	Bacliff	Galveston	6,962	Urb/Exurb.	7	7	7
6	Barrett	Harris	2,872	Rural	7	7	7
6	Bay City	Matagorda	18,667	Rural	5	5	4
6	Bayou Vista	Galveston	1,644	Rural	6	6	6
6	Baytown	Harris	66,430	Urb/Exurb.	6	6	6
6	Beach City	Chambers	1,645	Urb/Exurb.	4	2	5
6	Bellville	Austin	3,794	Rural	2	2	2
6	Blessing	Matagorda	861	Rural	4	4	6
6	Boling-Iago	Wharton	1,271	Rural	4	4	5
6	Bolivar Peninsula	Galveston	3,853	Rural	7	7	6
6	Brookshire	Waller	3,450	Rural	6	6	6
6	Bunker Hill Village	Harris	3,654	Urb/Exurb.	7	7	6
6	Channelview	Harris	29,685	Urb/Exurb.	7	6	6
6	Cinco Ranch	Fort Bend	11,196	Urb/Exurb.	7	6	5
6	Clear Lake Shores	Galveston	1,205	Urb/Exurb.	6	6	5
6	Cleveland	Liberty	7,605	Rural	6	6	6
6	Cloverleaf	Harris	23,508	Urb/Exurb.	7	7	6
6	Columbus	Colorado	3,916	Rural	2	2	2
6	Conroe	Montgomery	36,811	Urb/Exurb.	6	6	7
6	Cove	Chambers	323	Rural	5	5	4
6	Crosby	Harris	1,714	Rural	6	6	7
6	Cumings	Fort Bend	683	Urb/Exurb.	5	5	5
6	Cut and Shoot	Montgomery	1,158	Urb/Exurb.	7	7	6
6	Daisetta	Liberty	1,034	Rural	5	5	6
6	Damon	Brazoria	535	Rural	6	6	6
6	Dayton Lakes	Liberty	101	Rural	4	4	4

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
6	Devers	Liberty	416	Rural	6	6	6
6	Dickinson	Galveston	17,093	Urb/Exurb.	7	7	6
6	Eagle Lake	Colorado	3,664	Rural	4	4	5
6	East Bernard	Wharton	1,729	Rural	5	5	5
6	El Campo	Wharton	10,945	Rural	5	5	5
6	El Lago	Harris	3,075	Urb/Exurb.	6	5	5
6	Fifth Street	Fort Bend	2,059	Urb/Exurb.	6	6	7
6	Four Corners	Fort Bend	2,954	Urb/Exurb.	6	6	7
6	Fresno	Fort Bend	6,603	Urb/Exurb.	7	7	6
6	Friendswood	Galveston	29,037	Urb/Exurb.	7	7	5
6	Greatwood	Fort Bend	6,640	Urb/Exurb.	7	7	5
6	Hardin	Liberty	755	Rural	4	4	6
6	Hedwig Village	Harris	2,334	Urb/Exurb.	6	6	5
6	Hempstead	Waller	4,691	Rural	5	6	6
6	Highlands	Harris	7,089	Urb/Exurb.	6	5	6
6	Hillcrest	Brazoria	722	Urb/Exurb.	6	6	5
6	Hilshire Village	Harris	720	Urb/Exurb.	7	7	5
6	Hitchcock	Galveston	6,386	Urb/Exurb.	5	7	7
6	Holiday Lakes	Brazoria	1,095	Rural	6	6	4
6	Hungerford	Wharton	645	Rural	4	4	6
6	Hunters Creek Village	Harris	4,374	Urb/Exurb.	5	5	5
6	Huntsville	Walker	35,078	Rural	7	7	5
6	Industry	Austin	304	Rural	2	2	5
6	Jamaica Beach	Galveston	1,075	Urb/Exurb.	7	7	6
6	Jersey Village	Harris	6,880	Urb/Exurb.	5	5	5
6	Kemah	Galveston	2,330	Urb/Exurb.	7	7	6
6	Kenefick	Liberty	667	Rural	5	5	6
6	La Marque	Galveston	13,682	Urb/Exurb.	7	7	7
6	League City	Galveston	45,444	Urb/Exurb.	5	6	5
6	Liverpool	Brazoria	404	Rural	6	6	4
6	Louise	Wharton	977	Rural	4	4	5
6	Magnolia	Montgomery	1,111	Rural	6	6	7
6	Markham	Matagorda	1,138	Rural	4	4	4
6	Mission Bend	Fort Bend	30,831	Urb/Exurb.	6	6	6
6	Missouri City	Fort Bend	52,913	Urb/Exurb.	6	6	5
6	Mont Belvieu	Chambers	2,324	Rural	4	4	4
6	Montgomery	Montgomery	489	Rural	7	7	7
6	Nassau Bay	Harris	4,170	Urb/Exurb.	7	7	5
6	New Territory	Fort Bend	13,861	Urb/Exurb.	5	5	5
6	New Waverly	Walker	950	Rural	7	6	6
6	North Cleveland	Liberty	263	Rural	4	4	6
6	Oak Ridge North	Montgomery	2,991	Urb/Exurb.	6	6	5
6	Old River-Winfree	Chambers	1,364	Rural	5	5	5
6	Palacios	Matagorda	5,153	Rural	4	5	5
6	Panorama Village	Montgomery	1,965	Urb/Exurb.	6	6	6
6	Pattison	Waller	447	Rural	5	4	6
6	Patton Village	Montgomery	1,391	Rural	7	7	6
6	Pecan Grove	Fort Bend	13,551	Rural	6	6	5
6	Pine Island	Waller	849	Rural	5	5	4
6	Pinehurst (Montgomery)	Montgomery	4,266	Rural	6	5	6
6	Piney Point Village	Harris	3,380	Urb/Exurb.	5	5	5

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6	Plum Grove	Liberty	930	Rural	4	4	6
6	Porter Heights	Montgomery	1,490	Rural	5	5	7
6	Prairie View	Waller	4,410	Rural	4	6	6
6	Quintana	Brazoria	38	Rural	4	4	6
6	Riverside	Walker	425	Rural	7	7	6
6	Roman Forest	Montgomery	1,279	Rural	5	5	5
6	San Felipe	Austin	868	Rural	5	5	2
6	San Leon	Galveston	4,365	Urb/Exurb.	7	7	6
6	Santa Fe	Galveston	9,548	Urb/Exurb.	6	6	6
6	Sealy	Austin	5,248	Rural	2	4	4
6	Sheldon	Harris	1,831	Rural	5	5	5
6	Shenandoah	Montgomery	1,503	Urb/Exurb.	7	7	5
6	Sienna Plantation	Fort Bend	1,896	Urb/Exurb.	6	6	5
6	Southside Place	Harris	1,546	Urb/Exurb.	7	7	5
6	Splendora	Montgomery	1,275	Rural	7	7	7
6	Spring	Harris	36,385	Urb/Exurb.	6	6	6
6	Spring Valley	Harris	3,611	Urb/Exurb.	6	5	5
6	Stagecoach	Montgomery	455	Rural	5	5	5
6	Stowell	Chambers	1,572	Rural	2	2	6
6	Sugar Land	Fort Bend	63,328	Urb/Exurb.	6	6	5
6	Taylor Lake Village	Harris	3,694	Urb/Exurb.	5	5	5
6	Texas City	Galveston	41,521	Urb/Exurb.	7	7	6
6	The Woodlands	Montgomery	55,649	Urb/Exurb.	5	7	5
6	Tiki Island	Galveston	1,016	Urb/Exurb.	5	5	6
6	Van Vleck	Matagorda	1,411	Rural	4	4	5
6	Wallis	Austin	1,172	Rural	2	2	4
6	Weimar	Colorado	1,981	Rural	4	4	5
6	Wharton	Wharton	9,237	Rural	5	6	6
6	Wild Peach Village	Brazoria	2,498	Rural	4	4	5
6	Willis	Montgomery	3,985	Rural	5	6	7
6	Winnie	Chambers	2,914	Rural	2	2	6
6	Woodbranch	Montgomery	1,305	Rural	5	5	6
6	Woodloch	Montgomery	247	Rural	7	7	5
7	Anderson Mill	Williamson	8,953	Urb/Exurb.	7	7	5
7	Bartlett	Williamson	1,675	Rural	7	7	6
7	Barton Creek	Travis	1,589	Urb/Exurb.	7	7	5
7	Bastrop	Bastrop	5,340	Rural	5	5	6
7	Bear Creek	Hays	360	Rural	5	5	5
7	Bee Cave	Travis	656	Rural	6	6	5
7	Bertram	Burnet	1,122	Rural	5	5	6
7	Blanco	Blanco	1,505	Rural	5	5	5
7	Briarcliff	Travis	895	Rural	5	5	5
7	Brushy Creek	Williamson	15,371	Urb/Exurb.	6	6	5
7	Buchanan Dam	Llano	1,688	Rural	4	5	5
7	Buda	Hays	2,404	Urb/Exurb.	5	5	7
7	Burnet	Burnet	4,735	Rural	5	6	6
7	Camp Swift	Bastrop	4,731	Rural	4	4	6
7	Carmine	Fayette	228	Rural	6	6	6
7	Cedar Park	Williamson	26,049	Urb/Exurb.	5	7	6
7	Circle D-KC Estates	Bastrop	2,010	Rural	4	4	5
7	Cottonwood Shores	Burnet	877	Rural	6	5	5

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7	Creedmoor	Travis	211	Rural	5	5	7
7	Dripping Springs	Hays	1,548	Rural	5	6	7
7	Elgin	Bastrop	5,700	Rural	5	6	5
7	Fayetteville	Fayette	261	Rural	5	4	6
7	Flatonia	Fayette	1,377	Rural	6	5	5
7	Florence	Williamson	1,054	Rural	7	7	7
7	Garfield	Travis	1,660	Rural	5	5	7
7	Georgetown	Williamson	28,339	Urb/Exurb.	6	6	6
7	Giddings	Lee	5,105	Rural	2	2	2
7	Granger	Williamson	1,299	Rural	7	6	7
7	Granite Shoals	Burnet	2,040	Rural	6	5	6
7	Hays	Hays	233	Rural	5	5	5
7	Highland Haven	Burnet	450	Rural	6	6	4
7	Horseshoe Bay	Llano	3,337	Rural	4	4	5
7	Hudson Bend	Travis	2,369	Urb/Exurb.	6	6	6
7	Hutto	Williamson	1,250	Rural	6	5	7
7	Johnson City	Blanco	1,191	Rural	2	4	4
7	Jollyville	Williamson	15,813	Urb/Exurb.	6	6	5
7	Jonestown	Travis	1,681	Rural	7	7	7
7	Kingsland	Llano	4,584	Rural	2	6	6
7	Kyle	Hays	5,314	Rural	5	5	7
7	La Grange	Fayette	4,478	Rural	5	5	4
7	Lago Vista	Travis	4,507	Rural	7	7	6
7	Lakeway	Travis	8,002	Rural	6	5	5
7	Leander	Williamson	7,596	Urb/Exurb.	7	5	7
7	Lexington	Lee	1,178	Rural	4	4	2
7	Liberty Hill	Williamson	1,409	Rural	5	5	7
7	Llano	Llano	3,325	Rural	2	6	4
7	Lockhart	Caldwell	11,615	Rural	5	5	6
7	Lost Creek	Travis	4,729	Urb/Exurb.	5	5	5
7	Luling	Caldwell	5,080	Rural	5	5	5
7	Manor	Travis	1,204	Urb/Exurb.	5	5	6
7	Marble Falls	Burnet	4,959	Rural	4	6	5
7	Martindale	Caldwell	953	Rural	6	5	4
7	Meadowlakes	Burnet	1,293	Rural	6	6	4
7	Mountain City	Hays	671	Rural	7	7	6
7	Mustang Ridge	Caldwell	785	Rural	4	4	6
7	Niederwald	Hays	584	Rural	6	6	6
7	Onion Creek	Travis	2,116	Urb/Exurb.	5	5	5
7	Pflugerville	Travis	16,335	Urb/Exurb.	5	5	6
7	Rollingwood	Travis	1,403	Urb/Exurb.	7	7	5
7	Round Mountain	Blanco	111	Rural	2	2	2
7	Round Rock	Williamson	61,136	Urb/Exurb.	6	6	5
7	Round Top	Fayette	77	Rural	4	4	6
7	San Leanna	Travis	384	Urb/Exurb.	7	7	5
7	San Marcos	Hays	34,733	Urb/Exurb.	7	7	7
7	Schulenburg	Fayette	2,699	Rural	6	6	5
7	Serenada	Williamson	1,847	Urb/Exurb.	7	7	5
7	Shady Hollow	Travis	5,140	Urb/Exurb.	6	5	5
7	Smithville	Bastrop	3,901	Rural	6	6	6
7	Sunrise Beach Village	Llano	704	Rural	5	6	4

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
7	Sunset Valley	Travis	365	Urb/Exurb.	7	6	6
7	Taylor	Williamson	13,575	Rural	6	6	6
7	The Hills	Travis	1,492	Rural	5	5	5
7	Thrall	Williamson	710	Rural	7	6	6
7	Uhland	Hays	386	Rural	7	7	6
7	Weir	Williamson	591	Rural	6	6	7
7	Wells Branch	Travis	11,271	Urb/Exurb.	6	6	6
7	West Lake Hills	Travis	3,116	Urb/Exurb.	5	5	5
7	Wimberley	Hays	3,797	Rural	6	6	7
7	Windemere	Travis	6,868	Urb/Exurb.	6	6	6
7	Woodcreek	Hays	1,274	Rural	7	7	6
7	Wyldwood	Bastrop	2,310	Rural	4	4	5
8	Abbott	Hill	300	Rural	6	6	5
8	Aquilla	Hill	136	Rural	7	7	4
8	Bellmead	McLennan	9,214	Urb/Exurb.	6	6	6
8	Belton	Bell	14,623	Urb/Exurb.	6	7	5
8	Beverly Hills	McLennan	2,113	Urb/Exurb.	7	7	7
8	Blum	Hill	399	Rural	7	7	4
8	Bruceville-Eddy	McLennan	1,490	Rural	6	6	6
8	Buckholts	Milam	387	Rural	6	7	4
8	Burton	Washington	359	Rural	4	4	5
8	Bynum	Hill	225	Rural	7	7	6
8	Cameron	Milam	5,634	Rural	4	6	6
8	Carl's Corner	Hill	134	Rural	7	7	6
8	Clifton	Bosque	3,542	Rural	2	5	5
8	Coolidge	Limestone	848	Rural	6	6	5
8	Copperas Cove	Coryell	29,592	Urb/Exurb.	6	6	6
8	Covington	Hill	282	Rural	5	5	5
8	Cranfills Gap	Bosque	335	Rural	4	5	6
8	Crawford	McLennan	705	Rural	5	5	6
8	Evant	Coryell	393	Rural	7	7	7
8	Fairfield	Freestone	3,094	Rural	5	5	6
8	Fort Hood	Bell	33,711	Urb/Exurb.	5	5	5
8	Gatesville	Coryell	15,591	Rural	7	7	6
8	Gholson	McLennan	922	Rural	5	5	6
8	Goldthwaite	Mills	1,802	Rural	4	4	4
8	Golinda	Falls	423	Rural	6	6	5
8	Groesbeck	Limestone	4,291	Rural	6	7	6
8	Hallsburg	McLennan	518	Rural	7	7	5
8	Hamilton	Hamilton	2,977	Rural	2	4	5
8	Harker Heights	Bell	17,308	Urb/Exurb.	6	6	5
8	Hewitt	McLennan	11,085	Urb/Exurb.	5	5	5
8	Hico	Hamilton	1,341	Rural	4	4	6
8	Hillsboro	Hill	8,232	Rural	7	7	5
8	Holland	Bell	1,102	Rural	6	6	7
8	Hubbard	Hill	1,586	Rural	5	5	6
8	Iredell	Bosque	360	Rural	4	5	6
8	Itasca	Hill	1,503	Rural	5	5	4
8	Kempner	Lampasas	1,004	Rural	6	5	5
8	Kirvin	Freestone	122	Rural	4	4	4
8	Kosse	Limestone	497	Rural	7	7	6

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8	Lacy-Lakeview	McLennan	5,764	Urb/Exurb.	6	6	6
8	Lampasas	Lampasas	6,786	Rural	5	5	5
8	Leona	Leon	181	Rural	5	5	2
8	Leroy	McLennan	335	Rural	5	5	6
8	Little River-Academy	Bell	1,645	Rural	7	7	5
8	Lometa	Lampasas	782	Rural	5	5	5
8	Lorena	McLennan	1,433	Rural	5	5	5
8	Lott	Falls	724	Rural	5	5	4
8	Madisonville	Madison	4,159	Rural	2	2	6
8	Malone	Hill	278	Rural	5	5	6
8	Marlin	Falls	6,628	Rural	5	5	6
8	Marquez	Leon	220	Rural	4	4	5
8	Mart	McLennan	2,273	Rural	7	7	6
8	McGregor	McLennan	4,727	Urb/Exurb.	7	7	6
8	Meridian	Bosque	1,491	Rural	2	5	5
8	Mertens	Hill	146	Rural	7	7	6
8	Mexia	Limestone	6,563	Rural	7	7	6
8	Milano	Milam	400	Rural	4	5	6
8	Millican	Brazos	108	Rural	2	2	5
8	Moody	McLennan	1,400	Rural	7	7	7
8	Morgan	Bosque	485	Rural	2	4	6
8	Morgan's Point Resort	Bell	2,989	Rural	6	5	5
8	Mount Calm	Hill	310	Rural	6	6	4
8	Mullin	Mills	175	Rural	5	4	5
8	Nolanville	Bell	2,150	Rural	7	7	6
8	Normangee	Leon	719	Rural	2	2	5
8	Oglesby	Coryell	458	Rural	7	7	6
8	Penelope	Hill	211	Rural	7	7	6
8	Richland Springs	San Saba	350	Rural	2	2	2
8	Riesel	McLennan	973	Rural	7	7	5
8	Robinson	McLennan	7,845	Urb/Exurb.	5	5	5
8	Rockdale	Milam	5,439	Rural	5	6	4
8	Rogers	Bell	1,117	Rural	6	6	6
8	Rosebud	Falls	1,493	Rural	5	4	5
8	Ross	McLennan	228	Rural	5	5	7
8	Salado	Bell	3,475	Rural	5	5	5
8	San Saba	San Saba	2,637	Rural	4	4	2
8	South Mountain	Coryell	412	Rural	6	5	5
8	Streetman	Freestone	203	Rural	4	4	6
8	Teague	Freestone	4,557	Rural	4	5	5
8	Tehuacana	Limestone	307	Rural	5	5	4
8	Temple	Bell	54,514	Urb/Exurb.	6	7	5
8	Thorndale	Milam	1,278	Rural	6	7	5
8	Thornton	Limestone	525	Rural	6	6	5
8	Todd Mission	Grimes	146	Rural	2	2	5
8	Troy	Bell	1,378	Rural	7	6	5
8	Valley Mills	Bosque	1,123	Rural	2	4	6
8	Walnut Springs	Bosque	755	Rural	2	4	5
8	West	McLennan	2,692	Rural	6	6	5
8	Whitney	Hill	1,833	Rural	7	7	6
8	Wixon Valley	Brazos	235	Rural	5	5	4

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
8	Woodway	McLennan	8,733	Urb/Exurb.	5	5	5
8	Wortham	Freestone	1,082	Rural	6	6	5
9	Alamo Heights	Bexar	7,319	Urb/Exurb.	6	5	6
9	Bandera	Bandera	957	Rural	2	6	5
9	Bigfoot	Frio	304	Rural	4	4	4
9	Boerne	Kendall	6,178	Rural	5	6	5
9	Bulverde	Comal	3,761	Rural	5	5	5
9	Canyon Lake	Comal	16,870	Rural	6	6	7
9	Castle Hills	Bexar	4,202	Urb/Exurb.	7	6	5
9	Castroville	Medina	2,664	Rural	5	5	5
9	Charlotte	Atascosa	1,637	Rural	4	4	5
9	Christine	Atascosa	436	Rural	4	4	6
9	Cibolo	Guadalupe	3,035	Rural	7	7	6
9	Comfort	Kendall	2,358	Rural	5	4	5
9	Cross Mountain	Bexar	1,524	Urb/Exurb.	5	4	5
9	Devine	Medina	4,140	Rural	6	6	6
9	Dilley	Frio	3,674	Rural	6	6	6
9	Fair Oaks Ranch	Bexar	4,695	Urb/Exurb.	6	5	5
9	Falls City	Karnes	591	Rural	4	4	2
9	Floresville	Wilson	5,868	Rural	5	6	5
9	Fredericksburg	Gillespie	8,911	Rural	2	5	6
9	Garden Ridge	Comal	1,882	Rural	7	7	5
9	Geronimo	Guadalupe	619	Urb/Exurb.	5	5	6
9	Harper	Gillespie	1,006	Rural	4	5	6
9	Hill Country Village	Bexar	1,028	Urb/Exurb.	5	4	5
9	Hilltop	Frio	300	Rural	4	4	5
9	Hollywood Park	Bexar	2,983	Urb/Exurb.	7	6	5
9	Hondo	Medina	7,897	Rural	5	6	5
9	Ingram	Kerr	1,740	Rural	7	7	7
9	Jourdanton	Atascosa	3,732	Rural	6	6	5
9	Karnes City	Karnes	3,457	Rural	5	5	5
9	Kenedy	Karnes	3,487	Rural	5	4	4
9	Kerrville	Kerr	20,425	Rural	7	7	7
9	Kingsbury	Guadalupe	652	Rural	5	5	6
9	La Vernia	Wilson	931	Rural	6	6	4
9	Lackland AFB	Bexar	7,123	Urb/Exurb.	5	4	7
9	LaCoste	Medina	1,255	Rural	5	5	6
9	Lakehills	Bandera	4,668	Rural	5	6	4
9	Lytle	Atascosa	2,383	Rural	4	5	6
9	Marion	Guadalupe	1,099	Rural	6	6	6
9	McQueeney	Guadalupe	2,527	Urb/Exurb.	6	5	6
9	Moore	Frio	644	Rural	4	4	4
9	Natalia	Medina	1,663	Rural	6	6	6
9	New Berlin	Guadalupe	467	Rural	5	5	5
9	New Braunfels	Comal	36,494	Urb/Exurb.	7	7	6
9	North Pearsall	Frio	561	Rural	5	4	6
9	Northcliff	Guadalupe	1,819	Rural	6	6	5
9	Olmos Park	Bexar	2,343	Urb/Exurb.	5	4	5
9	Pearsall	Frio	7,157	Rural	4	5	6
9	Pleasanton	Atascosa	8,266	Rural	6	6	6
9	Poteet	Atascosa	3,305	Rural	6	5	6

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
9	Poth	Wilson	1,850	Rural	5	5	4
9	Redwood	Guadalupe	3,586	Rural	6	6	7
9	Runge	Karnes	1,080	Rural	6	6	2
9	Santa Clara	Guadalupe	889	Rural	7	7	6
9	Scenic Oaks	Bexar	3,279	Urb/Exurb.	5	4	5
9	Schertz	Guadalupe	18,694	Urb/Exurb.	6	6	5
9	Seguin	Guadalupe	22,011	Urb/Exurb.	6	7	6
9	St. Hedwig	Bexar	1,875	Rural	7	6	5
9	Stockdale	Wilson	1,398	Rural	6	5	4
9	Stonewall	Gillespie	469	Rural	5	5	5
9	Terrell Hills	Bexar	5,019	Urb/Exurb.	6	4	5
9	Timberwood Park	Bexar	5,889	Urb/Exurb.	5	4	5
9	West Pearsall	Frio	349	Rural	6	6	4
9	Windcrest	Bexar	5,105	Urb/Exurb.	7	6	5
9	Zuehl	Guadalupe	346	Rural	5	5	6
10	Agua Dulce (Nueces)	Nueces	737	Rural	6	6	5
10	Airport Road Addition	Brooks	132	Rural	4	4	5
10	Alfred-South La Paloma	Jim Wells	451	Rural	5	5	6
10	Alice	Jim Wells	19,010	Rural	6	6	6
10	Alice Acres	Jim Wells	491	Rural	5	5	5
10	Aransas Pass	San Patricio	8,138	Rural	6	7	7
10	Austwell	Refugio	192	Rural	5	5	5
10	Bayside	Refugio	360	Rural	5	5	5
10	Beeville	Bee	13,129	Rural	6	7	5
10	Benavides	Duval	1,686	Rural	6	4	5
10	Bishop	Nueces	3,305	Rural	6	6	5
10	Bloomington	Victoria	2,562	Rural	7	7	6
10	Blue Berry Hill	Bee	982	Rural	5	5	6
10	Cantu Addition	Brooks	217	Rural	4	4	6
10	Concepcion	Duval	61	Rural	4	2	4
10	Coyote Acres	Jim Wells	389	Rural	5	5	7
10	Cuero	DeWitt	6,571	Rural	6	6	5
10	Del Sol-Loma Linda	San Patricio	726	Rural	5	5	7
10	Doyle	San Patricio	285	Urb/Exurb.	5	5	5
10	Driscoll	Nueces	825	Rural	6	7	4
10	Edgewater-Paisano	San Patricio	182	Rural	7	7	5
10	Edna	Jackson	5,899	Rural	5	6	6
10	Edroy	San Patricio	420	Rural	5	5	7
10	Encino	Brooks	177	Rural	4	4	6
10	Falfurrias	Brooks	5,297	Rural	6	6	6
10	Falman-County Acres	San Patricio	289	Rural	7	7	5
10	Flowella	Brooks	134	Rural	4	4	6
10	Freer	Duval	3,241	Rural	5	4	5
10	Fulton	Aransas	1,553	Rural	5	5	6
10	Ganado	Jackson	1,915	Rural	5	5	5
10	George West	Live Oak	2,524	Rural	4	2	5
10	Goliad	Goliad	1,975	Rural	4	4	5
10	Gonzales	Gonzales	7,202	Rural	5	5	5
10	Gregory	San Patricio	2,318	Rural	6	6	5
10	Hallettsville	Lavaca	2,345	Rural	5	5	4
10	Inez	Victoria	1,787	Rural	6	5	5

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
10	Ingleside	San Patricio	9,388	Urb/Exurb.	6	7	6
10	Ingleside on the Bay	San Patricio	659	Urb/Exurb.	7	7	7
10	K-Bar Ranch	Jim Wells	350	Rural	7	7	5
10	Kingsville	Kleberg	25,575	Rural	7	7	5
10	La Paloma-Lost Creek	Nueces	323	Rural	6	7	5
10	La Ward	Jackson	200	Rural	6	6	6
10	Lake City	San Patricio	526	Rural	6	6	7
10	Lakeshore Gardens-Hidden /	San Patricio	720	Rural	5	5	5
10	Lakeside (San Patricio)	San Patricio	333	Rural	5	5	6
10	Lolita	Jackson	548	Rural	4	4	4
10	Loma Linda East	Jim Wells	214	Rural	5	5	5
10	Mathis	San Patricio	5,034	Rural	7	7	6
10	Morgan Farm Area	San Patricio	484	Rural	7	7	5
10	Moulton	Lavaca	944	Rural	5	5	5
10	Nixon	Gonzales	2,186	Rural	6	6	6
10	Nordheim	DeWitt	323	Rural	5	5	6
10	Normanna	Bee	121	Rural	5	5	6
10	North San Pedro	Nueces	920	Rural	5	6	4
10	Odem	San Patricio	2,499	Rural	6	6	6
10	Orange Grove	Jim Wells	1,288	Rural	7	7	5
10	Owl Ranch-Amargosa	Jim Wells	527	Rural	7	7	6
10	Pawnee	Bee	201	Rural	5	5	5
10	Pernitas Point	Live Oak	269	Rural	5	5	4
10	Petronila	Nueces	83	Rural	4	5	4
10	Pettus	Bee	608	Rural	6	6	4
10	Point Comfort	Calhoun	781	Rural	6	5	4
10	Port Aransas	Nueces	3,370	Urb/Exurb.	6	7	5
10	Port Lavaca	Calhoun	12,035	Rural	6	5	5
10	Portland	San Patricio	14,827	Urb/Exurb.	6	6	5
10	Premont	Jim Wells	2,772	Rural	7	7	7
10	Rancho Alegre	Jim Wells	1,775	Rural	7	7	6
10	Rancho Banquete	Nueces	469	Rural	4	5	6
10	Rancho Chico	San Patricio	309	Rural	7	7	5
10	Realitos	Duval	209	Rural	4	2	4
10	Refugio	Refugio	2,941	Rural	2	4	4
10	Robstown	Nueces	12,727	Rural	4	6	6
10	Rockport	Aransas	7,385	Rural	5	5	6
10	San Diego	Duval	4,753	Rural	5	4	6
10	San Patricio	San Patricio	318	Rural	7	7	6
10	Sandia	Jim Wells	431	Rural	5	5	6
10	Sandy Hollow-Escondidas	Nueces	433	Rural	5	6	4
10	Seadrift	Calhoun	1,352	Rural	7	6	4
10	Shiner	Lavaca	2,070	Rural	5	5	6
10	Sinton	San Patricio	5,676	Rural	7	7	6
10	Skidmore	Bee	1,013	Rural	7	7	5
10	Smiley	Gonzales	453	Rural	6	5	6
10	Spring Garden-Terra Verde	Nueces	693	Rural	4	5	6
10	St. Paul (San Patricio)	San Patricio	542	Rural	5	5	5
10	Taft	San Patricio	3,396	Rural	7	7	7
10	Taft Southwest	San Patricio	1,721	Rural	5	5	7
10	Three Rivers	Live Oak	1,878	Rural	4	4	5

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10	Tierra Grande	Nueces	362	Rural	5	6	5
10	Tradewinds	San Patricio	163	Rural	5	5	7
10	Tuleta	Bee	292	Rural	5	5	6
10	Tulsita	Bee	20	Rural	5	5	4
10	Tynan	Bee	301	Rural	6	6	4
10	Vanderbilt	Jackson	411	Rural	4	4	4
10	Victoria	Victoria	60,603	Urb/Exurb.	6	7	6
10	Waelder	Gonzales	947	Rural	5	5	5
10	Westdale	Jim Wells	295	Rural	5	5	7
10	Woodsboro	Refugio	1,685	Rural	5	4	2
10	Yoakum	Lavaca	5,731	Rural	6	6	4
10	Yorktown	DeWitt	2,271	Rural	5	5	4
11	Abram-Perezville	Hidalgo	5,444	Rural	7	7	6
11	Alto Bonito	Starr	569	Rural	5	5	4
11	Alton North	Hidalgo	5,051	Rural	7	6	5
11	Arroyo Alto	Cameron	320	Rural	5	5	7
11	Arroyo Colorado Estates	Cameron	755	Rural	7	7	5
11	Arroyo Gardens-La Tina Ran	Cameron	732	Rural	5	5	5
11	Asherton	Dimmit	1,342	Rural	6	6	2
11	Batesville	Zavala	1,298	Rural	5	5	2
11	Bausell and Ellis	Willacy	112	Rural	2	4	4
11	Bayview	Cameron	323	Rural	7	7	7
11	Big Wells	Dimmit	704	Rural	6	6	2
11	Bixby	Cameron	356	Rural	5	5	7
11	Bluetown-Iglesia Antigua	Cameron	692	Rural	6	6	5
11	Botines	Webb	132	Rural	5	5	2
11	Box Canyon-Amistad	Val Verde	76	Rural	5	5	6
11	Brackettville	Kinney	1,876	Rural	5	5	4
11	Brundage	Dimmit	31	Rural	4	4	1
11	Bruni	Webb	412	Rural	2	2	5
11	Cameron Park	Cameron	5,961	Urb/Exurb.	6	6	6
11	Camp Wood	Real	822	Rural	5	5	5
11	Carrizo Hill	Dimmit	548	Rural	6	6	5
11	Carrizo Springs	Dimmit	5,655	Rural	6	6	4
11	Catarina	Dimmit	135	Rural	4	4	4
11	Cesar Chavez	Hidalgo	1,469	Urb/Exurb.	7	6	7
11	Chula Vista-Orason	Cameron	394	Rural	7	7	6
11	Chula Vista-River Spur	Zavala	400	Rural	4	4	4
11	Cienegas Terrace	Val Verde	2,878	Rural	7	7	5
11	Citrus City	Hidalgo	941	Rural	5	5	7
11	Combes	Cameron	2,553	Urb/Exurb.	6	6	6
11	Cotulla	La Salle	3,614	Rural	2	4	4
11	Crystal City	Zavala	7,190	Rural	5	6	5
11	Cuevitas	Hidalgo	37	Rural	5	5	7
11	Del Mar Heights	Cameron	259	Rural	5	5	5
11	Del Rio	Val Verde	33,867	Rural	6	7	5
11	Doffing	Hidalgo	4,256	Rural	7	6	6
11	Doolittle	Hidalgo	2,358	Urb/Exurb.	6	6	5
11	Eagle Pass	Maverick	22,413	Rural	7	7	5
11	Edinburg	Hidalgo	48,465	Urb/Exurb.	6	7	6
11	Eidson Road	Maverick	9,348	Rural	6	6	5

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11	El Camino Angosto	Cameron	254	Urb/Exurb.	5	5	5
11	El Cenizo	Webb	3,545	Rural	4	4	2
11	El Indio	Maverick	263	Rural	7	7	4
11	El Refugio	Starr	221	Rural	7	7	6
11	Elm Creek	Maverick	1,928	Rural	5	5	6
11	Encantada-Ranchito El Calal	Cameron	2,100	Rural	5	5	6
11	Encinal	La Salle	629	Rural	5	5	2
11	Escobares	Starr	1,954	Rural	7	7	6
11	Falcon Heights	Starr	335	Rural	5	5	5
11	Falcon Lake Estates	Zapata	830	Rural	4	4	2
11	Falcon Mesa	Zapata	506	Rural	2	2	4
11	Falcon Village	Starr	78	Rural	7	7	2
11	Faysville	Hidalgo	348	Urb/Exurb.	7	7	5
11	Fowlerton	La Salle	62	Rural	2	2	2
11	Fronton	Starr	599	Rural	5	5	5
11	Garceno	Starr	1,438	Rural	7	7	6
11	Grand Acres	Cameron	203	Rural	5	5	5
11	Green Valley Farms	Cameron	720	Rural	5	5	6
11	Guerra	Jim Hogg	8	Rural	2	2	2
11	Havana	Hidalgo	452	Rural	6	6	7
11	Hebbronville	Jim Hogg	4,498	Rural	5	5	4
11	Heidelberg	Hidalgo	1,586	Rural	7	7	7
11	Indian Hills	Hidalgo	2,036	Rural	6	6	7
11	Indian Lake	Cameron	541	Rural	7	7	7
11	Knippa	Uvalde	739	Rural	6	6	4
11	La Blanca	Hidalgo	2,351	Rural	7	7	5
11	La Casita-Garciasville	Starr	2,177	Rural	6	7	5
11	La Feria	Cameron	6,115	Rural	7	7	6
11	La Feria North	Cameron	168	Rural	7	7	5
11	La Grulla	Starr	1,211	Rural	6	6	5
11	La Homa	Hidalgo	10,433	Urb/Exurb.	6	6	6
11	La Paloma	Cameron	354	Rural	7	7	5
11	La Presa	Webb	508	Rural	2	2	2
11	La Pryor	Zavala	1,491	Rural	6	5	4
11	La Puerta	Starr	1,636	Rural	5	5	6
11	La Rosita	Starr	1,729	Rural	6	6	6
11	La Victoria	Starr	1,683	Rural	5	5	4
11	Lago	Cameron	246	Rural	7	7	5
11	Laguna Heights	Cameron	1,990	Rural	6	6	6
11	Laguna Seca	Hidalgo	251	Rural	5	5	7
11	Laguna Vista	Cameron	1,658	Rural	5	6	6
11	Lake View	Val Verde	167	Rural	5	5	6
11	Laredo Ranchettes	Webb	1,845	Rural	2	2	2
11	Larga Vista	Webb	742	Urb/Exurb.	5	5	5
11	Las Colonias	Zavala	283	Rural	6	6	5
11	Las Lomas	Starr	2,684	Rural	7	7	5
11	Las Lomitas	Jim Hogg	267	Rural	2	2	5
11	Las Palmas-Juarez	Cameron	1,666	Rural	6	6	7
11	Las Quintas Fronterizas	Maverick	2,030	Rural	6	6	4
11	Lasana	Cameron	135	Urb/Exurb.	5	5	5
11	Lasara	Willacy	1,024	Rural	4	5	5

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11	Laughlin AFB	Val Verde	2,225	Rural	6	6	4
11	Laureles	Cameron	3,285	Rural	6	6	6
11	Leakey	Real	387	Rural	5	5	5
11	Llano Grande	Hidalgo	3,333	Urb/Exurb.	7	6	5
11	Lopeno	Zapata	140	Rural	2	2	5
11	Lopezville	Hidalgo	4,476	Urb/Exurb.	6	6	5
11	Los Alvarez	Starr	1,434	Rural	6	6	6
11	Los Angeles Subdivision	Willacy	86	Rural	5	6	4
11	Los Ebanos	Hidalgo	403	Rural	6	6	6
11	Los Fresnos	Cameron	4,512	Rural	6	5	7
11	Los Indios	Cameron	1,149	Rural	5	5	6
11	Los Villareales	Starr	930	Rural	5	5	5
11	Lozano	Cameron	324	Rural	5	5	5
11	Lyford	Willacy	1,973	Rural	4	5	6
11	Lyford South	Willacy	172	Rural	5	6	5
11	Medina	Zapata	2,960	Rural	4	4	4
11	Midway North	Hidalgo	3,946	Urb/Exurb.	5	5	7
11	Midway South	Hidalgo	1,711	Urb/Exurb.	6	6	7
11	Mila Doce	Hidalgo	4,907	Rural	6	6	6
11	Mirando City	Webb	493	Rural	5	5	5
11	Mission	Hidalgo	45,408	Urb/Exurb.	6	6	6
11	Monte Alto	Hidalgo	1,611	Rural	6	6	6
11	Morales-Sanchez	Zapata	95	Rural	2	2	2
11	Muniz	Hidalgo	1,106	Rural	7	7	6
11	New Falcon	Zapata	184	Rural	2	2	2
11	North Alamo	Hidalgo	2,061	Urb/Exurb.	6	6	6
11	North Escobares	Starr	1,692	Rural	7	7	5
11	Nurillo	Hidalgo	5,056	Urb/Exurb.	6	6	7
11	Oilton	Webb	310	Rural	2	2	5
11	Olivarez	Hidalgo	2,445	Rural	6	6	5
11	Olmito	Cameron	1,198	Urb/Exurb.	7	7	6
11	Palm Valley	Cameron	1,298	Urb/Exurb.	6	6	5
11	Palmview South	Hidalgo	6,219	Urb/Exurb.	6	6	6
11	Pharr	Hidalgo	46,660	Urb/Exurb.	6	6	6
11	Port Isabel	Cameron	4,865	Rural	6	6	7
11	Port Mansfield	Willacy	415	Rural	4	5	6
11	Primera	Cameron	2,723	Urb/Exurb.	6	6	7
11	Quemado	Maverick	243	Rural	5	5	4
11	Radar Base	Maverick	162	Rural	5	5	6
11	Ranchette Estates	Willacy	133	Rural	2	4	4
11	Ranchitos Las Lomas	Webb	334	Rural	2	2	4
11	Rancho Viejo	Cameron	1,754	Urb/Exurb.	6	6	5
11	Ranchos Penitas West	Webb	520	Urb/Exurb.	2	2	4
11	Rangerville	Cameron	203	Rural	5	5	7
11	Ratamosa	Cameron	218	Rural	5	5	5
11	Raymondville	Willacy	9,733	Rural	4	5	6
11	Reid Hope King	Cameron	802	Urb/Exurb.	7	7	5
11	Relampago	Hidalgo	104	Rural	5	5	7
11	Rio Bravo	Webb	5,553	Urb/Exurb.	4	4	4
11	Rio Grande City	Starr	11,923	Rural	6	6	5
11	Rio Hondo	Cameron	1,942	Rural	6	6	6

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
11	Rocksprings	Edwards	1,285	Rural	4	4	5
11	Roma	Starr	9,617	Rural	7	7	5
11	Roma Creek	Starr	610	Rural	5	5	4
11	Rosita North	Maverick	3,400	Rural	6	6	6
11	Rosita South	Maverick	2,574	Rural	6	6	4
11	Sabinal	Uvalde	1,586	Rural	7	7	6
11	Salineno	Starr	304	Rural	5	5	5
11	San Benito	Cameron	23,444	Urb/Exurb.	7	6	6
11	San Carlos	Hidalgo	2,650	Rural	7	7	7
11	San Ignacio	Zapata	853	Rural	2	2	5
11	San Isidro	Starr	270	Rural	6	6	5
11	San Manuel-Linn	Hidalgo	958	Rural	5	5	5
11	San Pedro	Cameron	668	Rural	5	5	5
11	San Perlita	Willacy	680	Rural	5	6	6
11	Santa Cruz	Starr	630	Rural	7	7	6
11	Santa Maria	Cameron	846	Rural	6	6	5
11	Santa Monica	Willacy	78	Rural	2	4	6
11	Santa Rosa	Cameron	2,833	Rural	5	7	6
11	Scissors	Hidalgo	2,805	Rural	5	5	5
11	Sebastian	Willacy	1,864	Rural	2	4	6
11	Siesta Shores	Zapata	890	Rural	2	2	4
11	Solis	Cameron	545	Rural	7	7	5
11	South Alamo	Hidalgo	3,101	Rural	6	6	5
11	South Fork Estates	Jim Hogg	47	Rural	2	2	2
11	South Padre Island	Cameron	2,422	Rural	7	7	6
11	South Point	Cameron	1,118	Rural	7	7	5
11	Spofford	Kinney	75	Rural	2	2	2
11	Tierra Bonita	Cameron	160	Rural	5	5	6
11	Utopia	Uvalde	241	Rural	6	6	6
11	Uvalde	Uvalde	14,929	Rural	7	7	5
11	Uvalde Estates	Uvalde	1,972	Rural	7	7	5
11	Val Verde Park	Val Verde	1,945	Rural	6	6	5
11	Villa del Sol	Cameron	132	Rural	5	5	6
11	Villa Pancho	Cameron	386	Urb/Exurb.	7	7	7
11	Villa Verde	Hidalgo	891	Urb/Exurb.	5	5	7
11	West Sharyland	Hidalgo	2,947	Rural	6	6	5
11	Willamar	Willacy	15	Rural	2	4	4
11	Yznaga	Cameron	103	Rural	5	5	7
11	Zapata	Zapata	4,856	Rural	5	5	4
11	Zapata Ranch	Willacy	88	Rural	2	4	5
12	Ackerly	Dawson	245	Rural	6	6	6
12	Andrews	Andrews	9,652	Rural	5	5	5
12	Balmorhea	Reeves	527	Rural	4	4	5
12	Barstow	Ward	406	Rural	7	6	6
12	Big Lake	Reagan	2,885	Rural	4	4	2
12	Big Spring	Howard	25,233	Rural	7	7	6
12	Brady	McCulloch	5,523	Rural	5	7	5
12	Bronte	Coke	1,076	Rural	5	5	4
12	Christoval	Tom Green	422	Rural	5	5	6
12	Coahoma	Howard	932	Rural	6	6	5
12	Coyanosa	Pecos	138	Rural	2	4	4

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
12	Crane	Crane	3,191	Rural	5	5	2
12	Eden	Concho	2,561	Rural	5	5	4
12	Eldorado	Schleicher	1,951	Rural	2	2	5
12	Forsan	Howard	226	Rural	6	6	7
12	Fort Stockton	Pecos	7,846	Rural	2	5	6
12	Gardendale	Ector	1,197	Rural	5	4	5
12	Goldsmith	Ector	253	Rural	6	4	5
12	Grandfalls	Ward	391	Rural	6	5	6
12	Grape Creek	Tom Green	3,138	Rural	4	4	5
12	Imperial	Pecos	428	Rural	2	4	4
12	Iraan	Pecos	1,238	Rural	2	4	4
12	Junction	Kimble	2,618	Rural	4	4	5
12	Kermit	Winkler	5,714	Rural	4	4	4
12	Lamesa	Dawson	9,952	Rural	7	7	5
12	Lindsay (Reeves)	Reeves	394	Rural	4	4	7
12	Los Ybanez	Dawson	32	Rural	5	5	4
12	Mason	Mason	2,134	Rural	5	5	4
12	McCamey	Upton	1,805	Rural	4	4	4
12	Melvin	McCulloch	155	Rural	6	7	6
12	Menard	Menard	1,653	Rural	4	4	5
12	Mertzon	Irion	839	Rural	2	2	4
12	Midland	Midland	94,996	Urb/Exurb.	7	7	5
12	Monahans	Ward	6,821	Rural	7	6	4
12	Ozona	Crockett	3,436	Rural	2	4	2
12	Paint Rock	Concho	320	Rural	5	5	4
12	Pecos	Reeves	9,501	Rural	5	5	6
12	Pyote	Ward	131	Rural	5	4	6
12	Rankin	Upton	800	Rural	2	2	5
12	Robert Lee	Coke	1,171	Rural	5	5	5
12	Sanderson	Terrell	861	Rural	5	5	4
12	Seagraves	Gaines	2,334	Rural	6	6	4
12	Seminole	Gaines	5,910	Rural	4	4	5
12	Sonora	Sutton	2,924	Rural	2	2	4
12	Stanton	Martin	2,556	Rural	4	4	2
12	Sterling City	Sterling	1,081	Rural	4	4	4
12	Thorntonville	Ward	442	Rural	5	4	5
12	Toyah	Reeves	100	Rural	4	4	5
12	West Odessa	Ector	17,799	Urb/Exurb.	6	5	6
12	Wickett	Ward	455	Rural	7	6	4
12	Wink	Winkler	919	Rural	4	4	4
13	Agua Dulce (El Paso)	El Paso	738	Rural	5	5	7
13	Alpine	Brewster	5,786	Rural	7	7	4
13	Anthony	El Paso	3,850	Urb/Exurb.	5	7	5
13	Butterfield	El Paso	61	Rural	5	5	5
13	Canutillo	El Paso	5,129	Urb/Exurb.	6	6	5
13	Clint	El Paso	980	Rural	5	7	5
13	Dell City	Hudspeth	413	Rural	6	5	5
13	Fabens	El Paso	8,043	Rural	7	7	5
13	Fort Bliss	El Paso	8,264	Urb/Exurb.	5	5	5
13	Fort Davis	Jeff Davis	1,050	Rural	4	4	5
13	Fort Hancock	Hudspeth	1,713	Rural	6	5	4

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
13	Homestead Meadows North	El Paso	4,232	Rural	6	6	7
13	Homestead Meadows South	El Paso	6,807	Rural	7	7	7
13	Horizon City	El Paso	5,233	Rural	5	5	6
13	Marathon	Brewster	455	Rural	6	5	5
13	Marfa	Presidio	2,121	Rural	5	6	5
13	Morning Glory	El Paso	627	Rural	5	5	5
13	Prado Verde	El Paso	200	Urb/Exurb.	5	5	7
13	Presidio	Presidio	4,167	Rural	5	6	5
13	Redford	Presidio	132	Rural	4	5	6
13	San Elizario	El Paso	11,046	Urb/Exurb.	6	6	6
13	Sierra Blanca	Hudspeth	533	Rural	5	4	5
13	Socorro	El Paso	27,152	Urb/Exurb.	6	6	7
13	Sparks	El Paso	2,974	Rural	7	6	6
13	Study Butte-Terlingua	Brewster	267	Rural	6	5	4
13	Tornillo	El Paso	1,609	Rural	7	7	5
13	Valentine	Jeff Davis	187	Rural	4	4	2
13	Van Horn	Culberson	2,435	Rural	6	6	4
13	Vinton	El Paso	1,892	Rural	7	7	7
13	Westway	El Paso	3,829	Urb/Exurb.	7	7	6

Draft 2006 HOME Affordable Housing Need Scores (AHNS) County Level

(Sorted by Region then County.)

Instructions:
Use this table to determine an AHNS for an application that will serve an entire county, multiple counties, or multiple places within a county or counties.
Special Circumstances
(1) If multiple counties or places in multiple counties will be served by the application, then the county scores should be averaged.
(2) Participating Jurisdictions (PJ) recieve a score of zero and are not included in the table.
All questions relating to scoring an application under the AHN Scoring Component should be submitted in writing to Paige McGilloway via facsimile at (512) 475-4798 or by email at paige.mcgilloway@tdhca.state.tx.us.

Region	County	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
1	Armstrong	5	5	4
1	Bailey	2	2	5
1	Briscoe	5	5	3
1	Carson	4	4	5
1	Castro	4	5	5
1	Childress	5	6	4
1	Cochran	2	2	4
1	Collingsworth	3	3	3
1	Crosby	5	5	5
1	Dallam	6	6	5
1	Deaf Smith	4	6	5
1	Dickens	4	4	5
1	Donley	5	5	4
1	Floyd	5	5	3
1	Garza	6	6	6
1	Gray	6	6	6
1	Hale	6	6	6
1	Hall	4	4	4
1	Hansford	3	4	5
1	Hartley	5	5	4
1	Hemphill	4	4	4
1	Hockley	6	6	6
1	Hutchinson	6	6	6
1	Lamb	5	5	6
1	Lipscomb	3	3	4
1	Lubbock	6	6	6
1	Lynn	3	3	5
1	Moore	6	6	5
1	Motley	2	3	2
1	Ochiltree	2	4	4
1	Oldham	5	5	5
1	Parmer	5	5	4
1	Potter	2	2	5
1	Randall	7	7	4
1	Roberts	5	5	4

Region	County	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
1	Sherman	4	4	4
1	Swisher	5	5	5
1	Terry	6	5	5
1	Wheeler	4	4	3
1	Yoakum	4	4	5
2	Archer	2	2	5
2	Baylor	4	2	2
2	Brown	6	7	6
2	Callahan	5	6	5
2	Clay	6	6	5
2	Coleman	5	5	5
2	Comanche	6	6	6
2	Cottle	2	2	2
2	Eastland	6	6	6
2	Fisher	4	4	2
2	Foard	4	4	4
2	Hardeman	6	6	2
2	Haskell	5	5	6
2	Jack	6	6	6
2	Jones	5	5	7
2	Kent	2	2	4
2	Knox	3	3	6
2	Mitchell	6	5	5
2	Montague	6	6	7
2	Nolan	6	6	6
2	Runnels	5	5	6
2	Scurry	5	5	7
2	Shackelford	5	3	4
2	Stephens	5	5	4
2	Stonewall	2	2	5
2	Taylor	5	5	4
2	Throckmorton	4	3	3
2	Wichita	7	6	6
2	Wilbarger	5	6	6
2	Young	6	6	6
3	Collin	6	6	6
3	Cooke	5	5	3
3	Dallas	5	6	5
3	Denton	6	6	6
3	Ellis	5	6	6
3	Erath	6	5	5
3	Fannin	4	4	3
3	Grayson	6	6	6
3	Hood	3	3	4
3	Hunt	6	6	5
3	Johnson	5	6	6
3	Kaufman	5	5	5
3	Navarro	5	5	6

Region	County	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
3	Palo Pinto	4	4	3
3	Parker	5	6	5
3	Rockwall	5	4	5
3	Somervell	4	4	4
3	Tarrant	6	6	6
3	Wise	4	4	5
4	Anderson	6	6	6
4	Bowie	6	6	6
4	Camp	2	3	5
4	Cass	5	5	5
4	Cherokee	6	6	6
4	Delta	5	5	5
4	Franklin	2	5	4
4	Gregg	6	6	6
4	Harrison	6	6	6
4	Henderson	6	6	6
4	Hopkins	6	6	6
4	Lamar	6	6	6
4	Marion	5	5	5
4	Morris	6	6	5
4	Panola	5	5	4
4	Rains	5	5	4
4	Red River	5	5	5
4	Rusk	5	5	5
4	Smith	5	5	5
4	Titus	6	5	6
4	Upshur	5	5	5
4	Van Zandt	5	5	5
4	Wood	5	5	5
5	Angelina	6	6	6
5	Hardin	5	3	4
5	Houston	5	5	6
5	Jasper	6	5	6
5	Jefferson	6	5	5
5	Nacogdoches	6	6	5
5	Newton	4	4	4
5	Orange	5	5	5
5	Polk	6	6	6
5	Sabine	3	4	5
5	San Augustine	5	5	4
5	San Jacinto	4	3	5
5	Shelby	5	5	5
5	Trinity	6	6	6
5	Tyler	5	5	6
6	Austin	3	3	3
6	Brazoria	5	5	5
6	Chambers	4	3	5
6	Colorado	3	3	4

Region	County	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
6	Fort Bend	6	6	6
6	Galveston	6	7	6
6	Harris	6	6	6
6	Liberty	5	5	6
6	Matagorda	4	4	5
6	Montgomery	6	6	6
6	Walker	7	7	6
6	Waller	5	5	6
6	Wharton	5	5	5
7	Bastrop	5	5	6
7	Blanco	3	4	4
7	Burnet	5	6	5
7	Caldwell	5	5	5
7	Fayette	5	5	5
7	Hays	6	6	6
7	Lee	3	3	2
7	Llano	3	5	5
7	Travis	6	6	6
7	Williamson	6	6	6
8	Bell	6	6	5
8	Bosque	3	5	6
8	Brazos	4	4	5
8	Coryell	7	6	6
8	Falls	5	5	5
8	Freestone	5	5	5
8	Grimes	2	2	5
8	Hamilton	3	4	6
8	Hill	6	6	5
8	Lampasas	5	5	5
8	Leon	4	4	4
8	Limestone	6	6	5
8	Madison	2	2	6
8	McLennan	6	6	6
8	Milam	5	6	5
8	Mills	5	4	5
8	San Saba	3	3	2
8	Washington	4	4	5
9	Atascosa	5	5	6
9	Bandera	4	6	5
9	Bexar	6	5	5
9	Comal	6	6	6
9	Frio	5	5	5
9	Gillespie	4	5	6
9	Guadalupe	6	6	6
9	Karnes	5	5	3
9	Kendall	5	5	5
9	Kerr	7	7	7
9	Medina	5	6	6

Region	County	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
9	Wilson	6	6	4
10	Aransas	5	5	6
10	Bee	6	6	5
10	Brooks	4	4	6
10	Calhoun	6	5	4
10	DeWitt	5	5	5
10	Duval	5	3	5
10	Goliad	4	4	5
10	Gonzales	6	5	6
10	Jackson	5	5	5
10	Jim Wells	6	6	6
10	Kleberg	7	7	5
10	Lavaca	5	5	5
10	Live Oak	4	4	5
10	Nueces	5	6	5
10	Refugio	4	5	4
10	San Patricio	6	6	6
10	Victoria	6	6	6
11	Cameron	6	6	6
11	Dimmit	5	5	3
11	Edwards	4	4	5
11	Hidalgo	6	6	6
11	Jim Hogg	3	3	3
11	Kinney	4	4	3
11	La Salle	3	4	3
11	Maverick	6	6	5
11	Real	5	5	5
11	Starr	6	6	5
11	Uvalde	7	7	5
11	Val Verde	6	6	5
11	Webb	3	3	4
11	Willacy	3	5	5
11	Zapata	3	3	4
11	Zavala	5	5	4
12	Andrews	5	5	5
12	Coke	5	5	5
12	Concho	5	5	4
12	Crane	5	5	2
12	Crockett	2	4	2
12	Dawson	6	6	5
12	Ector	6	4	5
12	Gaines	5	5	5
12	Howard	6	6	6
12	Irion	2	2	4
12	Kimble	4	4	5
12	Martin	4	4	2
12	Mason	5	5	4
12	McCulloch	6	7	6

Region	County	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
12	Menard	4	4	5
12	Midland	7	7	5
12	Pecos	2	4	5
12	Reagan	4	4	2
12	Reeves	4	4	6
12	Schleicher	2	2	5
12	Sterling	4	4	4
12	Sutton	2	2	4
12	Terrell	5	5	4
12	Tom Green	5	5	6
12	Upton	3	3	5
12	Ward	6	5	5
12	Winkler	4	4	4
13	Brewster	6	6	4
13	Culberson	6	6	4
13	El Paso	6	6	6
13	Hudspeth	6	5	5
13	Jeff Davis	4	4	4
13	Presidio	5	6	5

Division of Policy and Public Affairs

BOARD ACTION ITEM
September 16, 2005

Action Item

2006 State of Texas Low Income Housing Plan and Annual Report (Draft for Comment)

Required Action

Comments related to and release for public comment of the *2006 State of Texas Low Income Housing Plan and Annual Report (Draft for Comment)*

Background

The Texas Department of Housing and Community Affairs is required to submit the *State of Texas Low Income Housing Plan and Annual Report* (SLIHP, Plan) annually. The document offers a comprehensive reference on statewide housing needs, housing resources, and strategies for funding allocations. It reviews TDHCA's housing programs, current and future policies, resource allocation plans to meet state housing needs, and reports on 2005 performance during the preceding fiscal year (September 1, 2004, through August 31, 2005). The document currently up for action is the *2006 State of Texas Low Income Housing Plan and Annual Report (Draft for Comment).*

The Plan will be made available for public comment from September 19, 2005, through October 18, 2005. Comment will be accepted in writing directly to TDHCA or at 13 cnsolidated hearings to be held across the state (Lubbock, Abilene, Arlington, Mt. Pleasant, Beaumont, Houston, Austin, Temple, San Antonio, Corpus Christi, McAllen, Midland, and El Paso).

Summary of Changes from 2*005 State of Texas Low Income Housing Plan and Annual Report*

- New format of the document better follows legislative requirements [Section 2306.72-2306.074 of the Texas Government Code]
- Addition of financial documents in accordance with legislation [Section 2306.072(c)(1)] (p. 5)
- Plan to add analysis of ethnic and racial groups served by TDHCA, in accordance with legislative requirements [Section 2306.072(c)(5)] (p. 7)
- New format of funding tables for FY 2005 performance (p. 10)
- Addition of Housing Tax Credit 2005 awards maps in accordance with legislative requirements [Section 2306.072(7)] and racial distribution of units (p. 32)
- Addition of regional households incomes, number of persons with disabilities, and elderly persons in region sections of the Housing Analysis (region sections start on p. 53)
- Addition of “Public Housing Residents” as a “special needs population,” in accordance with HUD Consolidated Planning requirements [CFR 91.316(d)] (p. 124)
- Removal of “victims of domestic violence” as a distinctive “special needs population,” since it is included as a subcategory of “Homeless Populations” (p. 114)

- Addition of “Energy Efficiency” as a policy priority in accordance with legislation [Section 2306.0721(8)] (p. 127)
- Addition of “Lead-Based Paint” as a policy priority in accordance with HUD Consolidated Planning requirements [CFR 91.320(f)] (p. 128)
- Housing Trust Fund: To increase the flexibility to distribute the limited amount of non-legislatively dedicated HTF resources and to make scoring prioritization more consistent for all HTF activities, the following items were removed.
  - A goal to distribute 10 percent of the funding allocation to serve persons with special needs (p. 134)
  - The provision of scoring incentives for developments that set aside additional units for persons with special needs.
- Change in the Grant Assistance Program to enable households at 115 percent AMFI to receive down payment and closing cost assistance (p. 139)
- Office of Colonia Initiatives:
  - Program name change from the “Contract for Deed Consumer Education Program” to “Colonia Consumer Education Services” because the initial program is no longer required by legislation (pp. 142 and 177)
  - Addition of program information for the Colonia Model Subdivision Program (pp. 142 and 175)
- 2006 Regional Allocation Formula (p. 147)
- 2006 Affordable Housing Needs Score (p. 151)
- Community Services Block Grant Allocation Formula incorporates 2000 Census poverty data (p. 153)
- Restructuring of the Strategic Plan goals to better specify Strategic Plan goal requirements (p. 154)
- Removal of the strategy to “dedicate no less than 10 percent of the Housing Trust Fund project allocation for applicants that target persons with special needs” to meet TDHCA-designated Goal 8: “TDHCA will work to address the housing needs and increase the availability of affordable and accessible housing for persons with special needs through funding, research, and policy development efforts” (p. 159)

2006 State of Texas Low Income Housing Plan and Annual Report (Draft for Comment)

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September 2005

DRAFT 2006 STATE OF TEXAS LOW INCOME HOUSING PLAN AND ANNUAL REPORT

TABLE OF CONTENTS

SECTION 1: INTRODUCTION

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

The Texas Department of Housing and Community Affairs (TDHCA, Department, Agency) is the State's lead agency responsible for affordable housing. TDHCA is also responsible for administering a wide variety of community affairs, energy assistance, and colonia programs and activities.

INSTITUTIONAL STRUCTURE

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

On September 1, 1992, two programs were transferred to TDHCA from the Texas Department of Human Services: the Low Income Home Energy Assistance Program (LIHEAP) and the Emergency Nutrition and Temporary Emergency Relief Program (ENTERP). Effective September 1, 1995, in accordance with House Bill 785, regulation of manufactured housing was transferred to the Department. In accordance with House Bill 7, effective September 1, 2002, the Community Development Block Grant (CDBG) and Local Government Services programs were transferred to the newly created Office of Rural Community Affairs (ORCA). However, TDHCA, through an interagency contract with ORCA, administers 2.5 percent of the CDBG funds used for the Self-Help Centers along the Texas-Mexico border. Effective September 1, 2002, in accordance with Senate Bill 322, the Manufactured Housing Division became an independent entity administratively attached to TDHCA.

AGENCY MISSION AND CHARGE

TDHCA's mission is as follows: To help Texans achieve an improved quality of life through the development of better communities.

TDHCA accomplishes this mission by administering a variety of housing and community affairs programs. A primary function of TDHCA is to act as a conduit for federal grant funds for housing and community services. However, because several major housing programs require the participation of private investors and private lenders, TDHCA also operates as a housing finance agency.

More specific policy guidelines are provided in §2306.002 of TDHCA's enabling legislation.

(a) The legislature finds that:

(1) every resident of this state should have a decent, safe, and affordable living environment;

(2) government at all levels should be involved in assisting individuals and families of low income in obtaining a decent, safe, and affordable living environment; and

(3) the development and diversification of the economy, the elimination of unemployment or underemployment, and the development or expansion of commerce in this state should be encouraged.

> (b) The highest priority of the department is to provide assistance to individuals and families of low and very low income who are not assisted by private enterprise or other governmental programs so that they may obtain affordable housing or other services and programs offered by the department.

TDHCA's services address a broad spectrum of housing and community affairs issues that include homebuyer assistance, the rehabilitation of single family and multifamily units, rental assistance, the new construction of single family and multifamily housing, special needs housing, transitional housing, and emergency shelters. Community services include energy assistance, weatherization assistance, health and human services, child care, nutrition, job training and employment services, substance abuse counseling, medical services, and emergency assistance.

TDHCA is primarily a pass-through funding agency and funds developments through a formal competitive Request for Proposals (RFP)/Notice of Funding Availability (NOFA) process. Funding sources for the services listed above include the US Department of Housing and Urban Development (HUD), US Treasury Department, US Department of Health and Human Services, and US Department of Energy, and State of Texas general revenue funds. With this funding, TDHCA strives to promote sound housing policies; promote leveraging of state and local resources; prevent discrimination; and ensure the stability and continuity of services through a fair, nondiscriminatory, and open process.

TDHCA is only one organization in a network of housing and community services providers located throughout the state. This document focuses on programs within TDHCA's jurisdiction, which are intended to either work in cooperation with or as complements to the services provided by other organizations.

ADMINISTRATIVE STRUCTURE

Agency programs are grouped into three categories: Single Family Finance Production, Multifamily Finance Production, and Community Affairs. In addition, TDHCA includes the following divisions: Administrative Support; Bond Finance; Financial Administration; Information Systems; Internal Audit; Legal Services; Portfolio Management and Compliance; Real Estate Analysis; the Division of Policy and Public Affairs; and the Office of Colonia Initiatives. The Manufactured Housing Division is administratively attached to TDHCA, though it is an independent entity without its own governing board.

The following table outlines TDHCA's programs. For more detailed program information, please see "TDHCA Program Plans" in the Action Plan section of this document.

Activity	Program	Program Description	Eligible Households
Multifamily Development	HOME Rental Housing Set-Asides	Loans and grants to develop or preserve affordable rental housing	<80% AMFI
	Housing Trust Fund	Loans and grants for rental housing development, predevelopment, and capacity building	<80% AMFI
	Housing Tax Credit	Tax credits to develop or preserve affordable rental housing	<60% AMFI
	Multifamily Bond	Loans to finance the development of affordable rental housing	<60% AMFI
Rental Assistance	HOME Tenant-Based Rental Assistance	Loans and grants for entities to provide tenant-based rental assistance for two years	<80% AMFI
	Section 8 Housing Choice Vouchers	Acts as a public housing authority to offer tenant-based rental assistance vouchers in certain areas	<50% AMFI
Single Family Development	HOME CHDO Set-Aside	Loans and grants for CHDOs to construct single family housing and offer down payment assistance	<80% AMFI
	Colonia Model Subdivision	Loans for CHDOs to develop residential subdivisions as an alternative to colonias	<60% AMFI
Home Purchase Assistance and Home Repair Assistance	HOME Homebuyer Assistance	Loan and grants for entities to offer down payment and closing cost assistance	<80% AMFI
	Texas First Time Homebuyer	Low-interest loans for first time homebuyers to purchase a home	<115% AMFI
	Grant Assistance	Grants in conjunction with the First Time Homebuyer for down payment and closing costs	<60% AMFI
	Mortgage Credit Certificate	Annual tax credit based on the interest paid on the homebuyer's mortgage loan	<115% AMFI
	Texas Bootstrap Loan	Funds entities to offer owner-builder loans programs	<60% AMFI
	Contract for Deed Conversion Initiative	Facilitates colonia-resident ownership by converting contracts for deed into traditional mortgages	<60% AMFI
	HOME Owner-Occupied Housing Assistance	Loans and grants for entities to provide home repair assistance	<80% AMFI
Homebuyer Education	Colonia Consumer Education Services	Homebuyer education offered through Colonia Self-Help Centers and OCI field offices	<115% AMFI (all)
	Texas Statewide Homebuyer Education	Training for nonprofits to provide homebuyer education	<115% AMFI (all)
Community Affairs Activities	Community Services Block Grant	Funds local agencies to provide essential services and poverty programs	<50% AMFI
	Emergency Shelter Grants	Funds entities to provide shelter and related services to the homeless	<30% AMFI (Homeless)
	Community Food and Nutrition	Distributes surplus food commodities and supports feedings	<80% AMFI
	Comprehensive Energy Assistance	Funds local agencies to offer energy education, financial assistance, and HVAC replacement	<50% AMFI
	Weatherization Assistance	Funds local agencies to provide minor home repairs to increase energy efficiency	<50% AMFI

2006 STATE OF TEXAS LOW INCOME HOUSING PLAN AND ANNUAL REPORT

The *2006 State of Texas Low Income Housing Plan and Annual Report* (SLIHP, Plan) is prepared annually in accordance with §2306.072–2306.0724 of the Texas Government Code (TGC). This statute requires that TDHCA provide a comprehensive statement of activities in the preceding year, an overview of statewide housing needs, and a resource allocation plan to meet the state's housing needs. It offers policy makers, affordable housing providers, and local communities a comprehensive reference on statewide housing need, housing resources, and performance-based funding allocations. The format is intended to help these entities measure housing needs, understand general housing issues, formulate policies, and identify available resources. As such, the Plan is a working document whose annual changes reflect input received throughout the year.

The Plan is organized into eight sections:

- *Introduction:* An overview of TDHCA and the Plan
- *Annual Report:* A comprehensive statement of activities for 2005, including performance measures, actual numbers served, and a discussion of TDHCA's Strategic Plan goals
- *Housing Analysis:* An analysis of statewide and regional demographic information, housing characteristics, and housing needs
- *TDHCA Action Plan:* A description of TDHCA's initiatives, resource allocation plans, program descriptions, and goals
- *Public Participation:* Information on the Plan preparation and a summary of public comment
- *Colonia Action Plan:* A biennial plan for 2006–2007 which discusses housing and community development needs in the colonias, describes TDHCA's policy goals, summarizes the strategies and programs designed to meet these goals, and describes projected outcomes to support the improvement of living conditions of colonia residents
- *Texas State Affordable Housing Corporation (TSAHC) Plan:* This plan outlines TSAHC's plans and programs for 2006. It is prepared by TSAHC and is included in accordance with legislative requirements.
- *Appendix:* Includes TDHCA's enabling legislation, a glossary of selected terms, and an order form for other TDHCA publications

Because the information required to comply with the Plan's legislative requirements is rather voluminous, the report is presented as a collection of separate publications. This allows the consumer to receive specific information in a format that is cost-effective for both TDHCA and its consumers through lower printing and distribution costs. TDHCA produces the following publications in compliance with §2306.072–2306.0724 TGC:

- *State of Texas Low Income Housing Plan and Annual Report*
- *Basic Financial Statements* and *Operating Budget:* Produced by TDHCA's Financial Administration Division and fulfill §2306.072(c)(2)
- *TDHCA Program Guide:* A description of TDHCA's housing programs and other state and federal housing and housing-related programs, which fulfills §2306.0721(c)(4) and §2306.0721(c)(10)
- *TDHCA Housing Sponsor Report:* A report that provides property and occupant profiles of developments that have received assistance from TDHCA, which fulfills §2306.072(c)(6), §2306.072(c)(8), and §2306.0724

SECTION 2: ANNUAL REPORT

The Annual Report required by §2306.072 of the Texas Government Code includes the following sections:

- TDHCA's Operating and Financial Statements
- *Statement of Activities*: Describes TDHCA activities during the preceding year that worked to address housing and community service needs
- *Statement of Activities by Region*: Describes TDHCA activities by region
- *Participation in TDHCA Programs*: Discusses efforts to ensure that individuals of low income and their community-based institutions participate in TDHCA programs
- *Citizen Participation in Program Planning*: Discusses affirmative efforts to ensure the involvement of individuals of low income and their community-based institutions in the allocation of funds and the planning process
- *Fair Housing Sponsor Report*: Describes fair housing opportunities offered by TDHCA's multifamily development inventory
- *Analysis of the Distribution of Tax Credits*: Provides an analysis of the sources, uses, and geographic distribution of housing tax credits
- *Average Rents Reported by County*: Provides a summary of the average rents reported by the TDHCA multifamily inventory

OPERATING AND FINANCIAL STATEMENTS

TDHCA's *Operating Budgets* and *Basic Financial Statements* are prepared and maintained by its Financial Administration Division. For copies of these reports, contact Bill Dally, Chief of Agency Administration, at (512) 475-3801 or visit http://www.tdhca.state.tx.us/finan.htm. The State of Texas Fiscal Year (FY) 2005 unaudited financial statements, known as the Annual Financial Report, will be available from TDHCA at the end of November 2005. Audited statements will be available in January 2006.

STATEMENT OF ACTIVITIES

This section of the Plan summarizes TDHCA's activities and achievements during the preceding FY year through a detailed analysis of the following:

- TDHCA's performance in addressing the housing needs of low, very low, and extremely low income households
- The ethnic and racial composition of individuals and families who received TDHCA assistance
- TDHCA's progress in meeting its housing and community services goals

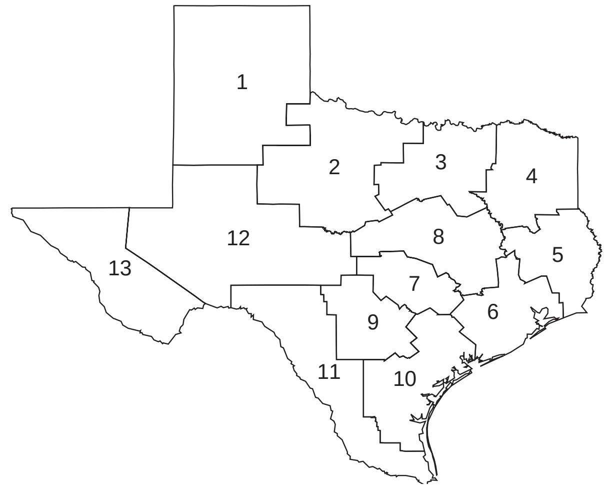


Figure 2.1 State Service Regions

This analysis is provided at the State level and within each of the 13 service regions TDHCA uses for planning purposes (see Figure 2.1). For general information about each region, including housing needs and housing supply, please see the Housing Analysis section of this document.

The proposed format of the tables that present this information represent a significant change from the previous year's SLIHP. This change is made to more clearly separate household and funding data, provide additional information on community services activities, and generally improve the readability of the tables. For comparison, the previous format is provided on the following two pages.

FUNDING COMMITMENTS AND HOUSEHOLDS SERVED BY ACTIVITY AND PROGRAM

For the state and each region, a description of funding allocations, amounts committed, target numbers, and actual number of persons or households served for each program is provided. Along with the summary performance information, data on the following subcategories is provided.

- Multifamily development includes activities that support multifamily development, such as the funding of projects, capacity building, and predevelopment funding.
- Multifamily rehabilitation includes activities related to the acquisition, rehabilitation, and preservation of multifamily units.
- Rental payment assistance is tenant based, direct payment assistance activities.
- Single family development includes funding for housing developers, nonprofits, or other housing organizations to support the development of single family housing.
- Single family financing and homebuyer assistance includes activities related to the process of buying a home, such as mortgage financing, and down payment assistance.
- Single family owner-occupied assistance helps existing homeowners who need home rehabilitation and reconstruction assistance.
- Community services includes activities surrounding community services and energy assistance; this category includes the Colonia Self-Help Centers.

Funding Commitments and Households Served by Income Group

When the SLIHP refers to the needs of households or persons within specific income groups, the following sub categories are used.

- Extremely Low Income (ELI): 0% to 30% area median family income (AMFI)
- Very Low Income (VLI): 31% to 60% (AMFI)
- Low Income (LI): 61% to 80% (AMFI)
- Moderate Income and Up (MI): >80% (AMFI)

It should be noted that the vast majority of households and individuals served through CEAP, WAP, ESGP, and CFNP earn less than 30 percent area median family income. However, federal tracking of assistance from these programs is based on poverty guidelines, which do not translate easily to an AMFI equivalent. For conservative reporting purposes, assistance in these programs is reported in the very low income category.

Racial Composition of Households Receiving Assistance

Final FY 2005 figures were not available at the time of printing this draft *2006 State of Texas Low Income Housing Plan and Annual Report*, but the racial composition of individuals and families receiving assistance through TDHCA programs will be included in the final version of this document.

Figure 2.2: Total Department Funding and Performance for FY 2004

State Total	All Programs[1]	HOME	Housing Trust Fund	Housing Tax Credit Program[2]	Single Family Bond Program	Multifamily Bond Program	Section 8 Program	Office of Colonia Initiatives[3]
All Activities								
Total Funding	$ 597,280,636	$ 74,778,030	$ 5,400,000	$ 72,652,483	$ 128,831,420	$ 221,245,000	$ 9,642,497	$ 5,347,665
Actual Dollar Amount Committed	$ 592,108,091	$ 74,778,030	$ 3,709,559	$ 72,652,483	$ 128,831,420	$ 221,245,000	$ 9,642,497	$ 5,484,591
Target Number	537,545	2,300	1,686	10,763	1,560	1,999	2,300	3,467
Actual Number Served	529,952	2,818	325	18,399	1,695	3,808	2,035	2,313
2005 Projected Funding	$ 684,353,799	$ 47,000,000	$ 2,800,000	$ 40,000,000	$ 325,000,000	$ 175,000,000	$ 10,049,239	$ 8,000,000
2005 Target Number	537,625	2,300	1,686	10,763	1,560	1,999	2,200	3,647
Multifamily Development								
Actual Dollar Amount Committed	$ 291,152,590	$ 8,709,661	$ 709,559	$ 60,488,370		$ 221,245,000		
Actual Number Served	19,128	501	214	14,605		3,808		
Multifamily Rehabilitiation								
Actual Dollar Amount Committed	$ 12,164,113			$ 12,164,113				
Actual Number Served	3,794			3,794				
Rental Payment Assistance								
Actual Dollar Amount Committed	$ 14,558,494	$ 4,915,997					$ 9,642,497	
Actual Number Served	2,541	506					2,035	
Single Family Financing and Homebuyer Assistance								
Actual Dollar Amount Committed	$ 137,563,463	$ 5,732,043	$ 3,000,000		$ 128,831,420			$ 3,000,000
Actual Number Served	2,446	640	111		1,695			111
Single Family Owner Occupied Assistance								
Actual Dollar Amount Committed	$ 55,420,329	$ 55,420,329						
Actual Number Served	1,171	1,171						
Community Affairs and Self-Help Centers/Border Field Offices								
Actual Dollar Amount Committed	$ 81,595,119							$ 2,484,591
Actual Number Served	500,872							2,202

Extremely Low Income								
Actual Dollar Amount Committed	$ 50,889,319	$ 36,009,996	$ 32,328	$ 2,763,344	$ 3,421,241		$ 8,662,409	
Actual Number Served	3,600	1,295	12	481	111		1,701	
Very Low Income								
Actual Dollar Amount Committed	$ 451,696,592	$ 13,903,535	$ 3,677,231	$ 69,889,139	$ 60,406,481	$ 221,245,000	$ 980,088	$ 5,484,591
Actual Number Served	524,946	647	313	17,918	1,054	3,808	334	2,313
Low Income								
Actual Dollar Amount Committed	$ 62,344,735	$ 24,864,499			$ 37,480,236			
Actual Number Served	1,200	876			324			
Moderate Income and Up								
Actual Dollar Amount Committed	$ 27,523,462				$ 27,523,462			
Actual Number Served	206				206			

[1]All Programs total includes 440,000 individuals in the target number and the rest are households. The number served and very low income totals include 422,331 individuals.

[2]HTC funding includes $41,186,736 the nine percent tax credits, and $31,465,747 four percent tax credits.The total number served includes 11,421 four percent units.

[3]Most of OCI funding is internal except for the self-help centers. OCI activities funded internally are not included in the grand totals. The total number served includes 1,135 households statewide served by technical assistance.

Figure 2.2 Total Department Funding and Performance for FY 2004, Community Services

State Total	Emergency Shelter Grant Program[4]	Community Services Block Grant[4]	Community Food and Nutrition Program	Comprehensive Energy Assistance Program	Weatherization Assistance Program
All Activities					
Total Funding	$ 4,703,000	$ 30,763,975	$ 346,017	$ 32,812,413	$ 13,758,136
Actual Dollar Amount Committed	$ 4,506,383	$ 27,687,579	$ -	$ 32,812,413	$ 13,758,136
Target Number	132,000	308,000	No Direct	69,736	3,734
Actual Number Served	125,766	296,565	Service	70,887	5,452
2005 Projected Funding	$ 4,977,909	$ 30,763,975	$ 380,170	$ 31,505,813	$ 11,876,693
2005 Target Number	132,000	308,000	N/A	69,736	3,734
Multifamily Development					
Actual Dollar Amount Committed					
Actual Number Served					
Multifamily Rehabilitiation					
Actual Dollar Amount Committed					
Actual Number Served					
Rental Payment Assistance					
Actual Dollar Amount Committed					
Actual Number Served					
Single Family Financing and Homebuyer Assistance					
Actual Dollar Amount Committed					
Actual Number Served					
Single Family Owner Occupied Assistance					
Actual Dollar Amount Committed					
Actual Number Served					
Community Affairs and Self-Help Centers/Border Field Offices					
Actual Dollar Amount Committed	$ 4,506,383	$ 27,687,579	$ 346,017	$ 32,812,413	$ 13,758,136
Actual Number Served	125,766	296,565		70,887	5,452

Extremely Low Income					
Actual Dollar Amount Committed					
Actual Number Served					
Very Low Income					
Actual Dollar Amount Committed	$ 4,506,383	$ 27,687,579	$ 346,017	$ 32,812,413	$ 13,758,136
Actual Number Served	125,766	296,565	N/A	70,887	5,452
Low Income					
Actual Dollar Amount Committed					
Actual Number Served					
Moderate Income and Up					
Actual Dollar Amount Committed					
Actual Number Served					

[4] Target numbers and numbers served is individuals, not households.

FUNDING COMMITMENTS BY ACTIVITY AND PROGRAM

In FY 2004, TDHCA received $597,280,636 in total funds. Almost all of this funding was from federal sources, 99.4 percent of the total. TDHCA committed $592,454,108 in funding for activities that predominantly benefited extremely low, very low, and low income families and individuals. Figure 2.2 shows the distribution of this funding by program activity.

Figure 2.4 FY 2004 Total Funding by Program
Total Funds Committed: $592,454,108

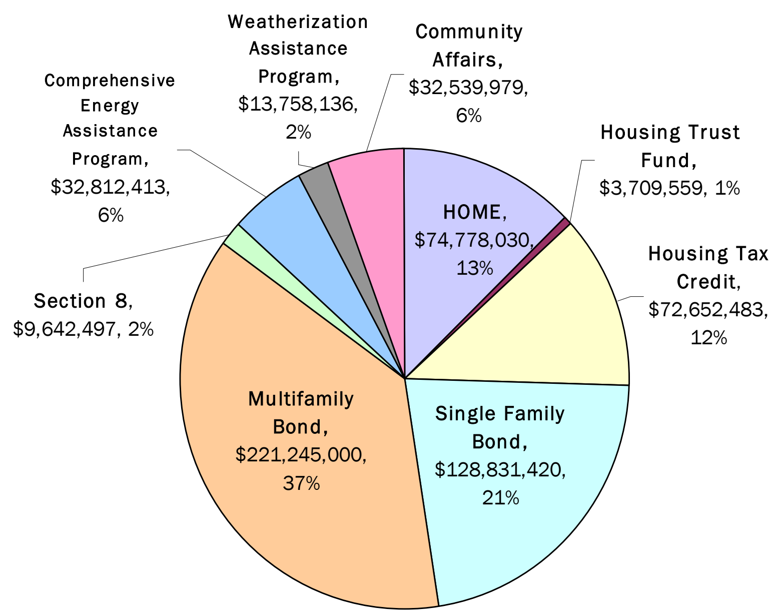


Figure 2.5 TDHCA Funding and Households/Persons Served by Activity FY 2005, All Activities

Household Type	Activity	Committed Funds	# of Households/ Persons Served	% of Committed Funds	% of Households/ Persons Served
Renter	New Construction	$-	-		
	Rehab. Construction	$-	-		
	Tenant Based Assistance	$-	-		
Owner	Financing & Down Payment	$-	-		
	Rehabilitation Assistance	$-	-		
	Supportive Services	$-	-		
	Energy Related	$-	-		
	Homeless Services	$-	-		
	Technical Assistance	$-	-		
Total Committed for All Activities		$-	-		
Total Funding Available:		$-			
Funding Not Committed:		$-			
Targeted Number to be Served:			-		
Percent of Target:			-		

Figure 2.6 TDHCA Funding and Households/Persons Served by Program, FY 2005

Housing Activities		SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
Household Type	Activity	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served
Renter	New Construction	$-	-	$-	-	$-	-	$-	-	$-	-	$-	-
	Rehab. Construction	$-	-	$-	-	$-	-	$-	-	$-	-	$-	-
	Tenant Based Assistance	$-	-	$-	-	$-	-	$-	-	$-	-	$-	-
Owner	Financing & Down Payment	$-	-	$-	-	$-	-	$-	-	$-	-	$-	-
	Rehabilitation Assistance	$-	-	$-	-	$-	-	$-	-	$-	-	$-	-
Total for All Activities:		$-	-	$-	-	$-	-	$-	-	$-	-	$-	-
Total Funding Available:													
Funding Not Committed:		$-		$-		$-		$-		$-		$-	
Targeted Number to be Served:			-		-		-		-		-		-
Percent of Target:			-		-		-		-		-		-

Community Services Activities		ESG		CSBG		CFNP		CEAP		WAP	
Household Type	Activity	Committed Funds	# of Individuals Served	Committed Funds	# of Individuals Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served
	Supportive Services	$-	-	$-	-	$-	-	$-	-	$-	-
	Energy Related	$-	-	$-	-	$-	-	$-	-	$-	-
	Homeless Services	$-	-	$-	-	$-	-	$-	-	$-	-
Total for All Activities		$-	-	$-	-	$-	-	$-	-	$-	-
Total Funding Available:											
Funding Not Committed:		$-		$-		$-		$-		$-	
Targeted Number to be Served:			-		-		-		-		-
Percent of Target:			-		-		-		-		-

Office of Colonia Initiatives

Activity	Committed Funds	# of Households Served
Owner Financing & Down Payment	$-	-
Technical Assistance	$-	-
Total for All Activities	$-	-
Total Funding Available:	$-	
Funding Not Committed:	$-	
Targeted Number to be Served:		-
Percent of Target:		-

FUNDING COMMITMENTS AND HOUSEHOLDS SERVED BY INCOME GROUP

The distribution of TDHCA resources in fiscal year 2004 showed a clear prioritization for serving individuals and households with the highest need as indicated in Table 2.2. The vast majority (99.3 percent) of households served by TDHCA were classified as low, very low, or extremely low income. In 2004, TDHCA assisted 3,600 extremely low income, 20,074 very low income, 1,200 low income, and 206 moderate income households through housing programs. Community Affairs activities, which includes weatherization and utility assistance programs, assisted 498,670 very low income households and individuals. Figures 2.6 and 2.7 describe the percentage distribution of funding and households to each of the income groups.

Figure 2.5: TDHCA Housing Funding by Income Category, FY 2004

	Total Committed FY2004		Extremely Low-Income (0% to 30% AMFI)		Very Low-Income (31% to 60% AMFI)		Low-Income (61% to 80% AMFI)		Moderate-Income (Greater than 80% AMFI)	
	Amount	Households	Amount	Households	Amount	Households	Amount	Households	Amount	Households
HOME Program	$ 74,778,030	2,818	$ 36,009,996	1,295	$ 13,903,535	647	$ 24,864,499	876		
Housing Trust Fund	$ 3,709,559	325	$ 32,328	12	$ 3,677,231	313				
Housing Tax Credit	$ 72,652,483	18,399	$ 2,763,344	481	$ 69,889,139	17,918				
Single Family Bond	$ 128,831,420	1,695	$ 3,421,241	111	$ 60,406,481	1,054	$ 37,480,236	324	$ 27,523,462	206
Multifamily Bond	$ 221,245,000	3,808			$ 221,245,000	3,808				
Section 8	$ 9,642,497	2,035	$ 8,662,409	1,701	$ 980,088	334				
Total	$ 510,858,989	29,080	$ 50,889,319	3,600	$ 370,101,474	24,074	$ 62,344,735	1,200	$ 27,523,462	206
Percent of Total			10.0%	12.4%	72.4%	82.8%	12.2%	4.1%	5.4%	0.7%

Figure 2.6: FY 2004 Total Funding by Income Level

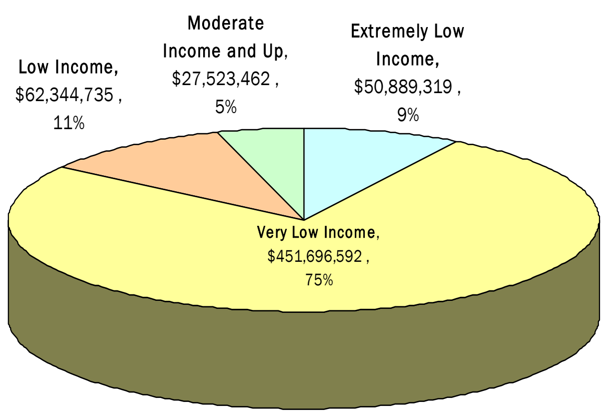


Figure 2.7: FY 2004 Total Households Served by Income Level

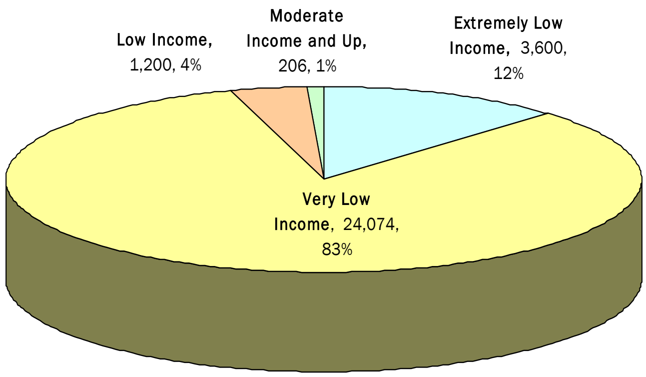


Figure 2.8: TDHCA Funding and Households/Persons Served by Income Category FY 2005

All Activities

Income Type	Committed Funds	# of Households Served	% of Committed Funds	% of Entities Served
Extremely Low Income (0-30 AMFI)	$-	-		
Very Low Income (30-50 AMFI)	$-	-		
Low Income (50-80 AMFI)	$-	-		
Moderate Income and Up (>80 AMFI)	$-	-		
Total for All Incomes	$-	-		

Housing Activities	SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
Income Type	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served
Extremely Low Income (0-30 AMFI)	$-	-	$-	-	$-	-	$-	-	$-	-	$-	-
Very Low Income (30-50 AMFI)	$-	-	$-	-	$-	-	$-	-	$-	-	$-	-
Low Income (50-80 AMFI)	$-	-	$-	-	$-	-	$-	-	$-	-	$-	-
Moderate Income and Up (>80 AMFI)	$-	-	$-	-	$-	-	$-	-	$-	-	$-	-
Total for All Incomes	$-	-	$-	-	$-	-	$-	-	$-	-	$-	-

Community Services Activities	ESG		CSBG		CFNP		CEAP		WAP	
Income Type	Committed Funds	# of Individuals Served	Committed Funds	# of Individuals Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served
Extremely Low Income (0-30 AMFI)	$-	-	$-	-	$-	-	$-	-	$-	-
Very Low Income (30-50 AMFI)	$-	-	$-	-	$-	-	$-	-	$-	-
Low Income (50-80 AMFI)	$-	-	$-	-	$-	-	$-	-	$-	-
Moderate Income and Up (>80 AMFI)	$-	-	$-	-	$-	-	$-	-	$-	-
Total for All Incomes	$-	-	$-	-	$-	-	$-	-	$-	-

Office of Colonia Initiatives

Income Type	Committed Funds	# of Households Served
Extremely Low Income (0-30 AMFI)	$-	-
Very Low Income (30-50 AMFI)	$-	-
Low Income (50-80 AMFI)	$-	-
Moderate Income and Up (>80 AMFI)	$-	-
Total for All Incomes	$-	-

PROGRESS IN MEETING TDHCA HOUSING AND COMMUNITY SERVICES GOALS

The goals, strategies, and objectives established in the Legislative Appropriations Act, the TDHCA *Strategic Plan*, and the *State of Texas Consolidated Plan*, guide TDHCA's annual activities through the establishment of objective performance measures. TDHCA's resulting goals are as follows:

GOAL 1: TDHCA WILL INCREASE AND PRESERVE THE AVAILABILITY OF SAFE, DECENT, AND AFFORDABLE HOUSING FOR VERY LOW, LOW, AND MODERATE INCOME PERSONS AND FAMILIES

GOAL 2: TDHCA WILL PROMOTE IMPROVED HOUSING CONDITIONS FOR EXTREMELY LOW, VERY LOW, AND LOW INCOME HOUSEHOLDS BY PROVIDING INFORMATION AND TECHNICAL ASSISTANCE.

GOAL 3: TDHCA WILL IMPROVE LIVING CONDITIONS FOR THE POOR AND HOMELESS AND REDUCE THE COST OF HOME ENERGY FOR VERY LOW INCOME TEXANS.

GOAL 4: TDHCA WILL ENSURE COMPLIANCE WITH THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS' FEDERAL AND STATE PROGRAM MANDATES.

GOAL 5: TDHCA WILL TARGET ITS HOUSING FINANCE PROGRAMS RESOURCES FOR ASSISTANCE TO EXTREMELY LOW INCOME HOUSEHOLDS.

GOAL 6: TDHCA WILL TARGET ITS HOUSING FINANCE RESOURCES FOR ASSISTANCE TO VERY LOW INCOME HOUSEHOLDS.

GOAL 7: TDHCA WILL PROVIDE CONTRACT FOR DEED CONVERSIONS FOR FAMILIES WHO RESIDE IN A COLONIA AND EARN 60 PERCENT OR LESS OF THE APPLICABLE AREA MEDIAN FAMILY INCOME

GOAL 8: TDHCA WILL WORK TO ADDRESS THE HOUSING NEEDS AND INCREASE THE AVAILABILITY OF AFFORDABLE AND ACCESSIBLE HOUSING FOR PERSONS WITH SPECIAL NEEDS THROUGH FUNDING, RESEARCH, AND POLICY DEVELOPMENT EFFORTS.

To avoid duplication of information, progress made towards meeting those goals, the upcoming year's goals, and information on TDHCA's actual performance in satisfying in FY 2005 goals and strategies is provided in Section IV: Action Plan.

STATEMENT OF ACTIVITIES BY UNIFORM STATE SERVICE REGION

This section describes TDHCA's activities by Uniform State Service Region. Note that the tables do not include several of the Community Affairs programs; totals for the CFNP, CEAP, and WAP programs are not available at the regional level.

Because FY 2005 final figures were not available at the time of printing this draft document, FY 2004 performance tables are included. In the final document, FY 2005 information will follow the proposed statewide format. Additionally, FY 2005 information will also be delineated by each ethnic and racial group served by the Department in each region.

Region 1

TDHCA allocated $6,354,759 in the region in 2004. Multifamily development accounted for 32 percent, single family owner-occupied assistance activities accounted for 27 percent, and multifamily rehabilitation accounted for 12 percent of this total committed amount. All of the funds committed in the region assisted extremely low, very low, and low income families and individuals.

Region 1	All Programs	HOME	Housing Trust Fund	Housing Tax Credit Program	Single Family Bond Program	Multifamily Bond Program	Section 8 Program	Office of Colonia Initiatives	Emergency Shelter Grant Program[1]	Community Services Block Grant[1]
All Activities										
Dollar Amount Committed	$ 6,354,759	$ 2,488,959		$ 2,296,343					$ 173,953	$ 1,395,504
Number Served	41,425	110		494					2,016	38,805
Multifamily Development										
Dollar Amount Committed	$ 2,014,277	$ 500,000		$ 1,514,277						
Number Served	219	47		172						
Multifamily Rehabilitation										
Dollar Amount Committed	$ 782,066			$ 782,066						
Number Served	322			322						
Rental Payment Assistance										
Dollar Amount Committed	$ 199,680	$ 199,680								
Number Served	20	20								
Single Family Financing and Homebuyer Assistance										
Dollar Amount Committed	$ 100,000	$ 100,000								
Number Served	10	10								
Single Family Owner Occupied Assistance										
Dollar Amount Committed	$ 1,689,279	$ 1,689,279								
Number Served	33	33								
Community Affairs and Self-Help Centers/Border Field Offices										
Dollar Amount Committed	$ 1,569,457								$ 173,953	$ 1,395,504
Number Served	40,821								2,016	38,805
Extremely Low Income										
Dollar Amount Committed	$ 1,030,820	$ 928,305		$ 102,514						
Number Served	63	45		18						
Very Low Income										
Dollar Amount Committed	$ 4,984,234	$ 1,220,949		$ 2,193,829					$ 173,953	$ 1,395,504
Number Served	41,345	48		476					2,016	38,805
Low Income										
Dollar Amount Committed	$ 339,705	$ 339,705								
Number Served	17	17								
Moderate Income and Up										
Dollar Amount Committed										
Number Served										

[1] Number served is individuals.

Note: Regional total does not include several Community Affairs programs as CFNP, CEAP, and WAP programs are not available at the Regional level.

Region 2

TDHCA allocated $4,342,563 in Region 2 in FY 2004. Single family owner-occupied assistance accounted for 40 percent of the total dollar amount committed during the past year; community affairs activities were the next largest activity group with 25 percent of the total dollar amount committed. All of the funds committed in the region went to assist extremely low, very low, and low income families and individuals.

Region 2	All Programs	HOME	Housing Trust Fund	Housing Tax Credit Program	Single Family Bond Program	Multifamily Bond Program	Section 8 Program	Office of Colonia Initiatives	Emergency Shelter Grant Program[1]	Community Services Block Grant[1]
All Activities										
Dollar Amount Committed	$ 4,342,563	$ 1,966,623		$ 1,093,653			$ 200,637		$ 108,910	$ 972,740
Number Served	13,048	52		139			70		2,600	10,187
Multifamily Development										
Dollar Amount Committed	$ 1,093,653			$ 1,093,653						
Number Served	139			139						
Multifamily Rehabilitation										
Dollar Amount Committed										
Number Served										
Rental Payment Assistance										
Dollar Amount Committed	$ 440,637	$ 240,000					$ 200,637			
Number Served	90	20					70			
Single Family Financing and Homebuyer Assistance										
Dollar Amount Committed										
Number Served										
Single Family Owner Occupied Assistance										
Dollar Amount Committed	$ 1,726,623	$ 1,726,623								
Number Served	32	32								
Community Affairs and Self-Help Centers/Border Field Offices										
Dollar Amount Committed	$ 1,081,650								$ 108,910	$ 972,740
Number Served	12,787								2,600	10,187

Extremely Low Income										
Dollar Amount Committed	$ 1,127,169	$ 920,903		$ 39,340			$ 166,926			
Number Served	84	27		5			52			
Very Low Income										
Dollar Amount Committed	$ 2,715,394	$ 545,720		$ 1,054,313			$ 33,711		$ 108,910	$ 972,740
Number Served	12,955	16		134			18		2,600	10,187
Low Income										
Dollar Amount Committed	$ 500,000	$ 500,000								
Number Served	9	9								
Moderate Income and Up										
Dollar Amount Committed										
Number Served										

[1] Number served is individuals.

REGION 3

TDHCA allocated $150,842,908 in Region 3 in FY 2004. Multifamily development accounted for 83 percent of the total dollar amount committed during the past year. Almost 98 percent of the total funds committed in the region went to assist extremely low, very low, and low income families and individuals.

Region 3	All Programs	HOME	Housing Trust Fund	Housing Tax Credit Program	Single Family Bond Program	Multifamily Bond Program	Section 8 Program	Office of Colonia Initiatives	Emergency Shelter Grant Program[1]	Community Services Block Grant[1]
All Activities										
Dollar Amount Committed	$ 150,842,908	$ 8,031,998	$ 249,600	$ 17,084,804	$ 9,640,091	$ 108,000,000	$ 2,320,078	$ 249,600	$ 838,834	$ 4,427,903
Number Served	71,059	344	8	4,332	93	1,796	454	8	24,124	39,900
Multifamily Development										
Dollar Amount Committed	$ 124,759,253	$ 1,607,226		$ 15,152,027		$ 108,000,000				
Number Served	5,828	80		3,952		1,796				
Multifamily Rehabilitation										
Dollar Amount Committed	$ 1,932,777			$ 1,932,777						
Number Served	380			380						
Rental Payment Assistance										
Dollar Amount Committed	$ 2,943,454	$ 623,376					$ 2,320,078			
Number Served	531	77					454			
Single Family Financing and Homebuyer Assistance										
Dollar Amount Committed	$ 10,989,291	$ 850,000	$ 249,600		$ 9,640,091			$ 249,600		
Number Served	189	80	8		93			8		
Single Family Owner Occupied Assistance										
Dollar Amount Committed	$ 4,951,396	$ 4,951,396								
Number Served	107	107								
Community Affairs and Self-Help Centers/Border Field Offices										
Dollar Amount Committed	$ 5,266,737								$ 838,834	$ 4,427,903
Number Served	64,024								24,124	39,900
Extremely Low Income										
Dollar Amount Committed	$ 6,501,222	$ 4,010,604		$ 496,548	$ 30,000		$ 1,964,070			
Number Served	617	179		80	1		357			
Very Low Income										
Dollar Amount Committed	$ 135,402,254	$ 1,798,723	$ 249,600	$ 16,588,256	$ 2,893,330	$ 108,000,000	$ 356,008	$ 249,600	$ 838,834	$ 4,427,903
Number Served	70,305	85	8	4,252	35	1,796	97	8	24,124	39,900
Low Income										
Dollar Amount Committed	$ 5,978,513	$ 2,222,670			$ 3,755,843					
Number Served	113	80			33					
Moderate Income and Up										
Dollar Amount Committed	$ 2,960,918				$ 2,960,918					
Number Served	24				24					

[1] Number served is individuals.

REGION 4

TDHCA allocated $14,410,952 in Region 4 in FY 2004. Single family owner-occupied assistance accounted for 56 percent of the total dollar amount committed during the past year; the next largest activity was multifamily development with 18 percent of the total dollar amount committed. All the funds committed in the region went to assist extremely low, very low, and low income families and individuals.

Region 4	All Programs	HOME	Housing Trust Fund	Housing Tax Credit Program	Single Family Bond Program	Multifamily Bond Program	Section 8 Program	Office of Colonia Initiatives	Emergency Shelter Grant Program[1]	Community Services Block Grant[1]
All Activities										
Dollar Amount Committed	$ 14,410,952	$ 10,736,491		$ 1,821,979	$ 102,645				$ 215,835	$ 1,534,002
Number Served	26,930	304		326	3				12,178	14,119
Multifamily Development										
Dollar Amount Committed	$ 2,552,336	$ 1,500,000		$ 1,052,336						
Number Served	171	29		142						
Multifamily Rehabilitation										
Dollar Amount Committed	$ 769,643			$ 769,643						
Number Served	184			184						
Rental Payment Assistance										
Dollar Amount Committed	$ 733,311	$ 733,311								
Number Served	83	83								
Single Family Financing and Homebuyer Assistance										
Dollar Amount Committed	$ 522,392	$ 419,747			$ 102,645					
Number Served	45	42			3					
Single Family Owner Occupied Assistance										
Dollar Amount Committed	$ 8,083,433	$ 8,083,433								
Number Served	150	150								
Community Affairs and Self-Help Centers/Border Field Offices										
Dollar Amount Committed	$ 1,749,837								$ 215,835	$ 1,534,002
Number Served	26,297								12,178	14,119
Extremely Low Income										
Dollar Amount Committed	$ 6,105,392	$ 6,105,392								
Number Served	159	159								
Very Low Income										
Dollar Amount Committed	$ 5,767,579	$ 2,093,118		$ 1,821,979	$ 102,645				$ 215,835	$ 1,534,002
Number Served	26,705	79		326	3				12,178	14,119
Low Income										
Dollar Amount Committed	$ 2,537,982	$ 2,537,982								
Number Served	66	66								
Moderate Income and Up										
Dollar Amount Committed										
Number Served										

[1] Number served is individuals.

REGION 5

TDHCA allocated $8,427,014 in Region 5 in FY 2004. Single family owner-occupied assistance accounted for 31 percent of the total dollar amount committed during the past year; the next largest activity was multifamily development with 30 percent of the total dollar amount committed. All of the total funds committed in the region went to assist extremely low, very low, and low income families and individuals.

Region 5	All Programs	HOME	Housing Trust Fund	Housing Tax Credit Program	Single Family Bond Program	Multifamily Bond Program	Section 8 Program	Office of Colonia Initiatives	Emergency Shelter Grant Program[1]	Community Services Block Grant[1]
All Activities										
Dollar Amount Committed	$ 8,427,014	$ 4,658,960		$ 2,318,324	$ 58,212				$ 199,841	$ 1,191,677
Number Served	15,460	191		609	2				1,674	12,984
Multifamily Development										
Dollar Amount Committed	$ 2,499,926	$ 1,009,999		$ 1,489,927						
Number Served	189	36		153						
Multifamily Rehabilitation										
Dollar Amount Committed	$ 828,397			$ 828,397						
Number Served	456			456						
Rental Payment Assistance										
Dollar Amount Committed	$ 562,621	$ 562,621								
Number Served	69	69								
Single Family Financing and Homebuyer Assistance										
Dollar Amount Committed	$ 483,212	$ 425,000			$ 58,212					
Number Served	41	39			2					
Single Family Owner Occupied Assistance										
Dollar Amount Committed	$ 2,661,340	$ 2,661,340								
Number Served	47	47								
Community Affairs and Self-Help Centers/Border Field Offices										
Dollar Amount Committed	$ 1,391,518								$ 199,841	$ 1,191,677
Number Served	14,658								1,674	12,984

Region 5	All Programs	HOME	Housing Trust Fund	Housing Tax Credit Program	Single Family Bond Program	Multifamily Bond Program	Section 8 Program	Office of Colonia Initiatives	Emergency Shelter Grant Program[1]	Community Services Block Grant[1]
Extremely Low Income										
Dollar Amount Committed	$ 2,968,298	$ 2,968,298								
Number Served	107	107								
Very Low Income										
Dollar Amount Committed	$ 4,719,686	$ 951,632		$ 2,318,324	$ 58,212				$ 199,841	$ 1,191,677
Number Served	15,310	41		609	2				1,674	12,984
Low Income										
Dollar Amount Committed	$ 739,030	$ 739,030								
Number Served	43	43								
Moderate Income and Up										
Dollar Amount Committed										
Number Served										

[1] Number served is individuals.

REGION 6

TDHCA allocated $155,213,823 in Region 6 in FY 2004. Multifamily development accounted for 82 percent of the total dollar amount committed during the past year. Approximately 98 percent of the total funds committed in the region went to assist extremely low, very low, and low income families and individuals.

Region 6	All Programs	HOME	Housing Trust Fund	Housing Tax Credit Program	Single Family Bond Program	Multifamily Bond Program	Section 8 Program	Office of Colonia Initiatives	Emergency Shelter Grant Program[1]	Community Services Block Grant[1]
All Activities										
Dollar Amount Committed	$ 155,213,823	$ 7,411,526	$ 200,000	$ 26,504,306	$ 8,786,278	$ 100,245,000	$ 6,101,168		$ 915,969	$ 5,049,576
Number Served	56,714	409	90	7,846	90	1,772	1,242		23,320	21,945
Multifamily Development										
Dollar Amount Committed	$ 126,514,796	$ 3,122,436	$ 200,000	$ 22,947,360		$ 100,245,000				
Number Served	8,662	225	90	6,575		1,772				
Multifamily Rehabilitation										
Dollar Amount Committed	$ 3,556,946			$ 3,556,946						
Number Served	1,271			1,271						
Rental Payment Assistance										
Dollar Amount Committed	$ 6,334,916	$ 233,748					$ 6,101,168			
Number Served	1,267	25					1,242			
Single Family Financing and Homebuyer Assistance										
Dollar Amount Committed	$ 9,316,278	$ 530,000			$ 8,786,278					
Number Served	178	88			90					
Single Family Owner Occupied Assistance										
Dollar Amount Committed	$ 3,525,342	$ 3,525,342								
Number Served	71	71								
Community Affairs and Self-Help Centers/Border Field Offices										
Dollar Amount Committed	$ 5,965,545								$ 915,969	$ 5,049,576
Number Served	45,265								23,320	21,945
Extremely Low Income										
Dollar Amount Committed	$ 10,738,947	$ 3,896,417	$ 20,000	$ 1,221,429			$ 5,601,101			
Number Served	1,507	201	9	228			1,069			
Very Low Income										
Dollar Amount Committed	$ 136,657,209	$ 2,069,614	$ 180,000	$ 25,282,877	$ 2,414,105	$ 100,245,000	$ 500,067		$ 915,969	$ 5,049,576
Number Served	55,067	124	81	7,618	34	1,772	173		23,320	21,945
Low Income										
Dollar Amount Committed	$ 5,033,894	$ 1,445,494			$ 3,588,400					
Number Served	117	84			33					
Moderate Income and Up										
Dollar Amount Committed	$ 2,783,773				$ 2,783,773					
Number Served	23				23					

[1] Number served is individuals.

Region 7

TDHCA allocated $91,222,656 in Region 7 in FY 2004. Single family financing and homebuyer assistance accounted for 75 percent of the total dollar amount committed during the past year; the next largest activity was multifamily development with 19 percent of the total dollar amount committed. Approximately 79 percent of the total funds committed in the region went to assist extremely low, very low, and low income families and individuals.

Region 7	All Programs	HOME	Housing Trust Fund	Housing Tax Credit Program	Single Family Bond Program	Multifamily Bond Program	Section 8 Program	Office of Colonia Initiatives	Emergency Shelter Grant Program[1]	Community Services Block Grant[1]
All Activities										
Dollar Amount Committed	$ 91,222,656	$ 3,513,305	$ 509,559	$ 3,831,220	$ 68,353,577	$ 13,000,000	$ 436,092		$ 250,579	$ 1,328,324
Number Served	33,719	140	124	990	535	240	88		3,050	28,552
Multifamily Development										
Dollar Amount Committed	$ 17,340,779		$ 509,559	$ 3,831,220		$ 13,000,000				
Number Served	1,354		124	990		240				
Multifamily Rehabilitation										
Dollar Amount Committed										
Number Served										
Rental Payment Assistance										
Dollar Amount Committed	$ 619,286	$ 183,194					$ 436,092			
Number Served	104	16					88			
Single Family Financing and Homebuyer Assistance										
Dollar Amount Committed	$ 68,675,259	$ 321,682			$ 68,353,577					
Number Served	600	65			535					
Single Family Owner Occupied Assistance										
Dollar Amount Committed	$ 3,008,429	$ 3,008,429								
Number Served	59	59								
Community Affairs and Self-Help Centers/Border Field Offices										
Dollar Amount Committed	$ 1,578,903								$ 250,579	$ 1,328,324
Number Served	31,602								3,050	28,552

Extremely Low Income										
Dollar Amount Committed	$ 2,869,534	$ 1,721,038	$ 12,328		$ 729,561		$ 406,607			
Number Served	149	64	3		8		74			
Very Low Income										
Dollar Amount Committed	$ 43,192,125	$ 174,765	$ 497,231	$ 3,831,220	$ 24,080,521	$ 13,000,000	$ 29,485		$ 250,579	$ 1,328,324
Number Served	33,185	6	121	990	212	240	14		3,050	28,552
Low Income										
Dollar Amount Committed	$ 25,698,062	$ 1,617,501			$ 24,080,561					
Number Served	248	70			178					
Moderate Income and Up										
Dollar Amount Committed	$ 19,462,934				$ 19,462,934					
Number Served	137				137					

[1] Number served is individuals.

REGION 8

TDHCA allocated $8,088,769in Region 8 in FY 2004. Single family owner-occupied assistance accounted for 31 percent of the total dollar amount committed during the past year; the next largest activity was multifamily development with 26 percent of the total dollar amount committed. All of the funds committed in the region went to assist extremely low, very low, and low income families and individuals.

Region 8	All Programs	HOME	Housing Trust Fund	Housing Tax Credit Program	Single Family Bond Program	Multifamily Bond Program	Section 8 Program	Office of Colonia Initiatives	Emergency Shelter Grant Program[1]	Community Services Block Grant[1]
All Activities										
Dollar Amount Committed	$ 8,088,769	$ 3,245,991		$ 2,114,171	$ 1,070,280		$ 53,928		$ 214,209	$ 1,390,190
Number Served	16,566	124		289	16		18		3,620	12,499
Multifamily Development										
Dollar Amount Committed	$ 2,114,171			$ 2,114,171						
Number Served	289			289						
Multifamily Rehabilitation										
Dollar Amount Committed										
Number Served										
Rental Payment Assistance										
Dollar Amount Committed	$ 310,356	$ 256,428					$ 53,928			
Number Served	38	20					18			
Single Family Financing and Homebuyer Assistance										
Dollar Amount Committed	$ 1,528,920	$ 458,640			$ 1,070,280					
Number Served	71	55			16					
Single Family Owner Occupied Assistance										
Dollar Amount Committed	$ 2,530,923	$ 2,530,923								
Number Served	49	49								
Community Affairs and Self-Help Centers/Border Field Offices										
Dollar Amount Committed	$ 1,604,399								$ 214,209	$ 1,390,190
Number Served	16,119								3,620	12,499

Extremely Low Income										
Dollar Amount Committed	$ 1,497,415	$ 1,368,745		$ 80,470			$ 48,200			
Number Served	56	30		11			15			
Very Low Income										
Dollar Amount Committed	$ 4,552,756	$ 517,632		$ 2,033,701	$ 391,297		$ 5,728		$ 214,209	$ 1,390,190
Number Served	16,439	30		278	9		3		3,620	12,499
Low Income										
Dollar Amount Committed	$ 1,712,342	$ 1,359,615			$ 352,727					
Number Served	68	64			4					
Moderate Income and Up										
Dollar Amount Committed					$ 326,256					
Number Served					3					

[1] Number served is individuals.

Region 9

TDHCA allocated $20,549,784 in Region 9 in FY 2004. Single family owner-occupied assistance accounted for 29 percent of the total dollar amount committed during the past year; the next largest activity was multifamily development with 28 percent of the total dollar amount committed. Approximately 96 percent of the total funds committed in the region went to assist extremely low, very low, and low income families and individuals.

Region 9	All Programs	HOME	Housing Trust Fund	Housing Tax Credit Program	Single Family Bond Program	Multifamily Bond Program	Section 8 Program	Office of Colonia Initiatives	Emergency Shelter Grant Program[1]	Community Services Block Grant[1]
All Activities										
Dollar Amount Committed	$ 20,549,784	$ 6,460,629		$ 6,694,931	$ 4,145,404		$ 360,372		$ 379,037	$ 2,509,411
Number Served	46,203	167		1,809	57		105		7,768	36,297
Multifamily Development										
Dollar Amount Committed	$ 5,675,111			$ 5,675,111						
Number Served	1,393			1,393						
Multifamily Rehabilitation										
Dollar Amount Committed	$ 1,019,820			$ 1,019,820						
Number Served	416			416						
Rental Payment Assistance										
Dollar Amount Committed	$ 694,762	$ 334,390					$ 360,372			
Number Served	139	34					105			
Single Family Financing and Homebuyer Assistance										
Dollar Amount Committed	$ 4,257,904	$ 112,500			$ 4,145,404					
Number Served	72	15			57					
Single Family Owner Occupied Assistance										
Dollar Amount Committed	$ 6,013,739	$ 6,013,739								
Number Served	118	118								
Community Affairs and Self-Help Centers/Border Field Offices										
Dollar Amount Committed	$ 2,888,448								$ 379,037	$ 2,509,411
Number Served	44,065								7,768	36,297
Extremely Low Income										
Dollar Amount Committed	$ 5,012,919	$ 4,313,612		$ 248,276	$ 125,279		$ 325,751			
Number Served	233	106		37	4		86			
Very Low Income										
Dollar Amount Committed	$ 11,488,738	$ 447,734		$ 6,446,655	$ 1,671,280		$ 34,621		$ 379,037	$ 2,509,411
Number Served	45,898	13		1,772	29		19		7,768	36,297
Low Income										
Dollar Amount Committed	$ 3,218,594	$ 1,699,282			$ 1,519,312					
Number Served	65	48			17					
Moderate Income and Up										
Dollar Amount Committed	$ 829,533				$ 829,533					
Number Served	7				7					

[1] Number served is individuals.

REGION 10

TDHCA allocated $22,514,714 in Region 10 in FY 2004. Single family owner-occupied assistance accounted for 63 percent of the total dollar amount committed during the past year; the next largest activity was single family financing and homebuyer assistance with 20 percent of the total dollar amount committed. Approximately 99 percent of the total funds committed in the region went to assist extremely low, very low, and low income families and individuals.

Region 10	All Programs	HOME	Housing Trust Fund	Housing Tax Credit Program	Single Family Bond Program	Multifamily Bond Program	Section 8 Program	Office of Colonia Initiatives	Emergency Shelter Grant Program[1]	Community Services Block Grant[1]
All Activities										
Dollar Amount Committed	$ 22,514,714	$ 15,175,359		$ 1,523,985	$ 3,949,417		$ 53,144		$ 350,609	$ 1,462,200
Number Served	28,636	397		307	116		15		13,298	14,503
Multifamily Development										
Dollar Amount Committed	$ 529,338			$ 529,338						
Number Served	100			100						
Multifamily Rehabilitation										
Dollar Amount Committed	$ 994,647			$ 994,647						
Number Served	207			207						
Rental Payment Assistance										
Dollar Amount Committed	$ 353,144	$ 300,000					$ 53,144			
Number Served	45	30					15			
Single Family Financing and Homebuyer Assistance										
Dollar Amount Committed	$ 4,599,417	$ 650,000			$ 3,949,417					
Number Served	181	65			116					
Single Family Owner Occupied Assistance										
Dollar Amount Committed	$ 14,225,359	$ 14,225,359								
Number Served	302	302								
Community Affairs and Self-Help Centers/Border Field Offices										
Dollar Amount Committed	$ 1,812,809								$ 350,609	$ 1,462,200
Number Served	27,801								13,298	14,503
Extremely Low Income										
Dollar Amount Committed	$ 6,302,439	$ 5,686,126			$ 573,446		$ 42,867			
Number Served	179	146			22		11			
Very Low Income										
Dollar Amount Committed	$ 7,864,635	$ 1,612,307		$ 1,523,985	$ 2,905,257		$ 10,277		$ 350,609	$ 1,462,200
Number Served	28,252	53		307	87		4		13,298	14,503
Low Income										
Dollar Amount Committed	$ 8,295,226	$ 7,876,926			$ 418,300					
Number Served	204	198			6					
Moderate Income and Up										
Dollar Amount Committed	$ 52,414				$ 52,414					
Number Served	1				1					

[1] Number served is individuals.

REGION 11

TDHCA allocated $38,162,687 in Region 11 in FY 2004. Single family financing and homebuyer assistance accounted for 54 percent of the total dollar amount committed during the past year; multifamily development and single family owner-occupied assistance each represent 10 percent of the total dollar amount committed. Approximately 98 percent of the total funds committed in the region went to assist extremely low, very low, and low income families and individuals.

Region 11	All Programs	HOME	Housing Trust Fund	Housing Tax Credit Program	Single Family Bond Program	Multifamily Bond Program	Section 8 Program	Office of Colonia Initiatives	Emergency Shelter Grant Program[1]	Community Services Block Grant[1]
All Activities										
Dollar Amount Committed	$ 38,162,687	$ 6,841,775	$ 2,184,000	$ 4,980,894	$ 15,250,660		$ 40,698	$ 4,668,591	$ 487,142	$ 3,708,927
Number Served	63,608	409	70	888	333		11	813	25,975	35,109
Multifamily Development										
Dollar Amount Committed	$ 3,882,551	$ 970,000		$ 2,912,551						
Number Served	448	84		364						
Multifamily Rehabilitation										
Dollar Amount Committed	$ 2,068,343			$ 2,068,343						
Number Served	524			524						
Rental Payment Assistance										
Dollar Amount Committed	$ 807,751	$ 767,053					$ 40,698			
Number Served	83	72					11			
Single Family Financing and Homebuyer Assistance										
Dollar Amount Committed	$ 20,758,226	$ 1,139,566	$ 2,184,000		$ 15,250,660			$ 2,184,000		
Number Served	588	115	70		333			70		
Single Family Owner Occupied Assistance										
Dollar Amount Committed	$ 3,965,156	$ 3,965,156								
Number Served	138	138								
Community Affairs and Self-Help Centers/Border Field Offices										
Dollar Amount Committed	$ 6,680,660							$ 2,484,591	$ 487,142	$ 3,708,927
Number Served	61,827							743	25,975	35,109
Extremely Low Income										
Dollar Amount Committed	$ 3,078,284	$ 1,898,306		$ 471,166	$ 670,441		$ 38,371			
Number Served	262	140		84	28		10			
Very Low Income										
Dollar Amount Committed	$ 28,378,946	$ 1,544,755	$ 2,184,000	$ 4,509,728	$ 11,273,476		$ 2,327	$ 4,668,591	$ 487,142	$ 3,708,927
Number Served	63,152	118	70	804	262		1	813	25,975	35,109
Low Income										
Dollar Amount Committed	$ 5,841,159	$ 3,398,714			$ 2,442,445					
Number Served	186	151			35					
Moderate Income and Up										
Dollar Amount Committed	$ 864,298				$ 864,298					
Number Served	8				8					

[1] Number served is individuals.

Region 12

TDHCA allocated $4,232,658 in Region 12 in FY 2004. Single family owner-occupied assistance accounted for 35 percent of the total dollar amount committed during the past year. All of the funds committed in the region went to assist extremely low, very low, and low income families and individuals.

Region 12	All Programs	HOME	Housing Trust Fund	Housing Tax Credit Program	Single Family Bond Program	Multifamily Bond Program	Section 8 Program	Office of Colonia Initiatives	Emergency Shelter Grant Program[1]	Community Services Block Grant[1]
All Activities										
Dollar Amount Committed	$ 4,232,658	$ 1,613,285	$ 31,200	$ 1,110,129	$ 11,720		$ 76,380	$ 31,200	$ 140,351	$ 1,218,393
Number Served	11,349	50	1	148	1		32	1	1,267	9,849
Multifamily Development										
Dollar Amount Committed	$ 1,110,129			$ 1,110,129						
Number Served	148			148						
Multifamily Rehabilitation										
Dollar Amount Committed										
Number Served										
Rental Payment Assistance										
Dollar Amount Committed	$ 154,536	$ 78,156					$ 76,380			
Number Served	37	5					32			
Single Family Financing and Homebuyer Assistance										
Dollar Amount Committed	$ 149,120	$ 75,000	$ 31,200		$ 11,720			$ 31,200		
Number Served	13	10	1		1			1		
Single Family Owner Occupied Assistance										
Dollar Amount Committed	$ 1,460,129	$ 1,460,129								
Number Served	35	35								
Community Affairs and Self-Help Centers/Border Field Offices										
Dollar Amount Committed	$ 1,358,744								$ 140,351	$ 1,218,393
Number Served	11,116								1,267	9,849

Extremely Low Income										
Dollar Amount Committed	$ 681,564	$ 613,048					$ 68,516			
Number Served	46	19					27			
Very Low Income										
Dollar Amount Committed	$ 3,099,374	$ 548,517	$ 31,200	$ 1,110,129	$ 11,720		$ 7,864	$ 31,200	$ 140,351	$ 1,218,393
Number Served	11,289	17	1	148	1		5	1	1,267	9,849
Low Income										
Dollar Amount Committed	$ 451,720	$ 451,720								
Number Served	14	14								
Moderate Income and Up										
Dollar Amount Committed										
Number Served										

[1] Number served is individuals.

Region 13

TDHCA allocated $24,174,255 in Region 13 in FY 2004. Single family financing and homebuyer assistance accounted for 79 percent of the total dollar amount committed during the past year. Approximately 99 percent of the total funds committed in the region went to assist extremely low, very low, and low income families and individuals.

Region 13	All Programs	HOME	Housing Trust Fund	Housing Tax Credit Program	Single Family Bond Program	Multifamily Bond Program	Section 8 Program	Office of Colonia Initiatives	Emergency Shelter Grant Program[1]	Community Services Block Grant[1]
All Activities										
Dollar Amount Committed	$ 24,174,255	$ 2,633,129	$ 535,200	$ 1,277,744	$ 17,463,136			$ 535,200	$ 231,114	$ 1,498,732
Number Served	27,872	121	32	222	449			356	4,876	21,816
Multifamily Development										
Dollar Amount Committed	$ 1,066,270			$ 1,066,270						
Number Served	188			188						
Multifamily Rehabilitation										
Dollar Amount Committed	$ 211,474			$ 211,474						
Number Served	34			34						
Rental Payment Assistance										
Dollar Amount Committed	$ 404,040	$ 404,040								
Number Served	35	35								
Single Family Financing and Homebuyer Assistance										
Dollar Amount Committed	$ 19,183,444	$ 649,908	$ 535,200		$ 17,463,136			$ 535,200		
Number Served	569	56	32		449			32		
Single Family Owner Occupied Assistance										
Dollar Amount Committed	$ 1,579,181	$ 1,579,181								
Number Served	30	30								
Community Affairs and Self-Help Centers/Border Field Offices										
Dollar Amount Committed	$ 1,729,846								$ 231,114	$ 1,498,732
Number Served	27,016							324	4,876	21,816
Extremely Low Income										
Dollar Amount Committed	$ 2,975,316	$ 1,579,201		$ 103,601	$ 1,292,514					
Number Served	138	72		18	48					
Very Low Income										
Dollar Amount Committed	$ 18,957,096	$ 378,068	$ 535,200	$ 1,174,143	$ 14,604,638			$ 535,200	$ 231,114	$ 1,498,732
Number Served	27,681	17	32	204	380			356	4,876	21,816
Low Income										
Dollar Amount Committed	$ 1,998,508	$ 675,860			$ 1,322,648					
Number Served	50	32			18					
Moderate Income and Up										
Dollar Amount Committed	$ 243,336				$ 243,336					
Number Served	3				3					

[1] Number served is individuals.

PARTICIPATION IN TDHCA PROGRAMS

TDHCA continually works to increase statewide participation in its programs. Because TDHCA is primarily a pass-through funding agency, its funding is typically distributed through a formal competitive Request for Proposals (RFP)/Notice of Funding Availability (NOFA) process. Therefore, it is incumbent upon TDHCA to increase the public's awareness of available funding opportunities so that its funds will reach those in need at the local level. Below are the approaches taken by TDHCA to achieve this end:

- Throughout the year, TDHCA staff participate in informational workshops and conferences across the state to share information with organizations that are unfamiliar with TDHCA programs. Organizations interested in becoming affordable housing providers are actively encouraged to contact the TDHCA for further technical assistance in accessing TDHCA programs.
- The TDHCA *Program Guide* provides a comprehensive, statewide housing resource guide for both individuals and organizations across the state. The *Program Guide* provides a list of housing and housing-related programs operated by TDHCA, HUD, and other federal and state agencies.
- The TDHCA website, through its provision of timely information to consumers, has become one of TDHCA's most successful marketing tools.
- A comprehensive database, including public housing authorities (PHAs), community development housing organizations (CHDOs), community development corporations (CDCs), area agencies on aging (AAAs), homebuyer education providers, local governments, and other community-based organizations, is used to streamline TDHCA efforts to inform interested parties of available funding, public hearings, and other activities.
- TDHCA establishes or serves on a wide variety of committees and workgroups, which serve as valuable resources to gather input from people working at the local level. These groups share information on affordable housing needs and available resources and help TDHCA to prioritize these needs.

CITIZEN PARTICIPATION IN PROGRAM PLANNING

TDHCA values and relies on community input to direct resources to meet its goals and objectives. In an effort to provide the public with an opportunity to more effectively give input on TDHCA's policies, rules, planning documents, and programs, TDHCA has consolidated its public hearings. Each year there will be one hearing per Uniform State Service Region that will cover all TDHCA programs. Staff is available at each hearing to answer questions and lend technical assistance to attendees. In addition to these 13 hearings, individual program sections hold various hearings and program workshops throughout the year.

TDHCA ensures that all programs follow the citizen participation and public hearing requirements as outlined in the Texas Government Code. Hearing locations are accessible to all who choose to attend and are held at times accessible to both working and non-working persons. A database has been developed that includes citizen and nonprofit organizations, local governments, state legislators, public housing authorities, and local public libraries so that, when a public hearing or public comment period is scheduled, all interested parties are notified. Additionally, pertinent information is posted in the *Texas Register*, in *Breaking Ground* (the TDHCA newsletter), on TDHCA's website, in several association newsletters, and in the newspapers that are local to the hearing location. Participation and comments are encouraged and can be submitted either at a public hearing or in writing via mail, fax, email, and, in some cases, directly at the TDHCA website.

FAIR HOUSING SPONSOR REPORT ANALYSIS

TDHCA requires that housing developments of 20 units or more that receive financial assistance from TDHCA submit an annual fair housing sponsor report. This report includes the contact information for each property, the total number of units, the number of accessible units, the rents for units by type, the racial composition information for the property, the number of units occupied by individuals receiving supported housing assistance, the number of units occupied delineated by income group, and a statement as to whether there have been fair housing violations at the property. This information depicts the property information as of a specific date, December 31, of each year.

Because of the voluminous nature of the information, TDHCA has elected to provide this report under a separate cover: the TDHCA *Housing Sponsor Report* (HSR). The HSR includes an analysis of the collected information, as well as the actual housing sponsor reports submitted by each property. In addition, in fulfillment of §2306.072(c)(8), the HSR contains a list of average rents by Texas county, based on housing sponsor report responses from TDHCA-funded properties.

For more information and a copy of this report, please contact the TDHCA Division of Policy and Public Affairs at (512) 475-3976 or visit http://www.tdhca.state.tx.us/ppa/housing-center/pubs.htm.

GEOGRAPHIC DISTRIBUTION OF HOUSING TAX CREDITS

The Housing Tax Credit (HTC) Program receives authority from the US Treasury Department to provide tax credits to encourage the development and preservation of affordable rental housing. The Internal Revenue Code authorizes a state HTC volume cap based on a per capita amount of the state population. Tax credits are also awarded independently of the volume cap to developments with tax-exempt bond financing. These two credit types are typically referred to as the 9% and 4% HTCs respectively. Section 2306.111(d) of the Government Code requires that TDHCA use a Regional Allocation Formula (RAF) to allocate its HTCs to the 13 Uniform State Service Regions it uses for planning purposes. Because the HTCs represent the State's most significant source of financing for multifamily development and to help review the allocation of HTCs under the RAF, this section of the Plan discusses the geographical distribution of HTCs.

For FY 2005, TDHCA had $42,575,583 credits to allocate through the 9% application process. This amount was comprised of the annual volume cap, recaptured credits, and $531,375 from the national pool of unused credits from other states. At the July 27, 2005, TDHCA Board meeting, 81 applications were approved for 9% HTCs totaling $42,175,273. Any remaining 2005 credit authority will be allocated to applicants on the 2005 waiting list. Alternately, if the credit balance meets the IRS de minimus requirements, it may be rolled into the 2006 credit ceiling. Under either scenario, TDHCA will be eligible to receive credits from the national pool of unused credits. The 4% awards, which are approved by the Board throughout the year, totaled $36,967,531 for FY 2005. Information on these awards, as well as the entire HTC inventory, can be found on the HTC Program's web page at www.tdhca.state.tx.us. Figures 2.9 and 2.10 are maps of the FY 2005 9% and 4% awards.

Figure 2.9 FY 2005 9% HTC Awards by Place

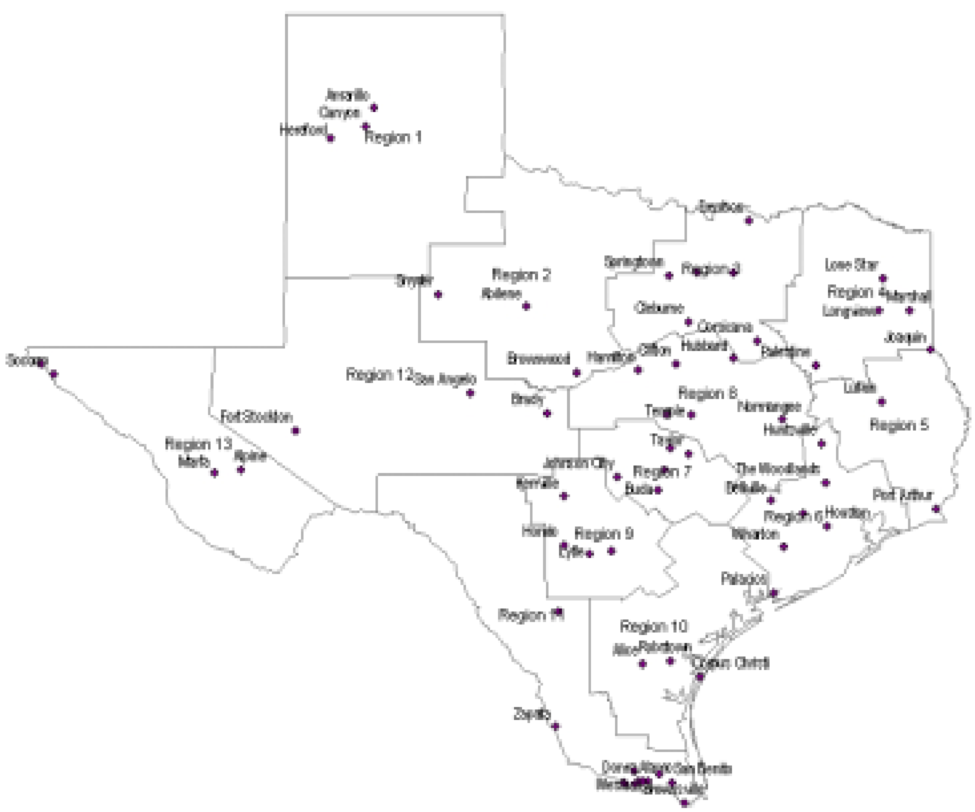
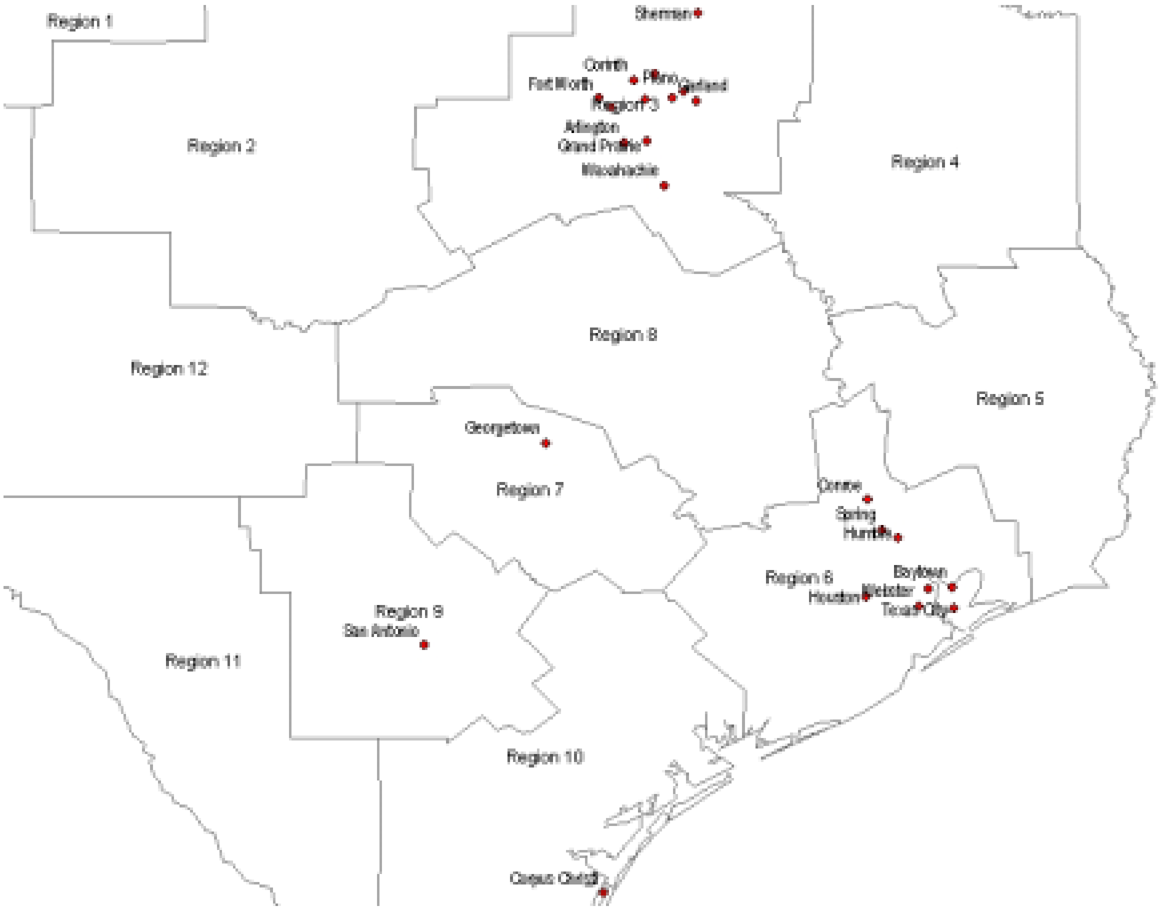


Figure 2.10 FY 2005 4% HTC Awards by Place



As can be seen by the differences in the distribution patterns in figures 2.9 and 2.10, the 4% credits work more effectively in larger metropolitan areas of the state. Besides one development in Georgetown (Region 7) and Corpus Christi (Region 11), the remaining 4% developments were concentrated in three regions of the state.

DISTRIBUTION OF TDHCA HOUSING TAX CREDIT AWARDS (HTC) 2005

The following charts show the distribution of TDHCA's 4% and 9% HTC awards for 2005. The racial composition of each census tract containing 2005 HTC award units was compared with the racial composition of the county in which the tract is located. In addition, the income level of each census tract receiving an award was compared with the income level of the county in which the tract is located.

Awards were made within the following counties: Anderson, Angelina, Atascosa, Austin, Bell, Bexar, Blanco, Bosque, Brewster, Brown, Cameron, Collin, Dallas, Deaf Smith, Denton, El Paso, Grayson, Gregg, Hamilton, Harris, Harrison, Hays, Hidalgo, Hill, Jefferson, Jim Wells, Johnson, Kerr, LaSalle, Leon, McCulloch, Matagorda, Medina, Montgomery, Morris, Navarro, Nueces, Parker, Pecos, Potter, Presidio, Randall, Scurry, Shelby, Tarrant, Taylor, Tom Green, Travis, Walker, Wharton, Williamson, and Zapata.

Methodology

Racial Characteristics

The percentage racial composition was delineated as follows: “White,” “Hispanic,” “Black,” and “Other Race.” Starting with Census 2000, the question on race asks respondents to report the race or races they consider themselves to be. For the purpose of this study:

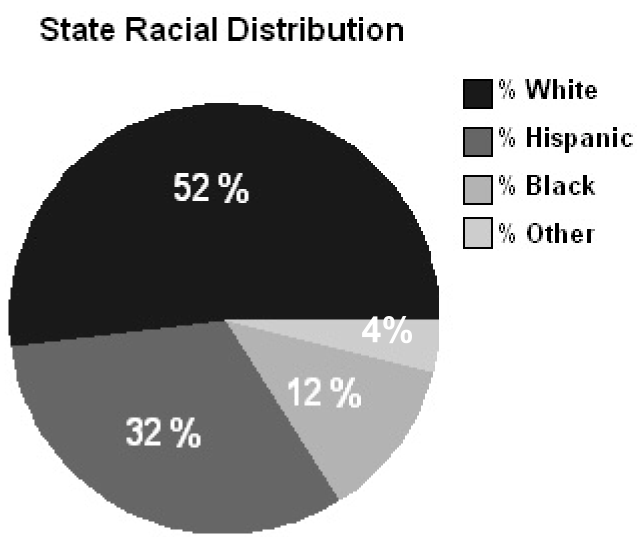
- “White” represents persons who indicated that they were non-Hispanic and “White” only.
- “Black” represents person who indicated that they were non-Hispanic and “Black” only.
- “Other Race” population information was calculated by subtracting persons who indicated that they were “White Only” or “Black Only” from the reported non-Hispanic population total.
- The Census treats “Hispanic origin” and race as separate and distinct concepts with separate questions being asked on race and Hispanic origin. The question on Hispanic origin asks respondents if they are Spanish, Hispanic, or Latino. Thus, Hispanics may actually be of any race. However, due to significant observed differences in poverty and income levels between Hispanic and non-Hispanic populations, “Hispanic” was treated as a distinct “race” for this study.

After determining which race comprised the largest percentage of the county’s population, each census tract was categorized as a “Majority” or “Minority” tract. Majority tracts are those in which the race that comprised the highest percentage of the county population had an equal or greater percentage at the tract level. The “Majority” and “Minority” units in each county were then totaled to determine the percentage distribution. It should be noted that “White” was not always the majority county population. For example, in the San Antonio and El Paso areas, the Hispanic population comprised the majority county population.

Income Characteristics

The median family income (MFI) of each tract awarded units was compared with the low income threshold of the county containing those tracts. A county’s low income threshold was calculated as 60 percent of the MFI for the county. That is, tracts with an MFI that is less than 60 percent of the county’s MFI are considered low income tracts. Tracts with an MFI that is greater than or equal to 60 percent of the county’s MFI are considered non-low income tracts.

Figure 2.11: State Racial Distribution



Source: 2000 Census

Figure 2.12: Total 2005 HTC Unit Distribution by Census Tract Racial Characteristics*

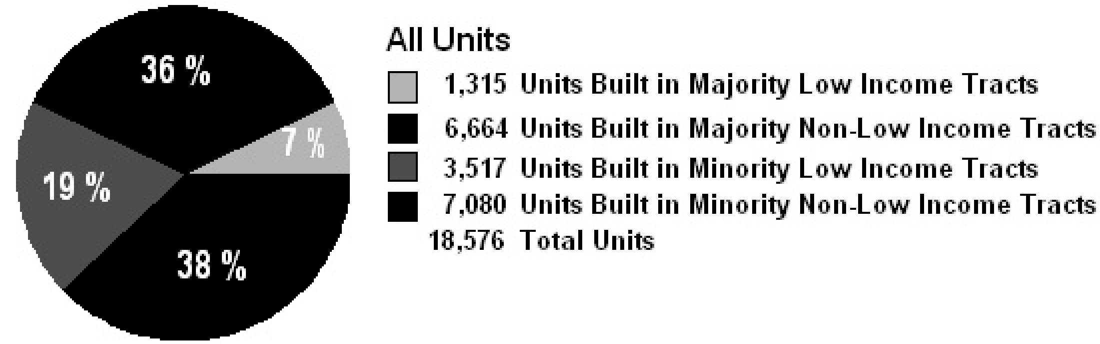


Figure 2.13 Total 2005 HTC 9% Unit Distribution by Census Tract Racial Characteristics*

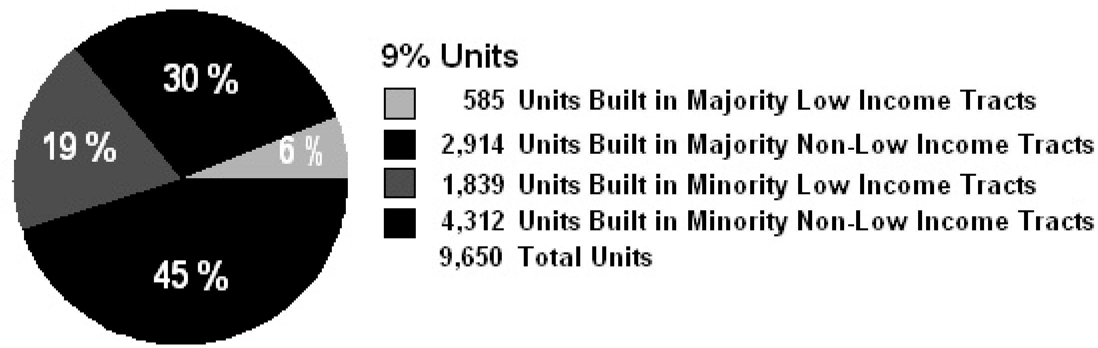
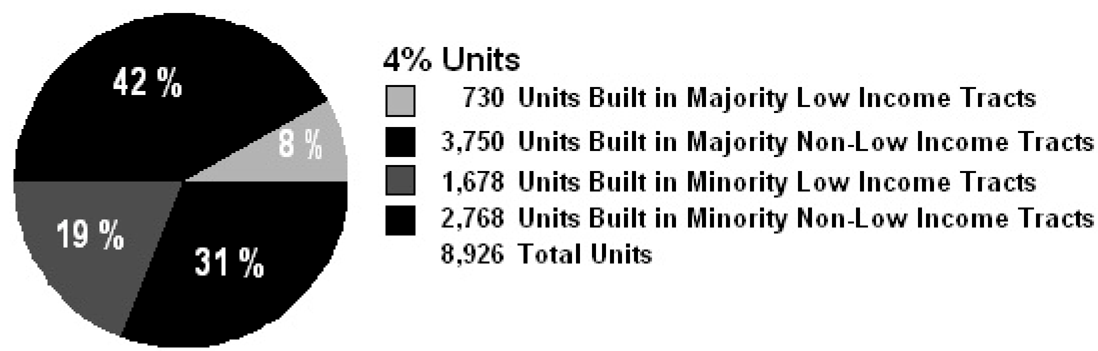


Figure 2.14 Total 2005 HTC 4% Unit Distribution by Census Tract Racial Characteristics*



*Units built in majority tracts are those located in tracts in which the race that comprises the highest percentage of the county's population has a percentage that is equal to or greater than that of the county.

EFFECT OF THE TWO TIMES PER CAPITA RULE

There are a number of conditions that affect an application site's eligibility for Housing Tax Credits. One of these conditions relates to the previous development of HTC units within a place or county. The specific requirement as stated in §2306.6703. Ineligibility for Consideration is that an application will be ineligible if the following:

> (4) the development is located in a municipality or, if located outside a municipality, a county that has more than twice the state average of units per capita supported by housing tax credits or private activity bonds, unless the applicant:
>
> > (A) has obtained prior approval of the development from the governing body of the appropriate municipality or county containing the development; and
> >
> > (B) has included in the application a written statement of support from that governing body referencing this section and authorizing an allocation of housing tax credits for the development.

As of July 31, 2005, the following municipalities had more than twice the state average of units per capita supported by housing tax credits or private activity bonds. It should be noted that this list is subject to periodic revisions with changes in the HTC property inventory and in the population estimates used for the per capita calculation.

Alamo
Albany
Alpine
Alto
Anthony
Baird
Balcones Heights
Bandera
Bastrop
Bellville
Big Sandy
Boerne
Bogata
Brackettville
Brady
Brenham
Brownwood
Bryson
Buda
Bullard
Burnet
Caldwell
Calvert
Cameron
Carrizo Springs
Cedar Park
Chandler
Cleburne
Cleveland
Clifton
Clint
Coldspring
Colorado City
Commerce
Conroe
Corinth
Cotulla
Crockett
Dallas
Dayton
Decatur
Denton
DeSoto
Detroit
Dilley
Donna
Dripping Springs
Eastland
Edcouch
Edgewood
Eldorado
Electra
Elgin
Elkhart
Ennis
Evant
Fort Stockton
Fowlerton
Frankston
Fredericksburg
Freeport
Godley
Goliad
Grandview
Grapeland
Greenville
Groveton
Hemphill
Hempstead
Hillsboro
Hitchcock
Hondo
Honey Grove
Hubbard
Hughes Springs
Humble
Ingleside
Jacinto City
Jefferson
Jersey Village
Joaquin
Johnson City
Katy
Keene
Kirbyville
La Villa
Laguna Vista
Lake Dallas
Lancaster
Lexington
Little Elm
Livingston
Llano
Lone Star
Madisonville
Marathon
Marble Falls
Marfa
Martindale
Mathis
McKinney
Meadows Place
Menard
Mercedes
Mount Vernon
Nacogdoches
Navasota
Normangee
Orange Grove
Ozona
Palacios
Palestine
Pearsall
Pflugerville
Pittsburg
Port Arthur
Port Isabel
Port Lavaca
Prairie View
Queen City
Quinlan
Refugio
Rhome
Rio Hondo
Rockport
Runge
Rusk
San Augustine
San Marcos
Sanger
Santa Anna
Santa Rosa
Seagoville
Seagraves
Seven Points
Shepherd
Somerset
Sonora
Sour Lake
South Houston
Springtown
St. Jo
Study Butte/Terlingua
Sweeny
Tatum
Terrell
Three Rivers
Timpson
Tomball
Troup
Valley View
Venus
Waller
Wallis
Waxahachie
Webster
Willis
Wills Point
Yantis

Of 1,510 Texas places, 159 (10.5 percent) had more than twice the per capita number of units. Of the 159 places listed, 129 are rural (11 percent of rural places) and 30 are urban/exurban (9 percent of urban/exurban places).

The following counties had more than twice the state average of units per capita supported by housing tax credits or private activity bonds: Armstrong, Brewster, Crockett, Hays, La Salle, Sutton, and Waller.

Figure 2.11 provides the funding distribution of FY 2005 awards by region. The table shows that there were only minor differences in the targeted 9% HTC distribution under the RAF and the actual HTC distribution. Again, as was the case with the maps, it is clear that the 4% HTCs have a limited geographic distribution.

Figure 2.15 FY 2005 HTC Awards by Region

Region	All FY 2005 HTCs	% of All HTCs	FY 2005 4% HTCs	% of 4% HTCs	FY 2005 9% HTCs	% of 9% HTCs	9% RAF Distribution	Difference from FY 2005 HTCs
1	$2,362,621	3%	$-	0.0%	$2,362,621	5.6%	4.3%	1.3%
2	$1,196,926	2%	$-	0.0%	$1,196,926	2.8%	2.8%	0.0%
3	$21,425,970	27%	$14,260,248	38.6%	$7,165,722	17.0%	18.4%	-1.4%
4	$2,149,469	3%	$-	0.0%	$2,149,469	5.1%	5.0%	0.1%
5	$1,257,544	2%	$-	0.0%	$1,257,544	3.0%	3.0%	0.0%
6	$20,994,901	27%	$12,392,090	33.5%	$8,602,811	20.4%	19.5%	0.9%
7	$3,554,898	4%	$531,204	1.4%	$3,023,694	7.2%	7.0%	0.2%
8	$2,387,912	3%	$-	0.0%	$2,387,912	5.7%	6.0%	-0.3%
9	$12,730,544	16%	$9,197,990	24.9%	$3,532,554	8.4%	8.1%	0.3%
10	$2,693,846	3%	$585,999	1.6%	$2,107,847	5.0%	5.0%	0.0%
11	$4,799,629	6%	$-	0.0%	$4,799,629	11.4%	12.9%	-1.5%
12	$1,162,895	1%	$-	0.0%	$1,162,895	2.8%	3.0%	-0.2%
13	$2,449,339	3%	$-	0.0%	$2,449,339	5.8%	5.2%	0.6%
Total	$79,166,494	100%	$36,967,531	100.0%	$42,198,963	100.0%	100.0%	0.0%

SECTION 3: HOUSING ANALYSIS

This section of the *2006 State of Texas Low Income Housing and Annual Report* contains an overview of the affordable housing needs in the state and an estimate and analysis of the housing needs in each uniform state service region.

DATA SOURCES AND LIMITATIONS

The information provided in this section should be considered within the context of its limitations. The Department recognizes that an undistorted assessment of housing need can be found only at the local level based on the direct experience of local households. The following issues should be considered when reviewing the information contained in this report:

- Nuances of housing need are lost when data is aggregated into regional, county, and statewide totals. For example, housing needs in rural communities are often distorted when reported at the county level because housing needs are often very different in rural and urban areas. The large population of urban metropolitan areas can skew the data and mask the needs of the rural areas.
- Data available on the condition of the housing stock, the homeless population, and the housing needs of special needs populations is very limited.

2000 Census and 2000 CHAS data is primarily used in this report. The content and format of the Census-based tables, graphs, and maps provided in this section were derived, in part, from a methodology for housing needs assessment in the *National Analysis of Housing Affordability, Adequacy, and Availability: A Framework for Local Housing Strategies*. The Urban Institute prepared this document for the US Department of Housing and Urban Development (HUD). It provides a methodology with which to describe and analyze local housing markets in order to develop strategies for addressing housing problems and needs. The document served as a guide for the preparation of Comprehensive Housing Affordability Strategy (CHAS) reports. As such, it provides a systematic framework for housing market analysis. HUD collaborated with the US Census Bureau to develop special tabulations of the 2000 Census data.

The CHAS database classifies households into five relative income categories based on reported household income, the number of people in the household, and geographic location. These income categories are used to reflect income limits that define eligibility for HUD's major assistance programs, as well as for other housing programs, such as the Housing Tax Credit Program. Households are classified into income groups by comparing reported household income to HUD-Adjusted Median Family Income (HAMFI). The income limits are calculated by household size for each metropolitan area and non-metropolitan county in the United States and its territories. They are based on HUD estimates of median family income with several adjustments as required by statute. The income classifications are extremely low income, very low income, low income, moderate income, and above 95 percent of HAMFI.[1]

The income limits for metropolitan areas may not be less than limits based on the state non-metropolitan median family income level and must be adjusted accordingly. Income limits must be also adjusted for family size and may be adjusted for areas with unusually high or low family income or housing-cost-to-income relationships.

[1] TDHCA suspects that CHAS figures for moderate and higher income households (over 80 percent AMFI) in Region 11 may be inaccurate. Current CHAS data is included in this draft version of the document, but TDHCA will be working with HUD to request clarification with regard to the Region 11 data.

Unit affordability compares housing cost to local area HAMFI. Affordable units are defined as units for which a household would pay no more than 30 percent of its income for rent and no more than two and one-half times its annual income to purchase. Since HUD's adjusted median family incomes are estimated for a family of four, affordability levels are also adjusted to control for various-sized units based on the number of people that could occupy a unit without overcrowding. This adjustment is made by multiplying the threshold described above by 75 percent for a 0–1 bedroom unit, 90 percent for a two bedroom unit, and 104 percent for a 3+ bedroom unit.

Homeless figures are taken from 2000 Census group quarters population and type tables, contained in Census 2000 Summary File 1. Group quarters type designations include institutional quarters, which include correctional facilities, hospitals, and juvenile institutions, as well as noninstitutional quarters, which include military quarters, group homes, dormitories, and other situations. Based on the Definitions of Subject Characteristics contained in the Technical Documentation for *Summary File 1: 2000 Census of Population and Housing* published by the US Census Bureau, TDHCA has elected to use "other noninstitutional group quarters" and "other nonhousehold living situations" census figures to represent the homeless population in each region. "Other noninstitutional group quarters" counts individuals in shelters for abused women, soup kitchens, mobile food vans, and other targeted nonsheltered outdoor locations where there is evidence of human occupation. "Other nonhousehold living situations" counts individuals with no usual home residing in hostels and YMCAs who were not counted in other tabulations.

The US Census also completed a special tabulation, Emergency and Transitional Shelter Population: 2000, based on metropolitan areas with 100 or more people in emergency and transitional shelters. It must be noted that this data only refers to metropolitan areas with 100 or more people in shelters, so is not a comprehensive picture of the total population living in shelters. In the region sections of this document, if the Census counted individuals living in emergency shelters in a metropolitan area that is located in the region, those figures are provided.

It must be emphasized that the regional estimates of the homeless populations are not comprehensive. The various definitions of homeless and methods in counting the homelessness make definitive tabulations difficult. The Texas Interagency Council for the Homeless estimates that about 200,000 people, or 1 percent of the state's population, are homeless.[2] The Census figures for individuals living in "other noninstitutional group quarters" and "other nonhousehold living situations" count only 28,377 individuals statewide.

The needs assessment data is augmented with additional information from the perspective of local officials, where available. In 2004, there was a series of Regional Advisory Committee (RAC) meetings held across the state to address regional planning issues. In March 2003, TDHCA conducted the 2003 State of Texas Community Needs Survey. This survey was designed to provide a better understanding of housing and community development needs, issues, and problems at the state, regional, and local levels. The survey gave local officials, who are most familiar with the unique characteristics of their communities, a voice in determining how Texas's affordable housing, supportive service, and community development needs can be most effectively addressed. TDHCA plans to conduct a new survey in 2006.

[2] Texas Interagency Council for the Homeless, "Key Facts," http://www.tich.state.tx.us/facts.htm (accessed August 18, 2005).

STATE OF TEXAS

The state level housing analysis includes information on demographics, special needs populations, and affordable housing need indicators. Department plans reflect this statewide information as well as the consideration of affordable housing assistance from various sources.

DEMOGRAPHIC CHARACTERISTICS

Texas is one of the fastest growing states in the nation. According to recent Census data, Texas population expanded by nearly a quarter (22.8 percent) between 1990 and 2000, far exceeding the national growth average of 13.2 percent for the same decade. The increase in state population by 3,865,310 persons was the largest of any decade in Texas history. More than one of every nine persons added to the population of the United States in the 1990s was added in Texas.[3]

Projected Population Change and Implications for Housing Need

Looking at long-term demographic projections, it is clear that the demand for affordable and subsidized housing will increase in the coming years.

- The present state population of 20.9 million is expected to surge to 50.4 million by 2040.
- The Anglo population will account for only 3.9 percent of net population growth from 2000 to 2040, meaning that more than 96 percent of the total net increase in Texas population between 2000 and 2040 will be due to the non-Anglo population.
- Anglo population is expected to grow by 10.4 percent between 2000 and 2040, while blacks are expected to increase by 65.0 percent and Hispanics by 348.7 percent.
- The population is becoming older: the median age will increase from 32.3 in 2000 to 38.3 in 2040. The percentage of the population that was 65 or older was 9.9 percent in 2000 but will increase to 20 percent by 2040.
- Growth in the number of households, projected at 162.1 percent over the period 2000-2040, will outstrip population growth: 142.6 percent during the same period.

Expected housing demand is directly linked to projected changes in population characteristics. The current ethnic shift is significant because of the substantial differences between the races in terms of income level. The absolute difference in median household income between Anglos and Blacks was $13,602 in 1989, but $17,857 in 1999; and the Anglo-Hispanic difference was $12,242 in 1989, but $17,289 in 1999. Similarly, the poverty rates of 23.4 percent for Blacks and 25.4 percent for Hispanics were still roughly three times as high as the 7.8 percent of persons in poverty among Anglos. Because of these disparities, households in Texas will become poorer over the coming decades unless the relationship between ethnicity and income somehow changes.[4]

A correlation also exists between income and age. According to the 2000 Census, 13.1 percent of Texans age 65 and older live below the poverty level. Lower incomes combined with rising healthcare costs contribute to the burden of paying for housing. Approximately 30 percent of all elderly households spend more than 30 percent of their income on housing, while 14 percent spend more than 50 percent of their

[3] Information for the Housing Analysis comes from the 2000 US Census except where noted otherwise.
[4] Texas A&M University, *A Summary of the Texas Challenge in the Twenty-First Century: Implications of the Population Change for the Future of Texas,* by Steve H. Murdock, Steve White, Md. Nazrul Hoque, Beverly Pecotte, Xiuhong You, and Jennifer Balkan (College Station, TX: Department of Rural Sociology, December 2002).

income on housing. These statistics take on new urgency when considered alongside the anticipated upsurge in the state's elderly population.

Not only will the demographics of the population be changing, but so will its needs. The faster growth in number of households than in total population is a reflection of the large number of non-Anglos who will enter household-formation ages during this time period. More young families mean an increased demand for housing.[5]

Poverty and Income

According to the 2000 Census, Texas has the eighth highest overall poverty rate in the nation, with a rate of 15.4 percent compared to the national rate of 12.4 percent. Poverty conditions along the Texas-Mexico border warrant special attention. Parts of the region, like McAllen-Edinburg-Mission, suffer from an unemployment rate double that of the state's (12 percent vs. 6.1 percent) and less than half of state's per capita income average. Fifteen counties along the border have a poverty rate of at least 25 percent, almost double the national average. Conditions are particularly acute in the colonias, unincorporated areas along the Texas-Mexico border lacking infrastructure and decent housing. It is estimated that 43 percent of colonia residents live below the poverty level.

The poverty rate for all family households in Texas, different from the overall poverty rate, is expected to increase from the 2000 figure of 11.4 percent to 15.4 percent by 2040.[6] The primary reasons for this are the rapid growth of present minority populations and the dominance in the economy of low-paying, particularly service-industry, jobs.[7] While manufacturing and mining continue to decline, Texas ranked third in the nation in 2003 for service industry job creation. In 2002 the top two most common jobs in Texas were retail salesperson and cashier. Of course, these occupations are not high-paying. According to US Bureau of Labor Statistics data, eight of the top ten most common jobs in Texas earn incomes that fall at least $10,000 below the state median income of $33,770. Considering this fact, the existing income imbalance is clear.

Many families who rely on these low-wage occupations for a living find it difficult to cover all essential expenses. According to a study by the Center for Public Policy Priorities, "a significant proportion of families throughout the state struggle paycheck-to-paycheck to make ends meet." The study examined a typical family's fundamental expenses, such as housing, food, child care, medical costs, transportation, taxes, etc., and compared the total bill to typical wages earned in the 27 Texas Metropolitan Statistical Areas. The study asserts that a family of four in Texas requires a household hourly income of $18 to $22 per hour (depending on the metro area in which the family lives) to simply meet its most basic needs. In a majority of Texas metro areas, however, half of the total employment is in occupations with a median wage under $10 per hour.[8]

Furthermore, expected economic growth will not necessarily lift the lowest income groups. The Texas Comptroller's Economic Update predicts that the fastest growing sector of the state economy over the

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[5] Ibid.
[6] Ibid.
[7] Center for Public Policy Priorities, *Making It: What it Really Takes to Live in Texas* (Austin, TX: Center for Public Policy Priorities, September 2002).
[8] Ibid.

next decade will be largely in industries requiring specialized education and skills. These industries include high tech communications, engineering, and research. While this progress may buoy state growth figures, it is unlikely to raise many low income families, who may not have the necessary education or training, from their current positions.

To provide a more detailed breakdown of the population by income level, this report will use the five income groups designated by HUD. Households are classified into these groups by comparing reported household incomes to HUD-adjusted median family incomes (HAMFI). The income level definitions are as follows:

- Extremely Low Income: At or below 30 percent of HAMFI
- Very Low Income: Between 31 percent and 50 percent of HAMFI
- Low Income: Between 51 percent and 80 percent of HAMFI
- Moderate Income: Between 81 percent and 95 percent of HAMFI
- Above 95 percent of HAMFI

Figure 3.1: Households by Income Group in Texas, 2000

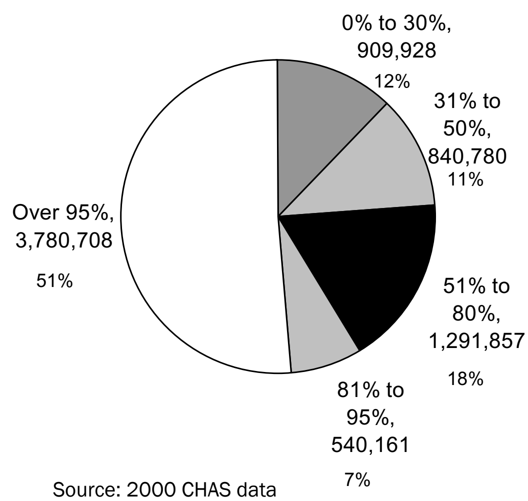


Figure 3.1 indicates the 2000 distribution of households by income group across Texas by number and percentage. It should be noted that a total of 48 percent of all households are in the low income range (0 to 80 percent of HAMFI).

AFFORDABLE HOUSING NEED

When analyzing local housing markets and developing strategies for meeting housing problems, HUD suggests the consideration of several factors. These factors include how much a household spends on housing costs, the physical condition of the housing, and whether or not the household is overcrowded. The following table reveals the number and percentage of households with at least one housing need by income category and household type.

Figure 3.2: Households with Housing Need by Income Group

		Renter Households			Owner Households		
		At Least One Problem	Total Households	Percent with At Least One Problem	At Least One Problem	Total Households	Percent with At Least One Problem
0-30% AMFI	Elderly Households	59,065	95,130	62.1%	100,876	151,597	66.5%
	Small Related	162,308	204,534	79.4%	76,492	102,443	74.7%
	Large Related	63,879	69,467	92.0%	39,256	44,325	88.6%
	Other Households	133,429	183,124	72.9%	39,368	59,120	66.6%
	Total Households	**418,681**	**552,255**	**75.8%**	**255,992**	**357,485**	**71.6%**
31-50% AMFI	Elderly Households	36,578	61,305	59.7%	62,920	168,088	37.4%
	Small Related	133,605	180,725	73.9%	79,006	240,138	32.9%
	Large Related	58,132	67,274	86.4%	53,907	104,329	51.7%
	Other Households	102,090	127,074	80.3%	24,401	68,290	35.7%
	Total Households	**330,405**	**436,378**	**75.7%**	**220,234**	**406,282**	**54.2%**
51-80% AMFI	Elderly Households	19,934	47,527	41.9%	41,173	210,720	19.5%
	Small Related	98,014	250,309	39.2%	121,204	282,336	42.9%
	Large Related	57,987	81,881	70.8%	81,842	132,264	61.9%
	Other Households	79,147	210,629	37.6%	35,978	79,867	45.0%
	Total Households	**255,082**	**590,346**	**43.2%**	**280,197**	**705,187**	**39.7%**
81-95% AMFI	Elderly Households	3,638	13,761	26.4%	9,883	78,918	12.5%
	Small Related	18,310	91,694	20.0%	40,150	147,881	27.2%
	Large Related	14,142	24,917	56.8%	25,542	53,828	47.5%
	Other Households	11,784	90,223	13.1%	14,049	40,543	34.7%
	Total Households	**47,874**	**220,595**	**21.7%**	**89,624**	**321,170**	**27.9%**
More Than 95% AMFI	Elderly Households	8,169	54,143	15.1%	23,454	497,428	4.7%
	Small Related	43,853	400,026	11.0%	131,939	1,749,473	7.5%
	Large Related	35,490	74,662	47.5%	92,229	360,855	25.6%
	Other Households	17,060	338,469	5.0%	34,919	303,446	11.5%
	Total Households	**104,572**	**867,300**	**12.1%**	**282,541**	**2,911,202**	**9.7%**
Total Households	Elderly Households	127,384	399,250	31.9%	238,306	1,345,057	17.7%
	Small Related	456,090	1,583,378	28.8%	448,791	2,971,062	15.1%
	Large Related	229,630	547,831	41.9%	292,776	988,377	29.6%
	Other Households	343,510	1,293,029	26.6%	148,715	699,981	21.2%
	Total Households	**1,156,614**	**3,823,488**	**30.3%**	**1,128,588**	**5,829,914**	**19.4%**

Source: 2000 CHAS data

Physical Inadequacy (Lack of Kitchen and Plumbing Facilities)

The measure of physical inadequacy available from the CHAS database tabulation of the 2000 Census is the number of units lacking complete kitchen and/or plumbing facilities. While this is not a complete measure of physical inadequacy, the lack of plumbing and/or kitchen facilities can serve as a strong indication of one type of housing inadequacy. Table 3A demonstrates that among the physically inadequate housing units for households under 80 percent of HAMFI, 44 percent are affordable to extremely low income households.

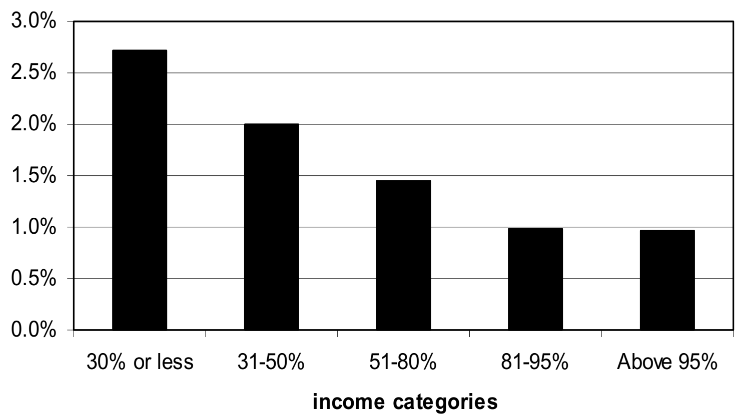
Figure 3.3: Units Lacking Kitchen and/or Plumbing Facilities by Affordability Category, 2000

	Number	Percent
0% to 30%	25,817	44%
31% to 50%	15,907	27%
51% to 80%	16,341	28%
Total	58,065	100%

Source: 2000 CHAS Database

Slightly more than 1 percent of all renter households in Texas lack complete kitchen or plumbing facilities. The following table shows the distribution of this problem by income group. Households in the lowest income group, less than 30 percent HAMFI, have the highest incidence of physically inadequate housing.

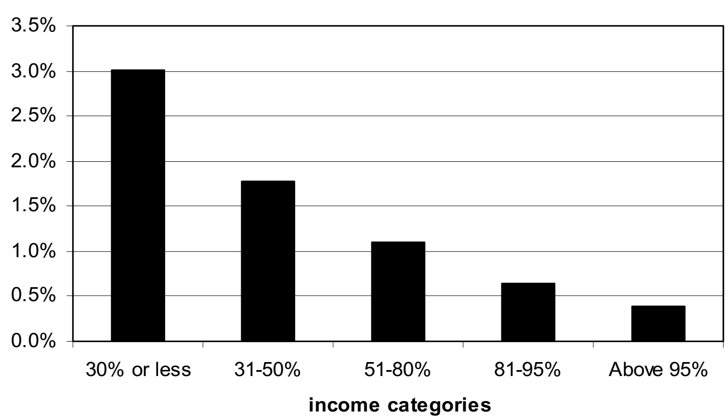
Figure 3.4: Renter-Occupied Units Lacking Complete Kitchen/Plumbing by Percent



Source: 2000 CHAS data

As is the case with renter households, inadequate kitchen and plumbing is a greater problem for the lowest income categories of owner households. A full 3 percent of owner households earning below 30 percent HAMFI lack full kitchen or plumbing facilities.

Figure 3.5: Owner-Occupied Units Lacking Complete Plumbing/Kitchen by Percent

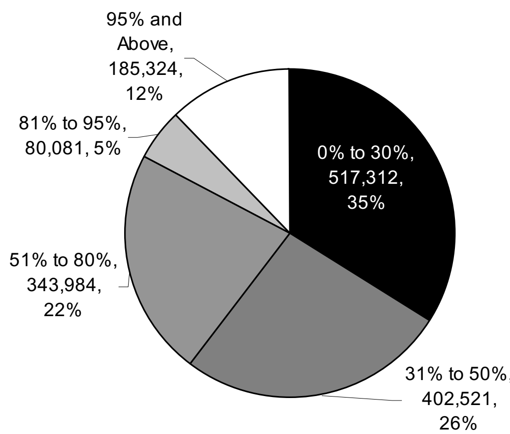


Source: 2000 CHAS data

Excess Housing Cost Burden

An excess cost burden is identified when a household pays more than 30 percent of its gross income for housing costs. When so much is spent on housing, other basic household needs may suffer. Figure 3.6 shows the number and percentage of households with excess housing cost burden by income group.

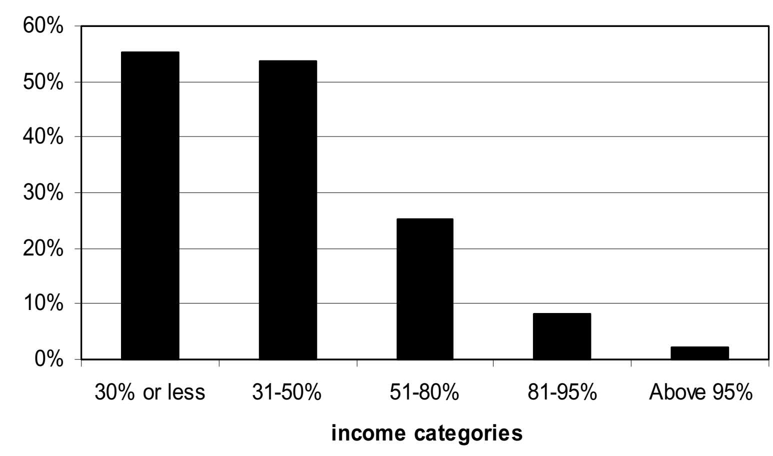
Figure 3.6: Excess Housing Cost Burden by Income Group, 2000



Source: 2000 CHAS Database

As the following graph shows, a majority of renter households in the lowest two income categories, totaling more than 540,000 households, is burdened by paying an excess portion of income toward housing. This is much greater than in the highest income category, above 95 percent HAMFI, where only 2.2 percent of households experience the problem.

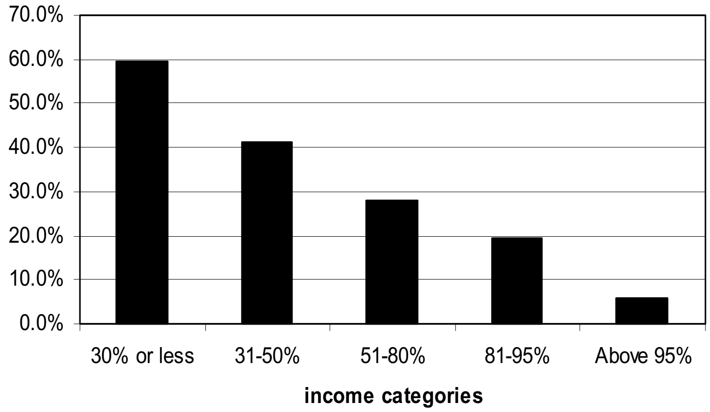
Figure 3.7: Renter Households with Excess Housing Cost Burden (>30% of Income) by percent



Source: 2000 CHAS data

As shown in the following graph, excess housing cost burden affects 59.3 percent of owner households in the lowest income category. This figure, representing a majority, is much higher than the 5.7 percent of households affected in the highest income category. The graph illustrates the direct correlation between income category and a household's likelihood of experiencing this problem.

Figure 3.8: Owner Households with Excess Housing Cost Burden (>30% of Income) by percent

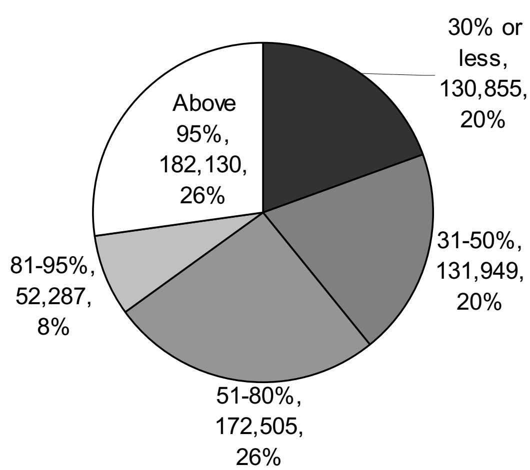


Source: 2000 CHAS data

Overcrowding

Overcrowded housing conditions occur when a residence accommodates more than one person per room. Overcrowding may indicate a general lack of affordable housing in a community where households have been forced to share space, either because other housing units are not available or because the units available are too expensive. Figure 3.9 shows the incidence of overcrowded households by income group.

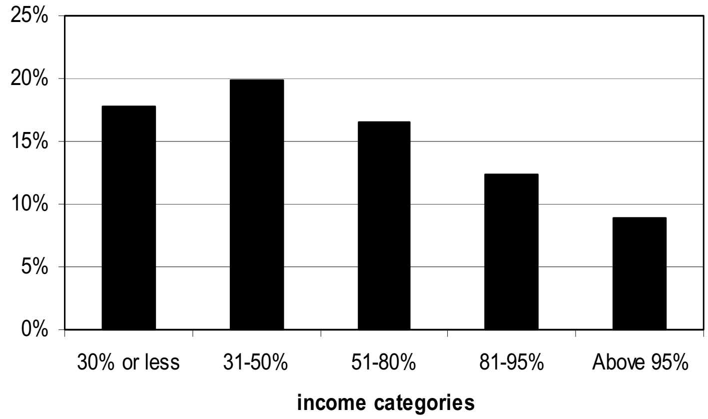
Figure 3.9: Overcrowded Households by Income Group, 2000



Source: 2000 CHAS Database

Lower income renter households experience overcrowded conditions more frequently than higher income households. Almost 18 percent of renter households in the extremely low income category and 19.9 percent of renter households in the low income category are afflicted by overcrowding.

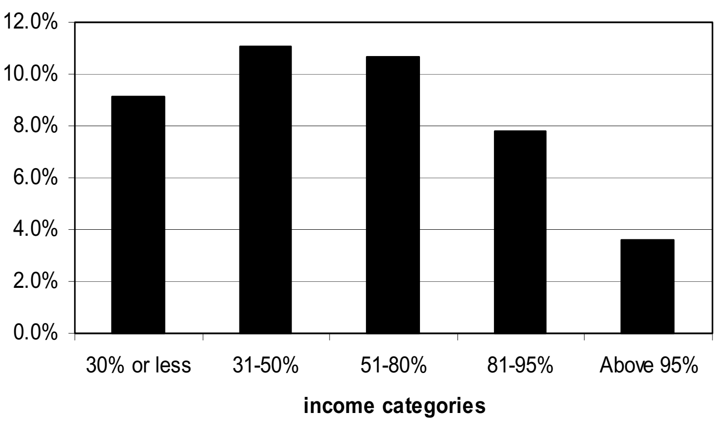
Figure 3.10: Renter Households with Incidence of Overcrowding by percent



Source: 2000 CHAS data

Lower income owner households also experience overcrowded conditions more frequently than higher income owner households. More than 21 percent of owner households earning less than 50 percent HAMFI live in overcrowded conditions compared to 11.4 percent of owner households over 80 percent HAMFI.

Figure 3.11: Owner Households with Incidence of Overcrowding by percent



Source: 2000 CHAS data

Housing Availability and Affordability

The following figures compare demand and supply of affordable housing by looking at the number of households and housing units in different affordability categories. For each income category, it has been assumed that households are matched to units in their affordability range. In actuality, however, higher income households often reside in units that could be affordable to the lowest income households. For example, households that have incomes greater than 80 percent of the median income greatly outnumber the housing units in this specific affordability category. Households in this category can afford units in any of the defined affordability categories. Non-low-income households often limit the supply of affordable housing units available to low-income households. Therefore, estimates of housing shortfalls should be treated as lower-bound estimates, and estimates of housing "surplus" are undoubtedly overstated.

Figure 3.12 describes the housing market interaction of various income groups and housing costs. The table shows the income classifications of the occupants of housing units. The table also illustrates the housing market mismatch between housing units and income groups. For example, very low income households (0-50 percent of HAMFI) account for only about one-third of all the occupants of housing that is affordable to them. All low income households (0-80 percent of HAMFI) make up only 48 percent of all households occupying housing affordable to them. This table illustrates housing market mismatches as well as an implicit excessive cost burden for those households that are residing in units beyond their affordability category.

Figure 3.12
Occupied Affordable Housing Units by Income Group of Occupant, 2000
by percentage of HAMFI

Number of Renter units	Total	50% or less	51-80%	Above 80%
Affordable to 0-50% HAMFI	1,112,083	588,198	246,476	277,409
Affordable to 51-80% HAMFI	1,245,842	346,703	301,491	597,648
Affordable to >80% HAMFI	305,135	52,391	41,485	211,259

Percent of Renter units	Total	50% or less	51-80%	Above 80%
Affordable to 0-50% HAMFI	100.0%	52.9%	22.2%	24.9%
Affordable to 51-80% HAMFI	100.0%	27.8%	24.2%	48.0%
Affordable to >80% HAMFI	100.0%	17.2%	13.6%	69.2%

Number of Owner units	Total	50% or less	51-80%	Above 80%
Affordable to 0-50% HAMFI	2,099,253	549,469	458,002	1,091,782
Affordable to 51-80% HAMFI	1,331,792	136,016	165,496	1,030,280
Affordable to >80% HAMFI	1,266,738	78,725	81,390	1,106,623

Percent of Owner units	Total	50% or less	51-80%	Above 80%
Affordable to 0-50% HAMFI	100.0%	26.2%	21.8%	52.0%
Affordable to 51-80% HAMFI	100.0%	10.2%	12.4%	77.4%
Affordable to >80% HAMFI	100.0%	6.2%	6.4%	87.4%

Number of Total units	Total	50% or less	51-80%	Above 80%
Affordable to 0-50% HAMFI	3,211,336	1,137,667	704,478	1,369,191
Affordable to 51-80% HAMFI	2,577,634	482,719	466,987	1,627,928
Affordable to >80% HAMFI	1,571,873	131,116	122,875	1,317,882

Percent of Total units	Total	50% or less	51-80%	Above 80%
Affordable to 0-50% HAMFI	100.0%	35.4%	21.9%	42.6%
Affordable to 51-80% HAMFI	100.0%	18.7%	18.1%	63.2%
Affordable to >80% HAMFI	100.0%	8.3%	7.8%	83.8%

Source: 2000 CHAS data

Local Perception

TDHCA acknowledges that the greatest understanding of housing needs is found at the local level. TDHCA continuously strives to improve the methods used to identify regional affordable housing needs.

Regional Advisory Committees

In 2004 there was a series of Regional Advisory Committee (RAC) meetings held across the state to address regional planning issues. Each RAC meeting was advertised, coordinated, and facilitated by a Regional Development Coordinator (RDC). The statewide network of RDCs is part of a joint planning effort between 11 councils of governments and TDHCA. TDHCA works with an RDC in each service region to facilitate the RAC meetings, provide technical assistance, gather data on regional housing needs and resources, and help build the region's network of housing organizations.

Rather than trying to identify and address all regional housing issues, this year's RAC meetings focused on gathering additional information on the most prevalent issues identified last year. Additionally, slightly more emphasis was placed on discussing issues over which TDHCA and the COGs have some control. The following four topics were recommended by TDHCA for discussion at the meetings: communication, populations with special needs, funding distribution, and education. The regional plans discuss the RAC meetings in greater detail.

State of Texas Community Needs Survey

In March 2003, TDHCA distributed over 2,000 copies of the Community Needs Survey (CNS) to cities, counties, local housing departments, public housing authorities, and US Department of Agriculture Rural Development field offices. Local community action agencies were also contacted for their expertise on homeless issues and other community development topics. For TDHCA, the survey represents the opportunity to gather local input on housing needs, preferences, and regional characteristics. Information from the survey is also used as a primary component of the Affordable Housing Needs Score (AHNS), the location score in several housing program funding applications.

Approximately 78 percent of Community Needs Survey respondents feel that there is a severe or significant affordable housing problem in their area.[9] There is a slight preference statewide for owner-occupied housing assistance over rental assistance. Among the owner-occupied assistance activities, renovation is ranked highest in importance, followed by purchase assistance and new housing development. New rental housing development and the renovation of existing multifamily housing are more important than rental payment assistance. The regional results from the CNS are incorporated into the regional plans. A final report on the survey, *Report on the 2003 State of Texas Community Needs Survey*, is available from the Division of Policy and Public Affairs.

State Housing Supply

The 2000 US Census reported 8.2 million housing units in Texas, of which 90.6 percent are occupied. The number of housing units increased 16 percent from 7.0 million units that were on the ground in 1990. The breakdown of occupied units by type is 4.7 million owner occupied (a 28 percent increase over 1990) and 2.8 million renter occupied (a 13 percent increase over 1990). The average household size for

[9] The response rate for the 2003 CNS was 37 percent.

owner-occupied units increased to 2.87 persons per unit in 2000 as compared to 2.85 units in 1990. The average household size for renter units decreased slightly to 2.53 persons per unit in 2000 as compared to 2.55 units in 1990.

There is a shortage of affordable housing in the extremely low, very low, low, and moderate income brackets. This is primarily caused by the private sector's concentration of development, both single family and multifamily development, in larger metropolitan areas and targeting higher income individuals and families. The explosive growth of the metropolitan areas as well as the lack of new construction during the late 1980s and early 1990s created a huge demand for housing at all income levels. Due to higher margins associated with housing product targeted for the higher income population, developers focused production to fill the demand at the upper-end of the income spectrum.

A significant portion of Texas's affordable housing portfolio consists of HUD-financed or HUD-subsidized properties—many of which are at risk of becoming market rate properties. The most serious of the "at-risk" portfolios is the project-based Section 8 portfolio. The critical nature of this portfolio stems from the number of units in the portfolio and the income segment served. This portfolio contains approximately 49,000 units of deeply subsidized units. Roughly 21,000 of these units (44 percent of the portfolio) are classified as "opt-out" eligible. Another 10,000 units are "marginal" opt-out candidates based on rents fairly close to market rents. The remaining units are classified as restructuring candidates that may or may not enter HUD's Mark-to-Market Program.

Almost 67 percent of the housing units in Texas are single family units, 14 percent are multifamily up to 19 units, and 10 percent are within multifamily structures with 20 units or more. An additional 9.4 percent are mobile homes, RVs, or boats.

Figure 3.13: Housing Type, 2000

	Total	Percent
Housing Units	8,157,575	
One Unit	5,420,910	66.50%
2 to 19 Units	1,151,599	14.10%
Over 20 Units	819,101	10.00%
Mobile Homes	731,652	9.00%
Boats, RVs	34,313	0.40%

Source: 2000 US Census

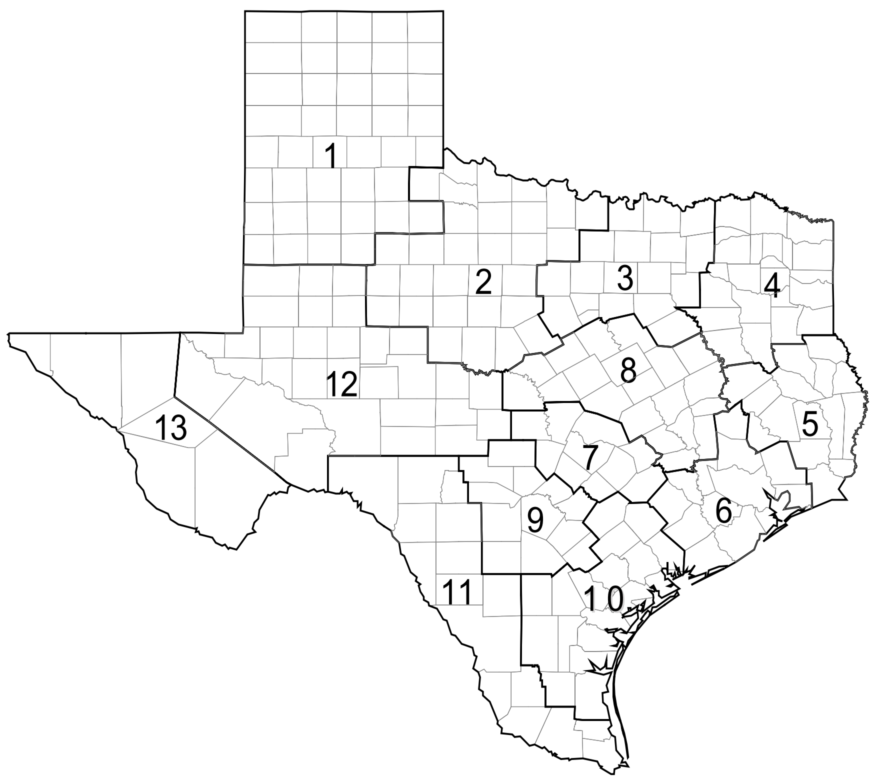
Assisted Housing Inventory

Information on the number of assisted housing units financed through federal and state programs was not available at the time of printing this draft Plan, but will be included in the final document.

UNIFORM STATE SERVICE REGIONS

The Department uses 13 Uniform State Service Regions for research and planning purposes. These regions follow the Texas Comptroller of Public Accounts' grouping that creates 13 regions to better identify the unique characteristics of the border counties and to treat larger metropolitan areas as distinct regions. The Uniform State Service Regions are shown below.

Figure 3.14: Map of the Uniform State Service Regions



The size and diversity of the state of Texas necessitates tailored regional sections. Each of the following Uniform State Service Region plans includes a general demographic description, which uses US Census housing data; a needs assessment, which examines housing problems in the area; an estimate of the existing housing supply; local input into the housing needs of the region; an estimate of the number of assisted multifamily units available, and the Department's resource allocation plans for the year.

REGION 1

This 41-county region in the northwest corner of Texas encompasses over 39,500 square miles of the Panhandle. According to the 2000 Census, the total population in Region 1 is 780,733, which represents 3.7 percent of the state's total population.

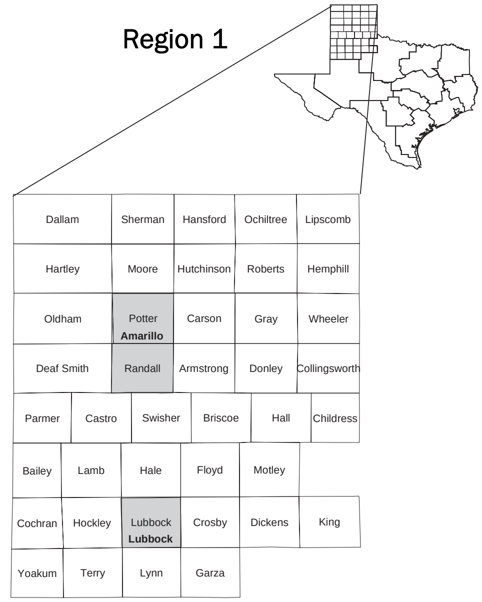


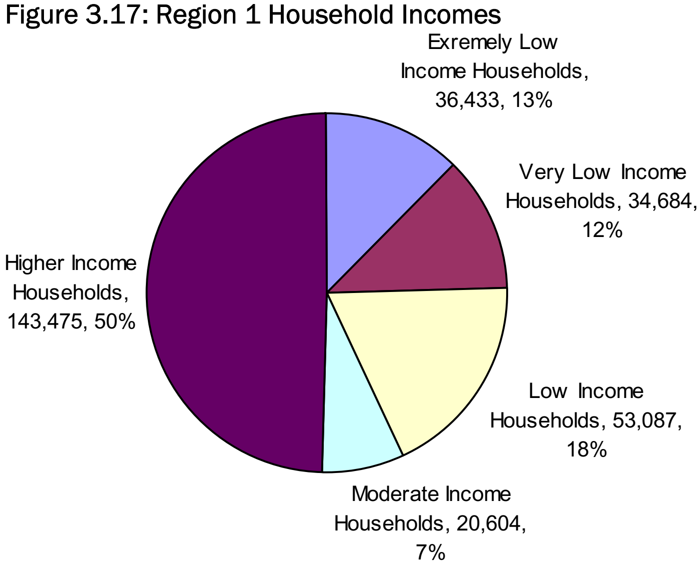
Figure 3.15: Region 1 Population Figures

	Region Total	Percent in Region	Percent of State Total
Total Population	780,733		3.7%
Persons with Disabilities	138,520	17.7%	3.8%
Elderly Persons (without disabilities)	50,862	6.5%	4.7%
Individuals in Poverty	122,991	15.8%	3.9%

Source: 2000 Census

Approximately 57 percent of the population lives in the urban areas, including Amarillo and Lubbock, and the rest live in rural areas of the region.

Figure 3.17: Region 1 Household Incomes



The pie chart to the left depicts the income breakdown of the 288,273 households in the region. Approximately 43 percent of households are low income. There are 122,991, or 15.8 percent, individuals living in poverty in the region.

2005 Multiple Listing Service data records the median home prices for Amarillo and Lubbock as $105,700 and $98,200, respectively.[10] Fourth quarter 2004 data shows that 57 percent of the households have sufficient income to afford the median-priced home in Amarillo, and 52 percent can afford the median-priced home in Lubbock.[11]

Special Needs Populations

According to 2000 Census data, there are 128,520 persons with disabilities residing in the region, which is 16.5 percent of the total region population. In addition, there are 50,862 elderly individuals without disabilities in the region, which is 6.5 percent of the region.

[10] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed August 22, 2005).
[11] Real Estate Center at Texas A&M University, "Texas Housing Affordability Index," http://recenter.tamu.edu/data/misc/afford2.html (accessed August 22, 2005).

Data on the number of homeless individuals in the region is difficult to collect because of the migratory nature of this population. The Texas Interagency Council for the Homeless estimates that there are 200,000 homeless individuals in Texas,[12] but figures vary. According to the 2000 Census, there are 1,068 people in noninstitutional group homes, which include shelters, in the region. In its special tabulation on emergency and transitional shelters, the Census counted 167 homeless persons in Amarillo.

Housing Supply

According to 2000 Census data, of the 322,045 housing units in the region, 288,175 are occupied, which is an 89.5 percent occupancy rate. Of the total housing stock, almost 75 percent are one unit; 15.9 percent are over two units; and the rest are mobile homes, boats, and RVs. Approximately 66.3 percent are owner occupied and 33.7 percent are occupied by renters.

Figure 3.17: Region 1 Housing Units by Occupation

	Region Total	Percent in Region	Region Percent of State
Total Housing Units	322,045		3.9%
Total Occupied Housing Units	288,175	89.5%	3.9%
Owner-Occupied Units	191,161	66.3%	4.1%
Renter-Occupied Units	97,014	33.7%	3.6%

Source: 2000 Census

Data for the region shows that building permits for 2,251 single family units and 2,657 multifamily units were issued in 2004.[13]

Housing Need

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database. Of the total 288,273 households in the region, 79,798 owners and renters have housing problems; this represents 27.7 percent of all households.

Figure 3.18: Region 1 Households with Housing Problems

	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
Renter Households					
Extreme Cost Burden	29,555	14,026	9,256	5,092	1,181
Lacking Kitchen and/or Plumbing	1,638	553	322	301	88
Overcrowding	9,294	2,037	2,029	2,602	2,626
Owner Households					
Extreme Cost Burden	28,912	8,542	7,021	6,944	6,405
Lacking Kitchen and/or Plumbing	1,154	228	163	224	85
Overcrowding	9,245	897	1,223	2,399	4,726
Total	79,798	26,283	20,014	17,562	15,111

Source: 2000 CHAS

12 Texas Interagency Council for the Homeless, "Key Facts."

13 Real Estate Center at Texas A&M University, "Building Permit Activity," http://recenter.tamu.edu/data/bpc/ (accessed August 18, 2005).

Regional Input on Housing Needs

Almost three-quarters of the respondents to the 2003 Community Needs Survey in the region report a severe or significant affordable housing problem in their area. Most prefer rental housing assistance to owner-occupied housing assistance. For the respondents the renovation of existing rental housing and new housing development rank only slightly higher than rental payment assistance.

According to the Community Needs Survey respondents from Region 1, home purchase assistance is more important than the renovation of existing owner-occupied housing and the development of new owner-occupied housing. Fourteen percent of the Community Needs Survey respondents report a severe or significant homeless problem in their area. There is a strong preference for specific TDHCA weatherization and energy activities. Utility payment assistance is more important than measures to increase energy efficiency and activities that repair and replace existing HVAC equipment and energy education.

2004 Regional Advisory Committee meeting reports in Region 1 identified several areas of concern. Focus groups prioritized funding for emergency homeless shelters and energy assistance and weatherization activities. The lack of homebuyer education was also mentioned. The scarcity of affordable rental housing and the need to address the substandard housing problems in the area ranked as high concerns for the region. Finally, the lack of effective communication—including program marketing and public education on affordable housing—was identified as an issue.

Assisted Housing Inventory

Information on the number of assisted housing units financed through federal and state programs was not available at the time of printing this draft Plan, but will be included in the final document.

TDHCA Assistance for 2006

Based on allocation formulas for the programs listed below, TDHCA can estimate the amount of 2006 funding that will be allocated to the region. Please see "TDHCA Allocation Plans" in the Action Plan section for more information on the formulas. Other TDHCA programs and certain program set-asides are not allocated regionally, though funding may be expended in the region.

Figure 3.19: Region 1 Projected 2006 TDHCA Funding by Program

Program	2006 Funding	Funding %
HOME	$1,618,797	6.2%
Housing Tax Credit	$1,916,437	4.6%
Housing Trust Fund	$91,259	4.6%
Community Services Block Grant	$1,331,785	5.0%
Emergency Shelter Grants	$191,053	4.0%
Comprehensive Energy Assistance	$2,177,106	6.6%
Weatherization Assistance	$822,537	7.2%
Total	$8,148,974	

REGION 2

Region 2 surrounds the metropolitan areas of Wichita Falls and Abilene, shaded in the figure to the right. According to the 2000 Census, the total population in Region 2 is 549,267, which represents 2.6 percent of the state's total population.

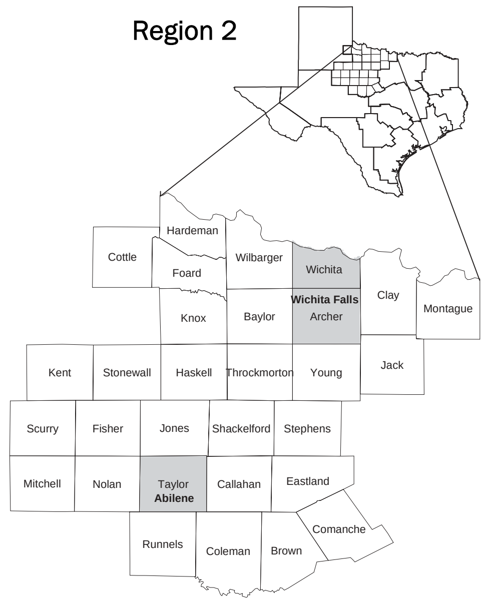


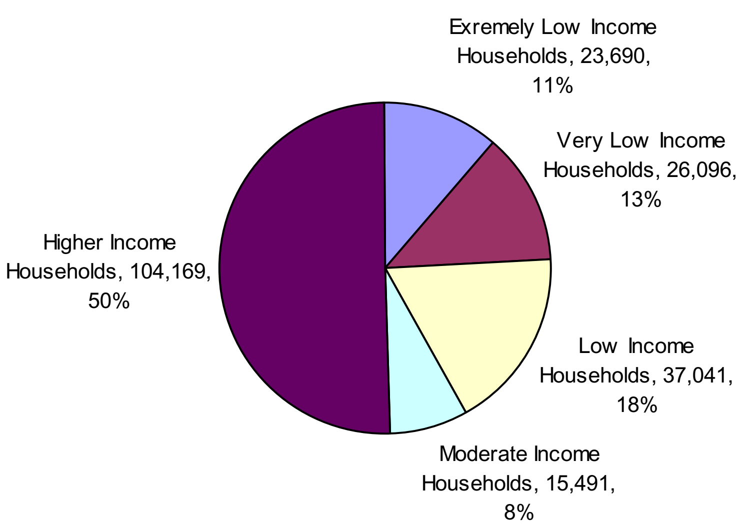
Figure 3.20: Region 2 Population Figures

	Region Total	Percent in Region	Region Percent of State
Total Population	549,267		2.6%
Persons with Disabilities	105,325	19.2%	2.9%
Elderly Persons (without disabilities)	42,485	7.7%	3.9%
Individuals in Poverty	77,647	14.1%	2.5%

Source: 2000 Census

Approximately 52 percent of the population lives in urban areas of the region.

Figure 3.21: Region 2 Household Incomes



The pie chart to the left depicts the income breakdown of the 206,459 households in the region. Approximately 42 percent of households are low income. There are 77,647, or 14.1 percent, individuals living in poverty in the region.

2005 Multiple Listing Service data records the median home prices for Wichita Falls and Abilene as $92,200 and $80,900, respectively.[14] Fourth quarter 2004 data shows that 64 percent of the households have sufficient income to afford the median-priced home in Wichita Falls, and 69 percent can afford the median-priced home in Abilene.[15]

Special Needs Populations

According to 2000 Census data, there are 105,325 persons with disabilities residing in the region, which is 19.2 percent of the total region population. In addition, there are 42,485 elderly individuals without disabilities in the region, which is 7.7 percent of the region.

[14] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed August 22, 2005).
[15] Real Estate Center at Texas A&M University, "Texas Housing Affordability Index," http://recenter.tamu.edu/data/misc/afford2.html (accessed August 22, 2005).

Data on the number of homeless individuals in the region is difficult to collect because of the migratory nature of this population. The Texas Interagency Council for the Homeless estimates that there are 200,000 homeless individuals in Texas,[16] but figures vary. According to the 2000 Census, there are 609 people in noninstitutional group homes, which include shelters, in the region. In its special tabulation on emergency and transitional shelters, the Census did not count any homeless persons in metropolitan areas.

Housing Supply

According to 2000 Census data, of the 243,506 housing units in the region, 206,388 are occupied, which is an 84.8 percent occupancy rate. Of the total housing stock, almost 77 percent are one unit; 12 percent are over two units; and the rest are mobile homes, boats, and RVs. Approximately 69.1 percent are owner occupied and 30.9 percent are occupied by renters.

Figure 3.22: Region 2 Housing Units by Occupation

	Region Total	Percent in Region	Region Percent of State
Total Housing Units	243,506		3.0%
Total Occupied Housing Units	206,388	84.8%	2.8%
Owner-Occupied Units	142,603	69.1%	3.0%
Renter-Occupied Units	63,785	30.9%	2.4%

Source: 2000 Census

Data for the region shows that building permits for 717 single family units and 16 multifamily units were issued in 2004.[17]

Housing Need

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database. Of the total 206,459 households in the region, 49,146 owners and renters have housing problems; this represents 23.8 percent of all households.

Figure 3.23: Region 2 Households with Housing Problems

	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
Renter Households					
Extreme Cost Burden	16,557	7,546	5,733	2,699	559
Lacking Kitchen and/or Plumbing	968	330	161	237	71
Overcrowding	3,906	867	694	1,181	1,164
Owner Households					
Extreme Cost Burden	22,471	6,744	5,894	4,902	4,931
Lacking Kitchen and/or Plumbing	919	253	158	170	60
Overcrowding	4,325	411	558	1,159	2,197
Total	49,146	16,151	13,198	10,348	8,982

Source: 2000 CHAS

[16] Texas Interagency Council for the Homeless, "Key Facts."
[17] Real Estate Center at Texas A&M University, "Building Permit Activity," http://recenter.tamu.edu/data/bpc/ (accessed August 18, 2005).

Regional Input on Housing Needs

Almost three-quarters of the respondents to the 2003 Community Needs Survey in the region report a severe or significant affordable housing problem in their area. Most prefer rental housing assistance to owner-occupied housing assistance. Results show a preference for the renovation of existing housing over other rental housing activities. New housing development is more important than rental payment assistance in the region.

According to the Community Needs Survey respondents from Region 2, the renovation of existing owner-occupied housing is much more important than home purchase assistance and the development of new owner-occupied housing. Twelve percent of the respondents report a severe or significant homeless problem in their region; this is lower than the state average of 23 percent. Among the different types of homeless assistance, short-term homeless shelters rank higher in importance than transitional housing facilities. In terms of TDHCA energy-related activities, Region 2 has a strong preference for utility payment assistance, while measures to increase energy efficiency and assistance with HVAC systems rank next in importance. Energy-related educational activities are the least preferred of the energy-related activities.

2004 Regional Advisory Committee meeting attendees from Region 2 suggest that the department direct the limited housing assistance funding in the area towards existing housing stock rather than new construction. Also, duplicating housing assistance across state and federal funding types is inefficient and should be minimized. The focus group specified some areas in the TDHCA application process that could be improved. One suggestion was a renewal form for previous successful applicants rather than a full application. Another suggested that the application process for state funding is too complex and involves a lot of paperwork, and more training is required.

Assisted Housing Inventory

Information on the number of assisted housing units financed through federal and state programs was not available at the time of printing this draft Plan, but will be included in the final document.

TDHCA Assistance for 2006

Based on allocation formulas for the programs listed below, TDHCA can estimate the amount of 2006 funding that will be allocated to the region. Please see "TDHCA Allocation Plans" in the Action Plan section for more information on the formulas. Other TDHCA programs and certain program set-asides are not allocated regionally, though funding may be expended in the region.

Figure 3.24: Region 2 Projected 2006 TDHCA Funding by Program

Program	2006 Funding	Funding %
HOME	$1,232,890	4.8%
Housing Tax Credit	$1,187,806	2.8%
Housing Trust Fund	$56,562	2.8%
Community Services Block Grant	$953,238	3.0%
Emergency Shelter Grants	$120,436	2.5%
Comprehensive Energy Assistance	$1,535,305	4.6%
Weatherization Assistance	$535,256	4.7%
Total	$5,621,493	

REGION 3

Region 3, including the metropolitan areas of Dallas, Fort Worth, Arlington, Sherman, and Denison, is the state's most populous region. According to the 2000 Census, the total population in Region 3 is 5,487,477, which represents 26.3 percent of the state's total population.

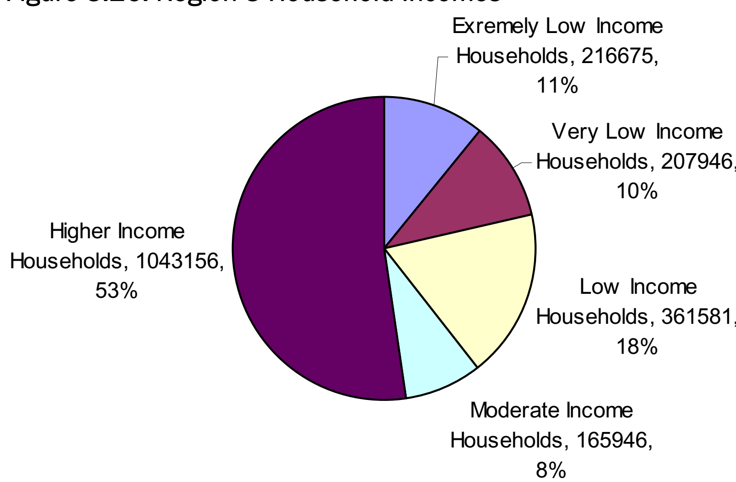
Figure 3.25: Region 3 Population Figures

	Region Total	Percent in Region	Region Percent of State
Total Population	5,487,477		26.3%
Persons with Disabilities	888,217	16.2%	24.6%
Elderly Persons (without disabilities)	245,186	4.5%	22.6%
Individuals in Poverty	588,688	10.7%	18.9%

Source: 2000 Census

Approximately 93 percent of the population resides in urban areas.

Figure 3.26: Region 3 Household Incomes



The pie chart to the left depicts the income breakdown of the 1,988,135 households in the region. Approximately 39 percent of households are low income. There are 588,688, or 10.7 percent, individuals living in poverty in the region.

According to 2005 Multiple Listing Service data, the highest median home price is in Collin County at $180,500, while the lowest is in Sherman-Denison at $92,700.[18] Fourth quarter 2004 data shows that at least 60 percent of households in Sherman-Denison, NE Tarrant County, Garland, Denton County, and Collin County have sufficient income to afford the median-priced home, while Dallas, Irving, and Fort Worth and percentages below 60 percent.[19]

Special Needs Populations

According to 2000 Census data, there are 888,217 persons with disabilities residing in the region, which is 16.2 percent of the total region population. In addition, there are 245,186 elderly individuals without disabilities in the region, which is 4.5 percent of the region.

18 Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed August 22, 2005).
19 Real Estate Center at Texas A&M University, "Texas Housing Affordability Index," http://recenter.tamu.edu/data/misc/afford2.html (accessed August 22, 2005).

Data on the number of homeless individuals in the region is difficult to collect because of the migratory nature of this population. The Texas Interagency Council for the Homeless estimates that there are 200,000 homeless individuals in Texas,[20] but figures vary. According to the 2000 Census, there are 6,548 people in noninstitutional group homes, which include shelters, in the region. In its special tabulation on emergency and transitional shelters, the Census counted 1,923 homeless persons in Tarrant and Dallas counties.

Housing Supply

According to 2000 Census data, of the 2,140,641 housing units in the region, 2,004,826 are occupied, which is a 93.7 percent occupancy rate. Of the total housing stock, almost 64 percent are one unit; 30 percent are over two units; and the rest are mobile homes, boats, and RVs. Approximately 60.9 percent are owner occupied and 39.1 percent are occupied by renters.

Figure 3.27: Region 3 Housing Units by Occupation

	Region Total	Percent in Region	Region Percent of State
Total Housing Units	2,140,641		26.2%
Total Occupied Housing Units	2,004,826	93.7%	27.1%
Owner-Occupied Units	1,220,939	60.9%	25.9%
Renter-Occupied Units	783,887	39.1%	29.3%

Source: 2000 Census

Data for the region shows that building permits for 48,892 single family units and 8,608 multifamily units were issued in 2004.[21]

Housing Need

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database. Of the total 1,988,135 households in the region, 610,655 owners and renters have housing problems; this represents 30.7 percent of all households.

Figure 3.28: Region 3 Households with Housing Problems

	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
Renter Households					
Extreme Cost Burden	206,011	78,911	67,156	48,746	11,198
Lacking Kitchen and/or Plumbing	10,144	2,968	2,087	2,247	675
Overcrowding	114,914	26,062	25,691	30,470	32,691
Owner Households					
Extreme Cost Burden	216,038	50,064	41,410	55,310	69,254
Lacking Kitchen and/or Plumbing	6,044	1,373	850	1,214	487
Overcrowding	57,504	5,876	9,070	16,460	26,098
Total	610,655	165,254	146,264	154,447	140,403

Source: 2000 CHAS

[20] Texas Interagency Council for the Homeless, "Key Facts."
[21] Real Estate Center at Texas A&M University, "Building Permit Activity," http://recenter.tamu.edu/data/bpc/ (accessed August 18, 2005).

Regional Input on Housing Needs

Almost three-quarters of the respondents to the 2003 Community Needs Survey in the region report a severe or significant affordable housing problem in their area. There is a slight preference for owner-occupied housing assistance over rental housing assistance. Results show a preference for the renovation of existing housing over other rental housing activities. New housing development is more important than rental payment assistance in the region.

According to the Community Needs Survey respondents from Region 3, the renovation of existing owner-occupied housing is slightly more important than the development of new owner-occupied housing and home purchase assistance. Twenty-three percent of respondents report a severe or significant homeless problem in their region. Among the different types of homeless assistance, transitional housing facilities rank slightly higher in importance than short-term homeless shelters. In terms of TDHCA energy-related activities, Region 3 has a strong preference for utility payment assistance, reflecting the state trend. The repair and replacement of HVAC equipment ranks next in importance, followed by weatherization measures to increase energy efficiency.

2004 Regional Advisory Committee meeting attendees from Region 3 identified problems, successes, and recommendations related to the suggested topics: communication, special needs, funding distribution, and education. Communication and education issues are minor in Region 3. Overall, TDHCA has done a very good job of notifying potential applicants of funding and training opportunities and has disseminated appropriate information in a timely manner. A separation of rural and urban programs is strongly recommended. Special needs populations appear to be adequately served under the various programs and funding streams currently available. Some program regulations should be reviewed to better serve this population. Funding distribution issues can be summarized by the fact that there is simply never enough money to adequately address all the needs in a state this large.

Assisted Housing Inventory

Information on the number of assisted housing units financed through federal and state programs was not available at the time of printing this draft Plan, but will be included in the final document.

TDHCA Assistance for 2006

Based on allocation formulas for the programs listed below, TDHCA can estimate the amount of 2006 funding that will be allocated to the region. Please see "TDHCA Allocation Plans" in the Action Plan section for more information on the formulas. Other TDHCA programs and certain program set-asides are not allocated regionally, though funding may be expended in the region.

Figure 3.29: Region 3 Projected 2006 TDHCA Funding by Program

Program	2006 Funding	Funding %
HOME	$3,378,123	13.0%
Housing Tax Credit	$6,428,929	15.3%
Housing Trust Fund	$306,139	15.3%
Community Services Block Grant	$4,614,797	17.0%
Emergency Shelter Grants	$913,183	18.9%
Comprehensive Energy Assistance	$5,443,366	16.4%
Weatherization Assistance	$1,918,077	16.7%
Total	$23,002,614	

REGION 4

Region 4, located in the northeast corner of the state, surrounds the urban areas of Texarkana, Longview-Marshall, and Tyler. According to the 2000 Census, the total population in Region 4 is 1,015,648, which represents 4.9 percent of the state's total population.

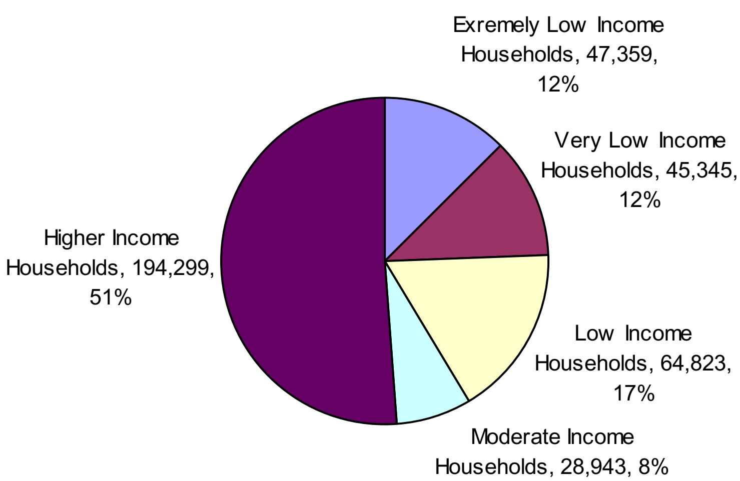
Figure 3.30: Region 4 Population Figures

	Region Total	Percent in Region	Region Percent of State
Total Population	1,015,648		4.9%
Persons with Disabilities	213,753	21.0%	5.9%
Elderly Persons (without disabilities)	77,528	7.6%	7.1%
Individuals in Poverty	152,036	15.0%	4.9%

Source: 2000 Census

Region 4 has the highest percentage of rural population in the state at 61 percent.

Figure 3.31: Region 4 Household Incomes



The pie chart to the left depicts the income breakdown of the 380,765 households in the region. Approximately 41 percent of households are low income. There are 152,036, or 15.0 percent, individuals living in poverty in the region.

2005 Multiple Listing Service data records the median home prices for Tyler and Longview-Marshall as $125,700 and $94,000, respectively.[22] Fourth quarter 2004 data shows that 53 percent of the households have sufficient income to afford the median-priced home in Tyler, and 63 percent can afford the median-priced home in Longview-Marshall.[23]

Special Needs Populations

According to 2000 Census data, there are 213,753 persons with disabilities residing in the region, which is 21.0 percent of the total region population. In addition, there are 77,528 elderly individuals without disabilities in the region, which is 7.6 percent of the region.

[22] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed August 22, 2005).
[23] Real Estate Center at Texas A&M University, "Texas Housing Affordability Index," http://recenter.tamu.edu/data/misc/afford2.html (accessed August 22, 2005).

Data on the number of homeless individuals in the region is difficult to collect because of the migratory nature of this population. The Texas Interagency Council for the Homeless estimates that there are 200,000 homeless individuals in Texas,[24] but figures vary. According to the 2000 Census, there are 1,309 people in noninstitutional group homes, which include shelters, in the region. In its special tabulation on emergency and transitional shelters, the Census counted 110 homeless persons in Tyler.

Housing Supply

According to 2000 Census data, of the 434,792 housing units in the region, 380,468 are occupied, which is an 87.5 percent occupancy rate. Of the total housing stock, almost 71 percent are one unit; 11 percent are over two units; and the rest are mobile homes, boats, and RVs. Approximately 73.8 percent are owner occupied and 26.2 percent are occupied by renters.

Figure 3.32: Region 4 Housing Units by Occupation

	Region Total	Percent in Region	Region Percent of State
Total Housing Units	434,792		5.3%
Total Occupied Housing Units	380,468	87.5%	5.1%
Owner-Occupied Units	280,896	73.8%	6.0%
Renter-Occupied Units	99,572	26.2%	3.7%

Source: 2000 Census

Data for the region shows that building permits for 1,668 single family units and 448 multifamily units were issued in 2004.[25]

Housing Need

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database. Of the total 380,765 households in the region, 100,479 owners and renters have housing problems; this represents 26.4 percent of all households.

Figure 3.33: Region 4 Households with Housing Problems

	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
Renter Households					
Extreme Cost Burden	27,100	12,500	9,142	4,443	1,015
Lacking Kitchen and/or Plumbing	2,108	724	425	363	135
Overcrowding	8,851	1,951	1,688	2,215	2,997
Owner Households					
Extreme Cost Burden	49,419	15,258	11,379	11,530	11,152
Lacking Kitchen and/or Plumbing	2,742	775	429	508	187
Overcrowding	10,259	1,233	1,477	2,496	5,053
Total	100,479	32,441	24,540	21,555	20,539

Source: 2000 CHAS

24 Texas Interagency Council for the Homeless, "Key Facts."

25 Real Estate Center at Texas A&M University, "Building Permit Activity," http://recenter.tamu.edu/data/bpc/ (accessed August 18, 2005).

Regional Input on Housing Needs

Approximately 73 percent of the respondents to the 2003 Community Needs Survey in the region report a severe or significant affordable housing problem in their area. There is a slight preference for owner-occupied housing assistance over rental housing assistance. Results show a slight preference for the renovation of existing housing over other rental housing activities. New housing development is more important than rental payment assistance in the region.

The Community Needs Survey respondents from Region 4 do not express any preference for the different types of owner-occupied housing assistance: the renovation of existing housing, purchase assistance, and new housing development all rank about the same in importance. Twenty percent of the Community Needs Survey respondents report a severe or significant homeless problem in their area. Among the different types of homeless assistance, short-term homeless shelters rank slightly higher in importance than transitional housing facilities. Permanent housing for the homeless ranks last in importance. In terms of TDHCA energy-related activities, Region 4 has a strong preference for utility payment assistance. Weatherization measures to increase energy efficiency ranks next in importance followed by the repair and replacement of HVAC equipment.

2004 Regional Advisory Committee attendees from Region 4 represented several sectors of the housing industry including private developers, nonprofits, housing authorities, and grant consultants. Some of the identified housing problems include the poor quality of affordable housing and existing obstacles to development such as prohibitive land costs, onerous lead-based paint restrictions, and building codes. Other identified housing problems include a lack of mortgage products for buyers of affordable housing and a scarcity of housing development in downtown areas. Homebuyer and consumer education were mentioned as priorities for the region.

Assisted Housing Inventory

Information on the number of assisted housing units financed through federal and state programs was not available at the time of printing this draft Plan, but will be included in the final document.

TDHCA Assistance for 2006

Based on allocation formulas for the programs listed below, TDHCA can estimate the amount of 2006 funding that will be allocated to the region. Please see "TDHCA Allocation Plans" in the Action Plan section for more information on the formulas. Other TDHCA programs and certain program set-asides are not allocated regionally, though funding may be expended in the region.

Figure 3.34: Region 4 Projected 2006 TDHCA Funding by Program

Program	2006 Funding	Funding %
HOME	$3,478,247	13.4%
Housing Tax Credit	$2,201,250	5.2%
Housing Trust Fund	$104,821	5.2%
Community Services Block Grant	$1,435,311	5.0%
Emergency Shelter Grants	$236,035	4.9%
Comprehensive Energy Assistance	$2,137,870	6.4%
Weatherization Assistance	$747,924	6.5%
Total	$10,341,458	

REGION 5

Region 5 encompasses a 15-county area in east Texas including the urban areas of Beaumont and Port Arthur. According to the 2000 Census, the total population in Region 5 is 740,952, which represents 3.6 percent of the state's total population.

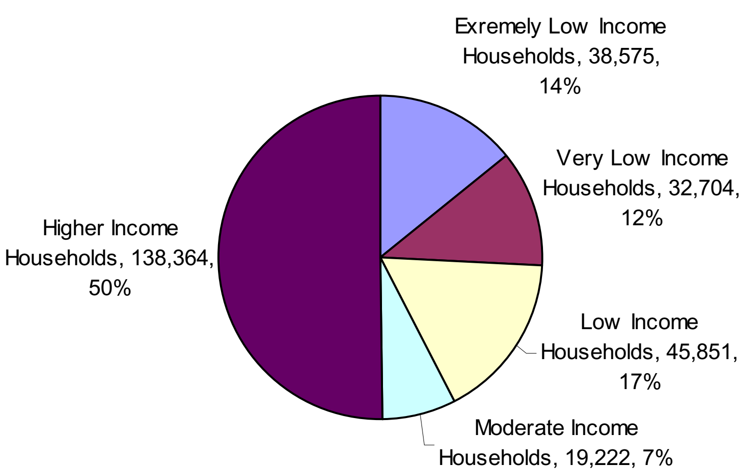
Figure 3.35: Region 5 Population Figures

	Region Total	Percent in Region	Region Percent of State
Total Population	740,952		3.6%
Persons with Disabilities	150,529	20.3%	4.2%
Elderly Persons (without disabilities)	53,148	7.2%	4.9%
Individuals in Poverty	120,585	16.3%	3.9%

Source: 2000 Census

The population in Region 5 is split, with 50 percent living in urban and 50 percent living in rural areas.

Figure 3.36: Region 5 Household Incomes



The pie chart to the left depicts the income breakdown of the 274,543 households in the region. Approximately 43 percent of households are low income. There are 120,585, or 16.3 percent, individuals living in poverty in the region.

2005 Multiple Listing Service data records the median home prices for Beaumont and Port Arthur as $100,400 and $79,900, respectively.[26] Fourth quarter 2004 data shows that 55 percent of the households have sufficient income to afford the median-priced home in Beaumont, and 64 percent can afford the median-priced home in Port Arthur.[27]

Special Needs Populations

According to 2000 Census data, there are 150,529 persons with disabilities residing in the region, which is 20.3 percent of the total region population. In addition, there are 53,148 elderly individuals without disabilities in the region, which is 7.2 percent of the region.

[26] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed August 22, 2005).
[27] Real Estate Center at Texas A&M University, "Texas Housing Affordability Index," http://recenter.tamu.edu/data/misc/afford2.html (accessed August 22, 2005).

Data on the number of homeless individuals in the region is difficult to collect because of the migratory nature of this population. The Texas Interagency Council for the Homeless estimates that there are 200,000 homeless individuals in Texas,[28] but figures vary. According to the 2000 Census, there are 672 people in noninstitutional group homes, which include shelters, in the region. In its special tabulation on emergency and transitional shelters, the Census did not count any homeless persons in metropolitan areas.

Housing Supply

According to 2000 Census data, of the 325,047 housing units in the region, 275,233 are occupied, which is an 84.7 percent occupancy rate. Of the total housing stock, 69.3 percent are one unit; 11 percent are over two units; and the rest are mobile homes, boats, and RVs. Approximately 73.4 percent are owner occupied and 26.6 percent are occupied by renters.

Figure 3.37: Region 5 Housing Units by Occupation

	Region Total	Percent in Region	Region Percent of State
Total Housing Units	325,047		4.0%
Total Occupied Housing Units	275,233	84.7%	3.7%
Owner-Occupied Units	201,971	73.4%	4.3%
Renter-Occupied Units	73,262	26.6%	2.7%

Source: 2000 Census

Data for the region shows that building permits for 1,490 single family units and 112 multifamily units were issued in 2004.[29]

Housing Need

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database. Of the total 274,543 households in the region, 72,650 owners and renters have housing problems; this represents 26.5 percent of all households.

Figure 3.38: Region 5 Households with Housing Problems

	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
Renter Households					
Extreme Cost Burden	21,116	10,733	6,894	2,890	599
Lacking Kitchen and/or Plumbing	1,450	549	300	270	76
Overcrowding	6,868	1,988	1,246	1,477	2,157
Owner Households					
Extreme Cost Burden	32,849	11,845	7,609	7,044	6,351
Lacking Kitchen and/or Plumbing	1,876	555	250	367	90
Overcrowding	8,491	925	970	1,991	4,605
Total	72,650	26,595	17,269	14,039	13,878

Source: 2000 CHAS

[28] Texas Interagency Council for the Homeless, "Key Facts."
[29] Real Estate Center at Texas A&M University, "Building Permit Activity," http://recenter.tamu.edu/data/bpc/ (accessed August 18, 2005).

Regional Input on Housing Needs

Approximately 80 percent of the respondents to the 2003 Community Needs Survey report a severe or significant affordable housing problem in their area. There is a preference for owner-occupied housing assistance over rental housing assistance. Results show a preference for new housing development over other rental housing activities. The renovation of existing housing is more important than rental payment assistance in the region.

The Community Needs Survey respondents from Region 5 express a slight preference for new housing development; the renovation of existing housing and purchase assistance ranked next in importance. Twenty-one percent of the Community Needs Survey respondents report a severe or significant homeless problem in their region. Among the different types of homeless assistance, transitional housing facilities rank slightly higher in importance than short-term homeless shelters. In terms of TDHCA energy-related activities, Region 5 has a strong preference for utility payment assistance, reflecting the state trend. Weatherization measures to increase energy efficiency ranks next in importance followed by the repair and replacement of HVAC equipment.

2004 Regional Advisory Committee attendees agreed that there has been no progress made in addressing the housing crisis since the committee meetings in the previous year. If anything, the region's needs are greater and the resources are more limited. A local organization reported that a recent homeless count in the region indicates that homelessness has risen significantly since last year. It was observed that until mayors, county judges, commissioners, and council members attend the meetings, very little will be accomplished. The group felt that there is not the social awareness, nor the political will, to address the housing issue.

Assisted Housing Inventory

Information on the number of assisted housing units financed through federal and state programs was not available at the time of printing this draft Plan, but will be included in the final document.

TDHCA Assistance for 2006

Based on allocation formulas for the programs listed below, TDHCA can estimate the amount of 2006 funding that will be allocated to the region. Please see "TDHCA Allocation Plans" in the Action Plan section for more information on the formulas. Other TDHCA programs and certain program set-asides are not allocated regionally, though funding may be expended in the region.

Figure 3.39: Region 5 Projected 2006 TDHCA Funding by Program

Program	2006 Funding	Funding %
HOME	$1,731,515	6.7%
Housing Tax Credit	$1,609,043	3.8%
Housing Trust Fund	$76,621	3.8%
Community Services Block Grant	$1,133,369	4.0%
Emergency Shelter Grants	$187,183	3.9%
Comprehensive Energy Assistance	$1,615,919	4.9%
Weatherization Assistance	$568,942	5.0%
Total	$6,922,592	

REGION 6

Region 6 includes the urban areas of Houston, Brazoria, and Galveston. According to the 2000 Census, the total population in Region 6 is 4,854,454, which represents 23.3 percent of the state's total population.

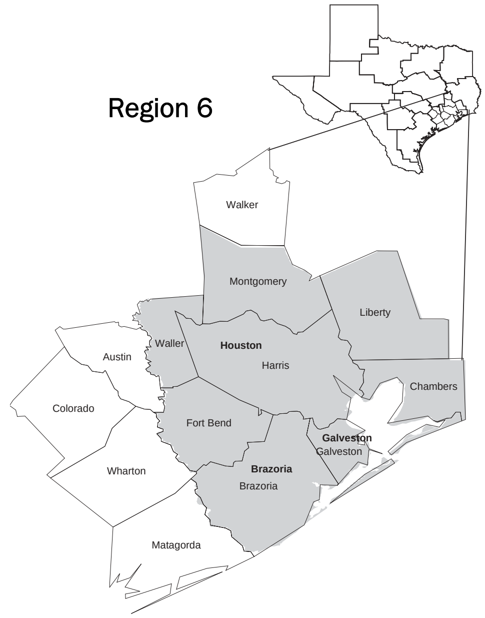


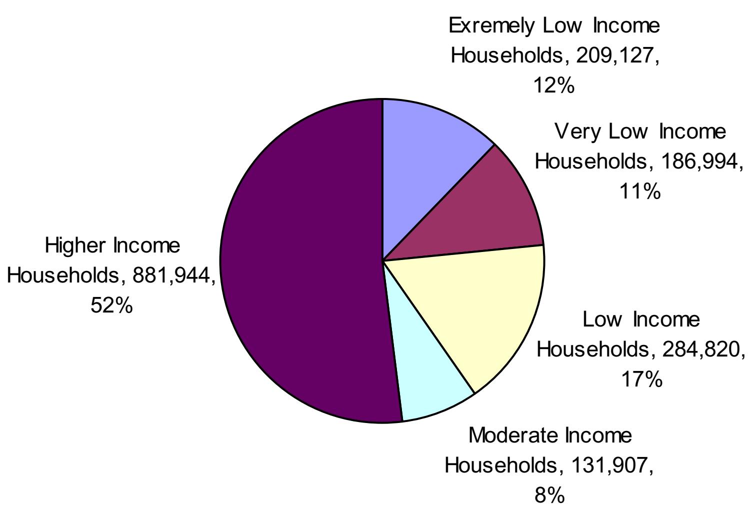
Figure 3.40: Region 6 Population Figures

	Region Total	Percent in Region	Region Percent of State
Total Population	4,854,454		23.3%
Persons with Disabilities	801,436	16.5%	22.2%
Elderly Persons (without disabilities)	206,438	4.3%	19.0%
Individuals in Poverty	656,239	13.5%	21.0%

Source: 2000 Census

Approximately 92 percent of the populations lives in the urban areas of Region 6.

Figure 3.41: Region 6 Household Incomes



The pie chart to the left depicts the income breakdown of the 1,691,811 households in the region. Approximately 40 percent of households are low income. There are 656,239, or 13.5 percent, individuals living in poverty in the region.

2005 Multiple Listing Service data records the median home prices for Houston , and Galveston as $138,400 and $155,300, respectively.[30] Fourth quarter 2004 data shows that 54 percent of the households have sufficient income to afford the median-priced home in Houston, 51 percent can afford the median-priced home in Galveston.[31]

Special Needs Populations

According to 2000 Census data, there are 801,436 persons with disabilities residing in the region, which is 16.3 percent of the total region population. In addition, there are 206,438 elderly individuals without disabilities in the region, which is 4.3 percent of the region.

[30] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed August 22, 2005).

[31] Real Estate Center at Texas A&M University, "Texas Housing Affordability Index," http://recenter.tamu.edu/data/misc/afford2.html (accessed August 22, 2005).

Data on the number of homeless individuals in the region is difficult to collect because of the migratory nature of this population. The Texas Interagency Council for the Homeless estimates that there are 200,000 homeless individuals in Texas,[32] but figures vary. According to the 2000 Census, there are 7,792 people in noninstitutional group homes, which include shelters, in the region. In its special tabulation on emergency and transitional shelters, the Census counted 1,756 homeless persons in the Houston area.

Housing Supply

According to 2000 Census data, of the 1,853,854 housing units in the region, 1,702,792 are occupied, which is a 91.9 percent occupancy rate. Of the total housing stock, 71 percent are one unit; 18 percent are over two units; and the rest are mobile homes, boats, and RVs. Approximately 60.9 percent are owner occupied and 39.1 percent are occupied by renters.

Figure 3.42: Region 6 Housing Units by Occupation

	Region Total	Percent in Region	Region Percent of State
Total Housing Units	1,853,854		22.7%
Total Occupied Housing Units	1,702,792	91.9%	23.0%
Owner-Occupied Units	1,037,371	60.9%	22.0%
Renter-Occupied Units	665,421	39.1%	24.9%

Source: 2000 Census

Data for the region shows that building permits for 45,536 single family units and 11,214 multifamily units were issued in 2004.[33]

Housing Need

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database. Of the total 1,691,811 households in the region, 541,869 owners and renters have housing problems; this represents 32.0 percent of all households.

Figure 3.43: Region 6 Households with Housing Problems

	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
Renter Households					
Extreme Cost Burden	168,355	71,699	55,967	31,103	9,586
Lacking Kitchen and/or Plumbing	9,614	3,228	1,892	2,034	492
Overcrowding	117,586	29,482	27,886	30,141	30,077
Owner Households					
Extreme Cost Burden	173,411	44,640	34,996	42,008	51,767
Lacking Kitchen and/or Plumbing	6,691	1,650	983	1,279	410
Overcrowding	66,212	7,391	10,243	18,303	23,006
Total	541,869	158,090	131,967	124,868	115,338

Source: 2000 CHAS

32 Texas Interagency Council for the Homeless, "Key Facts."

33 Real Estate Center at Texas A&M University, "Building Permit Activity," http://recenter.tamu.edu/data/bpc/ (accessed August 18, 2005).

Regional Input on Housing Needs

Approximately 77 percent of the respondents to the 2003 Community Needs Survey report a severe or significant affordable housing problem in their area. There is a preference for owner-occupied housing assistance over rental housing assistance. Results show a preference for new housing development over other rental housing activities. The renovation of existing housing is more important than rental payment assistance in the region.

The Community Needs Survey respondents from Region 6 express a slight preference for new housing development; the renovation of existing housing and purchase assistance rank next in importance. Thirty-two percent of the Community Needs Survey respondents report a severe or significant homeless problem in their region. Among the different types of homeless assistance, short-term homeless shelters rank slightly higher in importance than transitional housing facilities. In terms of TDHCA energy-related activities, Region 6 has a strong preference for utility payment assistance. Weatherization measures to increase energy efficiency ranks next in importance followed by the repair and replacement of HVAC equipment. Energy-related educational activities are the least preferred of the energy related activities.

2004 Regional Advisory Committee attendees from Region 6 identified problems, successes, and recommendations related to the suggested topics: communication, special needs, funding distribution, and education. Some of the successes of communication include a local clearinghouse of housing related information and the TDHCA website. The meeting attendees agreed that TDHCA could improve the use of local media outlets. “Special needs” as a category is not adequately nor consistently defined. TDHCA has improved its funding distribution to rural areas, although there is room for improvement. It was noted that there are not funds for educational programs.

Assisted Housing Inventory

Information on the number of assisted housing units financed through federal and state programs was not available at the time of printing this draft Plan, but will be included in the final document.

TDHCA Assistance for 2006

Based on allocation formulas for the programs listed below, TDHCA can estimate the amount of 2006 funding that will be allocated to the region. Please see “TDHCA Allocation Plans” in the Action Plan section for more information on the formulas. Other TDHCA programs and certain program set-asides are not allocated regionally, though funding may be expended in the region.

Figure 3.44: Region 6 Projected 2006 TDHCA Funding by Program

Program	2006 Funding	Funding %
HOME	$2,236,159	6.2%
Housing Tax Credit	$9,499,614	22.6%
Housing Trust Fund	$452,363	22.6%
Community Services Block Grant	$5,286,198	19.0%
Emergency Shelter Grants	$1,017,657	21.0%
Comprehensive Energy Assistance	$5,673,525	17.1%
Weatherization Assistance	$1,711,418	14.9%
Total	$25,876,934	

REGION 7

The urban area of Austin-San Marcos is at the center of Region 7. According to the 2000 Census, the total population in Region 7 is 1,346,833, which represents 6.5 percent of the state's total population.

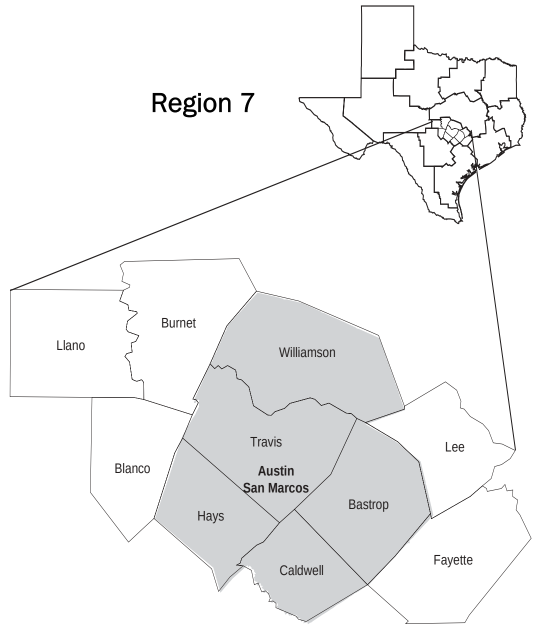


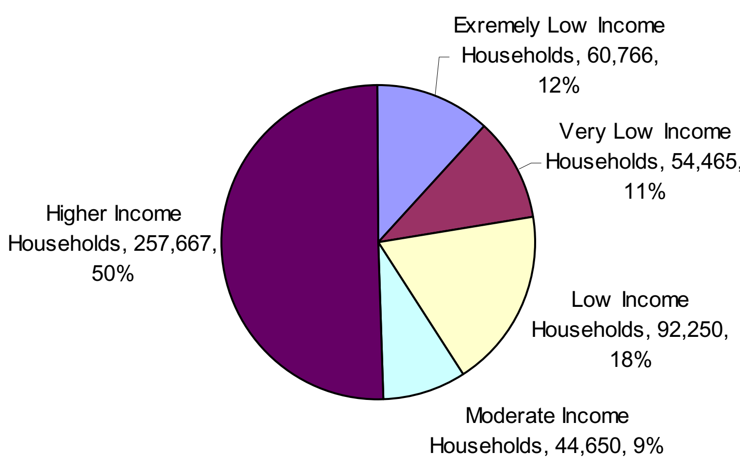
Figure 3.45: Region 7 Population Figures

	Region Total	Percent in Region	Region Percent of State
Total Population	1,346,833		6.5%
Persons with Disabilities	190,226	14.1%	5.3%
Elderly Persons (without disabilities)	61,229	4.5%	5.6%
Individuals in Poverty	145,060	10.8%	4.7%

Source: 2000 Census

Approximately 86 percent of the population lives in urban areas.

Figure 3.46: Region 7 Household Income



The pie chart to the left depicts the income breakdown of the 509,798 households in the region. Approximately 41 percent of households are low income. There are 145,060, or 10.8 percent, individuals living in poverty in the region.

The 2005 Multiple Listing Service median home price for Austin is $159,600.[34] Fourth quarter 2004 data shows that 61 percent of the households have sufficient income to afford the median-priced home.[35]

Special Needs Populations

According to 2000 Census data, there are 190,226 persons with disabilities residing in the region, which is 14.1 percent of the total region population. In addition, there are 61,229 elderly individuals without disabilities in the region, which is 4.5 percent of the region.

Data on the number of homeless individuals in the region is difficult to collect because of the migratory nature of this population. The Texas Interagency Council for the Homeless estimates that there are

[34] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed August 22, 2005).
[35] Real Estate Center at Texas A&M University, "Texas Housing Affordability Index," http://recenter.tamu.edu/data/misc/afford2.html (accessed August 22, 2005).

200,000 homeless individuals in Texas,[36] but figures vary. According to the 2000 Census, there are 2,354 people in noninstitutional group homes, which include shelters, in the region. In its special tabulation on emergency and transitional shelters, the Census counted 481 homeless persons in Austin.

Housing Supply

According to 2000 Census data, of the 545,761 housing units in the region, 510,555 are occupied, which is a 93.5 percent occupancy rate. Of the total housing stock, 62 percent are one unit; 30 percent are over two units; and the rest are mobile homes, boats, and RVs. Approximately 59.8 percent are owner occupied and 40.2 percent are occupied by renters.

Figure 3.47: Region 7 Housing Units by Occupation

	Region Total	Percent in Region	Region Percent of State
Total Housing Units	545,761		6.7%
Total Occupied Housing Units	510,555	93.5%	6.9%
Owner-Occupied Units	305,294	59.8%	6.5%
Renter-Occupied Units	205,261	40.2%	7.7%

Source: 2000 Census

Data for the region shows that building permits for 15,031 single family units and 4,000 multifamily units were issued in 2004.[37]

Housing Need

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database. Of the total 509,798 households in the region, 164,537 owners and renters have housing problems; this represents 32.3 percent of all households.

Figure 3.48: Region 7 Households with Housing Problems

	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
Renter Households					
Extreme Cost Burden	68,118	27,648	21,497	15,700	3,273
Lacking Kitchen and/or Plumbing	2,869	1,170	562	565	185
Overcrowding	22,581	5,433	5,070	5,645	6,433
Owner Households					
Extreme Cost Burden	56,638	11,452	10,018	16,282	18,884
Lacking Kitchen and/or Plumbing	2,013	519	291	423	110
Overcrowding	12,318	1,023	2,055	3,503	5,719
Total	164,537	47,245	39,493	42,118	34,604

Source: 2000 CHAS

36 Texas Interagency Council for the Homeless, "Key Facts."
37 Real Estate Center at Texas A&M University, "Building Permit Activity," http://recenter.tamu.edu/data/bpc/ (accessed August 18, 2005).

Regional Input on Housing Needs

Approximately 91 percent of the respondents to the 2003 Community Needs Survey in the region report a severe or significant affordable housing problem; this is the highest percentage in the state. There is a preference for rental housing assistance over owner-occupied housing assistance. Results show a slight preference for renovation of existing housing over other rental housing activities. Rental payment assistance is more important in the region than new housing development.

The Community Needs Survey respondents from Region 7 express a slight preference for the renovation of existing housing; purchase assistance and new housing development rank next in importance. Twenty-nine percent of respondents report a severe or significant homeless problem in their region. Among the different types of homeless assistance, transitional housing facilities rank slightly higher in importance than short-term homeless shelters. In terms of TDHCA energy-related activities, Region 7 has a preference for utility payment assistance, reflecting the state trend. Weatherization measures to increase energy efficiency ranks next in importance followed by the repair and replacement of HVAC equipment.

2004 Regional Advisory Committee meeting attendees from Region 7 discussed three issues: the definition of affordable housing; the trends and issues for the region; and which programs are working towards the goal of increasing the supply of affordable housing. Meeting attendees identified two segments of population in need of affordable housing: the working poor and very low income households. Affordable housing is a regional problem that lacks regional attention. As the region's population continues to increase and wages remain stable, there will be a lack of affordable homes for workers near their jobs. The group identified specific programs that work well, including the City of Austin's Neighborhood Planning Program, Section 8 housing voucher program, and the Texas Jump Start financial literacy program.

Assisted Housing Inventory

Information on the number of assisted housing units financed through federal and state programs was not available at the time of printing this draft Plan, but will be included in the final document.

TDHCA Assistance for 2006

Based on allocation formulas for the programs listed below, TDHCA can estimate the amount of 2006 funding that will be allocated to the region. Please see "TDHCA Allocation Plans" in the Action Plan section for more information on the formulas. Other TDHCA programs and certain program set-asides are not allocated regionally, though funding may be expended in the region.

Figure 3.49: Region 7 Projected 2006 TDHCA Funding by Program

Program	2006 Funding	Funding %
HOME	$892,496	3.4%
Housing Tax Credit	$3,300,380	7.9%
Housing Trust Fund	$157,161	7.9%
Community Services Block Grant	$1,330,777	5.0%
Emergency Shelter Grants	$224,910	4.7%
Comprehensive Energy Assistance	$1,356,561	4.1%
Weatherization Assistance	$506,715	4.4%
Total	$7,769,001	

REGION 8

Region 8, located in the center of the state, surrounds the urban areas of Waco, Bryan, College Station, Killeen, and Temple. According to the 2000 Census, the total population in Region 8 is 963,139 which represents 4.6 percent of the state's total population.

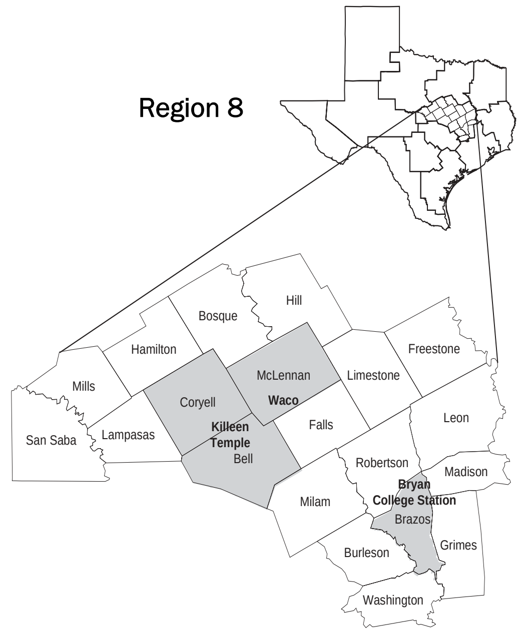


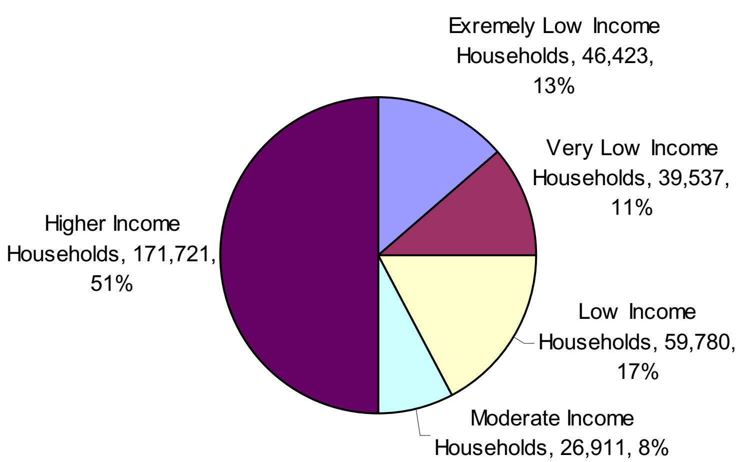
Figure 3.50: Region 8 Population Figures

	Region Total	Percent in Region	Region Percent of State
Total Population	963,139		4.6%
Persons with Disabilities	160,743	16.7%	4.5%
Elderly Persons (without disabilities)	55,854	5.8%	5.1%
Individuals in Poverty	149,480	15.5%	4.8%

Source: 2000 Census

Approximately 75 percent of the population lives in the urban areas of Region 8.

Figure 3.51: Region 8 Household Income



The pie chart to the left depicts the income breakdown of the 343,856 households in the region. Approximately 41 percent of households are low income. There are 149,480, or 15.5 percent, individuals living in poverty in the region.

2005 Multiple Listing Service data records the median home prices for Bryan-College Station and Killen-Fort Hood as $126,600 and $101,200, respectively.[38] Fourth quarter 2004 data shows that 40 percent of the households have sufficient income to afford the median-priced home in Bryan-College Station, and 73 percent can afford the median-priced home in Killeen-Fort Hood.[39]

Special Needs Populations

According to 2000 Census data, there are 160,743 persons with disabilities residing in the region, which is 16.7 percent of the total region population. In addition, there are 55,854 elderly individuals without disabilities in the region, which is 5.8 percent of the region.

[38] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed August 22, 2005).
[39] Real Estate Center at Texas A&M University, "Texas Housing Affordability Index," http://recenter.tamu.edu/data/misc/afford2.html (accessed August 22, 2005).

Data on the number of homeless individuals in the region is difficult to collect because of the migratory nature of this population. The Texas Interagency Council for the Homeless estimates that there are 200,000 homeless individuals in Texas,[40] but figures vary. According to the 2000 Census, there are 1,003 people in noninstitutional group homes, which include shelters, in the region. In its special tabulation on emergency and transitional shelters, the Census counted 129 homeless persons in the Killeen area.

Housing Supply

According to 2000 Census data, of the 387,627 housing units in the region, 344,575 are occupied, which is an 88.9 percent occupancy rate. Of the total housing stock, 67 percent are one unit; 20 percent are over two units; and the rest are mobile homes, boats, and RVs. Approximately 61.2 percent are owner occupied and 38.8 percent are occupied by renters.

Figure 3.52: Region 8 Housing Units by Occupation

	Region Total	Percent in Region	Region Percent of State
Total Housing Units	387,627		4.8%
Total Occupied Housing Units	344,575	88.9%	4.7%
Owner-Occupied Units	210,882	61.2%	4.5%
Renter-Occupied Units	133,693	38.8%	5.0%

Source: 2000 Census

Data for the region shows that building permits for 4,376 single family units and 2,201 multifamily units were issued in 2004.[41]

Housing Need

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database. Of the total 343,856 households in the region, 103,864 owners and renters have housing problems; this represents 30.2 percent of all households.

Figure 3.53: Region 8 Households with Housing Problems

	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
Renter Households					
Extreme Cost Burden	42,797	20,028	12,657	8,285	1,826
Lacking Kitchen and/or Plumbing	1,831	601	354	355	92
Overcrowding	12,409	2,903	2,232	3,502	3,772
Owner Households					
Extreme Cost Burden	36,129	9,754	7,763	9,069	9,543
Lacking Kitchen and/or Plumbing	1,798	477	346	331	112
Overcrowding	8,900	741	1,055	2,293	4,811
Total	103,864	34,504	24,407	23,835	20,156

Source: 2000 CHAS

40 Texas Interagency Council for the Homeless, "Key Facts."
41 Real Estate Center at Texas A&M University, "Building Permit Activity," http://recenter.tamu.edu/data/bpc/ (accessed August 18, 2005).

Regional Input on Housing Needs

Approximately 76 percent of the respondents to the 2003 Community Needs Survey in the region report a severe or significant affordable housing problem in their area. There is a preference for owner-occupied housing assistance over rental housing assistance. Results show a slight preference for renovation of existing rental housing over other rental housing activities. Rental payment assistance is more important than in the region new housing development.

The Community Needs Survey respondents from Region 8 express a slight preference for the renovation of existing housing; purchase assistance and new housing development rank next in importance. Twenty-seven percent of the respondents report a severe or significant homeless problem in their region. Among the different types of homeless assistance, short-term homeless shelters rank slightly higher in importance than transitional housing facilities. In terms of TDHCA energy-related activities, Region 8 has a preference for utility payment assistance. Weatherization measures to increase energy efficiency ranks next in importance followed by the repair and replacement of HVAC equipment.

2004 Regional Advisory Committee attendees from Region 8 discussed the discussed the definition of affordable housing versus subsidized housing and the need for elected officials to possess a complete understanding of the affordable housing programs available. The meeting attendees identified a need for homeless shelters to address the problem of persons living in abandoned or condemned housing in the region. There is a need for solid demographic information on the special needs populations in the area. With regard to the current funding distribution, the group identified a need for rental and owner housing in rural areas. The application process for housing funds is complex and daunting. There is a problem with overcrowded housing and a need for housing infill programs. The group identified a desire for additional homebuyer education counseling and improved communication regarding funding opportunities.

Assisted Housing Inventory

Information on the number of assisted housing units financed through federal and state programs was not available at the time of printing this draft Plan, but will be included in the final document.

TDHCA Assistance for 2006

Based on allocation formulas for the programs listed below, TDHCA can estimate the amount of 2006 funding that will be allocated to the region. Please see “TDHCA Allocation Plans” in the Action Plan section for more information on the formulas. Other TDHCA programs and certain program set-asides are not allocated regionally, though funding may be expended in the region.

Figure 3.54: Region 8 Projected 2006 TDHCA Funding by Program

Program	2006 Funding	Funding %
HOME	$1,181,761	4.6%
Housing Tax Credit	$2,575,926	6.1%
Housing Trust Fund	$122,663	6.1%
Community Services Block Grant	$1,323,391	5.0%
Emergency Shelter Grants	$231,681	4.8%
Comprehensive Energy Assistance	$1,844,233	5.6%
Weatherization Assistance	$637,907	5.6%
Total	$7,917,562	

REGION 9

San Antonio is the main metropolitan area in Region 9. According to the 2000 Census, the total population in Region 9 is 1,807,868, which represents 8.7 percent of the state's total population.

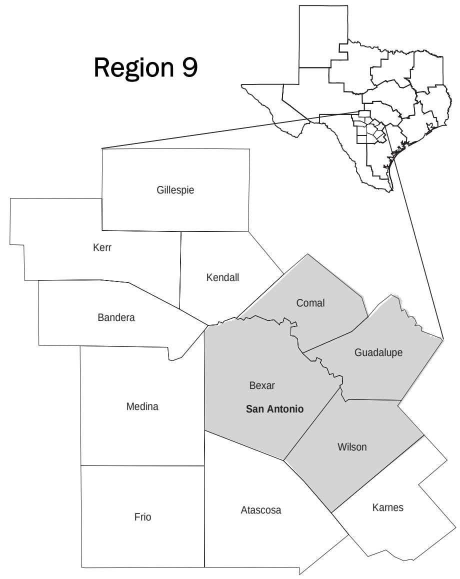


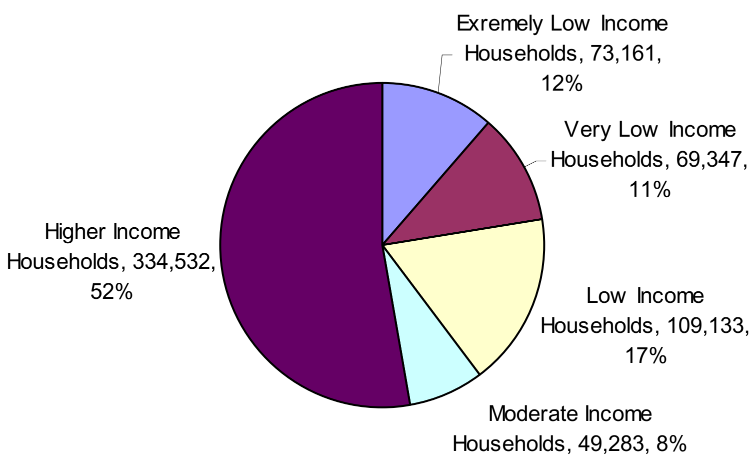
Figure 3.55: Region 9 Population Figures

	Region Total	Percent in Region	Region Percent of State
Total Population	1,807,868		8.7%
Persons with Disabilities	337,541	18.7%	9.4%
Elderly Persons (without disabilities)	107,974	6.0%	9.9%
Individuals in Poverty	267,118	14.8%	8.6%

Source: 2000 Census

Approximately 89 percent of the population lives in urban areas.

Figure 3.56: Region 9 Household Income



The pie chart to the left depicts the income breakdown of the 635,280 households in the region. Approximately 40 percent of households are low income. There are 267,118, or 14.8 percent, individuals living in poverty in the region.

The 2005 Multiple Listing Service records the median home price for San Antonio as $126,700.[42] 2004 data shows that 56 percent of the households have sufficient income to afford the median-priced home.[43]

Special Needs Populations

According to 2000 Census data, there are 337,541 persons with disabilities residing in the region, which is 18.7 percent of the total region population. In addition, there are 107,974 elderly individuals without disabilities in the region, which is 6.0 percent of the region.

[42] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed August 22, 2005).
[43] Real Estate Center at Texas A&M University, "Texas Housing Affordability Index," http://recenter.tamu.edu/data/misc/afford2.html (accessed August 22, 2005).

Data on the number of homeless individuals in the region is difficult to collect because of the migratory nature of this population. The Texas Interagency Council for the Homeless estimates that there are 200,000 homeless individuals in Texas,[44] but figures vary. According to the 2000 Census, there are 2,919 people in noninstitutional group homes, which include shelters, in the region. In its special tabulation on emergency and transitional shelters, the Census counted 850 homeless persons in San Antonio.

Housing Supply

According to 2000 Census data, of the 689,862 housing units in the region, 636,796 are occupied, which is a 92.3 percent occupancy rate. Of the total housing stock, 69 percent are one unit; 22 percent are over two units; 8 percent are mobile homes; and the rest are boats and RVs. Approximately 65.0 percent are owner occupied and 35.0 percent are occupied by renters.

Figure 3.57: Region 9 Housing Units by Occupation

	Region Total	Percent in Region	Region Percent of State
Total Housing Units	689,862		8.5%
Total Occupied Housing Units	636,796	92.3%	8.6%
Owner-Occupied Units	414,009	65.0%	8.8%
Renter-Occupied Units	222,787	35.0%	8.3%

Source: 2000 Census

Data for the region shows that building permits for 12,924 single family units and 4,905 multifamily units were issued in 2004.[45]

Housing Need

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database. Of the total 635,280 households in the region, 194,512 owners and renters have housing problems; this represents 30.6 percent of all households.

Figure 3.58: Region 9 Households with Housing Problems

	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
Renter Households					
Extreme Cost Burden	62,012	24,095	19,495	14,458	3,964
Lacking Kitchen and/or Plumbing	3,284	1,137	484	751	241
Overcrowding	28,877	7,296	6,160	7,359	8,062
Owner Households					
Extreme Cost Burden	71,630	17,316	14,240	17,201	22,873
Lacking Kitchen and/or Plumbing	3,270	713	667	624	297
Overcrowding	25,439	2,644	4,107	6,555	12,133
Total	194,512	53,201	45,153	46,948	47,570

Source: 2000 CHAS

[44] Texas Interagency Council for the Homeless, "Key Facts."

[45] Real Estate Center at Texas A&M University, "Building Permit Activity," http://recenter.tamu.edu/data/bpc/ (accessed August 18, 2005).

Regional Input on Housing Needs

Approximately 79 percent of the respondents to the 2003 Community Needs Survey in the region report a severe or significant affordable housing problem in their area. There is no clear preference for owner-occupied housing assistance or rental housing assistance. Results show a slight preference for new rental housing development over other rental housing activities. Rental payment assistance is more important in the region than the renovation of existing housing.

The Community Needs Survey respondents from Region 9 do not express a preference for the renovation of existing housing, purchase assistance, or new housing development. Twenty percent of the respondents report a severe or significant homeless problem in the region. Among the different types of homeless assistance, transitional housing facilities rank slightly higher in importance than short-term homeless shelters. In terms of TDHCA energy-related activities, Region 9 has a preference for utility payment assistance, reflecting the state trend. Weatherization measures to increase energy efficiency ranks next in importance followed by the repair and replacement of HVAC equipment. Energy-related educational activities are the least preferred of the energy related activities.

2004 Regional Advisory Committee attendees from Region 9 concluded that although more funding would close the gap between the need for affordable housing and the supply, funding alone is not the answer. The process needs to be improved for both private and public entities. The group expressed a desire to receive feedback from TDHCA on the points and issues raised in the RAC meetings.

Assisted Housing Inventory

Information on the number of assisted housing units financed through federal and state programs was not available at the time of printing this draft Plan, but will be included in the final document.

TDHCA Assistance for 2006

Based on allocation formulas for the programs listed below, TDHCA can estimate the amount of 2006 funding that will be allocated to the region. Please see "TDHCA Allocation Plans" in the Action Plan section for more information on the formulas. Other TDHCA programs and certain program set-asides are not allocated regionally, though funding may be expended in the region.

Figure 3.59: Region 9 Projected 2006 TDHCA Funding by Program

Program	2006 Funding	Funding %
HOME	$1,602,340	6.2%
Housing Tax Credit	$2,277,631	5.4%
Housing Trust Fund	$108,459	5.4%
Community Services Block Grant	$2,366,652	9.0%
Emergency Shelter Grants	$414,511	8.6%
Comprehensive Energy Assistance	$2,656,465	8.0%
Weatherization Assistance	$862,783	7.5%
Total	$10,288,841	

REGION 10

Region 10, including the urban areas of Corpus Christi and Victoria, is located in the south eastern part of the state on the Gulf of Mexico. According to the 2000 Census, the total population in Region 10 is 732,917, which represents 3.5 percent of the state's total population.

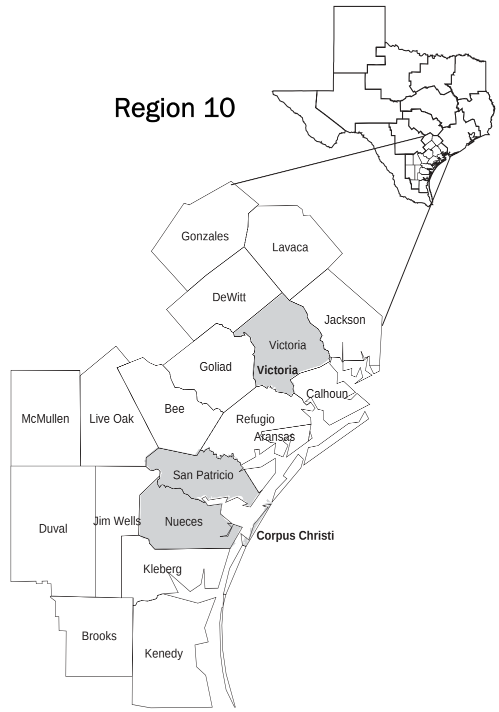


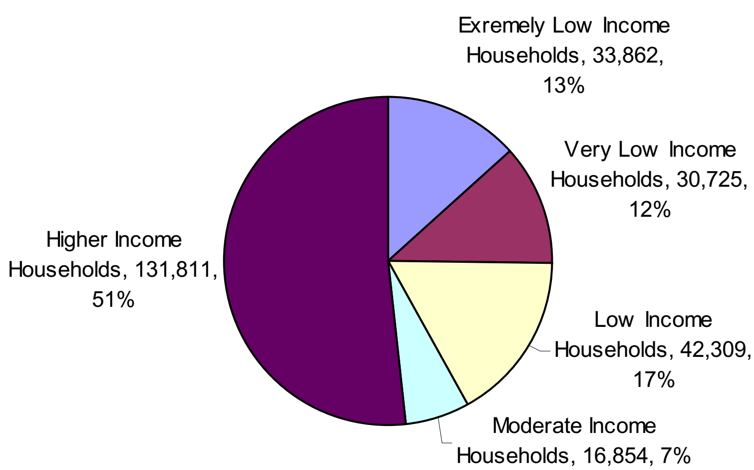
Figure 3.60: Region 10 Population Figures

	Region Total	Percent in Region	Region Percent of State
Total Population	732,917		3.5%
Persons with Disabilities	141,592	19.3%	3.9%
Elderly Persons (without disabilities)	46,900	6.4%	4.3%
Individuals in Poverty	132,214	18.0%	4.2%

Source: 2000 Census

In Region 10, 62 percent live in urban areas.

Figure 3.61: Region 10 Household Income



The pie chart to the left depicts the income breakdown of the 255,493 households in the region. Approximately 42 percent of households are low income. There are 132,214, or 18.0 percent, individuals living in poverty in the region.

The 2005 Multiple Listing Service records the median home price for Corpus Christi as $117,900.[46] Fourth quarter 2004 data shows that 4 percent of the households have sufficient income to afford the median-priced home.[47]

Special Needs Populations

According to 2000 Census data, there are 141,592 persons with disabilities residing in the region, which is 19.3 percent of the total region population. In addition, there are 46,900 elderly individuals without disabilities in the region, which is 6.4 percent of the region.

[46] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed August 22, 2005).
[47] Real Estate Center at Texas A&M University, "Texas Housing Affordability Index," http://recenter.tamu.edu/data/misc/afford2.html (accessed August 22, 2005).

Data on the number of homeless individuals in the region is difficult to collect because of the migratory nature of this population. The Texas Interagency Council for the Homeless estimates that there are 200,000 homeless individuals in Texas,[48] but figures vary. According to the 2000 Census, there are 1,456 people in noninstitutional group homes, which include shelters, in the region. In its special tabulation on emergency and transitional shelters, the Census counted 272 homeless persons in Corpus Christi.

Housing Supply

According to 2000 Census data, of the 298,494 housing units in the region, 256,428 are occupied, which is an 85.9 percent occupancy rate. Of the total housing stock, 71 percent are one unit; 18 percent are over two units; 10 percent are mobile homes; and the rest are boats and RVs. Approximately 66.8 percent are owner occupied and 33.2 percent are occupied by renters.

Figure 3.62: Region 10 Housing Units by Occupation

	Region Total	Percent in Region	Region Percent of State
Total Housing Units	298,494		3.7%
Total Occupied Housing Units	256,428	85.9%	3.5%
Owner-Occupied Units	171,319	66.8%	3.6%
Renter-Occupied Units	85,109	33.2%	3.2%

Source: 2000 Census

Data for the region shows that building permits for 2,363 single family units and 1,376 multifamily units were issued in 2004.[49]

Housing Need

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database. Of the total 255,493 households in the region, 76,196 owners and renters have housing problems; this represents 29.8 percent of all households.

Figure 3.63: Region 10 Households with Housing Problems

	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
Renter Households					
Extreme Cost Burden	23,006	9,258	7,433	4,896	1,419
Lacking Kitchen and/or Plumbing	1,497	513	234	355	62
Overcrowding	10,429	3,082	2,112	2,289	2,946
Owner Households					
Extreme Cost Burden	28,552	8,706	6,387	6,181	7,278
Lacking Kitchen and/or Plumbing	1,783	588	407	323	66
Overcrowding	10,929	1,235	1,563	2,421	5,710
Total	76,196	23,382	18,136	16,465	17,481

Source: 2000 CHAS

48 Texas Interagency Council for the Homeless, "Key Facts."
49 Real Estate Center at Texas A&M University, "Building Permit Activity," http://recenter.tamu.edu/data/bpc/ (accessed August 18, 2005).

Regional Input on Housing Needs

Approximately 87 percent of the respondents to the 2003 Community Needs Survey in the region report a severe or significant affordable housing problem in their area. There is a preference for owner-occupied housing assistance over rental housing assistance. Results show no significant preference between new rental housing development and the renovation of existing housing. Rental payment assistance is the least important of the three rental housing assistance activities.

Respondents from Region 10 prefer home purchase assistance over the renovation of existing housing. New housing development is the least important owner-occupied housing assistance. Twenty-seven percent of the Community Needs Survey respondents report a severe or significant homeless problem in their region. Among the different types of homeless assistance, short-term homeless shelters rank slightly higher in importance than transitional housing facilities. In terms of TDHCA energy-related activities, Region 10 has a preference for utility payment assistance. Weatherization measures to increase energy efficiency ranks next in importance followed by the repair and replacement of HVAC equipment.

Regional Advisory Committee meeting attendees from Region 10 recommended improved communication in the form of an email distribution list and a consumer website with housing resources. Communicating with unincorporated communities and colonias require additional effort. Persons with disabilities face difficulties in locating affordable housing; the group suggested funding set-asides for specific programs. Attendees noted that the region is unique in its high poverty rate, number of non-English speakers, and high unemployment rate and therefore there is a greater need for rental housing rather than homeownership opportunities. There is a need for a common definition of affordable housing.

Assisted Housing Inventory

Information on the number of assisted housing units financed through federal and state programs was not available at the time of printing this draft Plan, but will be included in the final document.

TDHCA Assistance for 2006

Based on allocation formulas for the programs listed below, TDHCA can estimate the amount of 2006 funding that will be allocated to the region. Please see "TDHCA Allocation Plans" in the Action Plan section for more information on the formulas. Other TDHCA programs and certain program set-asides are not allocated regionally, though funding may be expended in the region.

Figure 3.64: Region 10 Projected 2006 TDHCA Funding by Program

Program	2006 Funding	Funding %
HOME	$2,100,548	8.1%
Housing Tax Credit	$1,905,305	4.5%
Housing Trust Fund	$90,729	4.5%
Community Services Block Grant	$1,339,992	5.0%
Emergency Shelter Grants	$205,079	4.2%
Comprehensive Energy Assistance	$1,828,528	5.5%
Weatherization Assistance	$663,080	5.8%
Total	$8,133,261	

REGION 11

Region 11 is a 16-county area along the border of Mexico. The main urban areas in the region are Brownsville-Harlingen, McAllen-Edinburg, Del Rio, and Laredo. According to the 2000 Census, the total population in Region 11 is 1,343,330, which represents 6.4 percent of the state's total population.

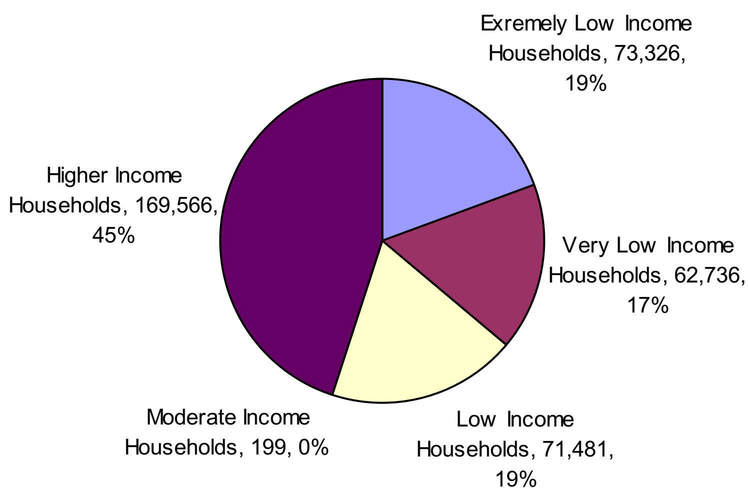
Figure 3.65: Region 11 Population Figures

	Region Total	Percent in Region	Region Percent of State
Total Population	1,343,330		6.4%
Persons with Disabilities	257,838	19.2%	7.2%
Elderly Persons (without disabilities)	67,505	5.0%	6.2%
Individuals in Poverty	455,366	33.9%	14.6%

Source: 2000 Census

About 68 percent of the population lives in urban areas.

Figure 3.66: Region 11 Household Income



The pie chart to the left depicts the income breakdown of the 377,276 households in the region. Approximately 55 percent of households are low income.[50] There are 455,366, or 33.9 percent, individuals living in poverty in the region.

2005 Multiple Listing Service data records the median home prices for Harlingen and Brownsville as $79,500 and $90,000, respectively.[51] Fourth quarter 2004 data shows that 52 percent of the households have sufficient income to afford the median-priced home in Harlingen, and 53 percent can afford the median-priced home in Brownsville.[52]

Special Needs Populations

According to 2000 Census data, there are 257,838 persons with disabilities residing in the region, which is 19.2 percent of the total region population. In addition, there are 67,505 elderly individuals without disabilities in the region, which is 5.0 percent of the region.

[50] TDHCA suspects that household data, which includes income and housing problem figures, may be inaccurate for Region 11. Current CHAS data is included in this analysis, but TDHCA will be working with HUD to request clarification.
[51] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed August 22, 2005).
[52] Real Estate Center at Texas A&M University, "Texas Housing Affordability Index," http://recenter.tamu.edu/data/misc/afford2.html (accessed August 22, 2005).

Data on the number of homeless individuals in the region is difficult to collect because of the migratory nature of this population. The Texas Interagency Council for the Homeless estimates that there are 200,000 homeless individuals in Texas,[53] but figures vary. According to the 2000 Census, there are 1,211 people in noninstitutional group homes, which include shelters, in the region. In its special tabulation on emergency and transitional shelters, the Census counted 193 homeless persons in Laredo.

Housing Supply

According to 2000 Census data, of the 457,406 housing units in the region, 378,275 are occupied, which is an 82.7 percent occupancy rate. Of the total housing stock, 66 percent are one unit; 14 percent are over two units; 18 percent are mobile homes; and the rest are boats and RVs. Approximately 70.8 percent are owner occupied and 29.2 percent are occupied by renters.

Figure 3.67: Region 11 Housing Units by Occupation

	Region Total	Percent in Region	Region Percent of State
Total Housing Units	457,406		5.6%
Total Occupied Housing Units	378,275	82.7%	5.1%
Owner-Occupied Units	267,716	70.8%	5.7%
Renter-Occupied Units	110,559	29.2%	4.1%

Source: 2000 Census

Data for the region shows that building permits for 11,844 single family units and 3,700 multifamily units were issued in 2004.[54]

Housing Need

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database. Of the total 377,276 households in the region, 161,609 owners and renters have housing problems; this represents 42.8 percent of all households.

Figure 3.68: Region 11 Households with Housing Problems

	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
Renter Households					
Extreme Cost Burden	25,023	13,381	7,343	3,335	964
Lacking Kitchen and/or Plumbing	4,751	2,474	1,099	636	0
Overcrowding	31,457	11,542	7,321	6,233	6,361
Owner Households					
Extreme Cost Burden	43,599	15,558	10,747	8,961	8,333
Lacking Kitchen and/or Plumbing	8,043	3,043	2,045	1,585	0
Overcrowding	48,736	8,375	9,672	12,299	18,390
Total	161,609	54,373	38,227	33,049	34,048

Source: 2000 CHAS

53 Texas Interagency Council for the Homeless, "Key Facts."
54 Real Estate Center at Texas A&M University, "Building Permit Activity," http://recenter.tamu.edu/data/bpc/ (accessed August 18, 2005).

Regional Input on Housing Needs

Approximately 90 percent of the respondents to the 2003 Community Needs Survey in the region report a severe or significant affordable housing problem in there area, the second highest percentage among the regions. There is a strong preference for owner-occupied housing assistance over rental housing assistance. Results show a preference for new rental housing development over the renovation of existing housing and rental payment assistance.

The Community Needs Survey respondents from Region 11 prefer home purchase assistance over new housing development. The renovation of existing housing is the least important owner-occupied housing assistance. Forty-three percent of respondents report a severe or significant homeless problem in their region; this is the highest percentage in the state. Among the different types of homeless assistance, short-term homeless shelters rank slightly higher in importance than transitional housing facilities. In terms of TDHCA energy-related activities, Region 11 has a preference for utility payment assistance. Weatherization measures to increase energy efficiency ranks next in importance followed by the repair and replacement of HVAC equipment.

Regional Advisory Committee meeting attendees from Region 11 suggested that more meetings and public hearings would improve communication in the region. The existing special needs programs could be enhanced by more coordination among the service providers. Meeting attendees agreed with the process of evaluating a region's need when distributing funds. Homebuyer education should be mandatory prior to the purchase of a home.

Assisted Housing Inventory

Information on the number of assisted housing units financed through federal and state programs was not available at the time of printing this draft Plan, but will be included in the final document.

TDHCA Assistance for 2006

Based on allocation formulas for the programs listed below, TDHCA can estimate the amount of 2006 funding that will be allocated to the region. Please see "TDHCA Allocation Plans" in the Action Plan section for more information on the formulas. Other TDHCA programs and certain program set-asides are not allocated regionally, though funding may be expended in the region.

Figure 3.69: Region 11 Projected 2006 TDHCA Funding by Program

Program	2006 Funding	Funding %
HOME	$4,583,251	17.7%
Housing Tax Credit	$5,560,000	13.2%
Housing Trust Fund	$264,762	13.2%
Community Services Block Grant	$3,710,876	14.0%
Emergency Shelter Grants	$706,653	14.6%
Comprehensive Energy Assistance	$3,735,670	11.3%
Weatherization Assistance	$1,371,503	12.0%
Total	$19,932,715	

REGION 12

Region 12 in west Texas surrounds the urban areas of Odessa-Midland and San Angelo. According to the 2000 Census, the total population in Region 12 is 524,884, which represents 2.5 percent of the state's total population.

Figure 3.70: Region 12 Population Figures

	Region Total	Percent in Region	Region Percent of State
Total Population	524,884		2.5%
Persons with Disabilities	91,822	17.5%	2.5%
Elderly Persons (without disabilities)	35,764	6.8%	3.3%
Individuals in Poverty	85,063	16.2%	2.7%

Source: 2000 Census

Approximately 68 percent of the population lives in urban areas.

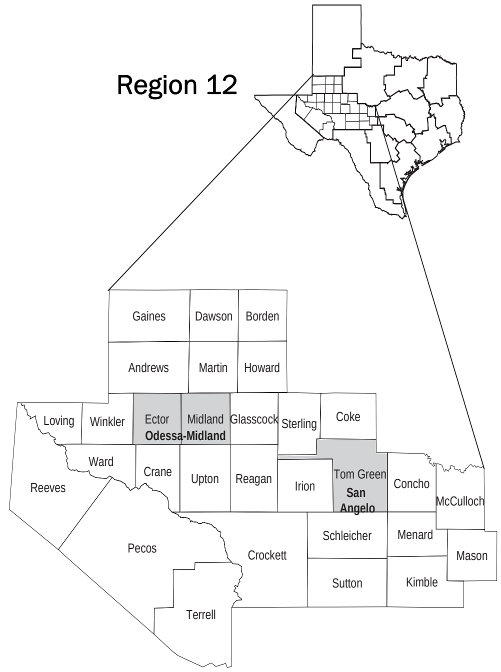
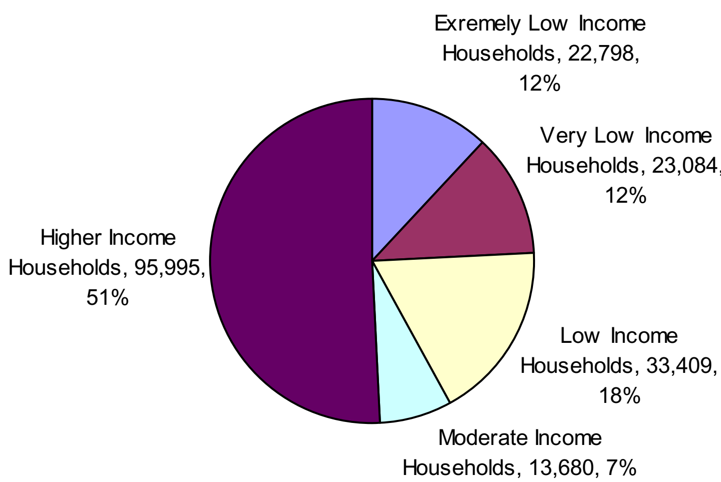


Figure 3.71: Region 12 Household Income



The pie chart to the left depicts the income breakdown of the 188,921 households in the region. Approximately 42 percent of households are low income. There are 85,063, or 16.2 percent, individuals living in poverty in the region.

Multiple Listing Service data records the median home prices for San Angelo and Odessa-Midland as $85,800 and $87,600, respectively.[55] Fourth quarter 2004 data shows that 65 percent of the households have sufficient income to afford the median-priced home in San Angelo, and 69 percent can afford the median-priced home in Odessa-Midland.[56]

Special Needs Populations

According to 2000 Census data, there are 91,822 persons with disabilities residing in the region, which is 17.5 percent of the total region population. In addition, there are 35,764 elderly individuals without disabilities in the region, which is 6.8 percent of the region.

[55] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed August 22, 2005).
[56] Real Estate Center at Texas A&M University, "Texas Housing Affordability Index," http://recenter.tamu.edu/data/misc/afford2.html (accessed August 22, 2005).

Data on the number of homeless individuals in the region is difficult to collect because of the migratory nature of this population. The Texas Interagency Council for the Homeless estimates that there are 200,000 homeless individuals in Texas,[57] but figures vary. According to the 2000 Census, there are 414 people in noninstitutional group homes, which include shelters, in the region. In its special tabulation on emergency and transitional shelters, the Census did not count any homeless people in metropolitan areas.

Housing Supply

According to 2000 Census data, of the 221,968 housing units in the region, 189,582 are occupied, which is an 85.4 percent occupancy rate. Of the total housing stock, 72 percent are one unit; 16 percent are over two units; 12 percent are mobile homes; and the rest are boats and RVs. Approximately 70.1 percent are owner occupied and 29.9 percent are occupied by renters.

Figure 3.72: Region 12 Housing Units by Occupation

	Region Total	Percent in Region	Region Percent of State
Total Housing Units	221,968		2.7%
Total Occupied Housing Units	189,582	85.4%	2.6%
Owner-Occupied Units	132,956	70.1%	2.8%
Renter-Occupied Units	56,626	29.9%	2.1%

Source: 2000 Census

Data for the region shows that building permits for 782 single family units and 21 multifamily units were issued in 2004.[58]

Housing Need

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database. Of the total 188,921 households in the region, 49,895 owners and renters have housing problems; this represents 26.4 percent of all households.

Figure 3.73: Region 12 Households with Housing Problems

	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
Renter Households					
Extreme Cost Burden	14,243	6,874	4,782	2,151	436
Lacking Kitchen and/or Plumbing	1,103	355	253	204	24
Overcrowding	5,372	1,392	983	1,364	1,633
Owner Households					
Extreme Cost Burden	20,719	6,228	5,142	4,727	4,622
Lacking Kitchen and/or Plumbing	1,138	265	223	264	64
Overcrowding	7,320	752	1,186	2,243	3,139
Total	49,895	15,866	12,569	10,953	9,918

Source: 2000 CHAS

[57] Texas Interagency Council for the Homeless, "Key Facts."
[58] Real Estate Center at Texas A&M University, "Building Permit Activity," http://recenter.tamu.edu/data/bpc/ (accessed August 18, 2005).

Regional Input on Housing Needs

Approximately 81 percent of the respondents to the 2003 Community Needs Survey in the region report a severe or significant affordable housing problem in there area. There is a slight preference for owner-occupied housing assistance over rental housing assistance. Results show a preference for new rental housing development over the renovation of existing housing and rental payment assistance.

Community Needs Survey respondents from Region 12 prefer the renovation of existing housing over new housing development. Home purchase assistance is the least important owner-occupied housing assistance. Eighteen percent of the survey respondents report a severe or significant homeless problem in their region. Among the different types of homeless assistance, short-term homeless shelters rank about equal in importance with transitional housing facilities. In terms of TDHCA energy-related activities, Region 12 has a preference for utility payment assistance. Weatherization measures to increase energy efficiency ranks next in importance followed by the repair and replacement of HVAC equipment.

2004 Regional Advisory Committee meeting attendees from Region 12 identified problems, successes, and recommendations related to the suggested affordable housing topics: communication, special needs, funding distribution, and education. There is a need for improved communication between federal, state, and local agencies. Meeting attendees identified a need for programs directed towards people with disabilities and the elderly population in the region. Additional credit counseling and homebuyer education programs are needed.

Assisted Housing Inventory

Information on the number of assisted housing units financed through federal and state programs was not available at the time of printing this draft Plan, but will be included in the final document.

TDHCA Assistance for 2006

Based on allocation formulas for the programs listed below, TDHCA can estimate the amount of 2006 funding that will be allocated to the region. Please see “TDHCA Allocation Plans” in the Action Plan section for more information on the formulas. Other TDHCA programs and certain program set-asides are not allocated regionally, though funding may be expended in the region.

Figure 3.74: Region 12 Projected 2006 TDHCA Funding by Program

Program	2006 Funding	Funding %
HOME	$1,492,952	5.8%
Housing Tax Credit	$1,246,828	3.0%
Housing Trust Fund	$59,373	3.0%
Community Services Block Grant	$1,199,511	4.0%
Emergency Shelter Grants	$132,044	2.7%
Comprehensive Energy Assistance	$1,576,586	4.8%
Weatherization Assistance	$529,734	4.6%
Total	$6,237,028	

REGION 13

El Paso is the main urban area in Region 13. The region spreads along the Texas-Mexico border in the southwestern tip of the state. According to the 2000 Census, the total population in Region 13 is 524,884, which represents 2.5 percent of the state's total population.

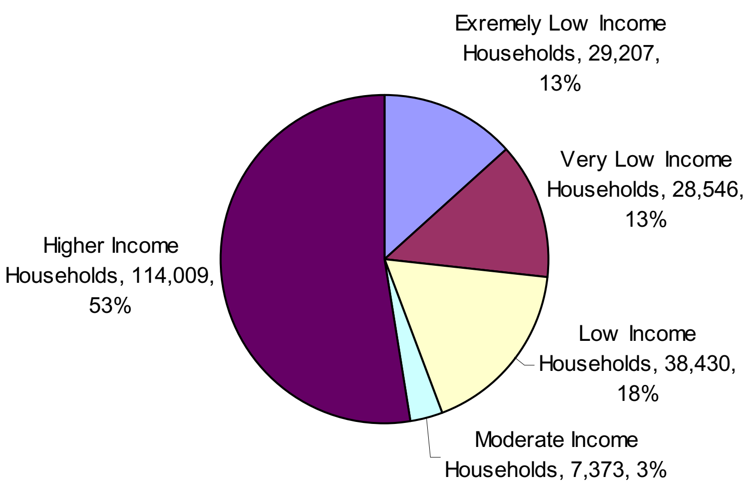
Figure 3.75: Region 13 Population Figures

	Region Total	Percent in Region	Region Percent of State
Total Population	704,318		3.4%
Persons with Disabilities	128,000	18.2%	3.6%
Elderly Persons (without disabilities)	35,421	5.0%	3.3%
Individuals in Poverty	165,122	23.4%	5.3%

Source: 2000 Census

Approximately 92 percent of the region population lives in the urban area of El Paso.

Figure 3.76: Region 13 Household Income



The pie chart to the left depicts the income breakdown of the 216,861 households in the region. Approximately 44 percent of households are low income. There are 165,122, or 23.4 percent, individuals living in poverty in the region.

The 2005 Multiple Listing Service data records the median home price for El Paso as $107,400.[59] Fourth quarter 2004 data shows that 59 percent of the households have sufficient income to afford the median-priced home.[60]

Special Needs Populations

According to 2000 Census data, there are 128,000 persons with disabilities residing in the region, which is 18.2 percent of the total region population. In addition, there are 35,421 elderly individuals without disabilities in the region, which is 5.0 percent of the region.

[59] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed August 22, 2005).
[60] Real Estate Center at Texas A&M University, "Texas Housing Affordability Index," http://recenter.tamu.edu/data/misc/afford2.html (accessed August 22, 2005).

Data on the number of homeless individuals in the region is difficult to collect because of the migratory nature of this population. The Texas Interagency Council for the Homeless estimates that there are 200,000 homeless individuals in Texas,[61] but figures vary. According to the 2000 Census, there are 1,022 people in noninstitutional group homes, which include shelters, in the region. In its special tabulation on emergency and transitional shelters, the Census counted 356 homeless people in El Paso.

Housing Supply

According to 2000 Census data, of the 236,572 housing units in the region, 219,261 are occupied, which is a 92.7percent occupancy rate. Of the total housing stock, 68 percent are one unit; 23 percent are over two units; 8 percent are mobile homes; and the rest are boats and RVs. Approximately 63.8 percent are owner occupied and 36.2 percent are occupied by renters.

Figure 3.77: Region 13 Housing Units by Occupation

	Region Total	Percent in Region	Region Percent of State
Total Housing Units	236,572		2.9%
Total Occupied Housing Units	219,261	92.7%	3.0%
Owner-Occupied Units	139,842	63.8%	3.0%
Renter-Occupied Units	79,419	36.2%	3.0%

Source: 2000 Census

Data for the region shows that building permits for 3,512 single family units and 535 multifamily units were issued in 2004.[62]

Housing Need

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database. Of the total 216,861 households in the region, 81,248 owners and renters have housing problems; this represents 37.5 percent of all households.

Figure 3.78: Region 13 Households with Housing Problems

	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
Renter Households					
Extreme Cost Burden	22,151	8,941	7,159	4,652	1,399
Lacking Kitchen and/or Plumbing	1,679	470	539	297	24
Overcrowding	15,170	15,170	3,728	3,575	3,653
Owner Households					
Extreme Cost Burden	26,451	6,254	5,872	7,268	7,057
Lacking Kitchen and/or Plumbing	1,879	366	411	523	84
Overcrowding	13,918	1,296	2,037	3,263	7,322
Total	81,248	32,497	19,746	19,578	19,539

Source: 2000 CHAS

[61] Texas Interagency Council for the Homeless, "Key Facts."

[62] Real Estate Center at Texas A&M University, "Building Permit Activity," http://recenter.tamu.edu/data/bpc/ (accessed August 18, 2005).

Regional Input on Housing Needs

Approximately 78 percent of the respondents to the 2003 Community Needs Survey in the region report a severe or significant affordable housing problem in there area. There is a preference for owner-occupied housing assistance over rental housing assistance. Results show a preference for new rental housing development over the renovation of existing housing and rental payment assistance.

In terms of owner-occupied housing assistance, survey respondents from Region 13 prefer new housing development over the renovation of existing housing. Home purchase assistance is the least important owner-occupied housing assistance. Forty-one percent of respondents report a severe or significant homeless problem in their region; this is the second highest rate in the state. Among the different types of homeless assistance, short-term homeless shelters rank higher in importance with transitional housing facilities. In terms of TDHCA energy-related activities, Region 13 has a preference for utility payment assistance. Weatherization measures to increase energy efficiency ranks next in importance followed by the repair and replacement of HVAC equipment.

2004 Regional Advisory Committee attendees from Region 13 expressed frustration with revised procedures related to the funding application process. There is a need for new programs that address the fact that many people in the region do not qualify for conventional home loans. The meeting attendees request that additional weight be given to the poverty rate when determining the allocation of funding. Predatory lending education is needed.

Assisted Housing Inventory

Information on the number of assisted housing units financed through federal and state programs was not available at the time of printing this draft Plan, but will be included in the final document.

TDHCA Assistance for 2006

Based on allocation formulas for the programs listed below, TDHCA can estimate the amount of 2006 funding that will be allocated to the region. Please see "TDHCA Allocation Plans" in the Action Plan section for more information on the formulas. Other TDHCA programs and certain program set-asides are not allocated regionally, though funding may be expended in the region.

Figure 3.79: Region 13 Projected 2006 TDHCA Funding by Program

Program	2006 Funding	Funding %
HOME	$398,419	1.5%
Housing Tax Credit	$2,290,850	5.5%
Housing Trust Fund	$109,088	5.5%
Community Services Block Grant	$1,436,984	5.0%
Emergency Shelter Grants	$256,349	5.3%
Comprehensive Energy Assistance	$1,592,680	4.8%
Weatherization Assistance	$600,603	5.2%
Total	$6,684,974	

REGIONAL PLANS SUMMARY

The housing and community service needs of the different regions of Texas are as varied as the regions themselves. This section summarizes the information from the regional plans in the previous section.

POPULATION CHARACTERISTICS

The most populous regions of the state according to the 2000 Census are Regions 3 and 6, together representing almost 50 percent of the state. Regions 3, 7, and 11 are the fastest growing areas as indicated by population estimates.

Figure 3.80: Population by Region

Service Region	Population 2000 Census	Percent of State's Population	Population Estimate Jan 1, 2003	Percent Change 2000 to 2003
1	780,733	3.7%	789,292	1.1%
2	549,267	2.6%	548,013	-0.2%
3	5,487,477	26.3%	5,898,978	7.5%
4	1,015,648	4.9%	1,044,537	2.8%
5	740,952	3.6%	750,676	1.3%
6	4,854,454	23.3%	5,182,676	6.8%
7	1,346,833	6.5%	1,448,465	7.5%
8	963,139	4.6%	998,728	3.7%
9	1,807,868	8.7%	1,901,127	5.2%
10	732,917	3.5%	740,168	1.0%
11	1,343,330	6.4%	1,455,917	8.4%
12	524,884	2.5%	527,426	0.5%
13	704,318	3.4%	730,908	3.8%
State	20,851,820	100%	22,016,911	5.6%

Source: 2000 US Census and Texas State Data Center

The regions with the highest number of persons in poverty are Regions 6, 3, and 11. The state poverty rate is 15.4 percent. The regions with the highest rate of poverty are along the border, Regions 13 and 11 with poverty rates of 23.9 percent and 34.4 percent respectively.

Figure 3.81: Population and Poverty, 2000

Service Region	Persons in Poverty	Percent of State Poverty Total	Population for whom Poverty Status is Determined	Percent of Regional Population in Poverty
1	122,991	3.9%	748,227	16.4%
2	77,647	2.5%	514,399	15.1%
3	588,688	18.9%	5,389,443	10.9%
4	152,036	4.9%	971,222	15.7%
5	120,585	3.9%	705,774	17.1%
6	656,239	21.0%	4,763,150	13.8%
7	145,060	4.7%	1,310,221	11.1%
8	149,480	4.8%	897,160	16.7%
9	267,118	8.6%	1,759,653	15.2%
10	132,214	4.2%	708,646	18.7%
11	455,366	14.6%	1,324,854	34.4%
12	85,063	2.7%	503,813	16.9%
13	165,122	5.3%	690,738	23.9%
State	3,117,609	100.0%	20,287,300	15.4%

Source: 2000 US Census

Figure 3.82 provides information on the income breakdowns of households in each region.

Figure 3.82: Households and Income, 2000

Service Region	Total Households	Extremely Low Income (0% to 30%)	Very Low Income (31% to 50%)	Low Income (51% to 80%)	Moderate Income (81% to 95%)	Higher Income (over 95%)
1	288,273	36,433	34,684	53,087	20,604	143,475
2	206,459	23,690	26,096	37,041	15,491	104,169
3	1,988,135	216,675	207,946	361,581	165,946	1,043,156
4	380,765	47,359	45,345	64,823	28,943	194,299
5	274,543	38,575	32,704	45,851	19,222	138,364
6	1,691,811	209,127	186,994	284,820	131,907	881,944
7	509,798	60,766	54,465	92,250	44,650	257,667
8	343,856	46,423	39,537	59,780	26,911	171,721
9	635,280	73,161	69,347	109,133	49,283	334,532
10	255,493	33,862	30,725	42,309	16,854	131,811
11	377,276	73,326	62,736	71,481	199	169,566
12	188,921	22,798	23,084	33,409	13,680	95,995
13	216,861	29,207	28,546	38,430	7,373	114,009
State	7,357,471	911,402	842,209	1,293,995	541,063	3,780,708

Source: CHAS Database

HOUSING SUPPLY

Of the state's housing stock, regions 1 and 2 have the highest percentage of one-unit housing; Regions 3, 6, and 7 have the highest levels of multifamily housing.

Figure 3.83: Housing Stock by Region, 2000

Service Region	Housing Units	One Unit	2 to 19 Units	Over 20 Units	Mobile Homes	Boats, RVs
1	322,045	240,418	30,163	20,997	29,683	784
		74.7%	9.4%	6.5%	9.2%	0.2%
2	243,506	186,932	21,599	7,974	25,365	1,636
		76.8%	8.9%	3.3%	10.4%	0.7%
3	2,140,641	1,373,780	385,269	259,402	118,078	4,112
		64.2%	18.0%	12.1%	5.5%	0.2%
4	434,792	307,802	32,153	13,754	78,312	2,771
		70.8%	7.4%	3.2%	18.0%	0.6%
5	325,047	225,213	23,868	12,709	60,328	2,929
		69.3%	7.3%	3.9%	18.6%	0.9%
6	1,853,854	1,175,460	265,188	293,889	115,535	3,782
		63.4%	14.3%	15.9%	6.2%	0.2%
7	545,761	339,272	96,402	66,390	41,991	1,706
		62.2%	17.7%	12.2%	7.7%	0.3%
8	387,627	259,909	58,646	19,960	47,492	1,620
		67.1%	15.1%	5.1%	12.3%	0.4%
9	689,862	476,751	101,504	52,139	57,339	2,129
		69.1%	14.7%	7.6%	8.3%	0.3%
10	298,494	212,067	36,198	17,165	30,936	2,128
		71.0%	12.1%	5.8%	10.4%	0.7%
11	457,406	303,046	45,937	18,112	80,947	9,364
		66.3%	10.0%	4.0%	17.7%	2.0%
12	221,968	159,092	21,931	13,796	26,240	909
		71.7%	9.9%	6.2%	11.8%	0.4%
13	236,572	161,168	32,741	22,814	19,406	443
		68.1%	13.8%	9.6%	8.2%	0.2%
State	8,157,575	5,420,910	1,151,599	819,101	731,652	34,313
		66.5%	14.1%	10.0%	9.0%	0.4%

Source: 2000 US Census

The homeownership rate for the State is 63.8 percent. The region with the lowest percentage of homeowners is Region 7 with 59.8 percent. The region with the highest percentage of homeowners is Region 4 with 73.8 percent.

Figure 3.84: Housing Units by Occupancy, 2000

		Owner Occupied		Renter Occupied	
Service Region	Total Tenure	Number	Percent	Number	Percent
1	288,175	191,161	66.3%	97,014	33.7%
2	206,388	142,603	69.1%	63,785	30.9%
3	2,004,826	1,220,939	60.9%	783,887	39.1%
4	380,468	280,896	73.8%	99,572	26.2%
5	275,233	201,971	73.4%	73,262	26.6%
6	1,702,792	1,037,371	60.9%	665,421	39.1%
7	510,555	305,294	59.8%	205,261	40.2%
8	344,575	210,882	61.2%	133,693	38.8%
9	636,796	414,009	65.0%	222,787	35.0%
10	256,428	171,319	66.8%	85,109	33.2%
11	378,275	267,716	70.8%	110,559	29.2%
12	189,582	132,956	70.1%	56,626	29.9%
13	219,261	139,842	63.8%	79,419	36.2%
State	7,393,354	4,716,959	63.8%	2,676,395	36.2%

Source: 2000 US Census

Information on the number of housing permits provides information on the regional housing industry. The regions with the highest share of the state's housing permits are also the most populous regions: 3 and 6. Across the state, there were nearly four times as many single family permits as multifamily permits.

Figure 3.85: Housing Permits, 2004

Service Region	Multifamily Housing Permits	Percent of State	Single Family Housing Permits	Percent of State	Total Housing Permits	Percent of State
1	2,657	6.68%	2,251	1.49%	4,908	2.57%
2	16	0.04%	717	0.47%	733	0.38%
3	8,608	21.63%	48,892	32.30%	57,500	30.08%
4	448	1.13%	1,668	1.10%	2,116	1.11%
5	112	0.28%	1,490	0.98%	1,602	0.84%
6	11,214	28.18%	45,536	30.08%	56,750	29.68%
7	4,000	10.05%	15,031	9.93%	19,031	9.95%
8	2,201	5.53%	4,376	2.89%	6,577	3.44%
9	4,905	12.33%	12,924	8.54%	17,829	9.33%
10	1,376	3.46%	2,363	1.56%	3,739	1.96%
11	3,700	9.30%	11,844	7.82%	15,544	8.13%
12	21	0.05%	782	0.52%	803	0.42%
13	535	1.34%	3,512	2.32%	4,047	2.12%
State	39,793	100.00%	151,386	100.00%	191,179	100.00%

Source: Real Estate Center at Texas A&M University

NEED INDICATORS

Figure 3.86 shows the number of renter households with cost burden greater than 30 percent by income group. The highest numbers of very low income households with extreme cost burden are found in Region 3 with a total of 206,011 households and Region 6 with 168,355 households.

Figure 3.86: Number of Renter Households with Extreme Cost Burden by Income Group, 2000

Service Region	All Incomes	0% to 30%	31% to 50%	51% to 80%	81% to 95%	95% and Above
1	29,555	14,026	9,256	5,092	636	545
2	16,557	7,546	5,753	2,699	263	296
3	206,011	78,911	67,156	48,746	5,773	5,425
4	27,100	12,500	9,142	4,443	606	409
5	21,116	10,733	6,894	2,890	254	345
6	168,355	71,699	55,967	31,103	4,751	4,835
7	68,118	27,648	21,497	15,700	1,808	1,465
8	42,797	20,028	12,657	8,285	1,123	704
9	62,012	24,095	19,495	14,458	1,834	2,130
10	23,006	9,258	7,433	4,896	744	675
11	25,023	13,381	7,343	3,335	0	964
12	14,243	6,874	4,782	2,151	223	213
13	22,151	8,941	7,159	4,652	270	1,129
State	726,044	305,640	234,534	148,450	18,285	19,135

Source: CHAS Database

The number of rental units lacking complete plumbing and/or kitchen facilities is one of the indicators of housing need that does not follow the pattern of population. Regions 3 and 6 have the highest number of units lacking facilities and are also the regions with the highest number of renter households. Region 11, however, is ranked sixth in terms of renter population and third in number of renter units lacking kitchen and/or plumbing facilities.

Figure 3.87: Number of Renter Units Lacking Kitchen and/or Plumbing by Affordability Category, 2000

Service Region	All Incomes	0% to 30%	31% to 50%	51% to 80%	80% and Above
1	1,638	553	322	301	88
2	968	330	161	237	71
3	10,144	2,968	2,087	2,247	675
4	2,108	724	425	363	135
5	1,460	549	300	270	76
6	9,614	3,228	1,892	2,034	492
7	2,869	1,170	562	565	185
8	1,831	601	354	355	92
9	3,284	1,137	484	751	241
10	1,497	513	234	355	62
11	4,751	2,474	1,099	636	0
12	1,103	355	253	204	24
13	1,679	470	539	297	24
State	42,946	15,072	8,712	8,615	2,165

Source: CHAS Database

Figure 3.89 shows the number of overcrowded owner households by income group. Regions 3 and 6, the most populous regions in the state, have the highest number of overcrowded households. Region 11, sixth in population, ranks third in number of overcrowded renter households.

Figure 3.89: Number of Overcrowded Renter Households by Income Group, 2000

Service Region	All Incomes	0% to 30%	31% to 50%	51% to 80%	81% to 95%	95% and Above
1	9,294	2,037	2,029	2,602	639	1,987
2	3,906	867	694	1,181	283	881
3	114,914	26,062	25,691	30,470	9,536	23,155
4	8,851	1,951	1,688	2,215	874	2,123
5	6,868	1,988	1,246	1,477	534	1,623
6	117,586	29,482	27,886	30,141	8,837	21,240
7	22,581	5,433	5,070	5,645	1,895	4,538
8	12,409	2,903	2,232	3,502	1,089	2,683
9	28,877	7,296	6,160	7,359	2,039	6,023
10	10,429	3,082	2,112	2,289	643	2,303
11	31,457	11,542	7,321	6,233	0	6,361
12	5,372	1,392	983	1,364	566	1,067
13	15,170	4,214	3,728	3,575	511	3,142
State	387,714	98,249	86,840	98,053	27,446	77,126

Source: CHAS Database

Figure 3.90 shows the number of owner households with housing cost burden of over 30 percent of income. Regions 3 and 6, the most populous regions, have the highest number of very low income households with extreme cost burden.

Figure 3.90: Number of Owner Households with Extreme Housing Cost Burden by Income Group, 2000

Service Region	All Incomes	0% to 30%	31% to 50%	51% to 80%	81% to 95%	95% and Above
1	28,912	8,542	7,021	6,944	1,748	4,657
2	22,471	6,744	5,894	4,902	1,555	3,376
3	216,038	50,064	41,410	55,310	19,764	49,490
4	49,419	15,358	11,379	11,530	3,628	7,524
5	32,849	11,845	7,609	7,044	1,990	4,361
6	173,411	44,640	34,996	42,008	13,606	38,161
7	56,638	11,452	10,018	16,282	6,004	12,882
8	36,129	9,754	7,763	9,069	3,088	6,455
9	71,630	17,316	14,240	17,201	6,436	16,437
10	28,552	8,706	6,387	6,181	1,854	5,424
11	43,599	15,558	10,747	8,961	63	8,270
12	20,719	6,228	5,142	4,727	1,407	3,215
13	26,451	6,254	5,872	7,268	1,120	5,937
State	806,818	212,461	168,478	197,427	62,263	166,189

Source: CHAS Database

Figure 3.91 shows the number of owner units that are lacking kitchen and/or plumbing facilities. Region 11, with the sixth highest number of owner households, has the highest number of physically inadequate owner housing units. Region 6, the second most populous region, has the second highest number of units lacking kitchen and/or plumbing facilities.

Figure 3.91: Number of Owner Units Lacking Kitchen and/or Plumbing, 2000

Service Region	All Incomes	0% to 30%	31% to 50%	51% to 80%	80% and Above
1	1,154	228	163	224	85
2	919	253	158	170	60
3	6,044	1,373	850	1,214	487
4	2,742	775	439	508	187
5	1,876	555	250	367	90
6	6,691	1,650	983	1,279	410
7	2,013	519	291	423	110
8	1,798	477	346	331	112
9	3,270	713	667	624	297
10	1,783	588	407	323	66
11	8,043	3,043	2,045	1,585	0
12	1,138	265	223	264	64
13	1,879	366	411	523	84
State	39,350	10,805	7,233	7,835	2,052

Source: CHAS Database

Figure 3.92 shows that Region 6 has the highest number of overcrowded owner households.

Figure 3.92: Number of Overcrowded Owner Households by Income Group, 2000

Service Region	All Incomes	0% to 30%	31% to 50%	51% to 80%	81% to 95%	95% and Above
1	9,245	897	1,223	2,399	966	3,760
2	4,325	411	558	1,159	443	1,754
3	57,504	5,876	9,070	16,460	6527	19,571
4	10,259	1,233	1,477	2,496	1116	3,937
5	8,491	925	970	1,991	949	3,656
6	66,212	7,391	10,243	18,303	7269	23,006
7	12,315	1,038	2,055	3,503	1459	4,260
8	8,900	741	1,055	2,293	942	3,869
9	25,439	2,644	4,107	6,555	3171	8,962
10	10,929	1,235	1,563	2,421	1000	4,710
11	48,736	8,375	9,672	12,299	20	18,370
12	7,320	752	1,186	2,243	605	2,534
13	13,918	1,296	2,037	3,263	707	6,615
State	283,593	32,814	45,216	75,385	25,174	105,004

Source: CHAS Database

The total number of households in poverty, elderly and non-elderly, is one of the need indicators for some of the Department's community service activities. Regions 3, 6, and 11 have the highest numbers of poverty households.

Figure 3.93: Number of Households in Poverty, 2000

Service Region	Number of Elderly Poverty Households	Percent of State's Elderly Poverty Households	Number of Non-Elderly Poverty Households	Percent of State's Non-Elderly Poverty Households	Total Number of Poverty Households	Percent of State's Poverty Households
1	8,897	4.6%	37,710	4.5%	46,607	4.5%
2	8,100	4.2%	23,414	2.8%	31,514	3.0%
3	32,129	16.6%	165,495	19.7%	197,624	19.1%
4	15,592	8.1%	43,499	5.2%	59,091	5.7%
5	11,148	5.8%	36,076	4.3%	47,224	4.6%
6	32,192	16.7%	179,586	21.4%	211,778	20.5%
7	6,601	3.4%	46,549	5.5%	53,150	5.1%
8	10,531	5.4%	47,640	5.7%	58,171	5.6%
9	17,887	9.3%	70,207	8.4%	88,094	8.5%
10	10,783	5.6%	34,422	4.1%	45,205	4.4%
11	23,614	12.2%	93,382	11.1%	116,996	11.3%
12	6,744	3.5%	24,217	2.9%	30,961	3.0%
13	9,083	4.7%	38,561	4.6%	47,644	4.6%
State	193,301	100.0%	840,758	100.0%	1,034,059	100.0%

Source: 2000 Census

Assisted Housing Inventory

Information on the number of assisted housing units financed through federal and state programs was not available at the time of printing this draft SLIHP, but will be included in the final document.

TDHCA Assistance for 2006

Based on allocation formulas, TDHCA can estimate the amount of 2006 funding that will be allocated to a region for certain programs. Please see "TDHCA Allocation Plans" in the Action Plan section for more information on the formulas. Other TDHCA programs and certain program set-asides are not allocated regionally, though funding may be expended in the region.

Regional figures are total dollars to be allocated, less administrative fees and program set-asides or initiatives that are not subject to the allocation formula. State totals may not be exact due to rounding.

For CSBG, the allocation formula does not allocate funding to the 13 Uniform State Service Regions specifically. Rather, the formula allocates funding to a statewide network of contractors with multicounty service areas, which may cross regional boundaries. The regional distribution estimate is based on a theoretical allocation of contractor funding based on each county's level of need relative to all the need in the contractor service area.

Projected FY 2006 CEAP and WAP figures are based on 2005 level funding by provider and then county.

Figure 3.94: Projected 2006 TDHCA Funding by Program by Region

Region	HOME	HTC	HTF	CSBG	ESGP	CEAP	WAP	Total Region Funding
1	$1,618,797	$1,916,437	$91,259	$1,331,785	$191,053	$2,177,105.53	$822,537.09	$8,148,974
2	$1,232,890	$1,187,806	$56,562	$953,238	$120,436	$1,535,304.62	$535,256.15	$5,621,493
3	$3,378,123	$6,428,929	$306,139	$4,614,797	$913,183	$5,443,365.52	$1,918,077.09	$23,002,614
4	$3,478,247	$2,201,250	$104,821	$1,435,311	$236,035	$2,137,869.83	$747,923.71	$10,341,458
5	$1,731,515	$1,609,043	$76,621	$1,133,369	$187,183	$1,615,918.62	$568,941.88	$6,922,592
6	$2,236,159	$9,499,614	$452,363	$5,286,198	$1,017,657	$5,673,524.98	$1,711,417.58	$25,876,934
7	$892,496	$3,300,380	$157,161	$1,330,777	$224,910	$1,356,561.37	$506,715.13	$7,769,001
8	$1,181,761	$2,575,926	$122,663	$1,323,391	$231,681	$1,844,233.19	$637,906.96	$7,917,562
9	$1,602,340	$2,277,631	$108,459	$2,366,652	$414,511	$2,656,465.40	$862,783.01	$10,288,841
10	$2,100,548	$1,905,305	$90,729	$1,339,992	$205,079	$1,828,528.34	$663,079.53	$8,133,261
11	$4,583,251	$5,560,000	$264,762	$3,710,876	$706,653	$3,735,669.51	$1,371,503.48	$19,932,715
12	$1,492,952	$1,246,828	$59,373	$1,199,511	$132,044	$1,576,586.33	$529,734.05	$6,237,028
13	$398,419	$2,290,850	$109,088	$1,436,984	$256,349	$1,592,680.48	$600,603.25	$6,684,974
State	$25,927,498	$41,999,999	$2,000,000	$27,462,881	$4,836,774	$33,173,814	$11,476,479	$146,877,445

SECTION 4: ACTION PLAN

In response to the housing needs identified in the previous section, this plan outlines TDHCA's course of action designed to meet those underserved housing needs. This section discusses the following:

- TDHCA Purpose
- Obstacles to Meeting Housing Needs
- General Strategies to Overcome Obstacles
- Policy Focuses
- Program Plans
- TDHCA Allocation Plans
- TDHCA Goals and Objectives

TDHCA PURPOSE

Section 2306.001 of TDHCA's enabling legislation states that the purpose of the Department is to

(1) assist local governments in:

(A) providing essential public services for their residents; and

(B) overcoming financial, social, and environmental problems;

(2) provide for the housing needs of individuals and families of low, very low, and extremely low income and families of moderate income;

(3) contribute to the preservation, development, and redevelopment of neighborhoods and communities, including cooperation in the preservation of government-assisted housing occupied by individuals and families of very low and extremely low income;

(4) assist the governor and the legislature in coordinating federal and state programs affecting local government;

(5) inform state officials and the public of the needs of local government;

(6) serve as the lead agency for:

(A) addressing at the state level the problem of homelessness in this state;

(B) coordinating interagency efforts to address homelessness; and

(C) addressing at the state level and coordinating interagency efforts to address any problem associated with homelessness, including hunger, and

(7) serve as a source of information to the public regarding all affordable housing resources and community support services in the state.

OBSTACLES TO MEETING HOUSING NEEDS

LACK OF AFFORDABLE HOUSING

The most apparent obstacle to meeting underserved housing needs in Texas is a severe shortage of affordable housing stock. There is a corresponding shortage of funding sources to maintain and increase this housing stock. Every housing program administered by TDHCA receives far more applications than could be funded from available resources. This is evidence that there is significant interest on the part of both the nonprofit and for-profit sectors to produce the housing that is needed. To address this obstacle, TDHCA must develop strategies to foster and maintain affordable housing.

LACK OF ORGANIZATIONAL CAPACITY

While the evidence of interest in producing affordable housing is easily documented, the actual capacity of organizations to produce such housing is not as clear. A lack of organizational capacity, especially in the harder to reach areas of the state, might explain the hesitancy of smaller communities to attempt to address affordable housing issues. As the HOME Program focus is on non–participating jurisdictions/smaller rural areas, this is of particular concern to TDHCA.

LACK OF ORGANIZATIONAL OUTREACH

Another factor that goes hand in hand with lack of experience in developing affordable housing is the lack of knowledge of available resources to address a community's needs. There are both public and private resources available throughout the State that can be layered and leveraged to help stretch local funding. Unfortunately, many communities are not aware of these options or do not know how to successfully obtain them. This lack of knowledge, and in some cases communication, proves to be a barrier to the potential development of affordable housing.

LOCAL OPPOSITION TO AFFORDABLE HOUSING

A barrier to the development of affordable housing, in particular multifamily development, is local objection to affordable housing. Resistance by residents to new development in their neighborhoods is increasing in many communities across Texas. It is difficult to dispel the common misperception that affordable housing equates to increased school populations, crime rates, traffic congestion, and general neighborhood deterioration that will lower the surrounding property values. Even mixed-income properties, such as those funded by housing tax credits, can experience significant opposition. To address these issues, a workgroup consisting of TDHCA staff, developers, neighborhood groups, local governments/officials, and housing advocates was convened to review policies and procedures regarding public input. In the short term, the group focused on rulemaking related specifically to the tax credit and bond programs, as well as public input considered by the Board in relation to a proposed housing development. In the long term, the group will discuss and work through larger policy questions.

REGULATORY BARRIERS TO AFFORDABLE HOUSING

The Texas Legislature created the Texas Affordable Housing Task Force, comprised of eleven gubernatorial appointees representing the private sector, municipalities, code officials, public and community-based housing organizations, and the general public. The purpose of this task force was to evaluate and identify federal, State, and local government regulations and policies that unnecessarily increase the cost of constructing or rehabilitating housing, create barriers to affordable housing for low income Texans, and limit the availability of affordable housing. Specifically, the Task Force was asked to evaluate the following:

1. Zoning provisions
2. Deed restrictions
3. Impact fees and other development fees
4. Permitting processes
5. Restrictions on the use of affordable housing options
6. Building codes
7. Overlapping government authority over housing construction
8. Environmental regulations
9. Practices which impede access to affordable housing and finance opportunities

The Task Force noted that the problems caused by regulatory barriers tend to be incremental in nature. While governments usually pass ordinances, regulations, and laws that are intended to have a positive effect on the community at large, the new regulations may have an adverse effect on the future of housing in their own community. While a single law or ordinance may only add $100 to the price of a home, layering or regulations may create a sharp increase in the final cost of a home or an actual shortage of housing for those low and moderate income consumers. Studies show that even small price increases can affect affordability. For example, the Real Estate Center at Texas A&M University estimates that a $1,000 increase in the cost of a median-priced home will prevent approximately 27,000 Texas households from qualifying to buy the home.

Below is a brief synopsis of observations of the Task Force, contained in the *Report of the Texas Affordable Housing Task Force*:

- *Zoning provisions*: Because municipalities have zoning authority, they are in the position to shape the type and direction of growth within their boundaries. Ordinances may be passed to encourage affordable housing through measures such as lowering minimum lot sizes, decreasing building set-back requirements, and lowering minimum square footages of homes. However, they can also pass ordinances that drive land and construction costs up to the point that affordable housing cannot be built. Unfortunately, the attitudes of municipalities can be influenced by attitudes of fear and distrust with regard to affordable housing. Testimony to the Task Force indicated that neighborhood groups often oppose affordable housing projects because of concerns that they will drive down property values, increase crime, and put a strain on local resources including schools and roads.
- *Deed restrictions*: Property owners may place a variety of deed restrictions on the development of property. Common deed restrictions include minimum square footage requirements, the type of construction and materials that must be used, and requirements for other amenities such as stone fences, landscaping, etc. They are primarily used to protect property values in a neighborhood by ensuring that certain minimum standards are met. Deed restrictions may be placed on properties through various means including neighborhood associations or property owners before the sale, subdivision, or development of an individual's own property.
- *Impact fees and development fees*: In the mid 1980s, many Texas cities experienced rapid growth. As a consequence, cities encountered difficulties in meeting the demand for city services and infrastructure. To address this problem, legislation authorizing impact fees was passed during the

1987 legislative session. As a condition of permit approval, the legislation authorized the assessment of fees to pay for infrastructure costs. The impact fee bill validated municipal impact fees, specified the type of projects for which the fees could be charged, required municipalities to account for impact fees that were collected, and allowed for public input into the process.

- *Restrictions on affordable housing options*: Construction options have increased over the last 10 years with the advent of new materials and new housing options such as manufactured housing. Many of these alternatives could have a positive impact on the availability of affordable housing. Currently many of these options are viewed with distrust or are not well known by the general public. With regard to alternative building materials, the effectiveness of these new materials may be able to lower the cost of construction without sacrificing quality, but many municipalities view them with suspicion. Ultimately, municipalities will have to review the appropriateness of allowing these less-expensive materials to be used in affordable housing. Manufactured homes represent 30 percent of the new homes built in Texas in 2000, according to the Texas Real Estate Research Center. While these homes are finding their way into the main stream of the housing market, many new owners find that they face code concerns and the fear of declining property values from their local governments.
- *Building codes*: The adoption of a single code, the Uniform Building Code (UBC), would have several advantages such as reducing costs for manufacturing, architectural plans, engineering, personnel, materials, and inspections. Currently, cities have the authority to adopt building codes and set minimum construction standards. In general, cities adopt one of several nationally-recognized codes, but they may also adopt code amendments to address specific local problems and conditions. In major metropolitan areas of the state, there are adjacent cities that have adopted different codes and amendments. Varying code interpretations can also cause problems; different inspectors often interpret the same code differently. Houses that are built to the same specifications could be passed by one inspector and failed by another. The differing codes and interpretations can be confusing, time-consuming, and costly to builders.
- *Overlapping government authority over housing construction*: In some cases, more than one government entity has authority over a specific part of the building and development process. There are times when this overlapping causes delays and adds to the costs of construction.
- *Environmental regulations*: There are several state and federal regulations that have been passed to protect the environment. At the federal level, such regulations include the Endangered Species Act, the National Pollutant Discharge Elimination System, and the Wetlands regulations. In Texas, rules to protect the environment are developed by the Texas Commission on Environmental Quality. These include rules for the installation of septic systems and for development over the Edwards Aquifer. The restrictions associated with the regulations can add to the cost of development.

Area Income Characteristics

Area incomes also affect the ability to meet local housing needs. Median incomes in rural areas fall far below those in urban. Currently the median income for all metropolitan statistical areas is $55,500 compared to $42,400 for non-metro households. Specifically, problems occur because program eligibility, rents, and home purchase prices are tied to the median income for these areas. Often times a developer will choose to locate new projects in larger metro areas where it is easier and more profitable to build—allowing them to charge more for either the sale of a single family home or rents on multifamily properties.

GENERAL STRATEGIES TO OVERCOME OBSTACLES

As the “trustee” of funding for the State, it is incumbent upon TDHCA to continue exploring a variety of avenues to provide affordable housing and community services to assist those at the local level. TDHCA will continue to use the following general approaches to overcome obstacles to addressing housing need.

EFFECTIVE USE OF EXISTING RESOURCES

Programs administered by TDHCA provide housing and housing-related services, including community services. Housing activities consist of homebuyer assistance which includes down payment and closing costs, the rehabilitation of single family and multifamily units, rental assistance, the new construction of single family and multifamily housing, special needs housing, transitional housing, and emergency shelters. Housing-related and community services include energy assistance, weatherization assistance, health and human services, child care, nutrition, job training and employment services, substance abuse counseling, medical services, and emergency assistance. Through these activities, the Department strives to promote sound housing policies; ensure equity; promote leveraging of state and local resources; prevent discrimination; and ensure the stability and continuity of services through a fair, nondiscriminatory, and open process.

PROVIDE INFORMATIONAL RESOURCES

It should be noted that TDHCA does not have regulatory authority over the housing/building industry, save projects funded with TDHCA funds and certain aspects of the manufactured housing industry. Additionally, as a governmental entity, the Department cannot lobby or attempt to influence the policies related to the governing of the State. However, TDHCA can act as an information resource to help facilitate the following actions:

- Encourage localities to identify and address those regulations that lead to increased housing costs and “exclusionary zoning.” For example, work through outreach efforts supported by convincing research to help local governments see the value in
  - setting aside undeveloped or underdeveloped land for affordable housing developments,
  - adopting zoning ordinances that do not discriminate against affordable housing,
  - reviewing local amendments to building codes and modify those that restrict the use of new advances in construction materials and techniques.
- Maintain a disability taskforce to work with TDHCA in developing policy with regards to issues related to persons with disabilities.
- Continue education programs such as the Texas Statewide Homebuyer Education Program, which provides lenders, homebuyer educators, and consumers information on serving traditionally underserved populations (e.g., persons with disabilities, lower income populations).
- Continue research on defining and eliminating or reducing both state and local policy barriers.
- Continue research on a variety of lending issues that affect the ability of households to purchase, maintain, and remain in their homes.
- Provide education and outreach to mitigate public opposition to affordable housing. TDHCA has developed a page on its website to provide interested persons with existing research on affordable housing issues that may be of concern.

Coordinate Resources

Understanding that no single entity can address the enormous needs of the state of Texas, TDHCA supports the formation of partnerships in the provision of housing and housing-related endeavors. The Department works with many housing partners including consumer groups, community-based organizations, neighborhood associations, community development corporations, community housing development organizations, community action agencies, real estate developers, social service providers, local lenders, investor-owned electric utilities, local government, nonprofits, faith-based organizations, property managers, state and local elected officials, and other state and federal agencies.

There are many benefits to these partnerships: risk and commitment are shared; the principle of reciprocity requires that local communities demonstrate an awareness of their needs and a willingness to participate actively in solving problems, therefore local communities play an active role in tailoring the project to their needs; partners are able to concentrate specifically on their area of expertise; and a greater variety of resources insure a well targeted more affordable product.

Coordination with Federal Agencies

Because the State receives the majority of its funding from federal sources, many TDHCA programs require coordination with federal agencies. Below is a listing of those federal agencies and an overview of the activities associated with these partnerships:

- *US Department of Housing and Urban Development*: TDHCA administers the HOME, ESGP, and Section 8 programs, as well as regulates the manufactured housing industry, for HUD. The state agencies have established cooperative efforts with HUD's personnel in their field offices and with the Secretary's representative. This cooperation has led to the joint marketing of housing programs through conferences and workshops throughout the state, a mutual referral system, as well as technical assistance service by which each agency assists the other with workshops and other training efforts. Currently, HUD staff uses several TDHCA documents as their text on available housing resources and distribute these materials to the local governments and organizations they are serving.
- *US Treasury Department*: TDHCA administers the HTC Program, which was created by the Tax Reform act of 1986 (Section 42 of the Internal Revenue Code of 1986, as amended, is the federal law that governs the HTC Program). The HTC Program produces over 12,000 units of affordable housing each year. Additionally, TDHCA acts as an issuer of tax-exempt and taxable mortgage revenue bonds. The authority for these bonds comes again from the above cited act. Annually, single family bonds are used to provide below-market interest rate loans and multifamily bonds are used to finance the construction, acquisition, or rehabilitation of multifamily properties.
- *US Department of Health and Human Services*: The Department administers several programs funded by HHS that are aimed at serving extremely low income persons; specifically, the Community Services Block Grant Program, the Community Food and Nutrition Program, Comprehensive Energy Assistance Program, and the Weatherization Assistance Program.
- *US Department of Energy*: TDHCA administers the US Department of Energy's Weatherization Assistance Program for Low Income Persons. This program helps consumers control energy costs through the installation of weatherization measures and provides energy conservation education.

- *USDA Rural Development*: As a provider of services to rural Texas communities, TDHCA has an ongoing relationship with USDA Rural Development. Collaborations have been achieved through several TDHCA programs (HTC, HTF, HOME) in the form of multifamily developments and single family homeownership initiatives.

Coordination with State Agencies, Local Governments, and Other Parties

TDHCA's chief function is to distribute program funds to local conduit providers that include units of local government, nonprofit and for profit organizations, community-based organizations, private sector organizations, real estate developers, and local lenders. Because the agencies do not fund individuals directly, coordination with outside entities is key to the success of its programs. Below are some examples of organizational cooperation outside of the funding of these entities.

- *Office of Rural Community Affairs (ORCA)*: TDHCA and ORCA have entered into an interagency contract to jointly administer the rural regional allocation of the HTC Program. TDHCA and ORCA jointly provide outreach and training to promote rural area capacity building, develop threshold requirements and scoring criteria for the rural applications, and score the applications. ORCA also participates in the site inspection of rural developments proposed under the rural allocation. TDHCA and ORCA coordinate services with each of the seven Colonia Self-Help Centers (in Cameron/Willacy, El Paso, Hidalgo, Maverick, Starr, Val Verde, and Webb counties) to provide housing and technical assistance to improve the quality of life for colonia residents beyond the provision of basic infrastructure. The contracts are executed directly with the county where the center is located.
- *Texas Homeless Network*: TDHCA collaborates with the Texas Homeless Network (THN) to build the capacity of homeless coalitions across the State of Texas, enabling them to become more effective in the communities they serve. The Department also provided funds through THN to support technical assistance workshops for the HUD Continuum of Care homeless application. The purpose of the workshops was to assist communities in creating a network of services to the homeless population.
- *Texas Interagency Council for the Homeless*: TDHCA serves as a member of, and provides administrative support to, the Texas Interagency Council for the Homeless—a council comprised of six member state agencies.
- *Texas Association of Realtors:* In December 2004, the Department entered into a partnership with the Texas Association of Realtors and Fannie Mae to develop an educational outreach campaign to help first time homebuyers access low-cost mortgage financing.
- *Texas Home of Your Own Coalition:* TDHCA has partnered with the Texas Home of Your Own Coalition, which is a nonprofit organization that assists persons with disabilities purchase homes, to set-aside HOME Homebuyer Assistance Program funds to support homeownership for persons with disabilities.
- *Texas Department of Aging and Disability Services:* TDHCA, in cooperation with the Texas Department of Aging and Disability Services, the Texas Health and Human Services Commission, and local public housing authorities, administers a housing voucher pilot program developed by the US Department of Housing and Urban Development (HUD), the US Department of Health and Human Services, and the Institute on Disability at the University of New Hampshire. "Project Access" helps low income, non-elderly persons with disabilities transition from nursing facilities into the community by providing access to affordable housing.

- *Promoting Independence Advisory Board*. The Department has been working with the Promoting Independence Advisory Board to address issues related to *Olmstead v. L. C.* The group is working on initiatives that will serve the needs of persons with disabilities who want housing options outside of institutional settings. TDHCA has been working with the following agencies: Texas Health and Human Services Commission, Texas Department of Aging and Disability Services, Texas Council for Developmental Disabilities, Texas Department of State Health Services, Texas Education Agency, and Texas Department of Protective and Regulatory Services.
- *NeighborWorks America*. TDHCA continues to contract with NeighborWorks America to facilitate the Texas Statewide Homebuyer Education Program (TSHEP) training. TSHEP also collaborates with several other partners including Texas State Affordable Housing Corporation, JP Morgan Chase, Fannie Mae, the Texas Home of Your Own Coalition, and Texas C-BAR to implement the trainings.
- *Texas State Affordable Housing Corporation (TSHAC):* TDHCA has entered into a memorandum of understanding with TSAHC to share data and information in the development of the State of Texas Low Income Housing Plan and Annual Report. TSAHC also manages the bank account for TSHEP.
- *Local Utility Companies*: Partnerships with financial commitments between the Weatherization Assistance Program and Southwestern Electric Power Company, Southwestern Public Service Company, Entergy, and El Paso Electric, provide energy conservation measures to very low and extremely low income utility customers.
- *Coalition of Texans with Disabilities*: TDHCA serves on the Texas PHA Project Advisory Committee with the Coalition of Texans with Disabilities, Texas Council for Developmental Disabilities, Advocacy Inc., and United Cerebral Palsy to oversee the three-year grant to provide training and technical assistance to public housing authorities. Activities of the grant are intended to result in a measurable increase in the number of integrated housing units available to persons with disabilities.
- *Texas Council for Developmental Disabilities*: TDHCA is a voting member of the Council, and serves on the Council's policy committee.
- *CHDO Capacity Building Project*: TDHCA has committed to understanding the needs of CHDOs to ensure the success of single family and multifamily developments funded by TDHCA. To that end, TDHCA partnered with Training and Development Associates' (TDA's) Community Building Investment (CBI) II Program. The CBI II Program, implemented by TDA, provides direct technical assistance, training, and/or operating grants (pass-through funds) to existing and potential CHDOs that were awarded funding under the program.

  TDHCA also commissioned a comprehensive plan to address technical assistance and capacity building needs of Texas CHDOs. Implementation of the plan will improve TDHCA's overall management and understanding of CHDOs, improve the capacity and performance of CHDOs, and establish effective systems to ensure long term quality housing production. The plan is primarily composed of two parts: (1) the provision of ongoing training and technical assistance to CHDOs and prospective CHDOs and (2) the recommended procedures needed to ensure the future capacity and success of Texas CHDOs.

FAIR HOUSING

The Texas Fair Housing Act of 1989 enables the State to remedy discriminatory public policies affecting housing affordability and access. The Act prohibits discrimination against individuals in their pursuit of homeownership or rental housing opportunities based on race, color, national origin, sex, religion, familial status, and physical or mental handicaps. Recent state activities or current objectives relating to fair housing are discussed below:

- Comply with the Texas Fair Housing Act in TDHCA administered programs.
- Coordinate fair housing efforts with the Texas Workforce Commission, Human Rights Division, which was created under the Texas Fair Housing Act to directly address public grievances related to fair housing.
- Section 8 Admittance Policy: In June 2000, TDHCA appointed a Section 8 Task Force and charged it to develop a policy for expanding housing opportunities for Section 8 voucher and certificate holders in TDHCA assisted properties. The policy adopted by the TDHCA Board is a follows:
    - Managers and owners of HTC properties are prohibited from having policies, practices, procedures and/or screening criteria which have the effect of excluding applicants because they have a Section 8 voucher or certificate.
    - The verification of such an exclusionary practice on the part of the owner or the manager by TDHCA will be considered a violation and will result in the issuance of a Notice of Violation and, if appropriate, issuance of a Form 8823 to the Internal Revenue Service.
    - Any violation of program requirements relative to this policy will also impact the Owner's ability to participate in future TDHCA programs.

POLICY PRIORITIES

This section describes policies TDHCA will use to address specific types of housing need in each uniform state service region, including meeting the underserved needs of extremely low income households, the homeless, persons with disabilities, and other special needs populations. This section also discusses rural needs, energy efficiency, and lead-based paint. Because of the unique challenges associated with the housing needs of these varying populations, a considerable level of planning and consumer-need-based focus is required.

EXTREMELY LOW INCOME INDIVIDUALS AND HOUSEHOLDS

While one of the Department's charges is to serve the State's populations from extremely low income to moderate income, funding priority is given to those populations that are most in need of services: low, very low, and extremely low income individuals and households. Additionally, the Texas Legislature, through Rider 4, specifically calls upon TDHCA to focus funding toward individuals and families that are earning less than 60 percent of the area median family income. Rider 4 directs TDHCA to apply $30,000,000 annually towards assisting extremely low income households; and no less than 20 percent of the Department's total housing funds towards assisting very low income households. Within these income groups, priority is given to the most vulnerable households, those in the lowest income strata, particularly those with a severe cost burden (greater than 50 percent of income spent on housing) or living in substandard housing conditions.

The data presented in the Housing Analysis section of this report shows that households with lower incomes have higher incidences of housing problems. There are minimal differences between the incidences of housing problems between the two lowest income groups (0-30 percent and 31-50 percent of median income). While incidences of housing problems for these two groups are significantly higher than those of the other low income group, households with incomes at 51-80 percent of median income have significant needs as well. Therefore, households at 0-80 percent of median income have been given higher priority than households above 80 percent of median income. This prioritization will allow the State to target resources to those households most in need, regardless of household type.

Poverty

According to the 2000 US Census, Texas has the ninth highest poverty rate among the states: 15.4 percent compared to the national rate of 12.4 percent. The US Census defines the 2004 poverty threshold as $19,157 in income for a family of four with two members under 18 years of age, and many poor families make substantially less than this. Poverty can be self-perpetuating, creating barriers to education, health, and the financial stability provided by homeownership.

Those groups showing the largest growth in proportion of population, the young and minority populations, continue to be overrepresented in the Texas poverty population. According to the 2000 US Census, 38 percent of the poverty population is between the ages of 0-17. Hispanics make up 41 percent of Texas children under the age of 18, but 62 percent of all poor children. African American children account for 12.5 percent of Texas children, but 18 percent of all poor children.

TDHCA recognizes that unemployment, the high cost of home energy, and lack of education are significant factors in the high rate of poverty.

TDHCA has an important role in addressing Texas poverty. The Department seeks to reduce the number of Texans living in poverty, thereby providing a better future for all Texans. This means (1) trying to provide long-term solutions to the problems facing people in poverty and (2) targeting resources to those with the greatest need. The Department provides low income persons with energy, emergency, and housing assistance to meet the basic necessities.

Public assistance and social service programs have shifted their focus over the last decade. The new emphasis centers on reducing dependency and increasing self-sufficiency. Assisted housing can no longer have a pure income maintenance orientation. In light of this new emphasis, housing resources that address poverty need to emphasize self-sufficiency. The self-sufficiency approach provides incentives for assisted housing residents that are willing to undertake a set of activities intended to lessen dependency. These activities should be tailored to meet the needs and capabilities of each individual household and can be provided through the housing deliverer or through human service providers.

Experience has shown that segregating low income persons in an insulated community perpetuates the cycle of poverty and often creates slums. A second anti-poverty theme centers on mobility--insuring that residents of assisted housing have access to jobs, schooling, public safety, and role models. Rental assistance combined with counseling and support services can be used to increase mobility. Scattered site production can also be used to encourage mixed income housing. TDHCA provides tenant-based rental assistance options through two of its programs, namely, HOME and Section 8.

An asset development approach to addressing poverty emphasizes the use of public assistance to facilitate long-term investments rather than incremental increases in income. In housing, this can mean gaining equity through homeownership. Several of TDHCA programs introduce the option of homeownership to lower income populations: the HOME Program offers down payment assistance and closing cost assistance, and the Single Family Bond Program offers below-market-rate loans.

Comprehensive community development can be used to address the complex and interrelated problems of distressed neighborhoods. Comprehensive community development, as opposed to program specific community development, focuses on the needs of the community rather than the narrow functional needs that can be satisfied with specific projects. It involves recognizing the many levels of need in a community and addressing these needs with a toolbox of housing resources, community development resources, economic development resources and social service resources. Working together rather than separately, these resources can improve the quality of life in a community and engender long-term changes. These "changes of condition" may deal with alcohol and substance dependency, mental and physical health, nutrition, child care and parenting, life skills, general education and work skills, and criminal behavior. "Changes of condition" may also mean providing an influx of non-poor households to serve as role models and shift the nature of the environment. For those in housing and community development, the principal change may simply be a change in perspective and recognition that collaboration between and among private sector developers, builders and lenders on the one hand, and non-development resources (such as local governments and social services providers) on the other hand is absolutely essential. For those in human services, the change may involve a subtle shift in focus away from crisis intervention and towards preventive measures, working with the family on a case by case basis rather than the individual members of the family and, most importantly, providing services within the context of community development.

Programs administered through TDHCA's Office of Colonia Initiatives (OCI) can be instrumental in creating self sufficiency in the colonias. OCI coordinates programs that improve the living conditions of the state's colonias. The Texas Bootstrap Loan program provides loans for self-help housing initiatives; The Contract for Deed Conversion Initiative facilitates homeownership by converting contracts for deed into traditional mortgages; and the Colonia Self-Help Centers provide outreach, education, and technical assistance to colonia residents.

HOMELESS POPULATIONS

The Stewart B. McKinney Homeless Assistance Act of 1987, the legislation that created a series of homeless assistance programs, defined the term "homeless." The following definition is used by the US Department of Housing and Urban Development (HUD) and all other federal agencies responsible for administering McKinney programs:

> The term "homeless" or "homeless individual" includes
>
> - an individual who lacks a fixed, regular, and adequate night time residence; or
> - an individual who has a primary nighttime residency that is
>   - a supervised publicly or privately-operated shelter designed to provide temporary living accommodations;
>   - an institution that provides a temporary residence for individuals intended to be institutionalized; or
>   - a public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings.

The Texas Interagency Council for the Homeless estimates that approximately 200,000 people in Texas, or about 1 percent of the population, are homeless.[63] Based on this estimate, TDHCA estimates that, of 3,159,940 total people living in rural areas, 1 percent of the rural population, approximately 32,000, are homeless. The 2000 Census counted 28,377 individuals residing in noninstitutional group homes in Texas, which include shelters. In its special tabulation on emergency and transitional shelters in metropolitan areas, the Census counted 6,237 people.

As evidenced above, estimates of homeless populations vary widely. The migratory nature of the homeless population, the stigma associated with homelessness, and the fact that many homeless individuals lack basic documentation all contribute to the difficulty of making an accurate count. Most homeless counts are "point in time" estimates, which do not capture the revolving-door phenomenon of persons moving in and out of shelters over time. Furthermore, the homeless population can be classified into three categories: literally homeless, which describes those who have no permanent residence and stay in shelters or public places; marginally homeless, which includes those who live temporarily with other people and have no prospects for housing; and people at risk of homelessness. People at risk of homelessness generally have incomes below the poverty level, rely on utility and rental assistance, and may be unable to absorb unexpected events such as the loss of a job or serious illness.

[63] Texas Interagency Council for the Homeless, "Key Facts," http://www.tich.state.tx.us/facts.htm (accessed August 30, 2005).

Homeless Subpopulations

The following homeless subpopulations have special characteristics. Though these subpopulations may have different characteristics, the two main trends significant in the rise of homelessness can be connected to the increase in poverty (characterized by the decline in employment opportunities and public assistance programs) and a shortage of affordable housing.[64]

Homeless Families with Children

The number of homeless families with children has increased significantly over the past decade. A 2003 US Conference of Mayors survey of 25 American cities found that homeless families comprised 40 percent of the homeless population.[65] Approximately 90 percent of homeless families are homeless due to a crisis.[66] Many parents with young children cannot work because of a lack of affordable childcare, which hinders their ability to earn an income to pay for suitable housing.

Homeless Youth

An estimated 12 percent of the homeless population is aged 13 to 24.[67] Of this age group, approximately 40 percent has a history of sexual abuse, 46 percent report mental illness, 25 percent have problems with alcohol abuse, and 33 percent spent time in juvenile detention. Furthermore, 28 percent have been in foster care at least once. Due to the specific challenges faced by homeless youth, they may particularly benefit from the provision of essential services, including job training, education, and employment services.

Homeless Minorities

A 2003 US Conference of Mayors survey of 25 American cities found that 49 percent of the homeless population was African American, 35 percent was white, 13 percent was Hispanic, 2 percent was Native American, and 1 percent was Asian.[68] However, the ethnic makeup of the homeless population will vary by geographic area.

Homeless in Rural Areas

TDHCA estimates that 1 percent of the rural population is homeless, or 32,000. Rural areas typically have fewer jobs and shelters than urban areas, which makes it especially difficult for homeless persons. The National Council for the Homeless reports that homeless persons in rural areas are more likely to be white, and homeless farmworkers and Native Americans are also generally found in rural areas.[69] Migrant farmworkers, because of their mobile lifestyle, extremely low incomes, and lack of affordable housing, are at a high risk for homelessness.

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64 National Coalition for the Homeless, *Why are People Homeless?* NCH Fact Sheet #1 (Washington, DC: National Coalition for the Homeless, September 2002) http://www.nationalhomeless.org/causes.html (accessed August 30, 2005).
65 National Coalition for the Homeless, *Who is Homeless?* NCH Fact Sheet #3 (Washington DC: National Coalition for the Homeless, May 2004) http://www.nationalhomeless.org/who.html (accessed August 30, 2005).
66 Texas Homeless Network, "Finding the Way Home: Preventing and Reducing Homelessness in Texas," http://www.utdanacenter.org/theo/pdffiles/RP2_FindWayHome_Sept03.pdf (accessed August 30, 2005).
67 Texas Homeless Network, "Finding the Way Home."
68 National Coalition for the Homeless, *Who is Homeless?*
69 National Coalition for the Homeless, *Who is Homeless?*

Homeless Victims of Domestic Violence

Battered women who live in poverty are often forced to choose between staying in abusive relationships or homelessness. According to the NCH, half of women with children experiencing homelessness left their last place of residence because of domestic violence.[70]

In 2003, there were 185,299 reported family violence incidents in Texas.[71] Furthermore, according to a TCFV statewide poll, 47 percent of all Texans report having experienced some form of domestic violence. In fiscal year 2003, the Family Violence Program provided emergency shelter to 29,733 adults and children and nonresidential services to 49,153 adults and children.[72]

Homeless Persons with Mental Illnesses and Disabilities

According to the Texas Interagency Council for the Homeless, approximately 25 percent of homeless individuals suffer from a serious mental illness, and more than 65,000 persons with disabilities did not have a predictable means of shelter in 1999.[73] The general lack of affordable housing and the poverty of this population make it difficult for homeless persons with mental illness to access social service programs and leaves them highly susceptible to homelessness.

Elderly Persons

According to 2000 Census data, of those below the poverty level in Texas, an estimated 13.1 percent are age 65 and over. Proportionately, this makes the elderly the poorest of all Texans and leaves them with a higher risk of becoming homeless.

Homeless Veterans

According to the Department of Veteran's Affairs[74] approximately, on any given day, as many as 250,000 veterans are living in shelters or on the street. Of the veterans who are homeless, approximately 56 percent are African American or Hispanic, 45 percent suffer from mental illness, and 70 percent suffer from alcohol or drug abuse problems.

Chronically Homeless Persons

According to the Texas Homeless Network, 27 percent of single homeless adults are chronically homeless, meaning that these persons have been homeless for an average of four years.[75] Furthermore, these persons have high rates of alcohol or drug abuse and mental illness.

[70] National Coalition for the Homeless, *Who is Homeless?*
[71] Texas Council on Family Violence, "Abuse in Texas," http://www.tcfv.org/abuse_in_texas.htm (accessed August 30, 2005).
[72] Texas Department of Human Services, *2003 Annual Report* (Austin, TX: Texas Department of Human Services), 31, http://www.dhs.state.tx.us/publications/AnnualReport/2003/AR2003.pdf (accessed August 30, 2005).
[73] Texas Interagency Council for the Homeless, "Key Facts."
[74] US Department of Veterans Affairs, "Overview of Homelessness," (May 2004) http://www1.va.gov/homeless/page.cfm?pg=1 (accessed August 30, 3005).
[75] Texas Homeless Network, "Finding the Way Home."

Homeless Persons with HIV/AIDS

The NCH estimates that 3 to 20 percent homeless people are HIV positive.[76] People with HIV/AIDS may lose their jobs because of discrimination or have high health care costs, leading to homelessness. This population may require supportive health services or community care programs in addition to housing assistance.

Homeless Persons with Chronic Substance Abuse

The US Conference of Mayors survey reports that 30 percent of homeless persons has an addiction disorder.[77] The Texas Commission on Alcohol and Drug Abuse (TCADA), now part of the Texas Department of State Health Services, reports that, of adult clients admitted to TCADA-funded programs in 2004, 11 percent were homeless.[78] Homeless persons with substance abuse problems may require supportive services.

Homeless Needs

The "continuum of care" approach to fighting homelessness is based on the understanding that homelessness is not caused merely by a lack of shelter, but involves a variety of underlying unmet physical, economic, and social needs. A comprehensive system of services as well as permanent housing is needed to help homeless individuals and families reach independence using a combination of emergency shelters, transitional housing, social services, and permanent housing. The continuum of care system begins with outreach, intake, and assessment. It is followed by safe emergency shelter and/or transitional housing that provides a variety of services including job training, educational services, substance abuse services, mental health services, and family support. Ultimately, the goal is to assist the family or individual achieve permanent housing.

Homeless Goals

The following Strategic Plan goals and associated proposed accomplishments are aimed at reaching the homeless populations. Refer to the Annual Report section of this document for 2005 performance on reaching these objectives, and the "Strategic Plan Goals" in this section for more information on 2006 goals. Refer to the "Program Statements" in this section for more information on the Emergency Shelter Grants Program, which is TDHCA's main homelessness assistance program, and other related programs.

GOAL 3: TDHCA WILL IMPROVE LIVING CONDITIONS FOR THE POOR AND HOMELESS AND REDUCE THE COST OF HOME ENERGY FOR VERY LOW INCOME TEXANS.

3.1 **Strategy:** Administer homeless and poverty-related funds through a network of community action agencies and other local organizations so that poverty-related services are available to very low income persons throughout the state.

3.2 **Strategy:** Administer the state energy assistance programs by providing grants to local organizations for energy related improvements to dwellings occupied by very low income persons and for assistance to very low income households for heating and cooling expenses and energy related emergencies.

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[76] Coalition for the Homeless, *HIV/AIDS and Homelessness* NCH Fact Sheet #9 (Washington DC: National Coalition for the Homeless, April 1999) http://www.nationalhomeless.org/hivaids.html (accessed August 30, 2005).
[77] National Coalition for the Homeless, *Who is Homeless?*
[78] Texas Commission on Alcohol and Drug Abuse, "Texas Statewide Totals," http://www.tcada.state.tx.us/research/statistics/statetotals.shtml (accessed August 30, 2005).

TDHCA Program Strategies for Meeting Homeless Needs

In order to meet the needs of homeless populations and meet the goals outlined above, TDHCA has developed the following strategies.

Texas Interagency Council for the Homeless

The Texas Interagency Council for the Homeless (TICH) was created in 1989 to coordinate the State's homeless resources and services. TICH consists of representatives from all state agencies that serve the homeless. The council receives no funding and has no full-time staff, but receives clerical and advisory support from TDHCA. The council holds public hearings in various parts of the state to gather information useful to its members in administering programs. In addition, the Texas Homeless Network, a nonprofit organization, fulfills many of the council's statutory duties through a contract with TDHCA.

The Council's major functions include

- evaluating and helping coordinate the delivery of services for the homeless in Texas;
- increasing the flow of information among separate providers and appropriate authorities;
- providing technical assistance to TDHCA in assessing the need for housing for people with special needs;
- developing, in coordination with TDHCA and the Health and Human Services Commission, a strategic plan to address the needs of the homeless;
- maintaining a central resource and information center for the homeless.

TICH has developed a 10-year state action plan to end chronic homelessness in Texas. A team of 10 TICH members attended the Federal Policy Academy on Improving Access to Mainstream Services for People Experiencing Chronic Homelessness in Chicago, Illinois, in May 2003. A result of their participation was that TICH developed a 10-year plan to end chronic homelessness and then conducted six public hearings in March 2004 to receive testimony on the plan. The public hearings were held at the request of the Office of the Governor and were intended to further the implementation of the state action plan on homelessness. The plan was developed as part of Texas's participation in the federal policy academy to improve access to mainstream services for people who are homeless, including people with serious mental health or substance abuse problems. The federal policy academies are led by the US Department of Health and Human Services, the US Department of Urban Development, and the US Department of Veterans Affairs.

The Three Priorities and the Strategies of the State Action Plan to End Chronic Homelessness are as follows:

Priority One: Increasing the Public and Political Investment

Strategy 1.1 Improve data

Strategy 1.2 Increase capacity of local homeless coalitions

Strategy 1.3 Host public forums for state plan to end chronic homelessness

Priority Two: Prevent Chronic Homelessness

Strategy 2.1	Identify common risk factors and definitions regarding persons at risk of chronic homelessness
Strategy 2.2	Develop model discharge coordination plan for persons at-risk of chronic homelessness
Strategy 2.3	Coordinate discharge-planning efforts
Strategy 2.4	Develop a prevention strategy aimed at persons at risk of homelessness, currently homeless persons, and their providers that focus on education, awareness, and anti-stigma strategy

Priority Three: Develop, Expand, and Support Evidence-Based Service Interventions

Strategy 3.1	"Set-aside" resources for ending chronic homelessness
Strategy 3.2	Increase prioritization and targeting of persons experiencing chronic homelessness within mainstream services
Strategy 3.3	Advocate for a uniform eligibility process
Strategy 3.4	Increase and improve linkages between housing and services

Information on TICH and the 10-Year Plan to End Chronic Homelessness can be found at http://www.tich.state.tx.us.

Emergency Shelter Grants Program

Through the Emergency Shelter Grants Program (ESGP), TDHCA funds organizations that provide shelter and related services for homeless persons, as well as intervention services to persons threatened with homelessness. Activities include renovating buildings for use as shelters; medical and psychological counseling; assistance in obtaining permanent housing; and homeless prevention services, such as rent and utility assistance. For 2006, TDHCA anticipates that it will receive $5,154,498.in funding to address homelessness, and disperses those funds according to a regional allocation formula based on the poverty percentage of each uniform state service region. Demonstrating the need for homeless shelter and services, for the 2005 ESGP application cycle, the Department received 138 applications and was able to fund only 76.

Community Services Block Grant Program

TDHCA provides administrative support funds to community action agencies (CAAs) that offer emergency and poverty-related programs to lower income persons. CAA services include child care, health and human services, job training, migrant farmworker assistance, nutrition services, and emergency assistance. These services can be instrumental in preventing homelessness in the lowest income populations.

HTC Program

The HTC Program (HTC) is a multifamily program that encourages the development of affordable multifamily housing. In addition to the construction, acquisition, and/or rehabilitation of new, existing, at-risk, and rural housing, this program can also be used to develop transition housing. TDHCA gives scoring preferences for this purpose.

PERSONS WITH DISABILITIES

According to the US Department of Housing and Urban Development, 24 CFR 582.5:

> A person shall be considered to have a disability if such a person has a physical, mental, or emotional impairment that
> - is expected to be of long-continued and indefinite duration,
> - substantially impedes his or her ability to live independently,
> - is of such a nature that the ability could be improved by more suitable housing conditions.

According to the 2000 US Census, there are approximately 3,605,542 disabled, civilian, non-institutionalized persons over the age of five (or approximately 19 percent of total population) in Texas. Of this figure, 663,300 have a sensory disability (severe vision or hearing impairment), 1,428,580 have a physical disability (condition that substantially limits a physical activity such as walking or carrying), 816,185 have a mental disability (learning or remembering impairment), 487,120 have a self-care disability (dressing, bathing, or getting around inside the home), 1,359,848 have a "going outside the home disability," and 1,651,821 have an employment disability.

Needs of Persons with Disabilities

Housing opportunities for people with disabilities may be complicated by low incomes. The 2000 census estimates that 553,934 disabled individuals over age five live below the poverty level in Texas. Many people with disabilities may be unable to work, and receive Supplemental Security Income (SSI) or Social Security Disability Insurance (SSDI) benefits as their principal source of income. According to *Priced Out in 2002*, an SSI recipient would have to pay an average of 98.3 percent (or $536) of his or her $545 monthly payment to rent a one-bedroom apartment in Texas.[79] According to the HUD definition of affordability that estimates that a household should pay no more than 30 percent of its income on housing expenses, an SSI recipient can afford a monthly rent of no more than $164.

The *Olmstead* Supreme Court decision maintained that unnecessary segregation and institutionalization of people with disabilities is unlawful discrimination under the Americans with Disabilities Act (ADA). Furthermore, the Fair Housing Act, Section 504 of the Rehabilitation Act, ADA, and Section 2306.514 of the Texas Government Code all provide mandates for accessible residential housing for persons with disabilities. A cost-effective and integrative approach is to promote "adaptive design" or "universal access" housing, which promotes basic, uniform standards in the design, construction, and alteration of structures that include accessibility or simple modification for disabled individuals. While an "adaptable" unit may not be fully accessible at time of occupancy, it can easily and inexpensively be modified to meet the needs of any resident. Another option is to equip homes with special features designed for persons with disabilities, including ramps, extra-wide doors and hallways, hand rails and grab bars, raised toilets, and special door levers.

There is a significant shortage of housing that is physically accessible to persons with disabilities and an even greater shortage of accessible housing that has multiple bedrooms. Many persons with disabilities

[79] Technical Assistance Collaborative Inc. and Consortium for Citizens with Disabilities Housing Task Force, *Priced Out in 2002*, by Ann O'Hara and Emily Cooper (Boston, MA: Technical Assistance Collaborative Inc., May 2003), 37, http://www.c-c-d.org/PO2002.pdf (accessed August 30, 2005).

require larger housing units because they live with family, roommates, or attendants. The lack of multi-bedroom housing furthers their segregation. Moreover, accessible housing is an urgent and present need for not only citizens who currently have disabilities, but for the aging population in the US, which will likely develop disabilities in the future. Accessible housing will become increasingly more important as the ability for self-care and mobility decreases with age.

Advocates for the elderly and persons with disabilities continue to stress that the primary goal of these populations is to live independently and remain in their own homes. Access to rehabilitation funds for single family housing—to perform minor physical modifications such as extra handrails, grab bars, wheelchair-accessible bathrooms, and ramps, thus making existing units livable and providing a cost-effective and consumer-driven alternative to institutionalization—was considered as a priority. Likewise, the availability of rental vouchers that provide options beyond institutional settings was found to be a high priority.

Persons with Disabilities Goals

The following goals and associated proposed accomplishments are aimed at reaching persons with special needs, including persons with disabilities. Refer to the Annual Report section of this document for 2005 performance on reaching these objectives, and the "Strategic Plan Goals" in this section for more information on 2006 goals.

GOAL 8: TDHCA WILL WORK TO ADDRESS THE HOUSING NEEDS AND INCREASE THE AVAILABILITY OF AFFORDABLE AND ACCESSIBLE HOUSING FOR PERSONS WITH SPECIAL NEEDS THROUGH FUNDING, RESEARCH, AND POLICY DEVELOPMENT EFFORTS.

8.1 Strategy: Dedicate no less than 20 percent of the HOME project allocation for applicants that target persons with special needs.

8.2 Strategy: Dedicate no less than 5 percent of the Multifamily Bond Program units for persons with special needs.

8.3 Strategy: Compile information and accurately assess the housing needs of and the housing resources available to persons with special needs.

8.4 Strategy: Increase collaboration between organizations that provide services to special needs populations and organizations that provide housing.

8.5 Strategy: Discourage the segregation of persons with special needs from the general public.

TDHCA Program Strategies for Meeting the Needs of Persons with Disabilities

In order to meet the needs of persons with disabilities and meet the goals outlined above, TDHCA has developed the following strategies.

Promoting Independence Advisory Board

With the advent of the *Olmstead* decision, the Health and Human Services Commission (HHSC) initiated the Promoting Independence Initiative and appointed the Promoting Independence Advisory Board, as directed by then-Governor George Bush's Executive Order GWB 99-2. The Promoting Independence Advisory Board (PIAB) assists the HHSC in creating the State's response to the *Olmstead* decision through the biannual Promoting Independence Plan. This plan highlights the State's efforts to assist those individuals desirous of community placement, appropriate for community placement as determined by the state's treatment professionals, and who do not constitute a fundamental alteration in the state's services, to live in the community. A representative from TDHCA has been a voting member of the PIAB since its inception.

Project Access

TDHCA has taken a leadership role in the provision of funding for rental assistance to address the housing needs of persons looking for community-based alternatives to institutionalization. In FY 2002, TDHCA received 35 rental vouchers to administer to the *Olmstead* population as part of a national pilot called "Project Access." As of August 2005, all vouchers have been issued, and 56 recipients through voucher recycling have made the transition from a nursing facility into their own homes.

Integrated Housing Rule

An issue of particular concern for advocates for persons with disabilities involved the Department's policies related to integrated housing. Integrated housing, as defined by SB 367 and passed by the 77th Texas Legislature, is "housing in which a person with a disability resides or may reside that is found in the community but that is not exclusively occupied by persons with disabilities and their care providers." The Department, with the assistance of the TDHCA Disability Advisory Committee, developed an integrated housing rule to address this concern. In November 2003, the TDHCA Board approved an Integrated Housing Rule for use by all Department housing programs, 10 TAC 1.15. Below is a synopsis of the rule:

- A housing development may not restrict occupancy solely to people with disabilities or people with disabilities in combination with other special needs populations.
    - Large housing developments (50 units or more) shall provide no more than 18 percent of the units of the development set aside exclusively for people with disabilities. The units must be dispersed throughout the development.
    - Small housing developments (less than 50 units) shall provide no more than 36 percent of the units of the development set aside exclusively for people with disabilities. These units must be dispersed throughout the development.
- Set-aside percentages outlined above refer only to the units that are to be solely restricted for persons with disabilities. This section does not prohibit a property from having a higher percentage of occupants that are disabled.
- Property owners may not market a housing development entirely, nor limit occupancy to, persons with disabilities.

Exceptions to the above rule include (1) scattered site development and tenant-based rental assistance is exempt from the requirements of this section; (2) transitional housing that is time-limited with a clear and convincing plan for permanent integrated housing upon exit from the transitional situation; (3) housing developments designed exclusively for the elderly: (4) housing developments designed for other special needs populations; and (5) Board waivers of this rule to further the purposes or policies of Chapter 2306, Texas Government Code, or for other good cause.

HOME Program

Subject to qualified applications, a minimum of 5 percent of the annual HOME Program allocation will be allocated for applicants serving persons with disabilities. Additionally, the HOME Program has a goal of allocating 20 percent of funds to applications serving persons with special needs. Applications serving persons with disabilities through multifamily activities may be located in participating jurisdictions.

Annually, TDHCA allocates $500,000 in HOME Program funds for the Texas Home of Your Own Program (HOYO), which provides assistance to help persons with disabilities purchase a home. HOYO provides homebuyer education, down payment and closing cost assistance, and architectural barrier removal.

In FY 2003 and 2004, the HOME Program reserved $4 million for the HOME *Olmstead* Tenant-Based Rental Assistance. This program provided rental assistance vouchers for a maximum of two years for persons with disabilities making the transition for institutional settings into the community. Since the inception of the program until 2005, the Department awarded $2.8 million to entities serving the *Olmstead* population.

HTC Program

HTC developments that are new construction must conform to Section 504 standards, which require that at least 5 percent of the development's units be accessible for persons with physical disabilities and at least 2 percent of the units be accessible for persons with hearing and visual impairments.

HTF Program

Rental developments funded with HTF resources must have a minimum of 5 percent of the units accessible for individuals with mobility impairments and an additional 2 percent of the units shall be accessible for individuals with hearing or vision impairments.

Multifamily Bond Program

The Multifamily Bond Program requires that owners make available for occupancy at least 5 percent of units for persons with special needs.

Comprehensive Energy Assistance Program

Priority for utility assistance through the Comprehensive Energy Assistance Program is given to the elderly, persons with disabilities, and families with young children; households with the highest energy costs in relation to income; and households with high energy consumption. Local providers must implement special outreach efforts for these special needs populations.

Weatherization Assistance Program

Like CEAP, priority for utility assistance through the Weatherization Assistance Program is given to the elderly, persons with disabilities, and families with young children; households with the highest energy costs in relation to income; and households with high energy consumption. Local providers must implement special outreach efforts for these special needs populations.

OTHER SPECIAL NEEDS POPULATIONS

Various populations within the state of Texas have been identified by the US Department of Housing and Urban Development as "special needs populations." In addition to persons with disabilities discussed above, the HUD designation also include the elderly, frail elderly, persons with alcohol or other drug addiction, persons with HIV/AIDS and their families, and public housing residents. TDHCA also considers colonia residents and migrant farmworkers as special needs populations.

Elderly Populations

According to the 2000 US Census, 9.9 percent (approximately 2 million) of people in Texas are 65 years of age or older. The Texas Department on Aging (TDoA), now part of the Texas Department of Aging and Disability Services, estimates that by the year 2040, individuals age 60 and over will comprise 23 percent of the population in Texas.[80] TDoA reports that females significantly outnumber males age 60 and over and, though the majority of elderly Texans live in urban areas, rural areas have a higher percentage of elderly relative to the local population.[81]

Nationwide, in 2002, the median income for individual elderly males was $19,436, individual females was $11,406, and families headed by individuals 65 and over was $33,802.[82] According to the 2000 Census, 13.1 percent of seniors age 65 and over in Texas live below the poverty level. Low incomes in addition to rising healthcare costs may make housing unaffordable. Approximately 30 percent of all elderly households pay more than 30 percent of their income on housing, while 14 percent pay more than 50 percent of their income on housing.[83]

A 2000 American Association of Retired Persons study found that 90 percent of elderly persons expressed a desire to stay in their own homes as long as possible.[84] Of all elderly households, 80 percent own their own homes.[85] However, elderly homeowners generally live in older homes than the majority of the population; in 2001, the median year of construction for homes owned by elderly households was 1963.[86] Due to their age, homes owned by the elderly are often in need of repair, weatherization, and energy assistance.

Some elderly households may require in-house services such as medical treatment, meal preparation, or house cleaning. Community Care Services, administered by the Texas Department of Aging and Disability Services, provides services to meet the needs of elderly and disabled Texans avoiding premature nursing home placement, and proves to be more cost-effective than nursing home care. Statistics show that in

80 Texas Department on Aging, Office of Aging Policy and Information, *Texas Demographics: Older Adults in Texas* (Austin, TX: Texas Department on Aging, April 2003), x, http://www.dads.state.tx.us/news_info/publications/studies/NewDemoProfileHi-Rez-4-03.pdf (accessed August 30, 2005).
81 Texas Department on Aging, *Texas Demographics: Older Adults in Texas*, ix-x.
82 US Department of Health and Human Services, Administration on Aging, *A Profile of Older Americans: 2003* (US Department of Health and Human Services), 10, http://www.aoa.dhhs.gov/prof/Statistics/profile/2003/2003profile.pdf (accessed August 30, 2005).
83 US Department of Housing and Urban Development, *Housing Our Elders* (HUD, November 1999), 29, http://www.hud.gov/library/bookshelf18/pressrel/elderlyfull.pdf (accessed August 30, 2005).
84 Texas Department on Aging, Office of Aging Policy and Information, *The State of Our State on Aging* (Austin, TX: Texas Department on Aging, December 2002), 19, http://www.dads.state.tx.us/news_info/publications/studies/SOSHighRez.pdf (accessed August 30, 2005).
85 US Department of Health and Human Services, *A Profile on Older Americans: 2003*, 11.
86 US Department of Health and Human Services, *A Profile on Older Americans*: 2003, 11.

fiscal year 2003, 65,202 nursing facility clients were assisted at an annual cost of $1,814,420,111, and 150,696 Community Care Services clients were at an annual cost of $1,332,477,707.[87] Though Medicaid covers nursing home care as well as assisted-living services, such assisted-living services are limited and waiting lists can be lengthy, which can prematurely place low income seniors in nursing home facilities.

Frail Elderly Persons

Frail elderly persons are defined as elderly persons who are unable to perform at least three activities of daily living. Activities of daily living include eating, dressing, bathing. According to the 2000 Census, 400,099 persons aged 65 to 74 (out 1,131,163) have a disability as defined by the US Census, and 479,879 persons over the age of 75 (out of 835,109 total) have a disability as defined by the US Census. This population will require medical and social services; varying degrees of assistance are needed to maintain self-sufficiency and delay the need for nursing home care.

Alcohol and Drug Addiction

In 2001, the Texas Commission on Alcohol and Drug Abuse (TCADA), now part of the Texas Department of State Health Services, estimated that approximately 1.8 million, or 12 percent, of adults in Texas have an alcohol-related problem, another 227,000 have drug-related problems, and an additional 495,000 have both alcohol and drug-related problems.[88] Of the 46,474 total admissions to TCADA-funded treatment programs during 2004, admitted individuals were most likely to be single males with an average age of 35, an average 12th grade education, and an average annual income of $5,715.[89] The population of persons with alcohol or other drug addiction is diverse and often overlaps with the mentally disabled or homeless populations.

Supportive housing programs needed for persons with alcohol and/or other drug addiction problems range from short-term, in-patient services to long-term, drug-free residential housing environments for recovering addicts. Better recovery results may be obtained by placing individuals in stable living environments.

Persons with HIV/AIDS

Human Immunodeficiency Virus, or HIV, is the virus that causes AIDS (Acquired Immunodeficiency Syndrome). HIV infects cells and attacks the immune system, which weakens the body and makes it especially susceptible to other infections and diseases. According to the Texas Department of Health, now the Texas Department of State Health Services (DSHS), as of December 2003, there were 48,368 reported persons living with HIV/AIDS in Texas.[90] The majority of these cases were located in Bexar, Dallas, Harris, Tarrant, and Travis Counties. Because of increased medical costs or the loss of the ability to work, people with HIV/AIDS may be at risk of losing their housing arrangements.

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[87] Texas Department of Human Services, *2003 Annual Report*, 103.
[88] Texas Commission on Alcohol and Drug Abuse, *2000 Texas Survey of Substance Use Among Adults*, by Lynn Wallisch (Austin, TX: Texas Commission on Alcohol and Drug Abuse, July 2001), 29, http://www.tcada.state.tx.us/research/AdultHousehold.pdf (accessed August 30, 2005).
[89] Texas Commission on Alcohol and Drug Abuse, "Texas Statewide Totals," http://www.tcada.state.tx.us/research/statistics/statetotals.shtml (accessed August 30, 2005).
[90] Texas Department of Health, HIV/STD Epidemiology Division, Surveillance Branch, *Texas HIV/STD Surveillance Report: 2003 Annual Report* (Austin, TX: Texas Department of Health, December 2003), 1, http://www.tdh.state.tx.us/hivstd/stats/pdf/qr20034.pdf (accessed August 30, 2005).

DSHS addresses the housing needs of AIDS patients through the Housing Opportunities for Persons with AIDS Program (HOPWA), which is a federal program funded by HUD. In Texas, HOPWA funds provide emergency housing assistance, which funds short-term rent, mortgage, and utility payments to prevent homelessness; and tenant-based rental assistance, which enables low income individuals to pay rent and utilities until there is no longer a need or until they are able to secure other housing. In addition to the TDH statewide program, the cities of Austin, Dallas, Fort Worth, Houston, and San Antonio receive HOPWA funds directly from HUD.

Public Housing Residents

According to HUD, there are 61,127 units of public housing and 141,982 Section 8 Housing Choice Vouchers in Texas.[91]

TDHCA believes that the future success of public housing authorities (PHAs) will center on ingenuity in program design, emphasis on resident participation towards economic self-sufficiency, and partnerships with other organizations to address the needs of this population. While TDHCA does not have any direct or indirect jurisdiction over the management or operations of public housing authorities, it is important to maintain a relationship with these service providers.

Over the past few years TDHCA has developed a strong relationship with the Texas Housing Association and the Texas chapter of the National Association of Housing and Redevelopment Officials, which represent the public housing authorities of Texas. TDHCA has worked to promote programs that will repair substandard housing and develop additional affordable housing units. Specifically, the HTC Program gives scoring points to applications that will receive development-based housing choice vouchers or rental assistance subsidies through a local public housing authority. HUD also has an increased interest in seeing state housing agencies work closer with PHAs to plan and implement initiatives to improve public housing.

In 1999, TDHCA, as required by 24 CFR §903.15, started a certification process to ensure that the annual plans submitted by public housing authorities in an area without a consolidated plan are consistent with the State's *Consolidated Plan*.

In an effort to keep public housing residents aware of State programs that might affect them, TDHCA sends notice of public comment periods and hearings regarding the *State of Texas Low Income Housing Plan and Annual Report* and the *State of Texas Consolidated Plan* to all Texas PHAs. PHA staff are targeted by the Texas Statewide Homebuyer Education Program (TSHEP) for training to provide self-sufficiency tools for tenants.

TDHCA serves on the Project Advisory Committee with the Coalition of Texans with Disabilities, Texas Council for Developmental Disabilities, Advocacy Inc., and United Cerebral Palsy to oversee the three-year grant to provide training and technical assistance to PHAs. Activities of the grant are intended to result in a measurable increase in the number of integrated housing units available to persons with disabilities.

[91] HUD, "Public Housing Agency (HA) Profiles" http://www.hud.gov/offices/pih/systems/pic/haprofiles/index.cfm (accessed October 30, 2004).

Colonia Residents

According to Section 2306.581 of the Texas Government Code:

> "Colonia" means a geographic area located in a county some part of which is within 150 miles of the international border of this state and that
>
> - has a majority population composed of individuals and families of low income and very low income, based on the federal Office of Management and Budget poverty index, and meets the qualifications of an economically distressed area under Section 17.921, Water Code; or
> - has the physical and economic characteristics of a colonia, as determined by the department.

Texas A&M University estimates that the average median household income is between $7,000 and $11,000 for the 1,450 colonias that accommodate over 350,000 residents.[92] Colonia residents are generally unskilled, lack a formal education, and do not have stable employment. It is assumed that many residents work as day-to-day or farm laborers and the unemployment rate ranges from 20 to 60 percent.[93]

According to 2000 US Census data, colonias have a 75 percent homeownership rate. Despite this rate, however, colonia homes are inadequate; 4.9 percent of colonia dwellings lack kitchen facilities and 5.3 percent lack plumbing facilities. It is estimated that 50 percent of colonia residents lack basic water and sewage systems: 51 percent use septic tanks, 36 percent use cesspools, 7 percent use outhouses, and 6 percent use other wastewater systems.[94] Some of these properties may have been purchased with contracts for deed, which are seller-financed transactions that do not transfer the title and ownership of the property to the buyer until the purchase price is paid in full.

Colonia residents have several needs that include increased affordable housing opportunities, such as down payment assistance and low-interest-rate loans, homeowner education, construction education and assistance, owner-occupied home repair, access to adequate infrastructure, and the conversion of remaining contracts for deed to conventional mortgages.

Migrant Farmworkers

According to the US Department of Health and Human Services *Migrant and Seasonal Farmworker Enumeration Profiles Study*, a seasonal farmworker describes an individual whose principal employment (at least 51 percent of time) is in agriculture on a seasonal basis and who has been so employed within the preceding twenty-four months; a migrant farmworker meets the same definition, but establishes temporary housing for purposes of employment.[95] The US Department of Health and Human Services

[92] Texas A&M University, Center for Housing and Urban Development, "Colonias in Texas," http://chud.tamu.edu (accessed August 3, 2004).
[93] Ninfa Moncada, "A Colonias Primer" (A briefing presented to the US Department of Housing and Urban Development, 2001), http://www.nationalmortgagenews.com/nmn/plus93.htm (accessed August 30, 2005).
[94] Moncada, "A Colonias Primer."
[95] US Department of Health and Human Services, Health Resources and Services Administration, Bureau of Primary Health Care, *Migrant and Seasonal Farmworker Enumeration Profiles Study: Texas*, by Alice Larson, Larson Assistance Services (Vashon Island, WA: Larson Assistance Services, September 2000), 2, http://bphc.hrsa.gov/migrant/Enumeration/final-tx.pdf (accessed August 30, 2005).

estimates that there are 362,724 migrant and seasonal farm workers and families residing in Texas.[96] Of this population, 26 percent reside in Cameron, Hidalgo, and Starr Counties.

The National Agricultural Workers Survey, a national survey of 4,199 farmworkers conducted between 1997 and 1998, found that 61 percent lived below the poverty level.[97] The median annual income for individual workers was less than $7,500 and migrant families earned less than $10,000. Sixty percent of workers held only one farm job, which lasted only 24 weeks out of the year. Despite the short employment duration and low incomes, only 20 percent of workers received unemployment benefits and 10 percent received Medicaid or food stamps.

Farmworkers have a particularly difficult time finding available, affordable housing because of extremely low and sporadic incomes and mobility. Many of the small, rural communities where migrant workers may seek employment do not have the rental units available for the seasonal influx. Overcrowding and substandard housing are significant housing problems for farmworkers.[98] In addition, migrant workers may not be able to afford security deposits, pass credit checks, or commit to long-term leases.

In HB 1099, the 79th Texas Legislative Session transferred the license and inspection of migrant farmworker housing facilities from the Texas Health and Human Services Commission to TDHCA. Additionally, the bill directs TDHCA to complete a study on quantity, availability, need, and quality of migrant farm labor housing facilities in Texas. This study is due to the Legislature by September 2006.

Rural Needs

As the migration of populations and industries continues to urban and suburban areas, the less-populous areas of the state are left with a dilapidated housing stock and households with lower incomes than their urban or suburban counterparts. According to HUD, the median income for Texas metropolitan areas is $55,500 compared to $42,400 for non-metropolitan areas.[99]

Due to the lower incomes and lack of access to resources (e.g., bonds, large tax base, and investment capital) in less-populous areas, TDHCA gives special consideration to lower income individuals and households residing in rural areas. This focus is considered in the development of Department programs and in the distribution of associated funds. In the event that funding cannot be limited to rural areas because of rule or financial feasibility reasons, scoring criteria or set-asides are added to the applications or program rules to encourage the participation of these areas.

The Department works closely with several rural-based affordable housing organizations, private lenders, nonprofits, and units of local government in order to give funding priority to non-PJ and rural areas. It requires more effort to spark affordable housing activity in rural areas as the number of organizations

[96] US Department of Health and Human Services, *Migrant and Seasonal Farmworker Enumeration Profiles Study,* 13–18.
[97] US Department of Labor, Office of the Assistance Secretary for Policy, and Aguirre International, *Findings from the National Agricultural Workers Survey (NAWS) 1997-1998: A Demographic and Employment Profile of United States Farmworkers,* by Kala Mehta et al. (Washington, DC: US Department of Labor, March 2000), vii, http://www.dol.gov/asp/programs/agworker/report_8.pdf (accessed August 30, 2005).
[98] Christopher Holden. "Monograph no. 8: Housing" in *Migrant Health Issues* (Buda, TX: National Center for Farmworker Health Inc., October 2001), 40, http://www.ncfh.org/docs/08%20-%20housing.pdf (accessed August 30, 2005).
[99] HUD, *FY 2005 HUD Income Limits Briefing Materials*, 26, http://www.huduser.org/datasets/il/il05/BRIEFING-MATERIALs.pdf (accessed August 30, 2005).

available to assist with these activities is significantly fewer. With this in mind, the Department has developed specific strategies to address the needs of the rural populations of the state, which include rural set-asides or special scoring criteria for housing program funds, prioritization of activities that are most needed in rural areas, increasing awareness of TDHCA programs in rural areas, and building the capacity of rural service providers.

The TDHCA HOME Program requires that 95 percent of funding be allocated to non-participating jurisdiction areas. Participating jurisdictions (PJs) are typically larger metropolitan cities and more populous counties designated by HUD to receive HOME Program funds directly from the federal government. Because these PJs receive HOME funding directly, TDHCA directs its HOME Program allocation to non-PJ areas of the state, which are more rural areas. The 5 percent of HOME funds that can be used in PJs is reserved for multifamily activities serving persons with disabilities only.

Section 2306.111(d) of the Texas Government Code requires that the TDHCA Regional Allocation Formula consider rural and urban/exurban areas in its distribution of program funding. Because of this, allocations for the HTC and HOME programs in allocated by rural and urban/exurban areas within each region. For more information, see “TDHCA Allocation Formulas” in this section.

TDHCA and the Office of Rural Community Affairs (ORCA) jointly administer the HTC Program rural regional allocation. ORCA assists in developing all thresholds, scoring, and underwriting criteria for rural regional allocation, and must approve the criteria. It is anticipated that joint-implementation outreach, training, and rural area capacity building efforts will increase participation in the rural set-aside.

The TDHCA Section 8 Housing Choice Voucher Program specifically serves households in small cities and rural communities that are not served by similar local or regional housing voucher programs.

ENERGY EFFICIENCY

Energy and water costs are often the largest single housing expense after food and shelter for lower income families. Utility costs typically represent 13 to 44 percent of lower income annual gross incomes and can account for nearly one-fourth of total housing costs. Proper use of existing technologies and management practices can reduce these utility costs significantly at a relatively low initial cost, thereby greatly increasing housing affordability for low and moderate income families.

The Department encourages, in each uniform state service region, energy efficiency in the construction of affordable housing by offering training, workshops, conferences, and other opportunities to learn about energy efficiency construction, and by encouraging applicants for Department programs to consider energy efficiency in their developments.

HOME Program applicants are required to certify that the development will be equipped with energy-saving devices that meet the 2000 IECC, which is the standard statewide energy code adopted by the state energy conservation office, unless historic preservation codes permit otherwise for a development involving historic preservation. In addition, applicants may qualify for points for the use of energy efficient alternative construction materials, 14 SEER HVAC or evaporative coolers in dry climates for new construction or radiant barrier in the attic for rehabilitation, and Energy Star or equivalently rated kitchen appliances.

The HTC Program gives scoring points to applicants that incorporate energy efficient materials in the construction of affordable multifamily housing, including Energy Star kitchen appliances, R-15 wall and R-30 ceiling insulation, ceiling fixtures in all rooms, structurally insulated panels, and 14 SEER (seasonal energy efficiency ratio) cooling units.

The Weatherization Assistance Program allocates funding regionally, to help households in each region control energy costs through the installation on weatherization measures and energy conservation education. Weatherization services include the installation of storm windows, attic and wall insulation, and weather-stripping and sealing.

LEAD-BASED PAINT

The Consumer Product Safety Commission banned the use of lead-based paint in housing in 1978. According to the 2000 Census, there are 3,344,406 housing units in Texas that were built before 1979, many of which potentially contain lead-based paint. Of these homes, 2,764,745 are occupied by low income households and 579,661 are occupied by moderate income households. According to the National Safety Council, approximately 38 million US homes contain lead paint.[100]

The 1992 Community and Housing Development Act included Title X, a statute that represents a major change to existing lead-based paint regulations. HUD's final regulations for Title X (24. CFR.105) were published on September 15, 1999, and became effective September 15, 2000. Title X calls for a three pronged approach to target conditions that pose a hazard to households: (1) notification of occupants about the existence of hazards so they can take proper precautions, (2) identifications of lead-based paint hazards before a child can be poisoned and, (3) control of these lead-based paint hazards in order to limit exposure to residents. Title X mandated that HUD issue "The Guidelines for the Evaluation and Control of Lead-Based Paint Hazards in Housing" to outline risk assessments, interim controls, and abatement of lead-based paint hazards in housing. Section 1018 required EPA and HUD to promulgate rules for disclosure of any known lead-based paint or hazards in target housing offered for sale or lease. These rules came into effect on March 6, 1996 in 40 CFR Part 745/24 CFR Part 35.

Pursuant to Section 1012 and 1013, HUD promulgated new regulations, "Requirements for Notification, Evaluation, and Reduction of Lead-Based Paint Hazards in Federally Owned Residential Property and Housing Receiving Federal Assistance," on September 15, 1999. The new regulation puts all of HUD's lead-based paint regulations in one part of the Code of Federal Regulations. The new requirements took effect on September 15, 2000.

The HOME Program, administered by TDHCA, requires lead screening in housing built before 1978. Requirements for acquisition and tenant-based rental assistance activities are distribution of the pamphlet "Protect Your Family from Lead in Your Home" prior to receipt of assistance; notification to

[100] National Safety Council, "Lead Poisoning," (December 2004) < http://www.nsc.org/library/facts/lead.htm> (accessed August 30, 2005).

property owners within 15 days if a visual assessment observes chipping, peeling or flaking paint; and, if detected, the paint must be stabilized using safe work practices and clearance must be provided.

Requirements for rehabilitation activities fall into three categories.
1) Federal assistance up to and including $5,000 per unit: Distribution of the pamphlet “Protect Your Family from Lead in Your Home” is required prior to renovation activities; notification within 15 days of lead hazard evaluation, reduction, and clearance must be provided; receipts for notification must be maintained in the administrator file; paint testing must be conducted to identify lead-based paint on painted surfaces that will be disturbed or replaced or administrators may assume that lead-based paint exist; administrators must repair all painted surfaces that will be disturbed during rehabilitation; if lead-based paint is assumed or detected, safe work practices must be followed; and clearance is required only for the work area.

2) Federal assistance from $5,000 per unit up to and including $25,000 per unit: This category includes all the requirements for federal assistance up to and including $5,000 per unit with the addition of a risk assessment must be conducted prior to rehabilitation to identify hazards in assisted units, in common areas that serve those units, and exterior surfaces, or administrators can assume lead-based paint exists. Clearance is required for the completed unit, common areas which serve the units, and exterior surfaces where the hazard reduction took place.

3) Federal assistance over $25,000 per unit: This category includes all the requirements for federal assistance from $5,000 per unit up to and including $25,000 per unit and, if during the required evaluations lead-based paint hazards are detected on interior surfaces of assisted units, on the common areas that serve those units, or on exterior surfaces including soils, then abatement must be completed to permanently remove those hazards. If lead-based paint is detected during the risk assessment on exterior surfaces that are not disturbed by rehabilitation, then interim controls may be completed instead of abatement.

TDHCA PROGRAM PLANS

With the exception of the Housing Trust Fund, TDHCA receives the majority of its funding from federal sources. As such, the amount of funding that TDHCA receives is predetermined by the federal funding source. TDHCA has a commitment to expend all available housing resources to address the housing needs of the state. However, as evidenced by the oversubscription rate for many TDHCA programs, even when expending all available funding, there is still an unmet need.

Because of the limited amount of TDHCA funding and the possibility that funding levels may change, TDHCA encourages, and in some cases requires, that entities receiving TDHCA funds leverage or match those awards with additional funds from other sources. For example, the HOME Program and ESGP have match requirements for entities receiving awards through those programs.

Through program requirements and compliance monitoring, TDHCA works to ensure that housing programs benefit individuals without regard to race, ethnicity, sex, or national origin, as outlined in 10 TAC 1.13. Complaints involving all forms of housing discrimination are also referred to the Texas Workforce Commission Human Rights Division, which oversees the Texas Fair Housing Act. Additionally, it is the policy of TDHCA to not require its nonprofit recipients of funds to verify, as a condition of receiving federal funds, the citizenship or immigration status of applicants for funds. This policy is subject to change if the US Department of Housing and Urban Development revises its policy. This policy does not apply to the Section 8 Housing Choice Voucher Program.

The following TDHCA programs govern the use of available housing resources in meeting the housing needs of low income Texans. Program descriptions include information on the funding source, type of assistance, recipients, targeted beneficiaries, program activities, set-asides, and special initiatives.

HOME INVESTMENT PARTNERSHIPS PROGRAM

The HOME Investment Partnerships (HOME) Program receives funding from the US Department of Housing and Urban Development (HUD) and provides loans and grants to units of local government, public housing authorities (PHAs), community housing development organizations (CHDOs), nonprofit organizations, and for-profit entities, with targeted beneficiaries being low, very low, and extremely low income households. The purpose of the HOME Program is to expand the supply of decent, safe, and affordable housing for extremely low, very low, and low income households, and to alleviate the problems of excessive rent burdens, homelessness, and deteriorating housing stock. HOME strives to meet both the short-term goal of increasing the supply and the availability of affordable housing and the long-term goal of building partnerships between state and local governments and private and nonprofit organizations in order to strengthen their capacity to meet the housing needs of lower income Texans.

The State of Texas receives an annual allocation of HOME funds from HUD. TDHCA provides technical assistance to all recipients of the HOME Program to ensure that all participants meet and follow state implementation guidelines and federal regulations. In 2003, the Texas Legislature passed Senate Bill 264 (amending Sec. 2306.111 of the Government Code), which mandated that TDHCA allocate housing funds awarded after September 1, 2003, in the HOME, Housing Trust Fund, and HTC programs to each Uniform State Service Region using a formula for urban/exurban and rural, developed by the Department, based on need for housing assistance. Please see “2006 Regional Allocation Formula” in this section for further explanation.

The Department anticipates using open funding cycles for programs which have traditionally been undersubscribed. These may include but are not limited to the CHDO Set-Aside, Contract for Deed Conversion, Rental Housing Preservation, and Rental Housing Development activities.

Eligible Service Areas

Per Section 2306.111(c) the Department shall expend at least 95 percent of HOME funds for the benefit of non–participating jurisdictions (non-PJ) areas of the state. The remaining 5 percent of HOME funds may be expended in a participating jurisdiction (PJ), but only if it funds a multifamily activity that serves persons with disabilities, unless otherwise approved by the Board.

Single Family

In prior years, due to concerns about the lack of organizational capacity to serve persons with disabilities in rural areas, TDHCA allowed 5 percent of its HOME allocation to go to applicants in PJs. Based on the increase in capacity of organizations in non-PJ areas as evidenced by an over-subscription rate in the 2004 and 2005 application cycles for single family activities, the Department will no longer fund single family activity applications in PJ areas.

Multifamily

Due to continued limited capacity with regard to the development and/or preservation of integrated multifamily properties, the Department may accept applications from PJ areas, so long as they do not exceed 5 percent of the total HOME allocation, serve persons with disabilities, and are in compliance with the Department’s Integrated Housing Rule.

Owner-Occupied Housing Assistance

Rehabilitation or reconstruction cost assistance in the form of grants or loans is provided to homeowners for the repair or reconstruction of their existing homes. The homes must be the principal residence of the homeowner. This activity will comprise approximately 65 percent of the HOME allocation that will be available through the Regional Allocation Formula process, approximately $16,852,875.

Tenant-Based Rental Assistance

Rental subsidy and security and utility deposit assistance is provided to tenants, in accordance with written tenant selection policies, for a period not to exceed two years. Tenant-based Rental Assistance (TBRA) allows the assisted tenant to live in and move to any dwelling unit with a right to continued assistance. TBRA will comprise approximately 15 percent of the HOME allocation that will be available through the Regional Allocation Formula process, approximately $3,889,125.

Homebuyer Assistance

Down payment and closing cost assistance is provided to homebuyers for the acquisition of affordable single family housing. This activity may also be used for construction costs associated with architectural barrier removal in a home purchased with HOME assistance to meet the accessibility needs of homebuyers with disabilities; acquisition and rehabilitation costs associated with contract for deed conversions to serve colonia residents; and construction costs associated with the rehabilitation of a home purchased with HOME assistance. Excluding set-aside funds listed below, this activity will comprise approximately 20 percent of the HOME allocation that will be available through the Regional Allocation Formula process, approximately $5,185,500.

Homebuyer Assistance may be awarded through the CHDO Set-Aside, Contract for Deed Set-Aside, and American Dream Downpayment Initiative.

Rental Housing Development

Awards for eligible applicants are to be used for the development of affordable multifamily rental housing. Owners are required to make the units available to extremely low, very low, and low income families, and must meet long-term rent restrictions. Approximately $3,000,000 in FY 2006 appropriations will be allocated toward this activity. These funds will not be subject to the Regional Allocation Formula.

Rental Housing Preservation

Awards for eligible applicants are to be used for the acquisition and/or rehabilitation for the preservation of existing affordable or subsidized rental housing. Owners are required to make the units available to extremely low, very low, and low income families and must meet long-term rent restrictions. Approximately $2,000,000 in FY 2006 appropriations will be allocated toward this activity. These funds will not be subject to the Regional Allocation Formula.

Set-Asides & Initiatives

CHDO Set-Aside

A minimum of 15 percent, approximately $6,450,000 (plus $322,500 in operating expenses) of the annual HOME allocation is reserved for community housing development organizations (CHDOs). CHDO Set-Aside projects are owned, developed, or sponsored by the CHDO, and result in the development of affordable rental and homeownership units. Development includes projects that have a construction component, either in the form of new construction or rehabilitation of existing units. TDHCA may set aside up to 10 percent of the annual CHDO Set-Aside for predevelopment loans in accordance with 24 CFR 92.300(c). Predevelopment loan funds may only be used for activities such as project-specific technical assistance, site control loans, and project-specific seed money. In accordance with 24 CFR 92.208, up to 5 percent of the Department's HOME allocation may be used for the operating expenses of CHDOs. The Department may award CHDO Operating Expenses in conjunction with the award of CHDO Development Funds, or through a separate application cycle not tied to a specific activity.

Set-Aside for Contract for Deed Conversions

The intent of this program is to help colonia residents become property owners by converting their contracts for deed into traditional mortgages. To assist the Department in meeting this mandate, $2,000,000 in HOME Program funds will be targeted to assist households described under this initiative. These funds will not be subject to the Regional Allocation Formula.

Set-Aside for Colonia Model Subdivision Loan Program

Per Subchapter GG of Chapter 2306, Texas Government Code, the intent of this program is to provide low-interest-rate or possible interest-free loans to promote the development of new, high-quality residential subdivisions or infill housing that provide alternatives to substandard colonias, and housing options affordable to individuals and families of extremely low and very low income who would otherwise move into substandard colonias. The Department will only make loans to CHDOs certified by the Department and for the types of activities and costs described under the previous section regarding CHDO Set-Aside. One million dollars will be targeted to assist households described under this initiative. These funds will not be subject to the Regional Allocation Formula.

American Dream Downpayment Initiative

ADDI was signed into law on December 16, 2003, and was created to help homebuyers with down payment 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 also includes displaced homemakers and single parents. The amount of assistance available is $10,000 or 6 percent of the purchase price, whichever is greater. This assistance is in the form of a second- or third-lien loan.

For PY 2006, approximately $1,500,000 is reserved for down payment 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 percent of the annual ADDI allocation. These funds are included in the 20 percent allocated for Homebuyer Assistance.

Persons with Disabilities

Subject to the availability of qualified applications, a minimum of 5 percent, approximately $2,225,000, of the annual HOME allocation will be allocated for applicants serving persons with disabilities. Eligible applicants include nonprofits, for-profits, units of general local government, and public housing authorities with a documented history of working with special needs populations, or working in partnership with organizations with a documented history of working with special needs populations.

TDHCA will ensure that all housing developments are built and managed in accordance with its Integrated Housing Rule. Multifamily developments will be limited to reserving no more than 18 percent of the units in developments with 50 or more units, and no more than 36 percent of the units in developments with less than 50 units, for persons with disabilities.

Additionally, the Department will allocate $500,000 to the Home of Your Own (HOYO) Program for activities related to homeownership for persons with disabilities. The HOYO Program coordinates existing homeownership services, which streamlines the process homebuyers must follow, including homebuyer counseling, down payment assistance, and architectural barrier removal.

Special Needs Populations

Subject to the availability of qualified applications, TDHCA has a goal of allocating 20 percent of the annual HOME allocation to applicants serving persons with special needs. All HOME program activities will be included in attaining this goal. Additional scoring criteria may be established under each of the eligible activities to target such activities and assist the Department in reaching its goal.

Projected HOME Program funding for FY 2006: $44,500,000

($43,000,000 total HOME funding plus $1,500,000 ADDI funds)

Figure 4.1: 2006 HOME Program Funding

	Estimated Available Funding	% of Total HOME Allocation
Total HOME Allocation for PY 2006	$43,000,000	100%
less Administration Funds (10% of PY 2006)	$4,300,000	10%
less CHDO Project Funds Set Aside (15% of PY 2006)[1]	$6,450,000	15%
less CHDO Operating Expenses Set Aside (5% of CHDO Set Aside)	$322,500	1%
less Direct Award for the Texas Home of Your Own Program	$500,000	1%
less Set Aside for Contract for Deed Conversions	$2,000,000	5%
less Set Aside for Rental Housing Preservation Program	$2,000,000	5%
less Set Aside for Rental Housing Development Program	$3,000,000	7%
= Remaining HOME Funds Subject to the Regional Allocation Formula (RAF)	$24,427,500	57%
Plus PY 2006 American Dream Downpayment Initiative Funds	$1,500,000	
= Total Funds Subject to RAF	$ 25,927,500	

[1]$1,000,000 will be reserved from this set-aside for the Colonia Model Subdivision Program. If sufficient applications are not received for this activity, the remaining funds will be used for other CHDO-eligible activities. The Department may set aside ten percent of the annual CHDO set-aside for Predevelopment Loans.

Total funds subject to the RAF by funding activity:

Activity	Estimated Available Funding	% of Total Funds Subject to RAF
Homebuyer Assistance	$5,185,500	20%
Owner-Occupied Housing Assistance	$16,852,875	65%
Tenant Based Rental Assistance	$3,889,125	15%
Total Funds Subject to the RAF	$25,927,500	100%

For more information regarding single family activities, contact Paige McGilloway, Single Family Finance Production Division, at (512) 475-4604 or paige.mcgilloway@tdhca.state.tx.us. For multifamily activity information, contact David Danenfelzer, Multifamily Finance Production Division, at (512) 475-3865 or david.danenfelzer@tdhca.state.tx.us.

HOUSING TRUST FUND

The Housing Trust Fund (HTF) receives funding from the State of Texas, multifamily bond issuance fees, loan repayments and other funds that are received and appropriated by the Department, and is the only State-authorized program for affordable housing, as created by the 72nd Legislature. HTF offers loans and grants to nonprofits; units of local government; public housing agencies; CHDOs; for-profit entities; and, as an eligible activity, income-eligible individuals and families. The targeted beneficiaries of the program are low, very low, and extremely low income households. Eligible program activities for the Housing Trust Fund include, but are not limited to, housing development activities; predevelopment costs associated with housing development; down-payment assistance; rental assistance; credit enhancements; security for repayment of revenue bonds issued to finance affordable housing; and technical assistance or other forms of capacity building to nonprofit housing developers. While all of these are eligible activities under the program's rule, not all of these activities will occur each year and Notices of Funding Availability (NOFAs) will be released identifying the activities for which funds can actually be applied.

Pursuant to §2306.111(d-1) of the Texas Government Code, HTF programs will be regionally allocated unless the funding allocation for that program is mandated by state statute, or the program's allocation represents less than 10 percent of the annual allocation for HTF.

Rental Housing Development

Rental Housing Development funds are primarily used to fund the acquisition, construction, and rehabilitation of affordable housing. Housing Trust Funds are typically used as gap financing in developments and combined with other Department programs, like the HOME Program and HTC Program.

Housing units assisted with HTF funds must remain affordable for a period of at least 30 years, pursuant to Texas Government Code §2306.185(c). Applications are reviewed in accordance with the Department's applicable rules for either open or competitive application cycles. Applications will be reviewed for threshold criteria and scoring criteria as detailed in the NOFA. Rental developments funded with HTF resources must have a minimum of 5 percent of the units accessible for individuals with mobility impairments and an additional 2 percent of the units shall be accessible for individuals with hearing or vision impairments.

The HTF Rental Development program is subject to the Department's Regional Allocation Plan, pursuant to Texas Government Code §2306.111(d-1).

Capacity Building and Technical Assistance

In 2004, the Housing Trust Fund provided approximately $400,000 in grant funding to 14 nonprofits to hire staff or contract with technical assistance providers in an effort to increase the organizational capacity and the production of affordable housing. When this draft SLIHP was prepared, the HTF funding plan was still under development. Upon completion of the funding plan, the eligible activities and funding amounts will be made available for public comment.

Predevelopment Loan Program

The purpose of the Housing Trust Fund Predevelopment Loan Program is to provide opportunities for nonprofits organizations to develop affordable housing by helping to eliminate the barriers predevelopment expenses may pose. To date, the Department has awarded in excess of $500,000 to qualified nonprofits through the program since 2001. Awards for predevelopment activities will be capped at $50,000.

The Predevelopment Loan program is not subject to the Regional Allocation Plan because it is less than 10 percent of the HTF annual allocation, pursuant to Texas Government Code §2306.111(d-1).

Texas Bootstrap Loan Program

The Texas Bootstrap Loan Program, as administered by the TDHCA Office of Colonia Initiatives, receives substantial funding from the Housing Trust Fund.

Projected Housing Trust Fund Funding for FY 2006: To be determined

For more information, contact David Danenfelzer, Multifamily Finance Production Division, at (512) 475-3865 or david.danenfelzer@tdhca.state.tx.us.

HOUSING TAX CREDIT PROGRAM

The Housing Tax Credit (HTC) Program receives authority from the US Treasury Department to provide tax credits to nonprofits, for-profit developers, and syndicators or investors. The targeted beneficiaries of the program are very low and extremely low income families at or below 60 percent AMFI. The program's purpose is to encourage the development and preservation of rental housing for low income families, provide for the participation of for-profit and nonprofit organizations in the program, maximize the number of units added to the state's housing supply, and prevent losses in the state's supply of affordable housing.

The HTC Program was created by the Tax Reform Act of 1986 and is governed by the Internal Revenue Code of 1986 (the "Code"), as amended, 26 USC Section 42. It authorizes tax credits in the amount of $1.80 per capita of the state population. Tax credits are also awarded to developments with tax-exempt bond financing and are made independent of the $1.80 state volume cap. TDHCA is the only entity in the state with the authority to allocate tax credits under this program. The State's distribution of the credits is administered by the TDHCA's *Qualified Allocation Plan and Rules* (QAP), as required by the Code. In 2003, the Texas Legislature passed Senate Bill 264, which mandated that TDHCA allocate housing funds awarded after September 1, 2003, in the HTC Program to each Uniform State Planning Region using a formula for urban/exurban and rural, developed by the Department, based on need for housing assistance.

To qualify for tax credits, the proposed development must involve new construction or undergo substantial rehabilitation of residential units, which is defined as at least $6,000 per rental unit of construction hard costs. The credit amount for which a development may be eligible depends on the total amount of depreciable capital improvements, the percentage of units set aside for qualified tenants, and the funding sources available to finance the total development cost. Pursuant to the Code, a low income housing development qualifies for residential rental occupancy if it meets one of the following two criteria: (1) 20 percent or more of the residential units in the project are both rent-restricted and occupied by individuals whose income is 50 percent or less of AMFI; or (2) 40 percent or more of the residential units in the project are both rent-restricted and occupied by individuals whose income is 60 percent or less of AMFI. Typically, 60 to 100 percent of a development's units will be set aside for qualified tenants in order to maximize the amount of tax credits the development may claim.

Credits from the state volume cap are awarded through a competitive application process. Each application must satisfy a set of threshold criteria and is scored based on selection criteria. The selection criteria referenced in the QAP is approved by the TDHCA Board each year. The board considers the recommendations of the TDHCA staff and determines a final award list. Credits to developments with tax-exempt bond financing are awarded through a similar application review process, but because these credits are not awarded from a limited credit pool, the process is noncompetitive and the selection criteria are not part of the application.

The Department requires recipients of tax credits to document the participation of historically underutilized businesses (HUBs) in the development, construction, and management of tax credit projects, and has established a minimum goal of 30 percent participation of HUBs. The selection criteria for 2005 awards extra points to projects owned by HUBs and also areas located in colonias. Efforts are made in the planning process and allocation of funds to ensure the involvement of housing advocates, community-based institutions, developers, and local municipalities. The Department also encourages the participation of community development corporations and other neighborhood-based groups.

Projected HTC Program Funding for FY 2006: $41,000,000

For more information, contact the Multifamily Finance Production Division at (512) 475-3340.

Multifamily Bond Program

The Multifamily Bond Program issues tax-exempt and taxable mortgage revenue bonds (MRBs) to fund loans to nonprofit and for-profit developers. The proceeds of the bonds are used to finance the construction, acquisition, or rehabilitation of multifamily properties with the targeted beneficiaries being very low, low, and moderate income households. Owners elect to set aside units in each project according to §1372, Texas Government Code. Persons with special needs must occupy 7 percent of the units. Property owners are also required to offer a variety of services to benefit the residents of the development. Specific tenant programs must be designed to meet the needs of the current tenant profile and must be approved annually by TDHCA.

TDHCA issues tax-exempt, multifamily MRBs through two different authorities defined by the Internal Revenue Code. Under one authority, tax-exempt bonds used to create housing projects are subject to the State's private activity volume cap. The State will allocate 22 percent of the annual private activity volume cap for multifamily projects. Approximately $396 million in issuance authority will be made available to various issuers to finance multifamily projects, of which 20 percent, or approximately $79.2 million, will be made available exclusively to TDHCA. Issuance authority per individual projects is allocated and administered by the Texas Bond Review Board (BRB). Initially, applications submitted to the BRB are allocated by a lottery. TDHCA, local issuers, local housing authorities, and other eligible bond issuers submit applications for specific projects on behalf of development owners. Applications submitted to TDHCA for the private activity bond 2006 program year will be scored and ranked by priority and highest score. TDHCA will be accepting applications throughout the 2006 program year. Projects that receive 50 percent or more of their funding from the proceeds of tax-exempt bonds under the private activity volume cap are also eligible to apply for HTCs.

Under the second authority, TDHCA may issue tax-exempt MRBs to finance properties that are owned entirely by nonprofit organizations. Bonds issued under this authority are exempt from the private activity volume cap. This is a noncompetitive application process and applications may be received at any time throughout the year. In addition to the set-asides above, 75 percent of development units financed under the 501(c)(3) authority must be occupied by households earning 80 percent or less of the area median income.

Projected Multifamily Bond Program Funding for FY 2006: $175,000,000

For more information, contact the Multifamily Finance Production Division at (512) 475-3340.

First Time Homebuyer Program

The First Time Homebuyer Program receives funding from tax-exempt and taxable mortgage revenue bonds. The program offers 30-year fixed-rate mortgage financing at below-market rates for very low, low, and moderate income residents purchasing their first home or residents who have not owned a home within the preceding three years. Qualified applicants access First Time Homebuyer Program funds by contacting any participating lender, which is then responsible for the loan application process and subsequent loan approval. After closing, the lender transfers the mortgage loan to a Master Servicer designated by TDHCA.

The First Time Homebuyer Program provides homeownership opportunities for qualified individuals and families whose gross annual household income does not exceed 115 percent of AMFI (area median family income) limitations, based on IRS adjusted income limits, and the purchase price of the home must not exceed stipulated maximum purchase price limits. Program funds may be allocated on a regional basis based on population percentage per Uniform State Service Region. A minimum of 30 percent of program funds will be set aside to assist Texans earning 60 percent or less of program income limits.

TDHCA currently offers Assisted Mortgage Loans and Non-Assisted Mortgage Loans. The Assisted Mortgage Loans have a slightly higher interest rate than the Non-Assisted Loans and may include down payment and closing cost assistance in the form of a grant or second lien loan. The type of assistance and amount varies by bond issuance. Assisted Mortgage Loans are available exclusively to low income homebuyers earning 60 percent or less or 115 percent or less of program income limits, depending on the program. Non-Assisted Mortgage Loans have a slightly lower interest rate than the Assisted Loans and do not offer down payment or closing cost assistance.

In an effort to assist borrowers with impaired credit histories, the First Time Homebuyer Program may be used in conjunction with Fannie Mae's My Community Mortgage. My Community Mortgage offers flexible terms, including flexibility on credit histories and the acceptance of nontraditional credit histories. These loans may be used with all TDHCA mortgage revenue bond programs, thus giving households with slight credit blemishes the opportunity to qualify for a homebuyer loan with interest rates lower than that of alternative financing arrangements

Income limits for the program are set by the IRS Tax Code (1986) based on income figures determined by the US Department of Housing and Urban Development. The first time homebuyer restriction is established by federal Internal Revenue Service regulations, which also require that program recipients may be subject to a recapture tax on any capital gain realized from a sale of the home during the first nine years of ownership. Certain exceptions to the first time homebuyer restriction, income ceiling, and maximum purchase price limitation apply in targeted areas. Such targeted areas are qualified census tracts in which 70 percent or more of the families have an income of 80 percent or less of the statewide median income and/or are areas of chronic economic distress as designated by the state and approved by the Secretaries of Treasury and Housing and Urban Development, respectively.

Projected Texas First Time Homebuyer Program funding for FY 2006: $170,000,000

For more information, contact Eric Pike, Single Family Finance Production Division, at (512) 475-3356 or eric.pike@tdhca.state.tx.us. To request a First Time Homebuyer information packet, please call 1-800-792-1119.

Grant Assistance Program

The Texas Department of Housing and Community Affairs offers grant funds for down payment and closing cost assistance on a first-come, first-served basis for mortgage loans originated through the First Time Homebuyer Program. The Grant Assistance Program (GAP) currently provides up to 4 percent of the amount of the mortgage loan, but may vary depending on the program. Assistance is available to eligible borrowers whose incomes do not exceed 60 percent, 80 percent, or 115 percent AMFI, depending on the program.

Projected Grant Assistance Program funding for FY 2006: Varies by bond issuance.

For more information, contact Eric Pike, Single Family Finance Production Division, at (512) 475-3356 or eric.pike@tdhca.state.tx.us. To request a First Time Homebuyer information packet, please call 1-800-792-1119.

Mortgage Credit Certificate Program

A mortgage credit certificate (MCC) provides a tax credit that will reduce the federal income taxes, dollar-for-dollar, of qualified buyers purchasing a qualified residence. As a result, the MCC effectively reduces the monthly mortgage payment and increases the buyer’s disposable income by reducing his or her federal income tax obligation. This tax savings provides a family with more available income to qualify for a loan and meet mortgage payment requirements.

The amount of the annual tax credit will equal 35 percent of the annual interest paid on a mortgage loan; however, the maximum amount of the credit cannot exceed $2,000 per year. The credit cannot be greater than the annual federal income tax liability, after all other credits and deductions have been taken into account. MCC tax credits in excess of a borrower’s current year tax liability may, however, be carried forward for use during the subsequent three years.

The MCC Program provides homeownership opportunities for qualified individuals and families whose gross annual household income does not exceed 115 percent of AMFI limitations, based on IRS adjusted income limits. In order to participate in the MCC Program, homebuyers must meet certain eligibility requirements and obtain a mortgage loan through a participating lender. The mortgage loan must be financed from sources other than tax-exempt revenue bonds. The mortgage may be a conventional, FHA, VA, or RHS loan at prevailing market rates, but may not be used in connection with the refinancing of an existing loan.

Projected Mortgage Credit Certificate Program funding for FY 2006: $60,000,000

For more information, contact Eric Pike, Single Family Finance Production Division, at (512) 475-3356 or eric.pike@tdhca.state.tx.us.

Texas Statewide Homebuyer Education Program

The Texas Statewide Homebuyer Education Program (TSHEP) offers provider certification training to nonprofit organizations including Texas Agriculture Extension Agents, units of local government, faith-based organizations, CHDOs, community development corporations (CDCs), community-based organizations (CBOs), and other organizations with a proven interest in community building. In addition, a referral service for individuals interested in taking a homebuyer education class is available through TDHCA. The targeted beneficiaries of the program include extremely low, very low, low, and moderate income individuals; minority populations; and persons with disabilities.

To ensure uniform quality of the homebuyer education provided throughout the state, TDHCA contracts with training professionals to teach local nonprofit organizations the principles and applications of comprehensive pre- and post-purchase homebuyer education. The training professionals and TDHCA also certify the participants as homebuyer education providers.

Projected Texas Statewide Homebuyer Education Program funding for FY 2006: $70,000.

For more information, contact Alyssa Carpenter, Division of Policy and Public Affairs, at (512) 475-3975 or alyssa.carpenter@tdhca.state.tx.us.

Office of Colonia Initiatives

In 1996, in an effort to place more emphasis on addressing the needs of colonias, the Office of Colonia Initiatives (OCI) was created and charged with the responsibility of coordinating all Department and legislative initiatives involving border and colonia issues and managing a portion of the Department’s existing programs targeted at colonias. The fundamental goal of the OCI is to improve the living conditions and lives of border and colonia residents, and to educate the public regarding the services that the Department has to offer.

A “colonia,” Spanish for “neighborhood” or “community,” is a geographic area located within 150 miles of the Texas-Mexico border that has a majority population comprised of individuals and families of low and very low income who lack safe, sanitary, and sound housing.

Border Field Offices

OCI oversees three Border Field Offices (BFOs) located in Edinburg, El Paso, and Laredo that serve a 75-county area with a primary purpose to provide technical assistance to units of local governments, nonprofits, for-profits, colonia residents, and the general public on Department’s programs and services through on-site visits and other outreach activities along the Texas-Mexico border region. Each BFO is responsible for marketing Department programs and services to colonia and border residents. In addition, BFOs conduct on-site loan packaging and processing, homebuyer counseling, inspections, and administration of the various contracts regarding the Department's border and colonia initiatives such as the Colonia Self-Help Centers, Contract for Deed Conversion Program, and the Texas Bootstrap Loan Program. This collaboration of efforts serves as a mechanism for community improvements that is responsive to the needs of colonia residents.

Colonia Self-Help Centers

Legislative action in 1995 directed the establishment of Colonia Self-Help Centers (SHCs) in Cameron/Willacy, El Paso, Hidalgo, Starr, and Webb counties, and any other county if designated as an economically distressed area. Additional Colonia SHCs have been established in Maverick and Val Verde counties. Operation of Colonia SHCs is carried out through a local nonprofit organization, local community action agency, or local housing authority that has demonstrated the ability to perform the functions of a Colonia SHC. Colonia SHCs provide concentrated on-site technical assistance to low and very low income individuals and families regarding housing and community development activities, infrastructure improvements, and outreach and education. The program serves 31 designated colonias in the seven counties and benefits approximately 20,000 colonia residents. Beneficiaries of services must be at or below 80 percent of the area median family income.

Operation of the Colonia SHCs is funded by the Office of Rural Community Affairs with US Department of Housing and Urban Development's Texas Community Development Block Program (CDBG) 2.5 percent colonia set-aside. CDBG funds can only be provided to eligible units of general local governments; therefore, the Department must enter into a contract with each affected county government. The Department maintains a relationship with the unit of government and Colonia SHC operators to ensure the housing and community development activites within each respective contract are achieved.

Colonia Resident Advisory Committee

The Colonia Resident Advisory Committee (C-RAC) advises the Department on the needs of colonia residents, activities to be provided, and programs to be undertaken in the selected colonias of the Colonia SHCs. The Department's Board of Directors is required by the Texas Government Code to appoint two colonia resident representatives from each county to the C-RAC. C-RAC members meet 30 days prior to making an award to a Colonia Self-Help Center. The C-RAC has been instrumental in voicing the concerns of the targeted populations and assisting in the development of useful tools and programs to address the needs of colonia residents.

Contract for Deed Conversion Initiative

The intent of this program is to facilitate colonia-resident property ownership by converting contracts for deed into traditional mortgages. The Department is required through legislative directive to spend no less than $4 million on contract for deed conversions for colonia families. The Department must convert at least 400 of these contracts for deed into traditional notes and deeds of trust by August 31, 2007. Participants of this program must earn 60 percent or less of the applicable area median family income, live in a colonia and the property must be their principal residence. Pre- and post-conversion counseling is available, as well as funding for housing reconstruction and rehabilitation.

Colonia Consumer Education Services

OCI continues the consumer education program and has expanded its educational goals, although OCI is no longer required by legislation to provide education for contract for deed participants. With the statewide expansion of this program, OCI recognized the need for additional education topics, such as filing homestead exemptions and instruction in other aspects of homeownership. Education services are available through the Colonia Self-Help Centers and OCI Border Field Offices.

Texas Bootstrap Loan Program

The Texas Bootstrap Loan Program is required under Subchapter FF, Chapter 2306, Texas Government Code, to make available $3 million for mortgage loans to very low income families (those earning 60 percent or less of the area median family income), not to exceed $30,000 per unit. This program is a self-help construction program, which is designed to provide very low income families an opportunity to help themselves through the form of sweat equity. All participants under this program are required to provide at least 60 percent of labor that is necessary to construct or rehabilitate the home, and all applicable building codes must be adhered to under this program. In addition, nonprofit organizations can combine these funds with other sources, such as those from private lending institutions, local governments, or any other sources; however, all combined loans can not exceed $60,000 per unit.

The Department is required to set aside at least two-thirds, or $2,000,000, of the available funds for owner-builders whose property is located in a county that is eligible to receive financial assistance under Subchapter K, Chapter 17, Water Code. The remainder of the funding, one-third, or $1,000,000, will be available to Department-certified nonprofit owner-builder programs statewide.

Colonia Model Subdivision Program

The intent of this program, created in 2001 by the 77th Legislature, is to provide low-interest or interest-free loans to promote the development of new, high-quality subdivisions that provide alternatives to substandard colonias. The Department has allocated $2 million from the HOME Program to implement this initiative for the 2005-2006 biennium.

Consumer Information Resources

OCI operates a toll-free hotline, 1-800-462-4251, in both English and Spanish that enables colonia residents to voice their concerns and/or request information. In addition, this hotline is available to colonia residents who may be having trouble making their monthly mortgage programs under the Contract for Deed Conversion Initiative and Texas Bootstrap Loan Program.

Projected Office of Colonia Initiatives funding for FY 2006: $8,100,100

For additional information, contact Homero V. Cabello, Office of Colonia Initiatives, at 1-800-462-4251 or homero.cabello@tdhca.state.tx.us.

COMPREHENSIVE ENERGY ASSISTANCE PROGRAM

The Comprehensive Energy Assistance Program (CEAP) receives funding from the US Department of Health and Human Services Low Income Home Energy Assistance Program (LIHEAP) and offers grants to community action agencies, nonprofits, and local units of government. The targeted beneficiaries of the program in Texas are households with incomes at or below 125 percent of federal poverty guidelines, with priority given to the elderly, disabled, families with young children; households with the highest energy costs or needs in relation to income (highest home energy burden); and households with high energy consumption. Local providers must implement special outreach efforts for these special needs populations.

CEAP combines case management, energy education, and financial assistance to help very low and extremely low income consumers reduce utility bills to an affordable level. By statute, 10 percent of total funding is allocated for administration and 5 percent is allocated to case-management activities. The remaining 85 percent of the funding is used for direct client services, which includes 5 percent for outreach.

There are four basic components to meet consumers' needs:

- The co-payment component assists households achieve energy self-sufficiency by helping households set goals for reducing utility bills, giving advice on improving household budgets, and assisting with utility bills for six to twelve months.
- The heating and cooling systems component repairs or replaces heating and cooling appliances to increase energy efficiency.
- The energy crisis component provides assistance during an energy crisis caused by extreme weather conditions or an energy supply shortage.
- The elderly and persons with disabilities component assists vulnerable households during fluctuations in energy costs by paying up to four of the highest bills during the year.

CEAP providers are expected to create partnerships with programs within and outside their agencies and with private entities. The program also requires that providers refer CEAP clients to the Department's Weatherization Assistance Program. Because CEAP is designed to help clients achieve energy self-sufficiency, it encourages the consumer to control future energy costs without having to rely on other government programs for energy assistance.

Projected Comprehensive Energy Assistance Program funding for FY 2006: $33,214,784.

For more information, contact Peggy Colvin, Energy Assistance Section, at (512) 475-3864 or peggy.colvin@tdhca.state.tx.us. To apply for CEAP, call 1-877-399-8939, toll free, using a land phone.

WEATHERIZATION ASSISTANCE PROGRAM

The Weatherization Assistance Program (WAP) is funded through the US Department of Energy Weatherization Assistance Program for Low Income Persons grant and the US Department of Health and Human Services Low Income Home Energy Assistance Program (LIHEAP) grant. WAP offers grants to community action agencies, nonprofits, and local units of government with targeted beneficiaries being households with incomes at or below 125 percent of federal poverty guidelines, with priority given to the elderly, disabled, families with young children; households with the highest energy costs or needs in relation to income (highest home energy burden), and households with high energy consumption. Local providers must implement special outreach efforts to reach these priority populations. Applicants who have special needs receive additional points in the application process. To help consumers control energy costs, WAP funds the installation of weatherization measures and provides energy conservation education. In addition to meeting the income-eligibility criteria, the weatherization measures to be installed must meet specific energy-savings goals.

The Department of Energy allows up to 15 percent of the funds for administration. The Department of Health and Human Services LIHEAP grant allows 10 percent for administration. The remaining funds are used for direct client services.

Partnerships between the Weatherization Assistance Program and the Southwestern Electric Power Company, the Southwestern Public Service Company, Entergy, and El Paso Electric provide energy conservation measures to very low and extremely low income utility customers. These partnerships increase the total number of low income households receiving weatherization services and provide consumers the opportunity to receive more comprehensive energy-efficiency measures.

Projected Weatherization Assistance Program funding for FY 2006: $12,242,949.

For more information, contact Peggy Colvin, Energy Assistance Section, at (512) 475-3864 or peggy.colvin@tdhca.state.tx.us. To apply for weatherization, call 1-888-606-8889, toll free, using a land phone.

Emergency Shelter Grants Program

The Emergency Shelter Grants Program (ESGP) receives funding from the US Department of Housing and Urban Development and awards grants to units of local government and private nonprofit entities that provide shelter and related services to homeless persons and/or intervention services to persons at risk of homelessness. Activities eligible for ESGP funding include the rehabilitation or conversion of buildings for use as emergency shelters for the homeless; the provision of essential services to the homeless; costs related to the development and implementation of homeless prevention activities; costs related to operation administration; and costs related to maintenance, operation, rent, repairs, security, fuel, equipment, insurance, utilities, food and furnishings.

TDHCA also participates in the Texas Interagency Council for the Homeless (TICH). TICH is charged with surveying and evaluating services for the homeless in Texas; assisting in the coordination and provision of services for homeless persons throughout the state; increasing the flow of information among separate service providers and appropriate authorities; developing guidelines to monitor services for the homeless; providing technical assistance to the housing finance divisions of TDHCA in order to assess housing needs for persons with special needs; establishing a central resource and information center for the state's homeless; and developing, in cooperation with the Department and the Health and Human Services Commission, a strategic plan to address the needs of the homeless.

The Department provided funds to the Texas Homeless Network (THN) to provide in-depth technical assistance on refining a collaborative network of local service providers, assessing the needs of the homeless population, and developing priorities for addressing those needs.

Projected Emergency Shelter Grants Program funding for FY 2006: $5,154,498.

For more information, contact Rita D. Gonzales-Garza, Community Services Section, at (512) 475-3905 or rita.garza@tdhca.state.tx.us.

COMMUNITY SERVICES BLOCK GRANT PROGRAM

The Community Services Block Grant Program (CSBG) receives funding from the US Department of Health and Human Services (USHHS), and funds are utilized to fund CSBG-eligible entities and to fund activities that support the intent of the CSBG Act. The targeted beneficiaries of the program are low income families and individuals, homeless families and individuals, migrant and seasonal farmworkers, and elderly low income individuals and families whose income does not exceed 125 percent of the current federal income poverty guidelines issued by USHHS.

CSBG provides administrative support to 47 CSBG-eligible entities that provide services to very low income persons. The funding assists with in providing essential services, including access to child care, health and human services, nutrition, transportation, job training and employment services, education services, activities designed to make better use of available income, housing services, emergency assistance, activities to achieve greater participation in the affairs of the community, youth development programs, information and referral services, activities to promote self-sufficiency; and other related services.

Five percent of the State's CSBG allocation may be used to fund activities that support the intent of the Community Services Block Grant Act, which may include providing training or technical assistance to eligible entities or short-term financial support for innovative projects that address the causes of poverty, promote client self-sufficiency, or promote community revitalization. These funds may also be used to support nonprofit organizations that assist low income Native Americans and migrant or seasonal farm workers. In addition, local contractors may use CSBG funds to assist homeless persons and other special needs populations.

Community Services Block Grant Program funding for FY 2006: $30,514,311.

For more information, contact Rita D. Gonzales-Garza, Community Services Section, at (512) 475-3905 or rita.garza@tdhca.state.tx.us.

COMMUNITY FOOD AND NUTRITION PROGRAM

The Community Food and Nutrition Program (CFNP) receives funding from the US Department of Health and Human Services, and the grant supports efforts to address hunger issues in low income neighborhoods on a statewide basis.

CFNP coordinates statewide efforts to address hunger and related issues by distributing surplus commodities through the Share Our Surplus Service (SOS) and game donated by hunters through Hunters for the Hungry Program (HFHP). CFNP funds are also used to support the expansion of child-feeding programs and the creation of farmers markets designed to serve low income neighborhoods.

The SOS program is a food recovery program where donations of surplus and unsaleable food donations are distributed to needy Texas. HFHP is a collaborative effort among hunters, meat processors, and nonprofit organizations to distribute meat to local food banks, food pantries and other organizations feeding the needy.

Community Food and Nutrition Program funding for FY 2006: $380,170.

For more information, contact Rita D. Gonzales-Garza, Community Services Section, at (512) 475-3905 or rita.garza@tdhca.state.tx.us.

Section 8 Housing Choice Voucher Program

The Section 8 Housing Choice Voucher Program (HCVP) receives funding from HUD and offers rental assistance subsidies to families and individuals, including the elderly and persons with disabilities, earning 50 percent or less of area median income. At least 75 percent of HCVP tenants must have incomes at or below 30 percent of the area median income. Qualified households are afforded the opportunity to select the best available housing through direct negotiations with landlords to ensure accommodations that meet their needs. The statewide HCVP is designed specifically for needy families in small cities and rural communities not served by similar local or regional programs.

TDHCA contracts with community action agencies, public housing authorities, and local governments to assist the Department with the administration of the Housing Choice Voucher Program in their area.

Projected Section 8 Program funding for FY 2006: $8,000,000

For more information, contact the Section 8 Program at (512) 475-2634.

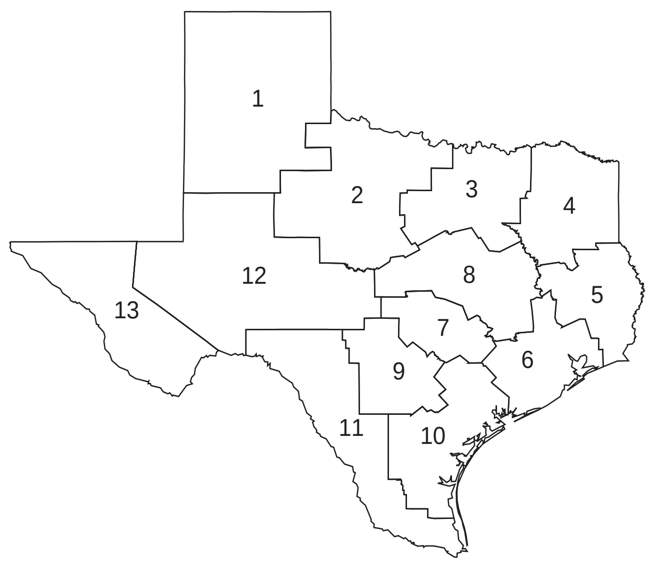
TDHCA ALLOCATION PLANS

The Department has developed allocation formulas for many TDHCA programs in order to target available housing resources to the neediest households in each uniform state service region. These formulas are based on objective measures of need in order to ensure an equitable distribution of funding.

2006 Regional Allocation Formula

Section 2306.111(d) of the Government Code requires that TDHCA use a Regional Allocation Formula (RAF) to allocate its HOME, Housing Trust Fund (HTF), and Housing Tax Credit (HTC) program funding. This RAF allocates funding based on objective measures of the affordable housing need and available resources in 13 Uniform State Service Regions used for planning purposes. As required by statute, the RAF also allocates funding to rural and urban/exurban areas within each region.

As a dynamic measure of need, the RAF is revised annually to reflect updated demographic and resource data; respond to public comment; and better assess regional housing needs and available resources. The RAF is submitted annually for public comment.



Two slightly modified formulas are used for the HOME and HTF/HTC programs because the programs have different eligible activities, households, and geographical service areas. Section 2306.111(c) of the Government Code requires that at least 95 percent of HOME funding be set aside for non-participating jurisdictions. Therefore, the HOME RAF only uses need and available resource data for non-participating jurisdictions (non-PJs).

Methodology

Consideration of Affordable Housing Need

The first part of the RAF calculates each region's share of the State's affordable housing need. The RAF uses the following 2000 US Census data to calculate this regional need distribution.

- Poverty: Number of persons in the region who live in poverty.
- Cost Burden: Number of households with a monthly gross rent or mortgage payment to monthly household income ratio that exceeds 30 percent.
- Overcrowded Units: Number of occupied units with more than one person per room.
- Units with Incomplete Kitchen or Plumbing: Number of occupied units that do not have all of the following: sink with piped water; range or cook top and oven; refrigerator, hot and cold piped water, flush toilet, and bathtub or shower.

Non-poverty data is for households at or below 80 percent of the Area Median Family Income (AMFI).

- Because the HTC/HTF programs primarily support rental development activities, renter household data is used for the HTC/HTF RAF.
- Because the HOME program supports renter and owner activities, both renter and owner data is used in the HOME RAF.

The following steps measure regional need:

1. Each need measure (poverty, cost burden, overcrowding, and incomplete housing units) is weighted to reflect its perceived relevance in assessing affordable housing need. Half the measure weight is associated with poverty because of the significant number of persons in poverty and the use of this factor in the HUD Community Planning and Development Program Formula Allocations. The remaining measure weight is proportionately allocated based on the relative size of the other three measure populations. The resulting **need measure weights** are: poverty = 50 percent, cost burden = 36 percent, overcrowding = 12 percent, and substandard housing = 2 percent.
2. The **total RAF funding amount** is multiplied by each **need measure weight** to determine the **amount of funding** distributed by that measure.
3. Each measure's **amount of funding** is regionally distributed based on the distribution of persons or households in need.
4. The resulting four regional measure distributions are then combined to calculate each region's **need-based funding amount.**
5. Each region's **need-based funding amount** is divided by the **total RAF funding amount.** This quotient is the region's **need percentage.**

Consideration of Available Housing Resources

In addition to TDHCA, there are many other sources of funding that address affordable housing needs. To mitigate any inherent inequities in the way these resources are regionally allocated, the RAF compares each region's level of need to its level of resources. To reflect the three programs' eligible households and activities, the following available resource data is used by the RAF:

- The HTC/HTF RAF uses rental funding sources.
- The HOME RAF uses sources of rental and owner funding in non-PJs.
- The following resources are used in both the HOME and HTC/HTF RAFs.
- HTCs (4% and 9%)[101]
- Housing Trust Fund Rental Development Funding
- HUD HOME Funds (TDHCA & Participating Jurisdiction)
- HUD Housing for Persons with AIDS Funding
- HUD Public Housing Authority (PHA) Capital Funding
- HUD Section 8 Tenant-Based Rental Assistance (TDHCA & PHA)
- Multifamily Tax-Exempt Bond Financing[102]
- United States Department of Agriculture (USDA) Multifamily Development Funding

[101] Estimated capital raised through the syndication of the HTCs. The HTC syndication rate of $.90 is calculated based on the average syndication rate of Board approved multifamily bond awards May 2005 through July 2005.

[102] The value of the bonds is 52 percent of the total bond amount. This is an estimate of the capital required to fill a affordability gap that remains after the capital raised through the syndication of the 4% HTCs is deducted from the total development cost.

- USDA Rental Assistance

The HOME RAF also includes the following sources of owner funding:

- USDA 502 and 504 Loans and Grants
- Single Family Bond Financing (TDHCA and Housing Finance Corporations)

The following steps measure the regional distribution of available housing resources:

1. The available regional and state **resource totals** are calculated.
2. The regional **resource total** is divided by the state **resource total.** This quotient is the region's **resource percentage.**

Comparison of Regional Need and Available Resource Distributions

In theory, if the measurement of regional need is accurate, then the region's **need percentage** should reflect its **resource percentage.** A region with a negative **resource and need difference** is considered to be "under allocated." This region should have received a larger portion of the available resources to address their need. Similarly, a region with a positive difference is considered "over allocated." Conversely, it should have received a smaller portion of the available resources.

To address differences between regional need and resource distributions, the RAF uses a **resource funding adjustment** to shift a portion of the need based funding distribution from over allocated to under allocated regions.

Consideration of Rural and Exurban/Urban Need[103]

A number of factors affect the distribution of resources to rural and urban/exurban areas. These include feasible development sizes, allowable rent and income levels, and proximity to developers, contractors, and construction materials. Access to funding is also an issue because some resources, such as multifamily tax-exempt bond financing, do not typically work well in rural areas.

The RAF uses the following definitions to categorize rural and urban/exurban area need and resource data.

Rural - A place that is:

1. outside the boundaries of a metropolitan statistical area (MSA); or
2. within the boundaries of a MSA, if the place has a population of 20,000 or less and does not share a boundary with a place that has a population greater than 20,000.

Urban/Exurban

Any place that does not satisfy the "Rural" place definition; or

2 an area located outside the boundaries of a place and in a census tract that has a population density greater than 1,200 people per square mile. [This area subset is not used in the HOME RAF.]

To equitably allocate funding to these areas, the rural and urban/exurban distribution of need and resources is compared at the regional level. Resource funding adjustments are then made to address observed rural and urban/exurban resource and need distribution differences.

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[103] §2306.111(d) requires the RAF to consider "rural and urban/exurban areas" in its distribution of program funding. Until further guidance is provided by the Legislature, TDHCA's Legal Division has interpreted "Urban/Exurban" to be a single category.

2006 RAF Funding Distribution Amounts

The tables below show the proposed allocation of 2006 funds to the 13 Uniform State Service Regions and rural and urban/exurban areas within each region.

The final program funding amounts and available resource data cannot be obtained until the end of the third quarter of 2005; therefore, the RAF funding distributions shown below are estimates that are subject to change. In particular, the HTF RAF amount shown is a maximum estimate pending approval of the program's 2006 funding plan.

Figure 4.2: HTC Regional, Rural, and Urban/Exurban Funding Amounts

Region	Place for Geographical Reference	Regional Funding Amount	Regional Funding %	Rural Funding Amount	Rural Funding %	Urban/ Exurban Funding Amount	Urban/ Exurban Funding %
1	Lubbock	$1,916,437	4.6%	$724,315	37.8%	$1,192,123	62.2%
2	Abilene	$1,187,806	2.8%	$535,430	45.1%	$652,376	54.9%
3	Dallas/Fort Worth	$6,428,929	15.3%	$603,820	9.4%	$5,825,109	90.6%
4	Tyler	$2,201,250	5.2%	$1,110,044	50.4%	$1,091,207	49.6%
5	Beaumont	$1,609,043	3.8%	$857,201	53.3%	$751,842	46.7%
6	Houston	$9,499,614	22.6%	$735,688	7.7%	$8,763,925	92.3%
7	Austin/Round Rock	$3,300,380	7.9%	$326,758	9.9%	$2,973,622	90.1%
8	Waco	$2,575,926	6.1%	$571,587	22.2%	$2,004,339	77.8%
9	San Antonio	$2,277,631	5.4%	$377,121	16.6%	$1,900,510	83.4%
10	Corpus Christi	$1,905,305	4.5%	$750,665	39.4%	$1,154,640	60.6%
11	Brownsville/Harlingen	$5,560,000	13.2%	$1,956,748	35.2%	$3,603,252	64.8%
12	San Angelo	$1,246,828	3.0%	$329,637	26.4%	$917,191	73.6%
13	El Paso	$2,290,850	5.5%	$254,148	11.1%	$2,036,701	88.9%
	Total	$42,000,000	100.0%	$9,133,163	21.7%	$32,866,837	78.3%

Figure 4.3: Housing Trust Fund Regional, Rural, and Urban/Exurban Funding Amounts

Region	Place for Geographical Reference	Regional Funding Amount	Regional Funding %	Rural Funding Amount	Rural Funding %	Urban/ Exurban Funding Amount	Urban/ Exurban Funding %
1	Lubbock	$91,259	4.6%				
2	Abilene	$56,562	2.8%				
3	Dallas/Fort Worth	$306,139	15.3%				
4	Tyler	$104,821	5.2%				
5	Beaumont	$76,621	3.8%				
6	Houston	$452,363	22.6%				
7	Austin/Round Rock	$157,161	7.9%				
8	Waco	$122,663	6.1%				
9	San Antonio	$108,459	5.4%				
10	Corpus Christi	$90,729	4.5%				
11	Brownsville/Harlingen	$264,762	13.2%				
12	San Angelo	$59,373	3.0%				
13	El Paso	$109,088	5.5%				
	Total	$2,000,000	100.0%	$434,913	21.7%	$1,565,087	78.3%

Due to the relatively small regional funding amounts, the HTF funds will be allocated regionally, but without specified rural and urban/exurban allocations. The overall statewide rural and urban/exurban distribution of funds will be maintained in awarding the funds.

Table 4.4: HOME Regional, Rural, and Urban/Exurban Funding Amounts

Region	Place for Geographical Reference	Regional Funding Amount	Regional Funding %	Rural Funding Amount	Rural Funding %	Urban/ Exurban Funding Amount	Urban/ Exurban Funding %
1	Lubbock	$1,618,797	6.2%	$1,618,516	100.0%	$281	0.0%
2	Abilene	$1,232,890	4.8%	$1,201,937	97.5%	$30,953	2.5%
3	Dallas/Fort Worth	$3,378,123	13.0%	$1,410,666	41.8%	$1,967,458	58.2%
4	Tyler	$3,478,247	13.4%	$2,773,276	79.7%	$704,971	20.3%
5	Beaumont	$1,731,515	6.7%	$1,473,036	85.1%	$258,480	14.9%
6	Houston	$2,236,159	8.6%	$860,463	38.5%	$1,375,696	61.5%
7	Austin/Round Rock	$892,496	3.4%	$470,266	52.7%	$422,230	47.3%
8	Waco	$1,181,761	4.6%	$733,456	62.1%	$448,305	37.9%
9	San Antonio	$1,602,340	6.2%	$1,042,805	65.1%	$559,535	34.9%
10	Corpus Christi	$2,100,548	8.1%	$1,435,715	68.3%	$664,833	31.7%
11	Brownsville/Harlingen	$4,583,251	17.7%	$3,046,915	66.5%	$1,536,336	33.5%
12	San Angelo	$1,492,952	5.8%	$563,251	37.7%	$929,701	62.3%
13	El Paso	$398,419	1.5%	$253,151	63.5%	$145,268	36.5%
	Total	$25,927,500	100.0%	$16,883,453	65.1%	$9,044,047	34.9%

2006 Affordable Housing Needs Score

The Affordable Housing Needs Score (AHNS) scoring criterion is used to evaluate HOME, HTC, and HTF applications. The formula is submitted annually for public comment. The final version is published in the SLIHP.

While not specifically legislated by the state, the AHNS helps address other need based funding allocation requirements by responding to the following:

- An IRS Section 42 requirement that the selection criteria used to award the HTC funding must include "housing needs characteristics."
- State Auditor's Office (SAO) and Sunset findings that called for the use of objective, need based criteria to award TDHCA's funding.

The AHNS is an extension of the RAF in its comparative assessment of each place's level of need relative to the other places within its State Service Region. Through the AHNS, applicants are encouraged to request funding to serve communities that have a high level of need.

The HOME and HTF/HTC programs use slightly modified versions of the AHNS because the programs have different eligible activities, households, and geographical areas. Under §2306.111(c) of the Government Code, at least 95 percent of HOME funding is set aside for non-PJs. Therefore, the HOME AHNS only uses need data for non-PJs. The resulting ANHS for the three program areas is available at www.tdhca.state.tx.us.

Methodology

The following steps are used to measure each place's level of affordable housing need.

a. The Census number of households at or below 80 percent AMFI with cost burden establishes baseline for each place's number of households in need of housing assistance. The type of household considered for this baseline varies by activity.
   a) Renter data is used for the rental development (RD), tenant based rental assistance (TBRA), and down payment assistance (DPA) scores.
   b) Owner data is used for the owner occupied rehabilitation (OCC) score.

b. For each activity, an **adjusted number of households with cost burden** is calculated based on the difference between the place's population in the 2000 Census and the 2004 State Data Center population estimate.

c. The number of households assisted using TDHCA HTC, HOME, and HTF funding since the Census was taken (April 1, 2000) is subtracted from the **adjusted number of households with cost burden.** The resulting number shows the **place's estimated remaining need.**
   a) For HTC and HTF scores, TDHCA RD activity is used;
   b) For HOME TBRA and RD scores, HOME TBRA[104] and TDHCA RD funding is used;
   c) For HOME DPA scores, First Time Homebuyer and HOME DPA funding is used; and
   d) For HOME OCC scores, HOME OCC funding is used.

d. The estimated remaining need measure quantifies place level of need in two ways.
   i. The ratio of the county's level of need to the region's level of need is calculated for each scoring activity. This ratio shows the **distribution of need** across the region.
   ii. The ratio of the place's households in need to the place's total households is calculated for each scoring activity. This ratio shows the **concentration of need** within a place.

e. Points are assigned to each place based on the **distribution of need** (maximum of 3.5 points) and **concentration of need** (maximum of 3.5 points) ratios using a sliding scale that compares each place's level of need to the region's other places. These combined points provide the area's AHNS. The following steps are used calculate the AHNS.

Rural and Exurban/Urban Need

Section 2306.111(d) of the Government Code requires the RAF to consider rural and urban/exurban areas in its distribution of funds. To assist with this distribution, each area is classified using the RAF's geographic area definitions.

2006 Emergency Shelter Grants Program Allocation Formula

ESGP funds are reserved according to the percentage of poverty population identified in each of the 13 state service regions (i.e., 3.95 percent of the available ESGP funds were reserved for Region 1 with 3.95 percent of the state's poverty population). The top scoring applications in each region are recommended for funding, based on the amount of funds available for that region. Any application that receives a score below 70 percent of the highest raw score from the region is not considered for funding.

2006 Community Services Block Grant Allocation Formula

[104] Because of the limited duration of TBRA, a conversion factor was used to equate the value of a voucher to an affordable housing unit. This factor equaled the voucher duration divided by the number of years since the Census. For 2006, this was 2 years/6 years or a reduction in the number of households in need by 1/3 of a household.

Allocations to the 47 CSBG–eligible entities are based primarily on two factors: (1) the number of persons living in poverty within the designated service delivery area for each organization and (2) a calculation of population density. Poverty population is given 98 percent weight, and the ratio of inverse population density is given 2 percent weight. The formula also includes a base award for each organization before the factors are applied, as well as a floor, or minimum award. In FY 2006, the Department will incorporate the 2000 Census population figures at 125 percent of poverty, a base of $50,000, and a floor at $150,000.

2006 Comprehensive Energy Assistance Program and Weatherization Assistance Program Allocation Formula

The allocation formula for the Comprehensive Energy Assistance and Weatherization Assistance programs uses the following five factors and corresponding weights to distribute its funds by county: county non-elderly poverty household factor (40 percent); county elderly poverty household factor (40 percent); county inverse poverty household density factor (5 percent); county median income variance factor (5 percent); and county weather factor (10 percent).

TDHCA GOALS AND OBJECTIVES

The Strategic Plan goals reflect program performance based upon measures developed with the State's Legislative Budget Board and Governor's Office of Budget and Planning. The goals are also based upon Riders attached to the Department's Appropriations. The Department feels that the goals and objectives for the various TDHCA programs should be consistent with all of its required reporting documents.

The State's Strategic Planning and Performance Budgeting System (SPPB) is a mission- and goal-driven results-oriented system combining strategic planning and performance budgeting. The system has three major components including strategic planning, performance budgeting, and performance monitoring. As an essential part of the system, performance measures are part of TDHCA's strategic plan; they are used by decision makers in allocating resources; they are intended to focus the Department's efforts on achieving goals and objectives; and they are used as monitoring tools providing information on accountability. Performance measures are reported quarterly to the Legislative Budget Board.

The State's Strategic Planning and Performance Budgeting System is based on a two-year cycle; goals and targets are revisited each biennium. The targets reflected in this document are based on the Department's requests for 2006–2007.

All applicants for funding are eligible and are encouraged to apply for and leverage funds from multiple agency programs. There will be a considerable amount of leveraging of HUD funds with those from other federal and State sources. The following affordable housing goals and objectives present TDHCA's approach to addressing the state's affordable housing needs. While the HOME Program funds may be used in conjunction with other TDHCA programs, there is no way to determine the extent of the overlap. Because of this, each program reports their performance separately, with its particular intention/use listed separately.

Affordable Housing Goals and Objectives

The following goals address performance measures established by the 79th Legislature. Refer to program-specific statements outlined in the Action Plan portion of this document for strategies that will be used to accomplish the goals and objectives listed below. Included are the 2005 goal and actual performance and the 2006 goal. Actual 2005 numbers were not available at the printing of this draft document, but will be included in the final document.

Goals one through four are established through interactions between TDHCA, the Legislative Budget Board, and the Legislature. They are referenced in the General Appropriations Act enacted during the most recent legislative session.

GOAL 1: TDHCA WILL INCREASE AND PRESERVE THE AVAILABILITY OF SAFE, DECENT, AND AFFORDABLE HOUSING FOR VERY LOW, LOW, AND MODERATE INCOME PERSONS AND FAMILIES

1.1 **Strategy:** Provide mortgage financing and homebuyer assistance through the Single Family Mortgage Revenue Bond Program.
Strategy Measure: *Number of single family households assisted through the First Time Homebuyer Program.*

2005 Measure	2005 Actual	% of Goal	2006 Measure
1,770			1,727

1.2 **Strategy:** Provide funding through the HOME Program for affordable single family housing.
Strategy Measure: *Number of single family households assisted with HOME funds.*

2005 Measure	2005 Actual	% of Goal	2006 Measure
2,134			1,834

1.3 **Strategy:** Provide funding through the HTF program for affordable single family housing.
Strategy Measure: *Number of single family households assisted through the Housing Trust Fund.*

2005 Measure	2005 Actual	% of Goal	2006 Measure
95			100

1.4 **Strategy:** Provide tenant-based rental assistance through Section 8 certificates.
Strategy Measure: *Number of multifamily households assisted with tenant-based rental assistance.*

2005 Measure	2005 Actual	% of Goal	2006 Measure
2,200			2,100

1.5 **Strategy:** Provide federal tax credits to develop rental housing.
Strategy Measure: *Number of multifamily households assisted with HTCs.*

2005 Measure	2005 Actual	% of Goal	2006 Measure
17,600			18,832

1.6 **Strategy:** Provide funding through the HOME Program for affordable multifamily housing.
Strategy Measure: *Number of multifamily households assisted with HOME funds.*

2005 Measure	2005 Actual	% of Goal	2006 Measure
638			741

1.7 **Strategy:** Provide funding through the Housing Trust Fund for affordable multifamily housing.
Strategy Measure: *Number of multifamily households assisted through the Housing Trust Fund.*

2005 Measure	2005 Actual	% of Goal	2006 Measure
N/A*			255

*This strategy was added by the 79th Legislature.

1.8 **Strategy:** Provide funding through the Multifamily Mortgage Revenue Bond program for affordable multifamily housing.

Strategy Measure: *Number of households assisted through the Mortgage Revenue Bond program.*

2005 Measure	2005 Actual	% of Goal	2006 Measure
2,094			3,500

GOAL 2: TDHCA WILL PROMOTE IMPROVED HOUSING CONDITIONS FOR EXTREMELY LOW, VERY LOW, AND LOW INCOME HOUSEHOLDS BY PROVIDING INFORMATION AND TECHNICAL ASSISTANCE.

2.1 **Strategy:** Provide information and technical assistance to the public through the Division of Policy and Public Affairs.

Strategy Measure: *Number of information and technical assistance requests completed.*

2005 Measure	2005 Actual	% of Goal	2006 Measure
5,400			5,400

2.2 **Strategy:** To provide technical assistance to colonias through field offices.

(A) Strategy Measure*: Number of on-site technical assistance visits conducted annually from the field offices.*

2005 Measure	2005 Actual	% of Goal	2006 Measure
747			600

(B) Strategy Measure: *Number of colonia residents receiving assistance.*

2005 Measure	2005 Actual	% of Goal	2006 Measure
1,700			1,700

(C) Strategy Measure: *Number of entities and/or individuals receiving informational resources.*

2005 Measure	2005 Actual	% of Goal	2006 Measure
1,200			1,200

GOAL 3: TDHCA WILL IMPROVE LIVING CONDITIONS FOR THE POOR AND HOMELESS AND REDUCE THE COST OF HOME ENERGY FOR VERY LOW INCOME TEXANS.

3.1 **Strategy:** Administer homeless and poverty-related funds through a network of community action agencies and other local organizations so that poverty-related services are available to very low income persons throughout the state.

(A) Strategy Measure*: Number of persons assisted through homeless and poverty related funds.*

2005 Measure	2005 Actual	% of Goal	2006 Measure
440,000			400,000

(B) Strategy Measure*: Number of persons assisted that achieve incomes above poverty level.*

2005 Measure	2005 Actual	% of Goal	2006 Measure
1,314			2,000

(C) Strategy Measure: Number of shelters assisted through the Emergency Shelter Grant Program.

2005 Measure	2005 Actual	% of Goal	2006 Measure
70			65

3.2 **Strategy:** Administer the state energy assistance programs by providing grants to local organizations for energy related improvements to dwellings occupied by very low income persons and for assistance to very low income households for heating and cooling expenses and energy related emergencies.

(A) Strategy Measure: Number of households assisted through the Comprehensive Energy Assistance Program.

2005 Measure	2005 Actual	% of Goal	2006 Measure
69,736			62,682

(B) Strategy Measure: Number of dwelling units weatherized through the Weatherization Assistance Program.

2005 Measure	2005 Actual	% of Goal	2006 Measure
3,734			3,317

GOAL 4: TDHCA WILL ENSURE COMPLIANCE WITH THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS' FEDERAL AND STATE PROGRAM MANDATES.

4.1 **Strategy:** The Portfolio Management and Compliance Division will monitor and inspect for Federal and State housing program requirements.

(A) Strategy Measure: Number of monitoring reviews.

2005 Measure	2005 Actual	% of Goal	2006 Measure
4,521			4,700

(B) Strategy Measure: Total number of units administered.

2005 Measure	2005 Actual	% of Goal	2006 Measure
217,195			227,195

4.2 **Strategy:** The Portfolio Management and Compliance Division will administer and monitor federal and state subrecipient contracts for programmatic and fiscal requirements.

(A) Strategy Measure: Number of monitoring reviews conducted.

2005 Measure	2005 Actual	% of Goal	2006 Measure
11,635			10,725

(B) Strategy Measure: Number of contracts administered.

2005 Measure	2005 Actual	% of Goal	2006 Measure
480			400

Goals Five through Seven are established in legislation as riders to TDHCA's appropriations, as found in the General Appropriations Act.

GOAL 5: TDHCA WILL TARGET ITS HOUSING FINANCE PROGRAMS RESOURCES FOR ASSISTANCE TO EXTREMELY LOW INCOME HOUSEHOLDS.

5.1 Strategy: The housing finance divisions shall adopt an annual goal to apply $30,000,000 of the division's total housing funds toward housing assistance for individuals and families earning less than 30 percent of median family income.
Strategy Measure: Amount of housing finance division funds applied towards housing assistance for individuals and families earning less than 30 percent of median family income.

2005 Measure	2005 Actual	% of Goal	2006 Measure
$30,000,000			$30,000,000

(See Rider 4 of TDHCA's Appropriations as found in HB 1 (General Appropriations Act), 79th Legislature, Regular Session.)

GOAL 6: TDHCA WILL TARGET ITS HOUSING FINANCE RESOURCES FOR ASSISTANCE TO VERY LOW INCOME HOUSEHOLDS.

6.1 Strategy: The housing finance divisions shall adopt an annual goal to apply no less than 20 percent of the division's total housing funds toward housing assistance for individuals and families earning between 31 percent and 60 percent of median family income.
Strategy Measure: Percent of housing finance division funds applied towards housing assistance f zor individuals and families earning between 31 percent and 60 percent of median family income.

2005 Measure	2005 Actual	% of Goal	2006 Measure
20%			20%

(See Rider 4 of TDHCA's Appropriations as found in HB 1 (General Appropriations Act), 79th Legislature, Regular Session.)

GOAL 7: TDHCA WILL PROVIDE CONTRACT FOR DEED CONVERSIONS FOR FAMILIES WHO RESIDE IN A COLONIA AND EARN 60 PERCENT OR LESS OF THE APPLICABLE AREA MEDIAN FAMILY INCOME

7.1 Strategy: Help colonia residents become property owners by converting their contracts for deed into traditional mortgages.
Strategy Measure: Amount of TDHCA funds applied towards contract for deed conversions for colonia families earning less than 60 percent of median family income.

2005 Measure	2005 Actual	% of Goal	2006 Measure
20%			20%

(See Rider 11 of TDHCA's Appropriations as found in HB 1 (General Appropriations Act), 79th Legislature, Regular Session.)

The following TDHCA-designated goal addresses the housing needs of persons with special needs.

GOAL 8: TDHCA WILL WORK TO ADDRESS THE HOUSING NEEDS AND INCREASE THE AVAILABILITY OF AFFORDABLE AND ACCESSIBLE HOUSING FOR PERSONS WITH SPECIAL NEEDS THROUGH FUNDING, RESEARCH, AND POLICY DEVELOPMENT EFFORTS.

8.1 Strategy: Dedicate no less than 20 percent of the HOME project allocation for applicants that target persons with special needs.

Strategy Measure: Percent of the HOME project allocation awarded to applicants that target persons with special needs.

2005 Measure	2005 Actual	% of Goal	2006 Measure
≥20%			≥20%

8.2 Strategy: Dedicate no less than 5 percent of the Multifamily Bond Program units for persons with special needs.

Strategy Measure: Percent of the Multifamily Bond Program units dedicated to persons with special needs.

2005 Measure	2005 Actual	% of Goal	2006 Measure
≥5%			≥5%

8.3 Strategy: Compile information and accurately assess the housing needs of and the housing resources available to persons with special needs.

Strategy Activities:

A. Assist counties and local governments in assessing local needs for persons with special needs
B. Work with State and local providers to compile a statewide database of available affordable and accessible housing.
C. Set up a referral service to provide this information at no cost to the consumer.
D. Promote awareness of the database to providers and potential clients throughout the State through public hearings, the TDHCA web site as well as other provider web sites, TDHCA newsletter, and local informational workshops.

8.4 Strategy: Increase collaboration between organizations that provide services to special needs populations and organizations that provide housing.

Strategy Activities:

A. Promote the coordination of housing resources available among State and federal agencies and consumer groups that serve the needs of special needs populations.
B. Continue working with agencies, advocates, and other interested parties in the development of programs that will address the needs of persons with special needs.
C. Increase the awareness of potential funding sources for organizations to access, to serve special needs populations, through the use of TDHCA planning documents, web site, and newsletter.

8.5 Strategy: Discourage the segregation of persons with special needs from the general public.

Strategy Activities:

A. Increase the awareness of the availability of conventional housing programs for persons with special needs.
B. Support the development of housing options and programs, which enable persons with special needs to reside in noninstitutional settings.

SECTION 5: PUBLIC PARTICIPATION

TDHCA strives to include the public in policy, program, and resource allocation decisions that concern the Department. This section outlines how the public is involved with the preparation of the plan and a summary of public comment.

PREPARATION OF THE PLAN

Section 2306.0722 of the Texas Government Code mandates that the Department meet with various organizations concerning the prioritization and allocation of the Department's housing resources prior to preparation of the Plan. As this is a working document, there is no time at which the Plan is static. Throughout the year, research was performed to analyze housing needs across the state, focus meetings were held to discuss ways to prioritize funds to meet specific needs, and public comment was received at program-level public hearings as well as at every Governing Board meeting.

The Department met with various organizations concerning the prioritization and allocation of the Department's resources, and all forms of public input were taken into account in its preparation. Several program areas conducted workgroups and public hearings in order to receive input that impacted policy and shaped the direction of TDHCA programs. For example, in July 2005, the Housing Trust Fund and HOME Program, hosted round table discussions for the purpose of gathering input on the programs. Additionally, the Housing Tax Credit Program arranged several QAP Round Tables composed of TDHCA staff, developers, lenders, consultants, legislative staff, and neighborhood advocates with the purpose of recommending changes to the rule that governs the program.

Communication between TDHCA and numerous organizations results in a participatory approach towards defining strategies to meet the diverse affordable housing needs of Texans. TDHCA appreciates the assistance provided by the organizations listed below to assist the Department in working towards reaching its mission, goals, and objectives, which relate directly to the formation of the *State of Texas Low Income Housing Plan and Annual Report*.

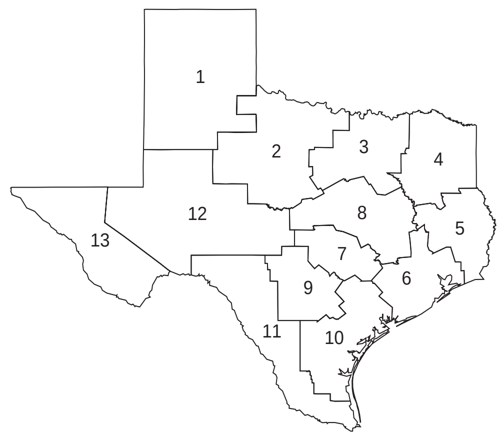
- Coalition of Texans with Disabilities
- Fannie Mae
- Freddie Mac
- Community action agencies
- Councils of governments
- Housing finance corporations
- National Council of State Housing Agencies
- National Low Income Housing Coalition
- NeighborWorks America
- Office of Rural Community Affairs
- Texas A&M Real Estate Center
- Texas Affiliation of Affordable Housing Providers
- Texas Association of Community Development Corporations
- Texas Association of Local Housing Finance Agencies
- Texas Association of Regional Councils
- Texas Bond Review Board

- Texas Council for Developmental Disabilities
- Texas Department of State Health Services
- Texas Department of Aging and Disability Services
- Texas Health and Human Services Commission
- Texas Home of Your Own Coalition
- Texas Homeless Network
- Texas Housing Association
- Texas Interagency Council for the Homeless
- Texas Low Income Information Service
- Texas Office of the Credit Commissioner
- Texas Office of the Governor
- Texas Public Housing Authorities
- Texas residents who took the time to testify at public hearings and submit written comment
- Texas State Affordable Housing Corporation
- Texas State Data Center
- Texas Workforce Commission, Civil Rights Division
- United Cerebral Palsy of Texas
- US Department of Agriculture
- US Department of Energy
- US Department of Housing and Urban Development

PUBLIC HEARINGS

From July to August 2005, TDHCA worked on the draft version of the *2006 State of Texas Low Income Housing Plan and Annual Report.* Once completed, the draft was submitted to the TDHCA Board of Directors at the September 16, 2005, board meeting for approval, and then released for public comment in accordance with §2306.0732 and §2306.0661. The hearing notice was published in the September 2 and September 9, 2005, editions of the *Texas Register*.

The formal citizen participation process for the *2006 State of Texas Low Income Housing Plan and Annual Report* will begin on September 19, 2005, and end October 18, 2005. Constituents are encouraged to give input regarding the Plan and all Department programs in writing or at one of the 13 public hearings to be held across the state, one in each of the 13 Uniform State Service Regions.



Reg. 1: South Plains Association of Governments
1323 58th, Lubbock
Time: Tuesday, 10/4/05, 11:00 am
Facility Contact: (806) 762-8721

Reg. 2: West Central Texas Council of Governments
851 N. Judge Ely, Abilene
Time: Monday, 10/3/05, 4:30 pm
Facility Contact: (325) 672-8544

Reg. 3: City Council Chambers, 1st Floor
101 W. Abram St., Arlington
Time: Wednesday, 9/28/05, 4:30 pm
Facility Contact: (817) 459-6101

Reg. 4: City Hall Council Chambers
501 N. Madison, Mt. Pleasant
Time: Thursday, 9/29/05, 11:00 am
Facility Contact: (903) 575-4000

Reg. 5: South East Texas Regional Planning Commission
2210 Eastex Freeway, Beaumont
Time: Tuesday, 9/27/05, 11:00 am
Facility Contact: (409) 899-8444

Reg. 6: City Hall Annex Chambers, Public Level
900 Bagby, Houston
Time: Tuesday, 9/27/05, 4:30 pm
Facility Contact: (713) 247-1840

Reg. 7: TDHCA Headquarters, 4th Floor
507 Sabine, Austin
Time: Monday, 9/26/05, 11:00 am
Facility Contact: (512) 475-3976

Reg. 8: Poage Federal Building, Room 142
1015 S. Main, Temple
Time: Tuesday, 10/4/05, 1:00 pm
Facility Contact: (254) 742-9765

Reg. 9: City Council Chambers
114 W. Commerce, San Antonio
Time: Friday, 9/30/05, 11:00 am
Facility Contact: (210) 207-6991,

Reg. 10: Coastal Bend COG,
2910 Leopard St., Corpus Christi
Time: Wednesday, 9/28/05, 11:00 am
Facility Contact: (361) 883-5743

Reg. 11: City Council Chambers, 3rd Floor City Commission Room
1300 Houston Avenue, McAllen
Time: Wednesday, 9/28/05, 1:00 pm
Facility Contact: (956) 972-7120

Reg. 12: Permian Basin Regional Planning Commission
2910 LaForce Blvd., Midland
Time: Monday, 10/4/05, 10:00 am
Facility Contact: (432) 563-1061

Reg. 13: City Council Chambers, 2nd Floor
2 Civic Center Plaza, El Paso
Time: Thursday, 9/29/05, 4:30 pm
Facility Contact: (915) 541-4005

Public Hearings

Each public hearing will address the Plan, in addition to the following topics: the Housing Tax Credit (HTC) *Qualified Allocation Plan and Rules*; *Housing Trust Fund (HTF) Program Rules; HOME Investment Partnerships Program Rules;* HOME, HTC, and HTF Regional Allocation Formula; HOME, HTC, and HTF Affordable Housing Needs Score; Community Service Block Grant Allocation Formula; *2006 State of Texas Low Income Housing Plan and Annual Report; 2006 State of Texas Consolidated Plan One Year Action Plan;* TSAHC's *Annual Action Plan;* and *Colonia Action Plan for 2006–2007.*

Comments on the Plan and all TDHCA programs may also be submitted in writing:

MAIL: Division of Policy and Public Affairs
TDHCA
PO Box 13941
Austin, TX 78711-3941
FAX: (512) 475-3746
EMAIL: info@tdhca.state.tx.us

PUBLIC COMMENT

A summary of public comment received on the *2006 State of Texas Low Income Housing Plan and Annual Report* will be included in the final version of the document.

SECTION 6: COLONIA ACTION PLAN

OVERVIEW

The Texas Department of Housing and Community Affairs Colonia Action Plan for 2006–2007 discusses housing and community development needs in the colonias, describes the Department's policy goals, summarizes the strategies and programs designed to meet these goals, and describes some of the projected outcomes to support the improvement of living conditions of colonia and border residents along the Texas-Mexico border region. This plan focuses on colonias as defined by state statute.

The overall goal of the Department with respect to colonias is to improve the living conditions and lives of border residents along the Texas-Mexico border region. As a result, TDHCA provides planning, housing, and housing-related assistance.

Performance measures for colonia activities, as reported to the Legislative Budget Board, focus on outreach and technical assistance efforts of the Department—specifically the number of on-site technical assistance visits conducted annually from the Border Field Offices. The targeted performance number for the 2006–2007 biennium is 747 technical assistance visits a year.

It should be noted that there is no single or dedicated source of funds for colonia-focused programs and services administered by the Department, except the Colonia Self-Help Centers, which are funded with Community Development Block Grant funds. In the past, funding has been provided from the Housing Trust Fund, the HOME Program, Single Family Bond proceeds, and the Community Development Block Grant (CDBG) Program.

COLONIA NEEDS

In today's world, Texas colonias are considered an observable fact. Their beginnings date back to the 1950s. As a response to the reconstruction era, Texans adopted a state constitution to minimize the powers of government. By making counties subdivisions of the state with no home rule powers, Texans guaranteed that no county could take an action or adopt a rule until it is first voted on by the state. As a result all regulatory powers originate with cities and the state. Areas outside city limits are "regulation free zones" until problems become so serious that the entire state is ready to empower a county to address them.[105]

These regulatory free zones enabled colonia developers to purchase tracts of land with a marginal agricultural value. Some of these tracts were flood prone and drained poorly; some were too hilly to irrigate; some were land with a declining value due to changes in agricultural economics. These developers platted their tracts, bulldozed roads, and sold the undeveloped lots on 10- to 20-year contracts for deed starting anywhere from $8,000 to $20,000 at an interest rate of 10 percent to 17 percent annually.[106] A contract for deed is an instrument used to sell land. Title to the property is not transferred until the balance is paid in full.

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[105] Madeline Pepin, "Texas Colonias: An Environmental Justice Case Study" (November 5, 1998), http://itc.ollusa.edu/faculty/pepim/philosophy/cur/colonias.htm (accessed December 2, 2003).
[106] Pepin, "Texas Colonias."

WHAT IS A COLONIA?

A "colonia," Spanish for "neighborhood" or "community," is a geographic area located within 150 miles of the Texas-Mexico border that has a majority population comprised of individuals and families of low and very low income who lack safe, sanitary, and sound housing. This includes a lack of basic services such as potable water, adequate sewage systems, drainage, streets, utilities, paved roads, and plumbing. With living conditions often compared to Third World countries, the colonias present one of the most critical housing needs in the state. Housing in the colonias is primarily constructed with scarce materials, and professional builders are rarely used. Residents frequently start with makeshift structures of wood, cardboard, or other materials, and as finances allow, continue to improve their homes.

Colonia residents tend to be young, predominately Hispanic, low to very low income, and employed in low-paying employment sectors. According to the most recent data available, 36.6 percent of colonia residents are children (compared to 29 percent statewide). Nearly all are Hispanic and 27.4 percent speak Spanish as their primary language. However, contrary to common perception, according to the Texas Attorney General, between 65 to 80 percent of adult colonia residents are US citizens, with an even higher citizenship rate for children.

The workforce tends to be young and unskilled; consequently, wages are low. Primary occupations are seasonal in nature; agriculture service providers and construction-related jobs account for more than 50 percent of the workforce.[107] A study by the Texas A&M University Center for Housing and Urban Development indicated that unemployment levels in five Rio Grande Valley colonias ranged from 20 percent to as high as 70 percent, compared with the overall state unemployment rate of only 7 percent.

According to a survey by the Texas Department of Health of residents in 96 colonias in 6 border counties, almost half of the colonia households make less than $834 a month. Nearly 70 percent of the residents never graduated from high school.[108]

As indicated in a Status Report by the Center for Housing and Urban Development at Texas A&M University, there are approximately 1,450 colonias in the Texas, which are home to over 350,000 Texans. Future projections indicate the population may reach as high as 700,000 residents by the year 2010.[109]

LIVING CONDITIONS

As previously noted, the lack of even the most basic infrastructure including potable water and adequate sewage systems has contributed to the proliferation of disease. Compounded with a lack of adequate medical insurance and a shortage of healthcare facilities, reported cases of viral disease in the colonias far exceed statewide levels.

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[107] G. Rogers, J. Glaser, P. Johnston, T. Black, A. Kamath, and R. Gonzalez, *Cinco Colonia Areas: Baseline Conditions in the Lower Rio Grande Valley* (College Station, TX: Center for Housing and Urban Development, College of Architecture, Texas A&M University, 1993).

[108] The Border Economy, Federal Reserve Bank of Dallas, http://www.dallasfed.org/research/border/tbe_issue.pdf, June 2001.

[109] LBJ School of Public Affairs, University of Texas at Austin, January 1996; and Texas Department of Housing and Community Affairs.

According to a study by the University of Texas System Texas-Mexico Border Health Coordination Office, diseases such as Hepatitis A, Salmonellosis, Shigellosis, and Tuberculosis occurred at a much higher rate in the colonias than the rest of the state.[110] The rate of reported Hepatitis A, for example, was more than double the statewide rate. Other health problems included high rates of gastroenteritis and other water-quality-related problems.[111] Medical services are rarely available and this compounds health problems in the colonias. Due to these stumbling blocks, children in the colonias experience slower growth and lower educational development rates.

The scarcity of potable water is another daily hardship for colonia residents. According to data from the Texas Department of Human Services, the use of untreated water for drinking, washing, bathing, and cooking ranged from 4 percent to 13 percent in colonia households.[112] Many residents rely on large plastic drums for the storage of water. More often, water is transferred to the house by bucket or plastic containers. Reports of water used for bathing, washing, and even cooking drawn from ditches where sewage and agricultural chemicals gather are not uncommon.

In addition to a lack of adequate wastewater infrastructure, most roadways located in colonias are unpaved or continue to be of very poor quality. A survey of residents of the El Cenizo colonia conducted by TDHCA indicated that 50 percent of the roads within the colonia were classified as “deteriorated” or “poor.”[113] Water from heavy rains tends to collect, and when combined with inadequate waste removal systems, forms into pools of raw sewage, which again causes health problems for colonia residents.

Plumbing facilities are also a problem in the colonias. Approximately 50 percent of houses in rural colonias and 20 percent in urban colonias have incomplete plumbing facilities. Additionally, 40 percent in rural colonias and 15 percent in urban colonias lack a complete kitchen. For more information on the housing needs of border counties, see the Housing Analysis and Action Plan section of this report, Regions 11 and 13.

While each colonia is different and may have needs unique to that area, most share the same general characteristics. Unfortunately, these and other concerns are all part of the day-to-day life for most colonia residents 365 days a year. A bad situation is made even worse due to a profound lack of the most basic of necessities: safe, sanitary, and decent housing.

HOUSING AND HOUSING-RELATED NEEDS[114]

An increasing amount of attention has been placed on colonias over the past several years. This attention has been focused on eliminating their presence rather than addressing the reason for their existence. One key to improving the conditions of colonias is the availability of affordable housing programs. While it

110 University of Texas System Texas-Mexico Border Health Coordination Office, University of Texas-Pan American
111 Robert K. Holz and Christopher Shane Davies, Third World Colonias: Lower Rio Grande Valley, Texas (Working Paper number 72, Lyndon B. Johnson School of Public Affairs, University of Texas, 1993).
112 US Census, Texas Department of Human Services, 1990
113 Texas Department of Housing and Community Affairs, Office of Colonia Initiatives, *A Study of the People of El Cenizo, Texas* (Austin, TX: Texas Department of Housing and Community Affairs, April 1997).
114 A portion of the information in this Action Plan is derived from the six Colonia Self-Help Centers’ Needs Assessments.

is important to eradicate the conditions that exist in colonias; it is equally important to address the circumstances that enable such an environment to develop.

While colonia residents have been resourceful and creative in providing for themselves, they continue to have several needs, including the following:

- Increased affordable housing opportunities such as down payment assistance, low interest loans, and flexible underwriting guidelines
- Conversion of contracts for deed to conventional mortgages, with transfer of title and homeowner education
- Construction and rehabilitation education and assistance
- Access to information regarding available resources
- Access to adequate infrastructure

Typically colonia residents do not have access to traditional financing or professional assistance when they purchase a home. They have limited credit or even nonexistent credit histories, and, for some, it is difficult to save for the down payment and closing costs required to qualify for a conventional mortgage. Credit and debt counseling, including money management and financial literacy training, is lacking in colonia areas. There is also a need for flexible housing assistance such as low-interest-rate loans with underwriting guidelines appropriate for nontraditional borrowers.

The contract for deed has been the most common method of financing the purchase of colonia properties, due to the lack of underwriting guidelines by developers. Often, developers charge outrageous interest rates—as high as 14 to 18 percent—including higher late fees. Traditionally, developers would not record the contract for deed, making it easy to reclaim the property without legal process, while retaining any physical improvements made on the property.

Home construction, improvement, and maintenance require access to resources and skills. Many colonia residents do not have the resources to contract for home improvement, and choose to undertake the work on their own. Within the colonias, there is a need for education on several topics related to construction and rehabilitation such as surveying, platting, and general construction skills. There is also a scarcity of construction tools available for use by colonia residents.

Occasionally there is funding available to communities and organizations in the colonias to support local programs. Training is needed on how to locate funding and, once the funding is identified, how to write a successful grant proposal. However, the most important aspect in seeking funding is the ability of the communities or organizations to manage the funding within rules and guidelines. Many communities and organizations struggle to deliver services to its colonia residents due to capacity and financial issues.

Interagency coordination and financial backing at the state and federal level needs to continue to address colonia issues. While many housing professionals recognize that the level of coordination and dialogue has increased in recent years, and that many communities in the border region acknowledge an increase in funding for infrastructure development, much work remains. In the context of affordable housing (construction and financing mechanisms) and infrastructure development (potable water, wastewater treatment, paved streets, etc.). TDHCA is committed to interagency cooperation.

POLICY GOALS

In 1996, in an effort to place more emphasis on addressing the needs of colonias, the Office of Colonia Initiatives (OCI) was established to administer and coordinate efforts to enhance living conditions in colonias along the Texas-Mexico border region. OCI's fundamental goal is to improve the living conditions and lives of colonia residents, and to educate the public regarding the services that TDHCA has to offer.

The OCI Division was created to

- expand housing opportunities to colonia and border residents living along the Texas-Mexico border;
- increase knowledge and awareness of programs and services available through the Department;
- implement initiatives that promote improving the quality of life of colonia residents and border communities;
- empower and enhance organizations building capacity to better serve the targeted colonia population;
- provide comprehensive education to colonia and border residents;
- develop cooperative working relationships between other state, federal, and local organizations to leverage resources and exchange information;
- promote comprehensive planning of communities along the Texas-Mexico border to better understand community and resident needs;
- serve as a catalyst for colonia residents by allowing input into major funding decisions that will affect border communities.

The OCI Division assists the Department's program divisions by coordinating activities in the colonias and border communities. Currently, the OCI Division headquarters and Border Field Offices (in Edinburg, Laredo, and El Paso) employ eight employees that provide consumer education, housing and financial assistance, and community services along the Texas-Mexico border region to colonia and border residents and state, federal, and local organizations.

ACTION PLAN

The Colonia Action Plan includes a strategic vision for housing, community development, and community services. This two-year Action Plan outlines how various initiatives will be implemented in 2006–2007.

The initiatives described within the Action Plan have been divided into two categories: (1) Increase Affordable Housing Opportunities and (2) Housing Construction and Rehabilitation, Access to Infrastructure, and Information Regarding Resources. Each category contains the following information:

- Legislative mandate: directive by the legislature
- Purpose: intent of the program
- Funding: financial support
- Activities to date: actions and successes
- Strategic approach: plan to further ongoing activities
- Provide capacity building training and technical assistance to organizations in areas not currently served by the programs noted below

Figure 6.1: FY 2006 and 2007 Office of Colonia Initiatives Funding

	Estimated Available Funding for FY 2006	Estimated Available Funding for FY 2007
Texas Bootstrap Loan Program	$3,000,000	$3,000,000
Colonia Self-Help Centers	$2,100,000	$2,100,000
HOME Set Aside for Contract for Deed Conversions	$2,000,000	$2,000,000
Colonia Model Subdivision Program[1]	$1,000,000	$1,000,000
Total Funds	$8,100,000	$8,100,000

[1]$1,000,000 will be set-aside from the HOME Investment Partnership Program for the Colonia Model Subdivision Program from the annual HOME CHDO Set-aside. If sufficient applications are not received for this activity, the remaining funds will be used for other CHDO-eligible activities within the HOME Program.

INCREASE AFFORDABLE HOUSING OPPORTUNITIES

The following Department initiatives focus on increasing affordable housing opportunities in the colonias.

Texas Bootstrap Loan Program

The Texas Bootstrap Loan (Bootstrap) Program is required under Subchapter FF, Chapter 2306, Texas Government Code, to make available $3 million for mortgage loans to very low income families (at or below 60 percent of the area median family income), not to exceed $30,000 per unit. This program is a self-help construction program, which is designed to provide very low income families an opportunity to help themselves through the form of sweat equity. All participants under this program are required to provide at least 60 percent of the labor necessary to construct or rehabilitate the home, and all applicable building codes will be adhered to under this program. In addition, nonprofit organizations can combine these funds with other sources, such as those from private lending institutions, local governments, or any other sources; however, all combined loans cannot exceed $60,000 per unit.

The Department is required to set aside at least two-thirds, or $2,000,000, of the available funds for owner-builders whose property is located in a county that is eligible to receive financial assistance under Subchapter K, Chapter 17, Water Code. The majority of the counties are located along the Texas-Mexico border region. The remainder of the funding, one-third, or $1,000,000, will be available to Department-certified nonprofit owner-builder programs statewide.

For the 2005 fiscal year, the Bootstrap Program set-aside $3 million from the Housing Trust Fund and Residual Bond funds. The total dollars awarded through the program was $3,432,000. There were 18 total applications; 10 applications were recommended and approved for funding by the Department's Board, and are estimated to benefit 120 families.

The most important component of the program is the increase of homeownership for very low income Texans by providing loan funds to purchase or refinance real property on which to build new residential housing or improve existing residential housing. The Department has successfully replicated this initiative on a statewide basis. This initiative can remedy some of the living standards and provide the "American Dream" to many low income families. The objective is to continue expanding affordable housing through self-help construction. OCI will market the program to certified nonprofit organizations and Colonia Self-Help Centers. The measurable output will be the number of certified nonprofit organizations applying for this program. This will enhance the development of affordable housing through self-help construction statewide. The Department will release a two year Notice of Funds Available in order to assist organizations with the flexibility in structuring their awards that will maximize the use of Department funds.

Contract for Deed Conversion Initiative

The 79th Legislature passed an Appropriations Rider, a legislative directive requiring the Department to spend no less than $4 million on contract for deed conversions for families that reside in a colonia and earn 60 percent or less of the applicable area median family income (AMFI), and convert no less than 400 contracts for deeds into traditional notes and deeds of trust by August 31, 2007.

The intent of the program is to help colonia residents become property owners by converting their contracts for deeds into traditional mortgages. Participants in this program must not earn more than 60 percent of AMFI and the property must be their primary residence. The properties proposed for this initiative must be located in a colonia as identified by the Texas Water Development Board colonia list or meet the Department's definition of a colonia.

After residents convert their contracts for deeds to traditional loans, the program provides colonia residents with the opportunity to seek funding for construction, rehabilitation, and other benefits that come with owning property.

For 2006 and 2007, TDHCA will set aside $4 million through the HOME Investment Partnerships Program. As stipulated in the legislation, the Department must do no less than 400 contract for deed conversions and spend no less then $4 million for the biennium. In reality, each conversion costs approximately $20,000, with an additional $35,000 in owner-occupied housing rehabilitation to meet, at a minimum, colonia housing standards, but preferably housing quality standards. This only allows for 75 conversions with the allotted $4 million, not allowing the Department to meet its goal of 400. While the Department may not meet the goal of 400 conversion with the $4 million the Department is not only assisting the colonia resident with the contract for deed conversion it is also providing funds to rehabilitate of their homes to meet housing standards.

For fiscal years 2006 and 2007, the Department will use funding through the HOME Program to implement this initiative

Housing Construction and Rehabilitation, Access to Adequate Infrastructure, and Information Regarding Resources

The following Department initiatives focus on constructing and rehabilitating housing and infrastructure in the colonias, and providing information to colonia organizations and residents.

Colonia Self-Help Centers Program

Chapter 2306, Subchapter Z, of the Texas Government Code established the Colonia Self-Help Centers (SHCs) in Cameron/Willacy, El Paso, Hidalgo, Starr, and Webb counties. The legislative directive also allows the TDHCA to establish a Colonia SHC in any other county if the county is designated as an economically distressed area. The Department opened two additional Colonia SHCs in Maverick and Val Verde County.

Five colonias in each county are identified to receive concentrated attention from the appropriate Colonia SHC. Operation of Colonia SHCs is carried out through a local nonprofit organization, local community action agency, or local housing authority that has demonstrated the ability to perform the functions of a Colonia SHC. The law also requires the establishment of a Colonia Resident Advisory Committee (C-RAC) to advise the Department on the needs of colonia residents, activities to be provided, and programs to be undertaken in the selected colonias. Each county selects two residents to serve on this committee; one of the two residents must reside in a colonia serviced by the Colonia SHC. In addition, the law requires the Department's Board to appoint members to the C-RAC, made up of a primary and secondary representative from each county. The C-RAC members meet 30 days prior to making an award to a Colonia SHC. The C-RAC has been instrumental in voicing the concerns of the targeted colonia populations, and has helped both the Department and the Colonia SHCs develop useful tools and programs to address the needs of colonia residents.

Colonia SHCs provide concentrated on-site technical assistance to low and very low income individuals and families, including housing and community development activities, infrastructure improvements, and outreach and education. Some of the activities that are offered to the colonia residents are rehabilitation, new construction, surveying and platting, construction skills training, tool library access for self-help construction, housing finance, credit and debt counseling, grant writing, infrastructure constructions and access, contract for deed conversions, and capital access for mortgages, to improve the quality of life for colonia residents in ways that go beyond the provision of basic infrastructure.

The program serves 31 designated colonias in the seven counties with approximately 20,000 colonia residents as beneficiaries of these services. Beneficiaries must be at or below 80 percent of the area median family income. County governments subcontract with Colonia SHCs in their respective county for the provision of housing and infrastructure services, and provide technical assistance to oversee their implementation of contractual responsibilities.

Operation of Colonia SHCs is funded from the Office of Rural Communities Affairs with US Department of Housing and Urban Development's Texas Community Development Block Program (CDBG) 2.5 percent colonia set-aside. CDBG funds can only be provided to eligible units of general local governments; therefore, the Department must enter into a contract with each affected county government. TDHCA provides administrative and general oversight to ensure programmatic and contract compliance to meet legislative intent. The Department maintains a relationship with the unit of general local government and Colonia SHC operator(s) to ensure that the housing and community development activities within each respective contract are achieved. In addition, Colonia SHCs are encouraged to seek funding from other sources to help them achieve their goals and performance measures.

Colonia SHC funds are awarded every two years. In FY 2004, the total dollars allocated through the program was $2,168,400. In FY 2005, the total dollars available to allocate through the program will be $2,057,638. Approximately $4,100,000 will be available in FY 2006 and 2007 for this program.

One goal for the Colonia SHCs over the next biennium is to increase the level of funding available. The Department will strive to expand the number of beneficiaries receiving assistance through the Colonia SHCs. By limiting salary and operating expenses to 15 to 20 percent of the total award, at least 80 to 85 percent of the allocated funds can be utilized to assist additional beneficiaries. Another way to expand the number of beneficiaries is to identify funding from other Department and external (i.e., USDA Rural Development, HUD, the Housing Assistance Council, Fannie Mae, etc.) sources that can be added to the annual allocation for the Colonia SHCs. The Department has been providing technical assistance to the Colonia SHCs to enable them to apply for affordable housing programs such as the HOME Investment Partnerships Program.

Another goal of the Colonia SHCs is to expand the program to other communities along the Texas-Mexico border. The Department will target potential counties such as the Big Bend Region and colonias that can benefit from Colonia SHC activities, and work with units of local government to identify and determine potential sites for other Colonia SHCs.

Colonia Model Subdivision Program

The 77th Legislature adopted Subchapter GG, Chapter 2306 of the Texas Government Code, to create the Colonia Model Subdivision Loan Program. The intent of this program is to provide low-interest or interest-free loans to promote the development of new, high-quality residential subdivisions that provide alternatives to substandard colonias, and housing options affordable to individuals and families of extremely low and very low income that would otherwise move into substandard colonias.

Any housing created under this program must fully comply with all state and local laws, including any process established by state or locality for subdividing real property.

The Department will only make loans through the program to Colonia SHCs that are also community housing development organizations (CHDOs) certified by the Department as well as other interested

CHDOs who have a history of serving the Colonias. The loans made under this initiative may be used only for the payment of

- costs associated with the purchase of real property;
- costs of surveying, platting, and subdividing or re-subdividing real property;
- fees, insurance costs, appraisals, or recording costs associated with the development of the subdivision;
- costs of providing proper infrastructure necessary to support residential uses;
- real estate commissions and marketing fees;
- any other cost that the Department, by rule, determines to be reasonable and prudent to advance the purposes of this subchapter.

The residential lots and housing developed under this program must be sold to an individual borrower, of extremely low income or individuals and families of very low income.

For the 2005-2006 biennium, $2 million from the HOME Program Community Housing Development Organization (CHDO) set-aside will be used to implement this initiative.

Border Field Offices

The Department operates three Border Field Offices (BFOs) located in El Paso, Laredo, and Edinburg. These offices are partially funded through various sources including general revenue funds, the HOME Program, bond proceeds, and the Community Development Block Grant Program.

Currently, BFOs provide technical assistance to units of local government, nonprofits and for-profits, colonia residents, and the general public on TDHCA's programs and services through on-site visits and other outreach activities. In addition, BFOs conduct onsite loan packaging and processing, homebuyer counseling, inspections, and administration of the various contracts regarding the Department's border and colonia initiatives such as the Colonia SHCs, Contract for Deed Conversion Initiative and Texas Bootstrap Loan Program.

Over the next biennium, the BFOs' goal is to establish a network of communication with units of general local government, nonprofits, and community-based organizations within 150 miles of the Texas-Mexico border. To increase the availability of services to border communities, BFOs will conduct onsite visits to communities requesting technical assistance on accessing Department programs. A database of contacts by county will advise communities of current and future funding opportunities available through the Department.

Additionally, BFOs will educate units of local government, nonprofits, and community-based organizations on the process of applying for funding and help identify opportunities for accessing various funding sources. They will coordinate capacity building seminars for units of general local government, nonprofits, and community-based organizations, and will assist with grant writing seminars to be conducted along the Texas-Mexico border.

Colonia Consumer Education Services

OCI continues the consumer education program and has expanded its educational goals, although OCI is no longer required by legislation to provide education for contract for deed participants. With the statewide expansion of the Contract for Deed Conversion initiative, OCI recognized the need for additional education topics, such as filing homestead exemption on their property. The Department will provide homebuyers under its Contract for Deed Conversion and Texas Bootstrap Loan Programs a form to file their homestead exemption at the time of closing on their homes. The Department will create an educational campaign regarding HB 1823 which was passed during the 79th Regular Legislative Session (2005) that allows residential contract for deed buyers to have their contracts converted into a deed with a deed of trust. The educational campaign will be directed to colonia residents along the Texas-Mexico Border Region. Education services are available through the Colonia Self-Help Centers and OCI Border Field Offices.

Consumer Information Resources

OCI operates a toll-free hotline (1-800-462-4251), which enables colonia residents to voice their concerns and/or request information. In addition, this hotline is available to colonia residents who may be having trouble making their monthly mortgage payment.

PUBLIC COMMENT ON THE COLONIA ACTION PLAN

Comments received on the Colonia Action Plan will be included in the final document.

SECTION 7: TEXAS STATE AFFORDABLE HOUSING CORPORATION PLAN

In accordance with §2306.0721(g), the Texas State Affordable Housing Corporation's (TSAHC's) Plan will be included in the final document. For information on the development of the Corporation's plan, please contact TSAHC at (512) 477-3555 or 1-888-638-3555 or visit www.tsahc.org.

APPENDIX A

LEGISLATIVE REQUIREMENTS FOR THE *STATE OF TEXAS LOW INCOME HOUSING PLAN AND ANNUAL REPORT*

SEC. 2306.072. ANNUAL LOW INCOME HOUSING REPORT

(a) Not later than December 18 of each year, the director shall prepare and submit to the board an annual report of the department's housing activities for the preceding year.

(b) Not later than the 30th day after the date the board receives the report, the board shall submit the report to the governor, lieutenant governor, speaker of the house of representatives, and members of any legislative oversight committee.

(c) The report must include

- (1) a complete operating and financial statement of the department;
- (2) a comprehensive statement of the activities of the department during the preceding year to address the needs identified in the state low income housing plan prepared as required by Section 2306.0721, including:
  - (A) a statistical and narrative analysis of the department's performance in addressing the housing needs of individuals and families of low and very low income;
  - (B) the ethnic and racial composition of families and individuals applying for and receiving assistance from each housing-related program operated by the department; and
  - (C) the department's progress in meeting the goals established in the previous housing plan;
- (3) an explanation of the efforts made by the Department to ensure the participation of persons of low income and their community-based institutions in department programs that affect them;
- (4) a statement of the evidence that the Department has made an affirmative effort to ensure the involvement of individuals of low income and their community-based institutions in the allocation of funds and the planning process;
- (5) a statistical analysis, delineated according to each ethnic and racial group served by the department, that indicates the progress made by the department in implementing the state low income housing plan in each of the uniform state service regions; and
- (6) an analysis, based on information provided by the fair housing sponsor reports required under Section 2306.0724 and other available data, of fair housing opportunities in each housing development that receives financial assistance from the department that includes the following information for each housing development that contains twenty or more living units:
  - (A) the street address and municipality or county where the property is located;
  - (B) the telephone number of the property management of leasing agent;
  - (C) the total number of units reported by bedroom size;
  - (D) the total number of units, reported by bedroom size, designed for individuals who are physically challenged or who have special needs and the number of these individuals served annually as reported by each housing sponsor;
  - (E) the rent for each type of rental unit, reported by bedroom size;
  - (F) the race or ethnic makeup of each project;
  - (G) the number of units occupied by individuals receiving government-supported housing assistance and the type of assistance received;

(H) the number of units occupied by individuals and families of extremely low income, very low income, low income, moderate income, and other levels of income;

(I) a statement as to whether the department has been notified of a violation of the fair housing law that has been filed with the United States Department of Housing and Urban Development, the Commission on Human Rights, or the United State Department of Justice; and

(J) a statement as to whether the development has any instances of material noncompliance with bond indentures or deed restrictions discovered though the normal monitoring activities and procedures that include meeting occupancy requirements or rent restrictions imposed by deed restrictions or financing agreements.

(7) a report on the geographic distribution of low income housing tax credits, the amount of unused low income housing tax credits, and the amount of low income housing tax credits received from the federal pool of unused funds from other states.

(8) A statistical analysis, based on information provided by the fair housing sponsor reports required by Section 2306.0724 and other available data, of average rents reported by county.

(d) Repealed by Acts 2003, 78th Leg., ch. 330, §31(1).

SEC. 2306.0721. LOW INCOME HOUSING PLAN

(a) Not later than December 18 of each year, the director shall prepare and submit to the board an integrated state low income housing plan for the next year.

(b) Not later than the 30th day after the date the board receives the plan, the board shall submit the plan to the governor, lieutenant governor, and the speaker of the house of representatives.

(c) The plan must include:

(1) an estimate and analysis of the housing needs of the following populations in each uniform state service region:

(A) individuals and families of moderate, low, very low income, and extremely low income;

(B) individuals with special needs; and

(C) homeless individuals;

(2) a proposal to use all available housing resources to address the housing needs of the populations described by Subdivision (1) by establishing funding levels for all housing-related programs;

(3) an estimate of the number of federally assisted housing units available for individuals and families of low and very low income and individuals with special needs in each uniform state service region;

(4) a description of state programs that govern the use of all available housing resources;

(5) a resource allocation plan that targets all available housing resources to individuals and families of low and very low income and individuals with special needs in each uniform state service region;

(6) a description of the department's efforts to monitor and analyze the unused or underused federal resources of other state agencies for housing-related services and services for homeless individuals and the department's recommendations to endorse the full use by the state of all available federal resources for those services in each uniform state service region;

(7) strategies to provide housing for individuals and families with special needs each uniform state service region;

(8) a description of the department's efforts in each uniform state service region to encourage the construction of housing units that incorporate energy efficient construction and appliances;
(9) an estimate and analysis of the housing supply in each uniform state service region;
(10) an inventory of all publicly and, where possible, privately funded housing resources, including public housing authorities, housing finance corporations, community housing development organizations, and community action agencies;
(11) strategies for meeting rural housing needs;
(12) a biennial action plan
 (A) addresses current policy goals for colonia programs, strategies to meet the policy goals, and the projected outcomes with respect to policy goals; and
 (B) includes information on the demand for contract-for-deed conversions, services from self-help centers, consumer education, and other colonia resident services in counties some part of which is within 150 miles of the international border of this state;
(13) a summary of public comments received at a hearing under this chapter or from another source that concern the demand for colonia resident services described by Subdivision (12); and
(14) any other housing-related information that the state is required to include in the one-year action plan of the consolidated plan submitted annually to the United States Department of Housing and Urban Development.

(d) The priorities and policies in another plan adopted by the department must be consistent to the extent practical with the priorities and policies established in the state low income housing plan.
(e) To the extent consistent with federal law, the preparation and publication of the state low income housing plan shall be consistent with the filing and publication deadlines required of the department for the consolidated plan; and
(f) The director may subdivide the uniform state service regions as necessary for the purposes of the state low income housing plan.
(g) The department shall include the plan developed by the Texas State Affordable Housing Corporation under Section 2306.566 in the department's resource allocation plan under Subsection (c)(5).
(h) The department shall consider and incorporate the specific results of the programs of the Texas State Affordable Housing Corporation in the department's estimate and analysis of the housing supply in each uniform state service region under Subsection (c)(9).

SEC. 2306.0722. PREPARATION OF PLAN AND REPORT

(a) Before preparing the annual low income housing report under Section 2306.072 and the state low income housing plan under Section 2306.0721, the department shall meet with regional planning commissions created under Chapter 391, Local Government Code, representatives of groups with an interest in low income housing, nonprofit housing organizations, managers, owners, and developers of affordable housing, local government officials, and residents of low income housing. The department shall obtain the comments and suggestions of the representatives, officials, and residents about the prioritization and allocation of the department's resources in regard to housing.
(b) In preparing the annual report under Section 2306.072 and the state low income housing plan under Section 2306.0721, the director shall:
 (1) coordinate local, state, and federal housing resources, including tax exempt housing bond financing and low income housing tax credits;
 (2) set priorities for the available housing resources to help the neediest individuals;

(3) evaluate the success of publicly supported housing programs;
(4) survey and identify the unmet housing needs of persons the department is required to assist;
(5) ensure that housing programs benefit a person regardless of the persons' race, ethnicity, sex, or national origin;
(6) develop housing opportunities for individuals and families of low and very low income and individuals with special housing needs;
(7) develop housing programs through an open, fair, and public process;
(8) set priorities for assistance in a manner that is appropriate and consistent with the housing needs of the populations described by Section 2306.0721(c)(1);
(9) incorporate recommendations that are consistent with the consolidated plan submitted annually by the state to the United States Department of Housing and Urban Development;
(10) identify the organizations and individuals consulted by the department in preparing the annual report and state low income housing plan and summarize and incorporate comments and suggestions provided under Subsection (a) as the board determines to be appropriate;
(11) develop a plan to respond to changes in federal funding and programs for the provision of affordable housing;
(12) use the following standardized categories to describe the income of program applicants and beneficiaries:
    (A) to 30 percent of area median income adjusted for family size;
    (B) more than 30 to 60 percent of area median income adjusted for family size;
    (C) more than 60 to 80 percent of area median income adjusted for family size;
    (D) more than 80 to 115 percent of area median income adjusted for family size; or
    (E) more than 115 percent of area median income adjusted for family size; and
(13) use the most recent census data combined with existing data from local housing and community service providers in the state, including public housing authorities, housing finance corporations, community housing development organizations, and community action agencies.
(14) provide the needs assessment information compiled for the report and plan to the Texas State Affordable Housing Corporation.

SEC. 2306.0723. PUBLIC PARTICIPATION REQUIREMENTS

(a) The department shall hold public hearings on the annual state low income housing plan and report before the director submits the report and the plan to the board. The department shall provide notice of the public hearings as required by Section 2306.0661. The department shall accept comments on the report and plan at the public hearings and for at least 30 days after the date of the publication of the notice of the hearings.
(b) In addition to any other necessary topics relating to the report and the plan, each public hearing required by Subsection (a) must address:
    (1) infrastructure needs;
    (2) home ownership programs;
    (3) rental housing programs;
    (4) housing repair programs; and
    (5) the concerns of individuals with special needs, as defined by Section 2306.511.

(c) The board shall hold a public hearing on the state low income housing report and plan before the board submits the report and the plan to the governor, lieutenant governor, speaker of the house of representatives, members of the legislature.

(d) The board shall include with the report and the plan the board submits to the governor, lieutenant governor, speaker of the house of representatives, members of the legislature, and members of the advisory board formed by the department to advise on the consolidated plan a written summary of public comments on the report and the plan.

SEC. 2306.0724. FAIR HOUSING SPONSOR REPORT

a) The department shall require the owner of each housing development that receives financial assistance from the department and that contains 20 or more living units to submit an annual fair housing sponsor report. The report must include the relevant information necessary for the analysis required by Section 2306.072(c)(6). In compiling the information for the report, the owner of each housing development shall use data current as of January 1 of the reporting year.

(b) The department shall adopt rules regarding the procedure for filing the report.

(c) The department shall maintain the reports in electronic and hard-copy formats readily available to the public at no cost.

(d) A housing sponsor who fails to file a report in a timely manner is subject to the following sanctions, as determined by the department:

(1) denial of a request for additional funding; or

(2) an administrative penalty in an amount not to exceed $1,000, assessed in the manner provided for an administrative penalty under Section 2306.6023.

APPENDIX B

GLOSSARY OF SELECTED TERMS

Accessible: A definition used by HUD in Section 504 with respect to the design, construction, or alteration of an individual dwelling unit. It means that the unit is located on an accessible route and when designed, constructed, altered, or adapted, it can be approached, entered, and used by individuals with physical disabilities. A unit that is on an accessible route and is adaptable and otherwise in compliance with the standards set forth in the Uniform Federal Accessibility Standards (UFAS, 23 CFR Subpart 40 for residential structures) is considered accessible. When a unit in an existing facility that is being made accessible as a result of alterations intended for use by a specific qualified person with a disability, the unit will be deemed accessible if it meets the requirements of applicable standards that address the particular disability or impairment of such person.

Accessible Route: Unobstructed path that connects accessible elements and spaces in a building or facility and complies with the space and reach requirements prescribed by the Uniform Federal Accessibility Standards (UFAS). An accessible route that serves only accessible units occupied by persons with hearing or vision impairments need not comply with those requirements intended to affect accessibility for persons with mobility requirements.

Acquisition: Acquisition of standard housing (at a minimum, meeting HUD Section 8 Housing Quality Standards) only with no expectation of other activities being carried out in conjunction with the acquisition.

Adaptability: A definition used by HUD in Section 504 meaning the ability of certain elements of a dwelling unit (such as kitchen counters, sinks, and grab bars) to be added to, raised, lowered, or otherwise altered, to accommodate the needs of persons with or without disability or to accommodate the needs of persons with different degrees of disability.

Administrative Costs Reasonable and necessary costs, as described in OMB Circular A-87, incurred by the participating jurisdiction in carrying out its eligible program activities in accordance with prescribed regulations. Administrative costs include any project delivery costs, such as new construction and rehabilitation counseling, preparing work specifications, loan processing, inspections, and other entities applying for or receiving HOME funds. Administrative costs do not include eligible project-related costs that are incurred by and charged to project owners.

Affordable Housing: Housing where the occupant is paying no more than 30 percent of his/her gross monthly income for gross housing costs, including utility costs. Housing that is for purchase (with or without rehabilitation) qualifies as affordable housing if it (1) is purchased by a low income, first-time home buyer who will make the housing his or her principal residence; and (2) has a sale price that does not exceed the mortgage limit for type of single family housing for the area under HUD's single family insuring authority under the National Housing Act.

Area Median Family Income (AMFI): Income limits for MSAs and counties that are based on HUD's estimates of the area's median income adjusted for family size. Calculated yearly by HUD and used to determine an applicant's eligibility with regard to HUD programs.

Assisted Household or Person:	For the purpose of identification of goals, an assisted household or person is one in which, during the periods covered by the annual plan, will receive benefits through the investment of federal funds, either alone or in conjunction with the investment of other public or private funds. A renter is benefited if the household or person takes occupancy of affordable housing that is newly acquired (standard housing) or new rehabilitation is completed. A first-time home buyer is benefited if a home is purchased during the year. A homeless person is benefited if the person becomes an occupant of transitional or permanent housing. A non-homeless person with special needs is considered as being benefited if the provision of supportive services is linked to the acquisition, rehabilitation, or new construction of a housing unit and/or the provision of rental assistance during the year.
Capacity Building:	Educational and organizational support assistance to promote the ability of an organizations to maintain, rehabilitate, and construct housing for low and very low income persons and families. This activity may include, but is not limited to: 1) Organizational support to cover expenses for training, technical, and other assistance to the board of directors, staff, and members of the organization, 2) Program support including technical assistance and training related to housing development, housing management, or other subjects related to the provision of housing or housing services, and 3) Studies and analyses of housing needs.
Community Housing Development Organization (CHDO):	A nonprofit organization, certified by a city or the state, that provides decent, affordable housing to low income individuals within a designated geographic area.
Colonia:	An identifiable unincorporated area located within 150 miles of the Texas-Mexico border that lacks infrastructure and decent housing.
Consolidated Plan:	A document submitted to the US Department of Housing and Urban Development (HUD) containing housing needs assessments and strategic plans for the state. It is required of the State of Texas by HUD in order to receive federal CDBG, HOME, ESGP, and HOPWA program funds.
Contract for Deed:	A financing arrangement for the sale of property whereby land ownership remains with the seller until the total purchase price is paid.
Disability:	According to the US Department of Housing and Urban Development, a person shall be considered to have a disability if the person is determined to have a physical, mental, or emotional impairment that: (1) is expected to be of long-continued and indefinite duration, (2) substantially impeded his or her ability to live independently, and (3) is of such a nature that the ability could be improved by more suitable housing conditions. A person shall also be considered to have a disability or he or she has a developmental disability as defined in the Developmental Disabilities Assistance and Bill of Rights Act (42 USC. 6001-6006). The term also includes the surviving member(s) or any household described in the first sentence of this paragraph who is (were) living in an assisted unit with the disabled member of the household at the time of his or her death. Disabilities reflect the consequences of a bodily impairment in terms of functional performance. Also see "Person with Disability."
Disabled Household:	A household composed of one or more persons at least one of whom is an adult (a person of at least 18 years of age) who has a disability.

Economic Independence and Self-Sufficiency Programs:	Programs undertaken by public housing agencies (PHAs) to promote economic independence and self-sufficiency for participating families. Such programs may include Project Self-sufficiency and Operation Bootstrap programs that originated under earlier Section 8 initiatives, as well as the Family Self-Sufficiency program. In addition, PHAs may operate locally developed programs or special projects designed to promote economic independence and self-sufficiency.
Elderly Household:	According to HUD, a family in which the head of the household or a spouse is at least 62 years of age, by HUD's definition. This definition may change according to specific program.
Extremely Low Income:	Individual of family with a household income less than or equal to 30 percent of the area median family income (AMFI)
Fair Housing Act	Prohibits discrimination in housing because of race, national origin, religion, sex, familial status, or disability.
Federal Preference for Admission:	The preference given to otherwise eligible applicants under HUD's rental assistance programs who, at the time they seek housing assistance, are involuntarily displaced, living in substandard housing, or paying more than 50 percent of family income for rent.
First Time Home Buyer:	An individual or family who has not owned a home during the three-year period preceding the HUD-assisted purchase of a home that must be used as the principal residence of the homebuyer.
Frail Elderly Persons:	Includes elderly persons who are unable to perform one or more Activities of Daily Living (ADL) without help.
Household:	One or more persons occupying a housing unit (US Census definition).
Housing Development Costs:	The total of all costs incurred in financing, creating, or purchasing any housing development, which are approved by the department as reasonable and necessary. The costs may include, but are not limited to, the value of land and any buildings on the land, cost of land acquisition, options, deposits, or contracts to purchase; cost of site preparation demolition and development; fee paid or payable in connection with the planning, execution, and financing of the development, such as those to architects, engineers, attorneys, accountants; cost of necessary studies, surveys, plans, permits, insurance, interest, financing, tax and assessment costs, and other operating and carrying costs during construction; cost of construction, rehabilitation, reconstruction, fixtures, furnishings, equipment, machines, and apparatus related to the real property; cost of land improvements, including without limitation, landscaping and off-site improvements; necessary expenses in connection with initial occupancy of the housing development; an allowance established by the Department for contingency reserves; and the cost of the other items, including tenant relocation, if tenant relocation costs are not otherwise being provided for, as determined by the department to be reasonable and necessary for the development of the housing development, less any and all net rents and other net revenues received from the operation of the real and personal property on the development site during construction.

Housing Development or Housing Project:	Any real or personal property, project, building structure, or facilities work or undertaking, whether existing, new construction, remodeling, improvement, or rehabilitation, that meets or is designed to meet minimum property standards consistent with those prescribed in the federal HOME Program for the primary purpose of providing sanitary, decent, and safe dwelling accommodations for rent, lease, use, or purchase by persons and families of low and very low income and persons with special needs. This term may include buildings, structure, land, equipment, facilities, or other real or personal properties that are necessary, convenient, or desirable appurtenances, such as but not limited to streets, water, sewers, utilities, parks, site preparation, landscaping, stores, offices, and other non-housing facilities, such as administrative, community, and recreational facilities the Department determines to be necessary, convenient, or desirable appurtenances.
Housing Problems:	Households with housing problems include those that: (1) occupy units with physical defects; (2) meet the definition of overcrowded; or (3) meet the definition of cost burdened (>30 percent of income spent on housing).
Jurisdiction:	A unit of state or local government
Local Government:	A county; an incorporated municipality; a special district; any other legally constituted political subdivision of the State; a public, nonprofit housing finance corporation created under Chapter 394, Local Government code Texas revised Civil Statues; or a combination of any of the entities described here.
Low Income Neighborhood:	A neighborhood that has at least 51 percent of its households at or below 80 percent of AMFI.
Low Income:	Household with an annual income that does not exceed 80 percent of the area median family income for the area. HUD may establish income ceilings higher or lower than the 80 percent figure on the basis of HUD's findings that such variations are necessary because of prevailing levels of construction costs or fair market rents or unusually high or low family incomes.
Metropolitan Statistical Area (MSA):	US Census term used to identify a metropolitan area, which is a large population nucleus, together with adjacent communities having a high degree of social and economic integration with that core. Also described as an "urbanized area" of at least 50,000 inhabitants and/or a total metropolitan population of 100,000.
Migrant Farmworkers:	Persons who travel from place to place in order to take advantage of work opportunities provided by various agricultural seasons across the country.
Moderate Income:	Households whose incomes are between 81 percent and 115 percent of the median income for the area, as determined by HUD, with adjustments for smaller or larger families, except that HUD may establish income ceilings higher or lower than 95 percent of the prevailing levels of construction costs or fair market rents, or unusually high of low family incomes. May differ by program.
Neighborhood:	A geographic location designated in comprehensive plans, ordinances, or other local documents as a neighborhood, village, or similar geographical designation that is within the boundary but does not encompass the entire area of a unit of general local government. If the general local government has a population under 25,000, the neighborhood may, but need not, encompass the entire area of a unit of general local government.

Nonprofit Organization:	A nonprofit corporation is created by filing articles of incorporation with the Secretary of State in accordance with the Texas Non-Profit Corporation Act. "Non-profit corporation" means a corporation in which no part of the earned income is distributable to members, directors, or officers. A nonprofit corporation may be created for any lawful purposes and are entitled to exemption from state or federal taxes.
Olmstead:	The US Supreme Court in *Olmstead v. L. C.* held that unnecessary segregation and institutionalization of people with disabilities is unlawful discrimination under the ADA.
Overcrowded:	A housing unit containing more than one person per room. (US Census definition)
Participating Jurisdiction (PJ):	Term for any state or local government that has been designated by HUD to receive HOME Program funds.
Person with Disability:	(1) A person is considered to have a disability if the person has a physical, mental, or emotional impairment that (i) is expected to be of long-continued and indefinite duration; (ii) substantially impedes his or her ability to live independently; and (iii) is of such a nature that such ability could be improved by more suitable housing conditions. (2) A person will also be considered to have a disability if he or she has a developmental disability, which is a severe, chronic disability that (i) is attributable to a mental or physical impairment or combination of mental and physical impairments; (ii) is manifested before the person attains age twenty-two; (iii) is likely to continue indefinitely; (iv) results in substantial functional limitations in three or more of the following areas of major life activity; self-care, receptive and expressive language, learning, mobility, self-direction, capacity for independent living, and economic self-sufficiency, and (v) reflects the person's need for a combination and sequence of special interdisciplinary, or generic care, treatment, or other services that are lifelong or extended duration and are individually planned and coordinated.
Physical Defects:	A housing unit lacking complete kitchen or bathroom facilities (US Census definition).
Poverty:	Term to describe the poor. The Census Bureau uses a set of money income thresholds that vary by family size and composition to determine who is poor. If a family's total income is less than that family's threshold, then that family, and every individual in it, is considered poor or in poverty. Varies by year.
Predevelopment Costs:	Costs related to a specific eligible housing project including: a) expenses necessary to determine project feasibility (including costs of an initial feasibility study), consulting fees, costs of preliminary financial applications, legal fees, architectural fees, engineering fees, engagement of a development team, site control, and title clearance; and b) reconstruction housing project costs that the board determines to be customary and reasonable, including but not limited to the costs of obtaining firm construction loan commitments, architectural plans and specifications, zoning approvals, engineering studies, and legal fees. Predevelopment costs <u>does not</u> include general operational or administrative costs.
Primary Housing Activity:	A means of providing or producing affordable housing - such as rental assistance, production, rehabilitation, or acquisition - that will be allocated significant resources and/or pursued intensively for addressing a particular housing need. (See also, "Secondary Housing Activity.")

Project: A site or an entire building, including a manufactured housing unit or two or more buildings together with the site or sites on which the building or buildings is located, that are under common ownership, management, and financing (i.e., a project assisted with HOME funds, under a commitment by the owner, as a single undertaking). Project includes all the activities associated with the site and building. If there is more than one site associated with a project, the sites must be within a four-block area.

Project Completion: All necessary title transfer requirements and construction work have been performed and the project, in HUD's judgment, complies with specified requirements (including the property standards adopted under HOME 92.251); the final drawdown has been disbursed for the project; and a project completion report has been submitted and processed in the Cash and Management Information System (92.501) as prescribed by HUD. For tenant-based rental assistance, the final drawdown has been disbursed for the project and the final payment certification has been submitted and processed in the Cash and Management Information System (92.502) as prescribed by HUD.

Project-Based Rental Assistance: Rental Assistance provided for a project, not for a specific tenant. Tenants receiving project-based rental assistance give up the right to that assistance upon moving from the project.

Public Housing: Any state, county, municipality, or other government entity or public body (or its agency or instrumentality) that is authorized to engage in or assist in the development or operation of low income housing. The term includes any Indian Housing Authority.

Qualified Allocation Plan: The Qualified Allocation Plan is utilized by the Low Income Housing Tax Credit Program in setting threshold and selection criteria points for the allocation of tax credits.

Real Property: All land, including improvements and fixtures and property of any nature appurtenant, or used in connection therewith, and every estate, interest, and right legal or equitable therein, including leasehold interests, terms for years, and liens by way of judgment, mortgage or otherwise.

Reconstruction: HUD guidelines regarding reconstruction are as follows: *The regulation defines reconstruction as the rebuilding of housing on the same foundation. Therefore, the foundation must be used, if possible. If the building has no foundation or if it is not possible to rebuild on the foundation, then the "foundation" will be the same location as the building that is being reconstructed. Construction of housing on a different portion of the land parcel would be new construction. The reconstructed housing must be substantially similar to the structure that is being replaced, regardless of whether an existing foundation is used (i.e. a single family house must be replaced with a structure containing the same number of units). Rooms may be added to a building outside of the foundation or footprint of the original housing if needed to meet local codes. However, additional units cannot be constructed as part of a reconstruction project. A structure must be present prior to reconstruction. This structure should be documented by pictures and an explanation of why rehabilitation of the existing structure is not feasible.*

Rental Assistance: Rental assistance payments provided as either project-based rental assistance or tenant-based rental assistance.

Rental Housing (Affordable):	A rental housing unit is considered to be an affordable housing unit if it is occupied by a low income family or individual and bears a rent that is the lesser of (1) the Existing Section 8 Fair Market Rent (FMR) for comparable units in the area; or (2) 30 percent of the adjusted income of a family whose income equals 65 percent of the median income for the area, except that HUD may establish income ceilings higher or lower than 65 percent of the median because of prevailing levels of construction costs or fair market rents, or usually high or low family incomes.
Rural Area:	Rural areas are considered areas outside of Metropolitan Statistical Areas. Definition may differ according to program.
Service Needs:	The particular services identified for special needs populations, which may include transportation, personal care, housekeeping, counseling, meals, case management, personal emergency response, and other services to prevent premature institutionalization and assist individuals to continue living independently.
Severe Cost Burden:	Refers to households and individuals who spend more than 50 percent of their gross income on housing costs.
Sheltered:	Families and persons whose primary nighttime residence is a supervised, publicly or privately operated shelter, including emergency shelters, transitional housing for the homeless, domestic violence shelters, residential shelters for runaway and homeless youth, and any hotel/motel/apartment voucher arrangement paid because the person is homeless. This term does not include persons living in overcrowded or substandard conventional housing. Any facility offering permanent housing is not a shelter, nor are its residents homeless.
Special Needs Populations:	Populations with special needs, as defined by HUD, include persons with alcohol and/ or drug addictions, colonia residents, persons with disabilities, victims of domestic violence, elderly persons, persons with HIV/AIDS, homeless populations, migrant farmworkers, and public housing residents.
State Recipient:	A unit of local government designated by a state to receive HOME funds from the state in which to carry out HOME Program activities.
Subrecipient:	A public agency or nonprofit organization selected by the participating jurisdiction's HOME program. A public agency or nonprofit organization that receives HOME funds solely as a developer or owner of housing is not a sub-recipient. The participating jurisdiction's selection of a sub-recipient is not subject to the procurement procedures and requirements.
Substandard Condition but Suitable for Rehabilitation:	By local definition, dwelling units that do not meet standard conditions but are both financially and structurally feasible for rehabilitation. This does not include units that require only cosmetic work, correction or minor livability problems, or maintenance work. The jurisdiction must define this term (i.e., standard condition, financially and structurally feasible for rehab) and include this definition in the Appendix (Glossary of Terms) portion of its CHAS submission.
Substantial Rehabilitation:	Rehabilitation of residential property at an average cost for the project in excess of $25,000 per dwelling unit.
Supportive Housing:	Housing, including housing units and group quarters, that has a supportive

environment and includes a planned service component.

Supportive Services: Services provided to residents of supportive housing for the purpose of facilitating the independence of residents. Some examples are case management, medical or psychological counseling and supervision, child care, transportation, and job training.

Tenant-Based Rental Assistance: A form of rental assistance in which the assisted tenant may move from a dwelling unit with a right to continued assistance. The assistance is provided for the tenant, not for the project.

Threshold Criteria: To be considered for funding, a housing project must first demonstrate that it meets all the threshold criteria set forth as follows: a) the project is consistent with the requirements established in this rule; b) the applicant provides evidence of their ability to carry out the project in the areas of financing, acquiring, rehabilitating, developing, or managing affordable housing developments; and c) the project addresses an identified housing need. This assessment will be based on statistical data, surveys, or other indicators of needs as appropriate.

Total Bonded Indebtedness: All single family mortgage revenue bonds (including collateralized mortgage obligations), multifamily mortgage revenue bonds, and other debt obligations issued or assumed by the Department and outstanding as of August thirty-one of the year of calculation, excluding; all such bonds rated AAA by Moody's Investors Service or AAA by Standard & Poors Corporation for which the Department has no direct or indirect financial liability form the Department's unencumbered fund balances, and all other such bonds, whether rated or unrated, for which the Department has no direct or indirect financial liability from the Departments unencumbered fund balances, unless Moody's' or Standard & Poors has advised the Department in writing that all or portion of the bonds excluded by this clause should be included in a determination of total bonded indebtedness.

Unencumbered Fund Balances: A) The sum of the balances resulting at the end of each Department fiscal year form deducting the sum of bond indenture and credit rating restrictions and liabilities for the sum of amounts on deposit in indenture funds and other tangible and intangible assets of each department housing bond program, and b) uncommitted amounts of deposit in each independent or separate unrestricted fund established by the housing finance division or its administrative component units.

Very Low Income: Households whose incomes do not exceed 50 percent of the median area income for the area, as determined by HUD, with adjustments for smaller and larger families and for areas with unusually high or low incomes or where needed because of prevailing levels of construction costs or fair market rents. Definition may differ according to program; the State of Texas designates very-low income as 60 percent or less AMFI.

Work Disability: A condition that prevents a person from working or limits a person's ability to work.

Division of Policy and Public Affairs

BOARD ACTION ITEM
September 16, 2005

Action Item

2006 State of Texas Consolidated Plan One–Year Action Plan-Draft for Public Comment

Required Action

Board comment and authorization to release the *2006 State of Texas Consolidated Plan One–Year Action Plan -Draft for Public Comment.*

Background

The Texas Department of Housing and Community Affairs, Office of Rural Community Affairs and Department of State Health Services are preparing the *2006 State of Texas Consolidated Plan One-Year Action Plan* ("the Plan") in accordance with 24 CFR §91.320.

The Plan reports on the intended use of funds received by the State of Texas from the U.S. Department of Housing and Urban Development for Program Year (PY) 2006. The Program Year begins on February 1, 2006 and ends on January 31, 2007. The Plan covers the State's administration of the Community Development Block Grant Program, Emergency Shelter Grants Program, the HOME Investment Partnerships Program, and the Housing Opportunities for Persons with AIDS Program.

The Plan illustrates the State's strategies in addressing the priority needs and specific goals and objectives identified in the *2005-2009 State of Texas Consolidated Plan*. The plan consists of the following sections:

- **Introduction.** Provides an outline of the *One-Year Action Plan*.
- **Form Applications and Certifications.** Contains Standard Form 424, the application for federal resources, as well as HUD required certifications.
- **Program Statements**. Program-specific descriptions for CDBG, HOME, ESG, and HOPWA illustrating funding guidelines and fund allocations as required under 24 CFR §91.320 (g).
- **Other Activities**. A description of TDHCA's plan to undertake other activities that fulfill requirement of §91.320 (f).

The Plan will be available for public comment from September 19 through October 18, 2005. Comment on the Plan may be provided in writing or directly at hearings to be held in Abilene, Arlington, Austin, Beaumont, Corpus Christi, El Paso, Houston, Lubbock, McAllen, Mt. Pleasant, San Antonio, and Temple. To comply with §2306.0723(c), the Board will hold a separate hearing on this document in October, 2005.

Summary of Changes from the Action Plan Contained in the *2005-2009 State of Texas Consolidated Plan.*

Other than providing the annual updates to the anticipated funding amounts and funding plans for the ESG and HOME programs, there were relatively few changes to the Plan. Some of the more significant changes included:

- HOME
  - Review of Applications—Explanation of the process for reviewing responses to Open Application Cycle NOFAs and Competitive Application Cycle NOFAs (pg. 91)
- Housing Trust Fund:
  - To increase the flexibility to distribute the limited amount of non-legislatively dedicated HTF resources and to make scoring prioritization more consistent for all HTF activities, the provision of scoring incentives for developments that set aside additional units for persons with special needs was removed (pg. 104).
  - The accessibility requirements for persons with mobility, hearing, and vision impairments were clarified to pertain to rental units (pg. 104).
- Grant Assistance Program: A change in the Grant Assistance Program household income eligibility is proposed. This change would enable households at 115 percent AMFI to receive down payment and closing cost assistance if the available funding was not distributed in a timely manner (pg. 106).

2006 State of Texas Consolidated Plan One–Year Action Plan

Draft for Public Comment

September 3, 2005

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INTRODUCTION

The Texas Department of Housing and Community Affairs (TDHCA), Office of Rural Community Affairs (ORCA) and Department of State Health Services (DSHS) have completed the *2006 State of Texas Consolidated Plan One-Year Action Plan* ("the Plan") in accordance with 24 CFR §91.320. When the combined actions of TDHCA, ORCA, and DSHS are referenced in the Plan, the description "Departments" is used.

The Plan reports on the intended use of funds received by the State of Texas from the US Department of Housing and Urban Development (HUD) for Program Year (PY) 2006. The Program Year begins on February 1, 2006 and ends on January 31, 2007. The performance report on PY 2005 funds will be available in May of 2006. The Plan covers the Departments' administration of the Community Development Block Grant Program (CDBG), Emergency Shelter Grants Program (ESG), and the HOME Investment Partnerships Program (HOME), and the Housing Opportunities for Persons with AIDS Program (HOPWA).

The Plan illustrates the Departments' strategies in addressing the priority needs and specific goals and objectives identified in the *2005-2009 State of Texas Consolidated Plan*. The plan consists of the following sections:

- **Introduction.** Provides an outline of the *One-Year Action Plan*.
- **Form Applications and Certifications.** Contains Standard Form 424, the application for federal resources, as well as HUD required certifications.
- **Program Statements**. Program-specific descriptions for CDBG, HOME, ESG, and HOPWA illustrating funding guidelines and fund allocations as required under 24 CFR §91.320 (g).
- **Other Activities**. A description of TDHCA's plan to undertake other activities that fulfill requirement of §91.320 (f).
- **Summary of Public Comment.** Describes the citizen participation process. Also includes a summary of public comment and Departmental responses. Transcripts of public hearings and complete copies of submitted comments are also available in the TDHCA Housing Center Library, which is open to the public 8 a.m. to 5 p.m., Monday through Friday. Please contact the Library directly at (512) 475-3975 for more information.

ACTION PLAN REQUIREMENTS

§ 91.320 Action plan.

The action plan must include the following:

(a) Form application. Standard Form 424;

(b) Resources.

(1) Federal resources. The consolidated plan must describe the Federal resources expected to be available to address the priority needs and specific objectives identified in the strategic plan, in accordance with § 91.315. These resources include grant funds and program income.

(2) Other resources. The consolidated plan must indicate resources from private and nonFederal public sources that are reasonably expected to be made available to address the needs identified in the plan. The plan must explain how Federal funds will leverage those additional resources, including a description of how matching requirements of the HUD programs will be satisfied. Where the State

deems it appropriate, it may indicate publicly owned land or property located within the State that may be used to carry out the purposes stated in § 91.1;

(c) Activities. A description of the State's method for distributing funds to local governments and nonprofit organizations to carry out activities, or the activities to be undertaken by the State, using funds that are expected to be received under formula allocations (and related program income) and other HUD assistance during the program year and how the proposed distribution of funds will address the priority needs and specific objectives described in the consolidated plan;

(d) Geographic distribution. A description of the geographic areas of the State (including areas of minority concentration) in which it will direct assistance during the ensuing program year, giving the rationale for the priorities for allocating investment geographically;

(e) Homeless and other special needs activities. Activities it plans to undertake during the next year to address emergency shelter and transitional housing needs of homeless individuals and families (including subpopulations), to prevent low-income individuals and families with children (especially those with incomes below 30% of median) from becoming homeless, to help homeless persons make the transition to permanent housing and independent living, and to address the special needs of persons who are not homeless identified in accordance with § 91.315(d);

(f) Other actions. Actions it plans to take during the next year to address obstacles to meeting underserved needs, foster and maintain affordable housing (including the coordination of Low-Income Housing Tax Credits with the development of affordable housing), remove barriers to affordable housing, evaluate and reduce lead-based paint hazards, reduce the number of poverty level families, develop institutional structure, and enhance coordination between public and private housing and social service agencies and foster public housing resident initiatives. (See §91.315 (a), (b), (f), (g), (h), (i), (j), (k), and (l).)

(g) Program-specific requirements. In addition, the plan must include the following specific information:

(1) CDBG. The method of distribution shall contain a description of all criteria used to select applications from local governments for funding, including the relative importance of the criteria--if the relative importance has been developed. The action plan must include a description of how all CDBG resources will be allocated among all funding categories and the threshold factors and grant size limits that are to be applied. If the State intends to aid nonentitlement units of general local government in applying for guaranteed loan funds under 24 CFR part 570, subpart M, it must describe available guarantee amounts and how applications will be selected for assistance. If a State elects to allow units of general local government to carry out community revitalization strategies, the method of distribution shall reflect the State's process and criteria for approving local governments' revitalization strategies. (The statement of the method of distribution must provide sufficient information so that units of general local government will be able to understand and comment on it and be able to prepare responsive applications.)

(2) HOME.

i. The State shall describe other forms of investment that are not described in Sec. 92.205(b) of this subtitle.

ii. If the State intends to use HOME funds for homebuyers, it must state the guidelines for resale or recapture, as required in Sec. 92.254 of this subtitle.

iii. If the State intends to use HOME funds to refinance existing debt secured by multifamily housing that is being rehabilitated with HOME funds, it must state its refinancing guidelines required under 24 CFR 92.206(b). The guidelines shall describe the conditions under which the State will refinance existing debt. At minimum, the guidelines must:

A. Demonstrate that rehabilitation is the primary eligible activity and ensure that this requirement is met by establishing a minimum level of rehabilitation per unit or a required ratio between rehabilitation and refinancing.

B. Require a review of management practices to demonstrate that disinvestment in the property has not occurred; that the long term needs of the project can be met; and that the feasibility of serving the targeted population over an extended affordability period can be demonstrated.

C. State whether the new investment is being made to maintain current affordable units, create additional affordable units or both.

D. Specify the required period of affordability, whether it is the minimum 15 years or longer.

E. Specify whether the investment of HOME funds may be jurisdiction-wide or limited to a specific geographic area, such as a neighborhood identified in a neighborhood revitalization strategy under 24 CFR Sec. 91.215(e)(2) or a Federally designated Empowerment Zone or Enterprise Community.

F. State HOME funds cannot be used to refinance multifamily loans made or insured by any Federal program, including CDBG.

(3) ESG. The State shall state the process for awarding grants to State recipients and a description of how the State intends to make its allocation available to units of local government and nonprofit organizations.

(4) HOPWA. The State shall state the method of selecting project sponsors.

STANDARD FORM 424 AND STATE CERTIFICATIONS

The forms in the Draft 2006 Action Plan are from the final 2005 Action Plan. They will be updated at the close of the public comment period.

STANDARD FORM 424

APPLICATION FOR FEDERAL ASSISTANCE

APPLICATION FOR FEDERAL ASSISTANCE	2. DATE SUBMITTED	Applicant identifier DUNS# 137053125
TYPE of SUBMISSION *Application*: ☒ Construction ☐ Non-Construction *Preapplication*: ☐ Construction ☐ Non-Construction	3. DATE RECEIVED BY STATE	State Application identifier
	4. DATE RECEIVED BY FEDERAL AGENCY	Federal identifier

APPLICANT INFORMATION

Legal Name: State of Texas	Organizational Unit: Office of Rural Community Affairs
Address (give city, county, state, and zip code) 1700 N. Congress Avenue P.O. 12877 Austin, Travis, Texas 78711	Name and telephone number of the person to be contacted on matters involving this application (give area code) Director, Texas Community Development Program 512/475-3912
6. EMPLOYER IDENTIFICATION NUMBER (EIN): 74 – 2610542	7. TYPE of APPLICANT: (enter appropriate letter in box) A A. State H. Independent School Dist. B. County I. State Controlled Institution of Higher Learning C. Municipal J. Private University D. Township K. Indian Tribe E. Interstate L. Individual F. Intermunicipal M. Profit Organization G. Special District N. Other (Specify)
8. TYPE of APPLICATION ☒ New ☐ Continuation ☐ Revision If Revision, enter appropriate letter(s) in box(es): **A** Increase Award **B** Decrease Award **C** Increase Duration **D** Decrease Duration Other (Specify) ______	9. NAME of FEDERAL AGENCY Department of Housing and Urban Development
10. CATALOG of FEDERAL DOMESTIC ASSISTANCE NUMBER 14 - 228 TITLE: Community Development Block Grant 12. AREAS AFFECTED BY PROJECT (cities, counties, states, etc.): Statewide	11. DESCRIPTIVE TITLE of APPLICANT'S PROJECT Community Development Block Grant

13. PROPOSED PROJECT		14. CONGRESSIONAL DISTRICTS OF	
Start Date	Ending Date	a. Applicant	b. Project
2-1-2006	1-31-2007	Statewide	Statewide

15. ESTIMATED FUNDING	
a. Federal	$.00
b. Applicant	$ .00
c. State	$ .00
d. Local	$ .00
e. Other	$ .00
f. Program Income	$.00
g. TOTAL	$.00

16. IS APPLICATION SUBJECT to REVIEW BY STATE EXECUTIVE ORDER 12372 PROCESS?

a. YES, THIS PREAPPLICATION/APPLICATION WAS MADE AVAILABLE to THE STATE EXECUTIVE ORDER 12372 PROCESS FOR REVIEW ON

DATE ________

b. NO ☒ PROGRAM IS NOT COVERED BY E.O. 12372

☐ OR PROGRAM HAS NOT BEEN SELECTED BY STATE FOR REVIEW

17. IS THE APPLICANT DELINQUENT ON ANY FEDERAL DEBT?

☐ Yes If "Yes," attach an explanation ☒ No

18. to THE BEST of MY KNOWLEDGE and BELIEF ALL DATA IN THIS APPLICATION PREAPPLICATION ARE TRUE and CORRECT. THE DOCUMENT HAS BEEN DULY AUTHORIZED BY THE GOVERNING BODY of THE APPLICANT and THE APPLICANT WILL COMPLY WITH THE ATTACHED ASSURANCES IF THE ASSISTANCE IS AWARDED

a. Typed Name of Authorized Representative	b. Title	c. Telephone Number
Charles S. (Charlie) Stone	Executive Director	512-936-6704
d. Signature of Authorized Representative		e. Date Signed

Previous Editions Not Usable
REV 4.88; Standard Form 424

APPLICATION FOR FEDERAL ASSISTANCE

TYPE of SUBMISSION	2. DATE SUBMITTED	Applicant identifier
Application: ☐ Construction ☒ Non-Construction *Preapplication*: ☐ Construction ☐ Non-Construction	3. DATE RECEIVED BY STATE	State Application identifier
	4. DATE RECEIVED BY FEDERAL AGENCY	Federal identifier

APPLICANT INFORMATION

Legal Name: State of Texas	Organizational Unit: Texas Department of Housing and Community Affairs
Address (give city, county, state, and zip code) 507 Sabine Austin, Travis, Texas 78701	Name and telephone number of the person to be contacted on matters involving this application (give area code) E. E. Fariss Director, Community Affairs Division 512/475-3897
6. EMPLOYER IDENTIFICATION NUMBER (EIN): 74 - 2610542	7. TYPE of APPLICANT: (enter appropriate letter in box) A A. State B. County C. Municipal D. Township E. Interstate F. Intermunicipal G. Special District H. Independent School Dist. I. State Controlled Institution of Higher Learning J. Private University K. Indian Tribe L. Individual M. Profit Organization N. Other (Specify)
8. TYPE of APPLICATION ☒ New ☐ Continuation ☐ Revision If Revision, enter appropriate letter(s) in box(es): ☐ ☐ A Increase Award B Decrease Award C Increase Duration D Decrease Duration Other (Specify)	9. NAME of FEDERAL AGENCY Department of Housing and Urban Development
10. CATALOG of FEDERAL DOMESTIC ASSISTANCE NUMBER 14 - 231 TITLE: Emergency Shelter Grant Program 12. AREAS AFFECTED BY PROJECT (cities, counties, states, etc.): Statewide	11. DESCRIPTIVE TITLE of APPLICANT'S PROJECT Emergency Shelter Grant Program

13. PROPOSED PROJECT		14. CONGRESSIONAL DISTRICTS OF	
Start Date 2-1-2006	Ending Date 1-31-2007	a. Applicant Statewide	b. Project Statewide

15. ESTIMATED FUNDING		
a. Federal	$4,977,909 .00	16. IS APPLICATION SUBJECT to REVIEW BY STATE EXECUTIVE ORDER 12372 PROCESS? a. YES, THIS PREAPPLICATION/APPLICATION WAS MADE AVAILABLE to THE STATE EXECUTIVE ORDER 12372 PROCESS FOR REVIEW ON DATE ____________ b. NO ☒ PROGRAM IS NOT COVERED BY E.O. 12372 ☐ OR PROGRAM HAS NOT BEEN SELECTED BY STATE FOR REVIEW
b. Applicant	$ .00	
c. State	$ .00	
d. Local	$ .00	
e. Other	$ .00	
f. Program Income	$ .00	17. IS THE APPLICANT DELINQUENT ON ANY FEDERAL DEBT? ☐ Yes If "Yes," attach an explanation ☒ No
g. TOTAL	$4,977,909.00	

18. to THE BEST of MY KNOWLEDGE and BELIEF ALL DATA IN THIS APPLICATION PREAPPLICATION ARE TRUE and CORRECT. THE DOCUMENT HAS BEEN DULY AUTHORIZED BY THE GOVERNING BODY of THE APPLICANT and THE APPLICANT WILL COMPLY WITH THE ATTACHED ASSURANCES IF THE ASSISTANCE IS AWARDED

a. Typed Name of Authorized Representative	b. Title	c. Telephone Number
Edwina P. Carrington	Executive Director	512-475-3932
d. Signature of Authorized Representative		e. Date Signed

APPLICATION FOR FEDERAL ASSISTANCE

TYPE of SUBMISSION *Application*: ☒ Construction ☐ Non-Construction *Preapplication*: ☐ Construction ☐ Non-Construction	2. DATE SUBMITTED	Applicant identifier
	3. DATE RECEIVED BY STATE	State Application identifier
	4. DATE RECEIVED BY FEDERAL AGENCY	Federal identifier

APPLICANT INFORMATION

Legal Name: State of Texas	Organizational Unit: Texas Department of Housing and Community Affairs
Address (give city, county, state, and zip code) 507 Sabine Austin, Travis, Texas 78701	Name and telephone number of the person to be contacted on matters involving this application (give area code) Eric Pike Director, Single Family Finance Production 512/475-2116
6. EMPLOYER IDENTIFICATION NUMBER (EIN): 74 - 2610542	7. TYPE of APPLICANT: (enter appropriate letter in box) A ☐
8. TYPE of APPLICATION ☒ New ☐ Continuation ☐ Revision If Revision, enter appropriate letter(s) in box(es): A Increase Award B Decrease Award C Increase Duration D Decrease Duration Other (Specify) ☐ ☐	A. State B. County C. Municipal D. Township E. Interstate F. Intermunicipal G. Special District H. Independent School Dist. I. State Controlled Institution of Higher Learning J. Private University K. Indian Tribe L. Individual M. Profit Organization N. Other (Specify)
	9. NAME of FEDERAL AGENCY Department of Housing and Urban Development
10. CATALOG of FEDERAL DOMESTIC ASSISTANCE NUMBER 14 - 239 TITLE: HOME Investment Partnerships Program 12. AREAS AFFECTED BY PROJECT (cities, counties, states, etc.): Statewide	11. DESCRIPTIVE TITLE of APPLICANT'S PROJECT HOME Investment Partnerships Program

13. PROPOSED PROJECT		14. CONGRESSIONAL DISTRICTS OF	
Start Date	Ending Date	a. Applicant	b. Project
2-1-06	1-31-07	Statewide	Statewide

15. ESTIMATED FUNDING		
a. Federal	$49,513,150.00	16. IS APPLICATION SUBJECT to REVIEW BY STATE EXECUTIVE ORDER 12372 PROCESS? a. YES, THIS PREAPPLICATION/APPLICATION WAS MADE AVAILABLE to THE STATE EXECUTIVE ORDER 12372 PROCESS FOR REVIEW ON DATE ________ b. NO ☒ PROGRAM IS NOT COVERED BY E.O. 12372 ☐ OR PROGRAM HAS NOT BEEN SELECTED BY STATE FOR REVIEW
b. Applicant	$ .00	
c. State	$ .00	
d. Local	$ .00	
e. Other	$ .00	
f. Program Income	$ .00	17. IS THE APPLICANT DELINQUENT ON ANY FEDERAL DEBT? ☐ Yes If "Yes," attach an explanation ☒ No
g. TOTAL	$49,513,150.00	

18. to THE BEST of MY KNOWLEDGE and BELIEF ALL DATA IN THIS APPLICATION PREAPPLICATION ARE TRUE and CORRECT. THE DOCUMENT HAS BEEN DULY AUTHORIZED BY THE GOVERNING BODY of THE APPLICANT and THE APPLICANT WILL COMPLY WITH THE ATTACHED ASSURANCES IF THE ASSISTANCE IS AWARDED

a. Typed Name of Authorized Representative	b. Title	c. Telephone Number
Edwina P. Carrington	Executive Director	512-475-3932
d. Signature of Authorized Representative		e. Date Signed

STATE CERTIFICATIONS

In accordance with the applicable statutes and the regulations governing the consolidated plan regulations, the State certifies that:

Affirmatively Further Fair Housing—The State will affirmatively further fair housing, which means it will conduct an analysis of impediments to fair housing choice within the state, that appropriate actions to overcome the effects of any impediments identified through that analysis, and maintain records reflecting that analysis and actions in this regard.

Antidisplacement and Relocation Plan—It will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, and implementing regulations at 49 CFR 24; and it has in effect and is following a residential antidisplacement and relocation assistance plan required under section 104(d) of the Housing and Community Development Act of 1974, as amended, in connection with any activity assisted with funding under the CDBG or HOME programs.

Drug Free Workplace—It will or will continue to provide a drug-free workplace by:

1. Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the grantee's workplace and specifying the actions that will be taken against employees for violations of such prohibition;
2. Establishing an ongoing drug-free awareness program to inform employees about—
   (a) The dangers of drug abuse in the workplace;
   (b) The grantee's policy of maintaining a drug-free workplace;
   (c) Any available drug counseling, rehabilitation, and employee assistance programs; and
   (d) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;
3. Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph 1;
4. Notifying the employee in the statement required by paragraph 1 that, as a condition of employment under the grant, the employee will—
   (a) Abide by the teams of the statement; and
   (b) Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction.
5. Notifying the agency in writing, within ten calendar days after receiving notice under subparagraph 4(b) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to every grant officer or other designee on whose grant activity the convicted employee was working, unless the Federal agency has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant;
6. Taking one of the following actions, within 30 calendar days of receiving notice under subparagraph 4(b), with respect to any employee who is so convicted—
   (a) Taking appropriate personnel action against such an employee, up to and including termination, consistent with requirements of the Rehabilitation Act of 1973, as amended; or
   (b) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purpose by a Federal, State, or local health, law enforcement, or other appropriate agency;

7. Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs 1 through 6.

Antilobbying–To the best of the State's knowledge and belief:

1. No Federal appropriated funds have been paid or will be paid, by or on behalf of it, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement;
2. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, it will complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions; and
3. It will require that the language of paragraphs 1 and 2 of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

Authority of State–The submission of the consolidated plan is authorized under State law and the State possesses the legal authority to carry out the programs under the consolidated plan for which it is seeking funding, in accordance with applicable HUD regulations.

Consistency With Plan–The housing activities to be undertaken with CDBG, HOME, ESG, and HOPWA funds are consistent with the strategic plan.

Section 3–It will comply with section 3 of the Housing and Urban Development Act of 1968, and implementing regulations at 24 CFR Part 135.

________________________________ _______________

Signature/Authorized Official Date

Executive Director

Title

SPECIFIC CDBG CERTIFICATIONS

The State certifies that:

Citizen Participation—It is in full compliance and following a detailed citizen participation plan that satisfies the requirements of 24 CFR §91.115 and each unit of general local government that receives assistance for the State is or will be following a detailed citizen participation plan that satisfies the requirements of 24 CFR §570.486.

Consultation with Local Governments—It has and or will comply with the following:

1. It has consulted with affected units of local government in the nonentitlement area of the State in determining the method of distribution of funding;

2. It engages in or will engage in planning for community development activities;

3. It provides or will provide technical assistance to units of local government in connection with community development programs; and

4. It will not refuse to distribute funds to any unit of general local government on the basis of the particular eligible activity selected by the unit of general local government to meet its community development needs, except that a State is not prevented from establishing priorities in distributing funding on the basis of the activity selected.

Local Needs Identification—It will require each unit of general local government to be funded to identify its community development and housing needs, including the needs of low-income and moderate-income families, and the activities to be undertaken to meet these needs.

Community Development—Its consolidated housing and community development plan identifies community development and housing needs and specifies both short-term and long-term community development objectives that have been developed in accordance with the primary objectives of Title I of the Housing and Community Development Act of 1974, as amended. See 24 CFR 570.2 and 24 CFR part 570)

Use of Funds—It has complied with the following criteria:

1. Maximum Feasible Priority. With respect to activities expected to be assisted with CDBG funds, it certifies that it has developed its Action Plan so as to give maximum feasible priority to activities that benefit low and moderate income families or aid in the prevention or elimination of slums or blight. The Action Plan may also include activities that the grantee certifies are designed to meet other community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community, and other financial resources are not available;

2. Overall Benefit. The aggregate use of CDBG funds including Section 108 guaranteed loans during PYs 1998, 1999, and 2000 (a period specified by the grantee consisting of one, two, or three specific consecutive program years), shall principally benefit persons of low and moderate income in a manner that ensures that at least 70% of the amount is expended for activities that benefit such persons during the designated period;

3. Special Assessments. The state will require units of general local government that receive CDBG funds to certify to the following:

It will not attempt to recover any capital costs of public improvements assisted with CGBG funds including Section 108 loan guaranteed funds by assessing any amount against properties owned and occupied by persons of low and moderate income, including any fee charged or assessment made as a condition of obtaining access to such public improvements.

However, if CDBG funds are used to pay the proportion of a fee or assessment that related to the capital costs of public improvements (assisted in part with CDBG funds) financed from other revenue sources, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds

It will not attempt to recover any capital costs of public improvements assisted with CDBG funds, including Section 108, unless CDBG funds are used to pay the proportion of fee or assessment attributable to the capital costs of public improvements financed from other revenue sources. In this case, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds. Also, in the case of properties owned and occupied by moderate-income (not low-income) families, an assessment or charge may be made against the property for public improvements financed by a source other than CDBG funds if the jurisdiction certifies that it lacks CDBG funds to cover the assessment.

Excessive Force—It will require units of general local government that receive CDBG funds to certify that they have adopted and are enforcing:

1. A policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in non-violent civil rights demonstrations; and
2. A policy of enforcing applicable State and local laws against physically barring entrance to our exit form a facility or location which is the subject of such non-violent civil rights demonstrations within its jurisdiction;

Compliance With Anti-discrimination laws—The grant will be conducted and administered in conformity with title VI of the Civil Rights Act of 1964 (42 USC 2000d), the Fair Housing Act (42 USC 3601-3619), and implementing regulations.

Compliance with Laws—It will comply with applicable laws including lead-based paint procedures 24 CFR §91.225 (b)(7).

______________________________ ____________

Signature/Authorized Official Date

Executive Director
Title

STATE GRANTEE EMERGENCY SHELTER GRANTS PROGRAM FY 2006 CERTIFICATIONS

I, **Edwina P. Carrington, Executive Director**, authorized to act on behalf of the **State of Texas**, certify that the State will ensure compliance by units of general local government and nonprofit organizations to which it distributes funds under the Emergency Shelter Grants Program with:

1) The requirements of 24 *CFR* 576.25(b)(2) concerning the submission by nonprofit organizations applying for funding of a certification of approval of the proposed project(s) from the unit of local government in which the proposed project is located.

2) The requirements of 24 *CFR* 576.53 concerning the continued use of buildings for which Emergency Shelter Grant funds are used for rehabilitation or conversion of buildings for use as emergency shelters for the homeless; or when funds are used solely for operating costs or essential services, concerning the population to be served.

3) The building standards requirement of 24 *CFR* 576.55.

4) The requirements of 24 *CFR* 576.56, concerning assurances on services and other assistance to the homeless.

5) The requirements of 24 *CFR* 576.57, other appropriate provisions of 24 *CFR* Part 576, and other applicable Federal law concerning nondiscrimination and equal opportunity.

6) The requirements of 24 *CFR* 576.59(b) concerning the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970.

7) The requirements of 24 *CFR* 576.59 concerning minimizing the displacement of persons as a result of a project assisted with these funds.

8) The requirements of 24 *CFR* 576.56(a) and 576.65(b) that grantees develop and implement procedures to ensure the confidentiality of records pertaining to any individual provided family violence prevention or treatment services under any project assisted under the Emergency Shelter Grants Program and that the address or location of any family violence shelter project assisted with ESG funds will not be made public, except with written authorization of the person or persons responsible for the operation of the shelter.

9) The requirement of that recipients involve, to the maximum extent practicable, homeless individuals and families in constructing, renovating, maintaining, and operating facilities assisted under the ESG program, and in providing services for occupants of these facilities as provided by 24 *CFR* 576.56(b)(2).

10) The requirements of 24 *CFR* 576.21(a)(4) which provide that the funding of homeless prevention activities for families that have received eviction notices or notices of termination of utility services meet the following standards: (A) that the inability of the family to make the required payments must be the result of a sudden reduction in income; (B) that the assistance must be necessary to avoid eviction of the family or termination of the services to the family; (C) that there must be a reasonable prospect that the family will be able to resume payments within a reasonable period of time; and (D) that the assistance must not supplant funding for preexisting homeless prevention activities from any other source.

11) The new requirement of the McKinney-Vento Act, 42 U.S.C. 11301, to develop and implement, to the maximum extent practicable and where appropriate, policies and protocols for the discharge of persons from publicly funded institutions or systems of care (such as health care facilities, foster care or other youth facilities, or correction programs and institutions) in order to prevent such discharge from immediately resulting in homelessness for such persons. I further understand that State and local governments are

primarily responsible for the care of these individuals, and that ESG funds are not to be used to assist such persons in place of State and local resources.

12) The Drug Free Workplace requirements of 24 *CFR* Part 24 concerning the Drug Free Workplace Act of 1988.

13) The State will comply with the provisions of, and regulations and procedures applicable under 24 *CFR* 576.57(e) with respect to the environmental review responsibilities under the National Environmental Policy Act of 1969 and related authorities as specified in 24 *CFR* Part 58 as applicable to activities of nonprofit organizations funded directly by the State. The State also agrees to assume TDHCA's responsibility and authority as set forth in 24 *CFR* 576.57(e) for acting on the environmental certifications and requests for the release of funds submitted to the State by local government recipients.

14) The State's requirement to provide matching funds required by 24 CFR 576.51 and 42 U.S.C. 11375, including a description of the sources and amounts of such supplemental funds, as provided by the State, units of general local government or nonprofit organizations.

15) HUD's standards for participation in a local Homeless Management Information System (HMIS) and the collection and reporting of client-level information.

I further certify that the submission of a complete and approved Consolidated Plan with its relevant certifications, which is treated as the application for an Emergency Shelter Grant, is authorized under State law, and that the State possesses legal authority to fund the carrying out of grant activities by units of general local government and nonprofit organizations in accordance with applicable laws and regulations of the US Department of Housing and Urban Development.

By: ____ ____________
Signature Date

Edwina P. Carrington
Typed Name of Signatory

Executive Director
Title

SPECIFIC HOME CERTIFICATIONS

The State certifies that:

Tenant Based Rental Assistance—If it intends to provide tenant-based rental assistance:
The use of HOME funds for tenant-based assistance is an essential element of the State's consolidated plan.

Eligible Activities and Costs—It is using and will use HOME funds for eligible activities and costs, as described in 24 CFR §92.205 through §92.209 and that it is not using and will not use HOME funds for prohibited activities, as described in §92.214.

Appropriate Finance Assistance—Before committing any funds to a project, the State or its recipients will evaluate the project in accordance with the guidelines that it adopts for this purpose and will not invest any more HOME funds in combination with other Federal assistance than is necessary to provide affordable housing;

_________________________________ ____________

Signature/Authorized Official Date

Executive Director

Title

APPENDIX TO CERTIFICATIONS

Instructions concerning lobbying and drug-free workplace requirements:

A. Lobbying Certification

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 32, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

B. Drug-Free Workplace Condition

1. By signing and/or submitting this application or grant agreement, the grantee is providing the certification.

2. The certification is a material representation of fact upon which reliance is placed when the agency awards the grant. If it is later determined that the grantee knowingly rendered a false certification, or otherwise violates the requirements of the Drug-Free Workplace Act, HUD, in addition to any other remedies available to the Federal Government, may take action authorized under the Drug-Free Workplace Act.

3. For grantees other than individuals, Alternate I applies. (This is the information to which jurisdictions certify).

4. For grantees who are individuals, Alternate II applies. (Not applicable jurisdictions).

5. Workplaces under grants, for grantees other than individuals, need not be identified on the certification. If known, they may be identified in the grant application. If the grantee does not identify the workplaces at the time of application, or upon award, if there is no application, the grantee must keep the identity of the workplace(s) on file in its office and make the information available for Federal inspection. Failure to identify all known workplaces constitutes a violation of the grantee's drug-free workplace requirements.

6. Workplace identifications must include the actual address of buildings (or parts of buildings) or other sites where work under the grant takes place. Categorical descriptions may be used (e.g., all vehicles of a mass transit authority or State highway department while in operation. State employees in each local unemployment office, performers in concert hall or radio stations).

7. If the workplace identified to the agency changes during the performance of the grant, the grantee shall inform the agency of the change(s), if it previously identified the workplaces in question (see paragraph five).

8. The grantee may insert in the space provided below the site(s) for the performance of work done in connection with the specific grant:

Place of Performance (Street address, city, county, state, zip code):
507 Sabine
Austin, TX (Travis County) 78711

Check ☐ if there are workplaces on file that are not identified here; The certification with regard to the drug-free workplace required by 24 CFR part 24, subpart F.

9. Definitions of terms in the Nonprocurement Suspension and Debarment common rule and Drug-Free Workplace common rule apply to this certification. Grantees' attention is called, in particular, to the following definitions from these rules:

> **"Controlled substance"** means a controlled substance in Schedules I through V of the Controlled Substance Act (21 U.S.C. 812) and as further defined by regulation (21 CFR 1308.11 through 1308.15);
>
> **"Conviction"** means finding of guilt (including a plea of no contendere) or imposition of sentence, or both, by any judicial body charged with the responsibility to determine violations of the Federal or State criminal drug statutes;
>
> **"Criminal drug statute"** means a Federal or nonFederal criminal statute involving the manufacture, distribution, dispensing, use, or possession of any controlled substance;
>
> **"Employee"** means the employee of a grantee directly engaged in the performance of work under a grant, including: (i) All "direct charge" employees; (ii) all "indirect charge" employees unless their impact or involvement is insignificant to the performance of the grant; and (iii) temporary personnel and consultants who are directly engaged in the performance of work under the grant and who are on the grantee's payroll. This definition does not include workers not on the payroll of the grantee (e.g., volunteers, even if used to meet a matching requirement; consultants or independent contractors not on the grantee's payroll; or employees of subrecipients or subcontractors in covered workplaces).

ACTION PLANS

COMMUNITY DEVELOPMENT BLOCK GRANT TEXAS COMMUNITY DEVELOPMENT PROGRAM 2006 ACTION PLAN

PY 2006 GENERAL PROGRAM INFORMATION

Community Development Block Grant Program Administration

The Office of Rural Community Affairs (ORCA) administers the State of Texas Community Development Block Grant Program (CDBG), called the Texas Community Development Program (TCDP). The Texas Department of Agriculture (TDA) administers the Texas Capital Fund through an interagency agreement between ORCA and TDA. The TCDP will continue to fund the Colonia Self-Help Centers Fund but administration of that program will remain with the Texas Department of Housing and Community Affairs (TDHCA) Office of Colonia Initiatives through a Memorandum of Understanding between ORCA and TDHCA.

The mission of the Office of Rural Community Affairs is to assist rural Texans who seek to enhance their quality of life by facilitating, with integrity, the use of the resources of our state so that sustained economic growth will enrich the rural Texas experience for the benefit of all.

Eligible Applicants

Eligible applicants are nonentitlement general purpose units of local government including cities and counties that are not participating or designated as eligible to participate in the entitlement portion of the federal Community Development Block Grant Program (CDBG). Nonentitlement cities that are not participating in urban county programs through existing participation agreements are eligible applicants (unless the city's population is counted towards the urban county CDBG allocation).

Nonentitlement cities are located predominately in rural areas and are cities with populations less than 50,000 thousand persons; cities that are not designated as a central city of a metropolitan statistical area; and cities that are not participating in urban county programs. Nonentitlement counties are also predominately rural in nature and are counties that generally have fewer than 200,000 persons in the nonentitlement cities and unincorporated areas located in the county.

Hidalgo County, a designated CDBG urban county, is eligible to receive assistance under the Texas Community Development Program (TCDP) Colonia Fund (and each fund category included under the Colonia Fund).

Counties eligible under both the TCDP Colonia Fund and the Texas Water Development Board's Economically Distressed Areas Program (EDAP) are eligible under the TCDP Colonia Economically Distressed Areas Program Fund. Nonentitlement cities located within eligible counties that meet other eligibility criteria are also eligible applicants for the TCDP Colonia Economically Distressed Areas Program Fund.

With the enactment of §43.905 of the Texas Local Government Code, a colonia that is annexed by a municipality remains eligible for five years after the effective date of the annexation to receive any form of assistance for which the colonia would be eligible if the annexation had not occurred. This only applies to a colonia annexed by a municipality on or after September 1, 1999.

Eligible Activities

Eligible activities under the Texas Community Development Program are listed in 42 U.S.C Section 5305. The TCDP staff reviews all proposed project activities included in applications for all fund categories, except the Texas Capital Fund, to determine their eligibility. The Texas Department of Agriculture determines the eligibility of activities included in Texas Capital Fund applications.

All proposed activities must meet one of the following three National Program Objectives:

1. principally benefit low and moderate income persons; or
2. aid in the elimination of slums or blight; or
3. meet other community development needs of particular urgency that represent an immediate threat to the health and safety of residents of the community.

Area benefit can be used to qualify street paving projects. However, for street paving projects that include multiple and noncontiguous target areas, each target area must separately meet the principally benefit low and moderate income national program objective. At least 51% of the residents located in each noncontiguous target area must be low and moderate income persons. A target area that does not meet this requirement cannot be included in an application for TCDP funds. The only exception to this requirement is street paving eligible under the Disaster Relief/Urgent Need Fund.

Ineligible Activities

In general, any type of activity not described or referred to in 42 U.S.C Section 5305 is ineligible. Specific activities ineligible under the Texas Community Development Program are:

1. construction of buildings and facilities used for the general conduct of government (e.g., city halls, courthouses, etc.);
2. new housing construction, except as last resort housing under 49 CFR Part 24 or affordable housing through eligible subrecipients in accordance with 24 CFR 570.204;
3. the financing of political activities;
4. purchases of construction equipment (except in limited circumstances under the STEP Program);
5. income payments, such as housing allowances; and
6. most operation and maintenance expenses.

The Texas Capital Fund (TCF) will not accept applications in support of public or private prisons, racetracks, and projects that address job creation/retention through a government supported facility. The Texas Capital Fund Program may be used to financially assist/facilitate the relocation of a business when certain requirements, as defined in the application guidelines, are met.

Primary Beneficiaries

The primary beneficiaries of the Texas Community Development Program are low to moderate income persons as defined under the US Department of Housing and Urban Development (HUD) Section 8

Assisted Housing Program (Section l02(c)). Low income families are defined as those earning less than 50% of the area median family income. Moderate income families are defined as those earning less than 80% of the area median family income. The area median family income can be based on a metropolitan statistical area, a nonmetropolitan county, or the statewide nonmetropolitan median family income figure.

Displacement of Persons Assisted

Applicant localities must certify that they will minimize the displacement of persons as a result of activities assisted with Texas Community Development Program grant funds.

ALLOCATION OF CDBG FUNDS

Available Fund Categories

Assistance is available in ten funding categories under the Texas Community Development Program as indicated below:

1. Community Development Fund
2. Community Development Supplemental Fund
3. Texas Capital Fund
4. Colonia Fund
    - 4a. Colonia Construction Fund
    - 4b. Colonia Economically Distressed Areas Program Fund
    - 4c. Colonia Planning Fund
        - (1) Colonia Area Planning Fund
        - (2) Colonia Comprehensive Planning Fund
    - 4d. Colonia Self-Help Centers Fund
5. Non-Border Colonia Fund
6. Planning and Capacity Building Fund
7. Disaster Relief/Urgent Need Fund
8. TCDP STEP Fund
9. Microenterprise Loan Fund
10. Small Business Loan Fund
11. Section 108 Loan Guarantee Pilot Program

Description of Funds

1. Community Development Fund

This fund is available on a biennial basis (primarily for public facilities and housing assistance) for funding from PYs 2005 and 2006 through a 2005 annual competition in each of the 24 state planning regions. Applications received by the PY 2005 application deadline of November 5, 2004, were selected to receive grant awards from the PY 2005 and 2006 allocations. The scoring of the applications is shared between ORCA and the 24 Regional Review Committees.

Housing—Each region is encouraged to allocate 8%, or a greater or lesser percentage, 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 of 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. (Under a housing allocation process, a community would not be able to receive an award for both a housing activity and an award for another Community Development/Community Development Supplemental Fund activity during the biennial process. Housing projects/activities must conform to eligibility requirements in 42 U.S.C Section 5305 and applicable HUD regulations.)

Funds for projects under the Community Development Fund are allocated among the 24 state planning regions through a formula based on the following factors:

a.	Nonentitlement Population	30%
b.	Number of Persons in Poverty	25%
c.	Percentage of Poverty Persons	25%
d.	Number of Unemployed Persons	10%
e.	Percentage of Unemployed Persons	10%

To the extent possible, the information used to calculate the regional allocations through these factors will be based on the eligible nonentitlement applicants within each region. The current Community Development Fund regional allocation formula factors will continue in 2006 since the TCDP has reviewed and scored the applications for funding from PY 2005's allocation and the estimated 2006 allocation. Changes in actual regional allocations shall only reflect overall changes in the Texas Community Development Program funding level and changes in eligible population, poverty characteristics, and unemployment characteristics. The population and poverty information used is from the current available decennial census data. The unemployment information used is the current available annual average information. The TCDP will continue to involve the nonentitlement communities and the public in a review of the regional allocation formula through public hearings, meetings of the ORCA Executive Committee, a standing Executive Committee subcommittee, and input from the State Community Development Review Committee, Regional Councils of Governments, local and state government officials, and other interested parties.

Some regions in the state have a small number of eligible applicants and these regions may receive regional allocations large enough to allow each eligible applicant in that region to apply for an equal share of the regional allocations. The share available to each eligible applicant in the region may amount to an equal share based on the number of eligible applicants and the 2005 and 2006 regional allocations for that region. Or the share available to each eligible applicant in the region may be based on an allocation formula used by the region to allocate the funds available through the 2005 and 2006 regional allocations for the region. Each applicant in one of these regions must meet all state and federal eligibility requirements including but not limited to TCDP applicant threshold requirements, federal requirements for eligible activities, and federal requirements that each activity in an application meet one of the three national program objectives. Applicants in these regions are scored by the Regional Review Committees and the TCDP staff in accordance with the established Community Development Fund selection criteria. The total score received by each applicant in these regions determines if the applicant receives funding from the 2005 regional allocation or 2006 regional allocation. Depending on the State of Texas' CDBG allocations for the 2005 and 2006 program years, there could be a large variance between the 2005 and 2006 regional allocations. If the 2006 regional allocation for one of these regions decreases significantly from the 2005 regional allocation, then the total scores received by applicants in these regions could, in fact, prevent some of the applicants from receiving funds from the 2006 regional allocation.

A significant increase or decrease to the State's 2006 CDBG allocation may result in corresponding increases or decreases to the 2006 Community Development Fund allocation and correspondingly higher or lower 2006 regional allocations.

2. Community Development Supplemental Fund

Funds under the Community Development Supplemental Fund are allocated among the 24 state planning regions through a formula using the same methodology that HUD uses to allocate CDBG funds to the nonentitlement state programs. The HUD factors, percentages, and methodology are specified in 42 U.S.C. 5306(d). The TCDP will use available data to calculate the allocations to each region.

Activities eligible under the Community Development Supplemental Fund will be same as under the Community Development Fund.

The TCDP will review the applications and proposed activities for eligibility under HUD CDBG program regulations. The Regional Review Committee (350 points) will score the applications received under this fund, with the exception that the TCDP (10 points) will score the past performance factor.

The amount in this fund will be available during the same biennial application review and selection period as the Community Development Fund. An applicant would not need to apply separately under the Community Development Supplemental Fund. The maximum and minimum award amount in a region for the Community Development Supplemental Fund would be the same as the levels established for the Community Development Fund. The Regional Review Committee will consider and score applications for both the Community Development and Community Development Supplemental Funds at the same meeting using the applicable selection criteria. Similarly, the TCDP will consider and score the applications for both funds at the same time using the applicable criteria.

Because applications are considered for funding under both the Community Development and Community Development Supplemental Funds during the same selection process, an eligible community may only submit one application under the Community Development Fund/Community Development Supplemental Fund for the 2005/2006 biennial competition.

A significant increase or decrease to the State's 2006 CDBG allocation may result in corresponding increases or decreases to the 2006 Community Development Supplemental Fund allocation and correspondingly higher or lower 2006 regional allocations.

2a. Selection Process:

1. The Community Development Fund dollars for the first and second years of the biennial process are distributed and awarded first based on the Community Development Fund selection factors (700 points).

2. The remaining applicants that do not receive awards are then ranked to receive the Community Development Supplemental funds for the first and second years of the biennial process based on the Community Development Supplemental Fund selection factors (360 points).

3. The Community Development Fund marginal funds may be used in the second year to fund a not fully funded Community Development Supplemental Fund application.

4. If there are insufficient Community Development Supplemental Funds in the first year to fully fund an application, then the applicant may accept the amount available or wait for full funding in the second year by combining the two years.

5. If there are insufficient Community Development Supplemental Funds in the two years to fully fund an application, then Community Development Fund marginal funds may be used to fully fund the application. If marginal funds are not available to fully fund the application, the applicant may accept the amount of the funds available or, if declined, the funds will be part of the marginal competition.

3. Texas Capital Fund

This economic development funding is used for projects that will create or retain permanent employment opportunities, primarily for low to moderate income persons, and for county economic and management development activities. Responsibility for this fund is contracted to the Texas Department of Agriculture through an interagency agreement. The funds may be used to provide financial assistance for eligible activities as cited in 42 U.S.C Section 5305, including the following activities.

a. Infrastructure improvements to assist a for-profit entity or a nonprofit entity.

b. Acquisition of real property or to acquire, construct, reconstruct, or rehabilitate public facilities to assist a for-profit entity.

c. Infrastructure improvements to assist Texas Main Street Program designated municipalities.

d. Downtown Revitalization Program that is designed to foster and stimulate economic development in downtown areas by providing financial assistance for public improvements to nonentitlement cities. This program encourages the elimination of slum and blighted areas by targeting the renovation and/or construction of sidewalks, lighting, drainage and other infrastructure improvements in downtown areas. Communities eligible for the Texas Main Street Program are not eligible for the Downtown Revitalization Program.

e. County economic and management development activities as approved by ORCA. Not more than 5% of the Texas Capital Fund allocation may be used for these activities. Section 487.352I of the Texas Government Code requires ORCA to "allocate not more than five percent of the funds allocated to the Department of Agriculture under the Texas Capital Fund to be used for county economic and management development." ORCA will review activities proposed for this assistance and determine if the activities are consistent with the federal law governing the CDBG program.

f. Assistance to private, for-profit entities, when the assistance is appropriate to carry out an economic development project (that shall minimize, to the extent practicable, displacement of existing businesses and jobs in neighborhoods) that:

(1) creates or retains jobs for low- and moderate-income persons;
(2) prevents or eliminates slums or blight;
(3) meets urgent needs;
(4) creates or retains businesses owned by community residents;
(5) assists businesses that provide goods or services needed by, and affordable to, low- and moderate-income residents; or
(6) provides technical assistance to promote any of the activities under subparagraphs (1) through (5).

The Texas Capital Fund program will require repayment for Real Estate and Infrastructure projects, as follows:

a. Real Estate Development (including improvements to the business site) projects require full repayment with no interest accruing; and
b. Infrastructure Program (awards for infrastructure or railroad improvements on private property require full repayment with no interest accruing).

4. Colonia Fund

This fund is available to eligible county applicants for projects in severely distressed unincorporated areas that meet the definition as a "colonia" under this fund. Scoring of all the selection criteria for Colonia Fund applications is completed by TCDP staff. The term "colonia" means any identifiable unincorporated community that is determined to be a colonia on the basis of objective criteria, including lack of potable water supply, lack of adequate sewage systems, and lack of decent, safe, and sanitary housing; and was in existence as a colonia before the date of the enactment of the Cranston-Gonzalez National Affordable Housing Act (November 28, 1990). Except for fund categories in which additional restrictions apply, a county can only submit applications on behalf of eligible colonia areas located within 150 miles of the Texas-Mexico border region, except that any county that is part of a standard metropolitan statistical area with a population exceeding 1,000,000 is not eligible under this fund.

4a. Colonia Construction Fund

The allocation is available on a biennial basis for funding from PYs 2005 and 2006 through a 2005 annual competition. Applications received by the PY 2005 application deadline are eligible to receive grant awards from the PYs 2005 and 2006 allocations. 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) <u>Assessments for Public Improvements</u>—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) <u>Other Improvements</u>—Other activities eligible under 42 U.S.C Section 5305 designed to meet the needs of colonia residents.

4b. Colonia Economically Distressed Areas Program (CEDAP) Fund

The allocation is distributed on an as-needed basis. Eligible applicants are counties, and nonentitlement cities located in those counties, that are eligible under the TCDP Colonia Fund and Texas Water Development Board's Economically Distressed Areas Program (TWDB EDAP). Eligible projects shall be located in unincorporated colonias; in colonias located in eligible nonentitlement cities that annexed the colonia and the application for improvements in the colonia is submitted within five (5) years from the effective date of the annexation; or in colonias located in eligible nonentitlement cities where the city is in the process of annexing the colonia where the improvements are to be made.

Eligible applicants may submit an application that will provide assistance to colonia residents that cannot afford the cost of service lines, service connections, and plumbing improvements associated with being connected to a TWDB EDAP-funded water and sewer system improvement project. An application cannot be submitted until the construction of the TWDB EDAP-funded water or sewer system begins.

Eligible program costs include water distribution lines and sewer collection lines providing connection to water and sewer lines installed through the Texas Water Development Board's Economically Distressed Areas Program (when approved by the TCDP), taps and meters (when approved by the TCDP), yard service lines, service connections, plumbing improvements, and connection fees, and other eligible approved costs associated with connecting an income-eligible family's housing unit to the TWDB improvements.

4c. Colonia Planning Fund

The allocation will be distributed through two separate annual competitions for applications that include planning activities targeted to selected colonia areas—Colonia Area Planning Fund, and for applications that include countywide comprehensive planning activities—Colonia Comprehensive Planning Fund. Applications received by the PY 2006 application deadline are eligible to receive a grant award from the PY 2006 allocation.

A county can only receive one-time assistance from the Colonia Comprehensive Planning Fund. Therefore, any county that has previously received a Colonia Comprehensive Planning Fund grant award may not submit another application for the Colonia Comprehensive Planning Fund.

To qualify for the Colonia Area Planning Fund, the county applicant must have a Colonia Comprehensive Plan in place that prioritizes problems and colonias for future action. The targeted colonia must be included in the Colonia Comprehensive Plan.

A Colonia Planning Fund application must receive a minimum score for the Project Design selection factor of at least 70% of the maximum number of points allowable under this factor to be considered for funding.

(1) Colonia Area Planning Fund—An eligible county may submit an application for eligible planning activities that are targeted to one or more colonia areas. Eligible activities include:

- payment of the cost of planning community development (including water and sewage facilities) and housing activities;
- costs for the provision of information and technical assistance to residents of the area in which the activities are located and to appropriate nonprofit organizations and public agencies acting on behalf of the residents; and
- costs for preliminary surveys and analyses of market needs, preliminary site engineering and architectural services, site options, applications, mortgage commitments, legal services, and obtaining construction loans.

(2) Colonia Comprehensive Planning Fund—To be eligible for this fund, a county must be located within 150 miles of the Texas-Mexico border. The applicant's countywide comprehensive plan will provide a general assessment of the colonias in the county, but will include enough detail for accurate profiles of the county's colonia areas. The prepared comprehensive plan must include the following information and general planning elements:

- Verification of the number of dwellings, number of lots, number of occupied lots, and the number of persons residing in each county colonia
- Mapping of the locations of each county colonia
- Demographic and economic information on colonia residents
- The physical environment in each colonia including land use and conditions, soil types, and flood prone areas

- An inventory of the existing infrastructure (water, sewer, streets, drainage) in each colonia and the infrastructure needs in each colonia including projected infrastructure costs
- The condition of the existing housing stock in each colonia and projected housing costs
- A ranking system for colonias that will enable counties to prioritize colonia improvements rationally and systematically plan and implement short-range and long-range strategies to address colonia needs
- Goals and Objectives
- Five-year capital improvement program

4d. Colonia Self-Help Centers Fund

In accordance with Subchapter Z, Chapter 2306, Government Code, TDHCA has established self-help centers in Cameron County, El Paso County, Hidalgo County, Starr County, and Webb County. If deemed necessary and appropriate, TDHCA may establish self-help centers in other counties (self-help centers have been established in Maverick County and Val Verde County) as long as the site is located in a county that is designated as an economically distressed area under the Texas Water Development Board Economically Distressed Areas Program (EDAP), the county is eligible to receive EDAP funds, and the colonias served by the center are located within 150 miles of the Texas-Mexico border.

The geographic area served by each self-help center is determined by TDHCA. Five colonias located in each self-help center service area are designated to receive concentrated attention from the center. Each self-help center sets a goal to improve the living conditions of the residents located in the colonias designated for concentrated attention within a two-year period set under the contract terms. TDHCA has the authority to make changes to the colonias designated for this concentrated attention.

The TDHCA grant contract for each self-help center must be executed with the county in which the self-help center is located. TDHCA will enter into a Texas Community Development Program contract with each affected county. Each county enters into a subcontract with a nonprofit community action agency, a public housing authority, or a nonprofit organization.

A Colonia Residents Advisory Committee was established and not fewer than five persons who are residents of colonias were selected from the candidates submitted by local nonprofit organizations and the commissioners' court of a county where a self-help center is located. One committee member shall be appointed to represent each of the counties in which a self-help center is located. Each committee member must be a resident of a colonia located in the county the member represents but may not be a board member, contractor, or employee of or have any ownership interest in an entity that is awarded a contract through the Texas Community Development Program. The Advisory Committee shall advise TDHCA regarding:

(1) the needs of colonia residents;
(2) appropriate and effective programs that are proposed or are operated through the centers; and
(3) activities that may be undertaken through the centers to better serve the needs of colonia residents.

The purpose of each center is to assist low income and very low income individuals and families living in colonias located in the center's designated service area to finance, refinance, construct, improve or maintain a safe, suitable home in the designated service area or in another suitable area. Each self-help center may serve low income and very low income individuals and families by:

(1) providing assistance in obtaining loans or grants to build a home;
(2) teaching construction skills necessary to repair or build a home;
(3) providing model home plans;
(4) operating a program to rent or provide tools for home construction and improvement for the benefit of property owners in colonias who are building or repairing a residence or installing necessary residential infrastructure;
(5) helping to obtain, construct, access, or improve the service and utility infrastructure designed to service residences in a colonia, including potable water, wastewater disposal, drainage, streets and utilities;
(6) surveying or platting residential property that an individual purchased without the benefit of a legal survey, plat, or record;
(7) providing credit and debt counseling related to home purchase and finance;
(8) applying for grants and loans to provide housing and other needed community improvements;
(9) providing other eligible services that the self-help center, with TDHCA approval, determines are necessary to assist colonia residents in improving their physical living conditions, including help in obtaining suitable alternative housing outside of a colonia's area;
(10) providing assistance in obtaining loans or grants to enable an individual or family to acquire fee simple title to property that originally was purchased under a contract for a deed, contract for sale, or other executory contract;
(11) monthly programs to educate individuals and families on their rights and responsibilities as property owners; and
(12) providing access to computers, the internet, and computer training.

A self-help center may not provide grants, financing, or mortgage loan services to purchase, build, rehabilitate, or finance construction or improvements to a home in a colonia if water service and suitable wastewater disposal are not available.

5. Non-Border Colonia Fund

This fund is available on a biennial basis to eligible county applicants for projects in severely distressed unincorporated areas located farther than 150 miles from the Texas-Mexico border and nonentitlement counties, or portions of counties, within 150 miles of the Texas-Mexico border that are not eligible for the Colonia Fund because they are located in a standard metropolitan statistical area that has a population exceeding 1,000,000, as specified the Cranston-Gonzalez National Affordable Housing Act. Non-border colonia areas would be an identifiable unincorporated community that is determined to be colonia-like on the basis of objective criteria, including lack of potable water supply, lack of adequate sewage systems, and lack of decent, safe, and sanitary housing; and was in existence as a colonia before the date of the enactment of the Cranston-Gonzalez National Affordable Housing Act (November 28, 1990). Scoring of all the selection criteria for Non-Border Colonia Fund applications is completed by TCDP staff.

6. Planning and Capacity Building Fund

This fund is available on a biennial basis to assist eligible cities and counties in conducting planning activities that assess local needs, develop strategies to address local needs, build or improve local capacity, or that include other needed planning elements. Applications received by the PY 2005 application deadline were eligible to receive grant awards through a statewide competition for funding from the PY 2005 and 2006 allocations.

A significant increase or decrease to the State's 2006 CDBG allocation may result in corresponding increases or decreases to the 2006 Planning and Capacity Building Fund allocations.

7. Disaster Relief/Urgent Need Fund

Disaster Relief assistance is available through this fund as needed for eligible activities in relief of disaster situations where either the Governor has proclaimed a state disaster declaration or has requested a federal disaster declaration. Depending on the nature and extent of the damage caused by the natural disaster, priority for the use of TCDP funds is the restoration of basic human needs such as water and sewer facilities, housing, and roads.

Urgent Need assistance is contingent upon the availability of funds for activities that will restore water or sewer infrastructure whose sudden failure has resulted in either death, illness, injury, or pose an imminent threat to life or health within the affected applicant's jurisdiction. The infrastructure failure must not be the result of a lack of maintenance and must be unforeseeable. An application for Urgent Need assistance will not be accepted by the TCDP until discussions between the potential applicant and representatives of the TCDP, the Texas Commission on Environmental Quality (TCEQ), and the Texas Water Development Board (TWDB) have taken place. Through these discussions, a determination shall be made whether the situation meets TCDP Urgent Need threshold criteria; whether shared financing is possible; whether financing for the necessary improvements is, or is not, available from the TWDB; or that the potential applicant does, or does not, qualify for TWDB assistance. If TCDP funds are still available, a potential applicant that meets these requirements will be invited to submit an application for Urgent Need funds.

To qualify for Disaster Relief funds:

- The situation addressed by the applicant must be both unanticipated and beyond the control of the local government.
- The problem being addressed must be of recent origin. For disaster recovery activities in response to a Presidential or Governor's declaration, this means that the application for assistance must be submitted no later than 6 months from the date of the Presidential or Governor's declaration. For approved FEMA Hazard Mitigation activities related to a Governor's request, this means that the application for assistance must be submitted no later than 12 months from the date of the Presidential or Governor's declaration.
- Under Disaster Relief, funds will not be provided under FEMA's Hazard Mitigation Grant Program unless ORCA receives satisfactory evidence that the property to be purchased was not constructed or purchased by the current owner after the property site location was officially mapped and included in a designated flood plain area.
- Each applicant for these funds must demonstrate that adequate local funds are not available, i.e., the entity has less than six months of unencumbered general operations funds available in its balance as evidenced by the last available audit required by state statute, or funds from other state or federal sources are not available to completely address the problem.
- The distribution of these funds will be coordinated with other state agencies.

To qualify for Urgent Need funds:

- The situation addressed by the applicant must not be related to a proclaimed state disaster declaration or a federal disaster declaration.

- The situation addressed by the applicant must be both unanticipated and beyond the control of the local government.
- The problem being addressed must be of recent origin. For Urgent Need assistance, this means that the situation first occurred or was first discovered no more than 30 days prior to the date that the potential applicant provides a written request to the TCDP for Urgent Need assistance.
- Each applicant for these funds must demonstrate that local funds or funds from other state or federal sources are not available to completely address the problem.
- The distribution of these funds will be coordinated with other state agencies.
- The infrastructure failure cannot have resulted from a lack of maintenance.
- Urgent Need funds cannot be used to restore infrastructure that has been cited previously for failure to meet minimum state standards.
- The infrastructure failure cannot have been caused by operator error.
- The infrastructure requested by the applicant cannot include back-up or redundant systems.

Construction on an Urgent Need fund project must begin within 90 days from the start date of the TCDP contract. The TCDP reserves the right to deobligate the funds under an Urgent Need Fund contract if the grantee fails to meet this requirement.

Each applicant for Urgent Need funds must provide matching funds. If the applicant's 2000 Census population is equal to or fewer than 1,500 persons, the applicant must provide matching funds equal to 10% of the TCDP funds requested. If the applicant's 2000 Census population is over 1,500 persons, the applicant must provide matching funds equal to 20% of the TCDP funds requested. For county applications where the beneficiaries of the water or sewer improvements are located in unincorporated areas, the population category for matching funds is based on the number of project beneficiaries.

8. TCDP STEP Fund

Funds will be available for grants on a competitive award basis to cities and counties to provide grant assistance to cities and communities recognizing the need and willingness to solve water and sewer problems through the Texas Small Towns Environment Program (STEP) self-help techniques. The program will accept applications two times a year and utilize a competitive process to evaluate, score and award these projects.

Cities and counties receiving 2005 and 2006 Community Development Fund/Community Development Supplemental Fund grant awards for applications that did not include water, sewer, or housing activities are not eligible to receive a 2006 STEP Fund grant award. However, the TCDP will give consideration to a city's or county's request to transfer funds (that are not financing basic human needs activities such as water, sewer, or housing activities) under a 2005 or 2006 Community Development Fund/Community Development Supplemental Fund grant award to finance water and sewer activities that will be addressed through self-help.

The Texas STEP approach to solving water and sewer needs recognizes affordability factors related to the construction and operations/maintenance of the necessary water or sewer improvements and then initiates a local focus of control based on the capacity and readiness of the community's residents to solve the problem through self-help. By utilizing the community's own resources (human, material and financial), the necessary water or sewer construction costs, engineering costs, and related administration costs can be reduced significantly from the cost for the installation of the same improvements through conventional construction methods.

TCDP staff will provide guidance, assistance, and support to community leaders and residents willing to use self-help to solve their water and sewer problems.

Eligible Activities

For the TCDP STEP Fund eligible activities are limited to:

- the installation of facilities to provide first-time water or sewer service
- the installation of water or sewer system improvements
- ancillary repairs related to the installation of water and sewer systems or improvements
- the acquisition of real property related to the installation of water and sewer systems or improvements (easements, rights of way, etc.)
- sewer or water taps and water meters
- water or sewer yard service lines (for low and moderate income persons)
- water or sewer house service connections (for low and moderate income persons)
- plumbing improvements associated with providing water or sewer service to a housing unit
- water or sewer connection fees (for low and moderate income persons)
- equipment for installation of water or sewer if justification is provided
- reasonable associated administrative costs
- reasonable associated engineering services costs

Ineligible Activities

- any activity not described in the preceding ELIGIBLE ACTIVITIES section is ineligible under the TCDP STEP Fund unless the activity is approved by the Texas Community Development Program
- temporary solutions, such as emergency inter-connects that are not used on an on-going basis for supply or treatment and back-ups not required by the regulations of the Texas Commission on Environmental Quality.

The TCDP will not reimburse for force account work for construction activities on the STEP project.

Funding Cycle

Applications are accepted two times a year for Texas STEP Funding as long as funds are available. Funds will be divided among the two application periods. After all projects are ranked, only those that can be fully funded will be awarded a grant. There will be no marginally funded grant awards.

The TCDP will not accept an application for STEP Fund assistance until TCDP staff and representatives of the potential applicant have evaluated the self-help process and TCDP staff determine that self-help is a feasible method for completion of the water or sewer project, the community is committed to self-help as the means to address the problem, and the community is ready and has the capacity to begin and complete a self-help project. If it is determined that the community meets all of the STEP criteria then an invitation to apply for funds will be extended to the community and the application may be submitted.

Threshold Criteria

The self-help response to water and sewer needs may not be appropriate in every community. In most cases, the decision by a community to utilize self-help to obtain needed water and sewer facilities is based on the community's realization that it cannot afford even a "no frills" water or sewer system based on the initial construction costs and the operations/maintenance costs (including debt service costs) for water or sewer facilities installed through conventional financing and construction methods.

The following are threshold requirements for the Texas STEP framework. Without all these elements the project will not be considered under the Texas STEP fund:

1) one or more sparkplugs (preferably three)—local leaders willing to both lead and sustain the effort;
2) readiness—local perception of the problem and the willingness to take action to solve it;
3) capacity— manpower including some skills required to solve the problem;
4) 40% savings off of retail price; and
5) must be performed predominately by community volunteer workers.

Some of the key points staff will review for these thresholds include but are not limited to the following:

1) One or more sparkplugs (preferably three)—local leaders willing to both lead and sustain the effort; leaders that have been identified and agreed on by the community.

   - At least two of the three sparkplugs must be residents and not local officials (local officials may serve as sparkplugs).
   - One should be detailed enough to maintain the paperwork needed for the project.
   - One should have some knowledge or skills to lead the self-help effort.
   - And one can have a combination of these skills or just be the motivator and problem solver of the group.

These are not absolutes but the best scenario for any project.

2) Readiness—local perception of the problem and the willingness to take action to solve it;

   - A strong local perception of the problem
   - Community perception that local implementation is the best and maybe only solution
   - Community has confidence that they can do it adequately
   - Community has no strong competing priority
   - Local government is supportive and understands the urgency
   - Public and private willingness to pay additional costs if needed (fees, hook-ups for churches, other)
   - Effort and attention have already been given to local assessment of the problem
   - Enthusiastic, capable support by the community from the county or regional field staff of the regulatory agency.

3) Capacity— manpower including some skills required to solve the problem.

   - Skilled workers within the community (heavy equipment operation, pipe laying, electrician, plumber, engineer, water operator, construction skills)
   - List of Volunteers by task
   - Possible equipment in community (not a requirement)
   - Letters stating support from local businesses in form of donation of supplies or manpower.
   - Letter from service provider supporting project and agreeing to provide service.

- CPA Letter documenting that applying locality has financial and management capacity to compete project

4) 40% savings off of retail price.

Documentation of the 40% savings off of the retail price,

- Two engineering break-outs of cost, one that shows the retail construction cost and another that shows the self-help cost and demonstrates the 40% savings.
- Back-up documents of material quotes, pledges of equipment
- List of Volunteers by task
- Determination of appropriate technology and feasibility of project. (letter from engineer)

9. Microenterprise Loan Fund

This fund is available on an annual basis for funding from available program income through an annual statewide competition. Applications received by the application deadline are eligible to receive grant awards from available program income. An eligible city or county submits the application and must contract with a nonprofit organization (economic development corporation, community development corporation, etc.) for the purpose of establishing a local loan program that directly assists for-profit microenterprise businesses. Proceeds from the repayment of the loans will be retained by the nonprofit organization. A microenterprise is a commercial enterprise that has 5 or fewer employees, 1 or more of whom owns the enterprise. The microenterprise receiving the loan assistance must commit to creating or retaining jobs that will not exceed a maximum cost of $25,000 per job. The jobs created or retained by the microenterprise must principally benefit low and moderate income persons. The funds cannot be used by the microenterprise for debt service, refinancing, or payment of the business owner's salaries. Eligible activities under this fund are:

- Working capital (purchase of raw materials, inventory, rent, utilities, salaries, and others needed for business operations)
- Machinery and equipment (cars and trucks considered rolling stock would not be an eligible use of funds)
- Real estate improvements

10. Small Business Loan Fund

This fund is available on an annual basis for funding from available program income through an annual statewide competition. Applications received by the application deadline are eligible to receive grant awards from available program income. An eligible city or county submits the application for the purpose of supporting for-profit small businesses through loans meeting a gap financing need. Retention of the proceeds from the repayment of the loans will meet the same requirements for program income that apply to Texas Capital Fund contracts. A small business is a for-profit business with less than 100 employees. The small business receiving the loan assistance must commit to creating or retaining jobs that will not exceed a maximum cost of $25,000 per job. The jobs created or retained by the small business must principally benefit low and moderate income persons. The funds cannot be used by the small business for debt service, refinancing, or payment of the business principal's salaries. Eligible activities under this fund are:

- Working capital (purchase of raw materials, inventory, rent, utilities, salaries, and others needed for business operations)

- Machinery and equipment (cars and trucks considered rolling stock would not be an eligible use of funds)
- Real estate improvements

11. 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 nonentitlement city or county. The US 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. to provide eligible nonentitlement communities an additional funding source, the State is authorizing a 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 nonentitlement 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 nonentitlement city or county receiving the Section 108 loan a nonrefundable loan loss reserve fee at the rate of 1% per annum on the principal amount outstanding. The funds from the 1% 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 that 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 1% 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.

ALLOCATION OF AVAILABLE FUNDS BY FUND CATEGORY

The US Department of Housing and Urban Development has not yet announced the State's PY 2006 CDBG allocation. The State's 2006 allocation could be lower than the 2005 allocation of $82,305,507.

The amount available for TCDP assistance will be the 2006 State CDBG allocation amount plus an estimated $1,500,000 in Texas Capital Fund program income. Funds will be allocated according to the following percentages of the State's 2006 allocation:

FUND	2006 PERCENT	AMOUNT AVAILABLE
Community Development Fund	56.75	
Community Development Supplemental Fund	4.35	
Non-Border Colonia Fund	0.61	
Texas Capital Fund (TCF)	14.51	
TCF Program Income		$1,500,000
Colonia Fund		
Colonia Construction Fund	7.11	
Colonia EDAP Fund	2.43	
Colonia Planning Fund	0.46	
Colonia Self-Help Centers Fund	2.50	
Planning and Capacity Building Fund	0.90	
Disaster Relief/Urgent Need Fund	4.10	
Disaster Relief Fund	4.10	
Urgent Need Fund	0.00[1]	
TCDP STEP Fund	3.16	
Microenterprise Loan Fund	0.00[2]	
Small Business Loan Fund	0.00[3]	
Section 108 Loan Guarantee Pilot Program	0.00[4]	
Administration	2.00 + $100,000	
Technical Assistance	1.00	

1 Deobligated funds and/or program income totaling no more than $1,000,000 based on the availability of funds.
2 Program income not to exceed $1,000,000 is available for the Microenterprise Loan Fund.
3 Program income not to exceed $1,000,000 is available for the Small Business Loan Fund.
4 Loan guarantee commitments totaling no more than $500,000 are authorized.

Note: The percentages shown above are based on the State's actual 2005 allocation percentages. Changes to the above percentages may occur if the State's 2006 CDBG allocation is higher or lower than the 2005 allocation of $82,305,507.

Summary of Activities That Utilize 1% Technical Assistance Funding

Technical Assistance Performed Through the Community Development Program—The Texas Community Development Program will conduct numerous on-site technical assistance visits funded with the 1% technical assistance (1% TA) set-aside approved by HUD. These visits will be conducted throughout the year when the TCDP staff recognizes that assistance is needed at the local level or when assistance is requested by the grantees.

TCDP Community Services Specialists, Program Development Specialists, and Rural Services Coordinators will visit localities that are preliminarily recommended for funding to verify information provided in the applications, to view the project sites, to distribute Project Implementation Manuals, and to provide technical assistance regarding the initial TCDP project implementation procedures.

Other technical assistance visits will be conducted with 1% TA funds for special cases dealing with investigations, compliance issues, and to help contractor localities comply with all program requirements.

The 1% TA funds are utilized for a portion of staff salaries, which allows TCDP staff provide greater one-on-one technical assistance to the small communities throughout the contract period.

The Texas Department of Agriculture is using 1% TA funds for on-site technical assistance on the Texas Capital Fund program.

The Texas Department of Housing and Community Affairs is using 1% TA funds for on-site technical assistance on the Colonia Self-Helps Centers program.

The TCDP is utilizing the 1% TA funds to introduce, facilitate, and provide community access to the Texas Small Towns Environment Program (Texas STEP) which targets water and wastewater needs. Staff visits localities that are interested in utilizing the Texas STEP method of self-help and provides technical assistance on the development of a financial framework, managing a self-help project and building capacity within a community through self-help.

The 1% TA funds may be used to support an Engineering Specialist position to provide specific engineering technical assistance to the communities. This position assesses project appropriateness, feasibility, and costs.

The TCDP may utilize the 1% TA funds to support TCDP activities related to ORCA's disaster relief efforts. State efforts for response to disasters and the mitigation of the consequences of disasters have required that ORCA dedicate considerable resources for disaster recovery efforts.

In 2006, the TCDP will use a portion of the 1% technical assistance to provide outreach information regarding the CDBG program to local officials of nonentitlement cities and counties. The technical assistance will include information on the application process, program administration, and to improve their capacity to implement a CDBG program.

The 1% TA funds will also be used by each of the 24 State Planning Regions to provide nonproject specific technical assistance to cities and counties that are eligible for TCDP funds in each region.

The 1% TA funds may be used to support the operations of the border colonia technical assistance field offices.

The 1% TA funds may be used to support the operations of ORCA' technical assistance field offices in West Texas, South Texas, and East Texas.

Deobligated Funds, Unobligated Funds, and Program Income

(a) Deobligated funds, unobligated funds and program income generated by Texas Capital Fund projects shall be retained for expenditure in accordance with the Consolidated Plan. Program income derived from Texas Capital Fund projects will be used by the TCDP for eligible Texas Community Development Program activities in accordance with the Consolidated Plan.

Any deobligated funds, unobligated funds, program income, and unused funds from this year's allocation or from previous years' allocations derived from any Texas Community Development Program Fund, including program income recovered from Texas Capital Fund local revolving loan funds, and any reallocated funds that HUD has recaptured from Small Cities may be redistributed among the established PY 2006 fund categories, for otherwise eligible projects. The selection of eligible projects to receive such funds is approved by the Executive Director and the Executive Committee of ORCA on a priority needs basis with eligible disaster relief and urgent need projects as the highest priority, followed by, any awards necessary to resolve appeals under fund categories requiring publication of contract awards in the Texas Register, TCF projects, special needs projects, projects in colonias, housing activities, and other projects as determined by the Executive Director of ORCA. Other purposes or initiatives may be established as a priority use of such funds by the Executive Committee of ORCA. Should the TCDP be required to make payments to HUD to cover any loan payments not made by any recipient of a Section 108 loan guarantee, it would first use any available deobligated funds.

If a portion of the State's 2006 Community Development Block Grant allocation is rescinded by the federal government, or if the State's 2006 allocation is decreased or increased significantly from the State's 2005 allocation, the TCDP may make corresponding changes within the fund allocation percentages as required.

(b) Redistribution of Funds Recaptured from Withdrawn Awards. Should the applicant fail to substantiate or maintain the claims and statements made in the application upon which the award is based, including failure to maintain compliance with application thresholds in Section III, F.(1) through F.(4), within a period ending 90 days after the date of the TCDP's award letter to the applicant, the award will be immediately withdrawn by the TCDP (excluding the colonia self-help center awards). Should the applicant fail to execute the TCDP's award contract (excluding Texas Capital Fund and colonia self-help center contracts) within 60 days from the date of the letter transmitting the award contract to the applicant, the award will be withdrawn by the TCDP. For an award that is withdrawn from an application, the TCDP follows different procedures for the use of those recaptured funds depending on the fund category where the award is withdrawn.

(1) Funds recaptured under the Community Development Fund from the withdrawal of an award made from the first year of the biennial funding are offered to the next highest ranked applicant from that region that was not recommended to receive an award from the first year regional allocation. Funds recaptured under the Community Development Fund from the withdrawal of an award made from the second year of the biennial funding are offered to the next highest ranked applicant from that region that was not recommended to receive full funding (the applicant recommended to receive marginal funding) from the second year regional allocation. Any funds remaining from the second year regional allocation after full funding is accepted by the second year marginal applicant are offered to the next highest ranked applicant from the region as long as the amount of funds still available exceeds the minimum Community Development Fund grant amount. Any funds remaining from the second year regional allocation that are not accepted by an applicant from the region or that are not offered to an applicant from the region may be used for other TCDP fund categories and, if unallocated to another fund, are then subject to the procedures described in paragraph (a) of this section.

(2) Funds recaptured under the Community Development Supplemental Fund from the withdrawal of an award made from the first year of the biennial funding are offered to the next highest ranked applicant from that region that was not recommended to receive an award from the first year regional allocation. Funds recaptured under the Community Development Supplemental Fund from the withdrawal of an award made from the second year of the biennial funding are offered to the next highest ranked applicant from that region that was not recommended to receive full funding (the applicant recommended to receive marginal funding) from the second year regional allocation. Any funds remaining from the second year regional allocation after full funding is accepted by the second year marginal applicant are offered to the next highest ranked applicant from the region as long as the amount of funds still available exceeds the minimum Community Development Supplemental Fund grant amount. Any funds

remaining from the second year regional allocation that are not accepted by an applicant from the region or that are not offered to an applicant from the region may be used for other TCDP fund categories and, if unallocated to another fund, are then subject to the procedures described in paragraph (a) of this section. This process would also apply to an application under the Community Development Supplemental Fund that received a portion of its funds from Community Development marginal funds. The Community Development marginal funds would be provided to the replacement application.

(3) For both the Community Development Fund and Community Development Supplemental Fund (including applications funded with a portion from each of the two funds), if there are no remaining unfunded eligible applications in the region from the same biennial application period to receive the withdrawn funding, then the withdrawn funds may be used for other TCDP fund categories and, if unallocated to another fund, are considered as deobligated funds, subject to the procedures described in paragraph (a) of this section.

(4) Funds recaptured under the Planning and Capacity Building Fund from the withdrawal of an award made from the first year of the biennial funding are offered to the next highest ranked applicant from that statewide competition that was not recommended to receive an award from the first year allocation. Funds recaptured under the Planning and Capacity Building Fund from the withdrawal of an award made from the second year of the biennial funding are offered to the next highest ranked applicant from that statewide competition that was not recommended to receive full funding (the applicant recommended to receive marginal funding) from the second year allocation. Any funds remaining from the second year allocation after full funding is accepted by the second year marginal applicant are offered to the next highest ranked applicant from the statewide competition. Any funds remaining from the second year allocation that are not accepted by an applicant from the statewide competition or that are not offered to an applicant from the statewide competition may be used for other TCDP fund categories and, if unallocated to another fund, are then subject to the procedures described in paragraph (a) of this section.

(5) Funds recaptured under the Colonia Construction Fund from the withdrawal of an award remain available to potential Colonia Program Fund applicants during that program year to meet the 10% colonia set-aside requirement and, if unallocated within the colonia fund, may be used for other TCDP fund categories. Remaining unallocated funds are then subject to the procedures described in paragraph (a) of this section.

(6) Funds recaptured under the Colonia Planning Fund from the withdrawal of an award remain available to potential Colonia Program Fund applicants during that program year to meet the 10% colonia set-aside requirement and, if unallocated within the colonia fund, may be used for other TCDP fund categories. Remaining unallocated funds are then subject to the procedures described in paragraph (a) of this section.

(7) Funds recaptured under the program year allocation for the Colonia Economically Distressed Areas Program Fund from the withdrawal of an award remain available to potential Colonia Economically Distressed Areas program fund applicants during that program year. Any funds remaining from the program year allocation that are not used to fund Colonia Economically Distressed Areas Program Fund applications within twelve months after the TCDP receives the federal letter of credit would remain available to potential Colonia Program Fund applicants during that program year to meet the 10% colonia set-aside requirement and, if unallocated

within the colonia fund, may be used for other TCDP fund categories. Remaining unallocated funds are then subject to the procedures described in paragraph (a) of this section.

(8) Funds recaptured under the Non-Border Colonia Fund from the withdrawal of an award remain available to potential Non-Border Colonia Program Fund applicants during that program year and, if unallocated within the colonia fund, may be used for other TCDP fund categories. Remaining unallocated funds are then subject to the procedures described in paragraph (a) of this section.

(9) Funds recaptured under the program year allocation for the Disaster Relief/Urgent Need Fund from the withdrawal of an award are subject to the procedures described in paragraph (a) of this section.

(10) Funds recaptured under the Small Towns Environment Program (STEP) Fund from the withdrawal of an award will be made available in the next round of STEP competition following the withdraw date in the same program year. If the withdrawn award had been made in the last of the two competitions in a program year, the funds would go to the next highest scoring applicant in the same STEP competition. If there are no unfunded STEP applicants, then the funds would be available for other TCDP fund categories. Any unallocated STEP funds are subject to the procedures described in paragraph (a) of this section.

(11) Funds recaptured under the Microenterprise Loan Fund from the withdrawal of an award are subject to the procedures described in paragraph (a) of this section.

(12) Funds recaptured under the Small Business Loan Fund from the withdrawal of an award are subject to the procedures described in paragraph (a) of this section.

(13) Funds recaptured under the Texas Capital Fund from the withdrawal of an award are subject to the procedures described in paragraph (a) of this section.

Program Income

Program income is defined as gross income received by a state, a unit of general local government, or a subrecipient of a unit of general local government that was generated from the use of CDBG funds. When program income is generated by an activity that is only partially funded with CDBG funds, the income shall be prorated to reflect the percentage of CDBG funds used. Any remaining program income must be used to establish an approved Revolving Loan Fund (RLF) or returned to the State.

The State may use up to 2% of the amount recaptured and reportable to HUD each year for administrative expenses under the Texas Community Development Program. This amount will be matched by the State on a dollar-for-dollar basis.

Program income includes, but is not limited to, the following:

- Payments of principal and interest on loans using CDBG funds
- Proceeds from the sale of loans made with CDBG funds
- Gross income from the use or rental of real or personal property acquired by the unit of general local government or a subrecipient with CDBG funds
- Gross income from the use, sale, or rental of real property and/or real property improvements owned by the unit of general local government or subrecipient that was constructed or improved with CDBG funds

- Gross income from the use of infrastructure improvements constructed or improved with CDBG funds
- Funds collected through special assessments, impact fees or other additional fees from benefiting businesses, if the special assessments or fees are used to recover all or part of the CDBG portion of public improvements
- Proceeds from the disposition of equipment purchased with CDBG funds
- Interest earned on funds held in an RLF account

1. Texas Capital Fund Program Income

For program income generated through Texas Capital Fund projects, communities that elect to participate in the recapture of program income for use at the local level through a designated Revolving Loan Fund (RLF) will be limited to receiving one Texas Capital Fund contract award per program year. If a community elects not to participate in the recapture of program income, the community may apply for as many Texas Capital Fund awards as it has eligible projects. This determination must be made at the time of the original award and cannot be changed with subsequent awards.

A local government, electing to retain program income at the local level, must have a Revolving Loan Fund Plan (RLFP) approved in writing by the TCDP, prior to committing and expending any program income. The RLFP shall be approved and must be used for economic development in accordance with Title I of the United States Housing and Community Development Act of 1974, as amended. The RLFP must be submitted for approval no later than six (6) months from the commencement date of the contract. Program income generated by the award prior to the TCDP approval of an RLFP must be returned to the State.

Funds retained in the local RLF must be committed within three years of the original TCDP contract programmatic close date and thereafter one award must be made every three years. Every award from the RLF must be used to fund the same type of activity, for the same business, from which such income is derived. ORCA and TDA will determine when an activity will be considered to be continued. If the local government has not committed any RLF funds during the three-year period, all program income currently retained in the local RLF and any future program income received must be returned to the State for use in the statewide RLF.

Communities electing to retain program income through an approved RLF are required to monitor and report to the State program income account balances reflecting amounts received and disbursed and the status of outstanding loans or leases. Such report should also include information regarding RLF loans, leases, and commitments made.

If the local government elects not to participate in program income recapture, fails to meet all requirements of this section or requirements identified in Section 6 of its TCF/TCDP contract or an RLFP is not submitted for approval within the first 6 months from the commencement date of the contract, then all program income must be returned to the state. Program income returned to the state will be placed in a statewide RLF for the purpose of providing funds for eligible economic development activities.

This section, "Texas Capital Fund Program Income," replaces the Texas Capital Fund Program Income Sections of the Final Statements for PYs 1989 through 1995 and affects all TCF local revolving loan funds established by contracts awarded in PYS 1989 through 1995. The following provisions, however, do not apply: 1) "The RLFP must be submitted for approval no later than six (6) months from the commencement date of the contract. Program income generated by the award prior to TCDP approval of an RLFP must be returned to the State." 2) "...every award from the RLF must be used to fund the same type of activity, for the same business, from which such income is derived.” 3) “...contract or an RLFP is not submitted for approval within the first six (6) months from the commencement date of the contract, then all program income must be returned to the state.”

2. Program Income Generated Through Housing Activities

For program income generated through housing activities funded through the Housing Fund or TCDP fund categories other than the Texas Capital Fund, a local government, electing to retain program income at the local level, must have a Revolving Loan Fund Plan (RLFP) approved in writing by the TCDP, prior to committing and expending any program income. The RLFP shall be approved and must be used for housing activities principally benefiting low to moderate income persons in accordance with Title I of the United States Housing and Community Development Act of 1974, as amended.

The RLFP must be submitted for approval at least 60 days prior to the termination date of the contract award generating the program income. This requirement shall also apply to 1996, 1997, 1998, 1999, 2000, 2001, 2002, 2003, and 2004 Housing Fund contract awards. Program income generated by the contract award prior to TCDP approval of an RLFP must be returned to the State.

Funds retained in the local RLF must be committed within three years of the original TCDP contract programmatic close date and thereafter one award must be made every three years. If the local government has not committed any RLF funds during the three year period, all program income currently retained in the local RLF and any future program income received must be returned to the state for use in the statewide RLF.

Communities electing to retain program income through an approved RLF are required to monitor and report the amount of program income recaptured to the state with updates concerning the status of outstanding loans or leases on a quarterly basis, including but not limited to payments received and amendments to the original loan or lease agreement, as required by the TCDP.

If the local government elects not to participate in program income recapture or an RLFP is not approved prior to the contract close-out, then all program income must be returned to the TCDP. Program income returned to the TCDP will be placed in a statewide RLF for the purpose of providing funds for eligible housing or other community development activities.

3. Microenterprise Loan Fund Program Income

Program income will be handled in accordance with HUD regulations. Additional guidance will be included in the application guidelines.

4. Small Business Loan Fund Program Income

A local government, electing to retain program income at the local level, must have a Revolving Loan Fund Plan (RLFP) approved in writing by the TCDP, prior to committing and expending any program income. The RLFP shall be approved and must be used for economic development in accordance with Title I of the United States Housing and Community Development Act of 1974, as amended. The RLFP must be submitted for approval no later than six (6) months from the commencement date of the contract. Program income generated by the award prior to the TCDP approval of an RLFP must be returned to the State.

Funds retained in the local RLF must be committed within three years of the original TCDP contract programmatic close date and thereafter one award must be made every three years. Every award from the RLF must be used to fund the same type of activity, for the same business, from which such income is derived. ORCA will determine when an activity will be considered to be continued. If the local government has not committed any RLF funds during the three-year period, all program income currently retained in the local RLF and any future program income received must be returned to the State for use in the statewide RLF.

Communities electing to retain program income through an approved RLF are required to monitor and report to the State program income account balances reflecting amounts received and disbursed and the status of outstanding loans or leases. Such report should also include information regarding RLF loans, leases, and commitments made.

If the local government elects not to participate in program income recapture, fails to meet all requirements of this section or requirements identified in Section 6 of its TCF/TCDP contract or an RLFP is not submitted for approval within the first six (6) months from the commencement date of the contract, then all program income must be returned to the state. Program income returned to the state will be placed in a statewide RLF for the purpose of providing funds for eligible economic development activities.

APPLICATION INFORMATION

Types and Number of Applications

The following two types of applications are permitted under the Texas Community Development Program:

1. Single Jurisdiction Applications

An eligible applicant may submit one application on its own behalf. When certain situations exist, which will be defined in TCDP application guides, an eligible city may submit an application that benefits persons residing inside of the extraterritorial jurisdiction of the city, and a county may submit a single jurisdiction application on behalf of a city. The submitting city or county is accountable to the TCDP for financial compliance and program performance. If a city or county submits a single jurisdiction application, or its residents are the beneficiaries of a single jurisdiction application, then the city or county cannot participate in another single jurisdiction or multijurisdiction application for the same funding category. Local accountability cannot be assigned to another party.

An application from an eligible city or county for a project that would primarily benefit another city or county that was not meeting the TCDP application threshold requirements would be considered ineligible.

2. Multijurisdiction Applications

Multijurisdiction applications will be accepted from two or more eligible units of general local government where the application clearly demonstrates that the proposed activities will mutually benefit the residents of the cities/counties applying for such funds. One of the participating units of general local government must be designated to act as the authorized applicant for the multijurisdiction application and the authorized applicant is accountable to the TCDP for financial compliance and program performance; however, all entities participating in the multijurisdiction application will be accountable for application threshold compliance. A multijurisdiction application generally cannot be submitted solely on the basis of administrative convenience. Any city or county participating in a multijurisdiction application may not submit a single jurisdiction application for the same funding category.

Under the Community Development Fund regional competitions, a multijurisdiction application that includes participating units of general local government from more than one state planning region will compete in the regional competition where the majority of the application activity beneficiaries are located.

Application Cycles

Because this is the second year of the biennial submission cycle for various funds with 2005 biennial cycles, the 2006 cycle for these biennial funds must remain unchanged. The biennial funding cycles for these fund categories will improve the timeliness of the expenditure of CDBG funds and therefore prove more cost effective.

The following table summarizes the proposed frequency of application submission for various application types. The application deadline dates are subject to change:

TYPE of APPLICATION	SUBMISSION CYCLE	APPLICATION DEADLINE
1. Community Development Fund	Biennial[1]	November 2004
2. Community Development Supplemental Fund	Biennial	November 2004
3. Non-Border Colonia Fund	Biennial	June 2005
4. Texas Capital Fund		
Real Estate Program	Four times annually	
Infrastructure Program	Four times annually	
Main Street Program	Annually	
Downtown Revitalization Program	Annually	
5. Colonia Fund:		
Construction Fund	Biennial	June 2005
EDAP Fund	As-needed	
Planning Fund	Annually	June 2006
6. Planning/Capacity Building Fund	Biennial[1]	November 2004
7. Disaster Relief/ Urgent Need Fund:		
Disaster Relief	As needed	
Urgent Need[2]	By notification	
8. TCDP STEP Fund	Two times annually	
9. Microenterprise Loan Fund	Annually	
10. Small Business Loan Fund	Annually	
11. Section 108 Loan Guarantee Pilot Program	Annually	

[1] The applications submitted for PY 2006 Community Development Fund, Community Development Supplemental Fund, and Planning and Capacity Building Fund as part of the biennial application process have been scored and placed in rank order. Applications already allocated for 2006 funding based on estimated 2006 funding allocations will be funded to the extent that allocated 2006 funds are available. Applications submitted for the Colonia Construction Fund and Non-Border Colonia Fund will be scored and placed in rank order. Applications that will be allocated for 2006 funding based on estimated 2006 funding allocations will be funded to the extent that allocated 2006 funds are available. Only one application for the Community Development Fund/Community Development Supplemental Fund, Colonia Construction Fund, Non-Border Colonia Fund, and the Planning and Capacity Building Fund may be submitted for the combined PY 2005 and 2006 period. Because applications are considered concurrently under both the Community Development and Community Development Supplemental Funds to determine the source of funds, only one Community Development Fund/Community Development Supplemental Fund application may be submitted for the 2005/2006 period (not one application for each fund).

[2] Deobligated funds or program income not to exceed $1,000,000 may be available for the Urgent Need Fund.

Contract Awards

With the qualified exceptions of the Texas Capital Fund, Colonia Fund, Non-Border Colonia Fund, and Disaster Relief/Urgent Need Fund, an applicant is eligible to receive only one grant award per fund. Maximum and minimum contract awards for any single project allowable under the Texas Community Development Program are:

FUND	CONTRACT AWARD MAXIMUM	CONTRACT AWARD MINIMUM
Community Development Fund		
Single Applicant	$ 800,000[1]	$ 75,000[1]
Multijurisdiction Application	$ 800,000[1]	$ 75,000[1]
Community Development Supplemental Fund	[1]	[1]
Non-Border Colonia Fund	$ 250,000	None
Texas Capital Fund		
Real Estate Program	$ 750,000[2]	$ 50,000
Infrastructure Program	$ 750,000[2]	$ 50,000
Main Street Program	$ 150,000[3]	$ 50,000
Downtown Revitalization Program	$ 150,000[3]	$ 50,000
Colonia Fund		
Construction Fund	$ 500,000	$ 75,000
EDAP Fund	$ 500,000	None
Area Planning Fund	$ 100,000[4]	None
Comprehensive Planning Fund	$ 200,000[4]	None
Planning/Capacity Building Fund	$ 50,000	None
Disaster Relief/Urgent Need Fund		
Disaster Relief Fund	$ 350,000	$ 50,000
Urgent Need Fund	$ 250,000[5]	$ 25,000
TCDP STEP Fund	$ 350,000	None
Microenterprise Loan Fund	$ 100,000[6]	$ 50,000
Small Business Loan Fund	$ 100,000[7]	$ 50,000
	$ 500,000[8]	$ 400,000

1 Regional Review Committees are authorized to establish a grant maximum for their respective regions between $250,000 and $800,000 for a single jurisdiction application and between $350,000 and $800,000 for a multijurisdiction application. The maximum amount for a housing activity application is the same as other Community Development Fund applications in the region. The maximum and minimum amounts for the Community Development Supplemental Fund are the same maximum and minimum amounts established for the Community Development Fund in the region.

2 The maximum contract award amount allows for administrative costs as outlined in the Texas Capital Fund Application Guidelines. The maximum award amount may be increased to an amount greater than $750,000, but may not exceed $1,500,000, if a unit of local government is applying for an award to provide infrastructure or real estate development improvements on behalf of a specific business, and that specific business will create or retain a designated number of jobs at a cost per job level that qualifies for the increased award amount. These increased award amounts are referred to as “jumbo” awards. The number of jobs, the cost per job, and the maximum percentage of Texas Capital Fund financing of the total project costs that will qualify an application for the increased award amount will be defined in Texas Capital Fund Application Guidelines. Texas Capital Funds are not specifically reserved for projects that could receive up to the $1,500,000 increased maximum grant amount, however, projects that receive an amount greater than $750,000 may not exceed $3,000,000 in total awards during the program year.

3 Texas Capital Funds are specifically reserved for Main Street and the Downtown Revitalization infrastructure activities. The maximum award amount for a Main Street or Downtown Revitalization project is $150,000. Main Street Program projects may not exceed $600,000 in total awards. The Downtown Revitalization Program projects may not exceed $1,200,000 in total awards.

4 For the Colonia Planning Fund 33% of the total allocation is allocated to the Colonia Area Planning Fund and 67% is allocated to the Colonia Comprehensive Planning Fund. Any unobligated funds under either of these two funds may be allocated to the other Colonia Planning Fund category, the Colonia Construction Fund, the Planning/Capacity Building Fund, or other TCDP Fund categories if necessary to use the funds within the required obligation period. The maximum grant award for the Colonia Comprehensive Planning Fund is set at $200,000. However, a sliding scale may be used to establish smaller maximum grant amounts based on an eligible county’s total unincorporated area population.

5 Deobligated funds or program income not to exceed $1,000,000 may be available for the Urgent Need Fund.

6 Program income not to exceed $1,000,000 is available for the Microenterprise Loan Fund.

7 Program income not to exceed $1,000,000 is available for the Small Business Loan Fund.

8 Loan guarantee commitments totaling no more than $500,000 are authorized.

Amounts shown are maximum funding levels or contract "ceilings," because the Program can fund only the actual, allowable, and reasonable costs of the proposed project, not to exceed these amounts. All grants, except Texas Capital Fund, awarded under the Texas Community Development Program are subject to negotiation between ORCA and the applicant regarding the final grant amount. Texas Capital Fund applications are subject to negotiation between the Texas Department of Agriculture and the applicant regarding the final award amount.

Project Length

All funded projects, except the Texas Capital Fund, TCDP STEP Fund, and Colonia Self-Help Centers Fund projects, must be completed within two years from the start date of the contract agreement. The Texas Capital Fund Main Street and Downtown Revitalization program awards will be made for a 24 month term. The other Texas Capital Fund programs and TCDP STEP Fund projects must be completed within three years from the start date of the contract agreement. Contract end dates for Colonia Self-Help Centers contracts may be adjusted to account for each program year award. Waivers of these requirements for any TCDP contract will only be granted when a waiver request is submitted in writing to ORCA or TDA (for Texas Capital Fund contracts) and ORCA or TDA finds that compelling circumstances exist outside the control of the local government that justify the approval of such a waiver.

Review Process

1. **Regional Review Committees (RRC) Composition and Role**—There is a Regional Community Development Review Committee in each of the 24 state planning regions. Each committee will be comprised of 12 members appointed for two-year staggered terms by the Governor.

Each Regional Review Committee reviews and scores all applications within its region for the Community Development Fund/Community Development Supplemental Fund. Furthermore, the Regional Review Committees do not score but may review and comment on applications to other TCDP fund categories. The scores for the Community Development Fund/Community Development Supplemental Fund and comments on other applications are forwarded to the TCDP.

2. **State Review Committee (SRC) Composition and Role**—A State Community Development Review Committee comprised of 12 local elected officials appointed by the Governor for two-year terms is provided for by State statute. Chapter 487.353 of the Texas Government Code prescribes the duties of the State Review Committee. Paragraph (i) states the committee shall: (1) consult with and advise the executive director on the administration and enforcement of the community development block grant program; and (2) review funding applications of eligible counties and municipalities, and advise and assist the executive director regarding the allocation of program funds to those applicants. Paragraph (j) says the committee may annually recommend to the executive director a formula for allocating funds to each geographic state planning region.

3. **Texas Capital Fund Review Process**—The Texas Capital Fund applications will be reviewed and evaluated by Texas Department of Agriculture staff in accordance with the established selection criteria. Recommendations will be made to the Commissioner of the Texas Department of Agriculture for final award.

4. **Clearinghouse Review**—Regional review of projects will be consistent with guidelines adopted by the Governor's Office for review and comment under the Texas Review and Comment System and Chapter 391, Texas Local Government Code.

5. **Regional Water Plans**—Water activities included in TCDP applications must be consistent with Regional Water Plans promulgated by Senate Bill 1. (Passed during the 75th State of Texas Legislative Session)

Applicant Threshold and Past Performance Requirements

A city or county must meet the following requirements in order to submit an application or to receive funding through the Texas Community Development Program:

1. Demonstrate the ability to manage and administer the proposed project, including meeting all proposed benefits outlined in its application, by using the following criteria:
    a. Provide the roles and responsibilities of local staff designated to administer or work on the proposed project. Also, include a plan of project implementation;
    b. Indicate intention to use a third-party administrator, if applicable; or
    c. If local staff, along with a third-party administrator, will jointly administer the proposed project, the respective roles and responsibilities of the designated local staff.
2. Demonstrate the financial management capacity to operate and maintain any improvements made in conjunction with the proposed project, by using the following criteria:
    a. Evidence of a financial person on staff, or evidence of intent to contract financial oversight; and
    b. Provide evidence or a statement certifying that financial records for the proposed project will be kept at an officially designated city/county site, accessible by the public, and will be adequately managed on a timely basis using generally accepted accounting principles.
3. Levy a local property (ad valorem) tax or local sales tax option.
4. Demonstrate satisfactory performance on all previously awarded Texas Community Development Program contracts, by using the following criteria:
    a. Exhibited past responses to audit and monitoring issues (over the most recent 48 months before the application due date) within prescribed times as indicated in ORCA's resolution letter(s);
    b. Evidence related to past contracts (over the most recent 48 months before the application due date), through close-out monitoring and reporting, that the activity or service was made available to all intended beneficiaries, that low and moderate income persons were provided access to the service, or there has been adequate resolution of issues regarding beneficiaries served.
    c. No outstanding delinquent response to a written request from TCDP regarding a request for repayment of funds to TCDP; or
    d. Not more than one outstanding delinquent response to a written request from TCDP regarding compliance issues such as a request for closeout documents or any other required information.
5. Resolve any and all outstanding compliance and audit findings on previous and existing Texas Community Development Program contracts, by using the following criteria:
    a. Applicant is actively participating in the resolution of any outstanding audit and/or monitoring issues by responding with substantial progress on outstanding issues within the time specified in the ORCA resolution process.
6. Submit any past due audit to ORCA in accordance with Title 10, Chapter 255, Subchapter A, Section 255.1 of the Texas Administrative Code.
    a. A community with one year's delinquent audit may be eligible to submit an application for funding by the established deadline, but may not receive a contract award if the audit continues to be delinquent by the awards meeting of the State Review Committee, as applicable, or for all

other funding categories, prior to award by the Executive Director or by the Executive Committee for awards over $300,000.

The Colonia Self-Help Center Fund and the Disaster Relief/Urgent Need Fund are exempt from the threshold.

b. A community with two years of delinquent audits may not apply for additional funding and may not receive a contract award. This applies to all funding categories under the Texas Community Development Program.

The Colonia Self-Help Center Fund may be exempt from this threshold, since funds for the self-help center funding is included in the program's state budget appropriation. Failure to meet the threshold will be reported to the Legislative Budget Board for review and recommendation.

The Disaster Relief Fund may be exempt from this threshold. Failure to meet this threshold will be forwarded to the Executive Committee for review and consideration.

7. 12-Month Applicant Threshold Requirement—Obligate at least 50% of the total TCDP funds awarded under an open TCDP contract within 12 months from the start date of the contract or prior to the application deadlines. This threshold is applicable to TCDP contracts with an original 24-month contract period.

To meet this threshold, 50% of the TCDP funds must be obligated through executed contracts for administrative services, engineering services, acquisition, construction, materials purchase, etc. The TCDP contract activities do not have to be 50% completed, nor do 50% of the TCDP contract funds have to be expended to meet this threshold.

Applicable to previously awarded TCDP contracts under the following TCDP fund categories	**Not Applicable to previously awarded TCDP contracts under the following TCDP fund categories or when an applicant meets the eligibility criteria for the TCDP Disaster Relief Fund**
Community Development Fund	Texas Capital Fund
Colonia Construction Fund	Colonia Self-Help Centers Fund
Colonia Fund Planning	Housing Rehabilitation Fund
Disaster Relief / Urgent Need Fund	Housing Infrastructure Fund
Planning/Capacity Building Fund	Texas STEP
Non-Border Colonia Fund	Colonia Economically Distressed Areas
	Disaster Recovery Initiative
	Young vs. Martinez
	Microenterprise Loan Fund
	Small Business Loan Fund
	Section 108 Loan Guarantee

8. 24-Month Applicant Threshold Requirement—Submit to ORCA the Certificate of Expenditures (COE) report showing the expended TCDP funds and a final drawdown for any remaining TCDP funds as required by the latest edition of the Texas Community Development Program Project Implementation Manual. Any reserved funds on the COE must be approved in writing by TCDP staff.

For purposes of meeting this threshold “expended” means that the construction and services covered by the TCDP funds are complete and a drawdown for the TCDP funds has been submitted prior to the application deadlines.

This threshold will apply to an open TCDP contract with an original 24-month contract period and to TCDP Contractors that have reached the end of the 24-month period prior to the application deadlines as described below:

Applicable to previously awarded TCDP contracts under the following TCDP fund categories	Not Applicable to previously awarded TCDP contracts under the following TCDP fund categories or when an applicant meets the eligibility criteria for the TCDP Disaster Relief Fund
Community Development Fund	Texas Capital Fund
Colonia Construction Fund	Colonia Self-Help Centers Fund
Colonia Fund Planning	Housing Rehabilitation Fund
Disaster Relief / Urgent Need Fund	Housing Infrastructure Fund
Planning/Capacity Building Fund	Texas STEP (original 24-month contract, extended to 36-months)
Non-Border Colonia Fund	Colonia Economically Distressed Areas
	Disaster Recovery Initiative
	Young vs. Martinez
	Microenterprise Loan Fund
	Small Business Loan Fund
	Section 108 Loan Guarantee

9. 36-Month Applicant Threshold Requirement—Submit to ORCA the Certificate of Expenditures (COE) report showing the expended TCDP funds and a final drawdown for any remaining TCDP funds as required by the latest edition of the Texas Community Development Program Project Implementation Manual. Any reserved funds on the COE must be approved in writing by TCDP staff.

   For purposes of meeting this threshold "expended" means that the construction and services covered by the TCDP funds are complete and a drawdown for the TCDP funds has been submitted prior to the application deadlines.

   This threshold is applicable for a previously awarded TCDP contract with an original 36-month contract period or a STEP 24-month contract, extended to 36 months, and to TCDP Contractors that have reached the end of the 36-month period prior to the application deadlines as described below:

Applicable to previously awarded TCDP contracts under the following TCDP fund categories	Not Applicable to previously awarded TCDP contracts under the following TCDP fund categories or when an applicant meets the eligibility criteria for the TCDP Disaster Relief Fund
Housing Infrastructure Fund ---when the applicant is applying for the Housing Infrastructure Fund only	Texas Capital Fund (see Texas Capital Fund Section)
Texas STEP (original 36-month contract or original 24-month contract, extended to 36 months)	Colonia Self-Help Centers Fund
	Housing Rehabilitation Fund
	Colonia Economically Distressed Areas
	Disaster Recovery Initiative
	Microenterprise Loan Fund
	Small Business Loan Fund
	Section 108 Loan Guarantee

10. TCDP funds cannot be expended in any county that is designated as eligible for the Texas Water Development Board Economically Distressed Areas Program unless the county has adopted and is enforcing the Model Subdivision Rules established pursuant to Section 16.343 of the Water Code.
11. Texas Capital Fund contractors must expend all but the reserved audit funds, or other reserved funds that are pre-approved by Texas Department of Agriculture staff, awarded under a Texas Capital Fund contract executed at least 36 months prior to the current program year application deadline and submit to the Texas Department of Agriculture the Certificate of Expenditures required by the most recent edition of the Texas Capital Fund Implementation Manual. Texas Capital Fund contractors intending to submit a new application may not have an existing contract with an award date in excess of 48 months prior to the application deadline date, regardless of extensions granted.
12. Based on a pattern of unsatisfactory (a) performance on previously awarded Texas Community Development Program contracts, (b) management and administration of TCDP contracts, or (c) financial management capacity based on a review of official financial records and audits, ORCA (or TDA, in the case of the Texas Capital Fund applications) may determine that an applicant is ineligible to apply for TCDP funding even though at the application date it meets the threshold and past performance requirements. ORCA (or TDA, in the case of Texas Capital Fund applications) will consider the most recent 48 months before the application due date. An applicant would still remain eligible for funding under the Disaster Fund.

Application Selection Criteria

General Description

All projects under the Community Development Fund, Colonia Fund (except for the Colonia Economically Distressed Areas Program Fund and Colonia Self-Help Centers Fund), Non-Border Colonia Fund, and the Planning and Capacity Building Fund are evaluated and rated in accordance with a numerical point system based on the following three major criteria:

(1) community/economic distress factors of the applicant

(2) project impact/design

(3) other considerations

The points awarded under these criteria are combined to rank the projects in descending order. The projects in each fund are selected based on this descending order and the availability of dollars in each fund. For the Community Development Fund, the points under these criteria are divided between the TCDP (350 points) and each of the 24 Regional Review Committees (350 points). For the statewide and regional competitions, the TCDP staff scores the project impact/design factors.

Texas Capital Fund Real Estate Program, and Infrastructure Program projects are evaluated based upon selection criteria that include, but are not limited to:

(1) Jobs

(2) Business Emphasis

(3) Feasibility

(4) Community Need

Texas Capital Fund Main Street Program and Downtown Revitalization Program projects are evaluated based upon selection criteria that include, but are not limited to:

(1) Community Profile

(2) Project Feasibility

(3) Leverage Ratio

(4) Aiding in the Elimination of Slum an/or Blight Conditions

The final assignment of points for an applicant to the Community Development Fund, Colonia Fund, Non-Border Colonia Fund, or the Planning and Capacity Building Fund is the total of the points received in the above-mentioned criteria. All funding recommendations for the PY 2005 and PY 2006 Community Development Fund, Community Development Supplemental Fund, and Planning and Capacity Building Fund are provided to the State Review Committee for their recommendations. In addition, a grant award exceeding $300,000 is reviewed by the ORCA Executive Committee and must receive Executive Committee approval before the award is official. Awards are then provided to ORCA's Executive Director for final award.

Except for Main Street Program applications, Texas Capital Fund applications are reviewed and evaluated by Texas Department of Agriculture staff. The Texas Department of Agriculture staff and the Texas Historical Commission review and evaluate the Main Street Program applications. Recommendations for all Texas Capital Fund applications will be made to the Commissioner of the Texas Department of Agriculture for final award.

In accordance with Section 2310.403, Government Code, preference will be given to applications from governing bodies of communities designated as defense economic readjustment zones over other eligible applications for TCDP grants and loans if at least 50% of the grant or loan will be expended for the direct benefit of the readjustment zone and the purpose of the grant or loan is to promote TCDP-eligible economic development in the community or for TCDP-eligible construction, improvement, extension, repair, or maintenance of TCDP-eligible public facilities in the community.

Disaster Relief/Urgent Need applications must meet the threshold factors as discussed under the "Description of Funds" section.

Readiness to Proceed Requirements: In order to determine that the project is ready to proceed, the applicant must provide in its application information that:

a. Identifies the source of matching funds and provides evidence that the applicant has applied for the nonlocal matching funds, and for local matching funds, evidence that local matching funds would be available.

b. Provides written evidence of a ratified, legally binding agreement, contingent upon award, between the applicant and the utility that will operate the project for the continual operation of the utility system as proposed in the application. For utility projects that require the applicant or service provider to obtain a Certificate of Convenience and Necessity for the target area proposed in the application, provides written evidence that the Texas Commission on Environmental Quality has received the applicant or service provider’s application.

c. Where applicable, provide a written commitment from service providers, such as the local water or sewer utility, stating that they will provide the intended services to the project area if the project is constructed.

Resources for Descriptions of Selection Criteria by Fund Category

The descriptions for the selection criteria for each fund category provide a basic framework of the selection criteria and selection factors used to distribute the funds under each fund category. **Additional information on the selection criteria, selection factors and methods used to determine scores for these fund categories is provided in the application guide for each fund category and in the Texas Administrative Code at 10 T.A.C., Part 6, Chapter 255, Subchapter A.** Community Development Fund and Community Development Supplemental Fund applications are scored by TCDP Staff and by Regional Review Committees. The selection criteria, factors, and methods used by each Regional Review Committee to determine scores for the Community Development Fund/Community Development Supplemental Fund are adopted by each Regional Review Committee and then made available to each eligible applicant in the region.

The information currently available for fund categories in the Texas Administrative Code may not yet reflect changes to selection criteria contained in this 2006 Action Plan for the PY 2006. Any changes to the selection criteria will be published in the *Texas Register* prior to final adoption.

The Texas Administrative Code can be found on the State of Texas website at www.state.tx.us. Listed below are the TCDP fund categories that are currently contained in the Texas Administrative Code.

Texas Administrative Code, Title 10 T.A.C., Part 6, Chapter 255, Subchapter A

Section	Section Title
255.1	General Provisions
255.2	Community Development Fund
255.3	*Young v. Martinez* Fund
255.4	Planning/Capacity Building Fund
255.5	Disaster Relief Fund
255.6	Urgent Need Fund
255.7	Texas Capital Fund
255.8	Regional Review Committees
255.9	Colonia Fund
255.10	Housing Fund
255.11	Small Towns Environment Program Fund
255.12	Microenterprise Loan Fund
255.13	Small Business Loan Fund
255.14	Section 108 Loan Guarantee Pilot Program
255.15	Community Development Supplemental Fund
255.16	Non-Border Colonia Fund

Description of Selection Criteria By Fund Category

1. COMMUNITY DEVELOPMENT FUND	700 Total Points Maximum

a. Community Distress—55 Points (Maximum)

• Percentage of persons living in poverty	25 points
• Per Capita Income	20 points
• Unemployment Rate	10 points

b. Benefit to Low/Moderate-Income Persons—40 Points (Maximum)

Applicants are required to meet the 51% low/moderate income benefit for each activity as a threshold requirement. Any project where at least 60% of the TCDP funds benefit low/moderate income persons will receive 40 points.

c. Project Impact—0 to 175 Points (Maximum)

Information submitted in the application or presented to the Regional Review Committees is used by a committee composed of TCDP staff to generate scores on the Project Impact factor.

Each application is scored by a committee composed of TCDP staff. Each committee member separately evaluates an application and assigns a score within a predetermined scoring range based on the application activities. The separate scores are then totaled and the application is assigned the average score. The scoring ranges used for Project Impact scoring are:

ACTIVITIES	SCORING RANGE
• Water, Sewer, and Housing	175 to 145
• Eligible Public Facilities Located In A Defense Economic Readjustment Zone	175 to 145
• Street Paving, Drainage, Flood Control and Accessibility Activities for Persons With Disabilities	160 to 130
• Fire Protection, Health Clinics, and Facilities Providing Shelter For Persons With Special Needs (Hospitals, Nursing Homes, Convalescent Homes)	145 to 125
• Community/Senior/Social Services Centers	135 to 115
• Demolition/Clearance, Code Enforcement	135 to 115
• Gas/Electrical Facilities and Solid Waste Disposal	130 to 110
• Access to Basic Telecommunications	125 to 105
• Jails, Detention Facilities	125 to 105
• All Other Eligible Activities	115 to 85

Multiactivity projects that include activities in different scoring ranges receive a combination score within the possible range. As an example, a project including street paving and demolition/clearance activities is scored within a range of 150 to 115. If the project included a water activity also, the possible range would be 175 to 115.

Other factors that are evaluated by the TCDP staff in the assignment of scores within the predetermined scoring ranges for activities include, but are not limited to, the following:

- Each application is scored based on how the proposed project will resolve the identified need and the severity of the need within the applying jurisdiction.
- Projects addressing basic human needs such as water, sewer, and housing generally are scored higher than projects addressing other eligible activities.

- Projects providing a first-time public facility or service generally receive a higher score than projects providing an expansion or replacement of existing public facilities or services.
- Public water and sewer projects providing a first-time public facility or service generally receive a higher score than other eligible first-time public facility or service projects.
- Projects designed to bring existing services up to at least the state minimum standards as set by the applicable regulatory agency are generally also given additional consideration.
- Projects designed to address drought-related water supply problems are generally also given additional consideration.
- Water and sewer projects providing first-time water or sewer service through a privately-owned for-profit utility or an expansion/improvement of the existing water or sewer service provided through a privately-owned for-profit utility may, on a case-by-case basis, receive less consideration than the consideration given to projects providing these services through a public nonprofit organization.
- Projects that include self-help methods (volunteer labor, donated materials, donated equipment, etc.) to significantly reduce the project cost or to significantly increase the proposed improvements are generally given additional consideration.

d. Matching Funds—60 Points (Maximum)

Applicant(s) population equal to or less than 1,500 according to the 2000 Census:

- Match equal to or greater than 5% of grant request — 60 points
- Match at least 4% but less than 5% of grant request — 40 points
- Match at least 3%, but less than 4% of grant request — 20 points
- Match at least 2%, but less than 3% of grant request — 10 points
- Match less than 2% of grant request — 0 points

Applicant(s) population equal to or less than 3,000 but over 1,500 according to the 2000 Census:

- Match equal to or greater than 10% of grant request — 60 points
- Match at least 7.5% but less than 10% of grant request — 40 points
- Match at least 5%, but less than 7.5% of grant request — 20 points
- Match at least 2.5%, but less than 5% of grant request — 10 points
- Match less than 2.5% of grant request — 0 points

Applicant(s) population equal to or less than 5,000 but over 3,000 according to the 2000 Census:

- Match equal to or greater than 15% of grant request — 60 points
- Match at least 11.5% but less than 15% of grant request — 40 points
- Match at least 7.5%, but less than 11.5% of grant request — 20 points
- Match at least 3.5%, but less than 7.5% of grant request — 10 points
- Match less than 3.5% of grant request — 0 points

Applicant(s) population over 5,000 according to the 2000 Census:

- Match equal to or greater than 20% of grant request — 60 points
- Match at least 15% but less than 20% of grant request — 40 points
- Match at least 10%, but less than 15% of grant request — 20 points
- Match at least 5%, but less than 10% of grant request — 10 points
- Match less than 5% of grant request — 0 points

TCDP funds cannot be used to install street/road improvements in areas that are not currently receiving water or sewer service from a public or private service provider unless the applicant provides matching funds equal to at least 50% of the total construction cost budgeted for the street/road improvements. This requirement will not apply when the applicant provides assurance that the street/road improvements proposed in the application will not be impacted by the possible installation of water or sewer lines in the future because sufficient easements and rights-of-way are available for the installation of such water or sewer lines.

The population category under which county applications are scored is dependent upon the project type and the beneficiary population served. If the project is for beneficiaries for the entire county, the total population of the county is used. If the project is for activities in the unincorporated area of the county with a target area of beneficiaries, the population category is based on the unincorporated residents for the entire county. For county applications addressing water and sewer improvements in unincorporated areas, the population category is based on the actual number of beneficiaries to be served by the project activities.

The population category under which multijurisdiction applications are scored is based on the combined populations of the applicants according to the 2000 Census.

Applications that include a housing rehabilitation and/or affordable new permanent housing activity for low and moderate income persons as a part of a multiactivity application do not have to provide any matching funds for the housing activity. This exception is for housing activities only. The TCDP does not consider sewer or water service lines and connections as housing activities.

Demolition/clearance and code enforcement, when done in the same target area in conjunction with a housing rehabilitation activity, is counted as part of the housing activity. When demolition/clearance and code enforcement are proposed activities, but are not part of a housing rehabilitation activity, then the demolition/clearance and code enforcement are not considered as housing activities and are counted towards the ratio of local match to TCDP funds requested. Any additional activities, other than related housing activities, are scored based on the percentage of match provided for the additional activities.

e. Other Considerations—20 Points (Maximum)

Ten (10) points of the 20 points are awarded to each applicant that did not receive a 2003 or 2004 Community Development Fund contract award or a 2003 or 2004 Housing Rehabilitation Fund contract award.

An applicant can receive from ten to zero points based on the applicant’s past performance on previously awarded TCDP contracts. The applicant’s score will be primarily based on our assessment of the applicant’s performance on the applicant’s two most recent TCDP contracts that have reached the end of the original contract period stipulated in the contract. The TCDP will also assess the applicant’s performance on existing TCDP contracts that have not reached the end of the original contract period. Applicants that have never received a TCDP grant award will automatically receive these points. The TCDP will assess the applicant’s performance on TCDP contracts up to the application deadline date. The applicant’s performance after the application deadline date will not be evaluated in this assessment. The evaluation of an applicant’s past performance will include, but is not necessarily limited to the following:

- The applicant’s completion of the previous contract activities within the original contract period.
- The applicant’s submission of all contract reporting requirements such as Quarterly Progress Reports, Certificates of Expenditures, and Project Completion Reports.

- The applicant's submission of the required close-out documents within the period prescribed for such submission.
- The applicant's timely response to monitoring findings on previous TCDP contracts especially any instances when the monitoring findings included disallowed costs.
- The applicant's timely response to audit findings on previous TCDP contracts.

f. Regional Review Committee (RRC)—350 Points (Maximum)

• Project Priorities	100 points(Minimum)
• Local Effort	75 points (Minimum)
• Merits of the Project	175 points (Maximum)

In general, the RRC must establish the method its members will use to score each of the three factors, consistent with HUD regulations as determined by TCDP. The method must be described in the RRC Guidelines and made available to communities in the region for use in preparing applications.

Housing—Each region is encouraged to allocate 8%, or a greater or lesser percentage, 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.

(i). Project Priorities—(100 Points Minimum for Highest Priority Level)

The RRC must establish in the RRC Guidelines the priorities of project activities and the specific number of points that will be awarded for each priority level.

(ii). Local Effort—(75 points Minimum)

Under the Local Effort category, the RRC reviews and scores based on efforts being made by applicants in utilizing local resources for community development. The RRC must establish the method its members will use to score this factor, consistent with HUD regulations as determined by TCDP. The following questions are examples of questions that may be considered by the RRC and they may be revised, omitted or other criteria/factors may be considered as deemed appropriate:

1. What is the local ad valorem (property) tax rate? (including for counties the base rate and combined rates.)
2. What is the delinquency rate for the property tax for a specific time period?
3. What are the current tax rates levied by taxing districts in the jurisdiction and which taxes affect the proposed project area?
4. What is the total tax rate as of a certain date (from all jurisdictions) paid by the applicant's residents and the residents in the proposed project area?
5. When was the last tax rate or property valuation increase for the applicant's jurisdiction, including the project area?

6. Does the applicant levy the local sales tax option, 4A sales tax, 4B sales tax, or other local sales? If so, what is the tax rate(s) and the amount of sales tax revenue collected during previous 12 months?
7. What is the applicant's per capita bond (bond and long-term debt) indebtedness for principal only? For principal and interest? (Based on 2000 Census data as available)
8. What are the applicant's water and sewer rates (including residential rates) for the project area?
9. What would a household with 5,000 gallon/month usage pay in water and sewer bills (based on residential rates in the project area?
10. When was the last increase in water and/or sewer rates (including residential rates) for the project area?
11. Historically, has the applicant or applicable utility funded improvements with local funds, bond debt, long-term debt, or grants?
12. Who provides the utilities in the project area?
13. What is the unencumbered reserve and how much was reserved for particular projects at the end of the last fiscal year?
14. Is there any information not specifically requested that the applicant would like to present to the Committee concerning their efforts locally?

(iii). Merits of the Project–(175 Points Maximum)

The RRC awards points based on the merits of the project, particularly the severity of need of the project. This factor would not consider local effort, which is scored under the preceding factor. The RRC must establish the method its members will use to score this factor, consistent with HUD regulations as determined by TCDP. The following questions are examples of questions that may be considered by the RRC and they may be revised, omitted or other criteria/factors may be considered as deemed appropriate:

1. What is the severity of the need for this project?
2. To what extent will this project resolve the problem?
3. Does the project appear to be the most feasible method of addressing the problem?
4. Does this project address the problem for only a small target area or for the entire community?
5. Is there an alternate method for the applicant to solve the problem, (i.e., has the applicant sought funding from other sources such as state and federal agencies)?
6. What is the cost in TCDP dollars requested per beneficiary?
7. Has this project been submitted in the past?
8. Is there a clearly identified “self-help” component provided for in the project?

(iv) The committee must establish, as part of the organizational meeting, a scoring methodology for each of the selection factors listed under Local Effort and Merits of the Project consistent with HUD regulations, as determined by TCDP. The scoring procedure must prescribe the method of documenting the committee member’s score. For example, the committee may have scoring ranges such as 100% to 90% of maximum points possible if certain criteria are met, 90% to 80% if other criteria are met, 80% to 60% if other criteria are met, and so forth for 60% to 40%, and 40% to 20% of the maximum points. As part of the process, the committee must retain documentation showing how each committee member awarded points under this factor and provide a copy of this documentation to the TCDP.

The RRC is encouraged to assess the regional housing needs and the manner of determining that housing needs are addressed and appropriately considered as part of the review and scoring process.

The RRC must determine whether it will have a housing set-aside and include the decision and amount of housing set-aside in the RRC Guidelines.

Each Regional Review Committee must score all of the three required scoring factors.

Community Development Fund Marginal Competition

Due to the two-year funding cycle proposed for PYs 2005 and 2006, a Community Development Fund pooled marginal competition was not conducted for PY 2005. A pooled marginal competition may be conducted for PY 2006 using available funds if the State's 2006 allocation is not decreased significantly from the State's estimated 2006 Community Development/Community Development Supplemental Funds allocations.

All applicants whose marginal amount available is under $75,000 will automatically be considered under this competition.

When the marginal amount left in a regional allocation is equal to or above the TCDP grant minimum of $75,000, the marginal applicant may scale down the scope of the original project design, and accept the marginal amount, if the reduced project is still feasible. Alternatively, such marginal applicants may choose to compete under the pooled marginal fund competition for the possibility of full project funding.

This fund consists of all regional marginal amounts of less than $75,000, any funds remaining from regional allocations where the number of fully funded eligible applicants does not utilize a region's entire allocation and the contribution of marginal amounts larger than $75,000 from those applicants opting to compete for full funding rather than accept their marginal amount.

The scoring factors used in this competition are the TCDP Community Development Fund scoring factors (maximum of 350 points). Applicants' scores on the Community Distress scoring factors will be recalculated based on the applicants competing in the marginal pool competition only. The Benefit to Low/moderate-Income Persons, Project Impact, Matching Funds, and Other Considerations scores are part of the total score received in this competition, but they are not rescored.

The marginal competition will incorporate the Community Development Supplemental Fund as described in Section IV (C) (2a).

2. COMMUNITY DEVELOPMENT SUPPLEMENTAL FUND	360 Total Points Maximum

<u>a. Regional Review Committee (RRC)—350 Points (Maximum)</u>

• Project Priorities	100 points(Minimum)
• Local Effort	75 points (Minimum)
• Merits of the Project	175 points (Maximum)

<u>b. Past Performance TCDP scored—10 points (Maximum)</u>

In general, the RRC must establish the method its members will use to score each of the three factors, consistent with HUD regulations as determined by TCDP. The method must be described in the RRC Guidelines and made available to communities in the region for use in preparing applications.

Housing–Each region is encouraged to allocate 8%, or a greater or lesser percentage, 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.

(i) Project Priorities–(100 Points Minimum for Highest Priority Level)

The RRC must establish in the RRC Guidelines the priorities of project activities and the specific number of points that will be awarded for each priority level.

(ii). Local Effort–(75 points Minimum)

Under the Local Effort category, the RRC reviews and scores based on efforts being made by applicants in utilizing local resources for community development. The RRC must establish the method its members will use to score this factor, consistent with HUD regulations as determined by TCDP. The following questions are examples of questions that may be considered by the RRC and they may be revised, omitted or other criteria/factors may be considered as deemed appropriate:

1. What is the local ad valorem (property) tax rate? (including for counties the base rate and combined rates.)
2. What is the delinquency rate for the property tax for a specific time period?
3. What are the current tax rates levied by taxing districts in the jurisdiction and which taxes affect the proposed project area?
4. What is the total tax rate as of a certain date (from all jurisdictions) paid by the applicant's residents and the residents in the proposed project area?
5. When was the last tax rate or property valuation increase for the applicant's jurisdiction, including the project area?
6. Does the applicant levy the local sales tax option, 4A sales tax, 4B sales tax, or other local sales? If so, what is the tax rate(s) and the amount of sales tax revenue collected during previous 12 months?
7. What is the applicant's per capita bond (bond and long-term debt) indebtedness for principal only? For principal and interest? (Based on 2000 Census data as available)
8. What are the applicant's water and sewer rates (including residential rates) for the project area?
9. What would a household with 5,000 gallon/month usage pay in water and sewer bills (based on residential rates in the project area?
10. When was the last increase in water and/or sewer rates (including residential rates) for the project area?
11. Historically, has the applicant or applicable utility funded improvements with local funds, bond debt, long-term debt, or grants?
12. Who provides the utilities in the project area?
13. What is the unencumbered reserve and how much was reserved for particular projects at the end of the last fiscal year?
14. Is there any information not specifically requested that the applicant would like to present to the Committee concerning their efforts locally?

(iii). Merits of the Project–(175 Points Maximum)

The RRC awards points based on the merits of the project, particularly the severity of need of the project. This factor would not consider local effort, which is scored under the preceding factor. The RRC must establish the method its members will use to score this factor, consistent with HUD regulations as determined by TCDP. The following questions are examples of questions that may be considered by the RRC and they may be revised, omitted or other criteria/factors may be considered as deemed appropriate:

1. What is the severity of the need for this project?
2. To what extent will this project resolve the problem?
3. Does the project appear to be the most feasible method of addressing the problem?
4. Does this project address the problem for only a small target area or for the entire community?
5. Is there an alternate method for the applicant to solve the problem, (i.e., has the applicant sought funding from other sources such as state and federal agencies)?
6. What is the cost in TCDP dollars requested per beneficiary?
7. Has this project been submitted in the past?
8. Is there a clearly identified “self-help” component provided for in the project?

(iv) The committee must establish, as part of the organizational meeting, a scoring methodology for each of the selection factors listed under Local Effort and Merits of the Project consistent with HUD regulations, as determined by TCDP. The scoring procedure must prescribe the method of documenting the committee member’s score. For example, the committee may have scoring ranges such as 100% to 90% of maximum points possible if certain criteria are met, 90% to 80% if other criteria are met, 80% to 60% if other criteria are met, and so forth for 60% to 40%, and 40% to 20% of the maximum points. As part of the process, the committee must retain documentation showing how each committee member awarded points under this factor and provide a copy of this documentation to the TCDP.

The RRC is encouraged to assess the regional housing needs and the manner of determining that housing needs are addressed and appropriately considered as part of the review and scoring process. The RRC must determine whether it will have a housing set-aside and include the decision and amount of housing set-aside in the RRC Guidelines.

Each Regional Review Committee must score all of the three required scoring factors.

Past Performance—TCDP scored. An applicant can receive from ten to zero points based on the applicant’s past performance on previously awarded TCDP contracts. The applicant’s score will be primarily based on our assessment of the applicant’s performance on the applicant’s two most recent TCDP contracts that have reached the end of the original contract period stipulated in the contract. The TCDP will also assess the applicant’s performance on existing TCDP contracts that have not reached the end of the original contract period. Applicants that have never received a TCDP grant award will automatically receive these points. The TCDP will assess the applicant’s performance on TCDP contracts up to the application deadline date. The applicant’s performance after the application deadline date will not be evaluated in this assessment. The evaluation of an applicant’s past performance will include, but is not necessarily limited to the following:

- The applicant’s completion of the previous contract activities within the original contract period.
- The applicant’s submission of all contract reporting requirements such as Quarterly Progress Reports, Certificates of Expenditures, and Project Completion Reports.
- The applicant’s submission of the required close-out documents within the period prescribed for such submission.

- The applicant's timely response to monitoring findings on previous TCDP contracts especially any instances when the monitoring findings included disallowed costs.
- The applicant's timely response to audit findings on previous TCDP contracts.

Marginal competition. The marginal competition will incorporate the Community Development Supplemental Fund as described in Section IV (C) (2a).

3. TEXAS CAPITAL FUND Real Estate, and Infrastructure Programs

The selection criteria for the Real Estate, and Infrastructure Programs of the Texas Capital Fund will focus upon factors which may include, but which are not limited to, the following:

a. Creation or retention of jobs primarily for low to moderate income persons
b. Creation or retention of jobs primarily in areas of above average unemployment and poverty
c. Generation of a greater ratio of private investment to Texas Capital Fund investment
d. Expansion of markets through manufacturing and/or value-added processing
e. Provision of job opportunities at the lowest possible Texas Capital Fund cost per job
f. Benefit to areas of the state most in need by considering job impact to community
g. Assistance for small businesses and Historically Underutilized Businesses
h. Feasibility of project and ability to create and/or retain jobs

Following the assessment based on the selection criteria described above, projects will be reviewed and evaluated upon the following additional factors: history of the applicant community in the program; strength of business or marketing plan; management experience of the business' principals; and justification of minimum Texas Capital Fund contribution necessary to serve the project.

4. TEXAS CAPITAL FUND Main Street Program

The selection criteria for the Main Street Program of the Texas Capital Fund will focus upon factors which may include, but which are not limited to, the following:

a. Aid in the elimination of slum or blight
b. The applicant must have been designated by the Texas Historical Commission as a Main Street City
c. Feasibility of project
d. Generation of a greater ratio of private investment to Texas Capital Fund investment
e. Texas Historical Commission scoring
f. Community profile

Following the assessment based on the selection criteria described above, projects will be reviewed and evaluated upon the following additional factors: history of the applicant community in the program; strength of marketing plan; and justification of minimum Texas Capital Fund contribution necessary to serve the project.

5. TEXAS CAPITAL FUND Downtown Revitalization Program

The selection criteria for the Downtown Revitalization Program of the Texas Capital Fund will focus upon factors which may include, but which are not limited to, the following:
a. Aid in the elimination of slum or blight
b. Feasibility of project

c. Generation of a greater ratio of private investment to Texas Capital Fund investment
d. Community profile

Following the assessment based on the selection criteria described above, projects will be reviewed and evaluated upon the following additional factors: strength of marketing plan and justification of minimum Texas Capital Fund contribution necessary to serve the project.

6. COLONIA CONSTRUCTION FUND 430 Total Points Maximum

a. Community Distress—40 Points (Maximum)

• Percentage of persons living in poverty	15 points
• Per Capita Income	15 points
• Percentage of housing units without complete plumbing	10 points

b. Benefit to Low/Moderate-Income Persons—30 Points (Maximum)

A formula is used to determine the percentage of TCDP funds benefiting low to moderate income persons. The percentage of low to moderate income persons benefiting from each construction, acquisition, and engineering activity is multiplied by the TCDP funds requested for each corresponding construction, acquisition, and engineering activity. Those calculations determine the amount of TCDP benefiting low to moderate income person for each of those activities. Then, the funds benefiting low to moderate income persons for each of those activities are added together and divided by the TCDP funds requested minus the TCDP funds requested for administration to determine the percentage of TCDP funds benefiting low to moderate income persons. Points are then awarded in accordance with the following scale;

100% to 90% of TCDP funds benefiting low to moderate income persons	30
89.99% to 80% of TCDP funds benefiting low to moderate income persons	25
79.99% to 70% of TCDP funds benefiting low to moderate income persons	20
69.99% to 60% of TCDP funds benefiting low to moderate income persons	15
Below 60% of TCDP funds benefiting low to moderate income persons	5

c. Project Priorities—195 Points (Maximum)

• Activities (service lines, service connections, and/or plumbing improvements) providing public access to EDAP-funded water or sewer systems	195
• First time public Water service activities (including yard service lines)	145
• First time public Sewer service activities (including yard service lines)	145
• Installation of approved residential on-site wastewater disposal systems	145
• Housing Activities	140
• First time Water and/or Sewer service through a privately owned for-profit utility	135
• Expansion or improvement of existing Water and/or Sewer service	110
• Street Paving and Drainage activities	75
• All Other eligible activities	20

A weighted average is used to assign scores to applications that include activities in the different Project Priority scoring levels. Using as a base figure the TCDP funds requested minus the TCDP funds requested for engineering and administration, a percentage of the total TCDP construction dollars for each activity will be calculated. The percentage of the total TCDP construction dollars for each activity will then be multiplied by the appropriate Project Priorities point level. The sum of these calculations determines the composite Project Priorities score.

d. Project Design—135 Points (Maximum)

Each application is scored by a committee composed of TCDP staff using the following information submitted in the application to generate scores on the project design factor:

- For projects other than water and waste water, whether the applicant has already met its basic water and waste water needs.
- Whether the project has provided for future funding necessary to sustain the project.
- The severity of need within the colonia area(s) and how the proposed project resolves the identified need. Additional consideration is given to water system improvements addressing the impacts from the current drought conditions in the state.
- The applicant will use TCDP funds to provide water or sewer connections, yard service lines, and/or plumbing improvements associated with providing access for colonia residents to water or sewer systems funded by the Texas Water Development Board Economically Distressed Areas Program (EDAP).
- The applicant's past efforts (with emphasis on the applicant's most recent efforts) to address water, sewer, and housing needs in colonia areas through applications submitted under the TCDP Community Development Fund or through the use of CDBG entitlement funds.
- The TCDP cost per low/moderate income beneficiary.
- Whether the applicant has provided any local matching funds for administrative, engineering, or construction activities.
- If applicable, the projected water and/or sewer rates after completion of the project based on 3,000 gallons, 5,000 gallons and 10,000 gallons of usage.
- The ability of the applicant to utilize the grant funds in a timely manner.
- Whether the applicant has waived the payment of water or sewer service assessments, capital recovery fees, and any other access fees for the low and moderate income project beneficiaries.
- The availability of grant funds to the applicant for project financing from other sources.
- The applicant's past performance on previously awarded TCDP contracts.

e. Matching Funds—20 Points (Maximum)

Applicant(s) population equal to or less than 1,500 according to the 2000 Census:

• Match equal to or greater than 5% of grant request	20 points
• Match at least 2%, but less than 5% of grant request	10 points
• Match less than 2% of grant request	0 points

Applicant(s) population equal to or less than 3,000 but over 1,500 according to the 2000 Census:

• Match equal to or greater than 10% of grant request	20 points
• Match at least 2.5%, but less than 10% of grant request	10 points
• Match less than 2.5% of grant request	0 points

Applicant(s) population equal to or less than 5,000 but over 3,000 according to the 2000 Census:

• Match equal to or greater than 15% of grant request	20 points
• Match at least 3.5%, but less than 15% of grant request	10 points
• Match less than 3.5% of grant request	0 points

Applicant(s) population over 5,000 according to the 2000 Census:

• Match equal to or greater than 20% of grant request	20 points
• Match at least 5%, but less than 20% of grant request	10 points
• Match less than 5% of grant request	0 points

The population category under which county applications are scored is dependent upon the project type and the beneficiary population served. If the project is for activities in the unincorporated area of the county with a target area of beneficiaries, the population category is based on the unincorporated residents for the entire county. For county applications addressing water and sewer improvements in unincorporated areas, the population category is based on the actual number of beneficiaries to be served by the project activities.

The population category under which multijurisdiction applications are scored is based on the combined populations of the applicants according to the 2000 Census.

Applications that include a housing rehabilitation and/or affordable new permanent housing activity for low and moderate income persons as a part of a multiactivity application do not have to provide any matching funds for the housing activity. This exception is for housing activities only. The TCDP does not consider sewer or water service lines and connections as housing activities. The TCDP also does not consider on-site wastewater disposal systems as housing activities.

Demolition/clearance and code enforcement, when done in the same target area in conjunction with a housing rehabilitation activity, is counted as part of the housing activity. When demolition/clearance and code enforcement are proposed activities, but are not part of a housing rehabilitation activity, then the demolition/clearance and code enforcement are not considered as housing activities. Any additional activities, other than related housing activities, are scored based on the percentage of match provided for the additional activities.

Past Performance—10 points (Maximum)
An applicant can receive from ten to zero points based on the applicant's past performance on previously awarded TCDP contracts. The applicant's score will be primarily based on our assessment of the applicant's performance on the applicant's two most recent TCDP contracts that have reached the end of the original contract period stipulated in the contract. The TCDP will also assess the applicant's performance on existing TCDP contracts that have not reached the end of the original contract period. Applicants that have never received a TCDP grant award will automatically receive these points. The TCDP will assess the applicant's performance on TCDP contracts up to the application deadline date. The applicant's performance after the application deadline date will not be evaluated in this assessment. The evaluation of an applicant's past performance will include, but is not necessarily limited to the following:

- The applicant's completion of the previous contract activities within the original contract period.
- The applicant's submission of all contract reporting requirements such as Quarterly Progress Reports, Certificates of Expenditures, and Project Completion Reports.
- The applicant's submission of the required close-out documents within the period prescribed for such submission.
- The applicant's timely response to monitoring findings on previous TCDP contracts especially any instances when the monitoring findings included disallowed costs.
- The applicant's timely response to audit findings on previous TCDP contracts.

Colonia Construction Fund Marginal Applicant

The marginal applicant is the applicant whose score is high enough for partial funding of the applicant's original grant request. If the marginal amount available to this applicant is equal to or more than the Colonia Construction Fund grant minimum of $75,000, the marginal applicant may scale down the scope of the original project design, and accept the marginal amount, if the reduced project is still feasible. In the event that the marginal amount remaining in the Colonia Construction Fund allocation is less than $75,000, then the remaining funds will be used to either fund a Colonia Planning Fund application or will be reallocated to other established TCDP fund categories.

7. COLONIA ECONOMICALLY DISTRESSED AREAS PROGRAM FUND

The allocation is distributed on an as-needed basis to eligible counties, and nonentitlement cities located in those counties, that are eligible under the TCDP Colonia Fund and Texas Water Development Board's Economically Distressed Areas Program (TWDB EDAP). Unutilized funds under this program may be redistributed among the established PY 2006 fund categories, for otherwise eligible projects.

Eligible projects shall be located in unincorporated colonias; in colonias located in eligible nonentitlement cities that annexed the colonia and the application for improvements in the colonia is submitted within 5 years from the effective date of the annexation; or in colonias located in eligible nonentitlement cities where the city is in the process of annexing the colonia where the improvements are to be made.

Eligible applicants may submit an application that will provide assistance to colonia residents that cannot afford the cost of service lines, service connections, and plumbing improvements associated with being connected to a TWDB EDAP-funded water and sewer system improvement project. An application cannot be submitted until the construction of the TWDB EDAP-funded water or sewer system begins.

Eligible program costs include water distribution lines and sewer collection lines providing connection to water and sewer lines installed through the Texas Water Development Board's Economically Distressed Areas Program (when approved by the TCDP), taps and meters (when approved by the TCDP), yard service lines, service connections, plumbing improvements, and connection fees, and other eligible approved costs associated with connecting an income-eligible family's housing unit to the TWDB improvements.

TCDP staff will evaluate the following factors prior to awarding Colonia Economically Distressed Areas Program funds:

- The proposed use of the TCDP funds including the eligibility of the proposed activities and the effective use of the funds to provide water or sewer connections/yard lines to water/sewer systems funded through EDAP.
- The ability of the applicant to utilize the grant funds in a timely manner.
- The availability of grant funds to the applicant for project financing from other sources.
- The applicant's past performance on previously awarded TCDP contracts.
- Cost per beneficiary.

8. COLONIA AREA PLANNING FUND — 340 Total Points Maximum

a. Community Distress—40 Points (Maximum)

- Percentage of persons living in poverty — 15 points
- Per Capita Income — 15 points

- Percentage of housing units without complete plumbing — 10 points

b. Benefit to Low/Moderate-Income Persons—30 Points (Maximum)

Points are then awarded based on the low to moderate income percentage for all of the colonia areas where planning activities are located according to the following scale;

100% to 90% of TCDP funds benefiting low to moderate income persons	30
89.99% to 80% of TCDP funds benefiting low to moderate income persons	25
79.99% to 70% of TCDP funds benefiting low to moderate income persons	20
69.99% to 60% of TCDP funds benefiting low to moderate income persons	15
Below 60% of TCDP funds benefiting low to moderate income persons	5

c. Matching Funds—20 Points (Maximum)

Applicant(s) population equal to or less than 1,500 according to the 2000 Census:

- Match equal to or greater than 5% of grant request — 20 points
- Match at least 2%, but less than 5% of grant request — 10 points
- Match less than 2% of grant request — 0 points

Applicant(s) population equal to or less than 3,000 but over 1,500 according to the 2000 Census:

- Match equal to or greater than 10% of grant request — 20 points
- Match at least 2.5%, but less than 10% of grant request — 10 points
- Match less than 2.5% of grant request — 0 points

Applicant(s) population equal to or less than 5,000 but over 3,000 according to the 2000 Census:

- Match equal to or greater than 15% of grant request — 20 points
- Match at least 3.5%, but less than 15% of grant request — 10 points
- Match less than 3.5% of grant request — 0 points

Applicant(s) population over 5,000 according to the 2000 Census:

- Match equal to or greater than 20% of grant request — 20 points
- Match at least 5%, but less than 20% of grant request — 10 points
- Match less than 5% of grant request — 0 points

The population category under which county applications are scored is based on the actual number of beneficiaries to be served by the colonia planning activities.

d. Project Design—250 Points (Maximum)

Each application is scored by a committee composed of TCDP staff using the following information submitted in the application to generate scores on the project design factor:

- The severity of need within the colonia area(s), how clearly the proposed planning effort will remove barriers to the provision of public facilities to the colonia area(s) and result in the development of an implementable strategy to resolve the identified needs.
- The planning activities proposed in the application.
- Whether each proposed planning activity will be conducted on a colonia-wide basis.
- The extent to which any previous planning efforts for colonia area(s) have been accomplished.

- The TCDP cost per low/moderate-income beneficiary.
- The availability of grant funds to the applicant for project financing from other sources.
- The applicant's past performance on previously awarded TCDP contracts.

A Colonia Planning Fund application must receive a minimum score for the Project Design selection factor of at least 70% of the maximum number of points allowable under this factor to be considered for funding.

Colonia Area Planning Fund Marginal Applicant

The marginal applicant is the applicant whose score is high enough for partial funding of the applicant's original grant request. The marginal applicant may scale down the scope of the original project design, and accept the marginal amount, if the reduced project is still feasible. Any unobligated funds remaining in the Colonia Area Planning Fund allocation will be reallocated to either fund additional Colonia Comprehensive Planning Fund applications, Colonia Construction Fund applications, or will be reallocated to other established TCDP fund categories.

9. COLONIA COMPREHENSIVE PLANNING FUND — 200 Total Points Maximum

a. Community Distress—25 Points (Maximum)

- Percentage of persons living in poverty — 15 points
- Per Capita Income — 10 points

b. Project Design—175 Points (Maximum)

Each application will be scored by a committee composed of TCDP staff using the following information submitted in the application to generate scores on the project design factor:

- The severity of need for the comprehensive colonia planning effort and how effectively the proposed comprehensive planning effort will result in a useful assessment of colonia populations, locations, infrastructure conditions, housing conditions, and the development of short-term and long term strategies to resolve the identified needs.
- The extent to which any previous planning efforts for colonia area(s) have been accomplished.
- Whether the applicant has provided any local matching funds for the planning or preliminary engineering activities.
- The applicant's past performance on previously awarded TCDP contracts.

A Colonia Planning Fund application must receive a minimum score for the Project Design selection factor of at least 70% of the maximum number of points allowable under this factor to be considered for funding.

Colonia Comprehensive Planning Fund Marginal Applicant

The marginal applicant is the applicant whose score is high enough for partial funding of the applicant's original grant request. The marginal applicant may scale down the scope of the original project design, and accept the marginal amount, if the reduced project is still feasible. Any unobligated funds remaining in the Colonia Comprehensive Planning Fund allocation will be reallocated to either fund additional Colonia Area Planning Fund applications, Colonia Construction Fund applications, or will be reallocated to other established TCDP fund categories.

10. NON-BORDER COLONIA FUND 430 Total Points Maximum

a. Community Distress—40 Points (Maximum)

- Percentage of persons living in poverty 15 points
- Per Capita Income 15 points
- Percentage of housing units without complete plumbing 10points

b. Benefit to Low/Moderate-Income Persons—30 Points (Maximum)

A formula is used to determine the percentage of TCDP funds benefiting low to moderate income persons. The percentage of low to moderate income persons benefiting from each construction, acquisition, and engineering activity is multiplied by the TCDP funds requested for each corresponding construction, acquisition, and engineering activity. Those calculations determine the amount of TCDP benefiting low to moderate income person for each of those activities. Then, the funds benefiting low to moderate income persons for each of those activities are added together and divided by the TCDP funds requested minus the TCDP funds requested for administration to determine the percentage of TCDP funds benefiting low to moderate income persons. Points are then awarded in accordance with the following scale;

100% to 90% of TCDP funds benefiting low to moderate income persons	30
89.99% to 80% of TCDP funds benefiting low to moderate income persons	25
79.99% to 70% of TCDP funds benefiting low to moderate income persons	20
69.99% to 60% of TCDP funds benefiting low to moderate income persons	15
Below 60% of TCDP funds benefiting low to moderate income persons	5

c. Project Priorities—195 Points (Maximum)

• Activities (service lines, service connections, and/or plumbing improvements) providing public access to EDAP-funded water or sewer systems	195
• First time public Water service activities (including yard service lines)	145
• First time public Sewer service activities (including yard service lines)	145
• Installation of approved residential on-site wastewater disposal systems	145
• Housing Activities	140
• First time Water and/or Sewer service through a privately-owned for-profit utility	135
• Expansion or improvement of existing Water and/or Sewer service	110
• Street Paving and Drainage activities	75
• All Other eligible activities	20

A weighted average is used to assign scores to applications that include activities in the different Project Priority scoring levels. Using as a base figure the TCDP funds requested minus the TCDP funds requested for engineering and administration, a percentage of the total TCDP construction dollars for each activity will be calculated. The percentage of the total TCDP construction dollars for each activity will then be multiplied by the appropriate Project Priorities point level. The sum of these calculations determines the composite Project Priorities score.

d. Project Design—135 Points (Maximum)

Each application is scored by a committee composed of TCDP staff using the following information submitted in the application to generate scores on the project design factor:

- For projects other than water and waste water, whether the applicant has already met its basic water and waste water needs.

- Whether the project has provided for future funding necessary to sustain the project.
- The severity of need within the colonia area(s) and how the proposed project resolves the identified need. Additional consideration is given to water system improvements addressing the impacts from the current drought conditions in the state.
- The applicant will use TCDP funds to provide water or sewer connections, yard service lines, and/or plumbing improvements associated with providing access for non border colonia residents to water or sewer systems funded by the Texas Water Development Board Economically Distressed Areas Program (EDAP).
- The applicant’s past efforts (with emphasis on the applicant’s most recent efforts) to address water, sewer, and housing needs in colonia areas through applications submitted under the TCDP Community Development Fund or through the use of CDBG entitlement funds.
- The TCDP cost per low/moderate income beneficiary.
- Whether the applicant has provided any local matching funds for administrative, engineering, or construction activities.
- If applicable, the projected water and/or sewer rates after completion of the project based on 3,000 gallons, 5,000 gallons and 10,000 gallons of usage.
- The ability of the applicant to utilize the grant funds in a timely manner.
- Whether the applicant has waived the payment of water or sewer service assessments, capital recovery fees, and any other access fees for the low and moderate income project beneficiaries.
- The availability of grant funds to the applicant for project financing from other sources.
- The applicant's past performance on previously awarded TCDP contracts.

e. <u>Matching Funds—20 Points (Maximum)</u>

Applicant(s) population equal to or less than 1,500 according to the 2000 Census:

- Match equal to or greater than 5% of grant request — 20 points
- Match at least 2%, but less than 5% of grant request — 10 points
- Match less than 2% of grant request — 0 points

Applicant(s) population equal to or less than 3,000 but over 1,500 according to the 2000 Census:

- Match equal to or greater than 10% of grant request — 20 points
- Match at least 2.5%, but less than 10% of grant request — 10 points
- Match less than 2.5% of grant request — 0 points

Applicant(s) population equal to or less than 5,000 but over 3,000 according to the 2000 Census:

- Match equal to or greater than 15% of grant request — 20 points
- Match at least 3.5%, but less than 15% of grant request — 10 points
- Match less than 3.5% of grant request — 0 points

Applicant(s) population over 5,000 according to the 2000 Census:

- Match equal to or greater than 20% of grant request — 20 points
- Match at least 5%, but less than 20% of grant request — 10 points
- Match less than 5% of grant request — 0 points

The population category under which county applications are scored is dependent upon the project type and the beneficiary population served. If the project is for activities in the unincorporated area of the county with a target area of beneficiaries, the population category is based on the unincorporated residents for the entire county. For county applications addressing water and sewer improvements in unincorporated areas, the population category is based on the actual number of beneficiaries to be served by the project activities.

The population category under which multijurisdiction applications are scored is based on the combined populations of the applicants according to the 2000 Census.

Applications that include a housing rehabilitation and/or affordable new permanent housing activity for low- and moderate-income persons as a part of a multiactivity application do not have to provide any matching funds for the housing activity. This exception is for housing activities only. The TCDP does not consider sewer or water service lines and connections as housing activities. The TCDP also does not consider on-site wastewater disposal systems as housing activities.

Demolition/clearance and code enforcement, when done in the same target area in conjunction with a housing rehabilitation activity, is counted as part of the housing activity. When demolition/clearance and code enforcement are proposed activities, but are not part of a housing rehabilitation activity, then the demolition/clearance and code enforcement are not considered as housing activities. Any additional activities, other than related housing activities, are scored based on the percentage of match provided for the additional activities.

Past Performance—10 points (Maximum)
An applicant can receive from ten to zero points based on the applicant's past performance on previously awarded TCDP contracts. The applicant's score will be primarily based on our assessment of the applicant's performance on the applicant's two most recent TCDP contracts that have reached the end of the original contract period stipulated in the contract. The TCDP will also assess the applicant's performance on existing TCDP contracts that have not reached the end of the original contract period. Applicants that have never received a TCDP grant award will automatically receive these points. The TCDP will assess the applicant's performance on TCDP contracts up to the application deadline date. The applicant's performance after the application deadline date will not be evaluated in this assessment. The evaluation of an applicant's past performance will include, but is not necessarily limited to the following:

- The applicant's completion of the previous contract activities within the original contract period.
- The applicant's submission of all contract reporting requirements such as Quarterly Progress Reports, Certificates of Expenditures, and Project Completion Reports.
- The applicant's submission of the required close-out documents within the period prescribed for such submission.
- The applicant's timely response to monitoring findings on previous TCDP contracts especially any instances when the monitoring findings included disallowed costs.
- The applicant's timely response to audit findings on previous TCDP contracts.

Non-Border Colonia Fund Marginal Applicant

The marginal applicant is the applicant whose score is high enough for partial funding of the applicant's original grant request. The marginal applicant may scale down the scope of the original project design, and accept the marginal amount, if the reduced project is still feasible. Any unobligated funds remaining in this fund will be reallocated to the Community Development marginal calculation.

11. PLANNING and CAPACITY BUILDING FUND	430 Total Points Maximum

a. Community Distress—55 Points (Maximum)

- Percentage of persons living in poverty 25 points
- Per Capita Income 20 points
- Unemployment rate 10 points

b. Benefit to Low/Moderate Income Persons—0 Points

Applicants are required to meet the 51% low/moderate income benefit as a threshold requirement, but no score is awarded on this factor.

c. Project Design—375 Points (Maximum)

(1) Program Priority 50 points

Applicant chooses its own priorities here.

(2) Base Match 0 points

- 5% match required from applicants with population equal to or less than 1,500.
- 10% match required from applicants with population over 1,500 but equal to or less than 3,000.
- 15% match required from applicants with population over 3,000 but equal to or less than 5,000.
- 20% match required from applicants with population over 5,000.

The percentage of match required for county applications is based on the actual target area population benefiting from the planning project.

(3) Areawide Proposals 50 points

Applicants with jurisdiction-wide proposals because the entire jurisdiction is at least 51% low/moderate income qualify for these points. County applicants with identifiable, unincorporated communities may also qualify for these points provided that incorporation activities are underway. Proof of efforts to incorporate is required. County applicants with identifiable water supply corporations may apply to study water needs only and receive these points.

(4) Planning Strategy and Products 275 points

- New applicants receive 50 points while previous recipients of planning funds receive either 40 or 20 points depending on the level of implementation of previously funded activities. Recipients of TCDP planning funds prior to PY 1995 will be considered new applicants for this scoring factor
- Up to 225 points are awarded for the applicant's Proposed Planning Effort based on an evaluation of the following:
    - the extent to which any previous planning efforts have been implemented or accomplished;
    - how clearly the proposed planning effort will resolve community development needs addressed in the application;
    - whether the proposed activities will result in the development of a viable and implementable strategy and be an efficient use of grant funds; and
    - demonstration of local commitment.

12. TCDP STEP FUND — 120 Total Points Maximum

The following is the selection criteria to be used by TCDP staff for the scoring of assessments and applications under the Texas STEP Fund. The maximum score of 100 points is divided among five scoring factors:

a. Project Impact—60 Points (Maximum)

Activity	Score
• First time service	60 to 50
• To address drought	60 to 50
• To address a severe impact to a water system (imminent loss of well, transmission line, supply impact)	60 to 50
• TCEQ relevant documentation or Texas Department of Health Imminent Threat to Health	60 to 50
• Problems due to severe pressure problems (documented)	50 to 40
• Line replacement other than for above	40 to 30
• All other proposed water and sewer projects that are not reflected above	30 to 20

A weighted average will be used to assign scores to applications that include activities in the different Project Impact scoring levels. Using as a base figure the TCDP funds requested minus the TCDP funds requested for engineering and administration, a percentage of the total TCDP construction dollars for each activity will be calculated. The percentage of the total TCDP construction dollars for each activity will then be multiplied by the appropriate Project Impact point level. The sum of these calculations will determine the composite Project Impact score.

Factors that are evaluated by the TCDP staff in the assignment of scores within the predetermined scoring ranges for activities include, but are not limited to, the following:

1. how the proposed project will resolve the identified need and the severity of the need within the applying jurisdiction; and
2. projects designed to bring existing services up to at least the state minimum standards as set by the applicable regulatory agency are generally given additional consideration.

b. STEP Characteristics, Merits of the Project, and Local Effort - 30 points (Maximum)

The TCDP staff will assess the proposal for the following STEP characteristics not scored in other factors:

1. degree work will be performed by community volunteer workers, including information provided on the volunteer work to total work;
2. local leaders (sparkplugs) willing to both lead and sustain the effort;
3. readiness to proceed—the local perception of the problem and the willingness to take action to solve it;
4. capacity—the manpower required for the proposal including skills required to solve the problem;
5. merits of the projects, including the severity of the need, whether the applicant sought funding from other sources, cost in TCDP dollars requested per beneficiary, etc.; and
6. local efforts being made by applicants in utilizing local resources for community development.

c. Past Participation and Performance—15 Points (Maximum)

An applicant would receive ten points if they do not have a current Texas STEP grant.

An applicant can receive from five to zero points based on the applicant's past performance on previously awarded TCDP contracts. The applicant's score will be primarily based on our assessment of the applicant's performance on the applicant's two (2) most recent TCDP contracts that have reached the end of the original contract period stipulated in the contract. The TCDP will also assess the applicant's performance on existing TCDP contracts that have not reached the end of the original contract period. Applicants that have never received a TCDP grant award will automatically receive these points. The TCDP will assess the applicant's performance on TCDP contracts up to the application deadline date. The applicant's performance after the application deadline date will not be evaluated in this assessment. The evaluation of an applicant's past performance will include, but is not necessarily limited to the following:

- The applicant's completion of the previous contract activities within the original contract period.
- The applicant's submission of all contract reporting requirements such as Quarterly Progress Reports, Certificates of Expenditures, and Project Completion Reports.
- The applicant's submission of the required close-out documents within the period prescribed for such submission.
- The applicant's timely response to monitoring findings on previous TCDP contracts especially any instances when the monitoring findings included disallowed costs.
- The applicant's timely response to audit findings on previous TCDP contracts.

d. Percentage of Savings off of the retail price—10 Points (Maximum)

For STEP, the percentage of savings off of the retail price is considered a form of community match for the project. In STEP, a threshold requirement is a minimum of 40% savings off the retail price for construction activities.

For Communities that are below 1,500 in Population

55% or more Savings	10 points
50 to 54% Savings	9 points
45 to 49% Savings	7 points
41 to 44% Savings	5 points

For Communities that are above 1,500 but below 3,000 in Population

55% or more Savings	10 points
50 to 54% Savings	8 points
45 to 49% Savings	6 points
41 to 44% Savings	3 points

For Communities that are above 3,000 but below 5,000 in Population

55% or more Savings	10 points
50 to 54% Savings	7 points
45 to 49% Savings	5 points
41 to 44% Savings	2 points

For Communities that are above 5,000 but below 10,000 in Population

55% or more Savings	10 points
50 to 54% Savings	6 points
45 to 49% Savings	3 points
41 to 44% Savings	1 points

For Communities that are 10,000 or above in Population

55% or more Savings	10 points
50 to 54% Savings	5 points

45 to 49% Savings	2 points
41 to 44% Savings	0 points

The population category under which county applications are scored is dependent upon the project type and the beneficiary population served. If the project is for beneficiaries for the entire county, the total population of the county is used. If the project is for activities in the unincorporated area of the county with a target area of beneficiaries, the population category is based on the unincorporated residents for the entire county. For county applications addressing water and sewer improvements in unincorporated areas, the population category is based on the actual number of beneficiaries to be served by the project activities.

The population category under which multijurisdiction applications are scored is based on the combined populations of the applicants according to the 2000 Census.

e. Benefit to Low/Moderate-Income Persons—5 Points (Maximum)

Applicants are required to meet the 51% low/moderate-income benefit for each activity as a threshold requirement. Any project where at least 60% of the TCDP funds benefit low/moderate income persons will receive 5 points.

13. MICROENTERPRISE LOAN FUND	120 Total Points Maximum

a. Community Distress—50 Points (Maximum)

• Percentage of Persons Living In Poverty	15 points
• Per Capita Income	15 points
• Population Loss	10 points
• Unemployment Rate	10 points

b. Program Design—50 Points (Maximum)

• Nonprofit Capacity	10 points
• Overall Program Design	10 points
• Technical Assistance and Counseling Services	5 points
• Citizen Involvement	5 points
• Business Involvement	5 points
• Potential Applicants	5 points
• Marketing Plan	5 points
• Terms	5 points

c. Leverage Ratio—5 Points (Maximum)

Score 5 points if matching dollars are greater than or equal to the following Ratios based on two separate population categories:

- Applicant's population less than 5,000 persons –1:1
- Applicant's population equal to or greater than 5,000 persons –1.25:1

d. Previous Participation—10 Points (Maximum)

• No previous Texas Capital Fund participation	10 points
• No open Texas Capital Fund contracts	5 points

e. Rural Projects—5 Points (Maximum)

- Cities with populations under 10,000, or
- Counties with populations under 100,000

14. SMALL BUSINESS LOAN FUND	125 Total Points Maximum

a. Community Distress –50 Points (Maximum)

• Percentage of Persons Living In Poverty	15 points
• Per Capita Income	15 points
• Population Loss	10 points
• Unemployment Rate	10 points

b. Jobs–20 Points (Maximum)

• Below $10,000 per job	20 points
• Below $15,000 per job	15 points
• Below $20,000 per job	10 points
• Below $25,000 per job	5 points

c. Project Feasibility–30 Points (Maximum)

The feasibility of each project is evaluated and scored based on the financial soundness of the project. Factors examined include:

- Firm commitments for financial investments
- The jobs to be created or retained
- The history of the business
- The current financial condition of the business (including a full review of the credit analysis
- Cash flow projections
- The business or marketing plan supporting the businesses capacity to sustain operations beyond the period of program assistance including letters of intent to purchase products or services
- Management experience of the businesses' principals

d. Leverage Ratio–5 Points (Maximum)

A minimum 10% equity injection by the assisted business is required.

Score 5 points if matching dollars are greater than or equal to the following ratios based on two separate population categories:

- Applicant's population less than 5,000 persons --1:1
- Applicant's population equal to or greater than 5,000 persons --1.25:1

e. Previous Participation–10 Points (Maximum)

• No previous Texas Capital Fund participation	10 points
• No open Texas Capital Fund contracts	5 points

f. Innovative Projects–5 Points (Maximum)

Projects that support a business addressing a community need or economic/population trend will receive additional consideration

g. Rural Projects–5 Points (Maximum)

- Cities with populations under 10,000, or
- Counties with populations under 100,000

15. SECTION 108 LOAN GUARANTEE PILOT PROGRAM 50 Total Points Maximum

Selection Criteria. Applications meeting threshold requirements of the application review and underwriting analysis will be scored based on the following:

a. Community Need—30 points (Maximum)
(1) Unemployment—10 points (Maximum). Five points awarded if the applicant's unemployment rate is higher than the state rate, indicating that the community is economically below the state average. Ten points awarded if the applicant's most recently available unemployment rate is 1.5% over the state rate. (For cities, the most recently available city rate will be used; for counties, the most recently available county or census tract rate, for where the business site is located, whichever is higher, will be used).

(2) Poverty—10 points (Maximum). Awarded if the applicant's most recently available annual county poverty rate is higher than the annual state rate, indicating that the community is economically below the state average. Applicants will score 5 points if their rate meets or exceeds the state average and score 10 points if this figure exceeds the state average by at least 15%.

(3) Community Population (more Rural)—10 points (Maximum). Points are awarded to applying cities with populations of 5,050 or less and counties with a total population of 35,000 or less, using 2000 census data. For cities: score 5 points if the city is located in a county with a population of 35,000 or less; and score 5 additional points if the population of the city is less than 5,050. For counties: score 5 points if the county population is less than 35,000 and score 5 additional points if the county population is less than 15,350.

b. Jobs—20 points (Maximum).
(1) Job Impact (Jobs Created or Retained per Population of Community)—10 points (Maximum). Awarded by taking the Business' total job commitment, created & retained, and dividing by applicant's 2000 unadjusted population. This equals the job impact ratio. Score 5 points if this figure exceeds the median job impact ratio for prior years; and score 10 points if this figure exceeds 200% of the ratio. County applicants should deduct the 2000 census population amounts for all incorporated cities, except in the case where the county is sponsoring an application for a business that is or will be located in an incorporated city. In this case the city's population would be used, rather than the county's.

(2) Cost per Job—10 points (Maximum). Awarded by dividing the amount of Section 108 loan guarantee amount requested by the number of full-time job equivalents to be created and/or retained. Points are then awarded in accordance with the following scale: (i) Below $15,000--10 points; (ii) Below $20,000--5 points.

(c) In the event of a tie score and insufficient funds to approve all applications, the following tie breaker criteria will be used.

(i) The tying applications are ranked from lowest to highest based on poverty rate stated on the score sheet. Thus, preference is given to the applicant with the higher poverty rate.
(ii) If a tie still exists after applying the first criteria then applications are ranked from lowest to highest based on unemployment rate stated on the score sheet. Thus, preference is then given to the applicant with the higher unemployment rate.

PERFORMANCE MEASURES

Goals, Objectives, Outcomes, Strategies, and Outputs

The TCDP currently has a performance measurement system is place that is part of its strategic plan and the Texas legislative budgeting process. The TCDP has already implemented a performance measurement system that supports the HUD goals as stated in *CPD Notice—03-09*, issued September 3, 2003, which "strongly encouraged each CPD formula grantee to develop and use a state or local performance measurement system." In this notice, HUD asked the State CDBG programs, along with all other CDBG grantees, that currently have and use a state or local performance measurement system to "(1) describe, in their next Consolidated Plan or Annual Action Plan, the method they use to measure the outputs and outcomes of their CPD formula grant programs."

The TCDP has the following Performance Measures system in place for administering and evaluating the success of the CDBG nonentitlement program.

Goals, Objectives and Outcomes—For FY 2006–2007

Goal 1: Support Community and Economic Development Projects
Objective 1: Fund Facility, Economic Development, Housing, and Planning Projects
Outcome 1: Percent of the Small Communities' Population Benefiting from Projects

Goal 2: Provide Outreach and Technical Assistance to Communities
Objective 1: Inform Local Communities of Program Information and Services
Outcome 1: Percent of Rural Communities Receiving Services

Strategies and Efficiency, Explanatory and Output Measures—For 2006–2007

Goal 1: Support Community and Economic Development Projects
Objective 1: Fund Facility, Economic Development, Housing and Planning Projects
Strategy 1: Provide Grants for Community and Economic Development Projects
Efficiency 1: Average Agency Administrative Cost per Contract Administered
Output 1: Number of New Contracts Awarded
Output 2: Number of Projected Beneficiaries from New Contracts Awarded
Output 3: Number of Jobs Created/Retained through Contracts Awarded Annually
Output 4: Number of Projected Beneficiaries from Self-Help Center Contracts Funded
Output 5: Number of Programmatic Monitoring Visits Conducted
Output 6: Number of Single Audit reviews Conducted Annually

Goal 2: Provide Outreach and Technical Assistance to Communities
Objective 1: Inform Local Communities of Program Information and Services
Strategy 1: Provide Program Information and Technical Assistance Services
Efficiency 1: Average Agency Cost per Person Assisted
Explanatory 1: Number of Communities Eligible to Receive Assistance Under Agency Programs
Output 1: Number of People Assisted from Rural Communities
Output 2: Number of On-Site Technical Assistance Visits Conducted

OTHER 2005 CDBG PROGRAM GUIDELINES

Community Needs Assessment

Each applicant for TCDP funds must prepare an assessment of the applicant's housing and community development needs. The needs assessment submitted by an applicant in an application for the Community Development Fund must also include information concerning the applicant's past and future efforts to provide affordable housing opportunities in the applicant's jurisdiction and the applicant's past efforts to provide infrastructure improvements through the issuance of general obligation or revenue bonds.

Leveraging Resources

Texas Capital Fund

The following matching funds requirements apply under the Real Estate, Infrastructure, Main Street and Downtown Revitalization Program:

a. The leverage ratio between all funding sources to the Texas Capital Fund (TCF) request may not be less than 1:1 for awards of $750,000 or less (except for the Main Street and Downtown Revitalization programs which both require 0.1:1, or more match), 4:1 for awards of $750,100 to $1,000,000, and 9:1 for awards of $1,000,100 or more.
b. All businesses are required to make financial contributions to the proposed project. A cash injection of a minimum of 2.5% of the total project cost is required. Total equity participation must be no less than 10% of the total project cost. This equity participation may be in the form of cash and/or net equity value in fixed assets utilized within the proposed project. A minimum of a 33% equity injection (of the total projects costs) in the form of cash and/or net equity value in fixed assets is required, if the business has been operating for less than three years and is accessing the Real Estate program.

Over the past five program years the ratio of matching funds to Texas Capital Fund awards is approximately 3.75:1. If this ratio continues for the PY 2005 then the estimated amount of leveraged funds for the PY 2006 is approximately $47 million.

Minority Hiring/Participation

The TCDP encourages minority employment and participation among all applicants under the Community Development Block Grant Program. All applicants to the Community Development Block Grant Program shall be required to submit information documenting the level of minority participation as part of the application for funding.

Citizen Participation

A grant to a locality under the Texas Community Development Program may be awarded only if the locality certifies that it is following a detailed citizen participation plan that provides for and encourages citizen participation at all stages of the community development program. TCDP applicants and funded localities are required to carry out citizen participation in accordance with the Citizen Participation Plan requirements described in TCDP application guides.

EMERGENCY SHELTER GRANTS PROGRAM 2006 ACTION PLAN

FEDERAL RESOURCES EXPECTED 2006

TDHCA expects to receive $5,154,498 for PY 2006. This estimate is based on Texas' ESGP allocation for FY 2005, which was $5,154,498.

RECIPIENTS

Units of general local government; private nonprofit organizations.

ESTIMATED FY 2006 BENEFICIARIES

TDHCA estimates that in FY 2006 the Department will fund 75 private nonprofit entities and units of general local government who will provide shelter and related services to homeless persons and/or intervention services to persons at risk of homelessness. Some of these private nonprofit entities and units of general local government will collaborate through subcontract agreements with approximately 10 organizations.

TARGETED BENEFICIARIES

Homeless individuals and individuals at risk of homelessness.

FUND DISTRIBUTION

TDHCA has administered the Emergency Shelter Grants Program (ESGP) since 1987. TDHCA will administer the S-04-DC-48-0001 ESGP funds in a manner consistent with the McKinney-Vento Homeless Assistance Act, as amended (42 U.S.C. Sec 11371 *et seq.*). TDHCA will obligate FY 2006 ESGP funds through a statewide competitive application process. A portion of the State's ESGP allocation may be reserved to fund a project that will have a statewide impact on homelessness.

OBJECTIVES

The objectives of ESGP consist of the following:

- Help improve the quality of emergency shelters for the homeless.
- Make additional emergency shelters available.
- Help meet the costs of operating and maintaining emergency shelters.
- Provide essential services so that homeless individuals have access to the assistance they need to improve their situations.
- Provide emergency intervention assistance to prevent homelessness.

The State's strategy to help homeless persons includes: community outreach efforts to ensure that homeless persons and persons at risk of homelessness are aware of available services, providing funding to support emergency shelter and transitional housing programs, helping homeless persons make the transition to permanent housing and independent living through comprehensive case management, and supporting statewide efforts to address homelessness. This strategy is outlined below.

Helping low income families avoid becoming homeless:

- TDHCA awards ESGP funds using the competitive process described in the ESGP *One-Year Action Plan.* In that process, up to 30% of the State's ESGP annual allocation is made available to support homelessness prevention activities, and up to 30% of the ESGP annual allocation is made available to provide essential services. Homelessness prevention efforts include short-term rent and utility assistance for homeless individuals and families and, if they meet certain criteria, those who are at-risk of losing their housing.
- Applicants for ESGP funding are required to demonstrate coordination with other providers in their communities as part of the ESGP scoring criteria. ESGP grant recipients are encouraged to maximize all community resources when providing homelessness prevention assistance to ensure the appropriate use of these limited resources.

Reaching out to homeless persons and assessing their individual needs:

- Each application for ESGP funding includes information about the outreach process and case management system used by the applicant organization.
- Each application for ESGP funding includes a description of services provided to homeless persons. This description is evaluated during the application review process as a criterion for receiving ESGP funding.
- ESGP grant recipients are encouraged to establish measurable goals for providing specific services for homeless persons.

Addressing the emergency shelter and transitional housing needs of homeless persons:

- ESGP grants provide support to organizations that provide emergency services, shelter, and transitional housing to homeless persons and families.
- To ensure equitable distribution of funding, a portion of the ESGP allocation is reserved for each of the 13 regions in the state on the basis of the poverty population in each region. TDHCA expects to fund 76 projects in PY 2006. (See the ESGP Obligation Process later in this section.)

Helping homeless persons make the transition to permanent housing:

- ESGP funds can be used to pay rent and utility deposits as well as first month's rent for homeless individuals making the transition to permanent housing.

Supporting statewide efforts to address homelessness:

- Historically, Texas has not received all of the Continuum of Care funds HUD reserved for this State due to a lack of viable applications. The Texas Homeless Network, with the support of ESGP funding, has conducted technical assistance workshops at no cost to local organizations that are considering applying for HUD Continuum of Care funds. The Texas Homeless Network is the only organization that addresses homelessness issues statewide.

ELIGIBLE ACTIVITIES

ESGP funds may be used for the following eligible activities:

1. Renovation, major rehabilitation, or conversion of buildings to be used as emergency shelters for the homeless.
2. Provision of essential services, including, but not limited to, the following:
    a) Assistance in obtaining permanent housing

b) Medical and psychological counseling and supervision
c) Employment counseling
d) Nutritional counseling
e) Substance abuse treatment and counseling
f) Assistance in obtaining other federal, state, and local assistance
g) Other services such as child care, transportation, job placement, and job training
h) Staff salaries necessary to provide the above services

These services may be provided only pursuant to Sec. 414 of the McKinney Act as amended by Sec. 832 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. Sec. 11374), which requires that services funded with ESGP must be provided in a nondiscriminatory manner.

3. Payment of maintenance, operation, and furnishings costs, except that not more than 10% of the amount of any ESG grant may be used to pay operation staff costs.
4. Developing and implementing homeless prevention activities as per Sec. 414 of the McKinney Act as amended by Sec. 832 of the Cranston-Gonzalez National Affordable Housing Act.

RECIPIENT REQUIREMENTS

Recipients of ESGP funding are required to meet certain minimum specifications that include, but are not limited to, the following:

1. Being a unit of general local government or private nonprofit organization.
2. Documenting, in the case of a private nonprofit organization, that the proposed project has the approval of the city, county, or other unit of local government in which the project will operate.
3. Providing for the participation of homeless or formerly homeless individuals on their board of directors or other policy-making entity.
4. Assuring that ESGP subrecipients obligate within 180 days from the contract execution date.
5. Proposing to undertake only eligible activities.
6. Demonstrating need.
7. Assuring ability to provide matching funds.
8. Demonstrating effectiveness in serving the homeless, including the ability to establish, maintain, and/or improve the self-sufficiency of homeless individuals.
9. Assuring that homeless individuals will be involved in providing services that are assisted under ESGP to the maximum extent feasible through employment, volunteerism, renovating, maintaining or operating facilities, and/or providing direct services to occupants of facilities assisted with ESGP funds.
10. Assuring the operation of an adequate, sanitary, and safe homeless facility.
11. Assuring that it will administer, in good faith, a policy designed to ensure that the homeless facility is free from the illegal use, possession, or distribution of drugs or alcohol by its beneficiaries.
12. Assuring that it will develop and implement procedures to ensure the confidentiality of records of any individual receiving assistance as a result of family violence.
13. Proposing a sound plan consistent with the *State of Texas Consolidated Plan*, the McKinney-Vento Homeless Assistance Act, and all other assurances and certifications.
14. Assuring the participation in the development and implementation, to the maximum extent practicable and where appropriate, policies and protocols for the discharge of person from publicly funded institutions and systems of care (such as health care facilities, foster care or other youth facilities, or

correction programs and institutions) to prevent such discharge from immediately resulting in homelessness for such persons. ESGP funds are not to be used to assist such persons in place of State and local resources.

15. Assuring that it will meet HUD's standards for participation in a local Homeless Management Information System and the collection and reporting of client-level information.

FUND OBLIGATION PROCESS

TDHCA will obligate FY 2006 ESGP funds to units of general local government or to private nonprofit organizations that have local government approval to operate a project that assists homeless individuals. TDHCA will evaluate all applications received and award funds in accordance with the application specifications. This statewide competitive application process will allow ESGP funds to be distributed equitably.

The State's anticipated ESGP allocation for FY 2006 is $5,154,498 less 5% ($257,725) for state administration costs. ESGP funds are reserved according to the State's percentage of poverty population identified in each of 13 TDHCA service regions.

TDHCA issues a notice of funding availability (NOFA) and provides an application to any organization or individual that requests one. As the applications are received, they are sorted by region and numbered consecutively. Teams review the applications according to assigned regions, using a standardized review instrument. A variety of factors, as per the application instructions, are evaluated and scored to determine each application's merit in identifying and addressing the needs of the homeless population, as well as the organization's capacity to carry out the proposed project.

The top scoring applications in each region will be recommended for funding based on the amount of funds available for each region. Any application that receives a score below 70% of the highest raw score from the region will not be considered for funding. All available ESGP funds are obligated each year through one-year contracts.

To the extent practicable, ESGP funds that remain unexpended in a particular region are reobligated to eligible organizations within that region, as determined by the Executive Director of TDHCA.

APPLICABLE FEDERAL AND STATE REGULATIONS

- 24 CFR 576 as amended;
- Title IV, Subtitle B of the McKinney-Vento Homeless Assistance Act, as amended (42 U.S.C. sec, 11371 *et seq.*)

LEVERAGING RESOURCES

Section 576.51 of the ESGP regulations state that each grantee must match the funding provided by HUD. Match resources must be provided after the date of the ESGP grant award and must be provided in an amount equal to or greater than the ESGP grant award. Resources used to match a previous grant may not be used to match a subsequent award. Sources of match may include, but are not limited to, unrestricted funds from the grant recipient, volunteer hours, the value of donated materials or buildings, or the fair market rent or lease value of a building used to provide services to the homeless population. Each applicant must identify the source and amount of match they intend to provide if they are selected for funding and may report monthly on the amount of match provided. ESGP monitors review the match documentation during each on-site monitoring visit. A desk review is completed at the closeout of each contract to insure, among other things, that each ESGP recipient has provided an adequate amount of match during the contract period.

SPECIAL INITIATIVES AND PARTNERSHIPS

TDHCA is the lead agency in the Texas Interagency Council for the Homeless (TICH). TICH is charged with surveying and evaluating services for the homeless in Texas, assisting in the coordination and provision of services to homeless person throughout the State, increasing the flow of information among service providers and appropriate authorities, developing guidelines to monitor services to the homeless, providing technical assistance to the housing finance division of TDHCA in assessing housing needs for persons with special needs, establishing a central resource and information center for the State's homeless population, and developing a strategic plan to address the needs of the homeless in cooperation with TDHCA and the Health and Human Services Commission.

Through the Texas Homeless Network, TDHCA also supports other activities that address homelessness, including providing technical assistance to develop and strengthen homeless coalitions throughout Texas, distributing a statewide bimonthly newsletter on homelessness, maintaining an information resource center, conducting Continuum of Care Technical Assistance and Training workshops, and sponsoring an annual statewide conference on homeless issues.

Continuum of Care Balance of State

In FY 2006, TDHCA expects to continue to award funds to the Texas Homeless Network (THN) who will utilize the funds to provide technical assistance to communities interested in applying to the US Department of Housing and Urban Development (HUD) for homeless funds under the Continuum of Care application and to develop and submit a Continuum of Care Application to HUD for the Balance of State funds.

HOME INVESTMENT PARTNERSHIPS PROGRAM 2006 ACTION PLAN

FEDERAL RESOURCES EXPECTED PY 2006

The purpose of the HOME Investment Partnerships (HOME) Program is to expand the supply of decent, safe, and affordable housing for extremely low, very low, and low income households, and to alleviate the problems of excessive rent burdens, homelessness, and deteriorating housing stock. HOME strives to meet both the short-term goal of increasing the supply and the availability of affordable housing and the long-term goal of building partnerships between state and local governments and private and nonprofit organizations to strengthen their capacity to meet the housing needs of low, very low, and extremely low income Texans. TDHCA provides technical assistance through application and implementation workshops to all recipients of HOME funds to ensure that all participants meet and follow the state implementation guidelines and federal regulations.

The State of Texas HOME Program is receiving approximately $44,500,000 ($43,000,000 HOME funds plus $1,500,000 ADDI funds) from HUD for PY 2006.

ALLOCATION OF PY 2006 FUNDS

TDHCA will use the following method for allocating funds.

	Estimated Available Funding	% of Total HOME Allocation
Total HOME Allocation for PY 2006	$43,000,000	100%
less Administration Funds (10% of PY 2006)	$4,300,000	10%
less CHDO Project Funds Set Aside (15% of PY 2006)[1]	$6,450,000	15%
less CHDO Operating Expenses Set Aside (5% of CHDO Set Aside)	$322,500	1%
less Direct Award for the Texas Home of Your Own Program	$500,000	1%
less Set Aside for Contract for Deed Conversions	$2,000,000	5%
less Set Aside for Rental Housing Preservation Program	$2,000,000	5%
less Set Aside for Rental Housing Development Program	$3,000,000	7%
= Remaining HOME Funds Subject to the Regional Allocation Formula (RAF)	$24,427,500	57%
Plus PY 2006 American Dream Downpayment Initiative Funds	$1,500,000	
= Total Funds Subject to RAF	$ 25,927,500	

[1] $1,000,000 will be reserved from this set-aside for the Colonia Model Subdivision Program. If sufficient applications are not received for this activity, the remaining funds will be used for other CHDO-eligible activities. The Department may set aside 10% of the annual CHDO set-aside for Predevelopment Loans.

The following targets will be used to distribute HOME funding subject to the RAF.

Activity	Estimated Available Funding	% of Total Funds Subject to RAF
Homebuyer Assistance	$5,185,500	20%
Owner-Occupied Housing Assistance	$16,852,875	65%
Tenant Based Rental Assistance	$3,889,125	15%
Total Funds Subject to the RAF	$25,927,500	100%

ESTIMATED PY 2006 BENEFICIARIES

The number of estimated beneficiaries is pending final allocation amount from HUD; however, TDHCA estimates that it will assist approximately 2,772 low, very low, or extremely low income households. (This number will be updated based on final FY 2005 activity.) On the basis of historical performance, TDHCA estimates that approximately 60% of those households will be minority households.

DEFINITIONS

Basic Access Standards (as required by §2306.514, Texas Government Code): These requirements apply only to newly constructed single family housing.

(1) At least one entrance door, whether located at the front, side, or back of the building

(A) is on an accessible route served by a ramp or no-step entrance,

(B) has at least a standard 36-inch door.

(2) On the first floor of the building,

(A) each interior door is at least a standard 32-inch door, unless the door provides access only to a closet of less than 15 square feet in area;

(B) each hallway has a width of at least 36 inches and is level, with ramped or beveled changes at each door threshold;

(C) each bathroom wall is reinforced for potential installation of grab bars;

(D) each electrical panel or breaker box, light switch, or thermostat is not higher than 48 inches above the floor; and

(E) each electrical plug or other receptacle is at least 15 inches above the floor.

(3) Each breaker box is located inside the building on the first floor.

A person who builds single family affordable housing to which this section applies may obtain a waiver from TDHCA of the requirement described by Subsection (a)(1)(A) if the cost of grading the terrain to meet the requirement is prohibitively expensive.

Colonia: A colonia is an unincorporated community located within 150 miles of the Texas-Mexico border, or a city or town within the 150 mile region that has a population less than 10,000 according to the latest US Census data. The majority population is composed of individuals and families of low and very low income who lack safe, sanitary and decent housing, together with basic services as potable water, adequate sewage systems, drainage, streets, and utilities.

Community Housing Development Organization (CHDO): A private nonprofit organization with a 501(c)(3) or (4) federal tax exemption. The CHDO must include providing decent, affordable housing to low income households as one of its purposes in its charter, articles of incorporation, or bylaws. It must serve a specific, delineated geographic area: either a neighborhood, several neighborhoods, city, town, village, county, or multicounty area (but not the entire state). CHDOs are certified through TDHCA on an annual basis and as applications are made by eligible applicants.

Consortium: An organization of geographically contiguous units of general local government that act as a single unit of general local government for purposes of the HOME program.

Extremely Low Income Family: Family whose income is between 0 and 30% of the median income for the area, as determined by HUD, with adjustments for smaller and larger families.

Low Income Family: Family whose income does not exceed 80% of the median income for the area, as determined by HUD, with adjustments for smaller and larger families.

Nonparticipating Jurisdiction: A state or unit of general local government that does not receive an annual allocation of HUD program funds and is not part of a HUD Consortium.

Participating Jurisdiction: A state or unit of general local government that receives an allocation of HOME Program funds directly from HUD.

Persons with Disabilities: A household composed of one or more persons, at least one of whom is an adult, who has a disability. A person is considered to have a disability if the person has a physical, mental, or emotional impairment that

- is expected to be of long-continued and indefinite duration,
- substantially impedes his or her ability to live independently, and
- is of such a nature that such ability could be improved by more suitable housing conditions.

Special Needs Populations: Includes the following: persons with disabilities, persons with alcohol or other drug addiction, persons with HIV/AIDS and their families, the elderly, victims of domestic violence, persons living in colonias, the homeless, and migrant farmworkers.

Very Low Income Family: Family whose income does not exceed 50% of the median income for the area, as determined by HUD, with adjustments for smaller and larger families.

ELIGIBLE APPLICANTS

- Units of General Local Government
- Nonprofit and For-Profit Organizations
- Community Housing Development Organizations (CHDOs)
- Public Housing Agencies (PHAs)

DESCRIPTION OF ACTIVITIES

Single Family

Owner-Occupied Housing Assistance (OCC). Rehabilitation or reconstruction cost assistance, in the form of grants or loans, is provided to homeowners for the repair or reconstruction of their existing homes. The homes must be the principal residence of the homeowner.

At the completion of the assistance, all properties must meet the International Residential Code and local building codes. If a home is reconstructed, the applicant must also ensure compliance with the universal design features in new construction, established by §2306.514, Texas Government Code, required for any applicants utilizing federal or state money administered by TDHCA in the construction of single family homes.

OCC will comprise approximately 65% of the HOME allocation that will be available through the Regional Allocation Formula process—approximately $16,852,875.

Tenant-Based Rental Assistance (TBRA). Rental subsidy and security and utility deposit assistance is provided to tenants, in accordance with written tenant selection policies, for a period not to exceed two years. TBRA allows the assisted tenant to live in and move to any dwelling unit with a right to continued assistance.

TBRA will comprise approximately 15% of the HOME allocation that will be available through the Regional Allocation Formula process—approximately $3,889,125.

Homebuyer Assistance (HBA). Down payment and closing cost assistance is provided to homebuyers for the acquisition of affordable single family housing. This activity may also be used for the following:

- Construction costs associated with architectural barrier removal in assisting homebuyers with disabilities by modifying a home purchased with HOME assistance to meet their accessibility needs.
- Acquisition and rehabilitation costs associated with contract for deed conversions to serve colonia residents.
- Construction costs associated with the rehabilitation of a home purchased with HOME assistance.

Under the Contract for Deed and CHDO Set-Asides, eligible homebuyers may receive loans up to $10,000 per household for down payment and closing costs, depending on the location of the property, in the form of a 2nd- or 3rd-lien loan. Eligible homebuyers with disabilities may receive loans up to $15,000 for down payment and closing costs, regardless of the location of the property. Eligible first time homebuyers may receive $10,000 or 6% of the purchase price, whichever is greater, for down payment and closing costs in the form of a 2nd- or 3rd-lien loan under the American Dream Downpayment Initiative. HBA loans are to be repaid at the time of resale of the property, refinance of the first lien, or repayment of the first lien. The amount of recapture will be based on the pro-rata share of the remaining term.

At the completion of the assistance, all properties must meet the International Residential Code or the Colonia Housing Standards, if located in a colonia, and local building codes. Compliance with the basic access standards in new construction, established by §2306.514, Texas Government Code, is also required for any applicants utilizing federal or state money administered by TDHCA in the construction of single family homes.

Excluding set-aside funds listed below, this activity will comprise approximately 20% of the HOME allocation that will be available through the Regional Allocation Formula process, approximately $5,185,500.

HBA may be awarded through the CHDO Set-Aside, Contract for Deed Set-Aside, and American Dream Downpayment Initiative.

Multifamily

Rental Housing Development and Preservation. Awards for eligible applicants are to be used for the construction, acquisition, and rehabilitation of affordable multifamily rental housing. The Department will not provide funding for the refinancing and/or acquisition of affordable housing developments that were constructed within the past 5 years. Eligible applicants include nonprofit organizations, CHDOs, units of general local government, for-profit housing development organizations, sole proprietors, and public housing authorities.

Owners are required to make housing units available to low, very low, and extremely low income families and must meet long-term rent restrictions. A standard underwriting review will be performed on applications under this activity. TDHCA will determine, based on the underwriting review, whether the award will be made as a loan or grant. Owners of rental units assisted with HOME funds must comply with initial and long-term income restrictions and must keep the units affordable for a minimum period. Housing assisted with HOME funds must, upon completion, meet all applicable local and state construction standards and building codes. Additionally, the owner and/or all future owners of a HOME-assisted rental project must maintain all units in full compliance with local, state, and federal housing codes, which include, but are not limited to, the International Residential Code and Section 504 of the 1973 Rehabilitation Act for the full required period of affordability. Terms of the loans provided under this activity are recommended by TDHCA's Real Estate Analysis Division.

The use of HOME Rental Housing Development funds will be limited to those allowable under 24 CFR part 92. Eligible expenses and activities may further be limited by TDHCA in accordance with state legislation. Rental Housing Development funds may also be used for the acquisition and/or rehabilitation (including barrier removal activities) for the preservation of existing affordable or subsidized rental housing. Refinancing of existing affordable properties is not an eligible activity.

Additionally, TDHCA will ensure that all multifamily rental housing developments are built and managed in accordance with its Integrated Housing Rule. Multifamily developments will be limited to reserving no more than 18% of the units in developments with 50 or more units, and no more than 36% of the units in developments with less than 50 units, for persons with disabilities.

SET ASIDES

TDHCA will use the following set asides to direct its funding to address federal and state legislative requirements or departmental program objectives. According to §2306.111(d-1) of TDHCA's enabling legislation, funds are not required to be allocated using a Regional Allocation Formula if funds are reserved for contract for deed conversions, set asides mandated by state or federal law, or equal not more than 10% of the total allocation of funds for the program.

Administrative Expenses

This allowable cost is for the reimbursement of costs associated with the administration of the HOME Program. Up to 4% of project dollars awarded may be provided to applicants receiving HOME funds for the cost of administering the program. For-profit organizations are not eligible to receive this fee. TDHCA retains the balance of the fee to cover the internal cost of administering the statewide program. TDHCA may utilize these funds for construction and Section 504 inspection costs as needed.

American Dream Downpayment Initiative

The American Dream Downpayment Initiative (ADDI) was signed into law on December 16, 2003, and was created to help homebuyers with down payment 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 assistance. The term also includes displaced homemakers and single parents. The amount of assistance that may be available is $10,000 or 6% of the purchase price, whichever is greater. This assistance is in the form of a 2nd- or 3rd-lien loan. First time homebuyers receiving ADDI assistance will be required to participate in a homebuyer counseling course.

For PY 2006, $1,500,000 is reserved for down payment assistance and may, at the discretion of TDHCA, 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. These funds are included in the 20% allocated for HBA.

Notification of available funding will be sent to those on the TDHCA mailing list and will be posted on TDHCA's website. TDHCA promoted and discussed this initiative at the public hearings held in all 13 Uniform State Service Regions in the fall of 2005. The public hearings were held in Abilene, Arlington, Austin, Beaumont, Corpus Christi, El Paso, Houston, Lubbock, McAllen, Midland, Mt. Pleasant, San Antonio, Temple. TDHCA will work closely with the Manufactured Housing Division to create awareness of ADDI funds available to eligible first time homebuyers.

These funds are a Federally mandated set-aside and are not subject to the Regional Allocation Formula, pursuant to §2306.111(d)(2) of the Texas Government Code.

CHDO Set-Aside

A minimum of 15% of the annual HOME allocation, approximately $6,450,000 (plus $322,500 in operating expenses) is reserved for CHDOs. CHDO Set-Aside projects are owned, developed, or sponsored by the CHDO, and result in the development of rental units or homeownership. Development includes projects that have a construction component, either in the form of new construction or the rehabilitation of existing units. If the CHDO owns the project in partnership, it or its wholly owned for-profit or nonprofit subsidiary must be the managing general partner. These organizations can apply for multifamily rental housing acquisition, rehabilitation, or new construction, as well as for the acquisition, rehabilitation, or new construction of single family housing (through direct funding or loan guarantees). CHDOs can also apply for homebuyer assistance if their organization is the owner, developer, or sponsor of the single family housing project. to provide adequate funding per project, this activity will not be subject to the Regional Allocation Formula for PY 2006. In addition to Homebuyer Assistance and Rental Housing Development, other eligible activities under the CHDO Set-Aside include the following:

- CHDO Operating Expenses. Award amount for CHDO Operating Expenses shall not exceed in any fiscal year 50% of the CHDO's total annual operating expenses in that fiscal year or $50,000, whichever is greater. The Department reserves the right to limit an applicant to receiving no more than one award of CHDO operating funds during the same fiscal year and to further limit the award of CHDO Operating Expenses.
- Predevelopment Loans. TDHCA may set aside up to 10% of the annual 15% CHDO Set-Aside for predevelopment loans in accordance with 24 CFR 92.300(c). Predevelopment loan funds may only be used for activities such as project-specific technical assistance, site control loans, and project-specific seed money. Predevelopment loans must be repaid from construction loan proceeds or other project income. In accordance with 24 CFR 92.301, TDHCA may elect to waive predevelopment loan repayment, in whole or in part, if there are impediments to project development that TDHCA determines are reasonably beyond the control of the CHDO.
- Colonia Model Subdivision Loan Program. Subchapter GG of Chapter 2306, Texas Government Code, created this program to provide low-interest or possibly interest-free loans to promote the development of new, high-quality, residential subdivisions that provide alternatives to substandard colonias, and housing options affordable to individuals and families of extremely low and very low income who would otherwise move into substandard colonias. TDHCA will only make loans to CHDOs certified by TDHCA and for the types of activities and costs described under the previous section

regarding CHDO Predevelopment Loans. to assist TDHCA in meeting this mandate, $1,000,000 in HOME Program funds will be targeted to assist households described under this initiative.

These funds are a Federally mandated set-aside and are not subject to the Regional Allocation Formula, pursuant to §2306.111(d)(2) of the Texas Government Code.

Contract for Deed Conversions

The 79th Legislature passed Appropriations Rider 11 to TDHCA's appropriation, which requires TDHCA to spend no less than $4 million for the biennium on contract for deed conversions for families that reside in a colonia and earn 60% or less of the applicable area median family income (AMFI). Furthermore, TDHCA should convert no less than 400 contracts for deeds into traditional notes and deeds of trust by August 31, 2007. The intent of this program is to help colonia residents become property owners by converting their contracts for deeds into traditional mortgages. Households served under this initiative must not earn more than 60% of AMFI and the home converted must be their primary residence. The properties proposed for this initiative must be located in a colonia as identified by the Texas Water Development Board colonia list or meet TDHCA's definition of a colonia.

To assist TDHCA in meeting this mandate, $2,000,000 in PY 2006 HOME program funds will be targeted to assist households described under this initiative.

These funds are a State mandated set-aside and are not subject to the Regional Allocation Formula, pursuant to §2306.111(d)(2) of the Texas Government Code.

Persons with Disabilities (5% of Allocation)

Subject to the availability of qualified applications, a minimum of 5% of annual HOME Program funds will be allocated to applicants serving persons with disabilities—approximately $2,225,000. Eligible applicants may include nonprofits, for-profits, units of general local government, and PHAs with documented histories of working with special needs populations. Developments serving persons with disabilities may be located in local PJs.

TDHCA will allocate $500,000 to the Home of Your Own (HOYO) coalition for homeownership activities for persons with disabilities. The HOYO program coordinates existing homeownership services, which streamlines the process homebuyers must follow, including homebuyer counseling, down payment assistance, and architectural barrier removal.

These funds represent less than 10% of the annual allocation and are not subject to the Regional Allocation Formula, pursuant to §2306.111(d)(1) of the Texas Government Code.

Rental Housing Preservation and Rental Housing Development Programs

TDHCA will reserve $2,000,000 for Rental Housing Preservation and $3,000,000 for Rental Housing Development activities from PY 2006 funding.

These funds represent less than 10% of the annual allocation and are not subject to the Regional Allocation Formula, pursuant to §2306.111(d)(1) of the Texas Government Code.

SPECIAL INITIATIVES

Persons with Disabilities

In addition to the set aside for persons with disabilities, TDHCA will also ensure that housing developments are built and managed in accordance with its Integrated Housing Rule. Multifamily developments will be limited to reserving no more than 18% of the units in developments with 50 or more units, and no more than 36% of the units in developments with less than 50 units, for persons with disabilities.

Special Needs Populations

Subject to the availability of qualified applications, TDHCA has a goal to allocate a minimum of 20% of the annual HOME allocation to applicants serving persons with special needs. Eligible applicants include nonprofits, for-profits, units of general local government, and PHAs with documented histories of working with special needs populations. All HOME Program activities will be included in attaining this goal. Additional scoring criteria may be established under each of the eligible activities to assist TDHCA in reaching its goal.

FUND DISTRIBUTION

Section 2306.111, Texas Government Code, mandates TDHCA to allocate housing funds awarded in the HOME, Housing Trust Fund, and Housing Tax Credit programs to each Uniform State Service Region using a formula developed by TDHCA.

Project funds, with the exception of the CHDO Set-Aside, Contract for Deed Conversions, Colonia Model Subdivision Loan Program, Rental Housing Preservation, and Rental Housing Development, will be awarded based on the Regional Allocation Formula utilizing the following percentage per region.

HOME Regional, Rural, and Urban/Exurban Funding Amounts

Region	Place for Geographical Reference	Regional Funding Amount	Regional Funding %	Rural Funding Amount	Rural Funding %	Urban/ Exurban Funding Amount	Urban/ Exurban Funding %
1	Lubbock	$1,618,797	6.2%	$1,618,516	100.0%	$281	0.0%
2	Abilene	$1,232,890	4.8%	$1,201,937	97.5%	$30,953	2.5%
3	Dallas/Fort Worth	$3,378,123	13.0%	$1,410,666	41.8%	$1,967,458	58.2%
4	Tyler	$3,478,247	13.4%	$2,773,276	79.7%	$704,971	20.3%
5	Beaumont	$1,731,515	6.7%	$1,473,036	85.1%	$258,480	14.9%
6	Houston	$2,236,159	8.6%	$860,463	38.5%	$1,375,696	61.5%
7	Austin/Round Rock	$892,496	3.4%	$470,266	52.7%	$422,230	47.3%
8	Waco	$1,181,761	4.6%	$733,456	62.1%	$448,305	37.9%
9	San Antonio	$1,602,340	6.2%	$1,042,805	65.1%	$559,535	34.9%
10	Corpus Christi	$2,100,548	8.1%	$1,435,715	68.3%	$664,833	31.7%
11	Brownsville/Harlingen	$4,583,251	17.7%	$3,046,915	66.5%	$1,536,336	33.5%
12	San Angelo	$1,492,952	5.8%	$563,251	37.7%	$929,701	62.3%
13	El Paso	$398,419	1.5%	$253,151	63.5%	$145,268	36.5%
	Total	$25,927,500	100.0%	$16,883,453	65.1%	$9,044,047	34.9%

ELIGIBLE SERVICE AREAS

Per Section 2306.111(c), TDHCA shall expend at least 95% of HOME funds for the benefit of nonparticipating jurisdiction (nonPJ) areas of the state. The remaining 5% of HOME funds may be expended in a participating jurisdiction (PJ), but only if it is serving persons with disabilities.

REVIEW OF APPLICATIONS

All programs will be operating and announced by the release of either an open or competitive cycle Notice of Funding Availability. Applicants must submit a completed application to be considered for funding, along with an application fee determined by the Department and outlined in the NOFA and/or application guidelines. Applications containing false information and applications not received by the deadline will be disqualified. Disqualified applicants are notified in writing. All applications must be received by the Department by 5 p.m. on the date identified in the NOFA and/or application guidelines, regardless of method of delivery.

Applications received by the Department in response to an Open Application Cycle NOFA will be handled in the following manner. The Department will accept applications on an ongoing basis, until such date when the Department makes notice to the public that the Open Application Cycle has been closed. Each application will be handled on a first-come, first-served basis as further described in this section. Each application will be assigned a “received date” based on the date and time it is physically received by the Department. Then, each application will be reviewed on its own merits in three review phases, as applicable. Applications will continue to be prioritized for funding based on their “received date” unless they do not proceed into the next phase(s) for review. Applications proceeding in a timely fashion through a phase will take priority over applications that may have an earlier “received date” but that did not timely complete a phase of review.

Applications received by the Department in response to a Competitive Application Cycle NOFA will be reviewed for threshold and scoring criteria in accordance with the rules for application review published in the NOFA and/or application guidelines.

SELECTION PROCESS

All applications for funds received under competitive funding cycles are reviewed for threshold requirements regarding application documentation and compliance with Department requirements on previously awarded contracts. Qualifying applications are then ranked using scoring criteria that reflects TDHCA’s housing priorities, and applicants are funded only if the score exceeds the minimum score established in the State of Texas HOME Program rules. The highest scoring applicant per activity will be recommended up to the limit of funds available per activity and region. Should an activity not have enough qualified applicants, the funds will be redirected to the next activity in the region that had a higher number of qualified applicants.

All applications received under open funding cycles will be reviewed for threshold requirements regarding application documentation and compliance with Department requirements on previously awarded contracts. Applications submitted for development activities will also receive a review for financial feasibility and underwriting. Because applications are reviewed on a “first come, first served” basis, applications will be reviewed and recommended for funding in the manner prescribed in TDHCA’s Open Cycle rules at 10 TAC §53.58.

MATCH REQUIREMENTS

TDHCA will provide matching contributions from several sources for HOME funds drawn down from the State's HOME Investment Trust Funds Treasury account within the fiscal year. The State sources include the following:

1) Loans originated from the proceeds of single family mortgage revenue bonds issued by the State. TDHCA will apply no more than 25% of bond proceeds to meet its annual match requirement.

2) Match contributions from the State's Housing Trust Fund to affordable housing projects that are not HOME assisted, but that meet the requirements as specified in 24 CFR 92.219(b)(2).

3) Eligible match contributions from State recipients, as specified in 24 CFR 92.220.

4) Match contributions from local political jurisdictions provided through the abatement of real estate property taxes for affordable housing properties developed and owned by qualified CHDO applicants.

Additionally, TDHCA will continue to carry forward match credit.

DEOBLIGATED HOME PROGRAM FUNDS

When administrators have not successfully expended the HOME funds within their contract period, TDHCA deobligates the funds and pools the dollars to award applicants according to TDHCA's Deobligation Policy. TDHCA's Deobligation Policy allows for awards from deobligated funds only for the following categories: appeals from applicants that are approved by the TDHCA's Board, disaster relief applicants, special needs applicants, applicants serving the colonias, and for other eligible uses as determined by TDHCA's Board of Directors, or the Executive Director at the Board's direction.

APPLICABLE FEDERAL AND STATE REGULATIONS

HOME funds will be distributed in accordance with the eligible activities and eligible costs listed in 24 CFR 92.205–92.209 and 10 TAC Chapter 53. All local administrators will be required to execute certifications that the program will be administered according to federal HOME regulations and State HOME Rules.

Developments receiving funding from TDHCA 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 CFR 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, whichever 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, TDHCA will consider using HOME deobligated funds for eligible Section 504 activities with the purpose of bringing noncompliant 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 TDHCA and administrators.

THE PLANNING PROCESS AND PUBLIC PARTICIPATION

The planning process will include a review of the federal and state regulations that govern the HOME Program, the regional needs assessment, and Department goals and mandates.

The *2006 State of Texas Consolidated Plan One-Year Action Plan (Draft for Public Comment)* was available for public comment from September 19, 2005 through October 18, 2005 (a 30-day public comment period). Additionally, TDHCA held 13 public hearings in which constituents were given the opportunity to make general comments on the direction of all Department programs. During this time, citizens and organizations were encouraged to send written comment on the Plan via mail, email, or fax.

Any amendments made to the HOME Program Rules are published in the *Texas Register* for a 30-day comment period. The HOME Program also receives public comment during TDHCA Board of Directors meetings.

MINORITY PARTICIPATION

THDCA encourages minority employment and participation among all applicants under the HOME Program. All applicants to the HOME Program are required to submit an affirmative marketing plan as part of the application process. Additionally, TDHCA encourages applicant outreach to Historically Underutilized Businesses.

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 24 CFR 92.254(a)(5).

TDHCA has elected to utilize the recapture provision 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 TDHCA and will be identified in the down payment assistance note prior to closing:

(1) Recapture the amount of the HOME investment reduced or prorated based on the time the homeowner has owned and occupied the unit measured against the required affordability period. The recapture amount is subject to available net proceeds.

(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) are in excess of the amount of the HOME investment that is subject to recapture, then the net proceeds may be divided proportionately between TDHCA and the homeowner as set forth in the following mathematical formulas

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

$$\frac{\text{homeowner investment}}{\text{HOME investment} + \text{homeowner investment}} \times \text{net proceeds} = \text{amount to homeowner}$$

(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 TDHCA.

In certain instances, TDHCA may choose to utilize the resale provision at 24 CFR 92.254(a)(5)(i) under any homebuyer program the State administers.

(A) The following method of resale would be acceptable to TDHCA and will be identified in the down payment assistance note prior to closing:

(1) 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.

(2) 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.

(3) The period of affordability is based on the total amount of HOME funds invested in the housing.

(B) 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.

(1) 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.

(2) 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.

(3) 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.

(4) 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.

(5) 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.

(6) If there are no net proceeds, repayment of the loan is not required.

(7) 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 TDHCA to apply to the outstanding balance under the loan. If there are insufficient funds to pay off the loan, TDHCA may, at its own discretion, waive the payment of any or all of the outstanding loan balance.

The Department also plans to utilize HOME funds for the management and administration of properties that have been foreclosed upon by the Department as a superior lien holder. These funds will be taken from the 10% in HOME funds available to the Department for administration of its programs.

OTHER FORMS OF INVESTMENT

If a participating jurisdiction intends to use other forms of investment not described in §92.205(b), a description of the other forms of investment must be provided.

The State is not proposing to use any form of investment in its HOME Program that is not already listed as an eligible form of investment in 24 CFR 92.205(b).

REFINANCING DEBT

If the State intends to use HOME funds to refinance existing debt secured by multifamily housing that is being rehabilitated with HOME funds, it must state its refinancing guidelines required under 24 CFR § 92.206(b).

The Department may use HOME funds to refinance existing debt secured by multifamily and single family housing that is being rehabilitated with HOME funds as described in 24 CFR § 92.206(b). The Department shall use its underwriting and evaluation standards for refinanced properties in accordance with its administrative rules.

HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS 2006 ACTION PLAN

INTRODUCTION

This 2006 Action Plan for Housing Opportunities for Persons with AIDS (HOPWA) is part of the *2005–2009 State of Texas Consolidated Plan* for program year 2006 (February 1, 2006, through January 31, 2007). Although this plan is part of the *Consolidated Plan* submitted to the US Department of Housing and Urban Development (HUD) by the Texas Department of Housing and Community Affairs, HUD will directly contract with the Texas Department of State Health Services (DSHS) for the HOPWA program, as it has done since 1992.

NEEDS STATEMENT

The Human Immunodeficiency Virus (HIV) disease and Acquired Immunodeficiency Syndrome (AIDS) has become a disease disproportionately affecting the poor. The proportion of AIDS cases is higher among women, children, and minorities, who are already overrepresented among the poor. The debilitating nature of HIV disease and the high cost of medical treatment affect employability, while increasing the cost of living. Loss of employment, underemployment, and lack of insurance quickly drain financial resources and can lead to loss of housing. While affordable housing declines, the need for housing may actually increase as people with HIV live longer due to improved medical treatments.

Using an estimate made by the National Commission on AIDS that one-third to one-half of persons with AIDS are either homeless or at risk of homelessness; there may be from 16,283 to 24,283 people living with AIDS in Texas who are homeless or at risk of homelessness. It is unknown how many symptomatic people with HIV are at risk. Housing continues to rank high on the needs assessments of people with HIV/AIDS as assessed regularly by the Ryan White Title II planning bodies.

DSHS distributes approximately $21.5 million in Ryan White and State Services contracts to provide a wide array of health and social services for persons with HIV/AIDS. An additional $55 million is spent on HIV medications. Federal Ryan White funds may not be used for housing except for housing referral services and short-term or emergency housing defined as necessary to gain or maintain access to medical care.

The Texas HOPWA program continues to fill the unmet need by providing emergency housing assistance and rental assistance. Because the primary objective of this project is the provision of assistance to continue independent living, the continuation of HOPWA funding is critical in addressing the threat of homelessness for persons with HIV/AIDS in Texas.

PROPOSED ACTIVITIES

The Texas Department of State Health Services (DSHS) proposes to continue the following activities.

Emergency Assistance Program

This program provides short-term rent, mortgage, and utility payments to prevent homelessness of the tenant or mortgagor of a dwelling. It enables low income individuals at risk of becoming homeless to remain in their current residences for a period not to exceed 21 weeks in any 52-week period. Payments for rent, mortgage, and/or utilities, including telephone, up to the cap established locally, are provided. The project sponsor makes payment directly to the provider with the client paying any balance due.

Rental Assistance Program

This program provides tenant-based rental assistance, including assistance for shared housing arrangements. It enables low income clients to pay their rent and utilities until there is no longer a need, or until they are able to secure other housing. Clients must contribute the greater of 10% of gross income or 30% of adjusted gross income towards their rent, or they must contribute the amount of welfare or other assistance received for that purpose. The project sponsor pays the balance of the rent up to the fair market rent value.

Supportive Services

DSHS is implementing a new activity as allowed under 24 CFR 574.300 for Supportive Services. These services will be limited primarily to case management and the purchase of smoke detectors for HOPWA clients.

PROGRAM PLAN

On the basis of past performance, DSHS estimates that 1,360 persons can be provided with short-term rent, mortgage, and utility payments, and 1,290 persons can be provided project- or tenant-based rental assistance during the project year. Individuals eligible to receive assistance or services under the HOPWA program are persons with HIV/AIDS and their families who are low income, as defined by HUD.

All 25 of the state's HIV Service Delivery Areas (HSDAs) receive HOPWA funding through a contract with the Administrative Agency serving the HSDA. Each Administrative Agency administers contracts with one or more Project Sponsors who directly serve HOPWA client needs.

Administrative Agencies are selected based on a competitive RFP process. Award of their funding allocation is contingent upon the submission of a DSHS accepted plan of action. DSHS reserves 3% of total award for administrative and indirect costs combined including Administrative Agency administrative costs. Project Sponsors are allowed to use up to 7% of their allocation for personnel or other administrative costs while Project Sponsors are required to provide case management, case management and other support services are provided primarily through Ryan White CARE Act funds and State Services funds.

GEOGRAPHIC DISTRIBUTION

The general locations for the proposed activities cover the entire state through established HSDAs. An Administrative Agency administers the HOPWA grant, Ryan White CARE Act/Title II grant, and the State Services grants. There are 30 counties that are excluded from the state allocation because they receive direct funding from HUD.

The excluded counties are in the five directly-funded Eligible Metropolitan Service Areas of Austin, Dallas, Fort Worth, Houston, and San Antonio as follows: Bastrop, Caldwell, Hays, Travis, Williamson, Collin, Dallas, Denton, Ellis, Kaufman, Rockwall, Johnson, Parker, Tarrant, Wise, Austin, Chambers, Fort Bend, Harris, Liberty, Montgomery, Waller, Atascosa, Bandera, Bexar, Comal, Guadalupe, Kendall, Medina, and Wilson.

HOPWA funds are allocated to HSDAs based on a formula allocation:

- Each HSDA's proportion of the total number of Texas AIDS cases reported, as collected by DSHS's HIV/AIDS Surveillance System

- Each HSDA's proportion of the total Texas population, using estimates from the Texas A&M University Texas State Data Center
- The ratio of each HSDA's estimated 1990 poverty rate to the State's 1990 poverty rate

**This formula allocation is currently being re-evaluated.*

In addition to the formula allocation, DSHS uses any unspent funds to reallocate and/or redistribute funds to HSDAs that have shown the ability to effectively use HOPWA funds and are in greatest need of funds.

Administrative Agencies:

DHS proposes to contract with the following entities for HOPWA:

Bexar County Housing and Human Services
233 North Pecos Street, Ste. 590
San Antonio, TX 78207-3180

Brazos Valley Council of Governments
P.O. Box 4128
Bryan, TX 77805-4128

Dallas County Health and Human Services
2377 North Stemmons Frwy., Ste. 600
Dallas, TX 75207-2710

East Texas Administrative Resource Center
P.O. Box 9007
West Loop 281
Longview 75604

Galveston County Health District
P.O. Box 939
La Marque, TX 77568-0939

Houston Regional HIV/AIDS Resources Group, Inc.
500 Lovett Boulevard, Ste. 100
Houston, TX 77006

Lubbock Regional MHMR Center
P.O. Box 2828
1602 Tenth St.
Lubbock, TX 79408-2828

Planned Parenthood Center of El Paso, Inc.
1801 Wyoming Avenue, Ste. 202
El Paso, TX 79902

South Texas Development Council
P.O. Box 2187
4812 North Bartlett
Laredo, TX 78044-2187

Tarrant County Health Department
1101 South Main St., Ste. 2500
Fort Worth, TX 76104-4802

Project Sponsors:

Administrative Agencies contract with Project Sponsors in each HSDA as follows:

Bexar County

Coastal Bend AIDS Foundation, Inc.
800 Mann Street, Suite 800
Corpus Christi, TX 88401
Contact: Mary Olivarez, 361-814-2001

United Medical Centers—Eagle Pass
P.O. Box 1470
Eagle Pass, TX 78853
Contact: Connie Villarreal, 830-777-5358

Victoria City-County Health Department
2805 North Navarro, Ste. 104
Victoria, TX 77901
Contact: Bain C. Cate, M.D., 361-572-0125

Housing Authority of Victoria
401 Halsey
Victoria, TX 77901
Contact: Delores Garza, 361-575-3682

Brazos Valley Council of Governments

Community Action, Inc., Hays, Caldwell
P.O. Box 748
San Marcos, TX 78667
Contact: Cynthia Juniper, 512-392-1161

San Angelo AIDS Foundation, Inc.
P.O. Box 62474
San Angelo, TX 76906
Contact: Rita Castro, 325-658-3634

United Way of the Greater Fort Hood Area
208 West Avenue A
Killeeen, TX 76541
Contact: Robert E. Luckey, 254-634-0660

Waco-McLennan County Public Health District
225 West Waco Drive
Waco, TX 76707
Contact: Bobbie Stephens, 254-750-5499

Dallas County Health and Human Services
AIDS Resource Center of Texoma, Inc.
222 West Brockett
Sherman, TX 75090
Contact: William Stringer, 903-813-1272

AIDS Resources of Rural Texas
P.O. Box 1720
Weatherford, TX 76086
Contact: Bradley Ward, 817-596-3022

East Texas Administrative Resource Center
Special Health Resources, Inc.
P.O. Box 9007
Longview, TX 75608
Contact: Donna Emery, 903-619-0288

Galveston County Health District
AIDS Coalition of Coastal TX, Inc.
P.O. Box 939
La Marque, TX 77568
Contact: Anne Garcia McMorris, 409-938-2401

Houston Regional HIV/AIDS Resources
Health Horizons of East Texas, Inc.
P.O. Box 635022
Nacogdoches, TX 75961
Contact: Wilbur Brown, Jr., Ed. D., 936-569-8240

Triangle AIDS Network
P.O. Box 12279
Beaumont, TX 77726
Contact: Bonnie S. Brooks, 409-832-8338

People with AIDS Coalition—Houston, Inc.
603 Avondale
Houston, TX 77006
Contact: Brenda Myers, 713-522-5428

Lubbock Regional MHMR Center
Panhandle AIDS Support Org., Inc.
1523 S. Taylor
Amarillo, TX 79101
Contact: Michael Timcisko, 806-372-1050

Permian Basin Community Center MHMR
502 N. Carver
Midland, TX 79701
Contact: Larry Carroll, 432-570-3390

Planned Parenthood Assoc. of Lubbock, Inc.
Briercroft Office Park, Bldg. 14
Lubbock, TX 79412
Contact: Tony Thornton, 806-795-7123

South Plains AIDS Resource Center—Lubbock
202 37th Street
Lubbock, TX 79404
Contact: Roger Culberson, 806-765-0444

Planned Parenthood Center of El Paso, Inc.
1801 Wyoming Avenue, Ste. 202
El Paso, TX 79902
Contact: Norma Vasquez, 915-544-8195

South Texas Development Council
City of Laredo Health Department
P.O. Box 2337
Laredo, TX 78044
Contact: Hector F. Gonzalez, M.D., M.P.H.
956-723-2051

Valley AIDS Council
418 East Tyler, Ste. B
Harlingen, TX 78550
Contact: Charles R. Smith, 956-428-2653

Tarrant County Health Department
AIDS Resources of Rural Texas
P.O. Box 1720
Weatherford, TX 76086
Contact: Doug Cooper, LCSW, 817-596-3022

AIDS Resources of Rural Texas—Abilene
P.O. Box 1720
Weatherford, TX 76086
Contact: Doug Cooper, LCSW, 817-596-3022

Wichita Falls—Wichita County P.H. District
1700 Third Street
Wichita Falls, TX 76301
Contact: Dewayne Robertson, 940-761-7804

*Please note some Project Sponsors may change in 2006.

CLIENT PARTICIPATION

HIV Care clients are informed about the availability of housing assistance during intake, and applications for assistance are taken. Having met HUD's basic eligibility criteria, clients may be selected on the basis of a more restrictive income requirement and, once in the program, may be subject to monthly caps on emergency rental and utility assistance. Clients are assessed for changes in housing eligibility status during regular assessment visits with their case manager. Any client needing housing assistance may request determination of eligibility as needed.

Information regarding HOPWA assistance and eligibility criteria is made available to all HIV service agencies in the HSDA, and potential clients are referred. In addition, project sponsors are required to collaborate with local housing authorities and other housing assistance programs in the HSDA to insure that appropriate referrals can be made to maximize available resources.

COORDINATION

Because DSHS is the state agency that administers assistance provided under the Ryan White CARE Act Title II, as well as state funds appropriated for persons with HIV/AIDS and their families, coordination of HOPWA assistance with agencies responsible for providing services to these individuals is assured.

In turn, Administrative Agencies contract directly with the HOPWA Project Sponsors and administer HIV health and social services administered by DSHS, including the Ryan White and the State Services Grants. The fundamental purpose is to ensure the coordination of all agencies serving those with HIV/AIDS to avoid duplication, save dollars, and provide the best possible services to people with HIV/AIDS.

OTHER ACTIONS

The following section lists other actions taken by the State to fulfill the consolidated planning requirements concerning the provision of affordable housing. For a complete account of all of the State's actions, please also consult the program statements for the formula grants in the previous section as many of the formula grants also address the issues listed below.

COMPLIANCE MONITORING

It is one of the functions of the Portfolio Management and Compliance Division to oversee the development and enforcement of compliance procedures to ensure that program requirements are met. This monitoring is accomplished through participation in program development, technical assistance, and field visits. Compliance staff are responsible for monitoring occupancy requirements established in restrictive use agreements. Examples are, but not limited to, monitoring occupancy requirements of the Housing Tax Credit Program in accordance with Section 42, monitoring income eligibility and tenure of affordability in the HOME Program, and monitoring income and rent eligibility for the Housing Trust Fund and Private Activity Bonds. The Compliance Division is also responsible for the post-construction or post-rehabilitation monitoring of multifamily properties.

HOUSING TAX CREDIT (HTC) PROGRAM

The HTC Program directs private capital toward the creation of affordable rental housing by providing financial incentives to nonprofit and for-profit developers of multifamily housing. Interested persons should obtain a copy of the *Housing Tax Credit Qualified Allocation Plan and Rules* (QAP) for a more detailed description of the program. A number of other descriptive documents are available on TDHCA's web site at www.tdhca.state.tx.us.

	Applicable	Not Applicable
Emergency shelter and transitional housing needs of homeless persons	X	
Homelessness prevention	X	
Special needs of homeless persons	X	
Meeting underserved needs	X	
Foster and maintain affordable housing	X	
Remove barriers to affordable housing	X	
Reduce lead-based paint hazards	X	
Reduce the number of poverty-level families	X	
Develop institutional structure	X	
Enhance coordination between public and private housing and social service agencies	X	
Foster public housing resident initiatives	X	

EMERGENCY SHELTER AND TRANSITIONAL HOUSING NEEDS OF HOMELESS PERSONS

The HTC Program, by providing financial incentives to nonprofit and for-profit developers of transitional housing, addresses some needs of homeless persons.

Homelessness Prevention

The HTC Program awards points toward allocations for projects designed solely as transitional housing for homeless persons with supportive services designed to assist tenants in locating and retaining permanent housing. The program's selection criteria awards points to developments in danger of foreclosure, with consequent loss of affordable rental units. Maintaining the affordability of these developments aids in preventing the homelessness of the tenants.

Special Needs of Homeless Persons

The program awards points to encourage the development of projects specifically for homeless persons and that provide appropriate supportive services for this population.

Meeting Underserved Needs

The program awards points and sets priorities to encourage developments that serve the groups with the most need. Through the QAP's selection criteria, TDHCA provides preferences to applications that:

- are located in underserved areas where the federal, state, or local government is trying to encourage development;
- supply housing in areas with the greatest need for affordable housing; and
- provide units for tenants at lower income levels.

Foster and Maintain Affordable Housing

The fundamental purpose of the HTC Program is fostering and maintaining affordable housing. The QAP's scope states the following:

> TDHCA shall administer the program to encourage the development and preservation of appropriate types of rental housing for households that have difficulty finding suitable, accessible, affordable rental housing in the private marketplace; maximize the number of suitable, accessible, affordable residential rental units added to the state's housing supply; prevent losses for any reason to the state's supply of suitable, accessible, affordable residential rental units by enabling the rehabilitation of rental housing or by providing other preventive financial support; and provide for the participation of for-profit organizations and provide for and encourage the participation of nonprofit organizations in the acquisition, development, and operation of accessible affordable housing developments in rural and urban communities.

Remove Barriers to Affordable Housing

This activity is indirectly addressed by building developments that are comparable to market-rate properties in construction and amenities. Furthermore, overcoming the local opposition to affordable housing through education is addressed in HTC literature. The HTC Program also encourages its developers to accept tenants on the waiting lists of public housing authorities. Points are awarded for marketing HTC projects to such tenants.

Reducing Lead-Based Paint Hazards

TDHCA's HTC Program requires an environmental site assessment (ESA) as part of the application package. Such an assessment accounts for all environmental hazards, including lead-based paint. The engineers performing ESAs have a very high level of awareness of the lead-based paint issue because of the prevalence of the problem.

Reducing the Number of Poverty-Level Families

This issue is addressed by the provision of supportive tenant services that would not normally be available to the resident. By awarding selection criteria points, the QAP encourages the provision of supportive services that can often assist families in raising their income level and financial knowledge. Examples of such services include job training, money management classes, adult education, health and nutritional courses, credit counseling, and homeownership training.

Developing Institutional Structure

Though not explicitly addressed, the existence of the program's Nonprofit Set-Aside and points given for nonprofit participation encourage the proliferation of nonprofits. Program provisions are known to have resulted in the creation of a very small number of nonprofits in past allocation years.

Enhancing Coordination between Public & Private Housing and Social Service Agencies

The provision of supportive services is encouraged by the awarding of points for such services in the QAP. Supportive services are frequently a part of tax credit developments. The HTC Program facilitates the construction of affordable housing by both public and private entities. The program oversees the dispersion of properties built with tax credits in consideration of the location of all affordable housing developments, including projects that are not associated with the tax credit program.

Fostering Public Housing Resident Initiatives

Public housing resident initiatives are implicitly addressed in the QAP, which provides points to owners who enter into an agreement to sell a tax credit development to a tenant organization. As a result of the provision, a very small number of owners have submitted applications including proposals to establish tenant organizations for the purpose indicated.

HOUSING TRUST FUND

The Housing Trust Fund (HTF) is the only State-funded program dedicated to the development of affordable housing. The program provides funding to finance, acquire, rehabilitate, and develop affordable, decent, safe, and sanitary housing for low, very low, and extremely low income persons and families. Included in these categories are persons with special needs (i.e., homeless, elderly, persons with disabilities, and persons with HIV/AIDS).

Local units of government, public housing authorities, community housing development organizations (CHDO), nonprofit organizations, or for-profit entities are eligible to apply for funding under this program.

	Applicable	Not Applicable
Emergency shelter and transitional housing needs of homeless persons	X	
Homelessness prevention		X
Special needs of homeless persons	X	
Meeting underserved needs	X	
Foster and maintain affordable housing	X	
Remove barriers to affordable housing	X	
Reduce lead-based paint hazards	X	
Reduce the number of poverty-level families		X
Develop institutional structure		X
Enhance coordination between public and private housing and	X	

social service agencies		
Foster public housing resident initiatives		X

Emergency Shelter and Transitional Housing Needs of Homeless Persons

Under HTF, funding for the acquisition, new development, or rehabilitation of transitional housing for the homeless is an eligible activity.

Special Needs of Homeless Persons

The homeless are considered a special needs group under the HTF. Additionally, HTF requires applicants to list the types of services or programs that will be available to residents whose homes were assisted with HTF dollars. Examples of these services are job training, childcare, counseling, and meal services. These types of services can be crucial in reducing the number of poverty-level families. This raises the consciousness of applicants with regard to the importance of these services and serves to enhance coordination between public and private housing and social service agencies.

Meeting Underserved Needs

The program provides funding to finance, acquire, rehabilitate, and develop affordable, decent, safe, and sanitary housing for low, very low, and extremely low income persons and families. Included in these categories are persons with special needs (i.e., homeless, elderly, persons with disabilities, and persons with HIV/AIDS). HTF strives for a broad geographic distribution of projects, with a focus on rural, underserved areas. Rental developments funded with HTF resources must have a minimum of five percent of the units accessible for individuals with mobility impairments. An additional two percent of the units shall be accessible for individuals with hearing or vision impairments.

Fostering and Maintaining Affordable Housing

Through its funding activities, HTF preserves affordable housing stock and creates new affordable housing. Through this process, HTF works to meet the underserved housing needs of Texans. HTF provides affordable housing assistance through other program activities as well.

HTF's Capacity Building Program has enhanced the ability of nonprofit organizations to develop affordable housing by providing training in real estate development, construction management, property management, and housing finance.

HTF's Predevelopment Loan Fund has provided organizations with funding for predevelopment expenses. For many organizations, the up-front costs associated with the development of affordable housing provide a significant barrier. By awarding predevelopment funding to nonprofits that demonstrate the capacity to develop affordable housing, this cost barrier can be reduced or eliminated.

Removing Barriers to Affordable Housing

This activity is indirectly addressed by building developments that are comparable to market rate properties in construction and amenities.

Reducing Lead-Based Paint Hazards

Developments assisted with HTF funds are required to address the issue of lead-based paint. Program requirements state that applicants are to provide a Phase One environmental survey on all proposed new development or rehabilitation. The Phase One survey is required to contain both lead-based paint and asbestos components to identify any potential hazards for residents. If these materials are found on the property, the owner is required to submit a plan for either the removal or containment of the substance prior to work proceeding.

Enhancing Coordination between Public and Private Housing and Social Service Agencies

Rewarding applicants for providing tenant services raises the consciousness of applicants with regard to the importance of these services and serves to enhance coordination between public and private housing and social service agencies.

MULTIFAMILY BOND PROGRAM

TDHCA's Multifamily Bond Program provides the State with the opportunity to increase the affordable housing stock at no cost or liability to the State. The programs allow for financing of affordable multifamily housing through private investment rather than through the use of public funds.

	Applicable	Not Applicable
Emergency shelter and transitional housing needs of homeless persons		X
Homelessness prevention		X
Special needs of homeless persons		X
Meeting underserved needs		X
Foster and maintain affordable housing	X	
Remove barriers to affordable housing		X
Reduce lead-based paint hazards		X
Reduce the number of poverty-level families		X
Develop institutional structure		X
Enhance coordination between public and private housing and social service agencies		X
Foster public housing resident initiatives		X

Fostering and Maintaining Affordable Housing

The Multifamily Bond Program provides long-term variable or fixed-rate financing to nonprofit and for-profit developers of new or existing multifamily rental properties to generate and/or preserve affordable rental housing. TDHCA may finance individual multifamily developments or pools of properties located throughout the state. Under the program, developers agree to set aside a prescribed percentage of a property's units for rent to persons and families of low, very low, and moderate income, as well as to persons with special needs. TDHCA finances properties under the program through the sale of mortgage revenue bonds.

SINGLE FAMILY BOND PROGRAMS

These programs are for the purchase of single family homes by first time homebuyers. The Single Family Bond Program is designed to assist very low, low, and moderate income families.

	Applicable	Not Applicable
Emergency shelter and transitional housing needs of homeless persons		X
Homelessness prevention		X
Special needs of homeless persons		X
Meeting underserved needs		X
Foster and maintain affordable housing	X	
Remove barriers to affordable housing	X	
Reduce lead-based paint hazards		X
Reduce the number of poverty-level families		X
Develop institutional structure		X
Enhance coordination between public and private housing and social service agencies		X
Foster public housing resident initiatives		X

Fostering and Maintaining Affordable Housing

Single family lending fosters affordable housing primarily through administration of the Mortgage Revenue Bond (MRB) First Time Homebuyer Program. This program channels low-interest mortgage money through participating Texas lenders to eligible families who are either purchasing their first home or who have not owned a home within the preceding three years.

Removing Barriers to Affordable Housing

Single family programs assist in overcoming barriers to mortgage financing by offering down payment assistance programs. Qualified individuals and families (115% or less of AMFI) may receive grants or zero-percent subordinate financing to cover down payment and allowable closing costs. This financing lowers the overall monthly housing obligation expense and overcomes the “lack of funds” hurdle typically faced by low to moderate income households.

ENERGY ASSISTANCE PROGRAMS

The Weatherization Assistance Programs and Comprehensive Energy Assistance Program provide housing-related assistance by reducing energy expenses and energy consumption through assistance with utility payments and weatherization. Both programs are federally funded.

	Applicable	Not Applicable
Emergency shelter and transitional housing needs of homeless persons		X
Homelessness prevention	X	
Special needs of homeless persons		X
Meeting underserved needs	X	
Foster and maintain affordable housing		X
Remove barriers to affordable housing		X
Reduce lead-based paint hazards		X
Reduce the number of poverty-level families	X	
Develop institutional structure		X
Enhance coordination between public and private housing and social service agencies	X	
Foster public housing resident initiatives		X

Homelessness Prevention

A number of studies have shown that high energy costs contribute to home abandonment. Reducing energy consumption and increasing energy affordability through the Weatherization Assistance Program (WAP) and the Comprehensive Energy Assistance Program (CEAP) allows households to meet their overall housing expenses.

Meeting Underserved Needs

Community assessments conducted by community action agencies (CAAs) indicate that energy assistance programs are greatly needed in low income areas. In some areas, TDHCA programs may be the only energy assistance programs available.

Reduce the Number of Poverty-Level Families

CEAP takes a case management approach to energy assistance by which the program addresses the underlying contributing causes to energy induced hardship. Often this involves enrolling clients in education, training, and employment programs.

Enhance Coordination between Public and Private Housing and Social Service Agencies

The energy assistance program deals with many housing issues in an indirect manner through its involvement in a number of partnership programs with investor-owned utilities in the provision of weatherization services.

OFFICE OF COLONIA INITIATIVES

The Office of Colonia Initiatives (OCI) was created and charged with the responsibility of coordinating all colonia initiatives and managing portions of TDHCA's existing programs targeted to colonias. All of the assistance provided by OCI is designed for border communities and/or colonia residents. A colonia is defined as a geographic area located within 150 miles of the Texas-Mexico border that has a majority population composed of individuals and families of low, very low, and extremely low income who lack safe, sanitary, and sound housing together with basic services such as potable water, adequate sewage systems, drainage, streets, and utilities.

	Applicable	Not Applicable
Emergency shelter and transitional housing needs of homeless persons		X
Homelessness prevention		X
Special needs of homeless persons		X
Meeting underserved needs	X	
Foster and maintain affordable housing	X	
Remove barriers to affordable housing	X	
Reduce lead-based paint hazards		X
Reduce the number of poverty-level families		X
Develop institutional structure		X
Enhance coordination between public and private housing and social service agencies	X	
Foster public housing resident initiatives		X

Meeting Underserved Needs

OCI meets the need of underserved populations by virtue of the programs' geographical area and by focusing on extremely low and very low income households (at or below 60% of AMFI) that are exceptionally prone to poverty.

Fostering and Maintaining Affordable Housing

OCI fosters affordable housing through the Texas Bootstrap Loan Program created by the 76th Texas Legislature to promote and enhance homeownership for very low income Texans by providing loan funds to purchase or refinance real property on which to build new residential housing or improve existing residential housing. This program is specifically designed to promote self-help construction methods and allow residents to build their own homes.

Another method used to foster affordable housing is the Contract for Deed Conversion Program, whereby eligible residents can apply to convert their existing contract for deed into a traditional note and deed of trust. This allows residents to begin to build equity on their property and use their property as collateral for securing a construction/rehabilitation loan.

Additionally, the intent of the Colonia Model Subdivision Loan Program is to provide low-interest loans for the development of new, high-quality, residential subdivisions that provide alternatives to substandard colonias.

Removing Barriers to Affordable Housing

There are presently seven counties (El Paso, Webb, Starr, Hidalgo, Maverick, Val Verde, and Cameron/Willacy) with Colonia Self-Help Centers. These centers provide technical assistance in housing finance and rehabilitation, new construction, surveying and platting, construction skills, tool libraries, credit and debt counseling, grant preparation, infrastructure construction and access, consumer education, and other improvements.

Additionally, OCI has created a Colonia Resident Advisory Committee that advises TDHCA regarding the needs of colonia residents, as well as programs and activities operated through the self-help centers. Other examples of barrier removal include obtaining a waiver from HUD allowing for the use of a new set of housing standards for Texas' colonias. This set of minimum standards, known as the Colonia Housing Standards (CHS), was adopted by HUD and FHA to insure loans in the colonias. The new standards provide basic, safe, sanitary, and structurally sound housing needed to alleviate the existing health risks in the areas. OCI has also developed and implemented a consumer education program for residents purchasing residential property under a contract for deed. This program provides valuable information on the rights and responsibilities of purchasing residential property under a contract for deed vs. a traditional note and deed of trust.

Enhancing Coordination between Public and Private Housing and Social Service Agencies

Through the Texas Border Infrastructure Group, chaired by the Secretary of State's Office, OCI created *The Border Resource Guide* containing up-to-date program funding information for federal, state, local, and bi-national organizations. *The Border Resource Guide* is distributed throughout the Texas-Mexico border to assist organizations and inform them of funding opportunities.

Another effort managed by OCI includes the operation of three Border Field Offices located in Edinburg, Laredo, and El Paso. Through the efforts of border field representatives, coordination and communication between public and private agencies is maintained. Technical support is provided to organizations needing assistance in accessing department resources and/or seeking funding opportunities.

TEXAS DEPARTMENT OF STATE HEALTH SERVICES (DSHS)

During 2006, DSHS anticipates the following other activities:

- DSHS is implementing a new activity as allowed under 24 CFR 574.300 for Supportive Services. These services will be limited primarily to case management and the purchase of smoke detectors for HOPWA clients.
- Based on statewide stakeholder meetings held during the Fall of 2005, DSHS will implement changes to the current Administrative Agency structure. Due to diminishing funding, the state may make changes to maximize our HIV client services dollars.
- DSHS will provide additional guidance to Administrative Agencies and Project Sponsors on HOPWA administrative caps, and implement corrective action where needed. The State and the Administrative Agencies combined may not use more than 3% of the overall grant award for costs relating to grant administration, as defined at 24 CFR 574.3. Project Sponsors carrying out HOPWA activities through the state program may not use more than 7% of the amounts they receive for administrative costs (see 24 CFR Section 574.300(b)(10)(i)-(ii)). Administrative costs are defined as "costs for general management, oversight, coordination, evaluation, and reporting on eligible activities. Such costs do not include costs directly related to carrying out eligible activities, since these costs are eligible as part of the activity delivery costs of such activities."
- DSHS will implement changes to funding of certain Administrative Agencies and Project Sponsors in compliance with OMB Bulletin No. 03-04, *Revised Definitions of Metropolitan Statistical Areas, New Definitions of Metropolitan Statistical Areas and Combined Statistical Areas and Guidance on Uses of the Statistical Definitions of These Areas,* as indicated in the following table:

HOPWA FORMULA JURISDICTIONS	**Changes in Service Areas Using New MSA Definitions, Including Divisions**	
NAME OF HOPWA GRANTEE FOR THE METROPOLITAN STATISTICAL AREA (MSA) OR DIVISION	**Counties Added to Prior Service Area**	**Counties Cut From Prior Service Area**
TEXAS	Henderson & Hood	Atascosa, Austin, Bandera, Brazoria, Delta, Galveston, Kendall, Medina, San Jacinto, & Wise
AUSTIN-ROUND ROCK, TX		
DALLAS-PLANO-IRVING, TX DIVISON	Delta	Henderson
FORT WORTH-ARLINGTON, TX DIVISON	Wise	Hood
HOUSTON-BAYTOWN-SUGAR LAND, TX	Austin, Brazoria, Galveston & San Jacinto	
SAN ANTONIO, TX	Atascosa, Bandera, Kendall & Medina	

Note: This table is an excerpt from a table published in the US Department of Housing and Urban Development publication CPD-03-11.

- HOPWA Administrative Agencies and Project Sponsors will be responsible for implementing the new Outcome Performance Measurement system beginning 02/01/06–01/31/07. For additional details about the proposed Outcome Performance Measurement System, please reference Federal Register/Vol. 70, No. 111/Friday, June 10, 2005/Notices.

SUMMARY OF PUBLIC COMMENT

This section will be completed at the close of the public comment period.

SINGLE FAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST
SEPTEMBER 16, 2005

Action Items

Request approval of two (2) 2005 HOME Investment Partnerships (HOME) Program Award Recommendations, totaling awards in the amount of $299,778.

Required Action

Approve two (2) 2005 HOME Program Award Recommendations.

Background and Recommendations

Summary
Due to staff oversight, two funding recommendations were inadvertently excluded from the August Board recommendations. The City of Primera scored a total of 62 points on application #2005-0064. This was the third highest scoring Owner Occupied Housing Assistance (OCC) applicant in Region 11, under the Urban/Exurban Area Type. This award recommendation should have been presented at the August Board Meeting.

The City of Los Indios scored a total of 79 points on application #2005-0201. Three other applicants received a score of 79 for OCC funds in Region 11, under the Rural Area Type, and were approved for a funding recommendation at the August Board meeting. The City of Los Indios should also have been presented with the August Board recommendations, but was inadvertently excluded.

The Department reserves the right to deobligate funds according to Title 10 of the Texas Administrative Code, Section 53.62(c). The Department, with approval of the Board, may elect to reassign funds following the Deobligation Policy, adopted by the Board on January 17, 2002, in the order prioritized as follows:

(A) Successful appeals (as allowable under program rules and regulations), or
(B) Disaster Relief (disaster declarations or documented extenuating circumstances such as imminent threat to health and safety), or
(C) Special Needs, or
(D) Colonias, or
(E) Other projects/uses as determined by the Executive Director and/or Board including the next year's funding cycle for each respective program.

All successful appeals have been awarded, as have all pending Disaster Relief applications. There are currently no Colonia or Special Needs applications proposed that may utilize deobligated funds. According to the Deobligation Policy, this recommendation can be funded under priority (E), other projects/uses as determined by the Executive Director and/or Board, as follows:

Application Number	Applicant	Region	Activity	Project Funds Rec'd	Admin. Funds Rec'd	Units Rec'd
2005-0064	City of Primera	11	OCC	$221,364	$8,855	21
2005-0201	City of Los Indios	11	OCC	$66,884	$2,675	2
				$288,248	**$ 11,530**	**23**

Project Costs:	$ 288,248
4% Administrative Fee:	$ 11,530
Total Costs:	$ 299,778

Recommendation

Staff recommends approval of applications #2004-0064 and #2005-0201 utilizing deobligated HOME Investment Partnerships Program funds. As of August 31, 2005 the Department had available approximately $1,611,876 in deobligated funds. The approval of these recommendations will result in a balance of $1,323,628 in deobligated funds. These awards are in accordance with the TDHCA Deobligation Policy, adopted by the Board on January 17, 2002. Staff also recommends and requests approval of 4% administrative funds, based on the amount of project dollars recommended.

SINGLE FAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST
September 16, 2005

Action Items

Request approval of two (2) 2005 HOME Investment Partnerships (HOME) Program applications for Contract for Deed Conversions, for total awards in the amount of $1,033,900.

Required Action

Approve two (2) 2005 HOME Investment Partnerships (HOME) Program applications for Contract for Deed Conversions.

Background and Recommendations

Summary

In January 2005 Single Family Finance Production released a Notice of Funding Availability (NOFA) making available approximately $6 million in HOME Program funds for Contract for Deed Conversions (CFD) in an Open Application Cycle. Five (5) applications received a funding recommendation approval at the August 19th Board meeting. Upon Board approval of these five (5) applicants, a balance of $3,510,000 remained. Two additional applications have been submitted to the Department requesting funding under this cycle. The applicants and recommended funding is summarized below:

Application Number	Applicant	Region	Activity	Project Funds Requested	Admin. Funds Requested	Units Requested
2005-0217	Border Fair Housing and Economic Justice Center (El Paso County)	13	CFD	$495,000	$18,900	9
2005-0218	Adults and Youth United Development Association (El Paso County)	13	CFD	$500,000	$20,000	10
				$995,000	**$38,900**	**19**

Project Funds Recommended:	$ 995,000
Administrative Funds Recommended:	$ 38,900
Total Funds Recommended:	$1,033,900

The State HOME rules include a minimum score requirement based on 60% of the total score to be considered for a funding recommendation. This requirement equates to 65.4 points. Applicants that did not pass the minimum score requirement were not eligible for recommendations. Scoring criteria is based on, but not limited to, a needs assessment, program design, and applicant capability and financial feasibility.

Upon Board approval of the applicants listed above, a balance of $2,515,000 will remain. Applicants have been informed that this funding cycle was deemed open until the end of the fiscal year. The Department accepted applications up to August 31, 2005. The remaining dollars will be included in the Single Family HOME NOFA in 2006. These funds will no longer be set aside specifically for Contract for Deed Conversions; however, a new NOFA is anticipated to be released for CFD in an Open Funding Cycle in early 2006 for approximately $2 million.

Recommendation
Staff recommends approval of two (2) 2005 HOME Investment Partnerships (HOME) Program applications for Contract for Deed Conversions. Staff also recommends and requests approval of 4% administrative funds, based on the amount of project dollars recommended. Awarded applicants will be working with the Office of Colonia Initiatives (OCI) in the daily administration of CFD HOME contracts.

SINGLE FAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST
September 16, 2005

Action Items

Consider appeal of 2005 Single Family HOME Investment Partnerships (HOME) Program funding decision for Bee Community Action Agency, HOME application #2005-0063.

Required Action

Approve or deny Board appeal to fund Bee Community Action Agency, Application #2005-0063.

Background and Recommendations

Summary

Bee Community Action Agency (BCAA) submitted an application under the Owner Occupied Housing Assistance Program for the HOME 2005 funding cycle. BCAA is located in Uniform State Service Region 10. BCAA's application received a score of 88. BCAA was initially recommended for funding and was notified of such, before a discrepancy was discovered regarding the eligible Rider 3 counties located in Metropolitan Statistical Area (MSA).

According to scoring criteria available on the Department's score sheets and in accordance with Rider 3, "counties whose median income is at or below the statewide median income will receive the same number of points for income targeting when serving households at or below 50% AMFI as those counties exceeding the statewide median income targeting households at or below 30% AMFI." The statewide median income is currently $53,000. Those counties falling within a MSA and meeting this requirement were not captured in the application scoring materials used to determine eligibility and consequently were not awarded the appropriate points. Scores were corrected and ultimately altered funding recommendations.

Initial funding recommendations were posted to the website before the discrepancy was discovered. The funding recommendations were immediately removed, the proper mathematical adjustments made, and a new posting submitted to the website. Applicants affected by this correction were notified via fax and mail. BCAA's score was not affected; however, several applicants' scores competing for the same funds in Region 10 did increase. Scores for the cities of Odem and Taft increased by 10 points each, resulting in overall scores of 96 and 95 respectively. The city of Yoakum had the next highest ranking application with a score of 92. These three applicants were awarded funds allocated to Region 10 for OCC funds in the Rural Area Type. Unfortunately, not enough funds were available for Region 10 to continue funding the next highest scoring applicants, which included BCAA.

BCAA wishes to appeal to the Board to reconsider HOME application #2005-0063 for funding approval. An appeal was submitted to the Executive Director on August 23, 2005 requesting the applicant receive a funding recommendation due to the scoring discrepancy. The Executive Director denied the appeal.

Recommendation

It is staff's recommendation that the appeal to the Board be denied. If the Board approves this appeal, available deobligated HOME Investment Partnership funds will be utilized, in accordance with the

TDHCA Deobligation Policy, adopted by the Board on January 17, 2002. As of August 31, 2005 the Department had available approximately $1,611,876 in deobligated funds. This amount only reflects actions taken by the Board on appeals submitted for consideration prior to September 16, 2005.

SINGLE FAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST
September 16, 2005

Action Items

Consider appeal of 2005 Single Family HOME Investment Partnerships (HOME) Program funding decision for City of Bay City, Application #2005-0090.

Required Action

Approve or deny Board appeal to award additional points to HOME Application #2005-0090.

Background and Recommendations

Summary

The City of Bay City wishes to appeal to the Board the score awarded on the 2005 Single Family HOME Application #2005-0090 for American Dream Downpayment Initiative (ADDI) funds. Application #2005-0090 was awarded three (3) out of the fifteen (15) possible points for Citizen Survey Forms. The City of Bay City asks that an additional twelve (12) points be awarded for Citizen Survey Forms. An appeal was submitted to the Executive Director on August 17, 2005 requesting the applicant receive the additional twelve (12) points. The Executive Director denied this appeal and no additional points were awarded.

Application guidelines specifically state, "Please review the Citizen's Survey Form, (Attachment II) **applicable to the requested Activity**, to perform preliminary marketing and outreach to potential consumers. Forms should be completed by potential individuals seeking HOME assistance. Forms must be signed and dated. The entity applying for HOME funds must complete the portion of the Citizen's Survey Form which addresses the AMFI. Submit forms up to the number of units targeted in the application to receive maximum points."

Twenty-six citizen forms were submitted as part of the application package. However, only three of these forms were completed on the American Dream Downpayment Initiative Citizen Survey Form. The other 23 forms were submitted on the Owner Occupied Housing Assistance Citizen Survey Form. The applicant received 3 of the 15 points for having 12% of the correct forms complete.

It is important to note that Single Family Finance Production staff consistently did not award points to applicants submitting incorrect Citizen Survey Forms. Based on the competitiveness of the funding cycle, those applicants that submitted the proper information and high enough scores, received a funding recommendation, versus those that did not properly submit the documentation requested.

Under the program rules, staff has the ability to request clarification through the Department's deficiency process. However, at no time was a deficiency notice sent to any applicant for submitting the incorrect Citizen Survey Forms; again, consistency being the utmost goal. A deficiency notice was sent only to clarify conflicting information or to properly categorize an application for competition purposes.

Recommendation

It is staff's recommendation that the appeal to the Board be denied, and the additional 12 (twelve) points not be awarded. However, if the additional points are awarded, the revised score would warrant a funding recommendation of $250,000 in project funds, with an additional four percent (4%) equaling $10,000 in administrative funds , totaling $260,000 to assist 25 households. This award would utilize deobiligated HOME Investment Partnership funds in accordance with the TDHCA Deobligation Policy, adopted by the Board on January 17, 2002. As of August 31, 2005 the Department had available approximately $1,611,876 in deobligated funds. This amount only reflects actions taken by the Board on appeals submitted for consideration prior to September 16, 2005.

SINGLE FAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST
September 16, 2005

Action Items

Consider appeal of 2005 Single Family HOME Investment Partnerships (HOME) Program funding decision for City of Montgomery, Application #2005-0099.

Required Action

Approve or deny Board appeal to award additional points to HOME Application #2005-0099.

Background and Recommendations

Summary

The City of Montgomery wishes to appeal to the Board the score awarded on the 2005 Single Family HOME Application #2005-0090 for Owner Occupied Housing Assistance (OCC) funds. Application #2005-0099 was awarded twelve (12) out of the fifteen (15) possible points for Citizen Survey Forms. The City of Montgomery asks that an additional three (3) points be awarded for Citizen Survey Forms. An appeal was submitted to the Executive Director on August 12, 2005 requesting the applicant receive the additional three (3) points. The Executive Director denied this appeal and no additional points were awarded.

Application guidelines specifically state, "A citizen form is considered **complete** when the following blanks are filled with the requested data: name; address, city, zip code and county of residence; signature and date; annual income amount; and AMFI box checked. For OCC a picture of the house must be included to be deemed complete."

Nine citizen forms were submitted as part of the application package. However, only eight of these forms met the criteria listed above and were scored as complete. One citizen form did not include the address. The applicant received 12 of the 15 points for having 88.88% of the forms complete.

It is important to note that Single Family Finance Production staff consistently did not award points to any citizen form without an address, or any of the above listed criteria. Based on the competitiveness of the funding cycle, those applicants that submitted the proper information and high enough scores, received a funding recommendation, versus those that did not properly submit the documentation requested.

Under the program rules, staff has the ability to request clarification through the Department's deficiency process. However, at no time was a deficiency notice sent to any applicant for citizen form verification; again, consistency being the utmost goal. A deficiency notice was sent only to clarify conflicting information or to properly categorize an application for competition purposes.

Recommendation

It is staff's recommendation that the appeal to the Board be denied, and the additional 3 (three) points not be awarded. However, if the additional points are awarded, the revised score would warrant a funding recommendation of $500,000 in project funds, with an additional four percent (4%) equaling $20,000 in administrative funds , totaling $520,000 to assist 9 households. This award would utilize deobiligated HOME Investment Partnership funds, as available, in accordance with the TDHCA Deobligation Policy,

SINGLE FAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST
September 16, 2005

Action Items

Consider appeal of 2005 Single Family HOME Investment Partnerships (HOME) Program Applications submitted by Gary R. Traylor & Associates, Incorporated.

Required Action

Approve or deny Board appeal of 2005 Single Family HOME Program Applications submitted by Gary R. Traylor & Associates, Incorporated.

Background and Recommendations

Summary

The Texas Department of Housing and Community Affairs (Department) received a letter from Gary R. Traylor & Associates, Incorporated (Traylor & Associates) appealing the Governing Board's approval of the 2005 Single Family HOME Investment Partnerships (HOME) Program Recommendations at the Board meeting held August 19, 2005.

Traylor & Associates' Board appeal states that the Board failed to follow the Department's HOME Program rules, specifically the timeline for Board action on Department funding recommendations mandated by 10 TAC §53.60(b)(5). Traylor & Associates requests that the Board rescind its August 19, 2005 vote and consider this matter at a future date.

The Board is in compliance with the Department's HOME Program rules stated at §53.60(b)(5), *Applicants will be notified of their score in writing no later than seven calendar days after all applications received have been scored. Subsequently, the recommendation regarding their application will be made available on the Department's website at least seven calendar days prior to the Board meeting at which the awards may be approved.*

Initial funding recommendations and score summaries were posted to the website on Thursday, August 11, 2005, as well as, recommendation letters faxed to all applicants. Soon after these postings, a scoring oversight was discovered. The funding recommendations and score summaries were immediately removed, the proper adjustments were made and a new posting was submitted to Information Systems for republication on this same day. The revised list of funding recommendations and score summaries was posted Friday, August 12, 2005. All such actions were communicated to applicants via the Department's listserv.

In total, three email correspondences were sent. The first two Traylor & Associates have referenced in their Board appeal. However, the third correspondence was not included, announcing the availability of a revised recommendation list and score summaries. It stated the following:

> *The Texas Department of Housing & Community Affairs is pleased to announce the revised 2005 Single Family HOME Recommendations. Please visit* http://www.tdhca.state.tx.us/HOME-SF-Cycle-05.htm *for a revised listing of recommendations, as well as, revised score summaries for Owner Occupied Housing Assistance, Tenant Based Rental Assistance, and the American Dream Downpayment Initiative. These recommendations will be taken to the Governing Board, Friday,*

August 19th. Funding recommendation letters will only be sent to those individuals with changes in the amount being recommended for funding, as a result of these revised scores.

Revised score summaries, a revised recommendation list, and Board agenda were published by August 12, 2005; all in accordance with Department rules. Additionally, applicants affected by this scoring correction were notified in writing August 12, 2005. Therefore, the Board did not prematurely approve staff's recommendations. Every applicant was allowed the appropriate amount of time to examine the scores published and to submit appeals, as allowed.

The following is a list of applicants represent by Traylor & Associates, and funding results as of August 19, 2005:

Application Number	Applicant	Region	Activity	Project Funds Requested	Admin. Funds Requested	Units Requested	Project Funds Rec'd	Total Units Rec'd
2005-0127	City of Winnsboro	4	OCC	495,000.00	19,800.00	9	$223,683.00	4
2005-0128	City of Gladewater	4	OCC	200,000.00	8,000.00	4	$0.00	0
2005-0129	City of Tahoka	1	OCC	250,000.00	10,000.00	5	$0.00	0
2005-0130	City of Gatesville	8	OCC	495,000.00	19,800.00	9	$0.00	0
2005-0131	City of Sundown	1	OCC	250,000.00	10,000.00	5	$0.00	0
2005-0132	City of Crockett	5	OCC	500,000.00	20,000.00	10	$0.00	0
2005-0133	City of Palestine	4	OCC	300,000.00	12,000.00	6	$0.00	0
2005-0134	City of Corsicana	3	OCC	200,000.00	8,000.00	4	$200,000.00	4
2005-0135	City of Lufkin	5	OCC	250,000.00	10,000.00	5	$0.00	0
2005-0136	City of Jefferson	4	OCC	150,000.00	6,000.00	3	$0.00	0
2005-0137	City of Center	5	OCC	300,000.00	12,000.00	6	$234,247.00	5
2005-0138	City of Carthage	4	OCC	250,000.00	10,000.00	5	$0.00	0
2005-0139	City of Bogata	4	OCC	200,000.00	8,000.00	4	$90,377.00	2
				3,840,000.00			**$748,307.00**	**15**

Recommendation

It is staff's recommendation that the appeal to the Board be denied and no further action taken.

adopted by the Board on January 17, 2002. As of August 31, 2005 the Department had available approximately $1,611,876 in deobligated funds. This amount only reflects actions taken by the Board on appeals submitted for consideration prior to September 16, 2005.

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

September 16, 2005

Action Items

Request consideration and approval of HOME Community Housing Development Organization (CHDO) Rental Development Award.

Required Action

Approve or deny HOME CHDO Rental Development Award to Center for Housing and Economic Opportunities Corporation.

Background

The Department received an application for HOME CHDO Rental Development funds from the Center for Housing and Economic Opportunities Corporation in March 2005, under the 2005 HOME CHDO Open Cycle Notice of Funding Availability (NOFA) for Rental Development. The application has been reviewed for CHDO certification, threshold criteria and underwriting.

The Development is located in Luling, Caldwell County, Texas on approximately 3 acres of land. The development will include 22 units that will serve the elderly. The Development will consist of a mixture of duplex and fourplex buildings with one and two-bedroom units. The site will also include a senior activity room, community laundry room, full perimeter fencing and an onsite management office.

Staff would like to note that the Applicant has previous experience with the Department's programs. At this time however, the Applicant has requested an additional $125,000 in HOME funds for their most recent development funded by the Department. The Applicant has shown that a combination of higher than anticipated construction costs and difficulties with contractors led to this increase in costs. The Real Estate Analysis Division is recommending that the increase be approved.

The Department will be the sole lender in this transaction and will provide $1,500,000 in HOME CHDO funds for the construction and permanent financing. Staff reviewed the application for consistency with all applicable federal and state regulations, and confirmed the application's consistency with all of the Department's threshold criteria.

Recommendation

Staff recommends that the Board consider an award of $1,500,000 in HOME CHDO Rental Development funds to the Center for Housing and Economic Opportunities Corporation for the Luling Senior Housing Development. The award will be split into two loans. The first will be a fully amortizing 30 year, zero percent interest loan in the amount of $810,000. The second, in the amount of $690,000, will be a non-amortizing 5 year deferred forgivable loan. Additional conditions are detailed in the underwriting report.

TEXAS
DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

MULTIFAMILY FINANCE PRODUCTION DIVISION

September 16, 2005

Development Information, Public Input and Board Summary

Luling Senior Housing, TDHCA Number 05262

BASIC DEVELOPMENT INFORMATION

Site Address:	1300 Block of Milam Street			Development #:	05262
City:	Luling	Region:	7	Population Served:	Elderly
County:	Caldwell	Zip Code:	78648	Allocation:	Rural

HTC Set Asides: ☐ At-Risk ☐ Nonprofit ☐ USDA — HTC Purpose/Activity: NC

HOME Set Asides: ☑ CHDO ☐ Preservation ☐ General

Bond Issuer: N/A

HTC Purpose/Activity: NC=New Construction, ACQ=Acquisition, R=Rehabilitation, NC/ACQ=New Construction and Acquisition, NC/R=New Construction and Rehabilitation, ACQ/R=Acquisition and Rehabilitation

OWNER AND DEVELOPMENT TEAM

Owner:	Center for Housing & Economic Opportunities Corp.
	Mike Harms - Phone: (512) 292-3919
Developer:	Center for Housing & Economic Opportunities, Inc.
Housing General Contractor:	Countywide Builders
Architect:	Mike Willis, Architect
Market Analyst:	The Siegel Group
Syndicator:	N/A
Supportive Services:	Center for Housing & Economic Opportunities, Inc.
Consultant:	N/A

UNIT/BUILDING INFORMATION

30%	40%	50%	60%	65%	80%
2	0	4	14	0	2

Eff	1 BR	2 BR	3 BR	4 BR
0	22	0	0	0

Type of Building: Fourplex

Number of Residential Buildings: 6

Total Restricted Units:	22
Market Rate Units:	0
Owner/Employee Units:	0
Total Development Units:	22
Total Development Cost:	$1,500,000

Note: If Development Cost =$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis	Amort	Term	Rate
9% Housing Tax Credits-Credit Ceiling	$0	$0	0	0	0.00%
4% Housing Tax Credits with Bonds:	$0	$0	0	0	0.00%
Housing Trust Fund Loan Amount:	$0	$0	0	0	0.00%
HOME Fund Loan Amount:	$1,500,000	$1,500,000	40	40	0.00%
Bond Allocation Amount:	$0	$0	0	0	0.00%

TEXAS
DEPARTMENT OF HOUSING
AND COMMUNITY AFFAIRS

MULTIFAMILY FINANCE PRODUCTION DIVISION

September 16, 2005

Development Information, Public Input and Board Summary

Luling Senior Housing, TDHCA Number 05262

PUBLIC COMMENT SUMMARY

Guide: "O" = Oppose, "S" = Support, "N" = Neutral, "NC" or Blank = No comment

State/Federal Officials with Jurisdiction:

TX Senator: Armbrister, District 18 NC Points: 0 US Representative: Doggett, District 25, NC

TX Representative: Rose, District 45 NC Points: 0 US Senator: NC

Local Officials and Other Public Officials:

Mayor/Judge: NC Resolution of Support from Local Government ☐

Individuals/Businesses: In Support **0** In Opposition **0**

Neighborhood Input:

General Summary of Comment:

CONDITIONS OF COMMITMENT

1. Receipt, review, and acceptance of a Phase II Environmental Site Assessment report by a qualified third party indicating that no issues of environmental concern exist with regard to the site.

2. Receipt, review, and acceptance of documentation of a property tax exemption and operating history prior to the end of the five year period for the non-amortizing portion of the loan and, at that time, a re-evaluation of the ability to begin amortization or maintain a deferred status for this portion of the HOME award.

3. Should the terms and rates of the proposed debt of syndication change, the transaction should be re-evaluated and an adjustment to the allocation amount may be warranted.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

MULTIFAMILY FINANCE PRODUCTION DIVISION

September 16, 2005

Development Information, Public Input and Board Summary

Luling Senior Housing, TDHCA Number 05262

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

9% HTC Competitive Cycle: ☐ Score: ☐ Meeting a Required Set-Aside Credit Amount: $0

Recommendation: N/A

HOME Loan: Loan Amount: $1,500,000

Recommendation: Recommend approval of a HOME award not to exceed $1,500,000, structured in two parts 1) $810,000 fully amortizing loan over 30 years at zero percent interest and 2) $690,000 as a five-year term, non-amortizing deferred forgivable loan, subject to conditions.

Housing Trust Fund Loan: ☐ Meeting a Required Set-Aside Loan Amount: $0

Recommendation: N/A

4% Housing Tax Credits with Bond Issuance: Credit Amount: $0

Recommendation: N/A

Private Activity Bond Issuance with TDHCA: Bond Amount: $0

Recommendation: N/A

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS

MULTIFAMILY UNDERWRITING ANALYSIS

DATE: September 6, 2005 **PROGRAM:** HOME **FILE NUMBER:** 05262

DEVELOPMENT NAME

Luling Senior Housing

APPLICANT

Name:	Center for Housing and Economic Opportunities		**Type:**	Non-profit			
Address:	504 River Oaks Drive		**City:**	San Leanna		**State:**	TX
Zip:	78748	**Contact:** Mike Harms	**Phone:**	(512) 292-3919		**Fax:**	(512) 292-0134

KEY PARTICIPANTS

Name:	Center for Housing and Economic Opportunities	**(%):**	N/A	**Title:**	Developer
Name:	Mike Harms	**(%):**	N/A	**Title:**	Executive Director

PROPERTY LOCATION

Location:	1300 block Milam Street		☐ **QCT**		☐ **DDA**
City:	Luling	**County:**	Caldwell	**Zip:**	78648

REQUEST

Amount	Interest Rate	Amortization	Term
1) $480,000	0%	40	40
2) $1,020,000	N/A	N/A	N/A

Other Requested Terms: 1) HOME loan at 0% with term of 40 years
2) HOME deferred forgivable loan

Proposed Use of Funds: Administrative/New construction **Property Type:** Multifamily

Special Purpose (s): Elderly, Rural, CHDO

RECOMMENDATION

☒ RECOMMEND APPROVAL OF A HOME AWARD NOT TO EXCEED $1,500,000, STRUCTURED IN TWO PARTS 1) $810,000 FULLY AMOTRTIZING LOAN OVER 30 YEARS AT ZERO PERCENT INTEREST AND 2) $690,000 AS A FIVE-YEAR TERM, NON-AMORTIZING DEFEERED FORGIVABLE LOAN, SUBJECT TO CONDITIONS.

CONDITIONS

1. Receipt, review, and acceptance of a Phase II Environmental Site Assessment report by a qualified third party indicating that no issues of environmental concern exist with regard to the site.
2. Receipt, review, and acceptance of documentation of a property tax exemption and operating history prior to the end of the five year period for the non-amortizing portion of the loan and, at that time, a re-evaluation of the ability to begin amortization or maintain a deferred status for this portion of the HOME award.
3. Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the allocation amount may be warranted.

REVIEW of PREVIOUS UNDERWRITING REPORTS

No previous reports.

DEVELOPMENT SPECIFICATIONS

IMPROVEMENTS

Total Units:	22	**# Rental Buildings**	6	**# Non-Res. Buildings**	1	**# of Floors**	1	**Age:**	N/A yrs	**Vacant:**	N/A	at / /

Net Rentable SF: 16,838 **Av Un SF:** 765 **Common Area SF:** 1,140 **Gross Bldg SF:** 17,978

STRUCTURAL MATERIALS

The structure will be wood frame on a slab on grade. According to the plans provided in the application the exterior will be comprised as follows: 50% masonry/brick veneer and 50% cement fiber siding. The interior wall surfaces will be drywall and the pitched roof will be finished with asphalt composite shingles.

APPLIANCES AND INTERIOR FEATURES

The interior flooring will be a combination of carpeting & vinyl. Each unit will include: range & oven, hood & fan, garbage disposal, refrigerator, fiberglass tub/shower, washer & dryer connections, ceiling fans, laminated counter tops, individual water heaters, and individual heating and air conditioning.

ONSITE AMENITIES

A 1,140-square foot community building will include an activity room, management offices, laundry facilities, and restrooms. The community building, which includes two one-bedroom units, is located at the entrance to the property.

Uncovered Parking: 40 spaces **Carports:** 0 spaces **Garages:** 0 spaces

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Description: The subject is an eight-unit per acre new construction development of 22 units of affordable housing located in Luling. The development is comprised of six evenly distributed, single-story residential buildings as follow:

- Three Building Type A with four one-bedroom/one-bath units;
- Two Building Type B with four two-bedroom/one-bath units; and
- One Building Type C with two one-bedroom/one-bath units.

Based on architectural plans submitted on August 3, 2005, all of the units will have one bathroom. The community building is attached to the duplex structure by a covered breezeway.

Architectural Review: The building and unit plans are of sufficient design and size and are comparable to other modern apartment developments. They appear to provide acceptable access and storage.

SITE ISSUES

SITE DESCRIPTION

Size: 3.146 acres 137,040 square feet **Flood Zone Designation:** Zone X

Zoning: R-2 (Residential District permitting multifamily)

SITE and NEIGHBORHOOD CHARACTERISTICS

Location: Luling is located in Central Texas, approximately 45 miles south from Austin in Caldwell County. The site is a rectangular parcel located in the southeast area of Luling, less than one mile from the central business district. The site is situated on the southern side of Milam Street.

Adjacent Land Uses:

- **North:** Milam Street immediately adjacent and single family development;
- **South:** vacant land;
- **East:** vacant land; and
- **West:** single family development.

Site Access: Access to the property is from the east or west along Milam Street. The development is to have one main entry from Milam Street. Access to Interstate Highway 10 is 2.3 miles south, which provides connections to all other major roads serving the area.

Public Transportation: Public transportation to the area is provided by CARTS Transit Service.

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

Site Inspection Findings: TDHCA staff performed a site inspection on March 31, 2005 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 August 16, 2004 was prepared by Professional Service Industries, Inc. and contained the following findings and recommendations:

Findings: "Aboveground or Underground Storage Tanks (ASTs/USTs)

To the extent observed or identified through interviews, hazardous substance and petroleum product storage tanks identified in connection with use of the property are described below.

A crude oil tank battery and apparent oil/water separator were located adjacent to Milam Street in the northern portion of the subject property. The tank battery is visible on the 1963 aerial photograph but not on the 1957 and 1995 photographs. Mr. Dwayne Baker, owner of the subject property, said the battery was removed 10-15 years ago. As a result, it appears the tank battery was located on the site from approximately the late 1950s or early 1960s until the approximate late 1980s. Mr. Baker said he remembered an oil/water separator being part of the tank battery complex. According to Mr. Baker, no oil or gas wells were drilled on the subject property so it appears the tank battery was part of a gathering system for wells located off the subject property. No obvious evidence of soil staining, stressed vegetation, unusual odors or physical evidence of tank battery equipment was observed in the area during the site reconnaissance. The area of the former tank battery was covered with native grasses at the time of the site reconnaissance. Based on observation, the former tank battery represents evidence of a recognized environmental condition in connection with the subject property" (p. 15).

"On-Site Conditions:

- Recognized Environmental Conditions: None.
- Historical Recognized Environmental Conditions: A crude oil tank was located on the subject property along Milam Street from approximately the late 1950s or early 1960s until the approximate late 1980s.

Off-Site Conditions:

- Recognized Environmental Conditions: None.
- Historical Recognized Environmental Conditions: None" (p. 17).

Recommendations: "Based on investigation of the property for evidence of recognized environmental conditions and other environmental issues, PSI offers the following recommendations:

- Further assessment of recognized environmental conditions appears to be warranted at this time. A Phase II Site Assessment is recommended to address possible impact to the soil in the area of the former tank battery along Milam Street in the northern portion of the subject property" (p. 19). Receipt, review, and acceptance of a Phase II Environmental Site Assessment report by a qualified third party indicating that no issues of environmental concern exist with regard to the site is a condition of this report.

POPULATIONS TARGETED

Income Set-Aside: Twenty-two of the units (100% of the total) will be reserved for low-income/elderly tenants. Six of the units (27%) will be reserved for households earning 50% or less of AMGI, 14 units (64%) will be reserved for households earning 60% or less of AMGI, and the remaining 2 units will be reserved for households earning 80% or less of AMGI.

MAXIMUM ELIGIBLE INCOMES						
	1 Person	**2 Persons**	**3 Persons**	**4 Persons**	**5 Persons**	**6 Persons**
80% of AMI	$39,800	$45,500	$51,200	$56,900	$61,450	$66,000

MARKET HIGHLIGHTS

A market feasibility study dated May 27, 2005 was prepared by The Siegel Group ("Market Analyst") and highlighted the following findings:

Definition of Primary Market Area (PMA): The primary market area is the City of Luling. This area encompasses approximately 3.7 square miles and is equivalent to a circle with a radius of 1.1 miles. The secondary market area is Caldwell County.

Population: The estimated 2004 population of the primary market area was 5,522 and is expected to increase by 13% to approximately 6,256 by 2009. Within the primary market area there were estimated to be 1,936 households in 2004.

Total Primary Market Demand for Rental Units: The Market Analyst calculated a total demand of 104 qualified households in the PMA, based on the current estimate of 687 households age 62 and above, two years of projected annual growth rate at 7.3% each year, renter households estimated at 37% of the population, income-qualified households estimated at 15%, and an annual renter turnover rate of 30% (p. 59). The Market Analyst used an income band of $17,200 to $45,500.

ANNUAL INCOME-ELIGIBLE SUBMARKET DEMAND SUMMARY				
	Market Analyst		**Underwriter**	
Type of Demand	**Units of Demand**	**% of Total Demand**	**Units of Demand**	**% of Total Demand**
Household Growth	38	36%	1	3%
Resident Turnover	31	30%	47	97%
Other Sources: Secondary Market Area	35	34%	0	N/A
TOTAL ANNUAL DEMAND	**104**	**100%**	**48**	**100%**

Ref: p. 59

Inclusive Capture Rate: The Market Analyst calculated an inclusive capture rate of 21% based upon 104 units of demand and 22 unstabilized affordable housing in the PMA (including the subject) (p. 59). The Underwriter calculated an inclusive capture rate of 46% based upon a supply of unstabilized comparable affordable units of 22 divided by a revised demand of 48. Developments targeting elderly households or located in rural areas may have an inclusive capture rate as high as 100% based on current Department rules.

Local Housing Authority Waiting List Information: "According to the Luling Housing Authority, there are 30 to 45 households on the waiting list for assistance. Approximately 30% of those on the waiting list are senior households. According to Frank Cantu of the Caldwell County Housing Authority, there are 30 households on the waiting list for housing assistance. Approximately 10% of those on the waiting list are senior households" (p. 60).

Market Rent Comparables: The Market Analyst surveyed nine comparable apartment projects totaling 376 units in the market area (p. 31).

RENT ANALYSIS (net tenant-paid rents)					
Unit Type (% AMI)	**Proposed**	**Program Max**	**Differential**	**Est. Market**	**Differential**
1-Bedroom (50%)	$350	$586	-$236	$390	-$40
1-Bedroom (60%)	$375	$667	-$292	$390	-$15
2-Bedroom (60%)	$450	$810	-$360	$500	-$50
2-Bedroom (80%)	$475	$810	-$335	$500	-$25

(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 average occupancy for the surveyed units in the Primary and

Secondary Market Areas is approximately 90%, which is consistent for family and senior properties. The average occupancy for the surveyed units in the Primary Market Area, alone is approximately 93%. The two properties located in the Primary Market Area and reporting a large base of senior tenants, Jennings Retirement Village and Nolan Terrace, are both 100% occupied" (p. 60).

Absorption Projections: "It is the analyst's opinion that due to a lack of senior housing in the area and the high demand for housing, a lease-up rate of four (4) units per month (six months) is achievable" (p. 59).

Known Planned Development: "There are no unstabilized comparable (senior-oriented) units in the PMA…" (p. 59). The Underwriter notes that in the secondary market, in Lockhart, there exists another recently stabilized 100% TDHCA HOME funded senior development with 20 units. This property faced an extended lease-up period after construction completion due to the number of existing affordable senior units already existing in Lockhart. The anticipated rents for the proposed development are at roughly the same price points as the rents considered in the 2001 underwriting report for the Lockhart transaction. It should also be noted however that the Lockhart development is comprised exclusively of one-bedroom units while the subject has a mix of one and two-bedroom units.

Market Study Analysis/Conclusions: The Underwriter found the market study provided sufficient information on which to base a funding recommendation.

OPERATING PROFORMA ANALYSIS

Income: The Applicant proposes monthly rents of \$350 and \$375 for one-bedroom units and \$450 and \$475 for two-bedroom units. These rents are below the current maximum program rents of \$586 or \$667 for one-bedroom units and \$810 for two-bedroom units. The Market Analyst's adjusted market rent conclusions are less than the current maximum program rents, but higher than the Applicant's proposed rents. In accordance with 10TAC §1.32(d)(1)(A), the underwriting analysis is based on the Market Analyst's adjusted market rent conclusions of \$390 for one-bedroom units and \$500 for two-bedroom units. This provides \$8,520 more in potential gross income for the development than anticipated by the Applicant.

The Applicant anticipates no secondary income and a vacancy and collection loss of only 5% but provided no additional justification for these assumptions. The underwriting analysis estimates minimum secondary income at \$5.00 per unit per month and a vacancy and collection loss at 7.5%. These differences provide a \$2K downward adjustment to effective gross rent.

As result of these differences and the potential gross income difference, the Applicant's effective gross income is \$6.5K, or 6%, less than the Underwriter's estimate.

Expenses: The Applicant's total annual operating expense of \$3,345 per unit per month is within 5% of the Underwriter's estimate of \$3,246 per month. The Applicant's General and Administrative, Water, Sewer & Trash, Insurance and Property Tax expenses are all more than \$1K higher than the Underwriter's estimates, while Management Fee and Repairs and Maintenance are more than \$1K less than the Underwriter's estimates. The Applicant did not include a compliance fee in their expense estimate as this is a HOME funded development and is not required to provide an ongoing compliance fee. The Applicant projected \$250 per unit per month in replacement reserve requirements rather than the underwriting guideline of \$200 per unit per month for new construction developments. Given that there are no other lenders there is no additional requirement for such additional reserve amount.

Despite the CHDO non-profit status of the Applicant, no property tax exemption was anticipated by the applicant in the expense calculation. In fact, the Applicant's property tax estimate reflects a rather high \$21K per unit assessed value based on the current tax rates. Assessed value for affordable property is required by state tax code (Section 11.1825 (q)) to be assessed based on the restriction and actual income from the property and a posted capitalization rate that the chief appraiser uses to appraise all income restricted property. Based on a 10% cap rate and the Underwriter's anticipated Net Operating Expense the maximum assessed value for this property should be \$16K per unit assuming it performs as anticipated. Moreover, this section of the property tax code also provides for a 50% exemption though another recently completed development in this county is still struggling to secure this exemption after its second year of application to the Caldwell County Assessor. A 50% exemption would reduce property taxes at the subject by \$4K and allow the property to safely service an additional $120K of the deferred portion of the proposed debt. Therefore the deferred portion of the debt should be re-evaluated after the project is fully completed and stabilized and after the exemption is approved or rejected by the county.

Conclusion: Although the Applicant's total annual operating expense is comparable to the Underwriter's estimate, both their effective gross income and net operating income vary by more than 5% when compared to the Underwriter's estimates. Therefore, the underwriting proforma will be used to determine the development's debt service capacity and long-term feasibility. The Applicant's proposed financing structure results in an annual debt service of $12,000 and an initial debt coverage ratio (DCR) of 2.65 though the Applicant only included half of this debt service amount in their proforma resulting in a DCR of over 4. The Department's current maximum DCR guideline is 1.30. The Underwriter's analysis reflects the capacity to service $27,000 annually at a DCR of 1.29. The effect of the debt coverage ratio on the recommended terms of the HOME allocation is discussed in the conclusion to the Financing Analysis Section (below).

ACQUISITION VALUATION INFORMATION

ASSESSED VALUE

Land: 11.26 acres	$43,980	**Assessment for the Year of:**	2005
One Acre:	$3,906	**Valuation by:**	Caldwell County Appraisal District
Total Assessed Value:	$12,288	**Tax Rate:**	2.3212

EVIDENCE of SITE or PROPERTY CONTROL

Type of Site Control:	Option to Purchase (approximately 3 acres)		
Contract Expiration Date:	8/ 28/ 2005	**Anticipated Closing Date:**	8/ 15/ 2005
Acquisition Cost:	$50,000	**Other Terms/Conditions:**	
Seller:	Lacy D. Baker	**Related to Development Team Member:**	No

CONSTRUCTION COST ESTIMATE EVALUATION

Acquisition Value: The acquisition price is assumed to be reasonable since the acquisition is an arm's-length transaction.

Sitework Cost: The Applicant's initial cost schedule included site work costs exceeding the Department's maximum guideline of $7,500 per unit indicating the need for third party substantiation. In response to a request for a third party certification, the Applicant submitted a revised cost schedule with only $7,499 per unit in site work costs. The difference was imbedded in direct construction costs resulting in no change to the total development cost.

Direct Construction Cost: The Applicant's direct construction cost estimate is $57K, or 7%, higher than the Underwriter's Marshall & Swift *Residential Cost Handbook*-derived estimate.

Fees: The Applicant's total contractor's fees are 14% of proposed site work and direct construction costs. The Applicant's total developer's fees are 9% of total development costs less land, permanent financing, developer fees, and reserves. Both fees are within current Department guidelines.

Conclusion: The Applicant's total development cost is within 5% of the Underwriter's estimate; therefore, the Applicant's cost schedule is used to determine the development's need for permanent funds.

FINANCING STRUCTURE

PERMANENT FINANCING

Source: TDHCA HOME **Contact:** David Danenfelzer

Principal Amount: $480,000 **Interest Rate:** 0%

Additional Information:

Amortization: 40 yrs **Term:** 40 yrs **Commitment:** ☐ LOI ☐ Firm ☐ Conditional

Annual Payment: $12,000 **Lien Priority:** **Date:** / / David Danenfelzer

PERMANENT FINANCING

Source: TDHCA HOME **Contact:**

Principal Amount: $1,020,000 **Interest Rate:**

Additional Information: Deferred forgivable

Amortization: yrs **Term:** yrs **Commitment:** ☐ LOI ☐ Firm ☐ Conditional

Annual Payment: N/A **Lien Priority:** **Date:** / /

FINANCING STRUCTURE ANALYSIS

Permanent Financing: The Applicant is requesting $480,000 in HOME funds at 0% interest rate with a term of 40 years; and $1,020,000 in HOME funds in the form of a deferred forgivable loan for a grand total of $1,500,000 in TDHCA HOME funds. It should again be noted the Applicant's estimate of annual debt service of $6,000 is understated by $6,000 based on the proposed structure.

Financing Conclusions: As stated above, the Applicant's cost schedule is used to determine the development's need for $1,500,000 in permanent financing. The Underwriter's proforma indicates the development can support annual debt service of $27,000 at an initial debt coverage ratio of 1.29, or just below the Department's maximum guideline of 1.30. The underwriting analysis supports the Applicant's proposed financing structure with two portions of the HOME loan. The Underwriter recommends approval of $1,500,000, as requested, but structured as one fully amortizing 30-year loan of $810,000 at zero percent interest and one non-amortizing loan of $690,000 with a term of five years. This recommendation is conditioned upon re-evaluation of the development's debt service capacity on the non-amortizing portion of the debt at the end of the five-year term based on actual performance and ability to secure the property tax exemption called for in statute.

The recommended HOME allocation is below the 221(d)(3) limit of $2,202,270 based on the proposed location as well as the unit mix of 14 one-bedroom and eight two-bedroom units. A return on equity analysis could not be performed since the Applicant does not plan to make an equity contribution.

DEVELOPMENT TEAM

IDENTITIES of INTEREST

The Applicant, Developer, Property Manager and Supportive Services firm are all related entities. These are common relationships.

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

Financial Highlights: The nonprofit Applicant, Center for Housing and Opportunities, Inc, submitted an unaudited financial statement as of August 2, 2005 reporting total assets of $1,219,329 consisting of $14,470 in cash, $10,000 in receivables, and $1,194,859 in real property. Liabilities totaled $1,194,859, resulting in a net worth of $24,470.

The Applicant's financial statement and recent history reflect a very limited ability to provide financial support for developments when things do not go as planned. The Applicant has recently requested additional funds for another property, Kennedy Senior Housing, due to unforeseeable contractor default. While the Applicant was able to complete the majority of the construction by reprogramming developer fee to pay for the construction completion, they are now asking for an increase in that award to recoup the deferred fees. That transaction, like the subject, has very limited cash flow available and without the additional requested TDHCA funds would not be able to recover the required amount of deferred developer fee.

Background & Experience: Multifamily Production Finance Staff have verified that the Department's experience requirements have been met and Portfolio Management and Compliance staff will ensure that the proposed owners have an acceptable record of previous participation.

SUMMARY OF SALIENT RISKS AND ISSUES

- The Applicant's estimated income and net operating income are more than 5% outside of the Underwriter's verifiable ranges.
- The Applicant's direct construction costs differ from the Underwriter's *Marshall and Swift*-based estimate by more than 5%.
- Significant environmental risk exists regarding the location of a crude oil tank onsite prior to late 1980s.
- The development could potentially achieve an excessive profit level (i.e., a DCR above 1.30) if the maximum tax credit rents can be achieved in this market.
- The principals of the Applicant do not appear to have the financial capacity to support the project if needed.
- The significant financing structure changes being proposed have not been reviewed/accepted by the Applicant and acceptable alternative structures may exist.

Underwriter:	*Brenda Hull*	**Date:**	September 6, 2005
Underwriter:	*Lisa Vecchietti*	**Date:**	September 6, 2005
Director of Real Estate Analysis:	*Tom Gouris*	**Date:**	September 6, 2005

MULTIFAMILY COMPARATIVE ANALYSIS

Luling Senior Housing, Luling, HOME, #05262

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
LH 50%	6	1	1	685	$666	$390	$2,340	$0.57	$80.00	$66.00
HH 60%	8	1	1	685	747	$390	3,120	0.57	80.00	66.00
HH 60%	6	2	1	906	912	$500	3,000	0.55	102.00	71.00
HH 80%	2	2	1	906	912	$500	1,000	0.55	102.00	71.00
TOTAL:	22		AVERAGE:	765	$785	$430	$9,460	$0.56	$88.00	$67.82

INCOME	Total Net Rentable Sq Ft:	16,838		TDHCA	APPLICANT		Comptroller's Region	7
POTENTIAL GROSS RENT				$113,520	$105,000		IREM Region	Austin
Secondary Income	Per Unit Per Month:	$5.00		1,320	0	$0.00	Per Unit Per Month	
Other Support Income: (describe)				0	0			
POTENTIAL GROSS INCOME				$114,840	$105,000			
Vacancy & Collection Loss	% of Potential Gross Income:	-7.50%		(8,613)	(5,256)	-5.01%	of Potential Gross Rent	
Employee or Other Non-Rental Units or Concessions				0	0			
EFFECTIVE GROSS INCOME				$106,227	$99,744			

EXPENSES		% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative		5.36%	$259	0.34	$5,690	$7,200	$0.43	$327	7.22%
Management		8.64%	417	0.55	9,183	7,432	0.44	338	7.45%
Payroll & Payroll Tax		11.48%	554	0.72	12,195	11,900	0.71	541	11.93%
Repairs & Maintenance		11.49%	555	0.72	12,202	10,100	0.60	459	10.13%
Utilities		5.47%	264	0.34	5,808	5,100	0.30	232	5.11%
Water, Sewer, & Trash		8.20%	396	0.52	8,709	8,206	0.49	373	8.23%
Property Insurance		4.76%	230	0.30	5,051	7,650	0.45	348	7.67%
Property Tax	2.3212	7.69%	371	0.49	8,171	10,500	0.62	477	10.53%
Reserve for Replacements		4.14%	200	0.26	4,400	5,500	0.33	250	5.51%
Other:		0.00%	0	0.00	0	0	0.00	0	0.00%
TOTAL EXPENSES		67.22%	$3,246	$4.24	$71,408	$73,588	$4.37	$3,345	73.78%
NET OPERATING INC		32.78%	$1,583	$2.07	$34,819	$26,156	$1.55	$1,189	26.22%
DEBT SERVICE									
HOME Loan		11.30%	$545	$0.71	$12,000	$6,000	$0.36	$273	6.02%
HOME Deferred/Forgiveable		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		21.48%	$1,037	$1.36	$22,819	$20,156	$1.20	$916	20.21%
AGGREGATE DEBT COVERAGE RATIO					2.90	4.36			
RECOMMENDED DEBT COVERAGE RATIO					1.29				

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)		3.46%	$2,273	$2.97	$50,000	$50,000	$2.97	$2,273	3.33%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		11.43%	7,499	9.80	164,968	164,968	9.80	7,499	11.00%
Direct Construction		57.36%	37,634	49.17	827,953	884,524	52.53	40,206	58.97%
Contingency	0.00%	0.00%	0	0.00	0	0	0.00	0	0.00%
General Req'ts	6.00%	5.82%	3,816	4.99	83,959	83,959	4.99	3,816	5.60%
Contractor's G & A	2.00%	4.36%	2,862	3.74	62,969	62,969	3.74	2,862	4.20%
Contractor's Profit	0.00%	0.00%	0	0.00	0	0	0.00	0	0.00%
Indirect Construction		7.31%	4,795	6.27	105,500	105,500	6.27	4,795	7.03%
Ineligible Costs		0.00%	0	0.00	0	0	0.00	0	0.00%
Developer's G & A	5.51%	4.80%	3,152	4.12	69,348	69,348	4.12	3,152	4.62%
Developer's Profit	3.68%	3.20%	2,101	2.75	46,232	46,232	2.75	2,101	3.08%
Interim Financing		0.87%	568	0.74	12,500	12,500	0.74	568	0.83%
Reserves		1.39%	909	1.19	20,000	20,000	1.19	909	1.33%
TOTAL COST		100.00%	$65,610	$85.72	$1,443,429	$1,500,000	$89.08	$68,182	100.00%
Recap-Hard Construction Costs		*78.97%*	***$51,811***	***$67.70***	***$1,139,849***	***$1,196,420***	***$71.05***	***$54,383***	*79.76%*

SOURCES OF FUNDS

				TDHCA	APPLICANT	RECOMMENDED	
HOME Loan	33.25%	$21,818	$28.51	$480,000	$480,000	$810,000	Developer Fee Available
HOME Deferred/Forgiveable	70.67%	$46,364	$60.58	1,020,000	1,020,000	690,000	$115,580
HTC Syndication Proceeds	0.00%	$0	$0.00	0	0	0	% of Dev. Fee Deferred
Deferred Developer Fees	0.00%	$0	$0.00	0	0	0	0%
Additional (Excess) Funds Req'd	-3.92%	($2,571)	($3.36)	(56,571)	0	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$1,443,429	$1,500,000	$1,500,000	$152,119

MULTIFAMILY COMPARATIVE ANALYSIS (continued)

Luling Senior Housing, Luling, HOME, #05262

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook

Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$47.00	$791,414
Adjustments				
Exterior Wall Finish	4.00%		$1.88	$31,657
Elderly	3.00%		1.41	23,742
Roofing			0.00	0
Subfloor			(2.03)	(34,181)
Floor Cover			2.00	33,676
Porches	$31.91	2,208	4.18	70,457
Plumbing	$605	0	0.00	0
Built-In Appliances	$1,650	22	2.16	36,300
Stairs/Fireplaces			0.00	0
Enclosed Corridors			0.00	0
Heating/Cooling			1.53	25,762
Garages/Carports		0	0.00	0
Comm Bldg	$72.79	1,140	4.93	82,978
Other:			0.00	0
SUBTOTAL			63.06	1,061,805
Current Cost Multiplier	1.11		6.94	116,799
Local Multiplier	0.85		(9.46)	(159,271)
TOTAL DIRECT CONSTRUCTION COSTS			$60.54	$1,019,333
Plans, specs, survy, bld prm	3.90%		($2.36)	($39,754)
Interim Construction Interes	3.38%		(2.04)	(34,402)
Contractor's OH & Profit	11.50%		(6.96)	(117,223)
NET DIRECT CONSTRUCTION COSTS			$49.17	$827,953

PAYMENT COMPUTATION

Primary	$480,000	Amort	480
Int Rate	0.00%	DCR	2.90

Secondary	$1,020,000	Amort	
Int Rate	0.00%	Subtotal DCR	2.90

Additional	$0	Amort	
Int Rate		Aggregate DCR	2.90

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	$27,000
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	$7,819

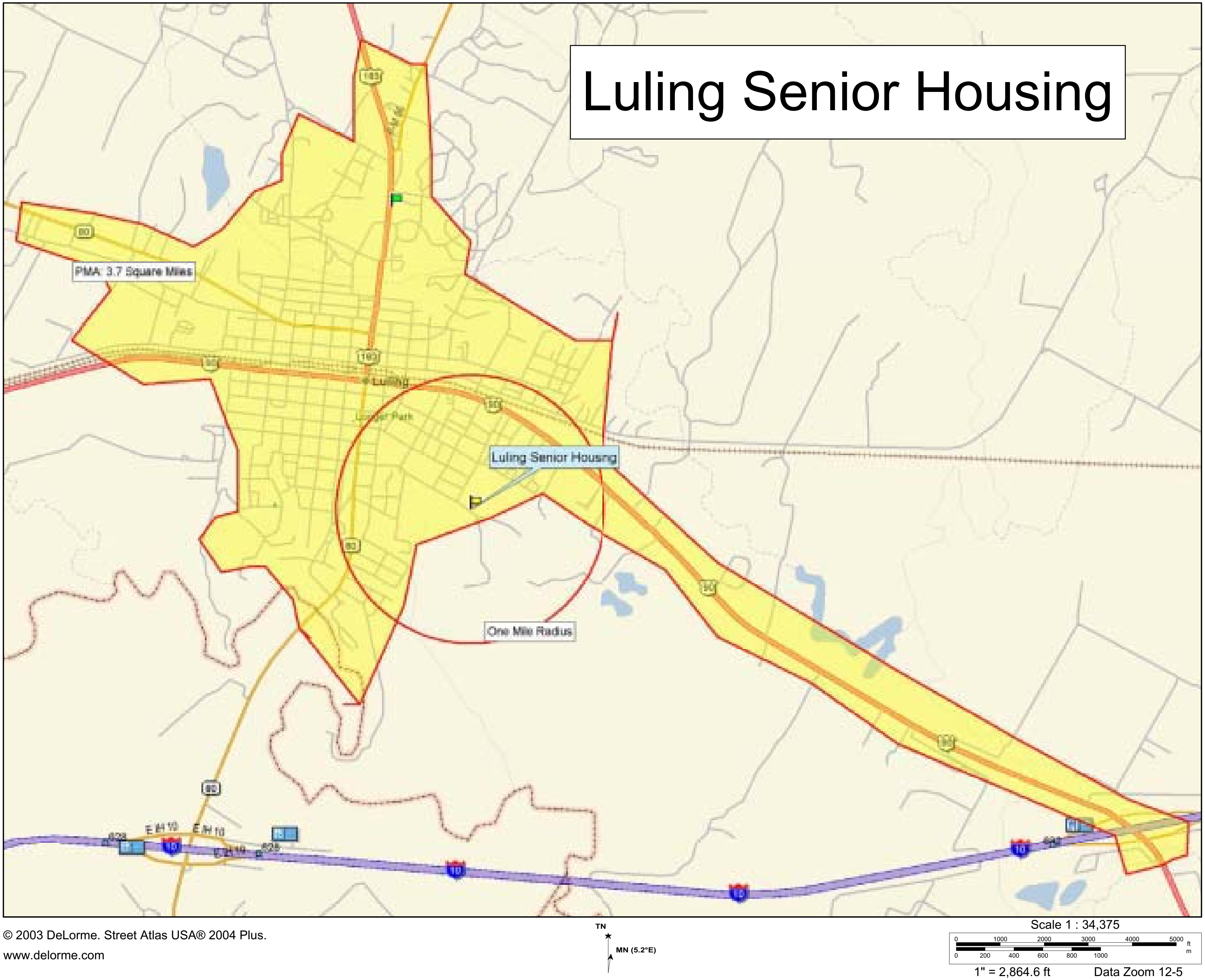
Primary	$810,000	Amort	360
Int Rate	0.00%	DCR	1.29

Secondary	$690,000	Amort	0
Int Rate	0.00%	Subtotal DCR	1.29

Additional	$0	Amort	0
Int Rate	0.00%	Aggregate DCR	1.29

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	$113,520	$116,926	$120,433	$124,046	$127,768	$148,118	$171,709	$199,058	$267,517
Secondary Income	1,320	1,360	1,400	1,442	1,486	1,722	1,997	2,315	3,111
Other Support Income: (describ	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	114,840	118,285	121,834	125,489	129,253	149,840	173,706	201,373	270,628
Vacancy & Collection Loss	(8,613)	(8,871)	(9,138)	(9,412)	(9,694)	(11,238)	(13,028)	(15,103)	(20,297)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$106,227	$109,414	$112,696	$116,077	$119,559	$138,602	$160,678	$186,270	$250,331
EXPENSES at 4.00%									
General & Administrative	$5,690	$5,917	$6,154	$6,400	$6,656	$8,098	$9,853	$11,987	$17,744
Management	9,183	9,459	9,742	10,035	10,336	11,982	13,890	16,103	21,641
Payroll & Payroll Tax	12,195	12,683	13,190	13,718	14,267	17,357	21,118	25,693	38,032
Repairs & Maintenance	12,202	12,690	13,197	13,725	14,274	17,367	21,129	25,707	38,053
Utilities	5,808	6,040	6,282	6,533	6,795	8,267	10,058	12,237	18,113
Water, Sewer & Trash	8,709	9,057	9,419	9,796	10,188	12,395	15,080	18,347	27,159
Insurance	5,051	5,253	5,464	5,682	5,909	7,190	8,747	10,643	15,754
Property Tax	8,171	8,497	8,837	9,191	9,558	11,629	14,149	17,214	25,481
Reserve for Replacements	4,400	4,576	4,759	4,949	5,147	6,263	7,619	9,270	13,722
Other	0	0	0	0	0	0	0	0	0
TOTAL EXPENSES	$71,408	$74,173	$77,045	$80,029	$83,130	$100,548	$121,644	$147,201	$215,699
NET OPERATING INCOME	$34,819	$35,241	$35,651	$36,048	$36,429	$38,055	$39,034	$39,068	$34,632
DEBT SERVICE									
First Lien Financing	$27,000	$27,000	$27,000	$27,000	$27,000	$27,000	$27,000	$27,000	$27,000
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	$7,819	$8,241	$8,651	$9,048	$9,429	$11,055	$12,034	$12,068	$7,632
DEBT COVERAGE RATIO	1.29	1.31	1.32	1.34	1.35	1.41	1.45	1.45	1.28


Luling Senior Housing
PMA: 3.7 Square Miles
Luling
Luling Senior Housing
One Mile Radius
E IH 10
TN
MN (5.2°E)
Scale 1 : 34,375
1" = 2,864.6 ft
Data Zoom 12-5

Applicant Evaluation

Project ID # **05262** Name: **Luling Senior Housing** City: **Luling**

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

Total # of Projects monitored: 0

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

Projects in Material Noncompliance: **Yes** ☐ **No** ☑

monitored with a score less than thirty: 0

not yet monitored or pending review: 4

in noncompliance: 0

Projects not reported in application: Yes ☐ No ☑

# of projects not reported 0

Portfolio Monitoring		Single Audit		Contract Administration	
Not applicable	☑	Not applicable	☑	Not applicable	☐
Review pending	☐	Review pending	☐	Review pending	☐
No unresolved issues	☐	No unresolved issues	☐	No unresolved issues	☐
Unresolved issues found	☐	Issues found regarding late cert	☐	Unresolved issues found	☐
Unresolved issues found that warrant disqualification (Comments attached)	☐	Issues found regarding late audit	☐	Unresolved issues found that warrant disqualification (Comments attached)	☐
		Unresolved issues found that warrant disqualification (Comments attached)	☐		

Reviewed by ______ Date ______

Multifamily Finance Production		Single Family Finance Production		Real Estate Analysis (Cost Certification and Workout)	
Not applicable	☐	Not applicable	☑	Not applicable	☐
Review pending	☐	Review pending	☐	Review pending	☐
No unresolved issues	☑	No unresolved issues	☐	No unresolved issues	☐
Unresolved issues found	☐	Unresolved issues found	☐	Unresolved issues found	☐
Unresolved issues found that warrant disqualification (Comments attached)	☐	Unresolved issues found that warrant disqualification (Comments attached)	☐	Unresolved issues found that warrant disqualification (Comments attached)	☐
Reviewer	S. Roth	Reviewer	Paige McGilloway	Reviewer	
Date	8 /8 /2005	Date	8 /4 /2005	Date	

Community Affairs		Office of Colonia Initiatives		Financial Administration	
No relationship	☐	Not applicable	☐	No delinquencies found	☑
Review pending	☐	Review pending	☐	Delinquencies found	☐
No unresolved issues	☐	No unresolved issues	☐		
Unresolved issues found	☐	Unresolved issues found	☐		
Unresolved issues found that warrant disqualification (Comments attached)	☐	Unresolved issues found that warrant disqualification (Comments attached)	☐		
Reviewer		Reviewer		Reviewer	Stephanie A. D'Couto
Date		Date		Date	8 /4 /2005

Executive Director: Edwina Carrington **Executed:** nesday, August 10, 2005

PORTFOLIO MANAGEMENT AND COMPLIANCE DIVISION

BOARD ACTION REQUEST
September 16, 2005

Action Items

Request that funds to be deobligated from Texas Community Solutions (TCS) HOME Investment Partnerships Program (HOME) contract number 1000359 in the amount of $1,051,543 be reallocated to 4 current Tenant-Based Rental Assistance (TBRA) Olmstead set-aside awardees.

Required Action

Approve recommendation to reallocate the balance of TCS contract number 1000359 to 4 TBRA Olmstead set-aside awardees as follows.

Project Funds

Contract Number	Awardee	Original Proj. $	Add. $	Total Proj. $	Org. Assisted Units	Total Assisted Units
1000197	Lubbock Regional MHMR Center	$199,680	$286,000	$485,680	20	42
1000223	ARCIL, Inc.	$103,194	$110,000	$213,194	10	20
1000360	*Accessible Communities Inc.	$250,000	$484,000	$734,000	25	65
1000364	Lifetime Independence for Everyone, Inc.	$168,572	$110,000	$278,572	20	10
			$990,000			**119**

*Staff recommendation includes funding for the reassignment of 18 beneficiaries currently approved for assistance under TCS' contract, in addition to funding to assist approximately 22 new beneficiaries.

Administration Funds

Contract Number	Awardee	Region	Original Admin $	Add. Admin $	Total Admin $
1000197	Lubbock Regional MHMR Center	1	$11,981	$17,160	$29,141
1000223	ARCIL, Inc.	7	$6,192	$6,600	$12,792
1000360	Accessible Communities Inc.	10	$15,000	$29,040	$44,040
1000364	Lifetime Independence for Everyone, Inc.	1	$10,114	$6,600	$16,714
				$59,400	

Background and Recommendations

Summary

Texas Community Solutions (TCS) received HOME contract number 1000359 in the amount of $1,060,000 under the TBRA Olmstead set-aside. The contract has a current balance of $1,051,543 including $991,543 of project funds and $60,000 of administrative funds. The contract proposed to assist eighty (80) Olmstead population beneficiaries with rental assistance. As of August 1, 2005, TCS had committed to provide rental assistance to 18 beneficiaries. TCS will be out of operation as of September 30, 2005. As a result, the Department will deobligate the balance of their award.

The disability community, under the auspices of the Promoting Independence Advisory Committee (the State's Olmstead committee), contacted the Department to request that the funds deobligated from TCS be retained for use under the TBRA Olmstead set-aside by redistributing TCS' deobligated funds to current TBRA Olmstead set-aside awardees. Reallocation of the funds to current awardees would allow relatively uninterrupted service to TCS' current 18 beneficiaries, as well as preserve the original purpose of TDHCA's commitment to people with disabilities. The Department has not made funding under the Olmstead set-aside available since 2004.

The Department's Deobligation Policy at 10 TAC §53.62(c)(2) states that the Department, with approval of the Board, may elect to reassign funds following the Deobligation Policy, adopted by the Board on January 17, 2002, in the order prioritized as follows:

(A) Successful appeals (as allowable under program rules and regulations), or
(B) Disaster Relief (disaster declarations or documented extenuating circumstances such as imminent threat to health and safety), or
(C) Special Needs, or
(D) Colonias, or
(E) other projects/uses as determined by the Executive Director and/or Board including the next year's funding cycle for each respective program.

If approved, the reallocation of TCS funds to existing TBRA Olmstead awardees will result in contract increases that exceed 25% of the original award amount. Pursuant to 10 TAC §53.62(b)(3), "Modifications and/or amendments that increase the dollar amount by more than 25% of the original award or $50,000, whichever is greater; or significantly decrease the benefits to be received by the Department, in the estimation of the Executive Director, will be presented to the Board for approval."

Approval of the reallocation of funds will not adversely affect any applicants or awardees under the TBRA Olmstead set-aside. All organizations that applied for funding under the set-aside received an award and each had an opportunity to state, through the Promoting Independence Advisory Committee, whether they had the ability or need for additional funds.

Recommendation

Staff recommends that the Board approve the reallocation funds pursuant to 10 TAC §53.62(c)(2)(C) to provide deobligated Olmstead funding to 4 current TBRA Olmstead awardees.

Staff recommends that the Board approve contract increases in excess of 25% of the original award amount for 4 TBRA Olmstead awardees as described above, in accordance with 10 TAC §53.62(b)(3).

Staff recommends that the Board waive the requirement at 10 TAC §53.53 which states that an award for Tenant-Based Rental Assistance cannot exceed $500,000 except as approved by the Board to provide Accessible Communities with sufficient funding to assist TCS' current 18 beneficiaries as well as an additional 22 beneficiaries.

6.

THIS ITEM HAS BEEN PULLED FROM THE AGENDA

EXECUTIVE OFFICE

BOARD DISCUSSION
SEPTEMBER 16, 2005

Report Item
Report on TDHCA's participation in Governor's Emergency Disaster Management Response Team.

Background
Hurricane Katrina made landfall just east of New Orleans, Louisiana, on the morning of Monday, August 29. By Wednesday, August 31, it was obvious that Texas was about to be inundated with evacuees escaping the flooding. At the request of Governor Perry, TDHCA management met with the Governor's staff and representatives from the Texas Workforce Commission, Texas Education Agency, and Texas Health & Human Services Commission to initiate the state's response. Houston was identified as the initial focal point for this response team; however, events soon required TDHCA staff to fan out to Dallas, San Antonio, and the Austin Convention Center to establish disaster response centers in model of Houston.

Response
The following information outlines the activities in which Department staff in responding to this natural disaster on a city by city basis, beginning with the main office:

AUSTIN HEADQUARTERS

- Assisted with request from Governor Perry for a waiver from the IRS regarding income restrictions and the prohibition of transient housing in properties funded by Housing Tax Credit Program
- Created web page in response to IRS waiver, providing necessary forms and notices to property owners and tenants
- Contacted property owners and managers requesting help in identifying vacant units statewide
- Created online database of TDHCA property portfolio, allowing evacuees to search for vacant apartment units in the community of their choice
- Coordinated link of housing databases between TDHCA, Texas Apartment Association, HUD, FEMA, HurricaneHousing.net, and others
- Assisting on two additional waivers regarding properties financed solely through the private activity bond program; one to the Texas Bond Revue Board, the other to the IRS
- Submitted request to HUD for use of set aside funds for tenant rental assistance
- Began coordinated sharing of information with Office of Rural Community Affairs, enabling this agency to share important information with rural officials, leaders

HOUSTON

- First "strike team" traveled to Houston on Friday, September 1
- Coordinated establishment of Disaster Relief Center with FEMA approximately 1-2 miles from Reliant Astrodome in office with TWC, HHSC, and HUD
- Coordinating housing placement efforts with FEMA, HUD, Housing Authority of New Orleans, City of Houston, and Harris County
- United response team assisted in placing 600 households in long-term housing, interfaced with additional 300
- Staff attended town hall meeting with Office of Mayor White, Houston Apartment Association, to continue exploring avenues for efficient processing of evacuees

AUSTIN

- Initially met with City of Austin Housing Department, Austin Housing Authority, and approximately 40 social service agencies
- Trained individuals how to access, use TDHCA housing database to help place families in long-term housing
- Attended meeting of owners/managers of assisted properties to explain how they may lend assistance without risking compliance issues
- Staff present at Convention Center as resources, assisting authorities as needed

DALLAS

- Initial "strike team" traveled to Dallas, toured DRC to determine facilities, equipment needs
- Coordinating efforts with FEMA, HUD, FannieMae, City of Dallas Housing Department on intake
- Assisting via utilization of TDHCA database, other assistance as needed
- City established 2-1-1 number with information on all services available in city
- Faith-based organizations playing significant role

SAN ANTONIO

- Staff coordinating efforts with FEMA, HUD, and San Antonio Housing Authority
- Toured four sites to determine facility, equipment needs
- Meeting with FEMA and Office of Mayor Hardberger
- Beginning to assist with intake, training on TDHCA database

LEGAL SERVICES DIVISION
BOARD ACTION REQUEST
September 16, 2005

Action Item

Approval for use of unallocated Housing Trust Funds and Community Housing Development Organization funds for use for housing assistance for evacuees from Hurricane Katrina and authorization for waiver requests.

Requested Action

Approve redirected use of funds pending required waivers from state and federal officials.

Background and Recommendations

The Governor on September 1, 2005 declared that the State of Texas was an emergency disaster area. This designation invoked the powers of the Governor under the Texas Disaster Act of 1975 found in the Texas Government Code Sections 418.001 et seq. Specifically, the governor becomes "may use all available resources of state government and political subdivisions that are reasonably necessary to cope with a disaster." Texas Government Code §418.017.

The Governor in a joint meeting asked state agencies to identify resources that may be available to assist in the relocation of the approximately 250,000 Hurricane Katrina evacuees that are now located in Texas. The Executive Director of TDHCA received this request and asked staff to identify potential funds. The staff identified approximately $1.8 million in Housing Trust Funds that were currently uncommitted. As part of the disaster declaration, the Governor invoked his authority under Texas Government Code §418.016 to "suspend the regulatory statute prescribing the procedures for conduct of state business or the orders or rules of a state agency, if strict compliance with the provisions, orders, or rules would in any way prevent, hinder, or delay necessary action in coping with a disaster." The primary restriction on these funds was based in the regional allocation requirements found in Texas Government Code Section 2306.111. Upon Board approval these funds could be redirected without the limitations prescribed by the regional allocation formula.

In addition to the Housing Trust Funds, the staff identified approximately $10 million in CHDO funds that are currently unallocated at this time. These regional allocation and cap limits found in Texas Government Code Section 2306.111 are currently waived. At the Governor's request, staff has prepared letters for the governor to send to respective federal officials to seek waiver to use these funds for emergency relocation funds.

The staff is currently developing mechanisms for distribution of these funds should the waivers be granted and the need is still present at the time the waivers are granted. It is expected at this time that most of the funds identified will be in the form of rental assistance.

Staff Recommendation: The Board approve the redirection of the identified funds as needed for Hurricane Katrina evacuees pending proper waiver by proper authorities for use in this capacity.

Proclamation - September 1, 2005

Proclamation
by the
Governor of the State of Texas

TO ALL TO WHOM THESE PRESENTS SHALL COME:

I, RICK PERRY, GOVERNOR OF THE STATE OF TEXAS, do hereby certify that Hurricane Katrina, a disaster in sister states, has created an emergency disaster and emergency conditions for the people in the State of Texas beginning September 1, 2005.

THEREFORE, in accordance with the authority vested in me by Section 418.014 of the Texas Government Code, I do hereby proclaim the existence of such a disaster and direct that all necessary measures, both public and private as authorized under Section 418.015 of the code, be implemented to meet that disaster.

As provided in Section 418.016, all rules and regulations that may inhibit or prevent prompt response to this threat are suspended for the duration of the incident.

IN TESTIMONY WHEREOF, I have signed my name officially and caused the Seal of the State to be affixed hereto at Austin, this 1st day of September, 2005

RICK PERRY(Signature)
Governor of Texas

Attested by:
ROGER WILLIAMS(Signature)
Secretary of State

attachment 2

September 2, 2005

The Honorable Mark W. Everson
Commissioner
Internal Revenue Service
1111 Constitution Avenue, NW
Washington, D.C. 20224

Dear Commissioner Everson:

As you know, President Bush has declared parts of several Gulf states which were devastated by Hurricane Katrina as federal disaster areas. While the magnitude of needs from the victims of the hurricane grows daily, we do know that housing is a most pressing concern. The State of Texas would like to assist in addressing this need as quickly as possible and is requesting that it be allowed to use currently vacant housing units to temporarily house those persons who have been displaced by this unprecedented natural disaster.

The Texas Department of Housing and Community Affairs (TDHCA) reports that vacancy rates in many developments financed with tax exempt bonds in the central and eastern areas of Texas are averaging 15 percent. TDHCA believes that many of these vacant units can be used by displaced families without displacement of current low-income families.

Therefore, I am requesting that the Internal Revenue Service temporarily suspend the prohibition of transient housing requirements under Section 142 of the Internal Revenue Code for qualified residential rental projects in Texas. TDHCA will approve the developments in which vacant units may be rented to individuals and families displaced by Hurricane Katrina and will determine the appropriate period of temporary housing for each project. It is anticipated that the suspension of the requirements will be for no longer than one year.

The State of Texas is committed to working with our neighbors in Louisiana, Mississippi, and other impacted states, to provide humanitarian and other assistance to enable their citizens to rebuild their lives and communities.

Thank you for your consideration of this request.

Sincerely,

Rick Perry
Governor

OFFICE OF THE GOVERNOR

RICK PERRY
GOVERNOR

August 31, 2005

The Honorable Mark W. Everson
Commissioner
Internal Revenue Service
1111 Constitution Avenue, NW
Washington, D.C. 20224

Dear Commissioner Everson:

As you know, President Bush has declared parts of several Gulf states which were devastated by Hurricane Katrina as federal disaster areas. While the magnitude of needs from the victims of the hurricane grows daily, we do know that housing is a most pressing concern. The State of Texas would like to assist in addressing this need as quickly as possible and is requesting that it be allowed to use currently vacant housing tax credit units to temporarily house those persons who have been displaced by this unprecedented natural disaster.

The Texas Department of Housing and Community Affairs (TDHCA) reports that vacancy rates in many housing tax credit developments in the central and eastern areas of Texas are averaging 15 percent. TDHCA believes that many of these vacant units can be used by displaced families without displacement of current low-income families.

Therefore, I am requesting that the Internal Revenue Service temporarily suspend both income restrictions and the prohibition of transient housing requirements under Section 42 for qualified low-income housing projects in Texas that are beyond the first year of the credit period under §42(f)(1). TDHCA will approve the developments in which vacant units may be rented to individuals and families displaced by Hurricane Katrina and will determine the appropriate period of temporary housing for each project. It is anticipated that the suspension of the requirements will be for no longer than one year.

The State of Texas is committed to working with our neighbors in Louisiana, Mississippi, and other impacted states, to provide humanitarian and other assistance to enable their citizens to rebuild their lives and communities.

Thank you for your consideration of this request.

Sincerely,

Rick Perry

Rick Perry
Governor

RP:ebp

TEXAS
DEPARTMENT OF HOUSING
AND COMMUNITY AFFAIRS
WWW.TDHCA.STATE.TX.US

September 6, 2005

The Honorable Rick Perry
Governor
State of Texas
State Capitol Building
1100 Congress, Room 2S.1
Austin, Texas 78701

RE: Information regarding application of waiver of state statute to permit application of more than $11.8 million in potential Katrina evacuee support for extended housing in impacted areas

Dear Governor Perry:

As we continue to look for ways for Texas to assist the Katrina evacuees in finding affordable housing in our state, my staff has identified two possible sources of TDHCA funds. The Community Housing Development Organizations (CHDO) funds are presently uncommitted in an amount over $10,000,000. In addition, our Housing Trust Fund currently has approximately $1,800,000 of uncommitted funds.

The $1.8 million in Housing Trust Funds will be immediately available as it appears the disaster declaration waived the regional allocation formula found in §2306.111 of the Texas Government Code. We have people currently identifying available units in the state and people on the ground to assist FEMA and local agencies to transition the evacuees as quickly as possible in the most highly impacted areas to those units. We are moving forward to utilize these funds under the waiver language provided for in the disaster declaration. If this is incorrect, please let us know.

The CHDO funds will require federal changes in addition to the state statute waiver. TDHCA staff is monitoring the efforts of the National Council of State Housing Agencies to pass federal legislation that would temporarily suspend limitations on how some targeted federal funds may be used. Under separate cover, we have requested your office to seek waivers of several HUD requirements related to the use of these funds.

When necessary federal action by Congress and HUD is complete, we will consider Texas Government Code §2306.111 to be suspended for this program under your disaster declaration as well.

The over $10 million in available uncommitted funds in this program would be a great benefit to helping meet the challenges for Texas in assisting with housing for the Katrina refugees.

Please do not hesitate to let me know if you have any questions or need further assistance in this matter.

Very truly yours,

Edwina Carrington

Edwina Carrington

cc: Board Members

TEXAS
DEPARTMENT OF HOUSING
AND COMMUNITY AFFAIRS
WWW.TDHCA.STATE.TX.US

September 6, 2005

Mr. Phil Wilson
Deputy Chief of Staff
Office of the Governor
State Capitol Building
1100 Congress Avenue, Room 2S.1
Austin, Texas 78701

RE: Follow-up for letters dated September 2, 2005 to IRS and waiver of Texas Government Code 1372.0321.

Dear Mr. Wilson:

Please accept my apologies in advance if we have already received the information above from your office. We have looked in our offices and do not find a signed copy of the request sent by the Governor to the IRS. We are also uncertain if a waiver by the Governor of Texas Government Code section 1372.0321 was granted by the waiver language in the September 1, 2005 proclamation creating an emergency disaster of if we need a written record of the waiver. We do have many people out in the field assisting with the process and the information may very well be on one of their desks.

Could we impose on you to check on the status of these requests? Please forward us a signed copy of the IRS and if needed, the statutory waiver for our files. We are in need of these records so that we are in compliance with federal and state requirements.

With so many different communications being transmitted back and forth, I have attached copies of the letter to assist your staff in locating these particular requests.

Thank you for your efforts in this matter.

Very truly yours,

Edwina Carrington

Edwina Carrington
Executive Director

Encl.

TEXAS
DEPARTMENT OF HOUSING
AND COMMUNITY AFFAIRS
WWW.TDHCA.STATE.TX.US

September 6, 2005

The Honorable Rick Perry
Governor
State of Texas
State Capitol Building
1100 Congress, Room 2S.1
Austin, Texas 78701

RE: Request to seek IRS guidance on first year property availability

Dear Governor Perry:

We are receiving continuous updates on available properties that have received TDHCA awards. These updates are being entered into the system and are in place to help connect an evacuee with suitable living space. One potential limitation on the number of units has arisen. The Internal Revenue Service initial guidance indicated that projects in the first year of the tax credit period as defined in Internal revenue Code Section 42(f)(1) would not be eligible to participate without risking their tax credits.

We understand that this was the guidance provided in recent natural disasters, including the Florida hurricane disasters. But, as President Bush has stated, this may very well be the largest natural disaster in the history of the United States. The scale of the evacuation and the placement into more stable housing of the evacuees hopefully makes this a once-in-a-lifetime event.

Comments from industry people indicate that the greatest number of units available for leasing to evacuees may very well be in the first year of the tax credit properties. The first year restriction will certainly cause fewer evacuees to be placed into stable home environments as that inventory is taken out of the system.

TDHCA is requesting the Governor's office to seek clarification of the IRS guidance and potentially a waiver or deletion of the first year of the tax credit period restriction for displaced Katrina evacuees.

Thank you for your attention to this matter with all the other issues you have before you.

Very truly yours,

Edwina Carrington

Edwina Carrington
Executive Director

DRAFT/SAMPLE

September 6, 2005

The Honorable Mark. W. Everson
Commissioner
Internal Revenue Service
1111 Constitution Avenue, N.W.
Washington D.C. 20224

Dear Commissioner Everson:

Thank you for all the efforts the Commission has made to provide guidance that helps ease the enormous task of locating housing for approximately 250,000 evacuees that have found their way to Texas from the devastation of Hurricane Katrina.

As we survey available property in Texas to help take the evacuees from shelters to more stable housing, we are finding that many of the properties cannot participate even though they have the largest amount of vacancies to offer. The initial guidance we received indicates that properties in their first tax credit year are barred from participating in this effort.

It appears that that guidance comes from previous natural disaster applications where the Commission has waived some tax credit requirements. We understand the need for consistent treatment from one project to the next. However, as President Bush has acknowledged, this is potentially the worst natural disaster in the history of the United States and the human tragedy is enormous in its proportion.

From our initial assessments in working closely with the evacuees here in Texas, we believe an overwhelming number of them would qualify to live in these complexes were they able to provide the necessary documentation to prove that they are very low to low income residents. We cannot take months to find homes for these people as they have already lived under difficult circumstances for more than a week.

On behalf of the State of Texas, I request that tax credit properties in the first year of eligibility as defined by 26 U.S.C.A. 42(f)(1) be allowed to participate in the temporary placement of Katrina evacuees. Any help or clarification you can give would be greatly appreciated.

Thank you for your attention to matter.

Very truly yours,

Rick Perry
Governor
State of Texas

TEXAS
DEPARTMENT OF HOUSING
AND COMMUNITY AFFAIRS
WWW.TDHCA.STATE.TX.US

September 6, 2005

The Honorable Rick Perry
Governor
State of Texas
State Capitol Building
1100 Congress Avenue, Room 2S.1
Austin, Texas 78701

RE: Request for HUD Waivers necessary to utilize additional housing funds for Hurricane Katrina evacuees now in Texas

Dear Governor Perry:

First, I would like to convey our appreciation on your quick response and continued follow-up seeking and obtaining the Internal Revenue Service waiver allowing the use of facilities having received tax credits that is already in operation to find Katrina evacuees housing in Texas.

Taking your charge to provide housing assistance to the evacuees from Katrina's devastation, my staff has identified other areas where funds located in our agency may be freed to assist in the efforts. In order to utilize the funds however, we will need waivers for the programs.

The largest pool of presently uncommitted funds is in the HOME program within the Community Housing Development Organizations (CHDO) funds. These funds have a federal statutory commitment limiting funds to 15%. The National Coalition of State Housing Agencies appears to be taking the lead on the required statutory changes. TDHCA staff will continue to monitor their progress and ask for your assistance if it becomes necessary to facilitate the needed changes.

In addition to the statutory change, the State of Texas, through your office will need to request waivers from HUD to access the $10,000,000+ available in this fund. To utilize the funds for the maximum benefit to the Katrina evacuees, the following waivers from HUD will need to be requested:

1. A HUD waiver of 24 CFR §92.252 requirements for income verification and occupancy limitations based on income set asides. This waiver would allow funds to be used on a temporary basis without the stringent income verification for very low income requirements. The waiver of this section would also remove very low income requirements for income set-asides as a percentage of occupancy of a project.

2. A HUD waiver of 24 CFR §§92.300 – 92.303 limiting ownership interests, not-for-profit status, limits on participating jurisdictions and tenant participation requirements.

3. A HUD waiver of CHDO limitations on use of funds for specific developments. If the waivers are granted, the funds would be most useful in the form of Tenant Based Rent Assistance (TBRA) for the Katrina evacuees. The TBRA program allows the funds to be used at multiple complexes and therefore does not directly tie to a property as required by the code.

4. Also in need of a HUD waiver is another program not related to the CHDO funds issues above. Our people in the field working with displaced families have been told of instances where recipients of Section 8 vouchers have invited relatives to stay with them in Texas. There is a limitation on people other than direct family members living in spaces acquired with Section 8 vouchers. These people could be considered guests, but as the term of their stay is unknown at this time, a waiver of 24 CFR 982.551 (h) is in order as well.

In addition to the above, I am sending you a letter regarding limitations found in Texas Government Code §2306.111 for regional allocation and cap limits of housing funds.

Please do not hesitate to let me know if you have any questions or need further assistance in this matter.

Very truly yours,

Edwina Carrington

Edwina Carrington

cc: Cindy Leon (HUD Regional Office)

SAMPLE/DRAFT

September 6, 2005

Secretary Alphonso Jackson
Department of Housing and Urban Development
451 7th Street S.W.
Washington, DC 20410

RE: Request for waivers to provide assistance to Katrina evacuees in Texas

Dear Secretary Jackson:

As you are aware, Texas is receiving as many as 250,000 evacuees from areas devastated by Hurricane Katrina. We are looking to provide stable housing for these victims as quickly as possible. At my direction, the agency charged with developing affordable housing in Texas, the Texas Department of Housing and Community Affairs (TDHCA), has identified potential sources of existing funds that could help transition the people who need our assistance.

One source of potential assistance is the HOME program within the Community Housing Development Organizations (CHDO) funds. As I understand it, a statutory change may also be necessary and that is currently being pursued by the National Coalition of State Housing Agencies.

In anticipation of the statutory change needed to use these funds to support evacuees, we are requesting waivers from your department to make sure any available funds are not delayed waiting for necessary approvals. In Texas, under the HOME program, we have more than $10 million of uncommitted funds that could be used for evacuee temporary rental assistance if three waivers were granted by HUD.

The needed waivers include:

1. A HUD waiver of 24 CFR §92.252 requirements for income verification and occupancy limitations based on income set asides. This waiver would allow funds to be used on a temporary basis without the stringent income verification for very low income requirements. The waiver of this section would also remove very low income requirements for income set-asides as a percentage of occupancy of a project.

2. A HUD waiver of 24 CFR §§92.300 – 92.303 limiting ownership interests, not-for-profit status, limits on participating jurisdictions and tenant participation requirements.

3. A HUD waiver of CHDO limitations on use of funds for specific developments. If the waivers are granted, the funds would be most useful in the form of Tenant Based Rent Assistance (TBRA) for the Katrina evacuees. The TBRA program allows the funds to be used at multiple complexes and therefore does not directly tie to a property as required by the code.

Also in potential need of a HUD waiver is a program not related to the CHDO issues above. State of Texas staff, working with displaced families in the field, have been told of instances where recipients of Section 8 vouchers have invited relatives to stay with them in Texas. There is a limitation on people other than direct family members living in spaces acquired with Section 8 vouchers. These people could be considered guests, but as the term of their stay is unknown at this time, a waiver of 24 CFR 982.551 (h) is likely in order as well.

I know that you share the commitment of the State of Texas to return a sense of normalcy to the victims of Hurricane Katrina. One of the most vital steps in that process is to move people out of temporary shelters and into a more stable housing environment. I want to thank you in advance for giving this waiver request your quick attention so we can begin the healing process as quickly as possible for people who find themselves in a new state without a home.

Very truly yours,

Rick Perry
Governor
The State of Texas

attachment 1

TEXAS
DEPARTMENT OF HOUSING
AND COMMUNITY AFFAIRS

WWW.TDHCA.STATE.TX.US

September 2, 2005

The Honorable Rick Perry
Governor, State of Texas
State Capital Building
1100 Congress, Room 2S.1
Austin, Texas 78701

Dear Governor Perry:

As you know, President Bush has declared ports of several Gulf states which were devastated by Hurricane Katrina as federal disaster areas. Many residents from the affected areas, especially Louisiana, are stranded in cities and towns throughout our state.

The Texas Department of Housing and Community Affairs ("TDHCA") would like to assist in addressing these housing needs as quickly as possible. Vacancy rates in many developments financed with tax exempt bonds in the central and eastern areas of Texas are averaging 15 percent. TDHCA believes that many of these vacant units can be used by displaced families without displacement of current residents.

Therefore, TDHCA is requesting that you execute and deliver the attached letter to the Internal Revenue Service requesting a temporary suspension of the prohibition of transient housing requirements under Section 142 of the Internal Revenue Code for qualified residential rental housing. TDHCA also requests that the State of Texas temporarily waive the income limit requirements of Section 1372.0321 of the Texas Government Code with respect to existing bond financed properties in the State to allow any units in these properties to be rented to individuals and families displaced by Hurricane Katrina. It is anticipated that the suspension of these requirements will be for no longer than one year.

Thank you for your consideration of this request.

Sincerely,

Edwina Carrington

Edwina Carrington
Executive Director

LEGAL SERVICES DIVISION

BOARD ACTION REQUEST

September 16, 2005

Action Item

Authorization for the Executive Director to make awards from previously determined funds to assist with victims housing assistance during the declaration of disaster by the Governor of the State of Texas.

Requested Action

Provide temporary authority under Texas Government Code Section 2306.052 to the Executive Director to make awards to qualified organizations that will provide direct assistance to evacuees displaced by Hurricane Katrina in Texas not to extend beyond September 30, 2006.

Background and Recommendations

The Board makes awards based on the information received and the Executive Director carries out the process of issuing the awards as approved by the Board. Due to the pressure to relocate the Hurricane Katrina evacuees in a compressed time frame, the application, scoring and Board review process to identify individual recipients builds in delays that may limit the effectiveness of responding to the Governor's emergency requests.

Under Texas Government Code Section 2306.052(b)(6) the Executive Director may "perform other functions that may be assigned by the board or the governor." If identified unallocated funds are approved by the Board, the Executive Director would establish criteria for selection of awarding funds as the funds became available. The Executive Director would approve the awards based on the criteria rankings and provide notice to the Board. The Executive Director would then process the awards in the usual manner.

Staff Recommendation: Staff recommends approval of the temporary authorization to grant awards using previously specified funds during the period of time the Governor continues the declaration of emergency disaster.

Proclamation - September 1, 2005

Proclamation
by the
Governor of the State of Texas

TO ALL TO WHOM THESE PRESENTS SHALL COME:

I, RICK PERRY, GOVERNOR OF THE STATE OF TEXAS, do hereby certify that Hurricane Katrina, a disaster in sister states, has created an emergency disaster and emergency conditions for the people in the State of Texas beginning September 1, 2005.

THEREFORE, in accordance with the authority vested in me by Section 418.014 of the Texas Government Code, I do hereby proclaim the existence of such a disaster and direct that all necessary measures, both public and private as authorized under Section 418.015 of the code, be implemented to meet that disaster.

As provided in Section 418.016, all rules and regulations that may inhibit or prevent prompt response to this threat are suspended for the duration of the incident.

IN TESTIMONY WHEREOF, I have signed my name officially and caused the Seal of the State to be affixed hereto at Austin, this 1st day of September, 2005

RICK PERRY(Signature)
Governor of Texas

Attested by:
ROGER WILLIAMS(Signature)
Secretary of State

(2) does not maintain during service on the board the qualifications required by Section 2306.027;

(3) is ineligible for membership under Section 2306.027(c), 2306.034, or 2306.035;

(4) cannot, because of illness or disability, discharge the member's duties for a substantial part of the member's term;

(5) is absent from more than half of the regularly scheduled board meetings that the member is eligible to attend during a calendar year without an excuse approved by a majority vote of the board; or

(6) engages in misconduct or unethical or criminal behavior.

(b) The validity of an action of the board is not affected by the fact that it is taken when a ound for removal of a board member exists.

(c) If the director has knowledge that a potential ground for removal exists, the director all notify the presiding officer of the board of the potential ground. The presiding officer all then notify the governor and the attorney general that a potential ground for removal ists. If the potential ground for removal involves the presiding officer, the director shall tify the next highest ranking officer of the board, who shall then notify the governor and e attorney general that a potential ground for removal exists.

lded by Acts 1993, 73rd Leg., ch. 268, § 1, eff. Sept. 1, 1993. Amended by Acts 1997, 75th Leg., ch.), § 9, eff. Sept. 1, 1997; Acts 2001, 77th Leg., ch. 1367, § 1.03, eff. Sept. 1, 2001.

Historical and Statutory Notes

2001 Legislation

Acts 2001, 77th Leg., ch. 1367, rewrote subsec. in subsec. (b), prior to "member" inserted ard"; and in subsec. (c), in the first sentence, or to "ground", inserted "potential", in the sec sentence, inserted "and the attorney general" added the third sentence. Prior to the amendnt, subsec. (a) read:

(a) It is a ground for removal from the board a member:

"(1) does not have at the time of appointment e qualifications required by Section 2306.026, 306.027, or 2306.028 for appointment to the oard;

"(2) does not maintain during the service on e board the qualifications required by Section 2306.026, 2306.027, or 2306.028 for appointment to the board;

"(3) violates a prohibition established by Section 2306.034 or 2306.035;

"(4) cannot discharge the member's duties for a substantial part of the term for which the member is appointed because of illness or disability;

"(5) is absent from more than half of the regularly scheduled meetings of the board that the member is eligible to attend during a calendar year unless the absence is excused by majority vote of the board; or

"(6) engages in misconduct or unethical or criminal behavior."

306.034. Disqualification of Members and Certain Employees

) In this section, "Texas trade association" means a cooperative and voluntarily joined ociation of business or professional competitors in this state designed to assist its members its industry or profession in dealing with mutual business or professional problems and in noting their common interest.

) A person may not be a member of the board and may not be a department employee loyed in a "bona fide executive, administrative, or professional capacity," as that phrase is l for purposes of establishing an exemption to the overtime provisions of the federal Fair or Standards Act of 1938 (29 U.S.C. Section 201 et seq.) if:

(1) the person is an officer, employee, or paid consultant of a Texas trade association in e field of banking, real estate, housing development, or housing construction; or

(2) the person's spouse is an officer, manager, or paid consultant of a Texas trade sociation in the field of banking, real estate, housing development, or housing construcn.

d by Acts 1993, 73rd Leg., ch. 268, § 1, eff. Sept. 1, 1993. Amended by Acts 2001, 77th Leg., ch. § 1.03, eff. Sept. 1, 2001.

Historical and Statutory Notes

2001 Legislation

Acts 2001, 77th Leg., ch. 1367, deleted former subsec. (a); redesignated former subsec. (b) as (a), and substituted "In this section, 'Texas trade association' means a cooperative" for "For purposes of this section a Texas trade association is a nonprofit"; and added a new subsec. (b). Prior to the amendment, former subsec. (a) read:

"(a) An employee or paid consultant of a Texas trade association in the field of banking, real estate, housing development, or housing construction may not be a member of the board or an employee of the department who is exempt from the state's position classification plan or is compensated at or above the amount prescribed by the General Appropriations Act for step 1, salary group 17, of the position classification salary schedule."

§ 2306.035. Lobbyist Restriction

A person may not be a member of the board or act as the director of the department or the general counsel to the board or the department if the person is required to register as a lobbyist under Chapter 305 because of the person's activities for compensation on behalf of a profession related to the operation of the department.

Added by Acts 1993, 73rd Leg., ch. 268, § 1, eff. Sept. 1, 1993. Amended by Acts 2001, 77th Leg., ch. 1367, § 1.03, eff. Sept. 1, 2001.

Historical and Statutory Notes

2001 Legislation

Acts 2001, 77th Leg., ch. 1367, in the introductory paragraph, substituted "be" for "serve as", inserted "the department", inserted "board or the" and deleted "in or".

SUBCHAPTER C. POWERS AND DUTIES

§ 2306.051. Separation of Responsibilities

The board shall develop and implement policies that clearly separate the policy-making responsibilities of the board and the management responsibilities of the director and staff of the department.

Added by Acts 2001, 77th Leg., ch. 1367, § 1.07, eff. Sept. 1, 2001.

Historical and Statutory Notes

A former § 2306.051 was repealed by Acts 1995, 74th Leg., ch. 76, § 5.62(b), eff. Sept. 1, 1995.

Research References

Encyclopedias

TX Jur. 3d Urban Renewal § 82.1, Housing.

§ 2306.052. Director's Powers and Duties

(a) The director is the administrator and the head of the department and must be an individual qualified by training and experience to perform the duties of the office.

(b) The director shall:

(1) administer and organize the work of the department consistent with this chapter and with sound organizational management that promotes efficient and effective operation;

(2) appoint and remove personnel employed by the department;

(3) submit, through and with the approval of the governor, requests for appropriations and other money to operate the department;

(4) administer all money entrusted to the department;

(5) administer all money and investments of the department subject to:

(A) department indentures and contracts;

(B) Sections 2306.118 through 2306.120; and

(C) an action of the board under Section 2306.351; and

(6) perform other functions that may be assigned by the board or the governor.

(c) The director shall develop and implement the policies established by the board that define the responsibilities of each division in the department.

(d) Repealed by Acts 2001, 77th Leg., ch. 1367, § 1.45, eff. Sept. 1, 2001.

(e) The board shall adopt rules and the director shall develop and implement a program to train employees on the public information requirements of Chapter 552. The director shall monitor the compliance of employees with those requirements.

(f) The director shall use existing department resources to provide the board with any administrative support necessary for the board to exercise its duties regarding the implementation of this chapter, including:

(1) assigning personnel to assist the board;

(2) providing office space, equipment, and documents and other information to the board; and

(3) making in-house legal counsel available to the board.

Added by Acts 1993, 73rd Leg., ch. 268, § 1, eff. Sept. 1, 1993. Amended by Acts 1995, 74th Leg., ch. 76, § 5.64(a), eff. Sept. 1, 1995; Acts 1999, 76th Leg., ch. 519, § 4, eff. June 18, 1999; Acts 2001, 77th Leg., ch. 1367, § 1.08, eff. Sept. 1, 2001; Acts 2001, 77th Leg., ch. 1367, § 1.45, eff. Sept. 1, 2001.

Historical and Statutory Notes

2001 Legislation

Acts 2001, 77th Leg., ch. 1367, rewrote subsec. (c) and added subsecs. (e) and (f). Prior to the amendment, subsec. (c) read:

"(c) The director shall develop and implement the policies established by the board that define the responsibilities of:

"(1) the director, board, and staff of the department; and

"(2) the community affairs division, the housing finance division, and any other division."

Acts 2001, 77th Leg., ch. 1367, repealed subsec. (d), which previously read: "The director is authorized to assign functions and duties to the various offices and divisions, to provide for additional offices, and to reorganize the department when necessary to improve efficiency or effectiveness."

§ 2306.0521. Organizational Flexibility of Department

(a) Notwithstanding Section 2306.021(b) or any other provision of this chapter, the director, with the approval of the board, may:

(1) create divisions in addition to those listed in Section 2306.021(b) and assign to the newly created divisions any duties and powers imposed on or granted to an existing division or the department generally;

(2) eliminate any division listed in Section 2306.021(b) or created under this section and assign any duties or powers previously assigned to the eliminated division to another division listed in Section 2306.021(b) or created under this section; or

(3) eliminate all divisions listed in Section 2306.021(b) or created under this section and reorganize the distribution of powers and duties granted to or imposed on a division in any manner the director determines appropriate for the proper administration of the department.

(b) This section does not apply to the manufactured housing division.

Added by Acts 2001, 77th Leg., ch. 1367, § 1.07, eff. Sept. 1, 2001.

Research References

Encyclopedias

TX Jur. 3d Urban Renewal § 82.1, Housing.

§ 2306.053. Department Powers and Duties

Research References

§ 2306.057. Compliance Assessment Required for Project Approval by Board

(a) Before the board approves any project application submitted under this chapter, the department, through the division with responsibility for compliance matters, shall:

(1) assess:

(A) the compliance history of the applicant and any affiliate of the applicant with respect to all applicable requirements; and

(B) the compliance issues associated with the proposed project; and

(2) provide to the board a written report regarding the results of the assessments described by Subdivision (1).

(b) The written report described by Subsection (a)(2) must be included in the appropriate project file for board and department review.

(c) The board shall fully document and disclose any instances in which the board approves a project application despite any noncompliance associated with the project, applicant, or affiliate.

(d) In assessing the compliance of the project, applicant, or affiliate, the board shall consider any relevant compliance information in the department's database created under Section 2306.081, including compliance information provided to the department by the Texas State Affordable Housing Corporation.

Added by Acts 2001, 77th Leg., ch. 1367, § 1.07, eff. Sept. 1, 2001. Amended by Acts 2003, 78th Leg., ch. 332, § 4, eff. Sept. 1, 2003.

Historical and Statutory Notes

Acts 2003, 78th Leg., ch. 332 added subsec. (d).

"Section 18(e) of Acts 2003, 78th Leg., ch. 332 provides:

"(e) This Act does not prohibit a person who is a member of the board of directors of the Texas State Affordable Housing Corporation immediately before the effective date of this Act from being appointed as a member of the board of directors on or after the effective date of this Act if the person has the qualifications required for the position under Subchapter Y, Chapter 2306, Government Code, as amended by this Act."

SUBCHAPTER D. GENERAL ADMINISTRATIVE PROVISIONS

§ 2306.061. Standards Of Conduct

The director or the director's designee shall become aware of and provide to members of the board and to department employees, as often as necessary, information regarding the requirements for office or employment under this chapter, including information regarding a person's responsibilities under applicable laws relating to standards of conduct for state officers or employees.

Added by Acts 1993, 73rd Leg., ch. 268, § 1, eff. Sept. 1, 1993. Amended by Acts 2001, 77th Leg., ch. 1367, § 1.09, eff. Sept. 1, 2001.

Historical and Statutory Notes

2001 Legislation

Acts 2001, 77th Leg., ch. 1367, in the section heading, substituted "Standards of" for "Information on Qualifications and"; and rewrote the introductory paragraph, which previously read:

"The director shall become aware of and provide to the board members and the department employees, as often as necessary, information about the director's, members', and employees':

"(1) qualifications for office or employment under this chapter; and

"(2) responsibilities under applicable laws relating to standards of conduct for state officers or employees."

Research References

Encyclopedias

LEGAL SERVICES DIVISION

BOARD ACTION REQUEST

September 16, 2005

Action Item

Waiver of the Board Integrated Housing Policy to allow greater concentrations of the physically challenged in individual projects during the declaration of disaster by the Governor of the State of Texas.

Requested Action

Approval of temporary waiver of 10 TAC §1.15 not to extend beyond September 30, 2006 as provided for under subsection (e).

Background and Recommendations

The large number of evacuees of Hurricane Katrina in Texas has caused an immediate demand for affordable housing. The Governor of Texas has declared that disasters in sister states has created an emergency disaster in Texas. As part of the disaster declaration, the Governor invoked his authority under Texas Government Code §418.016 to "suspend the regulatory statute prescribing the procedures for conduct of state business or the orders or rules of a state agency, if strict compliance with the provisions, orders, or rules would in any way prevent, hinder, or delay necessary action in coping with a disaster."

With the need to quickly locate housing for the evacuees, many of the requirements about income and composition of tenant mix have been temporarily waived by Federal authorities. The goals of the Integrated Housing Rule have continued value, during this emergency phase, the requirement could act as a prevention, delay or hindrance to providing emergency housing.

Staff Recommendation: The Executive Director recommends the waiver of the Integrated Housing Rule not to extend beyond September 30, 2006.

Proclamation - September 1, 2005

Proclamation
by the
Governor of the State of Texas

TO ALL TO WHOM THESE PRESENTS SHALL COME:

I, RICK PERRY, GOVERNOR OF THE STATE OF TEXAS, do hereby certify that Hurricane Katrina, a disaster in sister states, has created an emergency disaster and emergency conditions for the people in the State of Texas beginning September 1, 2005.

THEREFORE, in accordance with the authority vested in me by Section 418.014 of the Texas Government Code, I do hereby proclaim the existence of such a disaster and direct that all necessary measures, both public and private as authorized under Section 418.015 of the code, be implemented to meet that disaster.

As provided in Section 418.016, all rules and regulations that may inhibit or prevent prompt response to this threat are suspended for the duration of the incident.

IN TESTIMONY WHEREOF, I have signed my name officially and caused the Seal of the State to be affixed hereto at Austin, this 1st day of September, 2005

RICK PERRY(Signature)
Governor of Texas

Attested by:
ROGER WILLIAMS(Signature)
Secretary of State

<<Prev Rule

Texas Administrative Code

Next Rule>>

TITLE 10	COMMUNITY DEVELOPMENT
PART 1	TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
CHAPTER 1	ADMINISTRATION
SUBCHAPTER A	GENERAL POLICIES AND PROCEDURES
RULE §1.15	**Integrated Housing Rule**

(a) Purpose. It is the purpose of this section to outline the guidelines related to the provision of integrated housing as it relates to the Department's programs.

(b) Definitions. The following words and terms, when used in this subsection, shall have the following meanings, unless the context clearly indicates otherwise.

(1) Board--means the governing board of the department.

(2) Colonia--A geographic area located in a county some part of which is within 150 miles of the international border of this state and that:

(A) has a majority population composed of individuals and families of low income and very low income, based on the federal Office of Management and Budget poverty index, and meets the qualifications of an economically distressed area under §17.921, Water Code; or

(B) has the physical and economic characteristics of a colonia, as determined by the Texas Water Development Board.

(3) Department--the Texas Department of Housing and Community Affairs

(4) General population--Not segregated by type of disability or special needs status.

(5) Housing development--Property or work or a project, building, structure, facility, or undertaking, whether existing, new construction, remodeling, improvement, or rehabilitation, that meets or is designed to meet minimum property standards required by the department and that is financed under the provisions of this chapter for the primary purpose of providing sanitary, decent, and safe dwelling accommodations for rent, lease, use, or purchase by individuals and families of low and very low income and families of moderate income in need of housing. The term includes:

(A) buildings, structures, land, equipment, facilities, or other real or personal properties that are necessary, convenient, or desirable appurtenances, including streets, water, sewers, utilities, parks, site preparation, landscaping, stores, offices, and other non-housing facilities, such as administrative, community, and recreational facilities the department determines to be necessary, convenient, or desirable appurtenances; and

(B) single and multifamily dwellings in rural and urban areas.

(6) Integrated housing--Normal, ordinary living arrangements typical of the general population. Integration is achieved when individuals with disabilities choose ordinary, typical housing *units* that are

located among individuals who do not have disabilities or other special needs. Regular, integrated housing is distinctly different from assisted living facilities/arrangements.

(7) Large housing development--Single or multifamily housing development that has 50 or more units.

(8) Multifamily housing development--A project that contains five or more housing units.

(9) Persons with Disabilities--A household composed of one or more persons, at least one of whom is an individual who is determined to:

(A) Have a physical, mental, or emotional impairment that:

(i) Is expected to be of long-continued and indefinite duration;

(ii) Substantially impedes his or her ability to live independently; and

(iii) Is of such a nature that the disability could be improved by more suitable housing conditions; or

(B) Have a developmental disability, as defined in §102(7) of the Developmental Disabilities Assistance and Bill of Rights Act (42 U.S.C. 6001-6007); or

(C) Be the surviving member or members of any family that had been living in an assisted unit with the deceased member of the family who had a disability at the time of his or her death; or

(D) Be legally responsible for caring for an individual described by subparagraphs (A) or (B) of this paragraph.

(10) Scattered Site--One to four family dwellings located on sites that are on non-adjacent lots, with no more than four units on any one site.

(11) Small housing development--a single or multifamily housing development that has less than 50 units.

(12) Special Needs Populations--Persons who:

(A) are considered to be disabled under state or federal law,

(B) are elderly, meaning 60 years of age or older or of an age specified by an applicable federal program,

(C) are designated by the Board as experiencing a unique need for decent, safe housing that is not being met adequately by private enterprise (these include: persons with alcohol and/or drug addictions, colonia residents, persons with disabilities, victims of domestic violence, persons with HIV/AIDS, homeless populations, and migrant farmworkers), or

(D) are legally responsible for caring for an individual described by subparagraphs (A), (B), or (C) of this paragraph and meet the income guidelines established by the Board.

(13) Tenant-Based Rental Assistance--A form of rental assistance in which the assisted tenant may move from a dwelling unit with a right to continued assistance. The assistance is provided for the tenant, not for the project.

(14) Tenant Services--Social services, including child care, transportation, and basic adult education, that are provided to individuals residing in low income housing under Title IV-A, Social Security Act (42 U.S.C. §601 et seq.), and other similar services. Tenant participation in services cannot be required.

(15) Transitional housing--A project that has as its purpose facilitating the movement of homeless individuals and families to permanent housing within a reasonable amount of time (usually 24 months). Transitional housing includes but is not limited to housing primarily designed to serve deinstitutionalized homeless individuals and other homeless individuals with mental or physical disabilities, homeless families with children, and victims of domestic violence.

(16) Unit--Any residential rental unit in a housing development consisting of an accommodation including a single room used as an accommodation on a non-transient basis, that contains complete physical facilities and fixtures for living, sleeping, eating, cooking and sanitation.

(c) Procedures.

(1) A housing development may not restrict occupancy solely to people with disabilities or people with disabilities in combination with other special needs populations.

(A) Large housing developments shall provide no more than 18 percent of the units of the development set-aside exclusively for people with disabilities. The units must be dispersed throughout the development.

(B) Small housing developments shall provide no more than 36 percent of the units of the development set-aside exclusively for people with disabilities. These units must be dispersed throughout the development.

(2) Set aside percentages outlined in subparagraphs (A) and (B) of paragraph (1) of this subsection refer only to the units that are to be solely restricted for person with disabilities. This section does not prohibit a property from having a higher percentage of occupants that are disabled.

(3) Property owners may not market a housing development entirely, nor limit occupancy to, persons with disabilities.

(d) Exceptions.

(1) Scattered site development and tenant based rental assistance is exempt from the requirements of this section.

(2) Transitional housing is exempt from the requirements of this section, but must be time limited, with a clear and convincing plan for permanent integrated housing upon exit from the transitional situation.

(3) This section does not apply to housing developments designed exclusively for the elderly.

(4) This section does not apply to housing developments designed for other special needs populations.

(e) Board Waiver. The Board may waive the requirements of this rule to further the purposes or policies of Chapter 2306, Texas Government Code, or for other good cause.

Source Note: The provisions of this §1.15 adopted to be effective December 7, 2003, 28 TexReg 10689

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